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Single Tenant Net Lease Investment Opportunity



SALE PRICE
\$2,485,000



CAP RATE
7.5%



BUILDING SIZE
24,048 RSF



SITE SIZE
2.174 Acres

OFFERING MEMORANDUM

1411 West US Highway 50 | Pueblo, Colorado 81008

navpoint
NET LEASE
A Division of NavPoint Real Estate Group
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Executive Summary



 Staples™



Corporate Guaranteed (S&P B+ Stable) with Recent Renewal with High Returns

- > Approximately 5.5 years remaining with one (5-year) option to extend
- > Corporately guaranteed by an investment grade tenant (S&P B+ Stable)
- > Recent renewal (March 2019) shows Staples commitment to the Trade area and profitability of the location



Below Market Rents and Low Cost Per SF

- > Asking price of \$2,485,000 equates to \$103 per SF (24,048 SF) which is significantly below replacement cost
- > Staples is currently paying \$7.75/SF in rent which is below market compared to other similar sized boxes in the trade area.
- > The potential upside in rents (10-12%+ cap rate) if Staples vacates makes the property extremely attractive for a long term investment



Pueblo and Trade Area Information

- > This Staples Office Superstore is located in the middle of a major regional Shopping Center situated at the junction of Interstate 25 and US Highway 50 which boasts some of the highest traffic counts in Pueblo.
- > Pueblo is the economic hub of Southern Colorado and offers a vast trade area that extends to a 20 county area in Colorado and New Mexico representing over 370,000 people.

Proximity to Other National Tenants

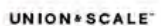
- > Adjacency to other national retailers promotes crossover shopping and synergy for goods and services retailers
- > Immediately adjacent to Lowe's Home Improvement, Alberton's, Starbucks, Chick-fil-A, O'Reilly Auto Parts
- > Other national/credit tenants nearby include Target, Walmart Supercenter, Sam's Club, The Home Depot, Best Buy, Ross Dress for Less, TJ Maxx, and many more
- > One mile west of Pueblo Mall with Dillard's, Planet Fitness, JCPenney, Boot Barn and More



New Leadership, New Branding

- > Staples hired a New CEO at the beginning of 2018 – Sandy Douglas most recently served as president of Coca-Cola North America after a 30 year tenure with the company. [MORE INFO HERE](#)
- > Staples rebrands as the Worklife Fulfillment Company. The reinvention includes a new logo, five new private-label product lines, a forthcoming website redesign, an online *Product Solutions Guide*, and new pages on social media using the hashtag #WorklifeSolutions. [CLICK HERE FOR DETAILS](#)

NEW BRANDS



The Offering

- Renewal in March of 2019 shows Staples commitment to the location
- 20 year operating history at this location for Staples
- Attractive long term investment with BELOW MARKET RENTS
- Ideally located on Highway 50 less than ½ mile from Interstate 25
- Large parking field with access easement to Highway 50
- Strongest Retail Trade area in Pueblo


SALE PRICE
\$2,485,000


CAP RATE
7.5%


BUILDING SIZE
24,048 RSF


SITE SIZE
2.174 Acres



Address: 1411 West US Highway 50

City & County: Pueblo

Parcel Number: 513056002

Parking Ratio: 4.8 per 1,000 SF

Zoning: B-3 Highway & Arterial Business

Occupancy: Single Tenant





Staples - the Office Superstore, LLC

1411 West US Highway 50 | Pueblo | Colorado

Stock Photo: Not Actual Location

Price	\$2,485,000	Tenant	Staples - the Office Superstore, LLC
Price Per SF	\$103.34	Lease Start	September 1, 1999
CAP Rate	7.5%	Lease Expiration	August 31, 2024
Building Type	Single Tenant Retail	Monthly Base Rent	\$15,531.00 commencing 9/1/2019
Gross Leasable Area	24,048 RSF	Options to Extend	One, 5 year option with monthly base rent increase to \$17,034.00, subject to roof replacement conditions set forth in Lease
Lot Size	2.174 Acres (94,717 SF)		

Forbes #20

**America's Largest
Private Companies 2018**



INDUSTRY	Retailing
COUNTRY	United States
CHIEF EXECUTIVE OFFICER	J. Alexander Douglas
EMPLOYEES	77,000
FISCAL YEAR END	Jan 31, 2018
SALES	\$16B
HEADQUARTERS	Framingham, Massachusetts
As of Oct 24, 2018 Source: forbes.com	

The Tenant

Staples, Inc. engages in the provision of office supplies retail. It offers a range of products of copy and print and technologies through an integrated retail and online shopping. It operates through the following segments: North American stores and online, North American commercial, and International operations. The North American Stores and Online segment includes the company's retail stores and Staples.com businesses in the U.S. and Canada. The North American commercial consists of the U.S. and Canadian businesses that sell and deliver products and services directly to businesses, including Staples Advantage and Quill.com. The International operations segment covers operations in twenty three countries in Europe, Australia, South America and Asia. The company was founded in 1985 by Thomas G. Stemberg and is headquartered in Framingham, MA.

