

610 EAST MAIN STREET  
FREDERICKSBURG, TX 78624





EXCLUSIVELY LISTED BY

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# NATURAL GROCERS<sup>®</sup>

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# EXECUTIVE SUMMARY



## CORPORATE GUARANTEED SINGLE TENANT RETAIL



**New 2018 Construction** with a New 15-Year Lease



NNN Investment with Minimal Landlord Responsibilities – Ideal for Investors not Local to the Market



Located in the Heart of Texas Wine Country that Brings **Over 1.2 Million Visitors a Year to the Area**

## CORPORATE GUARANTEED NATURAL GROCERS

- ▶ New 15-Year NNN Lease with Increases During the Initial Term and Option Periods
- ▶ Natural Grocers' (NYSE: NGVC) **Market Capitalization Has Nearly Doubled Year Over Year**
- ▶ Natural Grocers has 152+ Locations in 19 States
- ▶ Natural Grocers is Very Unique, Selling Only 100% Organic Produce. Organic Food Sales Grew 8.7% in 2018 and Now Account for 5.6% of Total Food Sales in the Country
- ▶ **NNN Investment with Minimal Landlord Responsibilities** – Ideal for Investors not Local to the Market

## OUTSTANDING REAL ESTATE FUNDAMENTALS

- ▶ Located on Main Street, Fredericksburg's Main Retail Corridor for Visitors and Residents
- ▶ Very Minimal Competition with Natural Grocers Being the **Only Exclusively Organic Grocery Store in Town**
- ▶ Located across from McDonald's with Multiple Credit Tenants in Close Proximity Such as Walmart, Church's Chicken, Dairy Queen, Whataburger, Auto Zone, and Many More

## PRIDE OF OWNERSHIP PROPERTY IN FREDERICKSBURG, TX

- ▶ Fredericksburg is Located in the **Heart of Texas Wine Country** that Brings Over 1.2 Million Visitors a Year to the Area
- ▶ Over 45 Wineries within a 1 Hour Drive of the Subject Property
- ▶ **1,000+ Single Family Homes Currently in Development**
- ▶ **Very Affluent Market** with the Average Household Income Over \$72,000
- ▶ The Average Value for a Home in this Market is **20% Above the National Average and 45% Above the Texas State Average**
- ▶ Fredericksburg is a Highly Educated Market with 1 in 4 Citizens Achieving a Graduate Degree from College
- ▶ Property is Located Just Outside of the National Brand Restricted Zone The City of Fredericksburg does not Allow for National Brand Tenants to Open Businesses in the Downtown Area, Creating an **Extremely High Barrier to Entry in this Market**







# TENANT OVERVIEW

## NATURAL GROCERS®

**Natural Grocers by Vitamin Cottage** is a rapidly expanding specialty retailer of natural and organic groceries and dietary supplements

Natural Grocers adheres to strict business principles to provide the highest quality experience for customers, including:

- ▶ Providing **high-quality products at affordable prices**, exceptional customer service, nutrition education and community outreach
- ▶ Approve for sale only grocery products that are not known to contain artificial colors, flavors, preservatives, sweeteners or partially hydrogenated or hydrogenated oils and selling only USDA certified organic produce
- ▶ Industry-leading dairy standards, requiring that all dairy products be sourced from pasture-raised, non-confinement dairies
- ▶ Selling only free-range eggs from chickens that are not only cage-free but also provided with sufficient space to move
- ▶ Enhancing customers' shopping experience by providing free science-based nutrition education to help customers make well-informed health and nutrition choices

### QUICK FACTS - NATURAL GROCERS

2018 Total Revenue: **\$849,000,000**

NYSE: **NGVC**

Headquarters: **Lakewood, CO**

Year Founded: **1955**

**Natural Grocers currently operates 152 stores** in 19 states and have signed leases for two additional stores planned to open in 2019 and beyond in North Dakota and Oregon.

