

SINGLE TENANT PETSMART BUILDING IN THE PRIMARY RETAIL CORRIDOR IN WICHITA, KS



Actual Location

PetSmart

533 S Tracy Street – Wichita, KS



Offering Memorandum

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MARKETING ADVISORS

MARC MANDEL

Managing Director

484.532.4212

marc.mandel@am.jll.com

STEVE SCHRENK

Director

484.532.4213

steve.schrenk@am.jll.com

ALEX SHARRIN

Senior Vice President

312.228.3197

alex.sharrin@am.jll.com

NICHOLAS KANICH

Senior Vice President

312.228.2093

nicholas.kanich@am.jll.com

BROKER OF RECORD

LARRY GLAZE

Managing Director

816.389.4200

larry.glaze@am.jll.com

FINANCIAL ADVISOR

MICHAEL PAGNIUCCI

Director

484.532.4172

michael.pagniucci@am.jll.com





Investment Summary

PetSmart – Wichita, KS

The Offering

PetSmart | Wichita, KS

JLL Net Lease Advisory is pleased to exclusively offer a net lease opportunity to acquire a single tenant, fee simple outparcel property leased to **PetSmart** (the "Property") in Wichita, the largest city in the state of Kansas. PetSmart has been at this location for 23 years and is currently in its second option term, with three, five-year options remaining, all of which include rental increases every five years. PetSmart is a privately-owned specialty retailer of pet food and supplies who employs approximately 52,000 associates and operates over 1,600 stores in all 50 U.S. States. Additionally, PetSmart carries more than 200 in-store hotels, dog and cat boarding facilities in the United States, Canada and Puerto Rico.

The property is positioned as an outparcel to the 900,000 square foot JC Penney anchored regional mall, Towne West Square, which includes national retailers such as Dick's Sporting Goods, Kay Jewelers, American Eagle Outfitters, Dillard's Clearance, Victoria's Secret and Regal Cinemas. There is excellent visibility to the property as it's conveniently situated between two major interstate highways; Route 235, with 45,500 vehicles per day and Kellogg U.S. 54, with 89,800 vehicles per day. Westgate Market, a Best Buy and TJ Maxx anchored Community Center, and a Wal-Mart Supercenter are within two miles of the property, helping further draw consumers to the area.

Wichita is known as the 'Air Capital of the World' for its dominance in the aviation industry, as its home to the corporate headquarters and primary operating locations for Cessna Aircraft Company, Hawker Beechcraft, Boeing Defense, Space & Security, Spirit AeroSystems and Bombardier Aerospace, all of which combine to employ more than 33,000 local residents. Wichita was ranked by SmartAsset as the #10 city where veterans thrive professionally, due to it being home to the McConnell Air Force Base, which employs close to 7,000 local citizens, as well as The Robert J. Dole VA Medical Center, an employer of close to another 1,000 residents. Koch Industries, Inc., the second largest private company in America according to Forbes magazine with more than \$110 billion in revenues, also makes Wichita its home in the United States. Wichita has a strong retail history as well, as it is the original home to multiple franchises; Pizza Hut, White Castle and Freddy's Frozen Custard & Steakburgers.



PROPERTY SUMMARY

Address	533 S. Tracy Street, Wichita, KS 67209
Price	\$3,710,850
Cap Rate	8.00%
NOI	\$296,868
Lease Type	NN
Owner Interest	Fee Simple
Square Footage	26,988 SF
Site Size	3.0 Acres
Year Built	1992
Tenant	PetSmart, Inc.
Remaining Term	4.5 Years
Renewal Options	3 x 5-Year Options
Rental Increases	Varying Increases in Each Renewal Option

INVESTMENT HIGHLIGHTS



Excellent visibility, as the property can be seen from Kellogg U.S. 54, signage and access to the property due to the exit that leads right to S Tracy Street



PetSmart has been at this location for 23 years and is in their second, 5-year option showing commitment to the location



