



RITE AID

75 S Dexter St • Pinckney, MI 48169

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RITE AID
Pinckney, MI
ACT ID Z0290849

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Marcus & Millichap

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INVESTMENT OVERVIEW



EXECUTIVE SUMMARY

OFFERING SUMMARY	
Price	\$4,266,012
Net Operating Income	\$351,946
Capitalization Rate – Current	8.25%
Price / SF	\$381.58
Rent / SF	\$31.48
Lease Type	NN
Gross Leasable Area	11,180 SF
Year Built / Renovated	2007
Lot Size	4.95 acre(s)

FINANCING	
Loan Amount	\$2,772,908
Loan Type	Financed - New Loan
Loan to Value	65.00%
Down Payment	35% / \$1,493,104
Interest Rate / Amortization	4.75% / 20 Years
Annual Loan Payment	\$215,030
Net Cash Flow After Debt Service	9.17% / \$136,916
Cash on Cash Return	9.17%
Total Return	14.87% / \$222,071



INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present the corporate Rite Aid located at 75 South Dexter Road in Pinckney, Michigan. The property was constructed in 2007 as a build-to-suit for Rite Aid. This 11,180 square foot building is situated on a 4.95 acre corner lot. The property is fully leased to Rite Aid with nearly eight years remaining on the 20-year NN lease. The lease features four, five-year options with rental increases at the start of each option period.

Rite Aid benefits from having very limited national drug store competition with the nearest pharmacy being a Kroger pharmacy over five and a half miles away from the subject property. The nearest Rite Aid is nearly 13 miles away and the closest free-standing Rite Aid is 18 miles away. This location has a drive-thru pharmacy as well as beer & wine sales. Rite Aid retained this location in its sale of 1,900 locations to Walgreens in 2018 showing commitment to the site.

Rite Aid Corporation (NYSE: RAD) is one of the nation's leading drug store chains with 2,500+ stores in 19 states. The company employs over 51,000 employees.

This Rite Aid property is strategically located with excellent visibility on East Main Street which experiences over 10,000 vehicles per day. The immediate trade area is home to an abundance of national retailers and quick-service restaurants including Busch's Fresh Food Market, O'Reilly Auto Parts, Dollar General, McDonald's, Taco Bell, among others.

Pinckney is situated 20 miles from Ann Arbor and features great demographics; there are over 25,000 residents with an average household income exceeding \$112,000 within a five-mile radius.

This Rite Aid property provides an investor with a stabilized investment grade asset located in an affluent market within limited drugstore competition.

INVESTMENT HIGHLIGHTS

- 7.7 Years Remaining on Corporately Guaranteed, NN Lease Term
- Investment Grade Tenant | Rite Aid Corporation
- Limited National Drug Store Competition – Closest Freestanding Rite Aid is Nearly 18 Miles Away
- Drive-Thru Pharmacy and Beer & Wine Sales Location
- Excellent Visibility on East Main Street – 10,000+ Vehicles Per Day
- Nearby National Retail Includes Busch's Fresh Food Market, O'Reilly Auto Parts, Dollar General, McDonald's, Taco Bell, Among Many Others
- Affluent Market | Average Household Income Exceeds \$112,000 Within Five Miles



LOCATION OVERVIEW

The Village of Pinckney is located in Putnam Township in southern Livingston County. Nearby cities include Ann Arbor, Howell and Brighton. Visitors are often drawn by the natural surroundings such as the chain of lakes and the parks and recreation areas. The greater Pinckney area has boating, fishing, biking, hiking, and horseback riding on over 40 miles of recreational trails, and golfing on premier golf courses. Pinckney Recreation Area has 186 modern campsites located at Bruin Lake and rustic camping on Crooked Lake.

In 2018, The Village of Pinckney and its officials were recognized for a willingness to change for the better that led to the municipality's certification as a "Redevelopment Ready Community". Representatives from the Michigan Economic Development Corporation (MEDC) attended the Village's Board of Trustees meeting Monday to present officials with an award that acknowledged Pinckney as the 19th community in the state to become Redevelopment Ready. The MEDC program assists municipalities in establishing a foundation for redevelopment and investment to occur in their region.

