

SINGLE TENANT HOBBY LOBBY BUILDING IN PRIME RETAIL DESTINATION IN ADRIAN, MI



ACTUAL PHOTO

*Hobby Lobby*

1357 South Main Street – Adrian, MI



Offering Memorandum



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# *Investment Summary*

Hobby Lobby – Adrian, MI



# The Offering

Hobby Lobby | Adrian, MI

**Jones Lang LaSalle Americas, Inc. ("JLL"), a licensed real estate broker,** is pleased to exclusively offer a net lease opportunity to acquire a single tenant, fee simple property leased to **Hobby Lobby** (the "Property") located in an opportunity zone in Adrian, Michigan. Hobby Lobby currently has over four years remaining in the base term, with two, five-year options remaining, both of which include rental increases of over 12% every five years. Hobby Lobby is the largest privately-owned arts and crafts retailer in the world who employs approximately 37,500 associates and operates over 850 stores in 46 states. Additionally, Hobby Lobby provides hobbies such as picture framing, jewelry making, fabrics, wedding supplies, cards and party ware baskets, home accents and holiday merchandise.

The property is situated in the heart of Lenawee County, a predominately rural farming community, with the Adrian submarket the premier shopping destination within a 15-mile radius. The property is surrounded by national retailers such as McDonald's, Arby's, Buffalo Wild Wings, Chipotle, Red Lobster, Burger King, Big Lots and Meijer, further driving consumers to the area. The property is conveniently situated at the signalized intersection of US-223, which boasts 23,868 vehicles per day, and Highway-52, with 18,568 vehicles per day. The next nearest Hobby Lobby is over 23 miles away in Toledo, Ohio.

Adrian, conveniently located in southeast Michigan, is approximately thirty-seven miles northwest of Toledo, Ohio and thirty-seven miles southwest of Ann Arbor, MI, home of the University of Michigan. As the county seat for Lenawee county, Adrian is home to over slightly half of the state's population, as well as a majority of the state's businesses and industries. Adrian is home to over four thousand college students via three colleges; Adrian College, Siena Heights University and the LISD Tech campus for JCC.

## PROPERTY SUMMARY



Address	1357 South Main Street, Adrian, MI 49221
Price	\$2,089,617
Cap Rate	9.00%
NOI	\$188,066
Rent Per Square Foot	\$3.50 / PSF
Lease Type	NN
Owner Interest	Fee Simple
Square Footage	53,733 SF
Site Size	2.09 Acres
Year Occupied	2014
Tenant	Hobby Lobby Stores, Inc.
Remaining Term	4 Years
Renewal Options	2 x 5-Year Options
Rental Increases	Varying Increases in Each Renewal Option - Further detailed on page 9.



# INVESTMENT HIGHLIGHTS



Conveniently located at the signalized intersection of US-223, which boasts 23,868 vehicles per day, and Main Street (Highway-52), with 18,568 vehicles per day



Founded in 1972, Hobby Lobby is privately owned and ranked #91 by *Forbes* on their list of America's Largest Private Companies with an estimated \$4.6 billion in sales



The property is situated in the heart of Lenawee County, a predominately rural farming community, the Adrian submarket is the premier shopping destination

A photograph of a Hobby Lobby store. The building is a large, single-story structure with a brick and tan facade. The "HOBBY LOBBY" sign is prominently displayed in large, orange, 3D letters. Below it, smaller blue signs read "CRAFTS", "HOME ACCENTS", and "SEASONAL". The entrance features large glass doors and windows. A yellow pedestrian crossing sign is visible on the right side of the building.

HOBBY LOBBY  
CRAFTS • HOME ACCENTS • SEASONAL



The Adrian submarket is the premier shopping destination within a 10 to 15-mile radius, as the property is situated in the heart of Lenawee County; a predominately rural farming community



The property is surrounded by national retailers such as Buffalo Wild Wings, Arby's, McDonald's, Chipotle, Red Lobster, Burger King, Bob Evans, Aaron's, Big Lots, Meijer, Harbor Freight + Tool, further driving consumers to the area



The image shows the exterior of a Hobby Lobby store. The building is a single-story commercial structure with a brick and tan facade. The "HOBBY LOBBY" sign is prominently displayed in large, orange, 3D letters. Below it, a blue banner reads "CRAFTS • HOME ACCENTS • SEASONAL". The parking lot in front is filled with various cars, including a red car, a black SUV, a blue car, a silver car, a grey minivan, and a red minivan. Two people are visible near the entrance on the right. The sky is blue with scattered white clouds.

