



# OFFERING MEMORANDUM

INVESTMENT PROPERTIES | NATIONAL NET LEASE PROPERTY GROUP



ACTUAL SITE



SINGLE-TENANT INVESTMENT OPPORTUNITY  
**FOR SALE: \$5,850,000**  
506 N MILLER VALLEY RD | PRESCOTT, AZ

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## THE NET LEASE PROPERTY GROUP - PHOENIX

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## INVESTMENT OVERVIEW

### INVESTMENT OPPORTUNITY

CBRE and the Net Lease Property Group in Phoenix have exclusively listed this single-tenant CVS Pharmacy at 506 North Miller Valley Road in Prescott, Arizona (The "Property") for sale. The Property is located at the hard NWC of North Miller Valley Road and Schemmer Drive in the heart of Prescott, Arizona. This CVS Pharmacy is located less than a half mile north of Arizona State Route 69 (W Gurley St.) and less than a mile west of Highway 89.

This CVS Pharmacy offering consists of a lease with 12.25 years remaining and has six, five-year option periods for the tenant to renew. The option periods do include 5% rental increases every 5 years. CVS recently extended the lease with ownership, showing their commitment for the location. The building is  $\pm 15,031$  rentable square feet on  $\pm 78,844$  square feet of land. This investment offers a corporate guarantee by CVS Health Corporation.

CVS Health is a healthcare innovation company helping people on their path to better health. Through their more than 9,900 retail drugstores, more than 1,100 MinuteClinic® locations, a leading pharmacy benefits manager with approximately 92 million plan members, a dedicated senior pharmacy care business serving more than one million patients per year, and expanding specialty pharmacy services, they enable people, businesses, and communities to manage health in more effective ways. This unique integrated model increases access to quality care, delivers better health outcomes, and lowers overall healthcare costs.

This location's hours of operation are 7 a.m. to 9 p.m., seven days a week. Along with the pharmacy, this location also has a photo-service department and sells beer, wine and liquor.

Prescott is a great place to do business, in part because it is a desirable destination to live. Prescott is located  $\pm 90$  miles from the Phoenix metro area with cool summers, over 450 miles of trails, five area lakes and several golf courses. The western heritage draws visitors to Prescott's historic downtown to explore Whiskey Row, the Courthouse Plaza and a variety of museums, art galleries, shops and restaurants. Many visitors fall in love with Prescott, and later plan to live here, or in some cases, expand or move their business enterprise here (Source: Prescott Economic Development Magazine, 2018).





## INVESTMENT HIGHLIGHTS

- » Corporate Guarantee with CVS Health Corporation (NYSE: CVS): S&P Rated BBB, over 9,900 locations across the United States.
- » ±12.25 years remaining on the initial term with rare 5% rental increases in each of the 6, 5-year option periods. Great infill Prescott location.
- » The Property is conveniently located near AZ SR 69 (±35,456 vehicles per day) and HWY 89 (±44,291 vehicles per day). (Source: ADOT, 2018)
- » The Property is directly across the street from the brand-new Creekview Village Apartments complex which is comprised 72 units within six three-story walk-up residential buildings and a one-story clubhouse.
- » Major national tenants nearby include: Fry's, Sprouts, Carl's Jr, KFC, McDonald's, AutoZone, O'Reilly Auto Parts, Sherwin-Williams Paint Store, among many others.
- » Strong employment corridor including ±31,579 daytime employees and an average household income of \$73,237 within a five-mile radius, with a projected \$82,856 average household income in the next five years (Source: Esri).
- » Located in the heart of Prescott, the Property is located within one mile of Yavapai Regional Medical Center West (±134 beds), the Yavapai County Courthouse, Prescott City Hall & services buildings, the Yavapai County Assessor & municipal buildings and is right across the street from a busy USPS office.
- » This CVS Pharmacy is located approximately 6 miles away from Embry-Riddle Aeronautical University. This accredited university is recognized as the world leader in aviation and aerospace, and has established a reputation as "The Harvard of the Skies" (Source: Prescott Economic Development Magazine, 2018).
- » Major employers in the area include: Yavapai Community Hospital Association (±1,510 employees), Sturm Ruger Company Inc (±800 employees), Yavapai County Community College District (±650 employees), City of Prescott (±590 employees), Prescott Unified School District 1 (±510 employees), and Embry Riddle Aeronautical University Inc (±500 employees) (Source: geo.azmag.gov).