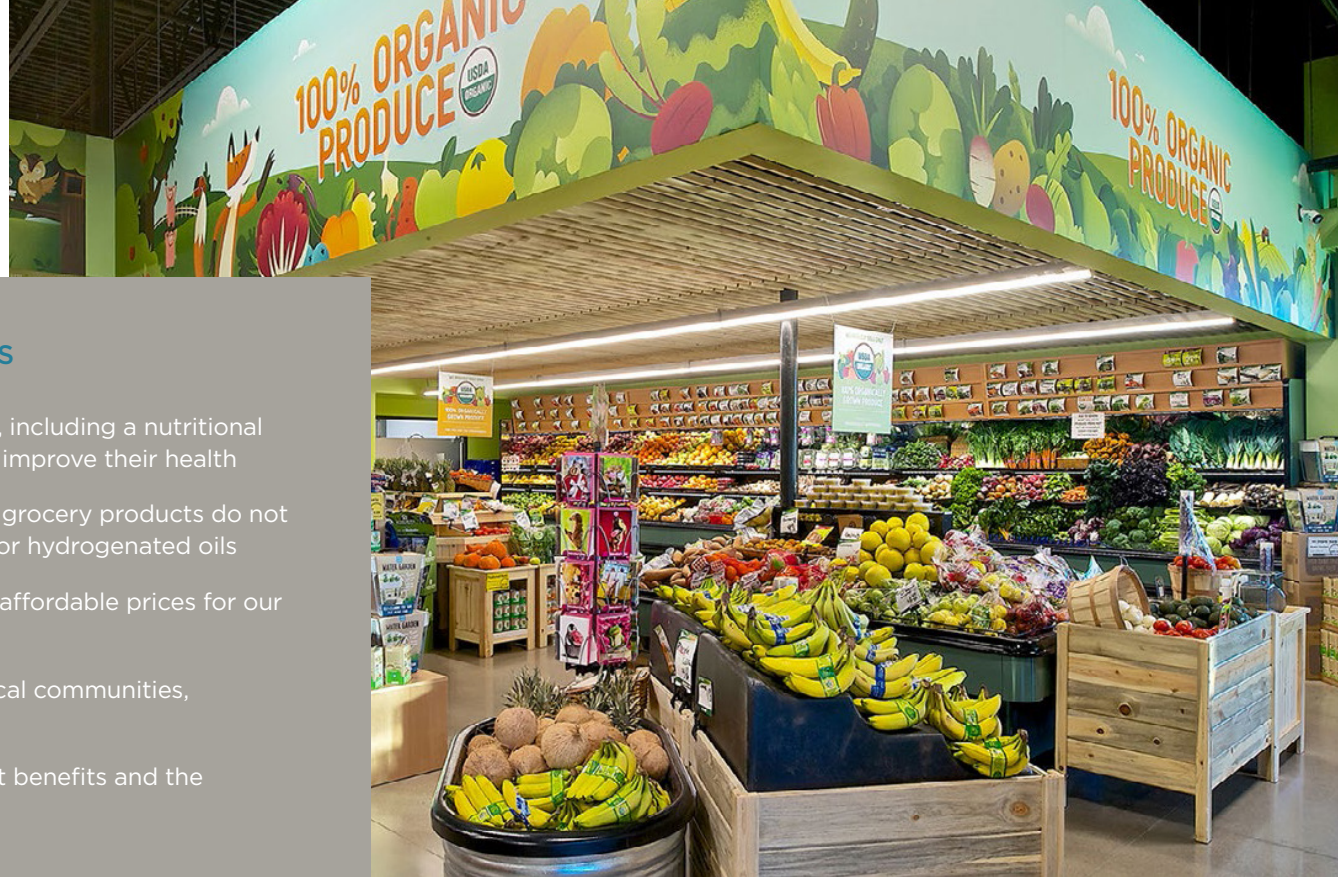
New store economics contain a targeted payback period of four years and 30% cash-on-cash return by end of fifth year with a total upfront investment of approximately \$2.1 million.



