



# HOBBY LOBBY

1 Worcester Road, Unit 501, Framingham, MA 01701

BRAND NEW 10-YEAR NET LEASE



Representative Photo

## INVESTMENT OVERVIEW



OFFERING PRICE	\$10,226,000
NOI	\$792,480
CAP RATE	7.75%
TERM REMAINING	±10 Years
RENT INCREASES	\$0.75/SF every 5 years
BUILDING SIZE	44,874 SF
PARCEL SIZE	1.03 Acres
TRAFFIC COUNTS	Worcester Road: 64,732 VPD

## INVESTMENT SUMMARY

The CBRE Net Lease Property Group is pleased to exclusively offer a 44,874-square-foot freestanding Hobby Lobby situated on 1.03 acres in Framingham, Massachusetts—a component of the Boston Metropolitan Area (MSA Population: 4.8 Million). Hobby Lobby's NN leasehold is expected to commence in January 2020 and will feature ±10 years of primary term with three 5-year renewal options. Hobby Lobby has excellent access and visibility at the signalized corner of Flutie Pass and Shoppers World Drive, which provides direct access to Worcester Road (Traffic Count: 64,732 VPD) that runs into Boston's CBD, just 20 miles east of the site. The site is strategically positioned in the "Golden Triangle", which is one of the largest retail districts in New England and is anchored by two malls, Shopper's World and the Natick Mall. Hobby Lobby is located in Shopper's World, one of the first shopping malls in the United States, which features 778,476-square feet of retail. Tenants include Nordstrom Rack, Marshalls, T.J. Maxx, Old Navy, DSW, Cost Plus World Market, Macy's Furniture Gallery, Best Buy, Barnes & Nobles, PetSmart, A.C. Moore, American Joe's Bar & Grille, and Chipotle. Shopper's World is adjacent to the 1.9 MSF Natick Mall, which is the largest in New England by number of tenants (214) and is anchored by Macy's, Neiman Marcus, Nordstrom, and Wegmans. At the epicenter of New England's retail hub, Hobby Lobby benefits from a large built-in customer base with a critical mass of corporate offices, apartment complexes and hotels in the immediate area with 9.0 MSF of retail, 7.8 MSF of office, 4.3 MSF of industrial, and 7,269 multifamily units within a 3-mile radius. Additional retailers within the immediate area include AMC DINE-IN movie theater, Walmart, Stop & Shop, Target, Dick's Sporting Goods, Lowe's The Home Depot, Bed Bath & Beyond, Kohl's, Burlington, Michaels, HomeGoods, Pier 1, LA Fitness, The Melting Pot, TGI Fridays, Panera Bread, Olive Garden, Ben & Jerry's, Chick-fil-A, Starbucks, McDonald's, Burger King, and Five Guys, among many others. Furthermore, Hobby Lobby enjoys dynamic demographics with a population of 87,605 and an average household income of \$119,888 within a 3-mile radius.

*Representative Photo*



Demographics	1-Mile	3-Mile	5-Mile
 <b>Population</b>	11,780	87,605	149,935
 <b>AHI</b>	\$122,694	\$119,888	\$149,712



# INVESTMENT HIGHLIGHTS

## Premier Tenant

Based in Oklahoma City, Oklahoma, Hobby Lobby Stores, Inc. is the largest privately-owned arts-and-crafts retailer in the world with more than 850 stores operating in 46 states. The company provides broad mix of products, including arts and crafts supplies, fashion fabrics, baskets, silk flowers, needlework, wearable art, picture framing, cards, party supplies and furniture. Its product portfolio covers more than 70,000 items under the store channel.

## Net Lease

Hobby Lobby's NN leasehold is expected to commence in January 2020 and will feature 10 years of primary term with three 5-year renewal options.

## Below Replacement Cost

This offering is an excellent opportunity to acquire a highly-desirable retail box at a price that is significantly below the replacement cost.

## Excellent Access & Visibility

Hobby Lobby has excellent access and visibility at the signalized corner of Flutie Pass and Shoppers World Drive, which provides direct access to Worcester Road (Traffic Count: 64,732 VPD) that runs into Boston's CBD, just 20 miles east of the site.