Stock Photo: Not Actual Location



The Staples Story

We've been helping businesses for nearly 30 years, and it's all thanks to a broken typewriter ribbon.

How it all began: In 1985, Staples' founder Tom Stemberg, a former supermarket chain executive turned entrepreneur, was working on a business proposal over the Fourth of July weekend when his typewriter ribbon broke. Because it was the holiday weekend, local suppliers and stationery stores were closed. After driving from store to store and not finding the correct ribbon, Tom came to a realization: The world needed a supermarket for office products.

Ten months later, Staples, the first office superstore, was open for business. And office supplies became more accessible, and affordable, to all who needed them. Many things have changed over the past quarter century, from our expanded product selection to our growing number of stores and ways to shop to becoming a truly global company. But one thing has remained the same: Our customers are our priority, and we're here to help them make more happen, no matter what it is they want to accomplish.

Staples Online

Staples maintains a strong online presence serving over 30 countries with several websites including:

staples.com

quill.com

*Office Supplies, Paper & Ink,
Computers and Technology,
Office Furniture, Janitorial and
Break room supplies*

design.staples.com

*Print and Marketing Services,
Promotional Products*

www.staplesadvantage.com

Business Services

www.staples4government.com

Federal Government Supplies

Source: staples.com

Who we are: Providing products to the people who want to make more happen is what we do. But who we are is something much more important. Over the past 25+ years, we've worked hard to build a powerful brand that people connect with, trust and believe in.

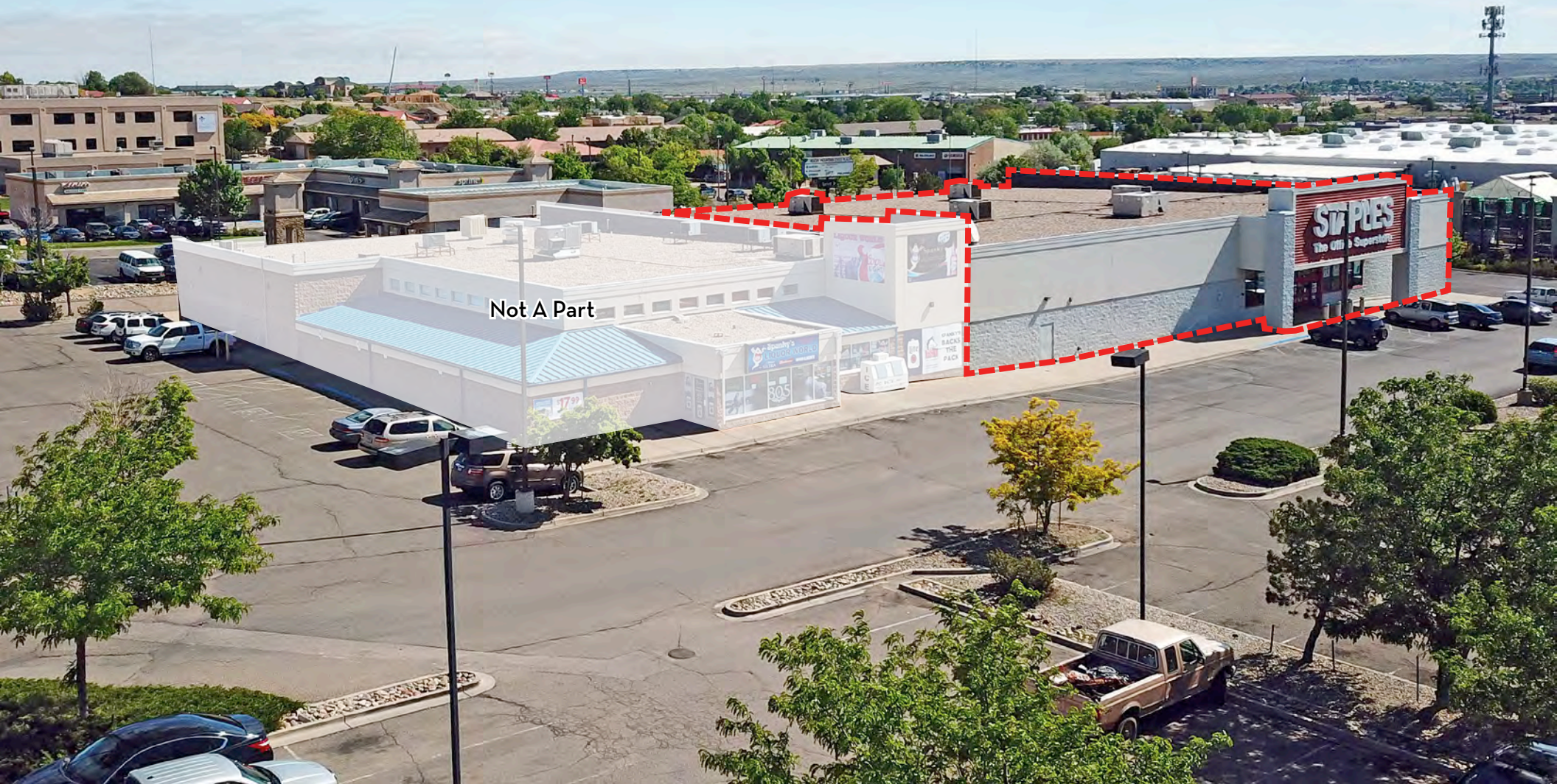
In our earlier days, we let customers know "Yeah, we've got that." They could feel confident that whatever office supplies they needed, they could find at Staples. In the early 2000s, a new tagline was introduced: that was easy. These three simple words set us apart from competition and signified that we were about more than just selection; we were also about the easiest shopping experience possible.