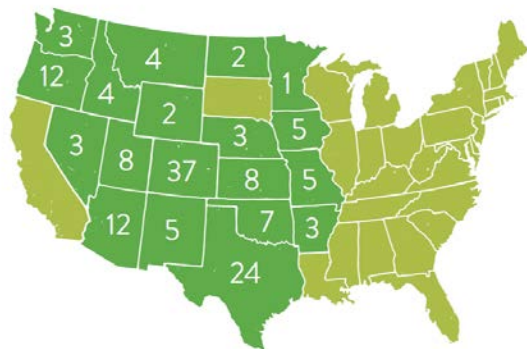
# TENANT OVERVIEW

## NATURAL GROCERS FIVE FOUNDING PRINCIPLES

- Nutrition Education** - We provide free nutrition education, including a nutritional health coach in every store, to empower our customers to improve their health
- Quality Natural Products** - Our carefully approved quality grocery products do not contain artificial flavors, colors, preservatives, sweeteners or hydrogenated oils
- Affordable Pricing** - We control costs so we can maintain affordable prices for our customers
- Community** - We support the health and welfare of our local communities, including the environment
- Associates** - Our associates enjoy great jobs with excellent benefits and the opportunity to grow with us



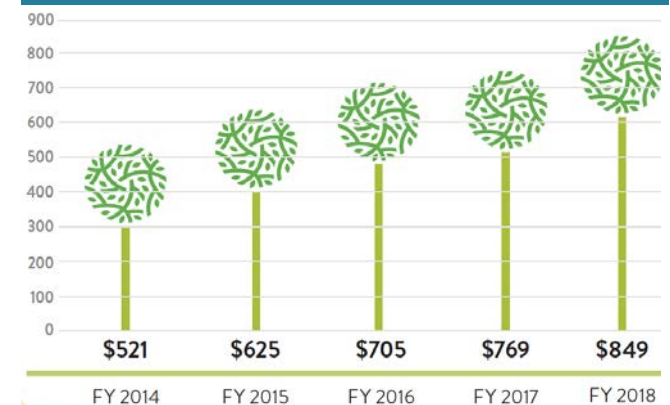
## WE OPERATE IN 19 STATES\*



\*as of September 30, 2018



## NET SALES (IN MILLIONS)





# MARKET OVERVIEW

## LOCATION OVERVIEW



### The City Of Fredericksburg

Fredericksburg is in the **heart of the Texas Hill Country**, the town of Fredericksburg is between Austin and San Antonio. Despite its proximity to the big cities, it is popular because it maintains a small town feel while having lots of things to see and do. With

its unique German heritage, thriving wineries, and shopping, it's the perfect weekend getaway from just about anywhere.

Over the last decade, Texas Hill Country wineries have evolved significantly, gaining national attention in the media and winning more awards than ever. The live music, food, and generally fun atmosphere adds to its popularity. A 30-mile stretch of road from Fredericksburg to Johnson City, Texas, is home to **more than 30 wineries and tasting rooms**. Many of the wineries focus on grapes that grow well in the Mediterranean, so look for wines like Viognier, Albarino, Sangiovese, and Tempranillo.

### Main Street Fredericksburg

Shopping is undoubtedly one of the most popular things to do in Fredericksburg, Texas. The historic buildings along Main Street are home to over **100 shops selling pretty much anything you could be in the market for**. The Fredericksburg area is also home to **hundreds of Bed and Breakfasts and guest houses**.

### National Museum of the Pacific War

Since 1967, the Museum has expanded to occupy a six-acre campus and gained a reputation as one of the premier military museums in the nation. **The Gallery's state-of-the-art 33,000 square foot exhibition features 40 media installations, approximately 900 artifacts** in 97 climate-controlled cases, 15 macro-artifacts, and hundreds of photographs.

More Than 45 Wineries



Over 100 Shops in Downtown Fredericksburg



More Than 45 National Museum of the Pacific War Wineries



# MARKET OVERVIEW

## LOCATION OVERVIEW



### The Heart of the Texas Hill Country

Fredericksburg is a city of beauty and charm. Its founding includes a rich history of people making a good life in a new place with the

help of friends and neighbors. Working together, they created a city where all could live up to their potential, participate in activities, and benefit from services to enhance the quality of their lives. The spirit of working together to create a beautiful, livable place is still alive today in Fredericksburg and that spirit is responsible for the ambiance of the city today.

