

119651 N. First Avenue | Oro Valley, Arizona

Offering Memorandum

Walgreens
DRUG STORES



SINGLE TENANT | ABSOLUTE NNN

John Barnes

Vice President

+1 602 222 5042

john.barnes@colliers.com

LIC# BRO26952000

Colliers International

2390 East Camelback Road | Suite 100

Phoenix, AZ 85016

colliers.com



Table of Contents

| | |
|-----------------------------------|----|
| Property Overview..... | 3 |
| Pricing & Financial Analysis..... | 4 |
| Property Description..... | 5 |
| Tenant Profile..... | 6 |
| Area Overview | 8 |
| Site Location | 10 |
| Aerial..... | 11 |
| Regional Mall Map | 14 |

Property Overview

> THE OFFERING

Colliers International is pleased to exclusively market for sale an absolute net leased (NNN) Walgreens Property located in Oro Valley, three (3) miles north of Tucson, Arizona. This Walgreens is well positioned on a hard corner of a signalized intersection. Walgreens has successfully operated at this location since 2002 with 12 years remaining on the initial 25 year term with ten (10) five (5) year renewal options with an expiration in 2077.

The Corporate Guarantee of Walgreens provides long-term stability for the investor. The Investment Grade Credit (S&P BBB) of the tenant is an important feature for potential buyers who are seeking a conservative quality investment. In addition, given the structure of the Absolute NNN lease, the tenant is responsible for taxes, insurance, CAM and roof structure. There are zero landlord responsibilities and is an ideal property for 1031/1033 buyers.

| | |
|--------------------------|---|
| Property Address: | 11951 N. First Avenue Oro Valley, AZ 85737 |
| Year Built: | 2002 |
| Rentable SF: | 15,120 SF |
| Site Area: | 2.24 Acres |
| Price: | \$6,200,000 |
| Cap Rate: | 6.1% |
| Tenant: | Walgreens Drug Stores |
| Lease Type: | Absolute Triple Net (NNN) Lease |
| Lease Commencement Date: | 2002 |
| Lease Expiration Date: | 2027 |
| Annual Base Rent: | \$381,000 |



Pricing & Financial Analysis

> FINANCIAL SUMMARY

| | |
|----------------|--------------------|
| Price: | \$6,200,000 |
| Rentable SF: | 15,120 |
| Price/ SF | \$429.89 |
| Cap Rate: | 6.1% |
| Net Cash Flow: | \$381,000 |
| Year Built | 2002 |
| Lot Size: | 2.24 Acres |

> LEASE SUMMARY

| | |
|--------------------------|---|
| Lease Type: | Absolute Triple Net (NNN) Lease |
| Roof and Structure: | Tenant Responsible |
| Lease Options: | (10) 5 year options after initial term |
| Lease Commencement Date: | 2002 |
| Lease Expiration Date | 2027 |

> ANNUALIZED OPERATING DATA

| | |
|-----------------------|------------------|
| Base Rent (24.60 SF): | \$30,998 |
| Net Operating Income: | \$381,000 |

- Absolute Triple-Net (NNN) Lease
- Tenant Responsible for All Expenses
- Tenant Right to Terminate: Tenant's option every five years after initial 25 year term, with 180 days of written notice
- Right of First Refusal to Purchase: Tenant's Option within 21 Business Days of Notice



Property Description

> THE PROPERTY

Walgreens is located on a hard corner at 11951 North First Avenue in Oro Valley, Arizona. The subject is an approximate 15,120-square foot, single tenant retail building on approximately 2.24 acres. In addition the property has drive thru pharmacy access on the west side of the building. The existing lease is a long term, absolute triple-net (NNN) lease guaranteed by Walgreen Co., Recognized as not only the largest retail pharmacy chain in the United States, but Walgreens is considered to be the leader in innovative drugstore retailing. Walgreens (NYSE: WAG).

The subject property has a strong market position because of its highly visible location, solid demographics and income levels. The property will continue to benefit from the growing nature of the immediate surrounding area. As well as the existing retail synergies with Placita de Oro and Vistoso Plaza shopping centers.

> INVESTMENT HIGHLIGHTS

CORPORATE GUARANTY / LONG-TERM 25-YEAR ABSOLUTE TRIPLE NET (NNN) LEASE.