And now? We live in a ridiculously busy world in which everyone is trying to do more – whether it's starting a business, striving to be the world's best teacher or checking off a mile-long to-do list. While easy is still a big part of who we are, our customers need more than just an easy experience and the usual office supplies to make their dreams a reality. They need Staples to be there with every product their businesses need to succeed, so they can make more happen.





Property Overview



Not A Part

Property Highlights

- 100% Leased - National Credit Tenant
- Excellent Highway Visibility
- Adjacent to Lowes Home Center
- Pueblo, Colorado – 100,000+ Population

Building Features

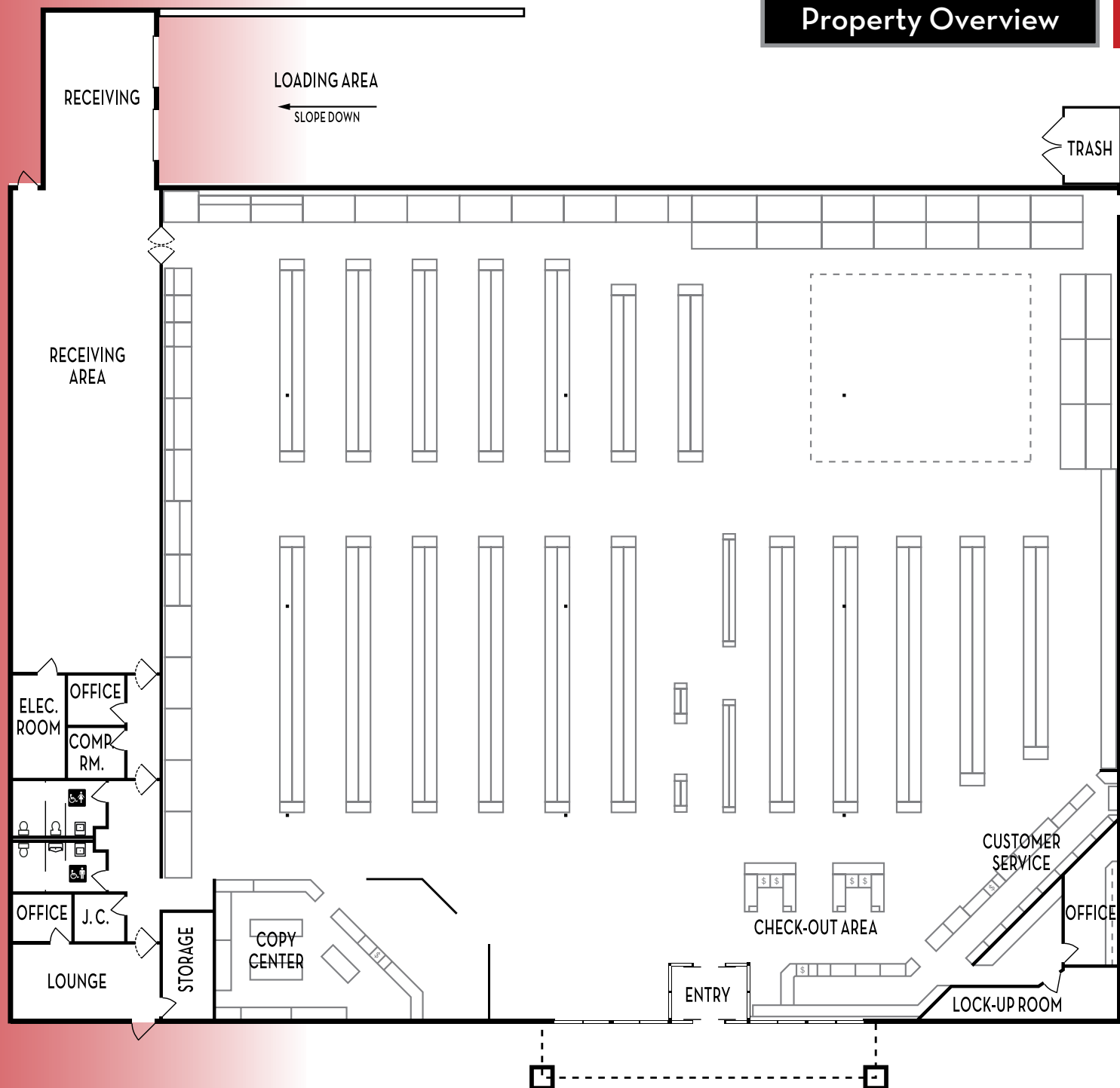
Building Size	24,048 RSF
Number of Floors	One
Year Built	1999
Construction	Masonry
Exterior	Stucco/Brick
Roof	Ballasted EPDM
HVAC	Multiple RTU's
Loading	2 Docks

