



## OFFERING MEMORANDUM

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FAMILY DOLLAR

2035 Dayton Boulevard • Chattanooga, Tennessee 37415

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ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY.  
PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.

FAMILY DOLLAR  
Chattanooga, TN  
ACT ID ZAA0040350

## NET LEASED DISCLAIMER

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

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Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

Marcus & Millichap

## EXECUTIVE SUMMARY

## OFFERING SUMMARY

Price	\$1,485,000
Net Operating Income	\$104,000
Capitalization Rate – Current	7%
Price / SF	\$178.49
Rent / SF	\$12.50
Lease Type	NN
Gross Leasable Area	8,320 SF
Year Built / Renovated	2013
Lot Size	1.03 Acre(s)

## MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES*
BLUECARE	4,167
Erlanger Medical Center	4,025
CHI	3,800
Kenco Logistic Services Inc	2,500
Republic Parking System LLC	2,185
Xanitos Inc	1,628
Chattanooga Hamilton Coun	1,570
Provident	1,510
County Executive Office	1,400
Kordsa Inc	1,200
UTC	1,095
Securitas Critical	1,002

## DEMOGRAPHICS

	1-Miles	3-Miles	5-Miles
2018 Estimate Pop	5,286	36,555	93,799
2010 Census Pop	4,946	33,816	88,207
2018 Estimate HH	2,580	17,100	40,152
2010 Census HH	2,394	15,557	37,169
Median HH Income	\$33,988	\$43,238	\$37,651
Per Capita Income	\$22,953	\$34,120	\$27,556
Average HH Income	\$46,845	\$71,563	\$62,791

\* # of Employees based on 5 mile radius



Representative Photo



## PROPERTY SUMMARY

THE OFFERING	
Property	Family Dollar
Property Address	2035 Dayton Blvd Chattanooga, TN 37415
Price	\$1,485,000
Capitalization Rate	7.00%
Price/SF	\$178.49

PROPERTY DESCRIPTION	
Year Built / Renovated	2013
Gross Leasable Area	8,320 SF
Zoning	58317988 0
Type of Ownership	Fee Simple
Lot Size	1.03 Acres

LEASE SUMMARY	
Property Subtype	Net Leased Discount
Tenant	Family Dollar
Rent Increases	10% each 5 year option
Guarantor	Corporate Guarantee
Lease Type	NN
Lease Commencement	October 1, 2013
Lease Expiration	September 30, 2023
Lease Term	10
Term Remaining on Lease (Years)	4.3
Renewal Options	Four Five-Year Options
Landlord Responsibility	Roof, Structure
Tenant Responsibility	Taxes, Utilities, Insurance, Snow Removal, Trash, Debris
Right of First Refusal/Offer	No

## ANNUALIZED OPERATING INFORMATION

INCOME	
Net Operating Income	\$104,000

RENT SCHEDULE				
YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF	CAP RATE
Current	\$104,000	\$8,667	\$12.50	7.00%
Option 1	\$114,400	\$9,533	\$13.75	7.70%
Option 2	\$125,840	\$10,487	\$15.13	8.47%
Option 3	\$138,424	\$11,535	\$16.64	9.32%
Option 4	\$152,266	\$12,689	\$18.30	10.25%



Representative Photo



## INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present this stand-alone Family Dollar in Chattanooga, Tennessee. Chattanooga is a city located in Hamilton County, southeastern Tennessee, along the Tennessee River bordering Georgia.

With over 96,000 people in a five mile radius this is a very densely populated area with numerous other popular retailers. The New York Times named Chattanooga one of the “Top 45 Places To Go” in the world.

