



# RITE AID

EXCLUSIVE NET-LEASED OFFERING

26817 88<sup>th</sup> Ave NW, Stanwood, WA 98292



- Early 10 Year Lease Extension

- None of Rite Aid's Washington Locations Were Affected By The Walgreens Transaction

- Extremely High Sales

## OFFERING MEMORANDUM



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Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some

properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

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RITE AID  
GMC/LeWell Pharmacy DriveThru

Drive Thru  
Pharmacy

Drive Thru Pharmacy





# Investment Highlights

PRICE: \$5,904,489 | CAP: 6.50% | RENT: \$383,791.83



## About the Investment

- ✓ **Early Lease Extension** – Tenant Extended the Original 20 Year Term, 4 Years Early For an Additional 10 Years
- ✓ **A 21 Year Historical Occupancy**
- ✓ Has 9.4 Years Remaining on Double-NN Lease
- ✓ **Exceptional Sales**
- ✓ Early Extension Demonstrating Strong Commitment to the Location
- ✓ **No Other Drug Store Competition in the Area**
- ✓ **Corporate Guarantee:** The Lease is Subject to a Corporate Guarantee by Rite Aid Corporation – Investment Grade Credit Rating of “B-”
- ✓ **Washington Has No State Income Tax**

## About the Location

- ✓ Dense Retail Corridor | Tenants include: QFC, Pet Co, True Value Hardware, UPS, Starbucks, Jack in the Box, MOD Pizza, and Many More
- ✓ Affluent Suburban Community | Average Income within a 3-Mile Radius Exceeds \$86,947 | Population Exceeds 68,893 Individuals within a Ten-Mile Radius
- ✓ Compelling Location Fundamentals | Located in the Center of Downtown Stanwood, Washington
- ✓ Strong Academic Presence | Stanwood Middle School & Stanwood High School Both Under a Mile Away from the Subject Property | Combined Enrollment Exceeding 1,850 Students
- ✓ Strong Traffic Counts | Located Off of 268<sup>th</sup> Street & Pioneer Highway | Average Daily Traffic Counts Exceeding 16,900 & 17,000 Vehicles, Respectively

## About the Tenant / Brand

- ✓ Rite Aid has 2,465+ Locations
- ✓ Rite Aid is the Third Largest Retail Drugstore Chain in the United States Based on Both Revenues and Number of Stores
- ✓ \$30.2B in Revenue in 2018
- ✓ Ranked #107 on Fortune 500
- ✓ S&P Credit Rating “B-”





# Financial Analysis

**PRICE: \$5,904,489 | CAP: 6.50% | RENT: \$383,791.83**



## Property Description

Property	Rite Aid
Property Address	26817 88 <sup>th</sup> Avenue
City, State, ZIP	Stanwood, WA 98292
Year Built	1998
Building Size (SF)	16,750
Lot Size	2.02. Acres
Type of Ownership	Fee Simple

## The Offering

Purchase Price	\$5,904,489
CAP Rate	6.50%
Annual Rent	\$383,791.83

## Lease Summary

Property Type	Drug Store
Guarantor	Rite Aid Corporation
Original Lease Term	20 Years
Original Lease Commencement	2/3/1998
Date of Lease Extension	11/4/2014
Lease Expiration	12/7/2028
Lease Term Remaining	9.4 Years
Lease Type	Double-Net (NN)
Roof & Structure	Landlord Responsible
Rental Increases	4.2% in Option Periods
Options to Renew	Six, 5-Year Options

## RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent
12/8/2018 – 12/7/2028	\$383,791.83	\$31,982.65
<u>Option Periods</u>		
12/8/2028 – 12/7/2033	\$400,541.83	\$33,378.49
12/8/2033 – 12/7/2038	\$417,291.83	\$34,774.32
12/8/2038 – 12/7/2043	\$434,041.83	\$36,170.15
12/8/2043 – 12/7/2048	\$450,791.83	\$37,565.99
12/8/2048 – 12/7/2053	\$467,541.83	\$38,961.82
12/8/2053 – 12/7/2058	\$484,291.83	\$40,357.65