Service Providers

Electric	Black Hills Energy
Water & Sewer	Board of Waterworks
Natural Gas	Xcel



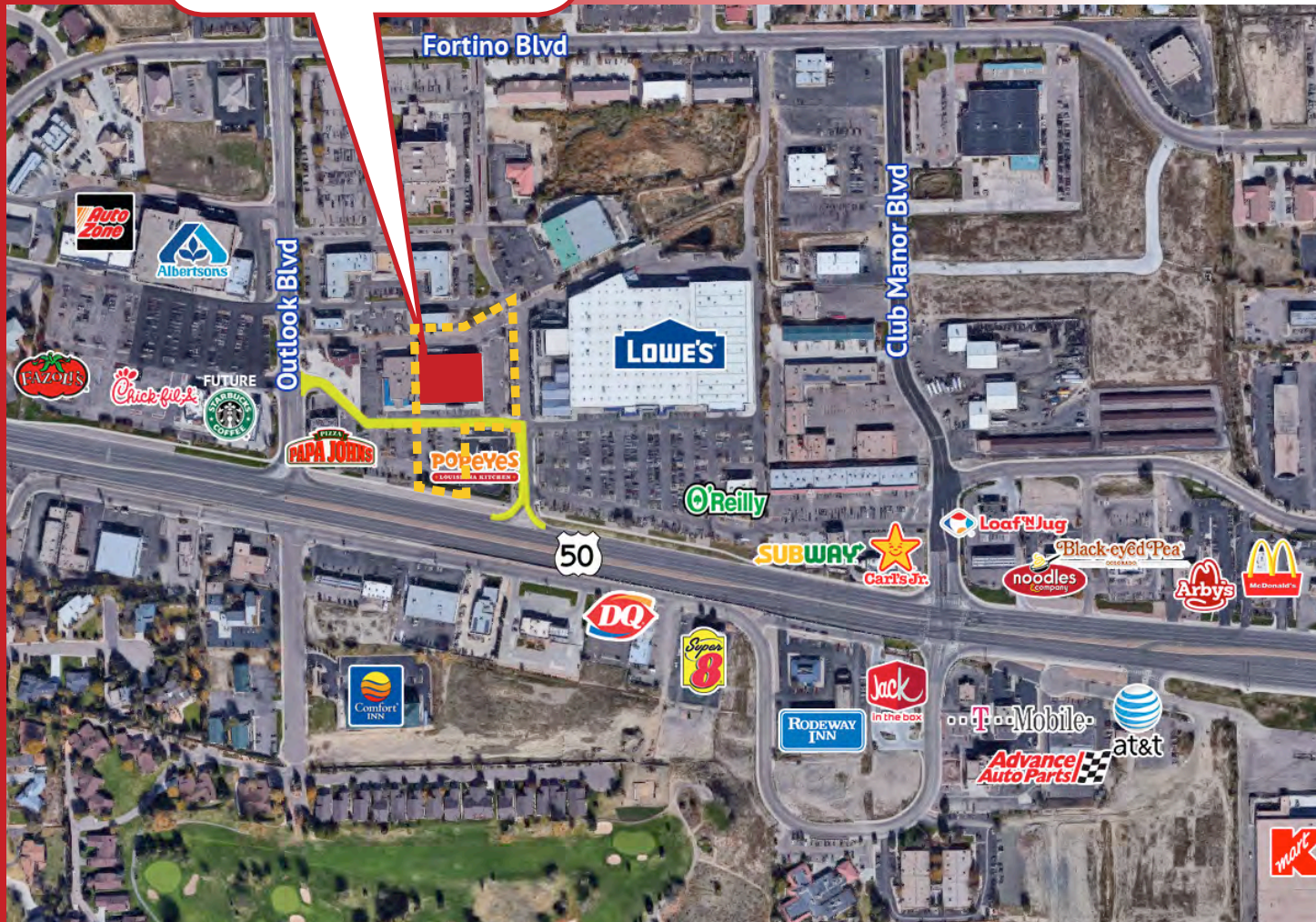
Floor Plan





Staples™

- Highly visible building adjacent to Lowes
- Located 1 mile west of Interstate 25
- Easily accessible from US Highway 50



Staples - The Office Superstore

is located in the middle of a major regional shopping district situated at the junction of I-25 and the US Highway 50. This is one of the highest traffic intersections in north Pueblo.

This location has a vast trade area that extends to a 20 county area in Colorado and New Mexico, representing over 370,000 people.

The area just a mile west, on the eastern side of Interstate 25, is comprised of newer retail developments, including users such as: Bed, Bath & Beyond, Petco, Old Navy, Chili's, Cracker Barrel, Harley Davidson, Texas Roadhouse, Jack in the Box, Staples, Lowe's, Target, Albertsons, Kohl's, Best Buy and more.

There are several hospitality properties within the neighborhood including: LaQuinta Inn, Wingate Inn, Best Western, Comfort Inn and Ramada Inn.

Pueblo Mall is at the southwest and southeast corners of Interstate 25 and U.S. Highway 50 East (just south of the subject). Pueblo Mall is a 560,966+/- square foot enclosed shopping center that features 75 specialty stores, and is anchored by Dillard's, Sears, JC Penney and Sports Authority.



Financial Analysis

Lease Summary

Financial Analysis

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Tenant	Premises	Lease Type	Building Size	Lease			Current Rent	Renewal Option Term
				Current Term	Commence Date	Expiration Date		
