

# LONG TERM CVS PHARMACY OPPORTUNITY IN A DENSE PHILADELPHIA SUBURB

ACTUAL PHOTO



*CVS Pharmacy*

4214 Woodbourne Road – Levittown, PA  
**Offering Memorandum**



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**PROPERTY VIDEO**



# Summary

## Investment Summary

CVS Pharmacy – Levittown, PA



# The Offering

JLL is pleased to exclusively offer the opportunity to acquire one of the top performing CVS Pharmacy locations in Bucks County, Pennsylvania (the "Property"). Located in Levittown, PA, a suburb of Philadelphia, this CVS has more than 18 years of remaining lease term and one (1) five (5) year option in place. The Property is conveniently situated adjacent to a fully signalized, five-way intersection that is exposed to nearly 31,000 VPD. Additionally, recognized tenants such as ACME, United States Postal Service, McDonald's and Shell, as well as a host of educational institutions namely Bucks County Technical High School, Conwell Egan Catholic High School, and Neil A. Armstrong Middle School, are all within a mile from the premises, further driving consumers to the area. CVS has been at this location since 2000 and extended their lease until 2037, reflecting its long-term commitment to the Property. Lastly, nearby cities such as Trenton (8 miles) and Philadelphia (27 miles) attract a strong population of about 90,000 within a 3-mile radius of the premises which generates an average household income of approximately \$86,000.

CVS is the largest healthcare provider in the U.S. with more than 295,000 employees and over 9,900 stores serving over five million customers every day. The company's robust financial profile includes a market cap of \$73.1 billion, annual revenue of \$194.6 billion, and an investment-grade 'BBB' credit rating from Standard & Poor's (S&P). Backed by a corporate guaranty from CVS Corporation, this offering provides the opportunity to acquire a property leased to a committed, industry-leading tenant with investment-grade credit operating on a long-term lease.



## PROPERTY SUMMARY

Address	4214 Woodbourne Road, Levittown, PA 19055
Price	\$5,510,000
Cap Rate	5.10%
NOI	\$281,000
Lease Type	NN
Square Footage	10,125 SF
Parcel Size	1.51 Acres
Year Built	2000
Tenant	Levittown PA CVS, Inc.
Guarantor	CVS Corporation
Owner Interest	Fee Simple
Remaining Term	18+ Years (Expiration 12/31/2037)
Renewal Options	1 x 5-Year Option
Rental Increases	13.58% increase in the Option Period



CVS Pharmacy is operating on a long-term lease with more than 18 years of remaining term; CVS has been at the location since 2000, and recently extended their lease until 2037, demonstrating a true commitment to the site



The Property is situated at the fully signalized, five points intersection of Woodbourne Road, New Falls Road, Bristol Emile Road and Edgely Road; CVS benefits from nearly 31,000 vehicles that pass the premises daily



This CVS location is situated within a very strong demographic area - the population within a 3-mile radius of the Property consists of 89,743 people who make an average household income of nearly \$85,663



The lease is backed by a corporate guaranty from CVS Corporation, which offers an investment-grade credit rating of BBB (S&P)



Renowned tenants such as McDonald's and Shell, as well as an ACME-anchored shopping center, are all less than 0.5 miles from the premises, driving customers to the area



Levittown, which is a member of Bucks County – the 4th largest county in Pennsylvania by population – is just 27 miles from the city of Philadelphia; Philadelphia is home to an MSA that contains approximately 6 million permanent residents

# Tenant

CVS Pharmacy – Levittown, PA



## CVS Overview

Founded in 1963, CVS Health Corporation is the nation's premier healthcare services company and largest US pharmacy by total prescription revenue. The Company is headquartered in Woonsocket, RI and employs more than 295,000. In 2018, CVS announced a groundbreaking \$70B merger with Aetna to create a first of its kind healthcare model designed to achieve true vertical integration. Historically benefited by a sharp focus on innovation and technology, the Company has three key business segments: Pharmacy Services, Retail Pharmacy, and Health Care Benefits.