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for the Rite Aid located at 26817 88<sup>th</sup> Avenue, Stanwood, Washington. The original 20-year lease commenced on 2/3/1998. Four years prior to the original lease expiration, Rite Aid voluntarily extended the lease for another 10 years, to 2028, showing strong commitment and success at this location. The current annual rent is \$383,791.83 and will be subject to 4.2 percent rental escalations throughout each of the six, five-year tenant renewal option periods. The lease will have a corporate guarantee from Rite Aid Corporation.



# Tenant Overview

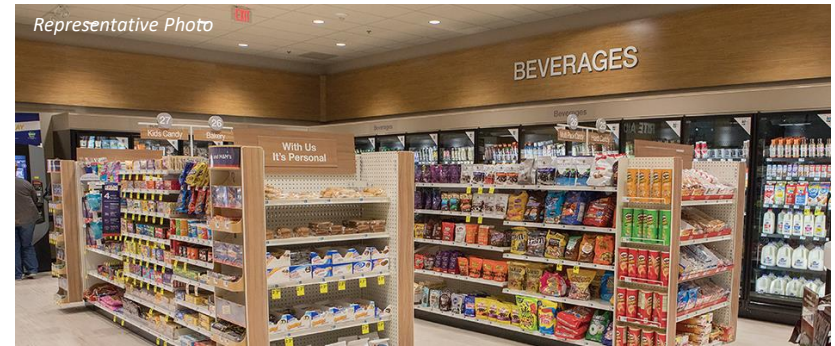


## Tenant Summary

Rite Aid Corporation is a retail drugstore which operates over 2,465 stores in 18 states. The stores carry prescription drugs and an assortment of other merchandise including health and beauty items, convenience food. The stores also offer photo processing in addition to the other convenience services. The Company's stock is traded on the NYSE. Rite Aid is a Fortune 500 company headquartered in East Pennsboro Township, Cumberland County Pennsylvania, near Camp Hill. Rite Aid is the largest drugstore chain on the East Coast and the third largest drugstore chain in the United States.

***"Rite Aid is the Third Largest Retail Drugstore Chain in the United States based on both Revenues and number of Stores."***

**CREDIT RATING: "B-"**



## Company Financial Highlights

Store Count (as of 6/1/2019)	2,500+
Annual Revenue (2018)	\$30,200,000,000
Stock Ticker	RAD
Average Store Size	12,600 Square Feet

## General Information

Address	26817 88 <sup>th</sup> Ave, Stanwood, WA
Phone	(360) 629-9519
Website	<a href="http://www.riteaid.com">www.riteaid.com</a>