# HOBBY LOBBY

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## *Tenant Overview*

Hobby Lobby – Adrian, MI



# The Tenant



**Hobby Lobby Stores, Inc.**, which is headquartered in Oklahoma City, OK, was founded in 1970 by David Green, who recently was #79 on the Forbes 400 list of richest people in America. Today, Green is responsible for the largest privately-owned arts and crafts retailer in the world with more than 850 stores and 37,500 employees operating in 46 states. Although it is primarily an arts and crafts store, Hobby Lobby also provides hobbies such as picture framing, and jewelry making, as well fabrics, floral and wedding supplies, cards and party ware baskets, wearable art, home accents and holiday merchandise. The company has continued to grow and plans to have over 1,000 stores in the near future.

A large percentage of the company's products and offerings are distributed through the company's 5.5 million square foot distribution facility in Oklahoma City, Oklahoma. Despite the centralized US location, Hobby Lobby has a large reach across the country and operates in China, Hong Kong, and the Philippines.

In addition to the Hobby Lobby brand, Hobby Lobby Stores, Inc. has affiliated companies that include Hemispheres and Mardel Christian and Education Supply. Hemispheres carries unique home furnishings and accessories from around the world, while Mardel Christian and Education Supply, offers books, Bibles, gifts, church and education supplies, as well as homeschooling curriculum. What began as a \$600 startup, continues to expand and reach customers across the nation, encouraging them to live a creating life.

## Overview

Company:	Hobby Lobby
Year Founded:	1970
Headquarters:	Oklahoma City, OK
Ownership Type:	Private
Locations:	850
Sector:	Arts and crafts
Website:	Hobbylobby.com







# *Financial Analysis*

Hobby Lobby – Adrian, MI



# Lease Abstract

**\$2,089,617**

Asking Price

**9.00%**

Cap Rate

## LEASE DETAIL

Address	1357 South Main Street, Adrian, MI 49221
Tenant	Hobby Lobby Stores, Inc.
Lot Area	2.09 Acres
Building Size	53,733 SF
Year Occupied	2014
Annual Rent	\$188,066
Rent Per Square Foot	\$3.50 / PSF
Lease Type	Fee Simple – NN
Roof & Structure	Landlord Responsibility
Lease Commencement	8/26/2013
Lease Expiration	8/31/2023
Lease Term Remaining	4 Years
Remaining Options	2 x 5-Year Options

## RENT SCHEDULE

Period	Start Date	End Date	Annual Rent	% Increase
Base Term	9/1/2018	8/31/2023	\$188,066	-
Option Term 1	9/1/2023	8/31/2028	\$214,932	14.29%
Option Term 2	9/1/2028	8/31/2033	\$241,799	12.50%

## TENANT RESPONSIBILITY DETAIL

Maintenance & Repairs	Tenant shall maintain, repair and replace, at Tenant's sole expense, in a good, commercially reasonable manner the following: the interior of the Leased premises, doors and door frames, electrical components, signage affixed to the premises, HVAC, the plumbing components and equipment, water, sewer and other utility lines located in the interior of the Leased premises and the water and gas meter, loading docks serving the Leased premises
Insurance	Tenant shall maintain on the Leased premises, commercial liability insurance, bodily injury, property insurance covering Tenant's personal property and workers' compensation insurance. Tenant shall name Landlord as an additional insured with respect to Tenant's Liability Insurance and Tenant's Employers' Liability Insurance
Taxes	Tenant shall pay their pro rata share of the Taxes payable to the Landlord
Utilities	Tenant shall pay all charges directly to the applicable Utility provider for Tenant's utilities usage during Tenant's occupancy of the Leased premises.
CAM	Tenant shall pay Landlord, as additional rent, fixed CAM expenses which shall be 3% more than the previous year's amount.