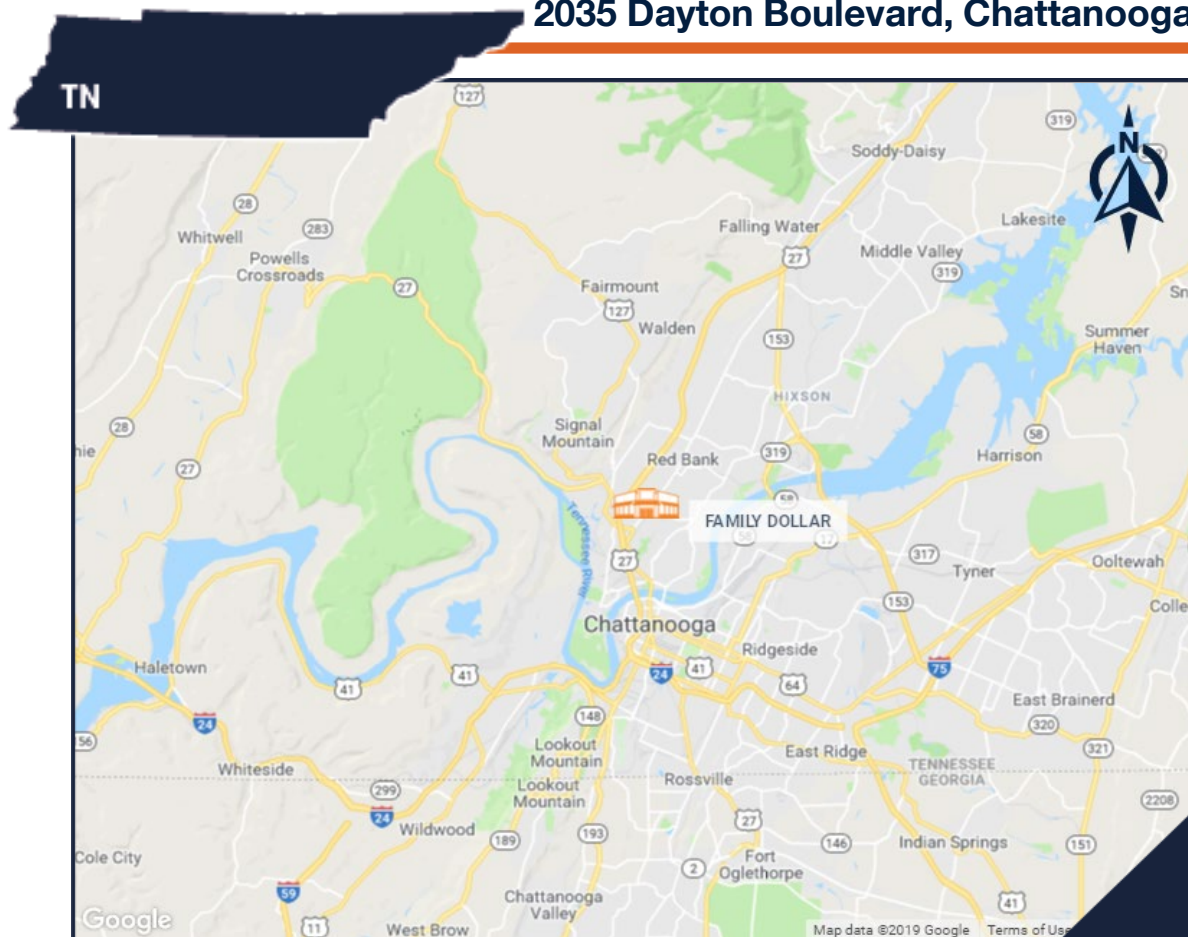
With a population of over 5,200 people and over 2,500 households within a one mile radius, this Family Dollar is very well positioned for its target demographic.

Tourists come from all over for the scenery along with the river tours and whiskey tastings. There are also countless museums and aquariums that attract patrons from all over the nation, as well as internationally.

## INVESTMENT HIGHLIGHTS

- Investment Grade Tenant with Corporate Guarantee
- Growing Area With Numerous Popular Retailers
- Income Tax Beneficial State
- Over 17,000 VPD on Dayton Boulevard
- Over 38,000 Total Population in 3 Mile Radius



**2035 Dayton Boulevard, Chattanooga, Tennessee 37415**

- Over 38,000 Total Population in 3 Mile Radius
- Dense Population
- Growing Area
- Income Tax Beneficial State
- Over 17,000 VPD on Dayton Boulevard

This is a standalone 8,320 square foot Family Dollar in Chattanooga, TN situated on 1.03 acres. The property is near numerous other popular retailers and restaurants along a highly traveled thoroughfare.