STAPLES The Office Superstore, LLC, a Delaware limited liability company	The Building located at 1411 Hwy 50 West, Pueblo, Colorado 81008	NNN	24,048 SF	60 Months	9/1/1999	8/31/2024	\$15,531.00 Monthly	See Below Notes
							\$186,372.00 Annually	
				Renewal Option	Commence Date	Expiration Date	Renewal Rent	Renewal Option Notes
				60 months	9/1/2024	8/31/2029	\$17,034.00 Monthly	One, five year option to extend at \$17,034.00 per month subject to roof replacement conditions set forth in Lease and below
							\$204,408.00 Annually	

TENANT RESPONSIBILITIES	All interior elements of the Building, exterior sign panels, plate glass, vestibules, and doors, landscaping, trash removal, snow and ice removal, and sand/debris removal.
LANDLORD RESPONSIBILITIES	Repair and replacement of building foundation, flooring, structural supports, roof structure, walls, canopies, and store fronts (excluding plate glass, vestibules, and doors).
ROOF	Tenant maintains and repairs the roof at its sole cost and expense. In the event the roof requires replacement, Tenant has two options: (1) Tenant replaces the roof at its sole cost and expense and is granted one, five year option to extend at \$17,034.00 per month, (2) Tenant requires Landlord to replace the roof at its sole cost and expense and loses its five year option to extend the Lease.
HVAC	Tenant maintains, repairs, and replaces (if necessary) all HVAC systems at its sole cost and expense
PARKING LOT	Tenant maintains, repairs, and replaces (if necessary) the parking lot.
INSURANCE	Tenant reimburses Landlord for building insurance
UTILITIES	Tenant pays all utility providers directly
PROPERTY TAXES	Tenant pays directly or reimburses Landlord