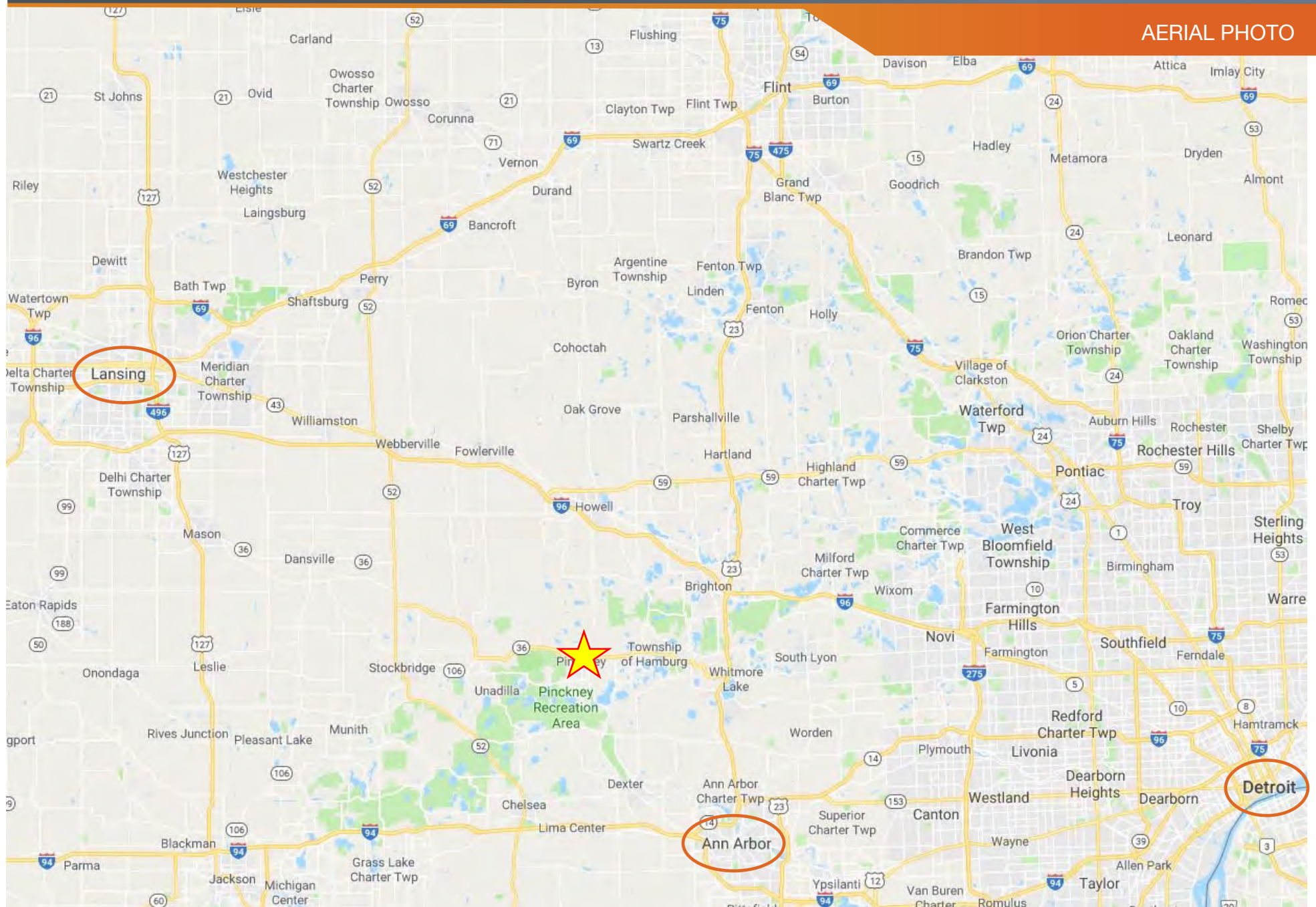
Livingston County is located in southeastern Michigan and has a population exceeding 189,000 residents. Livingston County's location offers residents convenient access to the major metropolitan centers of Detroit, Lansing, Ann Arbor and Flint. People from Livingston County commute to all four of these cities using the three major expressways that pass through the county: Interstate-96, US -23 and M-59. The county is composed of 585 square miles, 20 square miles of which is water. The major cities located within Livingston County are Brighton and Howell. Other communities include Pinckney, Fowlerville, Green Oak Charter Township, Genoa Charter Township, among others.