# Surrounding Area

Property Address: 26817 88<sup>th</sup> Avenue, Stanwood, WA 98292



PIONEER HIGHWAY

ADTC: 17,000

268<sup>th</sup> ST

ADTC: 16,900



Rite Aid – Stanwood, Washington

Marcus & Millichap



# Location Overview

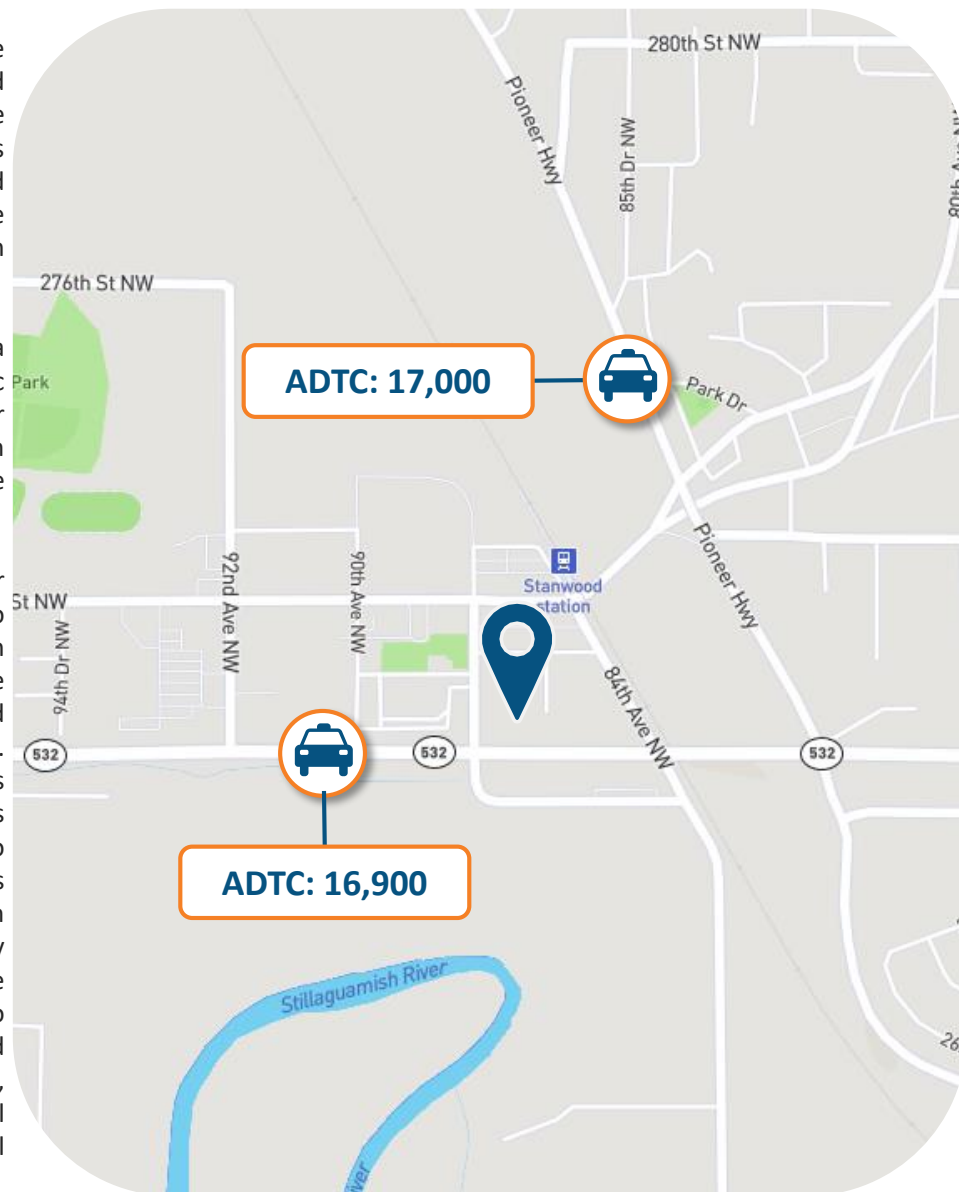
Property Address: 26817 88<sup>th</sup> Avenue, Stanwood, WA 98292



This subject Rite Aid benefits from being strategically situated in a highly dense retail corridor consisting of national and local tenants, shopping centers, and schools. Major national tenants in the area include: QFC, PetCo, True Value Hardware, UPS, Starbucks, Jack in the Box, MOD Pizza, and many more. This property is also under a mile away from Stanwood Middle School and Stanwood High School, with a combined enrollment exceeding 1,850 students. This Rite Aid property also greatly benefits being located in the heart of downtown Stanwood.

This Rite Aid is situated on 88<sup>th</sup> Avenue which runs into 268<sup>th</sup> Street, which is a thorough way into Pioneer Highway. 268<sup>th</sup> Street has an average daily traffic count exceeding 16,900 vehicles, respectively. 268<sup>th</sup> Street intersects Pioneer Highway which brings in an additional 17,00 vehicles into the immediate area on average daily. There are approximately 16,329 individuals within a five-mile radius of this property and 63,903 individuals within a ten-mile radius.