CLOSE PROXIMITY TO:



Major Highway



Airport

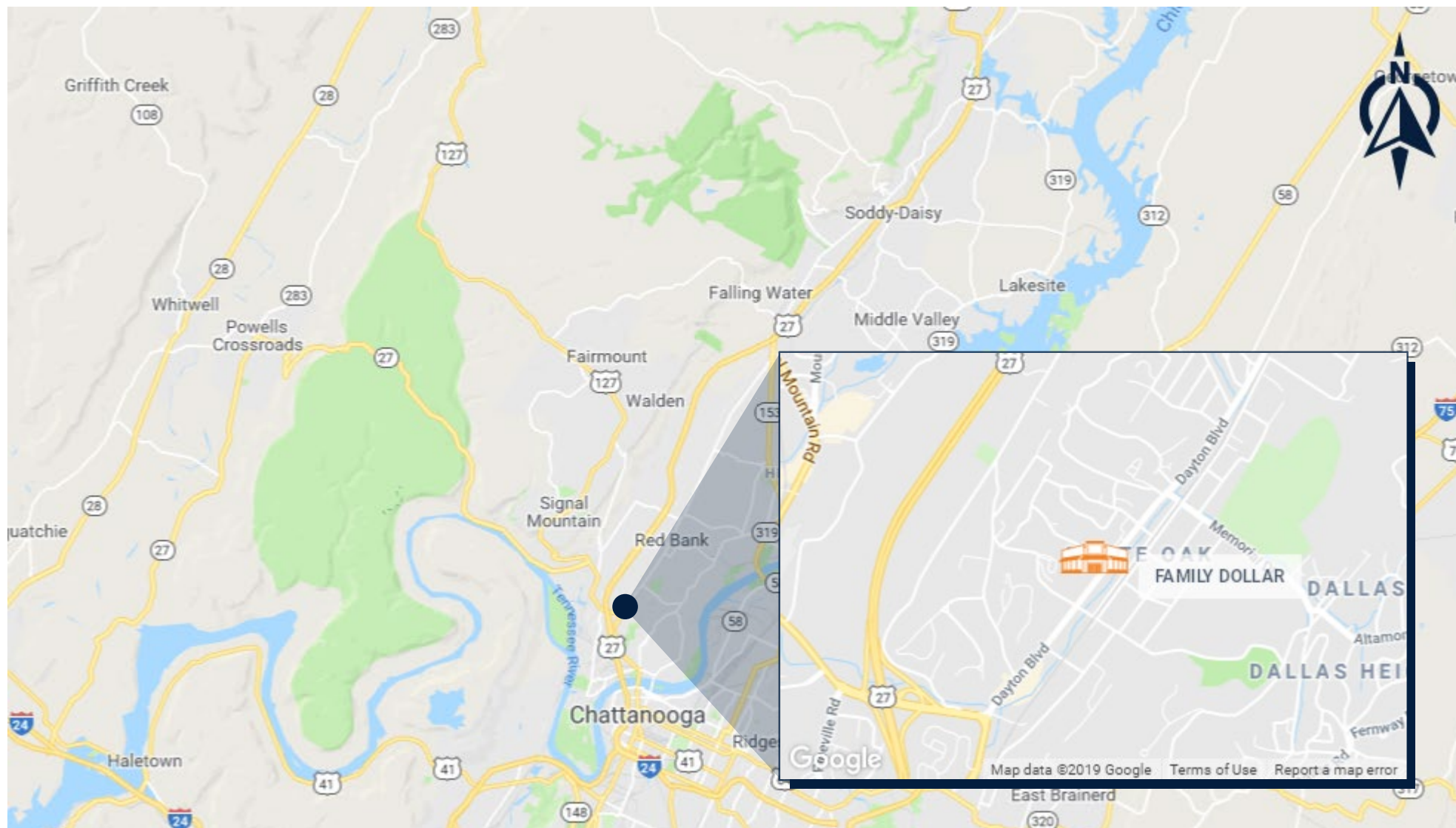


Public Transportation



Hotel

**2035 Dayton Blvd, Chattanooga, Tennessee 37415**







# Dollar Tree, Inc.


**CREDIT RATING: B1**
[www.fdreports.com](http://www.fdreports.com) | [www.creditintell.com](http://www.creditintell.com) | February 02, 2019

## General Information

Address	500 Volvo Pkwy , Chesapeake, Virginia, 23320, United States
Phone	757-321-5000
Website	<a href="http://www.dollartree.com">www.dollartree.com</a>

## Key Personnel

Executive Chairman	Bob Sasser
Chief Financial Officer	Kevin S. Wampler
President & CEO	Gary Philbin

## Store Base

Store Count	15,237
TTM Sales	\$22,823,300,000

## Financial Markets

Stock Ticker	DLTR
Current Price	\$112.59 as of 6/24/19
52 Week High/Low	\$113.38 / \$78.78

Dollars may not grow on trees, but Dollar Tree brings in the green. The fast-growing company operates more than 15,000 Dollar Tree and Family Dollar discount stores across the US and in five provinces in Canada. The stores carry a mix of housewares, toys, seasonal items, food, health and beauty aids, and books. At Dollar Tree shops most goods are priced at \$1 or less while Family Dollar merchandise is usually less than \$10. The stores are generally located in high-traffic strip centers and malls, often in mid-sized cities and small towns.