## Strategic Location

The site is strategically positioned in the "Golden Triangle", which is one of the largest retail districts in New England and is anchored by two malls, Shopper's World and the Natick Mall. Hobby Lobby is located in Shopper's World, one of the first shopping malls in the United States, which features 778,476-square feet of retail. Tenants include Nordstrom Rack, Marshalls, T.J. Maxx, Old Navy, DSW, Cost Plus World Market, Macy's Furniture Gallery, Best Buy, Barnes & Nobles, PetSmart, A.C. Moore, American Joe's Bar & Grille, and Chipotle. Shopper's World is adjacent to the 1.9 MSF Natick Mall, which is the largest in New England by number of tenants (214) and is anchored by Macy's, Neiman Marcus, Nordstrom, and Wegmans.

## Dominant Retail & Commercial Corridor

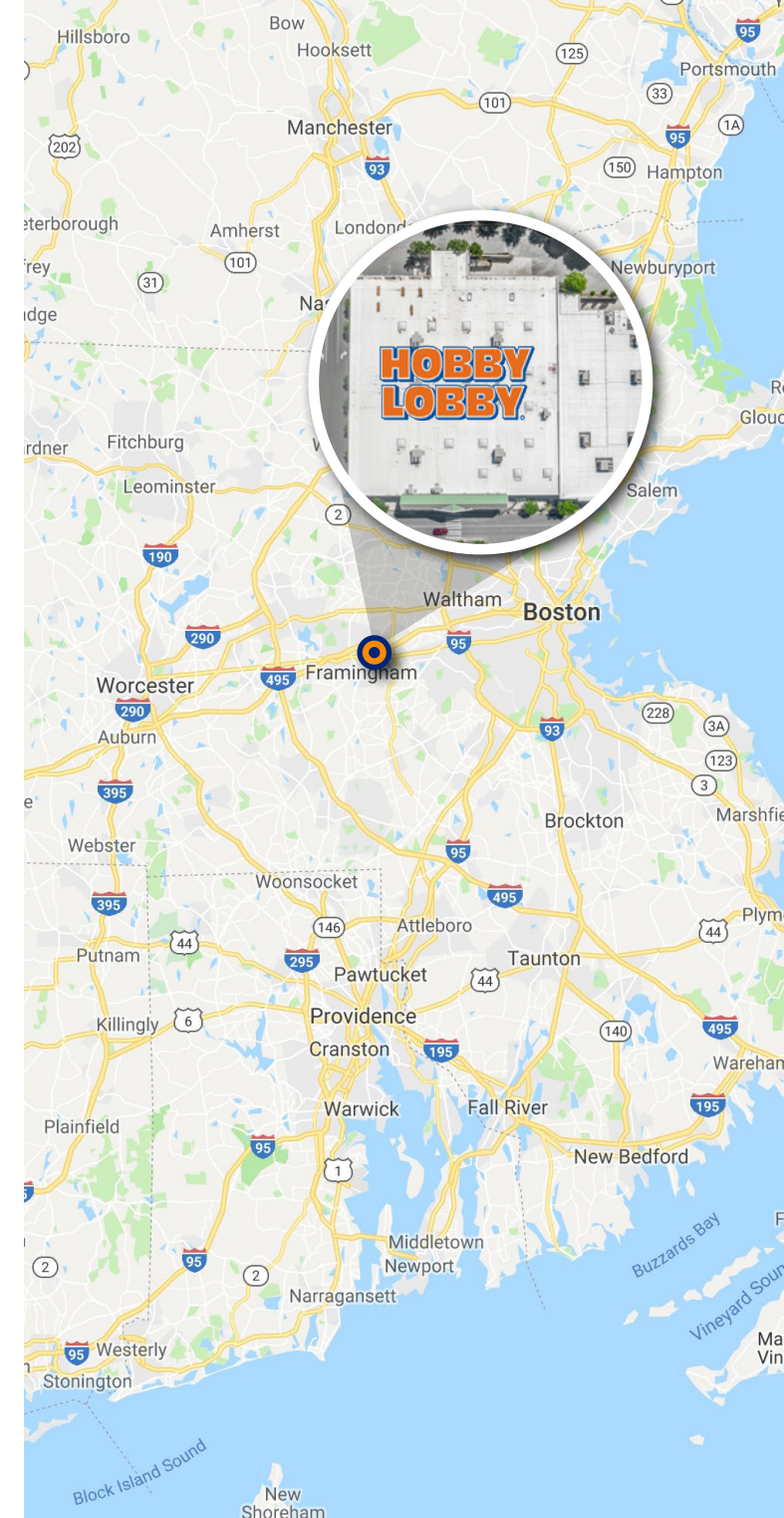
At the epicenter of New England's retail hub, Hobby Lobby benefits from a large built-in customer base with a critical mass of corporate offices, apartment complexes and hotels in the immediate area with 9.0 MSF of retail, 7.8 MSF of office, 4.3 MSF of industrial, and 7,269 multifamily units within a 3-mile radius. Additional retailers within the immediate area include AMC DINE-IN movie theater, Walmart, Stop & Shop, Target, Dick's Sporting Goods, Lowe's The Home Depot, Bed Bath & Beyond, Kohl's, Burlington, Michaels, HomeGoods, Pier 1, LA Fitness, The Melting Pot, TGI Fridays, Panera Bread, Olive Garden, Ben & Jerry's, Chick-fil-A, Starbucks, McDonald's, Burger King, and Five Guys, among many others.