## LANDLORD RESPONSIBILITY DETAIL

Maintenance & Repairs	Landlord shall maintain, repair and replace, at Landlord's sole expense, in a good, commercially reasonable manner the following: The exterior of the Leased premises, the structural portions of the Leased premises, the roof system of the Leased premises, including, but not limited to, the roof structure, roof membrane, and roof access, the load bearing walls and foundation of the Leased premises
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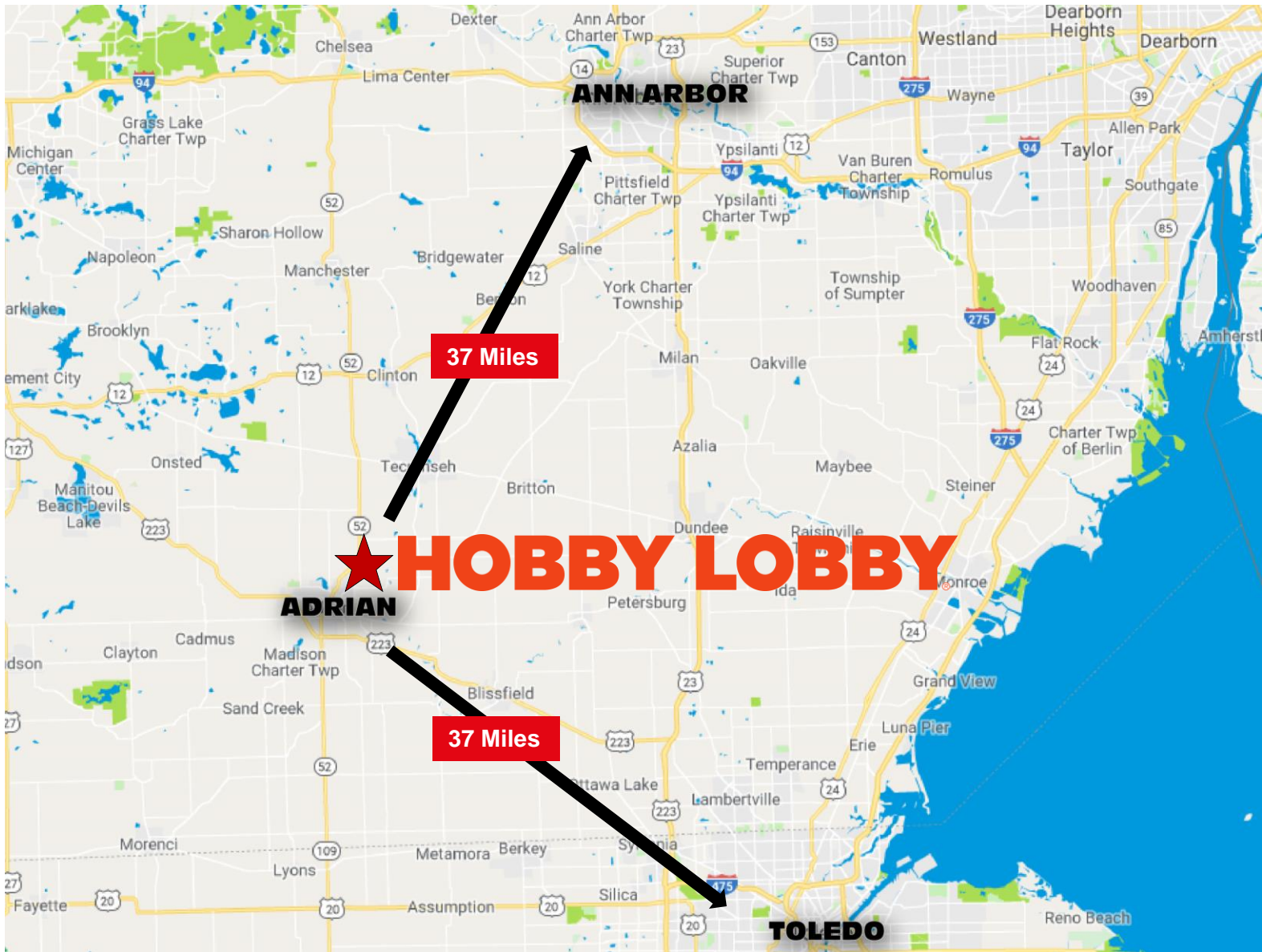