Stanwood is a city in Snohomish County, Washington and is located just under 50 miles north of Seattle, at the mouth of the Stillaguamish River near Camano Island. The city was historically home to several food processing plants, which were its largest employers, and was mainly populated by Scandinavians. The city's largest employers are currently the Stanwood-Camano School District and the Josephine Sunset Home, which provide approximately 550 and 303 jobs. Stanwood has grown into a bedroom community for Seattle and Everett and has annexed uphill areas that were developed into suburban divisions. Stanwood is primarily served by State Route-532, which connects Camano Island to Interstate-5, and also has a train station that opened up in 2009. Stanwood's arts community is centered around the Stanwood-Camano Guild, which organizes an annual spring art show and the Art by the Bay festival every summer. Stanwood also hosts several annual festivals and events that are organized by the community groups and city government. The city is home to eight public parks that have a combined 86 acres of public open and preserved space. The parks range from nature sanctuaries to neighborhood parks, playgrounds, sports fields, and boat launches. Stanwood's nearest general hospital is the Cascade Valley Hospital in Arlington. The city has two medical clinic operated by The Everett Clinic and Skagit Valley Hospital.

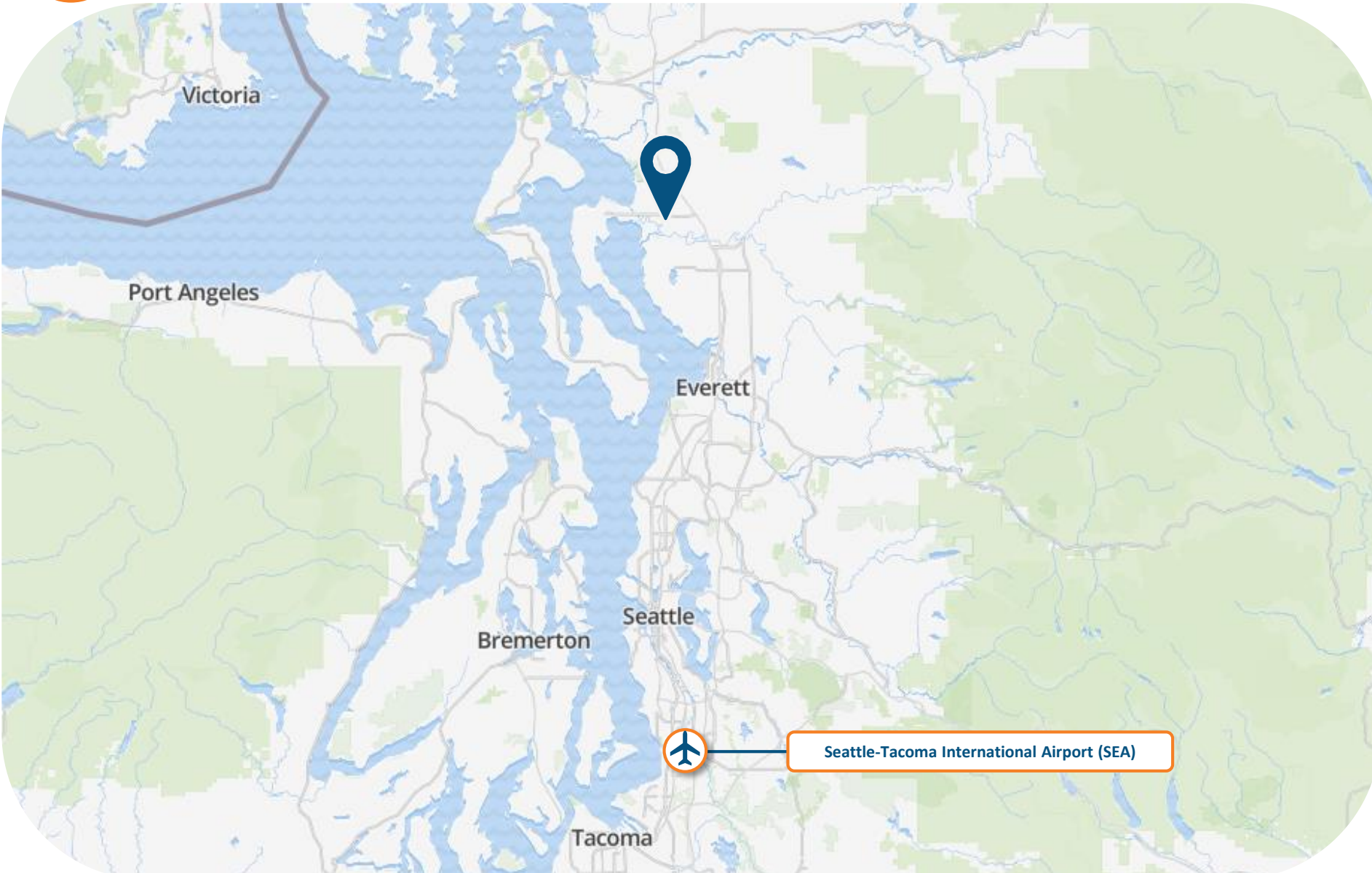






# Local Map

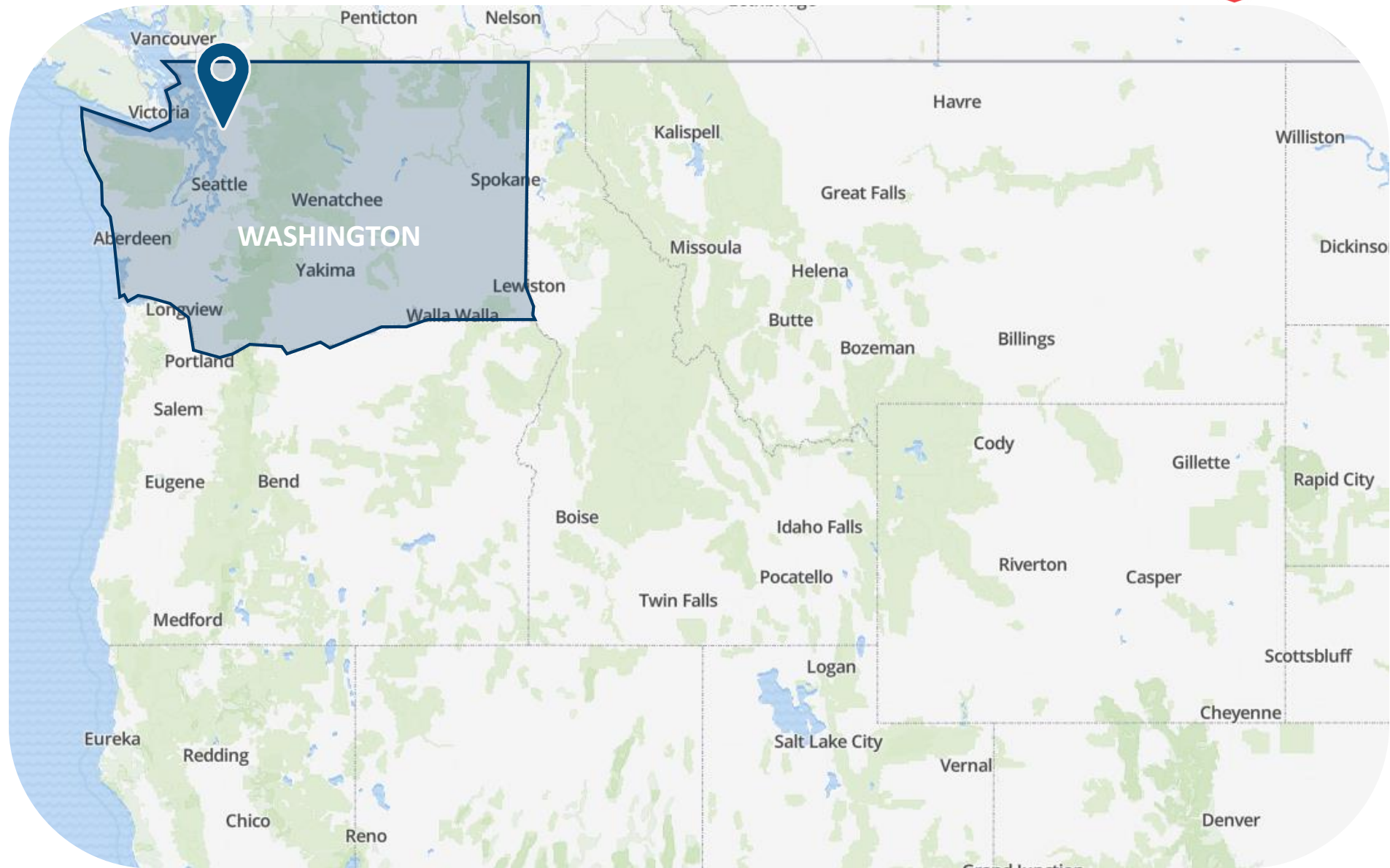
Property Address: 26817 88<sup>th</sup> Avenue, Stanwood, WA 98292