Fiscal Year Ended February 02, 2019

## Credit Rating Chart Comparison Creditintell | F&Dreports

Please note that our rating model is our own proprietary model and is not meant to align with other rating agency models. This comparison was compiled purely for informational purposes based on a representative sampling of ratings on various retailers.

RATING	CREDIT QUALITY	EST. S&P
A1	Excellent	AAA
A2	Excellent	AA (+/-)
B1	Good	A (+/-)
B2	Good	BBB (+/-)
C1	Satisfactory	BB(+/-)
C2	Satisfactory	B+
D1	Below Satisfactory	B
D2	Below Satisfactory	B-
E1	Poor	CCC+/CCC
E2	Poor	CC
F1	Critical	C
F2	Critical	D



## MARCUS & MILLICHAP CAPITAL CORPORATION CAPABILITIES

MMCC—our fully integrated, dedicated financing arm—is committed to providing superior capital market expertise, precisely managed execution, and unparalleled access to capital sources providing the most competitive rates and terms.

We leverage our prominent capital market relationships with commercial banks, life insurance companies, CMBS, private and public debt/equity funds, Fannie Mae, Freddie Mac and HUD to provide our clients with the greatest range of financing options.

Our dedicated, knowledgeable experts understand the challenges of financing and work tirelessly to resolve all potential issues to the benefit of our clients.