## Investment Highlights

- **Investment Grade Tenancy** – CVS maintains a S&P investment grade credit rating of 'BBB,' providing investors with a reliable stream of bondable cashflows. Dividends have been paid 22 years straight.
- **Established Industry Leader** – CVS Health is the largest pharmacy health care provider in the USA by total prescription revenue. The Company manages 92 million PBM plan members, over 9,900 retail locations, and filled 2.6 billion prescriptions as of Q4 2018.
- **Growth Opportunities** – Acquiring Aetna led to a newly created Health Care Benefits segment, responsible for \$5.5B of 2018 revenue. Besides the existing segment growth avenues, the introduction of end-to-end healthcare service and improved vertical integration is expected to drive further membership and revenue growth for the business.
- **Strong historical and projected financials** – CVS has grown revenue at an 8.3% CAGR from 2015-18, achieving \$194.6B in 2018 sales. Analysts forecast revenue to explode in 2019 reaching over \$251B, reflecting a 29% YOY increase. Profitability is strong with an average 16.3% gross profit margin over the prior four years. EBITDA took a hit in 2018 due to the Aetna acquisition but averaged 7.5% from 2015-2017 and is expected to rebound up to 6.9% in 2019.



WORLD'S MOST  
ADMIRED COMPANIES  
*Fortune Magazine*

#3

MOST INNOVATIVE  
COMPANIES  
*Fast Magazine*

100

BEST COMPANIES  
FOR  
IT INNOVATION  
*CIO Magazine*



WORLD'S MOST  
VALUABLE BRANDS  
*Forbes Magazine*

### Company Overview

Parent	CVS Health Corporation
Company Type	Integrated Pharmacy Health Care Provider
Credit Rating / Outlook (S&P)	BBB / Stable
Market Cap (as of 2/20/19)	\$83.3 billion
2018 Revenue	\$194.6 billion
2018 Gross Profit	\$31.5 billion
# of Retail Locations	9,921
Headquarters	Woonsocket, RI
Employees	295,000
Company Website	<a href="http://www.cvshealth.com">www.cvshealth.com</a>



- Largest US pharmacy by total prescription revenue
- 2.6 billion prescriptions filled or managed (company-wide)



- 92 million PBM plan members
- 22 million medical benefit members
- Over 9,900 retail locations



- 290,000 employees across all 50 states
- #7 on Fortune 500 list (\$194B 2018 revenue)
- 89 straight quarters of dividends paid



# *Financial Analysis*

CVS Pharmacy – Levittown, PA

# Lease Abstract

**\$5,510,000** / **5.10%**  
Asking Price / Cap Rate

## LEASE DETAIL

Address	4214 Woodbourne Road, Levittown, PA 19055
Tenant	Levittown PA CVS, Inc.
Guarantor	CVS Corporation
Parcel Size	1.51 Acres
Building Size	10,125 SF
Year Built	2000
Annual Rent	\$281,000
Lease Type	Fee Simple – NN
Roof & Structure	Landlord Responsibility
Rent Commencement	10/26/2000
Lease Expiration	12/31/2037
Lease Term Remaining	18+ Years
Remaining Options	1 x 5-Year Option

## RENT SCHEDULE

Period	Start Date	End Date	Annual Rent	% Increase
Current Term	1/1/2018	12/31/2037	\$281,000	-
Option 1	1/1/2038	12/31/2043	\$319,156	13.58%