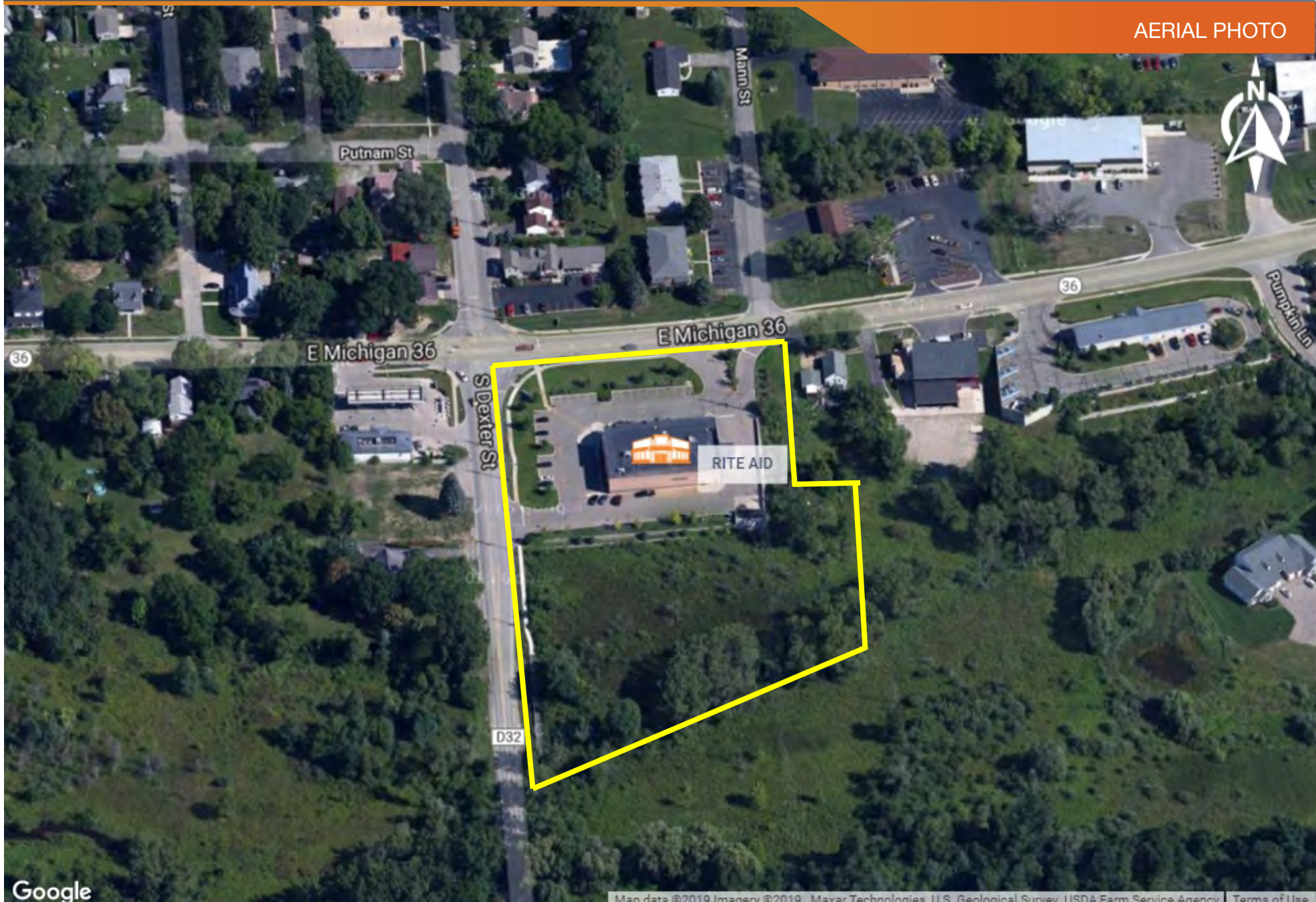
Livingston County is mostly composed of residential communities but also is experiencing and maintaining significant growth in both the service and industrial economic sectors. Compared to Washtenaw and Oakland Counties, Livingston County has a residential population that is employed in a broad range of industries. Major employers include Citizens Insurance Co., Brighton Area Schools, and Trinity Health. Pepsico operates a large bottling plant in Howell. From 2010 – 2015 Livingston County experienced a 2% population growth and many new residential development projects are being executed in it's cities. The median household income is one of the wealthiest in the state.