## Dynamic Demographics

Hobby Lobby enjoys dynamic demographics with a population of 87,605 and an average household income of \$119,888 within a 3-mile radius.

## Boston MSA Advantage

As the tenth-largest MSA in the U.S. (Population: 4.8 Million) and the economic center of New England, the Greater Boston Region comprises the city of Boston and the surrounding cities and towns extending out to Interstate 495. Given the city's array of attractions, which include over 60 designated historic sites, 2,000 restaurants and 50 museums, it is no surprise that Boston ranks among the top 10 tourist attractions in the nation. The area, which is home to a variety of vibrant communities as well as an extensive public transit network and a number of world-class amenities, is also highly desirable place to live and is one of the wealthiest regions the world.









# PROPERTY DESCRIPTION



## Location

1 Worcester Road, Unit 501  
Framingham, MA 01701



## Site

Located in the 778,476-square-foot  
Shoppers' World retail park.



## Land Area

1.03 Acres  
FRAM-000094-000055-001386



## Building Area

44,874 SF



## Frontage & Access

Access and visibility at the signalized  
corner of Flutie Pass and Shoppers  
World Drive.



## Commercial Base

9.0 MSF of retail, 7.8 MSF of office,  
4.3 MSF of industrial, and 7,269  
multifamily units within a 3-mile  
radius.



## Traffic Counts

Worcester Road: 64,732 VPD



## Zoning

B / Business



COCHITUATE ROAD

30

BURR STREET

SHOPPERS WORLD DRIVE

FLUTIE PASS

RING RD

RING RD

WORCESTER ROAD: 64,732 VPD

WORCESTER STREET



## TENANT PROFILE



# HOBBY LOBBY

Based in Oklahoma City, Oklahoma, Hobby Lobby Stores, Inc. (Hobby Lobby) is the largest privately-owned arts-and-crafts retailer in the world with more than 850 stores operating in 46 states. The company provides a broad mix of products, including arts and crafts supplies, fashion fabrics, baskets, silk flowers, needlework, wearable art, picture framing, cards, party supplies, and furniture. Its product portfolio covers more than 70,000 items under the store channel as well as a large department devoted to seasonal merchandise. Hobby Lobby offers classes in areas including cake decorating, drawing, jewelry making, painting, sewing, needlework, floral design, and knitting. The company also sells a diversified range of products including fixtures, candles, scented products, office supplies, and educational products through its affiliated companies, namely Hemispheres and Mardel Christian and Education Supply. Its wide product base enables the company to cater to the diverse needs of its consumers, thereby providing an edge over its competitors.

YEAR FOUNDED	1970
PRIVATE/PUBLIC	Private
NUMBER OF LOCATIONS	850+
NUMBER OF EMPLOYEES	37,500
HEADQUARTERS	Oklahoma City, OK
WEBSITE	<a href="http://www.hobbylobby.com">www.hobbylobby.com</a>



Hobby Lobby is transitioning from a former Toys R Us site.