## INVESTMENT OVERVIEW

### PRICING SUMMARY

|                              |  |
|------------------------------|--|
| ADDRESS                      | 506 North Miller Valley Road<br>Prescott, Arizona 86301              |
| PRICE                        | \$5,850,000  |
| CAP RATE                     | 5.40%  |
| NOI                          | \$316,085  |
| YEAR BUILT                   | 2001   |
| RENTABLE SF                  | ±15,031  |
| LAND SIZE                    | ±78,844 SF (±1.81 Acres)   |
| PARCEL NUMBER                | 113-07-055G  |
| NLPG PHOENIX<br>TEAM WEBSITE | <a href="http://www.cbre.us/nlpgphoenix">www.cbre.us/nlpgphoenix</a> |

### RETURN SCHEDULE

5% Rental Increases at Each Option  
Six Five-Year Options for the Tenant to Renew

| YEARS                   | MONTHLY<br>RENT | ANNUAL<br>RENT | CAP RATE<br>RETURN<br>SCHEDULE |
|-------------------------|-----------------|----------------|--------------------------------|
| 12/1/2017               | \$26,340.42     | \$316,085.04   | 5.40%                          |
| 12/1/2031<br>(OPTION 1) | \$27,657.44     | \$331,889.28   | 5.67%                          |
| 12/1/2036<br>(OPTION 2) | \$29,040.31     | \$348,483.72   | 5.96%                          |
| 12/1/2041<br>(OPTION 3) | \$30,492.33     | \$365,907.96   | 6.25%                          |
| 12/1/2046<br>(OPTION 4) | \$32,016.95     | \$384,203.40   | 6.57%                          |
| 12/1/2051<br>(OPTION 5) | \$33,617.79     | \$403,413.48   | 6.90%                          |
| 12/1/2056<br>(OPTION 6) | \$35,298.68     | \$423,584.16   | 7.24%                          |

\* Initial Term is highlighted.



## LEASE SUMMARY

|                          |  |
|--------------------------|--|
| TENANT'S NAME            | CVS - Arizona CVS Stores, LLC              |
| COMPANY TYPE             | Public                                     |
| LEASE GUARANTOR          | CVS Health Corporation                     |
| LEASE GUARANTY           | Corporate                                  |
| NYSE STOCK SYMBOL        | CVS  |
| TENANT S&P CREDIT RATING | BBB (Investment Grade)                     |
| LEASE TYPE               | Double-Net (NN)                            |
| LEASE COMMENCEMENT       | 08/25/2000                                 |
| RENT COMMENCEMENT        | 11/29/2001                                 |
| LEASE EXPIRATION         | 11/30/2031                                 |
| LEASE TERM REMAINING     | ±12.25 Years<br>(Recent 10 Year Extension) |
| RENT INCREASES           | 5% at Each Option                          |
| OPTIONS TO RENEW         | Six (6), Five (5) Year                     |
| FIRST RIGHT OF REFUSAL   | 15 Business Days                           |

Note: Landlord shall maintain, and make and pay for all repairs and replacements to, the structural aspects of the Building (including, without limitation, roof and roof membrane, foundation and structural supports, walls, gutters and downspouts, but excluding plate glass and exterior doors).

## DEMOGRAPHICS

|                               | 5 MILE RADIUS | 10 MILE RADIUS | 15 MILE RADIUS |
|-------------------------------|---------------|----------------|----------------|
| 2019 POPULATION               | 48,262        | 84,860         | 130,219        |
| 2024 POPULATION               | 50,458        | 88,884         | 138,900        |
| GROWTH 2019-2024              | 0.89%         | 0.93%          | 1.30%          |
| 2019 AVERAGE HOUSEHOLD INCOME | \$73,237      | \$70,268       | \$68,595       |
| 2019 EMPLOYEES                | 31,579        | 47,670         | 54,163         |
| 2019 MEDIAN AGE               | 57.5          | 53.6           | 51.7           |

(Source: Esri)



## PROPERTY OVERVIEW

### TENANT PROFILE

CVS Health is a healthcare innovation company helping people on their path to better health. Through our more than 9,900 retail locations, approximately 1,100 MinuteClinic® locations, a leading pharmacy benefits manager with approximately 92 million plan members, a dedicated senior pharmacy care business serving more than one million patients per year, expanding specialty pharmacy services, and a leading standalone Medicare Part D prescription drug plan, we enable people, businesses and communities to manage health in more affordable and effective ways. This unique integrated model increases access to quality care, delivers better health outcomes and lowers overall healthcare costs.

With the acquisition of Aetna, they are building a new health care model that is easier to use, less expensive and puts the consumer at the center of their care. Through their multiple touch-points with consumers, CVS has a greater ability to engage them with the care they need, when, where, and how they need it. These unmatched human connections are what differentiate them from other integrated healthcare companies and what allow them to help people achieve better health outcomes at a lower cost.