# Regional Map

Property Address: 26817 88<sup>th</sup> Avenue, Stanwood, WA 98292







# Demographics

Property Address: 26817 88<sup>th</sup> Avenue, Stanwood, WA 98292



**3 Miles      5 Miles      10 Miles**

## POPULATION

2023 Projection	10,377	17,756	68,893
2018 Estimate	9,350	16,329	63,903
2010 Census	8,461	14,804	58,407
2000 Census	6,646	12,240	48,271

## INCOME

Average	\$86,947	\$93,475	\$93,168
Median	\$75,257	\$79,734	\$76,812
Per Capita	\$34,063	\$36,644	\$36,279

## HOUSEHOLDS

2023 Projection	4,095	7,024	27,148
2018 Estimate	3,635	6,364	24,822
2010 Census	3,250	5,701	22,568
2000 Census	2,400	4,442	17,983

## HOUSING

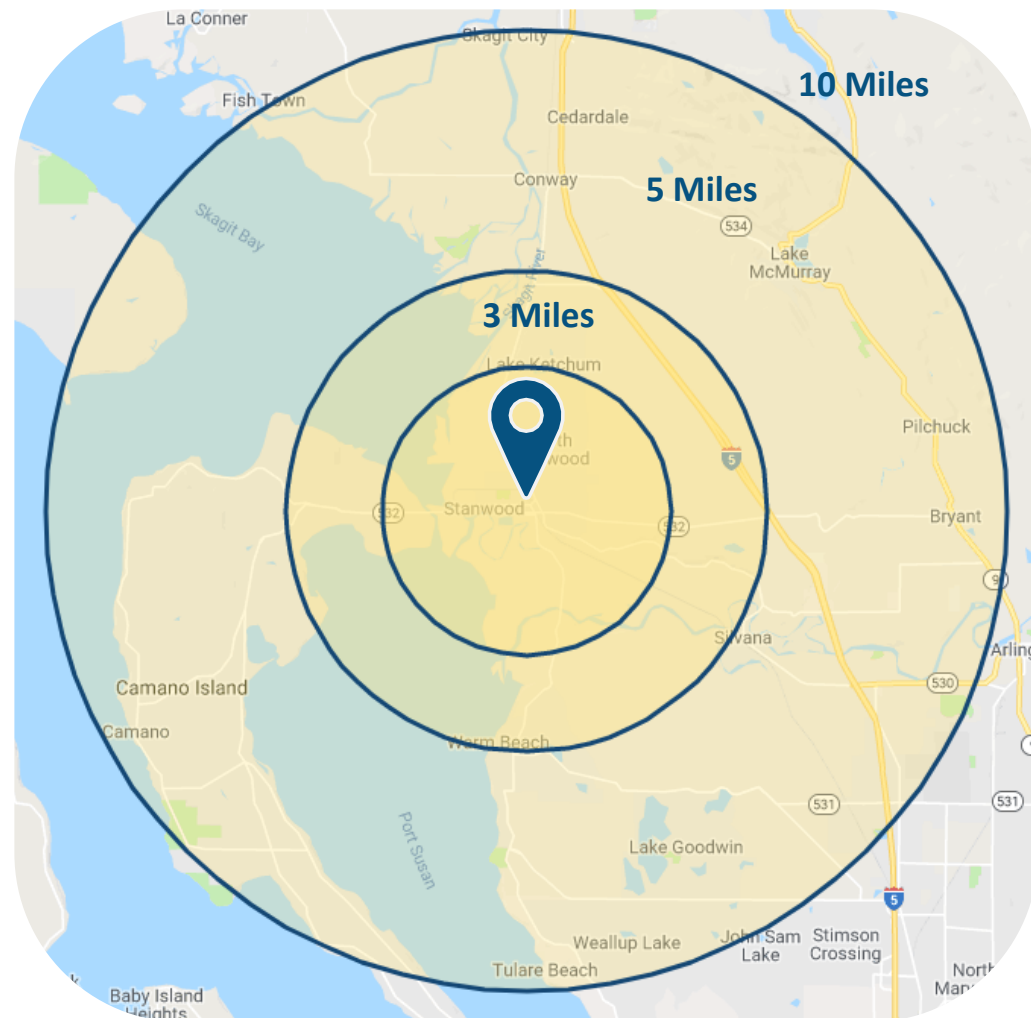
2018	\$332,904	\$374,325	\$390,347
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## EMPLOYMENT