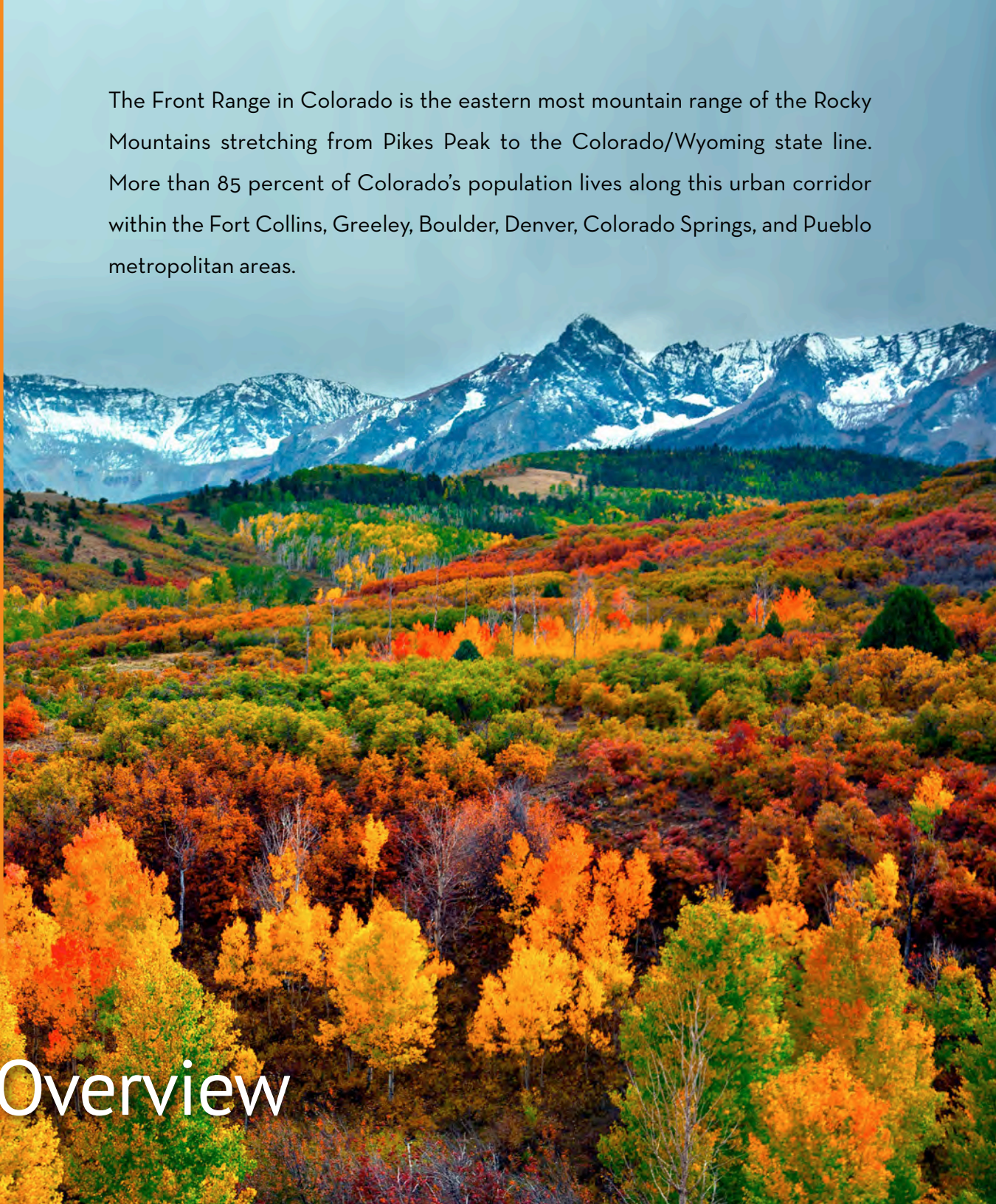
Rent Schedule & Valuation Summary

PURCHASE PRICE	Lease Year Ending	Annual Rent	Cap Rate
\$2,485,000	8/31/2020	\$186,372.00	7.50%
	8/31/2021	\$186,372.00	7.50%
	8/31/2022	\$186,372.00	7.50%
	8/31/2023	\$186,372.00	7.50%
	8/31/2024	\$186,372.00	7.50%