## TENANT RESPONSIBILITY DETAIL

Maintenance & Repairs	Tenant shall maintain, repair and replace, as necessary: the Building interior, including the fixtures and equipment therein, all plumbing and electrical repairs within the Building; HVAC equipment, broken glass; and the nonstructural portions of any storefront
Insurance	Tenant shall carry and pay the cost of the insurance required to be maintained hereunder during the Term; Tenant shall maintain General Liability Insurance, with limits outlined in the Lease
Taxes	Tenant shall pay directly to all tax authorities all real estate taxes and all Assessments which may be levied against the premises So long as such premises being leased by Landlord to Tenant pursuant to the terms of the lease is separately assessed by the tax authorities for taxes; Tenant agrees to pay to all Tax authorities all personal property taxes which may be levied against Tenant's merchandise, trade fixtures, and other personal property in and around the leased premises
Utilities	Tenant agrees to pay for all utilities consumed by it in the Premises, prior to delinquency
CAM	Tenant shall pay Landlord Tenant's Pro Rata Share of the Common Area maintenance costs incurred by Landlord from and after the Date of Rent Commencement in fulfilling Landlord's obligations with respect to the Common Areas, and for no other costs

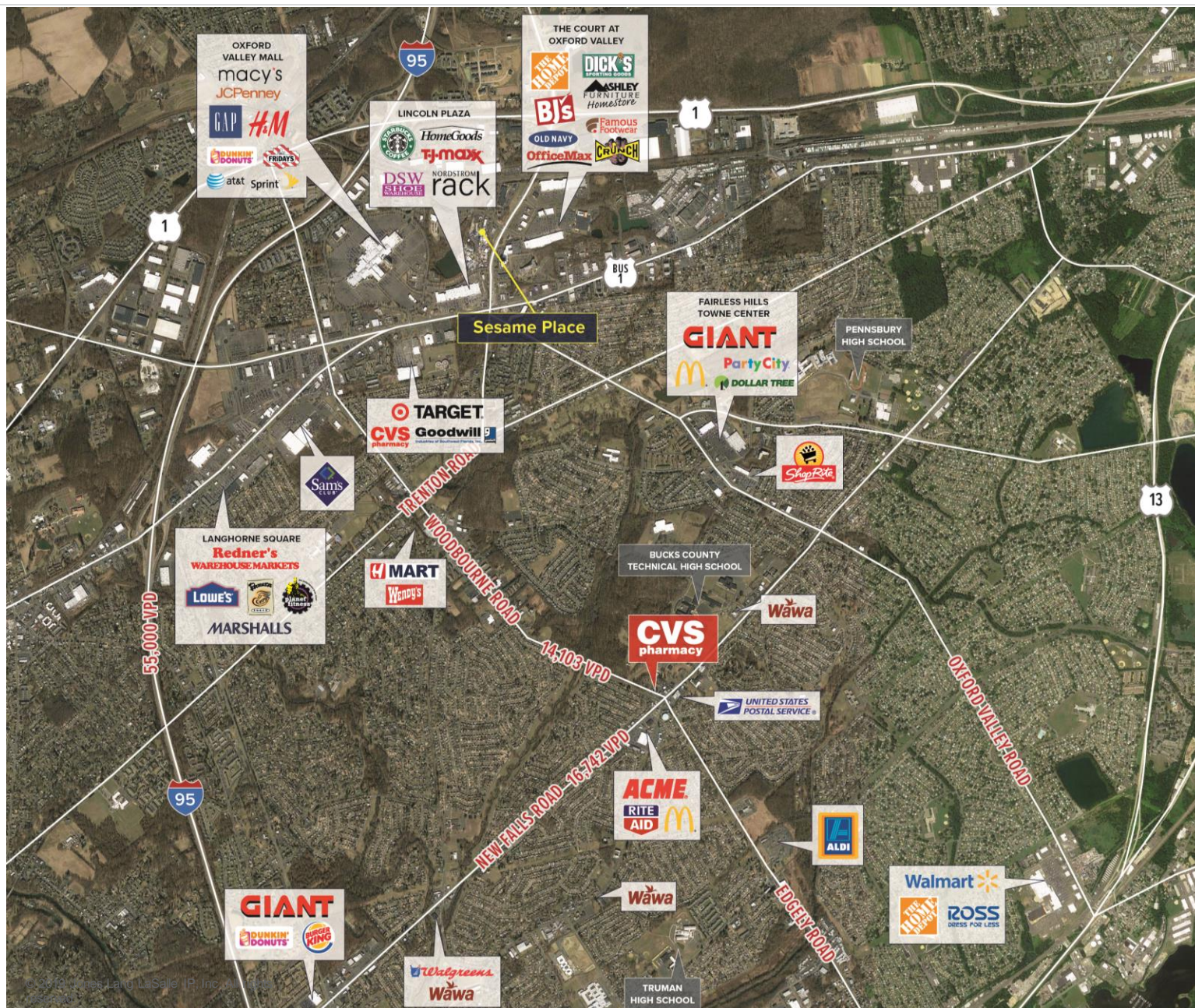
## LANDLORD RESPONSIBILITY DETAIL

Maintenance & Repairs	Landlord shall maintain, repair, and replace, as necessary, each of the exterior portions and structural portions of the Building, including, without limitation: the roof and roof supports, flashings, gutters, downspouts, footings, foundations, and all other portions outlined in the Lease; With respect to the Common Areas of Landlord's Property, Landlord shall repair, resurface, repave, re-stripe, and reseal the parking areas, repair all of the curbing, sidewalks and directional markers, remove snow and ice, be responsible for landscaping; and provision of adequate lighting during all hours of darkness that Tenant shall be open for business, subject to limited reimbursement by Tenant
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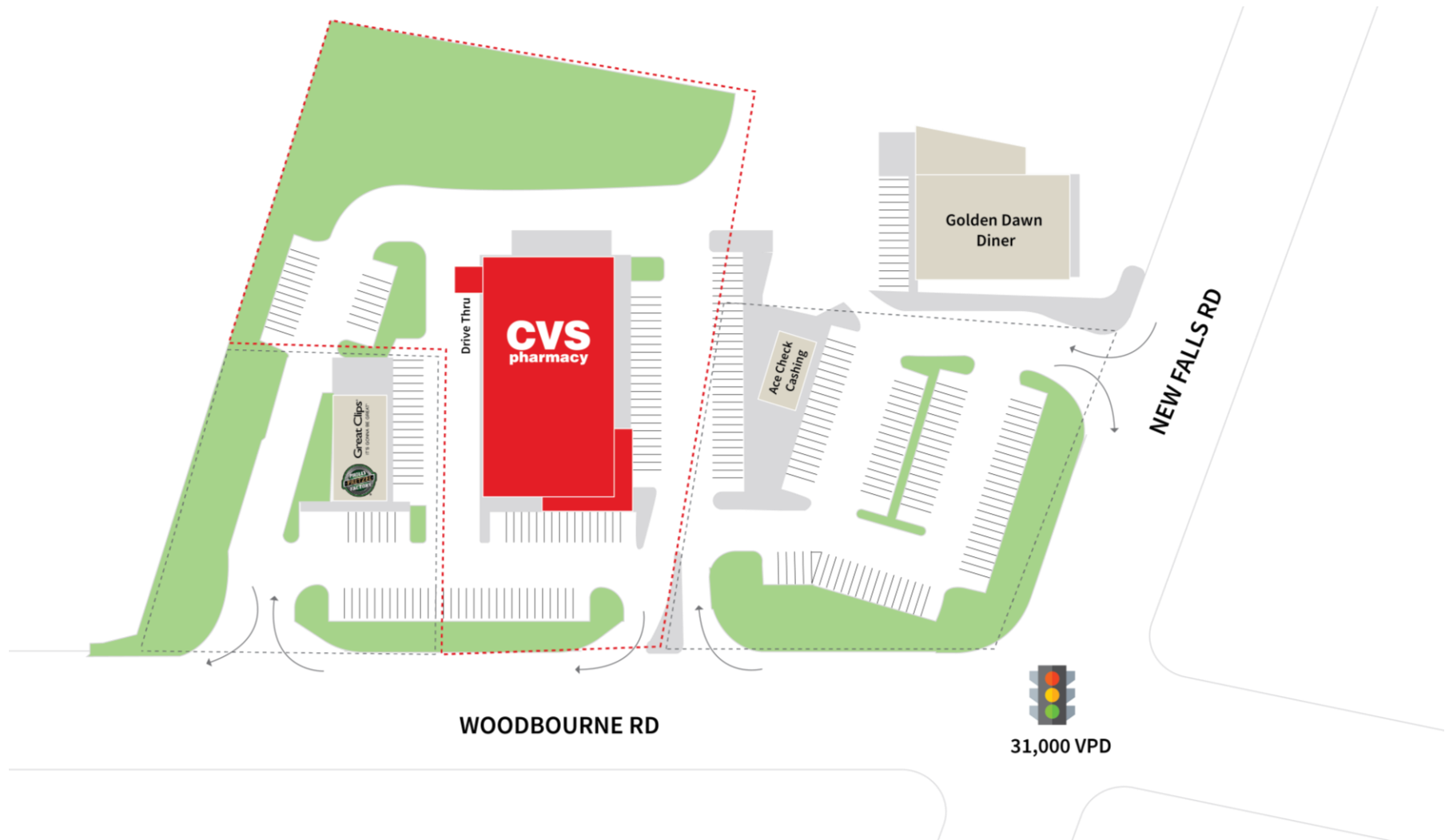
# Location