The city government provides services to assure that Fredericksburg continues to be an outstanding place to live, work, visit and raise a family. The city government supplies a full range of services, the services you rely on every day, plus some you probably didn't expect.

### Visitors choose Fredericksburg for their family vacation

Texas Hill Country endures beauty of the countryside and European atmosphere, along with hunting, some great Texas hiking, bakeries, wineries and the wonderful museums plus the state and national parks and the ongoing events and festivals. Fredericksburg is the birthplace of Fleet Admiral Chester W. Nimitz, Commander in Chief of the Pacific Fleet during World War II. The Nimitz museum and Museum of the Pacific War.



States. **Enchanted Rock was rated in 2017 as the best campsite in Texas** in a 50-state survey conducted by Msn.com.

**About 40% of all Texas peaches are grown in Fredericksburg** and surrounding Gillespie County with more than 60 orchards.

Fredericksburg is also home to the Enchanted Rock. People flock from all over to visit the Enchanted Rock State Natural Area. It is the largest pink granite monadnock in the United

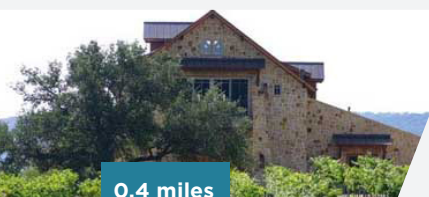
### Fredericksburg Wineries

There are **14 local wineries**, making the city the center of **Texas Wine Country**. The wine, ambiance and experience at each winery is unique and affords visitors a perfect wine getaway. A weekend getaway provides ample time to stop by most of our member wineries, sample wines and enjoy the vines and the vistas!

In addition to the ongoing activities at each winery the Wine Road 290 wineries sponsor shared events. The wineries team up with local restaurants and recent examples of the fun to be had are "Kabernet and Kiolbassa," "Port and pairings" and "vino al pastor!"

## NEARBY WINERIES

### Texas Vineyards & Beyondery



0.4 miles

### Elk Store Winery & Distillery



0.4 miles

### Cross Mountain Vineyards



0.4 miles

### Grape Creek Vineyards



0.6 miles

### Vintners Hideaway



0.7 miles





# PROPERTY DESCRIPTION

AERIAL PHOTO



890+  
RESIDENCES

## HOFFMAN HAUS

Luxury Bed & Breakfast  
and Day Spa



VINTNERS  
HIDEAWAY

Est. 1895  
**ELK STORE**  
winery & distillery



**FW**  
Fiesta Winery



**FAT**  
RANCH & WINERY  
FREDERICKSBURG, TX



930+  
RESIDENCES

## DOWNTOWN FREDERICKSBURG

Over 100 Shops & Restaurants

**NATIONAL MUSEUM  
OF THE PACIFIC WAR**



**K-BOB'S**  
STEAKHOUSE

**DOLLAR  
GENERAL**



E. Main Street  
15,700+ Cars Per Day

Subject  
Property

**NATURAL  
GROCERS**

## Local Wineries



Texas Vineyards & Beyond  
Elk Store Winery & Distillery  
Cross Mountain Vineyards  
Grape Creek Vineyards on Main  
Vintners Hideaway  
Texas Wine Cellars  
Fat Ass Ranch & Winery  
Fiesta Winery Fredericksburg  
Cellars On Main  
Pedernales Cellars on Main



# PROPERTY DESCRIPTION

AERIAL PHOTO



380+  
RESIDENCES

Subject  
Property

NATURAL  
GROCERS

AutoZone  
O'Reilly  
AUTO PARTS

goodwill

Walmart  
Save money. Live better.