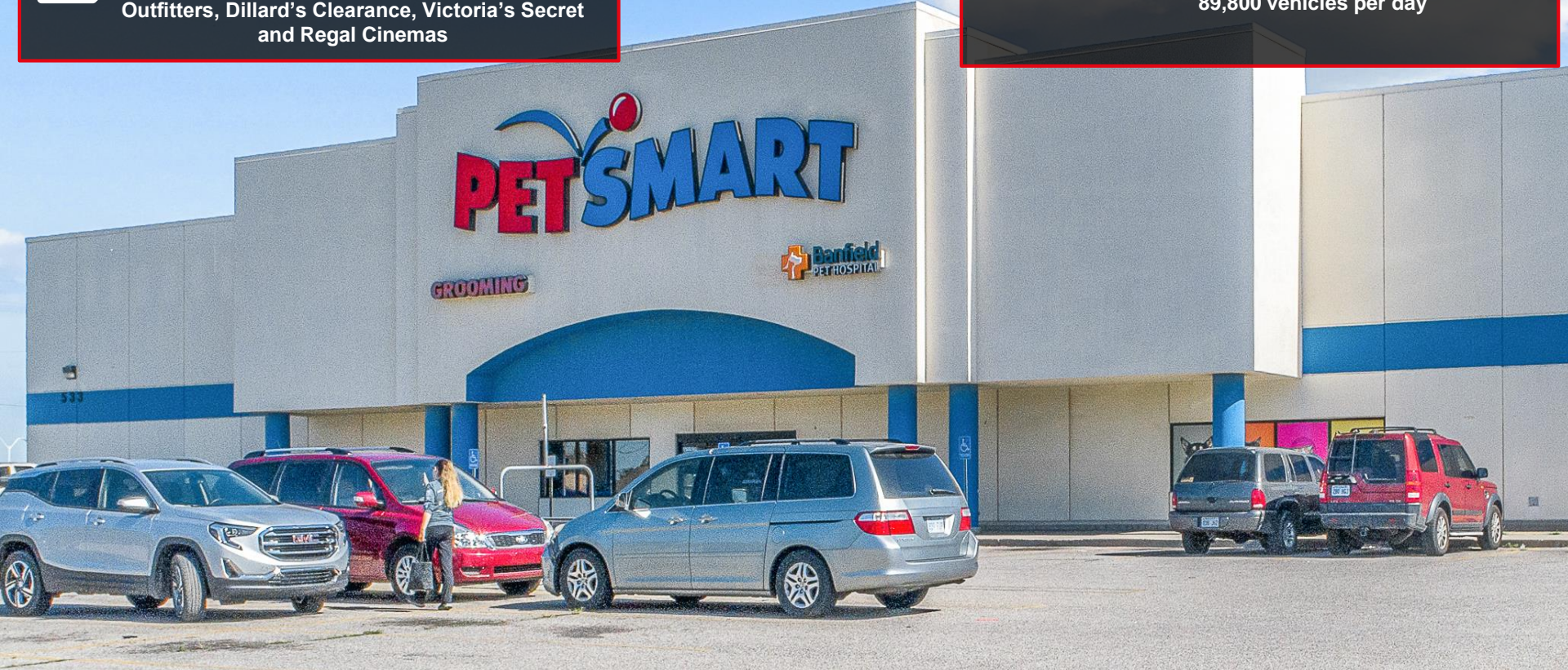
Solid demographics, as there is a population of 188,032 within a five-mile radius, as well as a daytime population of 224,431



Outparcel to the 900,000 SF JC Penney anchored regional mall, Towne West Square, which includes national tenants such as; Dick's Sporting Goods, Kay Jewelers, American Eagle Outfitters, Dillard's Clearance, Victoria's Secret and Regal Cinemas



Conveniently situated between two major interstate highways; Route 235, with 45,500 vehicles per day, and Kellogg U.S. 54 with 89,800 vehicles per day





Tenant Overview

PetSmart – Wichita, KS

Tenant Overview

PetSmart was founded in 1987 in Phoenix, Arizona. As the top specialty retailer of pet food and supplies in the United States, PetSmart employs approximately 56,000 associates and operates 1,650 stores. They also carry more than 200 in-store PetSmart PetsHotels® dog and cat boarding facilities in the United States, Canada and Puerto Rico.

PetSmart provides a broad range of competitively-priced pet products and in-store services including pet adoption, boarding, grooming and training. Their stores are stocked with more than 10,000 products and they provide online pet supplies and pet care information through their e-commerce sites: petsmart.com and chewy.com.

In 1993, PetSmart went public on the NASDAQ stock exchange listed under the symbol "PETM". In 2017, PetSmart acquired e-commerce pet products company Chewy.com for more than \$3 billion, reportedly. This acquisition strengthened PetSmart's online presence and placed a fast-growing competitor under its name.