2018 Daytime Population	11,002	15,241	45,208
2018 Unemployment	4.34%	5.39%	4.87%
2018 Median Time Traveled	31 Mins	33 Mins	37 Mins

## RACE & ETHNICITY

White	89.45%	90.91%	89.72%
Native American	0.37%	0.26%	0.26%
African American	0.84%	0.80%	0.92%
Asian/Pacific Islander	1.70%	1.40%	1.71%





# Market Overview

City: Seattle | County: King | State: Washington

*Seattle, WA*

**Seattle** Is located across Elliot Bay from Port Orchard sits Seattle, which is a seaport city on the West Coast of the United States and serves as the county seat of King County. Seattle is the largest city, in terms of population, in both the state of Washington, as well as the entire Pacific Northwest region of North America, and is the 15th largest city in the United States. The city is situated on an isthmus between the Puget Sound and Lake Washington, approximately 100 miles south of the United States-Canada border. Serving as a major gateway for trade with Asia, the city is home to the fourth-largest port in the United States of America. The Seattle economy is driven by a mix of older industrial companies, and “new economy” internet and technology companies, we well as service, design, and clean technology companies. The city remains as a hot-bed for start-up businesses, especially in green building and clean technologies. It was ranked as America’s #1 “smarter city” based on its government and green economy. Large companies continue to dominate the business landscape. Five companies on Fortune 500’s 2017 list of the United States’ largest companies are headquartered in Seattle: Internet retailer Amazon, coffee chain Starbucks, department store Nordstrom, freight forwarder Expeditors International of Washington, and forest products company Weyerhaeuser. The airport averages 200,000 takeoffs and landings each year, and supports \$3.5 billion in local business. This in turn supports more than 16,000 jobs, creating \$2 billion in labor income in King County. Seattle-Tacoma International Airport, the eight busiest in the U.S. is approximately 15-miles east of the subject property and serviced more than 49,849,520 people in 2018

## Major Employers

Employer	Estimated # of Employees
Tribe of Stillaguamish	600
Pizza Hut	506
Josephine Sunset Home Daycare	285
Stillaguamish Clinic	279
Stillaguamish Tribe Indians	279
Angel of Winds Casino	250
QFC	200
Costco	196
Target	177
Stanwood Middle School	160
Haggen Food & Pharmacy	150





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