DQ

ups

Domino's

SONIC

WHATABURGER



740+  
RESIDENCES

Church's  
FRIED CHICKEN

McDonald's

HOFFMAN HAUS  
Luxury Bed & Breakfast  
and Day Spa

DOLLAR  
GENERAL

S. Lee Street

13,700+ Cars Per Day  
E. Main Street

K-BOB'S  
STEAKHOUSE

Super  
8

Hampton  
Inn



# FINANCIAL ANALYSIS

## OFFERING SUMMARY

Property Address	610 East Main Street, Fredericksburg, TX 78624
Assessor's Parcel Number	1620/1622
Year Built	2018
Gross Leasable Area (GLA)	±13,300 Square Feet
Lot Size	±1.38 (±59,999 Square Feet)

## PRICING

Price	\$6,450,000
Cap Rate	6.00%
Price Per Square Foot	\$484.96



**\$387,030**

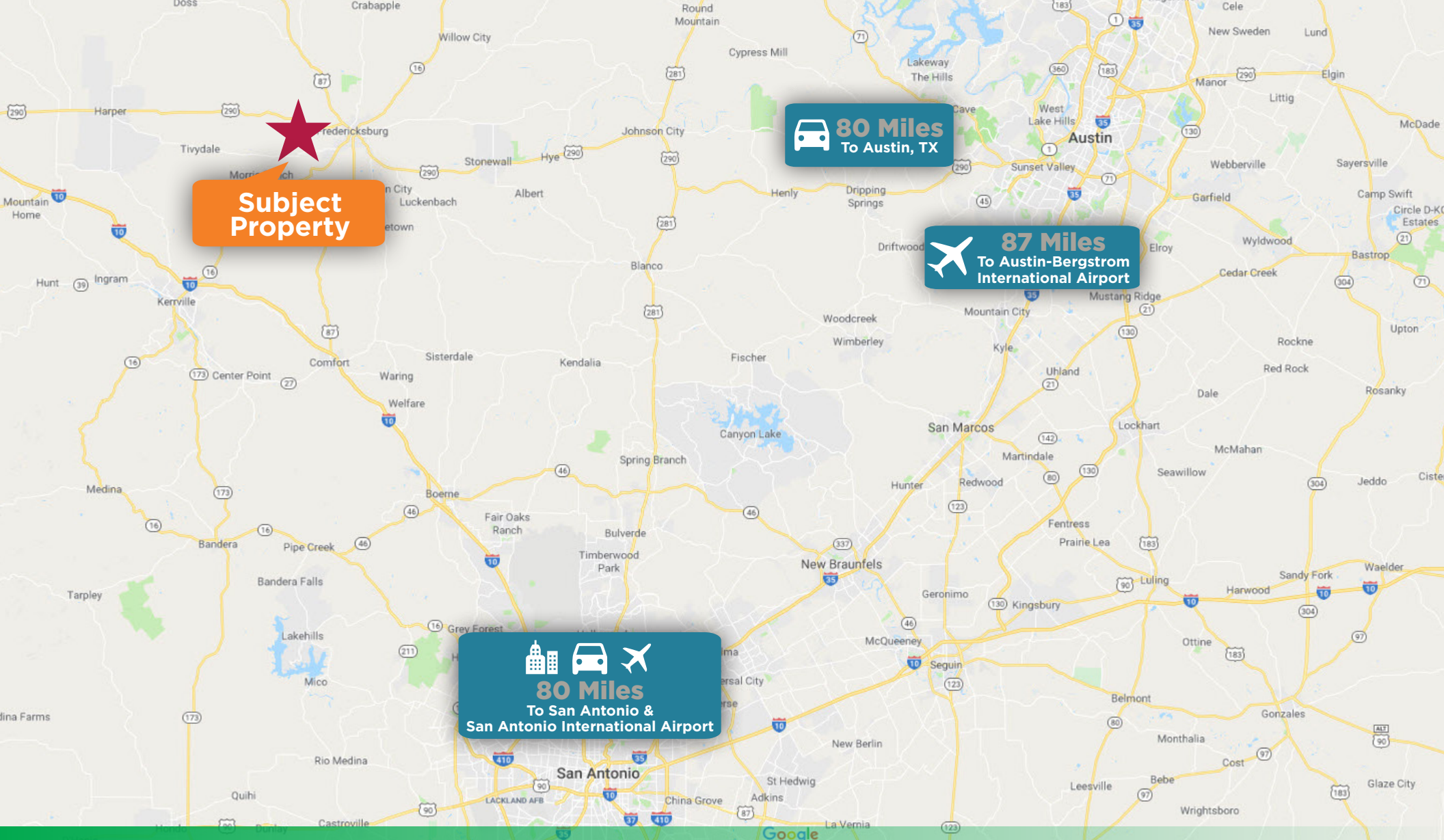
Year 1 Net Operating Income

## LEASE INFORMATION

Initial Lease Term	15 Years
Lease Commencement Date	August 1, 2018
Lease Expiration Date	July 31, 2033
Lease Remaining	14 Years
Lease Type	NNN Landlord Responsible for Structure (Excluding Roof, Floor, & Parking Lot)
Net Operating Income (Year 1)	\$387,030
Increases	Year 11: \$402,030 Year 16 (Option 1): \$417,030 Year 21 (Option 2): \$432,030 Year 26 (Option 3): \$447,030 Year 31 (Option 4): \$462,030
Options	Four, Five Year
Guarantee	Corporate







**15,700+**  
Cars Per Day  
On South Main Street



**15,713**  
Population (5 Miles)



**\$72,996**  
Average Household Income



**1.25 hours**  
To San Antonio, TX





# FINANCIAL ANALYSIS

## DEMOGRAPHIC SUMMARY

POPULATION	1-MILE	3-MILES	5-MILES
2023 Population	4,351	14,430	16,866