# *Location Overview*

Hobby Lobby – Adrian, MI



## Area Overview





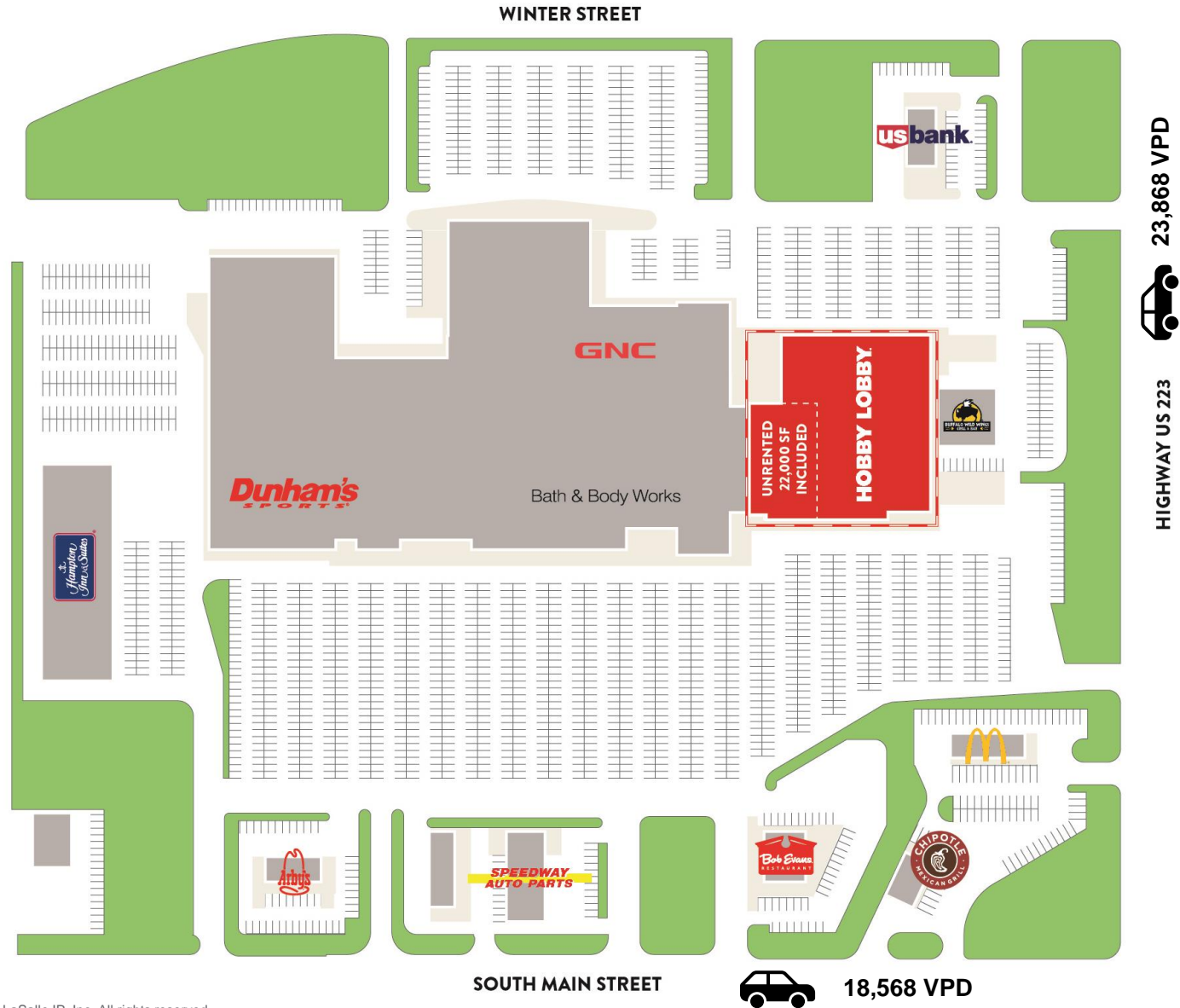
# Surrounding Retail & Amenities

Hobby Lobby | Adrian, MI





# Site Plan







# *Market Overview*

Hobby Lobby – Adrian, MI



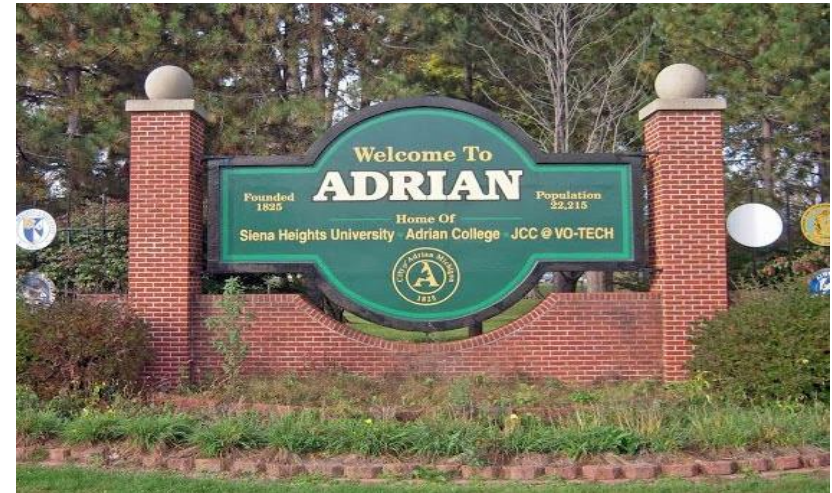
# Adrian, Michigan

Hobby Lobby | Adrian, MI

Adrian is situated in the southeast region of Michigan, approximately thirty-seven miles southwest of Ann Arbor, seventy miles southeast of Detroit and thirty-seven miles northwest of Toledo. Serving as one of the city's main transportation arteries, US Highway-223 runs through Adrian and provides access to Interstate 94 to the northwest and Interstate 75 in the southeast. Additionally, US Highway-52 provides southern access to central Ohio and Interstate-80. The centralized location attracts residents who are willing to trade commute times for the calm, serene atmosphere cultivated by the residents of Adrian.

Acting as the county seat for Lenawee and benefiting from its relative low cost of living, Adrian is home to a majority of the state's businesses and industries, as well as slightly over half of the state's population. While Michigan is most recognized for its concentration in the automotive industry, a diverse population of companies have also made Southeastern Michigan home. In recent years, the region's economies have evolved, providing more diverse, white-collar opportunities for the residents within the region. For example, Ann Arbor is home to the global corporate giants, Domino's Pizza and ProQuest as well as headquarters for many international firms such as Google-owned AdWord and General Dynamics.