**Closed 1,678  
debt and equity  
financings  
in 2018**



**National platform  
operating  
within the firm's  
brokerage  
offices**



**\$6.24 billion  
billion total  
national  
volume in 2018**



**Access to  
more capital  
sources than  
any other firm  
in the industry**

## WHY MMCC?

**Optimum financing solutions  
to enhance value**

**Our ability to enhance  
buyer pool by expanding  
finance options**

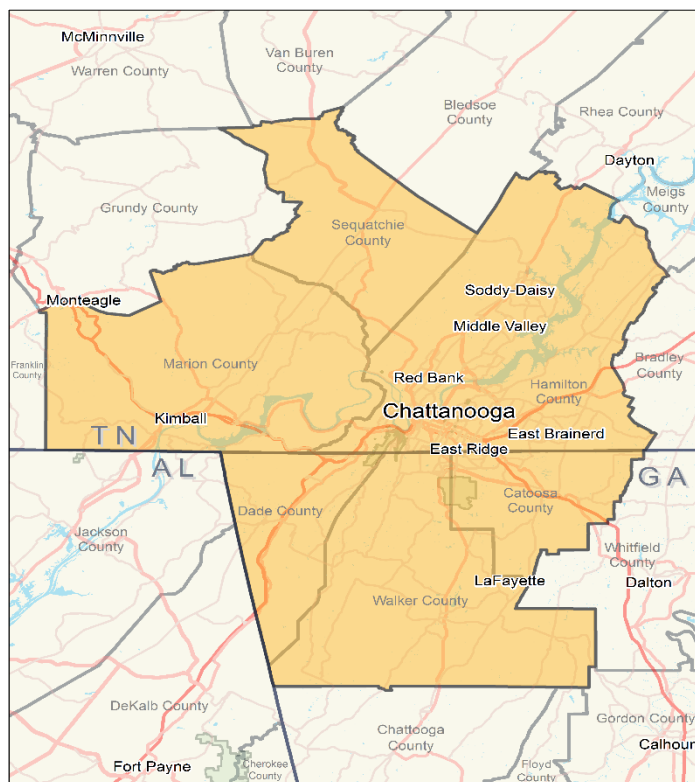
**Our ability to enhance  
seller control**

- **Through buyer qualification support**
- **Our ability to manage buyers finance expectations**
- **Ability to monitor and manage buyer/lender progress, insuring timely, predictable closings**
- **By relying on a world class set of debt/equity sources and presenting a tightly underwritten credit file**

# CHATTANOOGA

## OVERVIEW

Steeped in tradition and scenic beauty, the Chattanooga metropolitan area has a lot to offer. The market consists of six counties in Tennessee and Georgia: Hamilton, Marion, Sequatchie, Catoosa, Dade and Walker. The region's growing economy is helping to draw new residents. Roughly 558,000 people reside in the metro, including nearly 180,000 in Chattanooga, the most populous city. Over the next five years, an additional 24,000 citizens will call the metro home.



## METRO HIGHLIGHTS



### MANUFACTURING AND DISTRIBUTION BASE

The Chattanooga metro is home to large manufacturing and distribution companies, including Volkswagen and Amazon.



### AFFORDABLE COST OF LIVING

A relatively affordable cost of living draws many residents, maintaining a homeownership rate of 67 percent, with increasing household formation.



### CENTRAL LOCATION

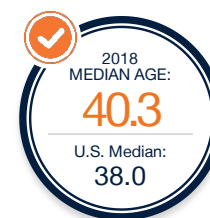
The metro is a transit hub, served by rail and interstate systems. It has quick access to Atlanta, Knoxville, Nashville, Huntsville and Birmingham.



## ECONOMY

- The local economy is heavily based in manufacturing and service industries, with multiple headquarters such as McKee Foods Corp., the maker of the Little Debbie brand of snack cakes, and Volkswagen's North American manufacturing headquarters.
- Service-based industries such as banking and finance have gained significance in the metro, with various mergers and acquisitions of local institutions. Today, larger banks include First Citizens Bank and the independent First Volunteer Bank, which is locally based.
- Healthcare is also an important driver. The three local hospital systems are Erlanger Health System, Parkridge Hospital System and Memorial Hospital System.

## DEMOGRAPHICS



\* Forecast

Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau



## Strong Tailwinds Continue to Propel Healthy Economy; New Tax Law May Encourage Investors to Refine Strategies

**Tax reform powers economic acceleration.** The new tax law has invigorated economic growth, boosting consumption and business investment. With optimism running high, many companies have generated new jobs, dropping the national unemployment rate below 4 percent. A tightening job market has supported increased wage growth, expanding personal disposable income more than 2 percentage points above the 10-year average to 5.4 percent. Because of this, core retail sales have benefited, rising by an average of 5.6 percent in May and June. The convergence of these factors has resulted in accelerated economic growth that climbed above 4 percent.