In addition to the large residential populous, the county is experiencing and maintaining significant growth in both the service and industrial economic sectors with major employers including PepsiCo, Citizens Insurance and Ogihara Industries.

Livingston County contains many retail areas and malls, mostly concentrated along Interstate-96. Tanger Outlets , Brighton Mall, and Green Oak Village Place are just a few of the retail centers serving Livingston County. Saint Joseph Mercy Livingston is a 136-bed hospital located in Howell, that is part of the five-hospital Saint Joseph Mercy Health System servicing southeast Michigan. Services at the Livingston Hospital include an award-winning 24 hour emergency department, inpatient and outpatient surgery, and over 300 physicians.

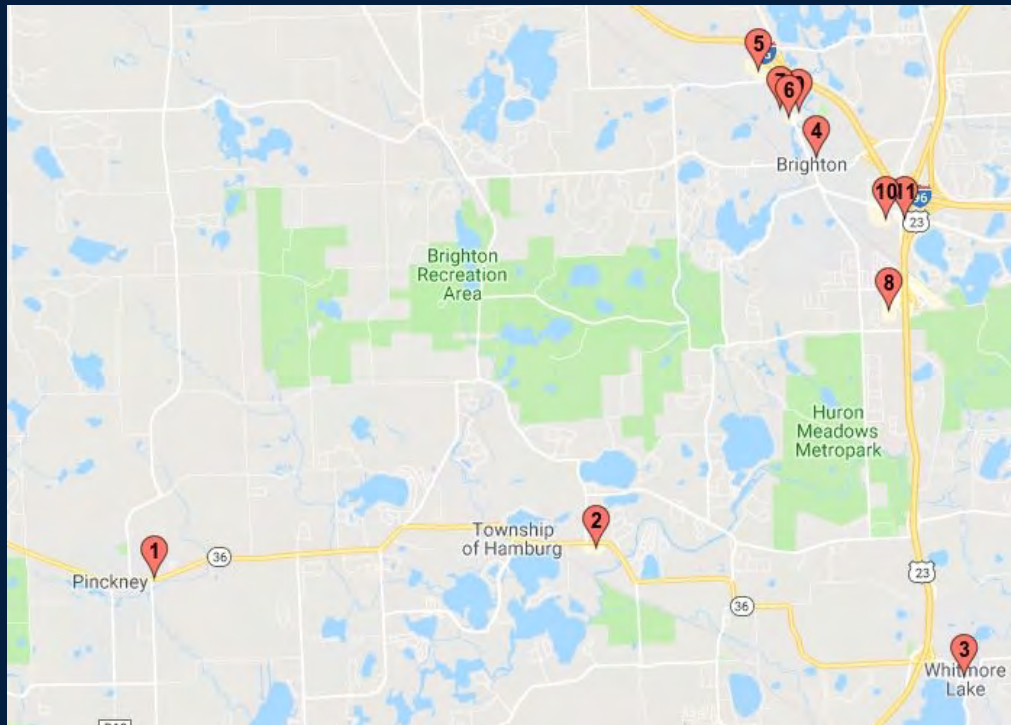






Rite Aid – Drug Store Competition Map

- Closest Drug Store is 5.7 Miles Away
- Closest Rite Aid is Nearly 13 Miles Away
- Closest Free-Standing Rite Aid is Nearly 18 Miles Away



	Pharmacy	Distance (Miles)	Freestanding
1	Rite Aid (Subject Property)		Yes
2	Kroger Pharmacy	5.7	No
3	CVS Pharmacy	7.7	Yes
4	CVS Pharmacy	12.3	No
5	CVS Pharmacy (In Target)	12.6	No
6	Walgreens	12.6	Yes
7	Meijer Pharmacy	12.6	No
8	Costco Pharmacy	12.8	No
9	Rite Aid	12.9	No
10	Kroger Pharmacy	13	No
11	CVS Pharmacy	14.1	No



