

# SAFEWAY

2190 E FRY BOULEVARD, SIERRA VISTA, ARIZONA



OFFERING MEMORANDUM



Marcus & Millichap



SIERRA VISTA  
MUNICIPAL AIRPORT

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FORT  
HUACHUCA



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# Executive Summary

## FINANCIAL SUMMARY

<b>Price</b>	<b>\$10,046,500</b>
Down Payment	100% <b>\$10,046,500</b>
Cap Rate	5.50%
Building SF	55,256 SF
Net Cash Flow	5.50% \$552,560
Year Built/Renovated	1985/2017
Land/Lot Size	3.81 Acres

## LEASE SUMMARY

Lease Type	Absolute Triple-Net (NNN) Lease
Tenant	Safeway Inc.
Guarantor	Albertsons Companies Inc., a Delaware Corporation
Roof & Structure	Tenant Responsible
Lease Commencement Date	June 28, 2019
Lease Expiration Date	June 30, 2039
Lease Term	20 Years
Rental Increases	1.5% Annually in Years 2-5; 7.5% in Years 11 & 16
Renewal Options	8, 5 Year Options (Options 6 - 8 are FMV)
Right of First Refusal	Commencing 4 years after the effective date of the Lease. Tenant has 15 days to respond.

## ANNUALIZED OPERATING DATA

Lease Years	Annual Rent	Increases	Cap Rate
Year 1	\$552,560		5.50%
Year 2	\$560,848	1.5%	5.58%
Year 3	\$569,261	1.5%	5.67%
Year 4	\$577,800	1.5%	5.75%
Years 5 - 10	\$586,467	1.5%	5.84%
Years 11 - 15	\$630,452	7.5%	6.28%
Years 16 - 20	\$677,736	7.5%	6.75%

Options	Annual Rent	Increases	Cap Rate
Option 1	\$728,566	7.5%	7.25%
Option 2	\$783,209	7.5%	7.80%
Option 3	\$841,949	7.5%	8.38%
Option 4	\$905,095	7.5%	9.00%
Option 5	\$972,978	7.5%	9.68%
Option 6	FMV	FMV	FMV
Option 7	FMV	FMV	FMV
Option 8	FMV	FMV	FMV

<b>Base Rent</b>	<b>\$552,560</b>
<b>Net Operating Income</b>	<b>\$552,560</b>
<b>Total Return</b>	<b>5.50% \$552,560</b>







Walmart Supercenter  
DOLLAR TREE  
HOBBY LOBBY  
Cal Sancer Stores  
Olive Garden  
Cato  
Ross Stores, Inc.

Lowe's  
Staples native  
Target  
PetSmart  
Discount Tire  
Fry's

Food City  
Ace Hardware  
Buffalo Wild Wings  
Big 5  
Outback Steakhouse  
Spirit  
Dickey's Barbecue Pit  
Taco Bell  
Schlottsky's  
Sonic

COCHISE COLLEGE  
Creating opportunities...changing lives

UNITED STATES POSTAL SERVICE

SIERRA TOYOTA

CANYON VISTA MEDICAL CENTER

21,100 CPD  
E FRY BLVD

JIMMY JOHN'S

7,000 CPD  
E WILCOX DR

SAFeway



# Property Description



## INVESTMENT HIGHLIGHTS

- » **New 20 Year Absolute Triple-Net (NNN) Lease**
- » Corporate Guaranty by Albertsons Companies, Inc.
- » **49,029 Residents in Growing Trade Area** - Households Projected to Increase Nearly 9% in 5-Mile Radius by 2023
- » **Strong Store Sales**
- » Average Household Income Exceeds \$72K within 5 Miles of Subject Property
- » **Visible to 21,100+ CPD Along E Fry Boulevard**
- » 1.5% Annual Rental Increases in Years 2-5; 7.5% Rental Increases in Years 10 & 15
- » **Down the Road from Sierra Vista's Major Retail Corridor** - Target, Walmart Supercenter, Lowe's, PetSmart, Fry's Food & Drug, and More
- » Less Than 15 Minutes to Fort Huachuca - Sierra Vista's Largest Employer
- » 52,000+ Daytime Employees in Surrounding Area



## DEMOGRAPHICS

1-mile

3-miles

5-miles

### Population

2023 Projection	7,963	37,452	52,408
2018 Estimate	7,860	35,286	49,029
Growth 2018 – 2023	1.31%	6.14%	6.89%

### Households

2023 Projection	3,529	16,184	21,166
2018 Estimate	3,442	15,037	19,433
Growth 2018 – 2023	2.52%	7.63%	8.92%

### Income

2018 Est. Average Household Income	\$57,013	\$68,668	\$72,485
2018 Est. Median Household Income	\$47,812	\$53,742	\$56,518
2018 Est. Per Capita Income	\$25,261	\$29,381	\$29,454



# Tenant Overview



**Pleasanton, California**

Headquarters

**Albertsons**

Parent Company

**2,200+**

Locations

**[www.safeway.com](http://www.safeway.com)**

Website

Founded in 1915, Safeway is an American supermarket chain and a subsidiary of Albertsons Companies. Safeway stores typically have a deli counter, meat department, produce section, flower department, bakery, pharmacy, liquor section, and/or many aisles of nonperishable items. The stores offer many in-house private label brands as well as name brands across all product categories.

Albertsons Companies is one of the largest food and drug retailers in the United States, with both a strong local presence and national scale. Albertsons Companies operates across 35 states and the District of Columbia under 20 well-

known banners including Albertsons, Safeway, Vons, Jewel-Osco, Shaw's, Acme, Tom Thumb, Randalls, United Supermarkets, Pavilions, Star Market, Haggen and Carrs, as well as meal kit company Plated based in New York City. Albertsons Companies is committed to helping people across the country live better lives. In 2016 alone, along with the Albertsons Companies Foundation, the company gave nearly \$300 million in food and financial support. These efforts helped millions of people in the areas of hunger relief, education, cancer research and treatment, programs for people with disabilities and veterans outreach.



# Location Overview



With picturesque mountain views in all directions and a temperate four-season climate, Sierra Vista beckons visitors with clear skies, fascinating history, and world-class birding. Sierra Vista, which is Spanish for “Mountain View,” is a city in Arizona’s Cochise County and has an estimated population of 43,888. Located approximately 75 miles southeast of Tucson, the city serves as the main commercial, cultural, and recreational hub of Cochise County.

From its early days as a community growing under the protective wing of neighboring Fort Huachuca during the Apache Wars, Sierra Vista has blossomed. Thanks to the Fort, Sierra Vista is a melting pot of ethnic cuisine, where independent restaurants serve authentic dishes from across the globe. Fort Huachuca - the largest unmanned aircraft systems (typically known as “drones”) training facility in the world - is also the community’s major employer and primary

driving economic force. Its \$10 million facility contains 25,000 square feet of space and ten simulators. Because of contracts with the Army, the professional, scientific, and technical services sector is large, but nearly half of all jobs in Sierra Vista are in the government sector.

Surrounded by towering 10,000-foot mountains and known as the “Hummingbird Capital of the U.S.,” Sierra Vista is a prime location for outdoor exploration. The area’s climate and southern location make it a major stop for rare birds. Though you can spot resident and migrating birds year-round, the annual Christmas Bird Count regularly records one of the nation’s highest tallies of inland species.

Sierra Vista is also popular among retirees, who flock to the city in the winter to enjoy the great climate, ample outdoor activities, shopping, and cuisine.



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