PetSmart continues to open new stores focused more on the services side of their business. The company has been offering more grooming, pet training, boarding and day camps, and vet services in attempt to diversify their revenue stream. To improve the process, PetSmart began welcoming independent veterinary operators (IVOs) in 2018. Additionally, the company has revamped its loyalty program, modernized its product inventory, and added more store events.



Overview

Company:	PetSmart
Year Founded:	1987
Headquarters:	Phoenix, AZ
Ownership Type:	Private
Locations:	1,650
Sector:	Specialty Pet Retailer
Website:	petsmart.com



Financial Analysis

PetSmart – Wichita, KS

Lease Abstract

\$3,710,850
Asking Price

8.00%
Cap Rate

LEASE DETAIL

Address	533 S. Tracy Street, Wichita, KS 67209
Tenant	PetSmart, Inc.
Lot Area	3.0 Acres
Building Size	26,988 SF
Year Built	1992
Annual Rent	\$296,868
Rent Per Square Foot	\$11.00 / RSF
Lease Type	Fee Simple – NN
Roof & Structure	Landlord's Responsibility
Lease Commencement	8/11/1998
Lease Expiration	1/31/2024
Lease Term Remaining	4.5 Years
Remaining Options	3 x 5-Year Options

RENT SCHEDULE

Period	Start Date	End Date	Annual Rent	% Increase
Option Term 2	2/1/2019	1/31/2024	\$296,868	-
Option Term 3	2/1/2024	1/31/2029	\$310,362	4.55%
Option Term 4	2/1/2029	1/31/2034	\$323,856	4.35%
Option Term 5	2/1/2034	1/31/2039	\$337,350	4.17%

TENANT RESPONSIBILITY DETAIL

Maintenance & Repairs	Tenant shall maintain, operate and repair or cause to be maintained, operated and repaired Tenant's common area
Insurance	Throughout the term of the Lease, Tenant shall maintain special form property insurance coverage, commercial general liability insurance, including contractual liability
Taxes	Tenant shall pay to Landlord its proportionate share of real property taxes
Utilities	Tenant shall arrange and pay directly to such public utility companies for all utilities which it uses in the Premises and in Tenant's Common Area
Parking & Exterior Maintenance	Tenant shall pay, to Landlord, Tenant's proportionate share of the reasonable expenses actually incurred by Landlord for maintaining, operating and repairing the Common Area

LANDLORD RESPONSIBILITY DETAIL

Maintenance & Repairs	Landlord shall at its own cost and expense: repair all damage to the Premises or Common Area (including Tenant's Common Area) caused by subsidence, structure or latent defects; maintain in good condition and repair the roof.
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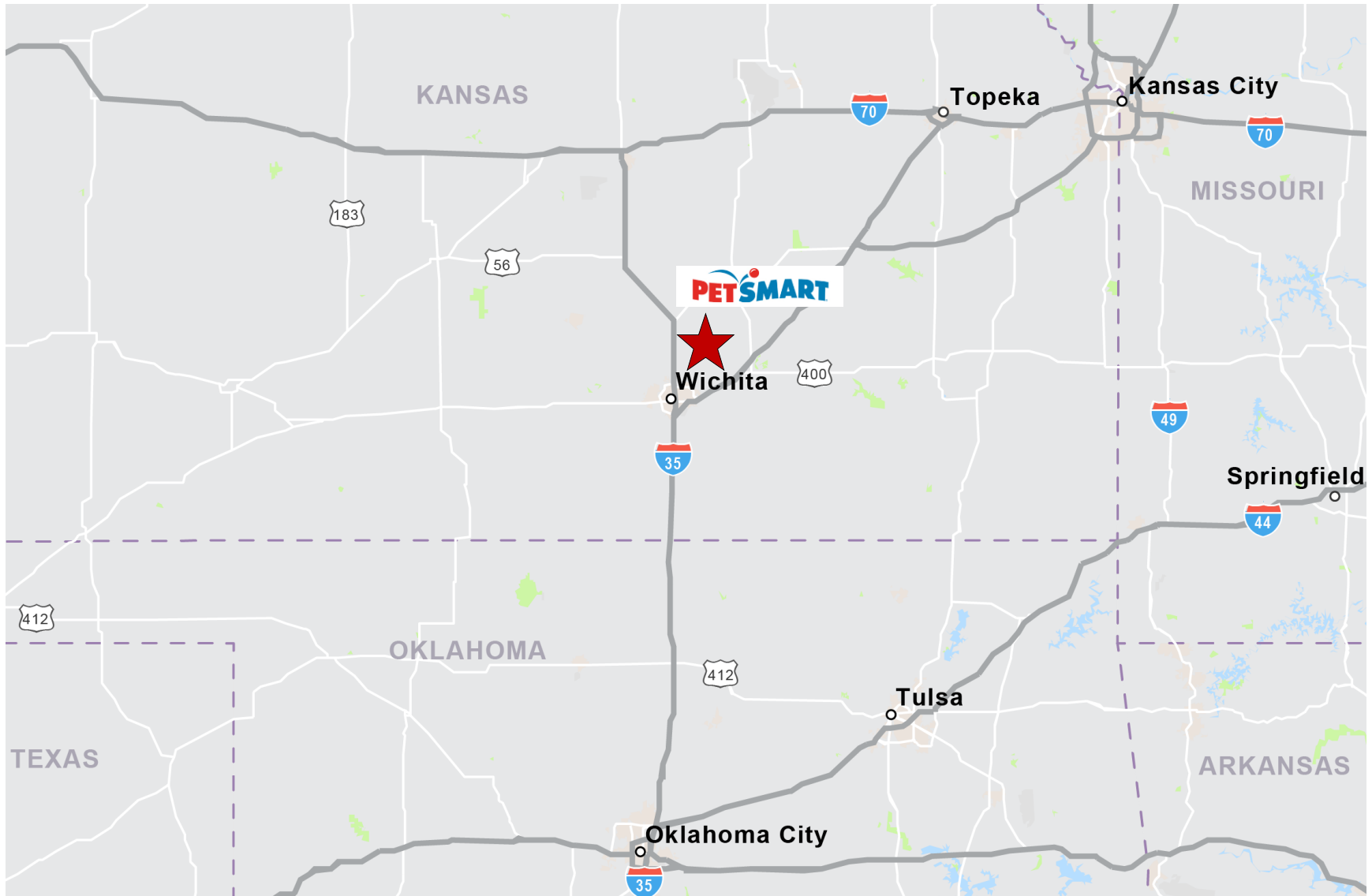