Their new healthcare model also provides significant opportunities to create incremental value and accelerate growth across their enterprise. They envision a virtuous cycle of value creation with lower healthcare costs contributing to improved profitability, enhanced competitive positioning to grow membership and increased utilization of their enterprise assets. This process will enable CVS Health to generate substantial cash flow to reinvest with a focus on driving shareholder value over the long term.

» On November 28, 2018, CVS completed its acquisition of Aetna, establishing CVS as the nation's premier health innovation company.

» On September 4, 2019, A federal judge approved a Justice Department settlement that allowed CVS to acquire Aetna for nearly \$70 billion, clearing the last hurdle for the merger.

» CVS will offer expanded health services such as nutrition counseling and blood pressure screenings in ±1,500 stores by the end of 2021.



[www.cvs.com](http://www.cvs.com)



**9,900+**

retail locations in 49 states, the District of Columbia, Puerto Rico and Brazil



More than

**22M**

medical benefit members



**1,100+**

MinuteClinic locations in 33 states and the District of Columbia



**42M+**

MinuteClinic patient visits, 95% customer satisfaction rating



**25**

retail specialty pharmacies



**9.3.2014**

first pharmacy retailer to stop selling tobacco



More than

**295K**

colleagues in all 50, the District of Columbia, Puerto Rico and Brazil



**68,000+**

retail network pharmacies



**62M**

ExtraCare Members



**2.5B**

prescriptions managed or filled



**75**

major health system affiliations



**5M**

customers served by CVS Pharmacy each day



More than

**92M**

PBM plan members



**5M**

patients served by Omnicare annually



**183K**

Coram patients receive services annually



# AREA MAP



NOT TO SCALE

\*Source: ADOT, 2018



# PRESCOTT & PRESCOTT VALLEY AERIAL



\*Source: ADOT

NOT TO SCALE



# REGIONAL MAP





## MARKET OVERVIEW

### PRESCOTT AREA

Whether you love hiking through large stands of ponderosa pines or appreciate historic places, Prescott offers things to do and places to see for everyone. Mild seasons make it an appealing destination year-round.

A mile-high city, Prescott is nestled in the ponderosa pines of Prescott National Forest in Yavapai County, Arizona. Fill your lungs with that amazing pine scent as you enjoy Prescott's natural surroundings, including more than 450 miles of hiking, mountain biking, and equestrian trails.

History buffs will enjoy the classic downtown brimming with Victorian homes, turn-of-the-century saloons along Whiskey Row, and other historic settings; there is plenty of Western history in Prescott – much of it dating back to the days of Wyatt Earp. There are more than 700 homes and businesses listed in the National Register of Historic Places. Downtown's majestic granite courthouse is set

YEAR  
INCORPORATED  
**1881**

MEDIAN AGE  
**±56.7**

YAVAPAI COUNTY  
POPULATION  
**±240,330**

YAVAPAI  
COUNTY DAYTIME  
POPULATION  
**±86,504**

Source: Esri, Prescott Chamber of Commerce

among green lawns and American elm trees that reflect the Midwestern and New England background of Prescott's early pioneers, making it a destination known for "True West, Real Adventure".

Prescott also holds four of Arizona's most prized museums, and is loaded with art galleries, antique shops, local eateries, and golfing. For a day on the water, visit one of the city's four beautiful small lakes, perfect for boating, fishing, and nature watching.

The city's municipal airport, Ernest A. Love Field, ranks behind Phoenix's Sky Harbor International Airport as the second-busiest airport in the state and 31st in the country. Great Lakes Airlines provides service to Los Angeles, California; Farmington, New Mexico and Denver, Colorado. Love Field is home to the Embry Riddle Aeronautical University which is considered one of the most highly-acclaimed universities of its kind around the globe (Source: Prescott Chamber of Commerce).



# CONFIDENTIALITY AGREEMENT

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## CONFIDENTIALITY AGREEMENT

Your receipt of this Memorandum constitutes your acknowledgment that (i) it is a confidential Memorandum solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property, (ii) you will hold it in the strictest confidence, (iii) you will not disclose it or its contents to any third party without the prior written authorization of the owner of the Property (“Owner”) or CBRE, Inc., and (iv) you will not use any part of this Memorandum in any manner detrimental to the Owner or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return it to CBRE, Inc.

## DISCLAIMER

This Memorandum contains select information pertaining to the Property and the Owner, and does not purport to be all-inclusive or contain all or part of the information which prospective investors may require to evaluate a purchase of the Property. The information

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The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions at any time with or without notice to you. All offers, counteroffers, and negotiations shall be non-binding and neither CBRE, Inc. nor the Owner shall have any legal commitment or obligation except as set forth in a fully executed, definitive purchase and sale agreement delivered by the Owner.

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