Actual Site Photos

# HOBBY LOBBY (SUBLEASE) ABSTRACT

<b>TENANT</b>	Hobby Lobby Stores, Inc.	
<b>LEASE TERM</b>	10 Years	
<b>LEASE COMMENCEMENT</b>	January 31, 2020 (Estimate)	
<b>LEASE EXPIRATION</b>	January 31, 2030	
<b>LEASE TYPE</b>	NN Leasehold	
<b>CURRENT TERM RENT</b>	Years 1 - 5:	\$897,480
	Years 6 - 10:	\$931,135
<b>RENT ESCALATIONS</b>	\$0.75/SF increase every 5 years	
<b>REMAINING OPTIONS</b>	Three 5-year options	
<b>OPTION RENT</b>	Option 1:	\$964,791
	Option 2:	\$998,447
	Option 3:	\$1,032,102
<b>ADDITIONAL RENT</b>	<p>Subtenant shall pay to Owner the (i) Pro Rata Taxes, (ii) Insurance Expenses, and (iii) Pro Rata CAM Expenses as Additional Rent. Subtenant shall pay Additional Rent in equal monthly installments at the time of each monthly payment of Base Rent. For the first year, Additional Rent shall be as follow:</p> <p>Pro Rata Taxes: \$307,387</p> <p>Insurance Expenses: \$11,219</p> <p>Pro Rata CAM Expenses: \$102,313</p> <p>Total = \$420,918 (\$35,077/month)</p> <p>Owner shall forward to Subtenant the reconciliation statements provided by Ground Lease Landlord for Real Estate Taxes and CAM Expenses within 10 days of receipt by Owner. Subtenant shall have the rights of Owner under the Ground Lease to reconcile and adjust such payments of Pro Rata Taxes and Pro Rata CAM Expenses if an over payment or under payment of such amounts are revealed by Subtenant's verification of such reconciliation statements. Insurance reconciliation will take place directly between Owner and Subtenant (see Insurance).</p>	
<b>TAXES</b>	<p>"Pro Rata Taxes" shall mean the pro rata share of the Real Estate Taxes billed and payable by Owner pursuant to the Ground Lease. The Subtenant shall reimburse the Owner for Pro Rata Taxes via monthly additional rent payments (see Additional Rent).</p>	
<b>INSURANCE</b>	<p>"Insurance Expenses" shall mean 100% of the Insurance Premiums (defined below) payable to Owner and allocable to the Subleased Premises.</p> <p>On or before April 1st of each year, Landlord shall deliver to Tenant a Reconciliation Report will all details pertaining to amounts incurred and paid for insurance by both parties with copies of the supporting documentation. Landlord and Tenant shall reconcile the amount paid for the prior year, and Landlord shall provide a good faith estimate of Additional Rent for the following Calendar year.</p> <p>Owner shall maintain on the Subleased Premises: (i) all-risk (special form) commercial property insurance on a primary and non-contributory basis with limits sufficient to replace 100% of the Subleased Premises (exclusive of the cost of foundations, excavations and footings, without any deduction being made for depreciation), with provisions for deductible of not more than \$100,000 (in accordance with the terms of the Ground Lease); (ii) commercial general liability insurance against bodily injury and property damage with a combined single limit per occurrence of not less than \$3,000,000; and (iii) workers' compensation insurance in an amount required by Law.</p> <p>Subtenant shall maintain on the Subleased Premises: (i) commercial general liability insurance against claims for bodily injury and property damage (by way of a combination of commercial general liability coverage and excess umbrella coverage), with a combined single limit of no less than \$3,000,000; (ii) property insurance covering Subtenant's Personal Property; and (iii) workers' compensation insurance in an amount required by Law. Contingent upon consent from Master Landlord, Subtenant shall have the right to satisfy its obligations regarding Owner's Insurance by way of self insurance provided Subtenant maintains a net worth of at least \$100,000,000.</p> <p>The Ground Lease Landlord shall maintain on the Shopping Center common areas: (i) all-risk property insurance against loss or damage for the full replacement value thereof, (ii) commercial general public liability insurance (including, contractual liability) against claims for bodily injury, death or property damage, such insurance to afford protection of not less than a combined single limit of \$5,000,000 per occurrence with respect to bodily injury or death or property damage.</p>	
<b>CAPITAL REPLACEMENTS</b>	If the Subtenant makes a capital repair within the last 2 years of the Sublease Term, Subtenant shall be entitled to reimbursement from Ground Lease Landlord for the reasonable cost incurred by Tenant in connection therewith, depreciated on a straight line basis over the useful life thereof under generally accepted accounting practices.	
<b>REPAIRS &amp; MAINTENANCE</b>	<p>Subtenant shall maintain and repair, at Subtenant's sole expense, (i) the interior of the Subleased Premises, including floor coverings, drop ceilings and interior non-load bearing walls; (ii) the heating and air conditioning equipment; (iii) the plumbing components; (iv) the electrical components; (v) the water, sewer and other utility lines; and (vi) the doors, windows and plate glass of the Subleased Premises.</p> <p>Owner shall maintain and repair, at Owner's sole expense, (i) the exterior of the Subleased Premises, including, but not limited to, the guttering, downspouts, and exterior paint; (ii) the structural components; (iii) the roof system of the Subleased Premises (including, but not limited to, the roof structure, roof membrane, and roof access); (iv) the load bearing walls, slab, and foundation system; and (v) the water, sewer, and other utility lines, ducts, and conduits serving the Subleased Premises that are outside the Subleased Premises to the point that such is maintained by Ground Lease Landlord.</p> <p>The Ground Lease Landlord shall maintain and repair the remainder of the shopping center, at Ground Lease Landlord's sole cost and expense, including (i) all utility lines (including, without limitation, all sprinkler lines) servicing the Demised Premises to be maintained in good order, repair and condition to within ten (10) feet of the point of connection, so as to permit the uninterrupted operation of the Demised Premises for its intended purpose, (ii) make any and all Repairs required as a result of the acts or omissions of Landlord or its employees, agents, tenants (other than Tenant) and contractors, or required as a result of any breach by Landlord of any provision of this Lease.</p>	
<b>COMMON AREA MAINTENANCE</b>	Pro Rata CAM Expenses" shall mean the pro rata share of CAM Expenses, billed and payable by Owner pursuant to Ground Lease, which shall be reimbursed to Owner monthly by Subtenant via Additional Rent (see Additional Rent).	