**Elevated Treasury rates placing upward pressure on yields.** A booming economy brings with it inflationary risk, prompting the Federal Reserve to tighten monetary policy. The single-tenant net-leased retail sector may be substantively impacted by a more disciplined monetary approach as assets are typically responsive to the 10-year Treasury due to their bondlike parallels. This will coalesce with other components such as brand, location and lease terms when determining going-in cap rates. For example, dollar store yields can vastly differ as a number of these assets are in rural locations, providing potential for higher returns. Conversely, yields for convenience stores and quick-service restaurants typically maintain a much smaller range due to their tempered sensitivity to key determinants of cap rates.

## Investment Highlights

Over the past year, transaction velocity eased modestly as investors awaited details on the new tax law. With much of that uncertainty now relieved, sales activity could accelerate. Furthermore, decreased taxes on pass-through entities could lead to repositioning efforts, bringing more assets online and elevating market liquidity.

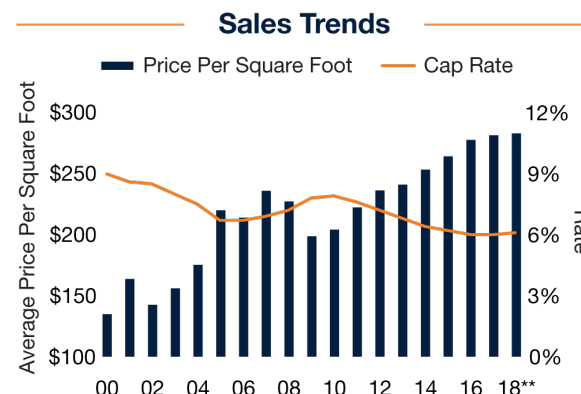
The 1031 exchange was retained in the new tax law, remaining a commonly used practice for single-tenant net-leased investors. Investors favor this tax provision to swap out management-intensive assets for properties that involve a more passive approach while deferring the capital gains tax.

Under the new tax law, sale-leasebacks have become an increasingly popular tactic. With new restrictions on business interest deductibility, some retailers are selling the real estate in which they operate to investors, then leasing it back to maximize deductions. This process opens the door for reinvestment into existing assets and investment into future plans as more capital would be available.



\* Forecast

\*\* Through June



Created on June 2019

POPULATION	1 Miles	3 Miles	5 Miles
■ 2023 Projection			
Total Population	5,197	37,213	94,576
■ 2018 Estimate			
Total Population	5,286	36,555	93,799
■ 2010 Census			
Total Population	4,946	33,816	88,207
■ 2000 Census			
Total Population	5,007	31,819	86,383
■ Current Daytime Population			
2018 Estimate	4,069	58,446	163,435
HOUSEHOLDS	1 Miles	3 Miles	5 Miles
■ 2023 Projection			
Total Households	2,561	17,601	40,972
■ 2018 Estimate			
Total Households	2,580	17,100	40,152
Average (Mean) Household Size	2.07	2.05	2.20
■ 2010 Census			
Total Households	2,394	15,557	37,169
■ 2000 Census			
Total Households	2,468	15,122	36,903
■ Occupied Units			
2023 Projection	2,561	17,601	40,972
2018 Estimate	2,943	18,993	44,795
HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
■ 2018 Estimate			
\$150,000 or More	2.80%	8.51%	6.88%
\$100,000 - \$149,000	6.46%	10.71%	8.95%
\$75,000 - \$99,999	7.67%	9.37%	8.63%
\$50,000 - \$74,999	13.53%	15.00%	14.44%
\$35,000 - \$49,999	18.06%	15.23%	13.88%
Under \$35,000	51.47%	41.17%	47.23%
Average Household Income	\$46,845	\$71,563	\$62,791
Median Household Income	\$33,988	\$43,238	\$37,651
Per Capita Income	\$22,953	\$34,120	\$27,556