Location Overview

PetSmart – Wichita, KS

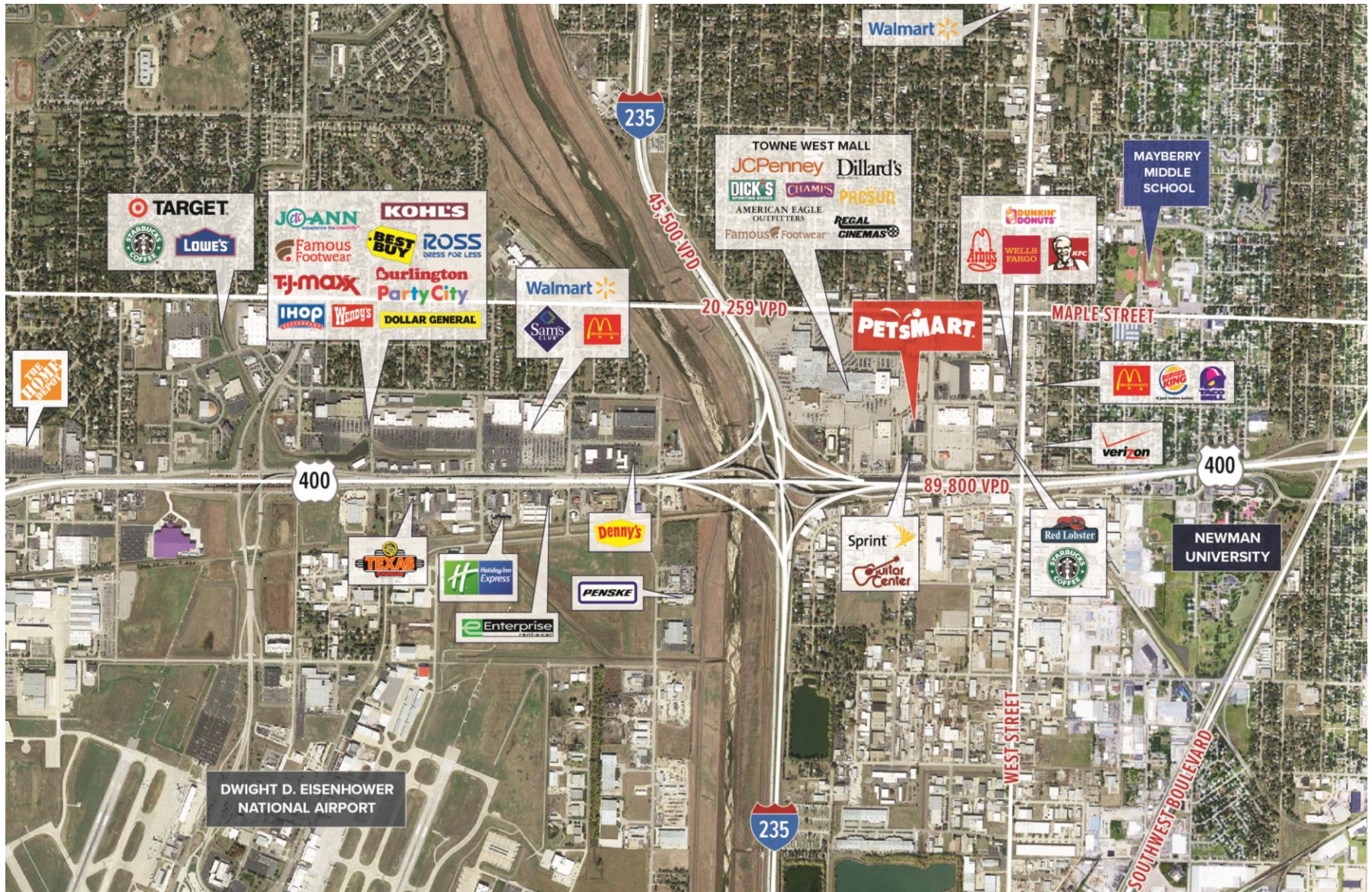
Area Overview

PetSmart | Wichita, KS

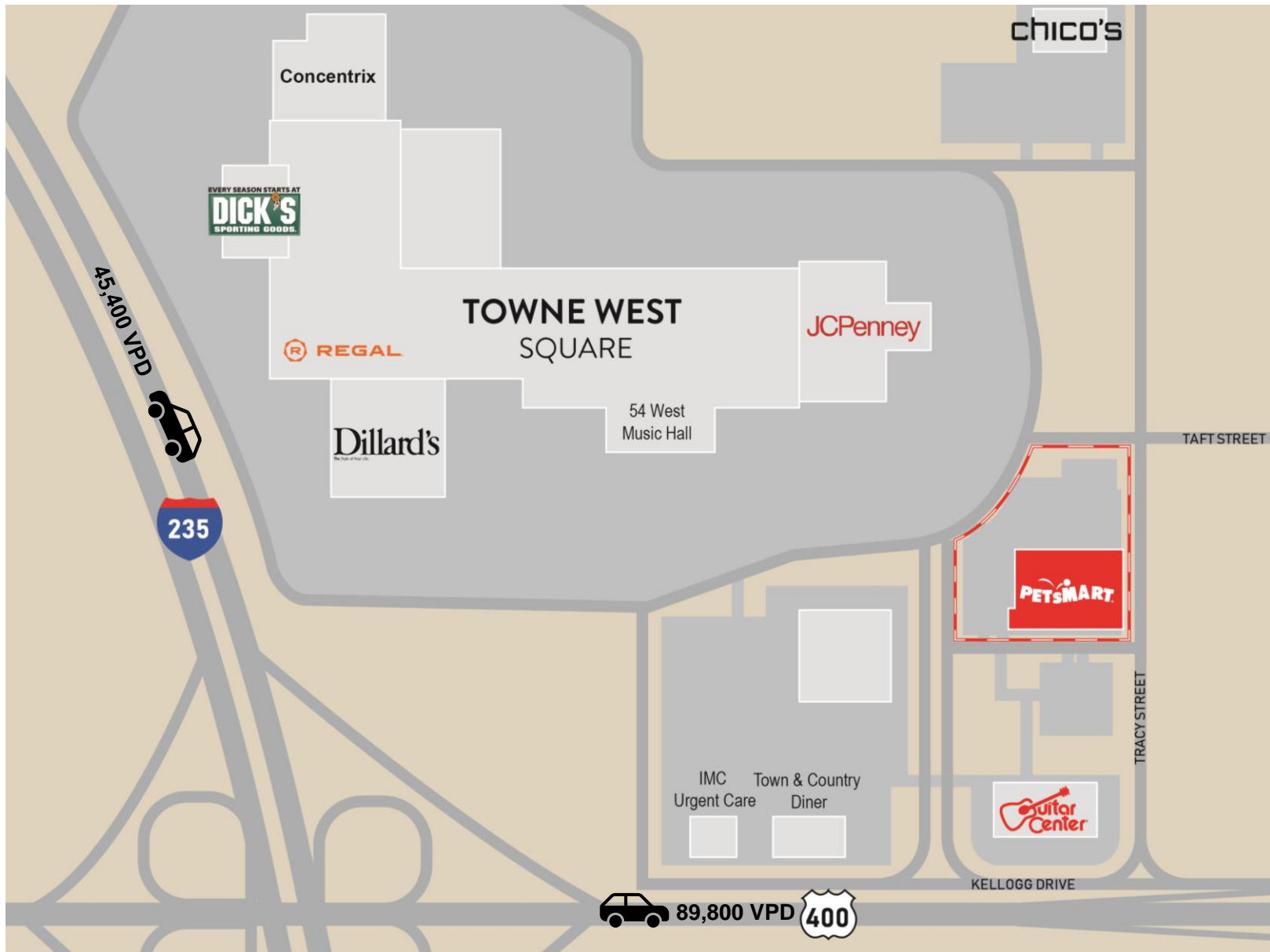


Surrounding Retail & Amenities

PetSmart | Wichita, KS



Site Plan





Market Overview

PetSmart – Wichita, KS

Wichita, Kansas

Wichita is the largest city in Kansas, with just under 400,000 residents, and the county seat of Sedgwick County. Wichita is a regional center for business and culture. The city is rich in history, boasting 33 museums and over 30 art galleries, as well as an abundance of live music venues, theatres and sports arenas. Intrust Bank Arena is a premium, multi-purpose arena seating over 15,000 for concerts, sports events and more. Wichita is also home to the Sedgwick County Zoo, the 7th largest in the country.

Wichita, known as the “Air Capital of the World,” is anchored by its thriving manufacturing, healthcare and agriculture industries. Spirit AeroSystems, a Fortune 500 company, leads the way as they recently announced plans to hire an additional 1,400 employees over the next few years. This growth is an addition to the 1,000 new jobs previously