Adrian is home to Adrian College and Siena Heights University. Adrian College is a private liberal arts college with over 1,650 students, all of whom are undergraduates, and offers over 40 majors. Siena Heights University, a private Roman Catholic University, offers the same amount of majors, but to its approximately 2,200 students, 250 of which are postgraduate students. ProMedica is a health system serving communities in 28 states. The ProMedica Bixby Hospital is Adrian's largest hospital with more than 120 doctors and a specialty in cancer care with their Hickman Cancer Center. The center is accredited by the American College of Radiology and the American College of Surgeons' Commission on Cancer.



## Demographic Information

	3-mile Radius	5-mile Radius	10-mile radius
<b>POPULATION</b>			
2010 Census	32,010	37,853	62,968
2019 Estimate	31,217	37,001	62,139
2024 Projection	31,085	36,873	62,165
<b>ESTIMATED HH INCOME</b>			
Average HH Income	\$63,398	\$65,513	\$71,514
Median HH Income	\$46,069	\$47,975	\$54,370
<b>HOUSEHOLDS</b>			
2010 Census	11,117	13,354	23,110
2019 Estimate	11,005	13,261	23,192
2024 Projection	11,024	13,295	23,348





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# HOBBY LOBBY

**CRAFTS**



**HOME ACCENTS**



**SEASONAL**