- Long-Term 25 year lease with 9 years remaining on the initial term.
- Provides security and stability for an investor.
- Tenant is responsible for taxes, insurance, roof, and structure.
- Proven location as evidenced by strong store sales since 2002.
- Positioned at a hard corner signaled intersection.
- Located on major corridor to the expanding area and Residential/Commercial Developments. North/East/South/West.
- Located in the immediate vicinity to well established retail centers.

> DEMOGRAPHICS

| | 1 MILE | 3 MILE | 5 MILE |
|-------------------|-----------|-----------|-----------|
| Population | | | |
| 2018 Estimated | 4,421 | 35,184 | 56,371 |
| 2023 Projected | 4,667 | 37,139 | 59,040 |
| Households | | | |
| 2018 Estimated | 1,737 | 14,850 | 23,990 |
| 2023 Projected | 1,835 | 15,715 | 25,123 |
| Income | | | |
| 2018 Median HHI | \$101,670 | \$88,299 | \$79,405 |
| 2018 Average HHI | \$122,507 | \$114,281 | \$103,647 |

Information provided by ESRI Business Analyst



Tenant Profile

> WALGREENS

Walgreens is an American company that operates as the second-largest pharmacy store chain in the United States behind CVS Health. It specializes in filling prescriptions, health and wellness products, health information, and photo services. As of August 31, 2016, the company operated 8,175 stores in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. It was founded in Chicago, Illinois, in 1901. The Walgreens headquarters office is in the Chicago suburb of Deerfield, Illinois.

Founded in 1901 as a single drugstore, Walgreens today is a provider of trusted care in communities around the U.S. Through constant innovation, Walgreens has a history of breaking new ground to meet its customers' needs and improve their health, from offering self-service stores beginning in the 1950s to developing a

5-star rated mobile app today. In its pharmacies, Walgreens was the first major drugstore chain to put prescriptions into child-resistant containers in the 1960s (long before it was required by law) and in 2016 was the first to offer safe medication disposal kiosks in its stores.

Walgreens are freestanding corner stores, with the entrance on the street with the most traffic flow, figuratively making it a "corner drugstore" similar to how many independent pharmacies evolved. Many stores have a drive-through pharmacy.

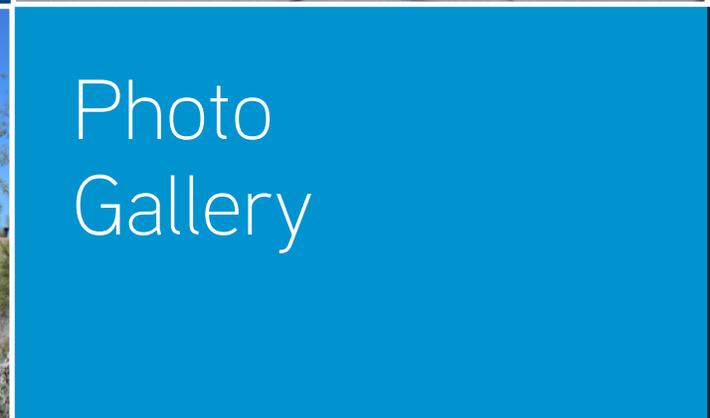
As today's health care and retail markets continue to evolve, customers are redefining value and convenience as they change the way they shop and adopt new technologies. Anticipating these changes, Walgreens is accelerating its transformation as a customer-led



company and creating a new health care and retail experience. The first step was relaunching Walgreens brand in December 2017. "Trusted since 1901" focuses on three characteristics deeply rooted in Walgreens history: trust, care and accessibility.

With its brand as a foundation, Walgreens is building its business in four areas: pharmacy, front end, health care services and consumer services. These areas are being enabled through partnerships, new store layouts and product assortments, new approaches to pricing and promotion to unlock value and by helping team members better serve customers by eliminating unproductive work and putting more decisions in their hands.





Area Overview



> ORO VALLEY

Located in northern Pima County approximately three (3) miles north of Tucson Arizona. Nestled between the Catalina and Tortolita mountain ranges, the town sits on an elevation of 2620 feet and covers more than 36 square miles.

Oro Valley was founded in 1974 as an incorporated suburb of the city of Tucson and is the hub to several emerging communities such as Marana, Dove Mountain to the west and Catalina, Casas Adobes to the North. To the South is Tucson Arizona which is the largest city in southern Arizona and the second largest city in the state. With a metropolitan population of 1,040,000 and where many of the residents of Oro Valley make their daily commute. Also the University of Arizona, founded in 1885, is a completed land grant University, with world class research and academic offerings including Medicine, Law, Business, And is ranked number one in the country for the college of Geology. As of the fall of 2014 total enrollment was 40,200 students marking the first time student enrollment has exceeded 40,000.