FINANCIAL ANALYSIS



PROPERTY SUMMARY

THE OFFERING	
Property	Rite Aid
Property Address	75 Dexter Road Pinckney, MI 48169
Price	\$4,266,012
Capitalization Rate	8.25%
Price/SF	\$381.58

PROPERTY DESCRIPTION	
Year Built / Renovated	2007
Gross Leasable Area	11,180 SF
Zoning	Commercial
Type of Ownership	Fee Simple
Lot Size	4.95 Acres

LEASE SUMMARY	
Property Subtype	Net Leased Drug Store
Tenant	Rite Aid
Rent Increases	In Options
Guarantor	Corporate Guarantee
Lease Type	NN
Lease Commencement	6/15/2007
Lease Expiration	6/15/2027
Lease Term	20
Term Remaining on Lease (Years)	7.7
Renewal Options	Four, Five-Year Options
Landlord Responsibility	Roof & Structure
Tenant Responsibility	All Other
Right of First Refusal/Offer	No

ANNUALIZED OPERATING INFORMATION

INCOME	
Net Operating Income	\$351,946

RENT SCHEDULE				
YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF	CAP RATE
Current	\$351,946	\$29,329	\$31.48	8.25%
Option 1	\$363,126	\$30,261	\$32.48	8.51%
Option 2	\$374,306	\$31,192	\$33.48	8.77%
Option 3	\$385,486	\$32,124	\$34.48	9.04%
Option 4	\$396,666	\$33,056	\$35.48	9.30%



TENANT OVERVIEW



Rite Aid Corporation is one of the leading drugstore chains in the United States and a Fortune 500 company, #94 in 2018. As of 2019, Rite Aid operates 2,500+ stores in 19 states across the country. The company employs more than 50,000 associates.

Headquartered in Camp Hill, a suburb of Harrisburg, Pennsylvania, Rite Aid is publicly traded company, NYSE: RAD. (S&P: B)

Rite Aid stores service prescription drug customers and offer an assortment of other general merchandise, which it calls front-end products. Front end products include over-the-counter medications, health and beauty aids, personal care items, cosmetics, household items, beverages, convenience foods, greeting cards, seasonal merchandise, and other everyday and convenience products, as well as photo processing. It offers approximately 3,300 products under the Rite Aid private brand.

Rite Aid Corporation

Tenant Name:	Rite Aid Corporation
Stock Ticker:	NYSE: RAD
Credit Rating:	S&P: B
Store Count:	2,500
Number of Employees:	50,000
Headquarters:	Camp Hill, Pennsylvania
TTTM Sales:	\$21.62 B



MARKET OVERVIEW



Created on August 2019

POPULATION	5 Miles	10 Miles	15 Miles
■ 2023 Projection			
Total Population	27,071	111,179	261,999
■ 2018 Estimate			
Total Population	25,612	104,131	244,923
■ 2010 Census			
Total Population	24,503	99,233	231,665
■ 2000 Census			
Total Population	22,648	87,490	205,419
■ Current Daytime Population			
2018 Estimate	15,098	80,364	206,181
HOUSEHOLDS	5 Miles	10 Miles	15 Miles
■ 2023 Projection			
Total Households	10,239	42,725	101,490
■ 2018 Estimate			
Total Households	9,600	39,670	94,072
Average (Mean) Household Size	2.68	2.61	2.58
■ 2010 Census			
Total Households	9,184	37,840	89,095
■ 2000 Census			
Total Households	7,901	31,658	75,638
■ Occupied Units			
2023 Projection	10,239	42,725	101,490
2018 Estimate	10,768	42,899	100,292
HOUSEHOLDS BY INCOME	5 Miles	10 Miles	15 Miles
■ 2018 Estimate			
\$150,000 or More	18.86%	18.77%	19.41%
\$100,000 - \$149,000	25.28%	22.73%	22.04%
\$75,000 - \$99,999	16.60%	15.26%	14.96%
\$50,000 - \$74,999	17.38%	16.20%	15.88%
\$35,000 - \$49,999	9.04%	10.49%	10.47%
Under \$35,000	12.85%	16.56%	17.23%
Average Household Income	\$112,015	\$110,436	\$111,358
Median Household Income	\$90,982	\$85,823	\$85,453
Per Capita Income	\$42,012	\$42,150	\$42,885