OPTION PERIOD		
8/31/2025	\$204,408.00	8.23%
8/31/2026	\$204,408.00	8.23%
8/31/2027	\$204,408.00	8.23%
8/31/2028	\$204,408.00	8.23%
8/31/2029	\$204,408.00	8.23%



The Front Range in Colorado is the eastern most mountain range of the Rocky Mountains stretching from Pikes Peak to the Colorado/Wyoming state line. More than 85 percent of Colorado's population lives along this urban corridor within the Fort Collins, Greeley, Boulder, Denver, Colorado Springs, and Pueblo metropolitan areas.



Location Overview

Pueblo Colorado

#2

Best Food Festivals
Livability 2011

#6

Cheapest Place to Live in the US
Destination Tips, 2014

#7

Best Place for Historic Preservation
Livability, 2012

#7

Best Foodie City
Livability 2012

Downtown's Historic Arkansas Riverwalk Project serves as a centerpiece for the city's 3-district Creative Corridor of galleries, cultural destinations and events.

Location Overview

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Pueblo is the economic hub of southeastern Colorado. Located at the confluence of the Arkansas River and Fountain Creek, 112 miles south of Denver, the city is an international, multi-racial and multi-cultural community. With a population over 160,000 people, Pueblo has a well-established Hispanic community that comprises more than 40 percent of the population. Being in the "banana belt" of the region, it has less snow than most of Colorado. Pueblo has one of the lowest housing and life costs in whole of America. And as the hometown of four Medal of Honor recipient, more per capita than any other city in the United States – Pueblo is also known as the "Home of Heroes."

Industry

One of the largest steel-producing cities in the United States, Pueblo is sometimes referred to as the "Steel City". The City is the promoter of renewable energy. It is considered as Colorado's primary locality for solar energy development and as the main location for solar companies. Xcel Energy Company is currently constructing the biggest solar-energy farm on the east side of the Rocky Mountains. In addition, Vestas Wind Systems constructed the world's largest wind turbine tower manufacturing plant at Pueblo's industrial park.

Sports and Entertainment

The city enjoys contemporary recognition on both national and international levels as the home of Colorado State University-Pueblo (2014 NCAA Division II Football National Champions) and Professional Bull Riders, Inc. →

Pueblo is the home of the Colorado State Fair, Colorado's largest single event, held every year in the late summer since 1872. The long tradition of the big Colorado State Fair started as a simple horse exhibition in the late 1869. Two thousand people came to Pueblo that first year to see the exhibition, and since then, the event grew into the biggest summer event in the State, which offers families a fun and educational vacation. The fair hosts competitive activities such as livestock and horse shows, fine arts exhibitions, concerts, carnival and rodeo events including the National Little Britches Rodeo Finals. Other big event held annually in Pueblo is Chile and Frijoles Festival. It takes place on the third weekend after Labor Day and gathers around 100,000 visitors on average during the three days it lasts. The festival pays homage to two of the Pueblo area's most loved crops - green chilies and frijoles or pinto beans. The event features music, arts and crafts and cooking competitions. It is held in the downtown of the city.

If you want to spend a day outdoors, you can visit the Lake Pueblo State Park. It is a state park in Pueblo County and it includes Lake Pueblo (or Pueblo Reservoir) and 10,000 acres of land that surrounds it. Activities include recreational fishing, swimming, hiking, camping and there are two full-service marinas. The land surrounding the lake is home for many species of wildlife.

Points of interest include the Steelworks Museum of Industry and Culture. The museum holds exhibits that depict the local history of coal mining and steel production, railroads and the impact the Colorado Fuel and Iron Company had on this region. Other museums in Pueblo include Buell Children's Museum, El Pueblo History Museum and Weisbrod Aircraft Museum. The Pueblo's Zoo is home to more than 420 animals of over 140 different species

Transportation

Pueblo has been an important crossroads for transportation and trading for more than 150 years.

The City of Pueblo operates Pueblo Transit. Greyhound Lines provides bus service towards Denver, Colorado; Amarillo, Texas; Albuquerque, New Mexico. Bus service is provided daily eastward towards Wichita, Kansas. Bus service to La Junta provides connection to Amtrak rail transportation. The Southwest Chief stops in La Junta (Amtrak station) twice each day and provides passenger rail service towards Los Angeles and Chicago.