The modern town of Oro Valley is evolving, dynamic and a diverse place where people work and play. The rolling hills are now bustling with business and commerce, dubbed the “upscale Tech Mecca” by the Arizona daily star, and Oro Valley is becoming a regional center for the bioscience industry centered around Innovation Park, an Office and Bio Science Park, which is a 525 acre, 2,500,000 SF master-planned office and Bio Science Park. Innovation Park is located less than 1 mile East of the Subject Walgreens, along Tangerine Road. Anchor Tenants in Innovation Park include The Oro Valley Hospital Campus, Ventana Medical Systems (a member of the Roche Group and leader in Cancer diagnostic technology), Sanofiaventis, and Meggatt Securaplane.

Tucson, fueled by the internationally acclaimed research at The University of Arizona, is known for its Bio Sciences Industries, with Oro Valley being one of its Bio Science centerpiece communities.

> ARIZONA

A state in the southwestern region of the United States. It is also part of the Western United States and of the Mountain Western states. It is the sixth largest and the 15th most populous of the 50 states. Its capital and largest city is Phoenix. Arizona is one of the Four Corners states. It has borders with New Mexico, Utah, Nevada, California, and Mexico, and one point in common with the southwestern corner of Colorado. Arizona’s border with Mexico is 389 miles (626 km) long, on the northern border of the Mexican states of Sonora and Baja California.

Arizona is the 48th state and last of the contiguous states to be admitted to the Union, achieving statehood on February 14, 1912. It was previously part of the territory of Alta California in New Spain before being passed down to independent Mexico and later ceded to the United States after the Mexican–American War. The southernmost portion of the state was acquired in 1853 through the Gadsden Purchase.

Arizona is noted for its desert climate in its southern half, with very hot summers and mild winters. The northern half of the state features forests of pine, Douglas fir, and spruce trees; the Colorado Plateau; some mountain ranges (such as the San Francisco Mountains); as well as large, deep canyons, with much more moderate summer temperatures and significant winter snowfalls. There are ski resorts in the areas of Flagstaff, Alpine, and Tucson. In addition to the Grand Canyon National Park, there are several national forests, national parks, and national monuments. About one-quarter of the state[7] is made up of Indian Reservations that serve as the home of a number of Native American tribes



Area Overview

> INNOVATION PARK

Innovation Park is located in the Town of Oro Valley, rated One of America's best cities. For those seeking the perfect business address in the Tucson, Arizona metropolitan area, Innovation Park offers numerous attractive options.

This master planned business park is a contemporary environment for work and play. Situated on a 535-acre campus in the heart of the Tucson bioscience region, Innovation Park is genuinely unique

> BIOSCIENCE CORRIDOR

Innovation Park is situated in the heart of a growing region within the Tucson metropolitan area, which is noted for of variety of life science disciplines. The Oro Valley area in particular is a product of "organic" growth stemming from a variety of resources fostering recognition as an exceptional place to live and work.

Forbes magazine has ranked Tucson as one of the top 20 "Most Innovative Cities" The city was ranked 31st for technology and science jobs, 27th for creative jobs, 16th in patents per capita and 45th in venture investments per capita.

Two of the world's largest pharmaceutical companies --Ventana Medical Systems/ Roche and Sanofi and their 1,400 employees --call Innovation Park home.

> START-UPS, INCUBATORS AND UNIVERSITY OF ARIZONA

Home to the University of Arizona, the synergy from the talent and intellectual assets offered by private and public partnerships is driving the recognition of Tucson as place for innovation and entrepreneurship.