announced in 2017. The 150,000 SF Global Logistics Center, currently under construction, will support their 12,500 employees. Other aviation type companies that have a large presence in Wichita are; Textron Aviation (Beechcraft, Cessna, Hawker) with 9,000 employees, Boeing Defense, Space & Security with 2,200 local employees and Bombardier Learjet, an aircraft manufacturer, with an additional 1,700 local employees. Koch Industries, Inc., with more than \$110 billion in revenues, is the second largest private company in America according to *Forbes* magazine and is headquartered in Wichita.

Kansas is ranked one of the top 10 states for quality education and a top 5 state for quality higher education. There are 13 universities and colleges in the metropolitan area, with Wichita State University being the most well known. Wichita State University is home to more than 15,000 students, 87% of which are from Kansas, and over 500 faculty. Via Christi Hospital employs around 7,000 in Wichita alone, and more than 10,000 system-wide. There is also the Robert J. Dole VA Medical Center which serves over 30,000 veterans living in the state of Kansas and employs over 1,000 persons.



Demographic Information

	1-mile radius	3-mile radius	5-mile radius
POPULATION			
2010 Census	3,864	64,728	181,874
2019 Estimate	3,910	64,458	188,032
2024 Projection	3,945	64,679	189,383
ESTIMATED HH INCOME			
Average HH Income	\$47,021	\$53,855	\$61,369
Median HH Income	\$36,138	\$41,639	\$46,236
HOUSEHOLDS			
2010 Census	1,456	27,811	75,189
2019 Estimate	1,502	28,071	76,104
2024 Projection	1,525	28,302	76,858



MARKETING ADVISORS

MARC MANDEL

Managing Director

484.532.4212

marc.mandel@am.jll.com

STEVE SCHRENK

Director

484.532.4213

steve.schrenk@am.jll.com

ALEX SHARRIN

Senior Vice President

312.228.3197

alex.sharrin@am.jll.com

NICHOLAS KANICH

Senior Vice President

312.228.2093

nicholas.kanich@am.jll.com

BROKER OF RECORD

LARRY GLAZE

Managing Director

816.389.4200

larry.glaze@am.jll.com

FINANCIAL ADVISOR

MICHAEL PAGNIUCCI

Director

484.532.4172

michael.pagniucci@am.jll.com

7500 College Boulevard, Suite 920 | Overland Park, KS 66210

1700 Market Street, Suite 3232 | Philadelphia, PA 19103

www.us.jll.com/capitalmarkets

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