## GROUND LEASE ABSTRACT

<b>GROUND LEASE LANDLORD:</b>	BRE DDR Shopper World, LLC (Owner of Shopping World Shopping Center)
<b>GL COMMENCEMENT DATE:</b>	September 22, 1994
<b>GL EXPIRATION DATE:</b>	January 31, 2020
<b>GL ORIGINAL TERM:</b>	25 Years
<b>TOTAL CONTROL REMAINING WITH OPTIONS:</b>	50.5 Years
<b>GL BASE RENT:</b>	\$105,000
<b>RENT ESCALATIONS:</b>	Flat
<b>GL RENEWAL OPTIONS:</b>	Ten 5-Year Options
<b>GL RENEWAL RENT:</b>	\$105,000

## 10-YEAR RENT ROLL

10-Year Rent Roll	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Hobby Lobby Rent	\$897,480	\$897,480	\$897,480	\$897,480	\$897,480	\$931,135	\$931,135	\$931,135	\$931,135	\$931,135
Ground Lease Rent	(\$105,000)	(\$105,000)	(\$105,000)	(\$105,000)	(\$105,000)	(\$105,000)	(\$105,000)	(\$105,000)	(\$105,000)	(\$105,000)
<b>Net Operating Income</b>	<b>\$792,480</b>	<b>\$792,480</b>	<b>\$792,480</b>	<b>\$792,480</b>	<b>\$792,480</b>	<b>\$826,135</b>	<b>\$826,135</b>	<b>\$826,135</b>	<b>\$826,135</b>	<b>\$826,135</b>

## AREA OVERVIEW

### FRAMINGHAM, MA

Framingham is located less than 25 miles east of downtown Boston and is midway between Boston and Worcester. With a population of 73,000+, Framingham is an upscale suburb full of dense residential areas with nearby amenities to match. The city features Framingham State University and Natick Mall, an upscale regional shopping mall anchored by Nordstrom, Neiman Marcus, Macy's, Lord & Taylor, and Crate & Barrel. Framingham has three major business districts within the city, The "Golden Triangle", Downtown/South Framingham, and West Framingham. Additionally, there are several smaller business hubs in the villages of Framingham Center, Saxonville, Nobscot, and along the Route 9 corridor.