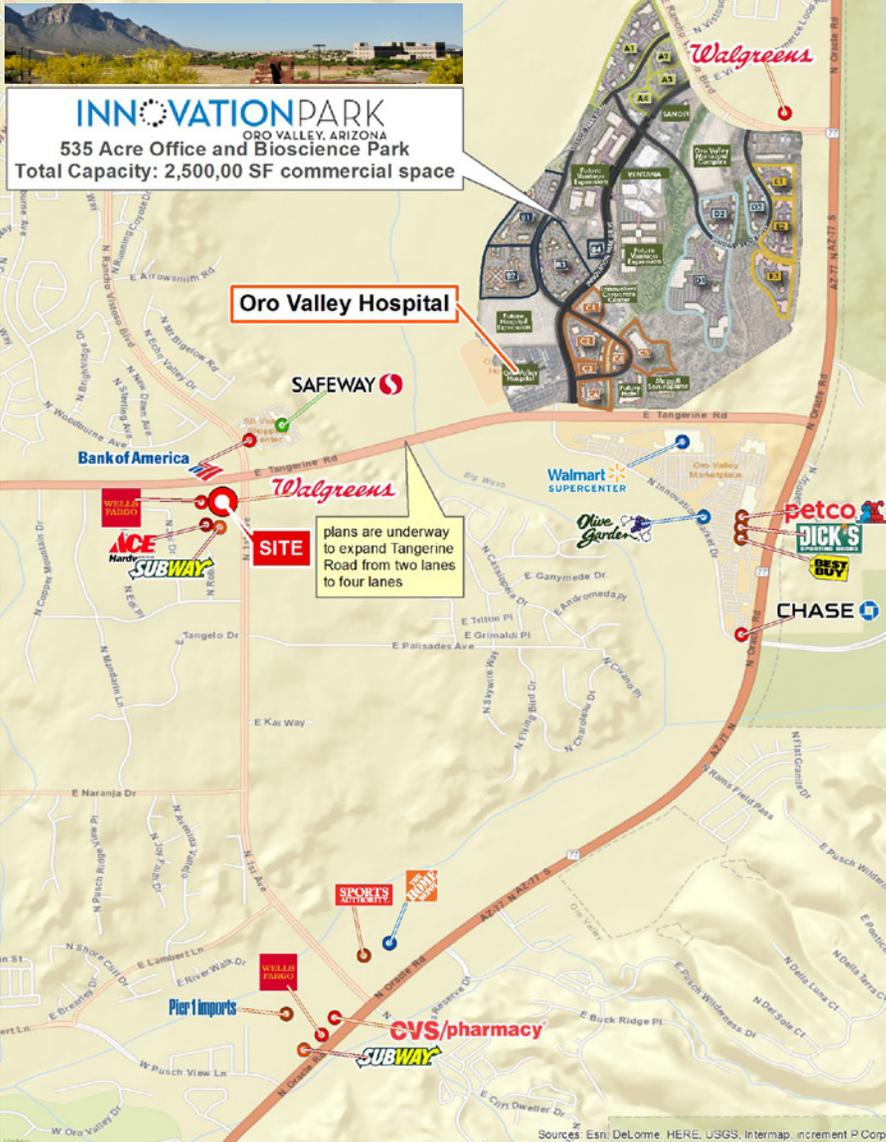
The University of Arizona is a rich source for area start-ups and provides robust incubator support. Located a few miles north is the University of Arizona's Biosphere 2 research complex, which is focused on earth science and addressing issues of global environmental change using multidisciplinary research.

In addition, the University of Arizona Bio5 Institute is close by. The Institute focused on agriculture, engineering, medicine, pharmacy and science. Bio5 has brought these five disciplines together to tackle the complex biology-based challenges affecting our world

[HTTPS://WWW.INNOVATIONPARKAZ.COM/.](https://www.innovationparkaz.com/)