HOUSEHOLDS BY EXPENDITURE	1 Miles	3 Miles	5 Miles
Total Average Household Retail Expenditure	\$44,393	\$53,544	\$49,522
■ Consumer Expenditure Top 10 Categories			
Housing	\$11,378	\$13,658	\$12,678
Transportation	\$8,323	\$9,697	\$8,851
Shelter	\$6,109	\$7,102	\$6,552
Food	\$4,903	\$5,890	\$5,394
Personal Insurance and Pensions	\$3,535	\$4,858	\$4,239
Utilities	\$2,965	\$3,475	\$3,319
Health Care	\$2,907	\$3,930	\$3,680
Entertainment	\$1,805	\$2,290	\$2,051
Cash Contributions	\$1,106	\$1,577	\$1,505
Household Furnishings and Equipment	\$1,085	\$1,465	\$1,326
POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population By Age			
2018 Estimate Total Population	5,286	36,555	93,799
Under 20	20.70%	19.44%	23.68%
20 to 34 Years	33.52%	28.84%	24.64%
35 to 39 Years	8.18%	7.25%	6.19%
40 to 49 Years	11.27%	11.56%	11.15%
50 to 64 Years	16.35%	17.36%	18.05%
Age 65+	9.99%	15.57%	16.30%
Median Age	32.74	36.11	36.29
■ Population 25+ by Education Level			
2018 Estimate Population Age 25+	3,693	26,199	63,577
Elementary (0-8)	2.64%	2.26%	3.65%
Some High School (9-11)	8.10%	6.70%	10.18%
High School Graduate (12)	28.18%	22.91%	27.86%
Some College (13-15)	20.78%	20.29%	20.44%
Associate Degree Only	11.15%	7.49%	6.63%
Bachelors Degree Only	16.42%	24.47%	18.98%
Graduate Degree	9.90%	14.87%	10.89%

Source: © 2018 Experian



### Population

In 2018, the population in your selected geography is 36,555. The population has changed by 14.88% since 2000. It is estimated that the population in your area will be 37,213.00 five years from now, which represents a change of 1.80% from the current year. The current population is 48.50% male and 51.50% female. The median age of the population in your area is 36.11, compare this to the US average which is 37.95. The population density in your area is 1,292.39 people per square mile.



### Households

There are currently 17,100 households in your selected geography. The number of households has changed by 13.08% since 2000. It is estimated that the number of households in your area will be 17,601 five years from now, which represents a change of 2.93% from the current year. The average household size in your area is 2.05 persons.



### Income

In 2018, the median household income for your selected geography is \$43,238, compare this to the US average which is currently \$58,754. The median household income for your area has changed by 25.42% since 2000. It is estimated that the median household income in your area will be \$50,323 five years from now, which represents a change of 16.39% from the current year.

The current year per capita income in your area is \$34,120, compare this to the US average, which is \$32,356. The current year average household income in your area is \$71,563, compare this to the US average which is \$84,609.



### Race and Ethnicity

The current year racial makeup of your selected area is as follows: 84.66% White, 8.92% Black, 0.05% Native American and 2.27% Asian/Pacific Islander. Compare these to US averages which are: 70.20% White, 12.89% Black, 0.19% Native American and 5.59% Asian/Pacific Islander. People of Hispanic origin are counted independently of race.

People of Hispanic origin make up 4.48% of the current year population in your selected area. Compare this to the US average of 18.01%.



### Housing

The median housing value in your area was \$189,468 in 2018, compare this to the US average of \$201,842. In 2000, there were 8,126 owner occupied housing units in your area and there were 6,996 renter occupied housing units in your area. The median rent at the time was \$472.



### Employment

In 2018, there are 32,869 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 66.64% of employees are employed in white-collar occupations in this geography, and 33.20% are employed in blue-collar occupations. In 2018, unemployment in this area is 4.80%. In 2000, the average time traveled to work was 19.00 minutes.

## Broker of Record

Jody McKibben  
License # 307629  
615-997-2900

FAMILY DOLLAR  
Chattanooga, Tennessee  
ACT ID ZAA0040350