2018 Population	3,940	13,446	15,713
2010 Population	3,712	12,750	14,869
2000 Population	3,508	11,128	12,817

HOUSEHOLDS	1-MILE	3-MILES	5-MILES
2000 Households	1,505	4,609	5,232
2010 Households	1,710	5,548	6,364
2018 Households	1,797	5,799	6,666
2023 Households	2,027	6,339	7,287
2018 Average HH Size	2.24	2.28	2.29
2018 Daytime Population	6,089	17,466	19,862
2023 Owner Occupied Housing Units	54.8%	66.5%	67.7%
2023 Renter Occupied Housing Units	45.2%	33.5%	32.3%
2023 Vacant	10.5%	10.5%	10.9%
2018 Owner Occupied Housing Units	55.8%	67.0%	68.2%
2018 Renter Occupied Housing Units	44.2%	33.0%	31.8%
2018 Vacant	10.5%	10.5%	10.8%
2010 Owner Occupied Housing Units	56.5%	68.2%	69.3%
2010 Renter Occupied Housing Units	43.5%	31.9%	30.7%
2010 Vacant	13.6%	13.7%	14.0%

INCOME	1-MILE	3-MILES	5-MILES
\$ 0 - \$ 14,999	9.4%	8.6%	8.5%
\$ 15,000 - \$24,999	11.4%	10.7%	10.6%
\$ 25,000 - \$34,999	13.4%	12.3%	12.1%
\$ 35,000 - \$49,999	11.6%	12.4%	12.5%
\$ 50,000 - \$74,999	24.2%	24.9%	25.1%
\$ 75,000 - \$99,999	12.8%	13.8%	13.8%
\$100,000 - \$124,999	6.6%	6.4%	6.5%
\$125,000 - \$149,999	3.1%	3.5%	3.5%
\$150,000 - \$200,000	4.1%	3.7%	3.6%
\$200,000 to \$249,999	1.1%	1.5%	1.6%
\$250,000 +	2.1%	2.1%	2.2%
Median HH Income	\$56,147	\$56,794	\$57,059
Per Capita Income	\$32,449	\$31,440	\$31,186
Average HH Income	\$70,830	\$72,362	\$72,996



**\$72,996**

2018 average household income





CORPORATE GUARANTEED 15-YEAR LEASE

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