Site Location



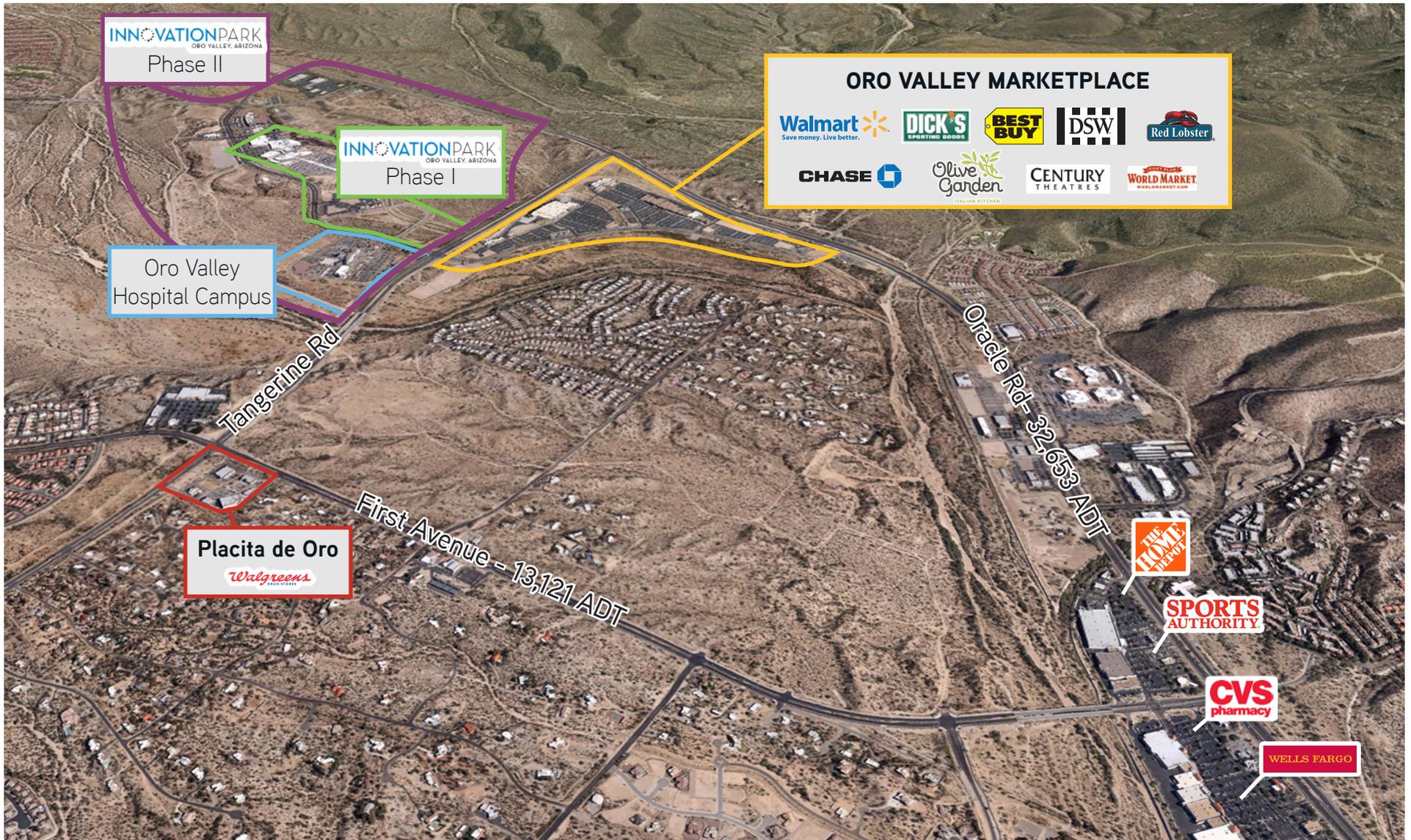
Aerial



Aerial

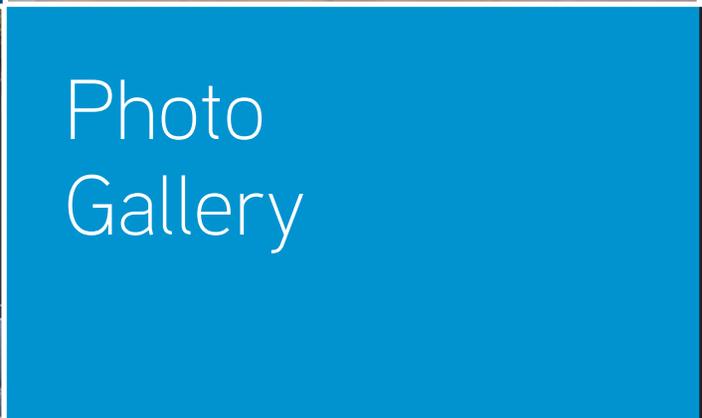


Aerial



Regional Mall Map







Contact us:

John Barnes

Vice President

+1 602 222 5042

john.barnes@colliers.com

LIC# BRO26952000

This document has been prepared by Colliers International for advertising and general information only. Colliers International makes no guarantees, representations or warranties of any kind, expressed or implied, regarding the information including, but not limited to, warranties of content, accuracy and reliability. Any interested party should undertake their own inquiries as to the accuracy of the information. Colliers International excludes unequivocally all inferred or implied terms, conditions and warranties arising out of this document and excludes all liability for loss and damages arising there from. This publication is the copyrighted property of Colliers International and/or its licensor(s). ©2018. All rights reserved.

Colliers International
2390 East Camelback Road | Suite 100
Phoenix, AZ 85016
colliers.com



Accelerating success