### BOSTON, MA MSA

As the tenth-largest MSA in the U.S. (Population: 4.8 Million) and the economic center of New England, the Greater Boston Region comprises the city of Boston and the surrounding cities and towns extending out to Interstate 495. Given the city's array of attractions, which include over 60 designated historic sites, 2,000 restaurants and 50 museums, it is no surprise that Boston ranks among the top 10 tourist attractions in the nation. Boston's tourism industry thrives year-round, consistently experiencing 5-10% increases in annual visitors, who spent \$22.9 billion and supported almost 149,400 jobs in 2017 alone. The area, which is home to a variety of vibrant communities as well as an extensive public transit network and a number of world-class amenities, is also highly desirable place to live and one of the wealthiest regions the world.

### Transportation

Greater Boston is served by an excellent highway system and convenient rail services that provide easy access to most destinations throughout New England. Major expressways and arterial roads surrounding and traversing Boston include Interstates 90, 93, 95 and 495 as well as MA-2, MA-3, MA-9, US-2 and US-20. The Greater Boston area is also served by an intricate subway system—more commonly known as "The T"—which reaches 133 stations and boasts annual ridership in excess of 352 million, as well as an extensive bus system, which travels along 177 routes. These buses serve almost 400,000 people per day, making the MBTA the seventh-busiest local bus agency in the country. In addition, the Port of Boston is the largest port in Massachusetts and handles over 11.5 million metric tons of cargo per year. Its principal cargo and handling facilities are located in the Boston neighborhoods of Charlestown, East Boston and South Boston. Boston's Logan International Airport, which serves almost 30 million passengers annually, is situated in East Boston just across Boston Harbor from the city's financial district. Logan is the largest airport in New England and facilitates access to almost everywhere—nationally and internationally.





## AREA OVERVIEW

### BOSTON, MA MSA (CONTINUED)

#### History & Culture

One of the oldest cities in the U.S., Boston is rich with history and culture dating back to the Colonial Period. Among the area's most well-known attractions are the Freedom Trail, Boston Tea Party Museum, the Paul Revere House, Faneuil Hall, Boston Common, Boston Symphony Hall, the Museum of Fine Arts, the New England Aquarium, the John F. Kennedy Presidential Library and Museum, and many professional sports teams, which include the Red Sox, Celtics and Bruins.

#### Education

Education is another thriving segment of Boston's economy; within the city limits are 10 colleges and universities, 6 technical schools, 4 art and music schools and 6 junior colleges. In towns and suburbs surrounding Boston, educational institutions include many prestigious secondary and boarding schools. A few of the notable universities located in Boston include: Boston University (Enrollment: 32,551), Boston College (Enrollment: 13,705), Harvard University (Enrollment: 22,000), Massachusetts Institute of Technology (Enrollment: 11,236), Northeastern University (Enrollment: 19,940), Suffolk University (Enrollment: 8,046), University of Massachusetts-Boston (Enrollment: 16,756), and Tufts University (Enrollment: 11,137). Boston's reputation as an intellectual and medical center is derived in large part from the teaching and research activities of more than 100 colleges and universities located in the Greater Boston Area, with more than 250,000 students attending college in Boston and Cambridge alone. According to Forbes, Boston ranks 14th among "The Best Places for Education" and 43rd among "The Best Places for Business and Careers."

#### TOP EMPLOYERS

PARTNERS HEALTHCARE	60,300
UNIVERSITY OF MASSACHUSETTS	24,484
STOP & SHOP SUPERMARKET CO.	19,865
STEWARD HEALTH CARE SYSTEM	18,000
BETH ISRAEL DEACONESS MEDICAL CENTER	15,151
STATE STREET CORP.	11,749
CHILDREN'S HOSPITAL BOSTON	11,075
BOSTON UNIVERSITY	10,175
MASSACHUSETTS GENERAL HOSPITAL	10,000
BRIGHAM & WOMEN'S HOSPITAL	10,000

Source: Moody's Analytics



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