HOUSEHOLDS BY EXPENDITURE	5 Miles	10 Miles	15 Miles
Total Average Household Retail Expenditure	\$91,546	\$87,479	\$86,969
■ Consumer Expenditure Top 10 Categories			
Housing	\$21,272	\$20,476	\$20,394
Transportation	\$21,236	\$19,994	\$19,823
Shelter	\$11,361	\$10,954	\$10,918
Food	\$9,425	\$9,021	\$8,970
Personal Insurance and Pensions	\$9,333	\$8,656	\$8,573
Health Care	\$6,006	\$5,766	\$5,696
Utilities	\$4,784	\$4,629	\$4,611
Entertainment	\$4,332	\$4,123	\$4,087
Household Furnishings and Equipment	\$2,718	\$2,562	\$2,538
Apparel	\$2,446	\$2,303	\$2,292
POPULATION PROFILE	5 Miles	10 Miles	15 Miles
■ Population By Age			
2018 Estimate Total Population	25,612	104,131	244,923
Under 20	23.96%	24.28%	24.23%
20 to 34 Years	14.18%	15.35%	16.48%
35 to 39 Years	5.17%	5.44%	5.67%
40 to 49 Years	14.33%	13.89%	13.70%
50 to 64 Years	26.69%	24.53%	23.72%
Age 65+	15.67%	16.49%	16.18%
Median Age	45.54	44.18	43.10
■ Population 25+ by Education Level			
2018 Estimate Population Age 25+	18,115	73,021	171,485
Elementary (0-8)	0.73%	0.86%	0.80%
Some High School (9-11)	3.58%	3.89%	3.67%
High School Graduate (12)	25.33%	24.39%	22.75%
Some College (13-15)	25.76%	24.01%	23.01%
Associate Degree Only	9.65%	9.12%	8.57%
Bachelors Degree Only	21.07%	22.86%	23.31%
Graduate Degree	13.08%	14.37%	17.37%

Source: © 2018 Experian



Population

In 2018, the population in your selected geography is 25,612. The population has changed by 13.09% since 2000. It is estimated that the population in your area will be 27,071.00 five years from now, which represents a change of 5.70% from the current year. The current population is 50.65% male and 49.35% female. The median age of the population in your area is 45.54, compare this to the US average which is 37.95. The population density in your area is 325.43 people per square mile.



Households

There are currently 9,600 households in your selected geography. The number of households has changed by 21.50% since 2000. It is estimated that the number of households in your area will be 10,239 five years from now, which represents a change of 6.66% from the current year. The average household size in your area is 2.68 persons.



Income

In 2018, the median household income for your selected geography is \$90,982, compare this to the US average which is currently \$58,754. The median household income for your area has changed by 31.25% since 2000. It is estimated that the median household income in your area will be \$106,782 five years from now, which represents a change of 17.37% from the current year.

The current year per capita income in your area is \$42,012, compare this to the US average, which is \$32,356. The current year average household income in your area is \$112,015, compare this to the US average which is \$84,609.



Race and Ethnicity

The current year racial makeup of your selected area is as follows: 97.18% White, 0.39% Black, 0.04% Native American and 0.52% Asian/Pacific Islander. Compare these to US averages which are: 70.20% White, 12.89% Black, 0.19% Native American and 5.59% Asian/Pacific Islander. People of Hispanic origin are counted independently of race.

People of Hispanic origin make up 1.54% of the current year population in your selected area. Compare this to the US average of 18.01%.



Housing

The median housing value in your area was \$270,644 in 2018, compare this to the US average of \$201,842. In 2000, there were 7,230 owner occupied housing units in your area and there were 672 renter occupied housing units in your area. The median rent at the time was \$640.



Employment

In 2018, there are 3,619 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 63.00% of employees are employed in white-collar occupations in this geography, and 36.62% are employed in blue-collar occupations. In 2018, unemployment in this area is 3.74%. In 2000, the average time traveled to work was 36.00 minutes.

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