CVS Pharmacy – Levittown, PA



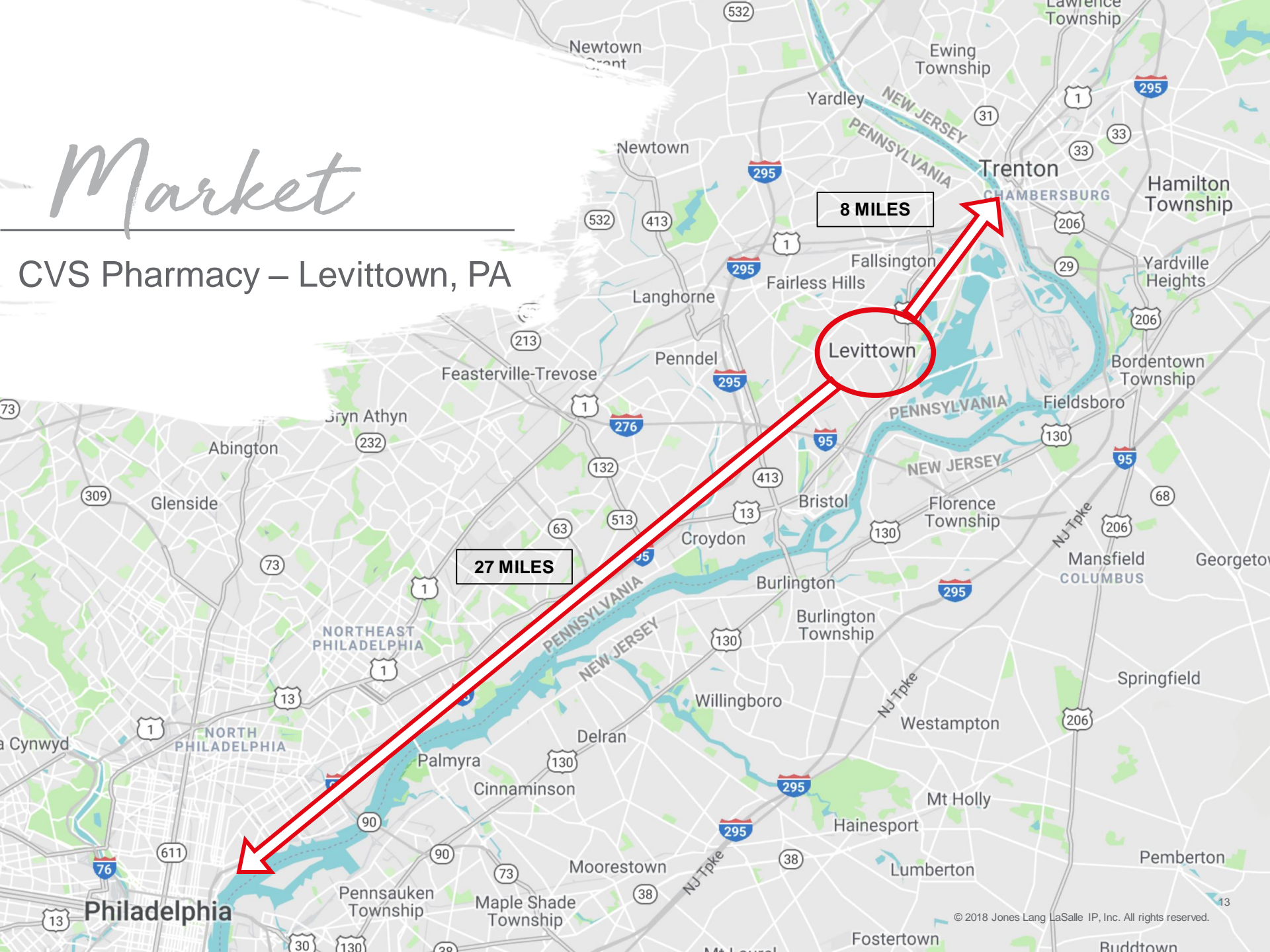


*Site Plan*



# Market

CVS Pharmacy – Levittown, PA



# Market

## Levittown, Pennsylvania

Levittown, Pennsylvania is a town of approximately 52,000 people. Situated in Bucks County, PA, which is the 4<sup>th</sup> largest country in the state in terms of population, Levittown is just 27 miles from the city of Philadelphia. Philadelphia has an MSA of more than 6 million permanent residents and consistently ranks in the top 10 of the largest cities in the United States.

Bucks County is comprised of roughly 608 square miles of land and an additional 16 miles of water. The county is home to nearly 630,000 people that reside in some 23 boroughs and 31 townships. In 2017, Bucks County's population, which rose 0.31% from the prior year, had a median age of 44, and a median household income of \$84,749 – a 6.02% increase over the prior year, indicating a healthy economy. Residents benefit from a multitude of school districts such as Bensalem, Council Rock, and Neshaminy; as well as colleges and universities such as Bucks County Community College and Lasalle University – Bucks County Center. In all, there are 13 school districts and 5 colleges and universities.

The economy of Bucks County is driven by the healthcare and social assistance industry. There are 10 hospitals located in Bucks County. Notable names include Jefferson Bucks Hospital and Rothman Specialty Hospital. Transportation throughout Bucks County is made easy and accessible via multiple public transportation avenues such as I-295 and I-95 – two main thoroughfares in the area connecting PA and NJ. In addition, the renowned Southeastern Pennsylvania Transportation Association (SEPTA), which enables quick access to Center City Philadelphia, serves Levittown to the south at its Levittown-Tullytown station, and to the north at its Langhorne and Woodbourne stations.



### Demographic Information

	1-mile radius	3-mile radius	5-mile radius
<b>POPULATION</b>			
2010 Census	15,673	92,345	194,841
2019 Estimate	15,126	89,743	191,378
2024 Projection	14,977	89,101	190,834
<b>ESTIMATED HH INCOME</b>			
Average HH Income	\$89,953	\$85,663	\$99,193
Median HH Income	\$79,449	\$72,273	\$77,175
<b>HOUSEHOLDS</b>			
2010 Census	5,341	33,741	72,968
2019 Estimate	5,265	33,419	73,075
2024 Projection	5,251	33,406	73,385

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