Pueblo Memorial Airport is situated 6 miles east of Pueblo, Colorado on the dynamic Front Range. It offers an impressive airfield capable of handling virtually any size aircraft. The mid-continent location makes an excellent stopover for bi-coastal businesses needing a convenient place to refuel and operate. Additionally, this highly desirable geographic location south of the congested metro areas of Denver and Colorado Springs provides a variety of significant added benefits for those businesses choosing to locate here. Competitive landing and ramp fees - Lower rates than both Colorado Springs and Denver airports (no landing fees for aircraft less than 25,000 pounds)

Pueblo Union Depot is the historic railroad station in town. It was built in the Richardsonian Romanesque style in 1889-1890 and added to the National Register of Historic Places in 1975.

Initially the station was served by the Denver & Rio Grande Western Railroad, the Atchison, Topeka and Santa Fe Railway, the Colorado & Southern Railway, the Missouri Pacific Railroad, and the Chicago Rock Island & Pacific Railroad. Today the Union Pacific Railroad and the BNSF Railroad share use of the tracks, and the depot is privately owned. Regular passenger train service no longer exists but proposals including the Front Range Commuter Rail, which would provide service to Denver and Colorado Springs has been made. In addition, the depot may soon be included on the route of Amtrak's Southwest Chief.



Loaf 'N Jug Chile & Frijoles Festival



Pueblo is the hometown of four Medal of Honor Recipients



Pueblo Union Depot

Source: <http://pueblo.org>, wikipedia.org, www.livability.com, <http://www.hotelroomsearch.net/top-destinations/pueblo-colorado>

Top Employers in Pueblo

# of Employees	Employer Name
2000+	School District 60
1,000-2,999	Parkview Medical Center St. Mary Corwin Medical Center School District 70 Loaf 'n Jug Colorado Institute of Mental Health Pueblo County Trane Company Convergys
750-999	Rocky Mountain Steel Wal-Mart Stores Inc.
500-749	City of Pueblo Target Distribution Colorado State University- Pueblo Pueblo Community College
400-499	Qwest Communications
300-399	Safeway Inc. U.S. Postal Service King Soopers Innotrac Corp. Pueblo Diversified Industries Inc. Mission Foods-Pueblo
150-299	B.F. Goodrich – Carbon Products American Association of Railroads Pueblo Chieftain Benesight



Colorado State University-Pueblo

Education

More than 18,000 students attend Pueblo City Schools, which has numerous International Baccalaureate and STEM Magnet campuses that have been instrumental in helping their students earn more than \$10 million in scholarships last year. Pueblo County School District 70 has 8,000 students who attend more than two dozen facilities that include a Connect Charter School and a School of Engineering and Biomedical Science.

Both school districts provide several opportunities to work towards earning college credit through a concurrent enrollment agreement with Pueblo Community College and CSU-Pueblo. Students have access to a free Early College Program, where they can ultimately graduate with both a high school diploma and an associate or vocational degree, thereby saving up to \$10,000 in college tuition fees.

Pueblo Community College is a two-year public institution that offers certificates and associate degrees along with a wide range of technical programs. PCC

has 6,500 students and features affordable classes and a learning environment focused on critical and creative thinking, problem solving, intellectual inquiry and global awareness.

Colorado State University-Pueblo CSU-Pueblo, with more than 5,000 students, has 28 undergraduate, eight graduate and 11 pre-professional programs in four separate schools. It is one of only seven colleges in the U.S. with a degree in mechatronics, which combines electrical and mechanical engineering. CSU-Pueblo also gives area high school students the opportunity to earn college credits through dual enrollment.

IntelliTec College Started in 1965, Intellitec College is a technical career training school that allows students to earn associate degrees and professional certificates. Students may train to become automotive technicians, biomedical equipment technicians, cosmetologists, dental assistants, health information technicians, massage therapist, medical assistants, nursing assistants, personal trainers, pharmacy technicians and refrigeration/HVAC technicians and for positions in business office administration and computer and network systems.



Source: <http://pueblo.org>, wikipedia.org, www.livability.com, <http://www.hotelroomsearch.net/top-destinations/pueblo-colorado>



\$81,765
AVERAGE HOUSEHOLD
INCOME
1 MILE RADIUS



30.78%
POPULATION GROWTH
1 MILE RADIUS
2010-2019



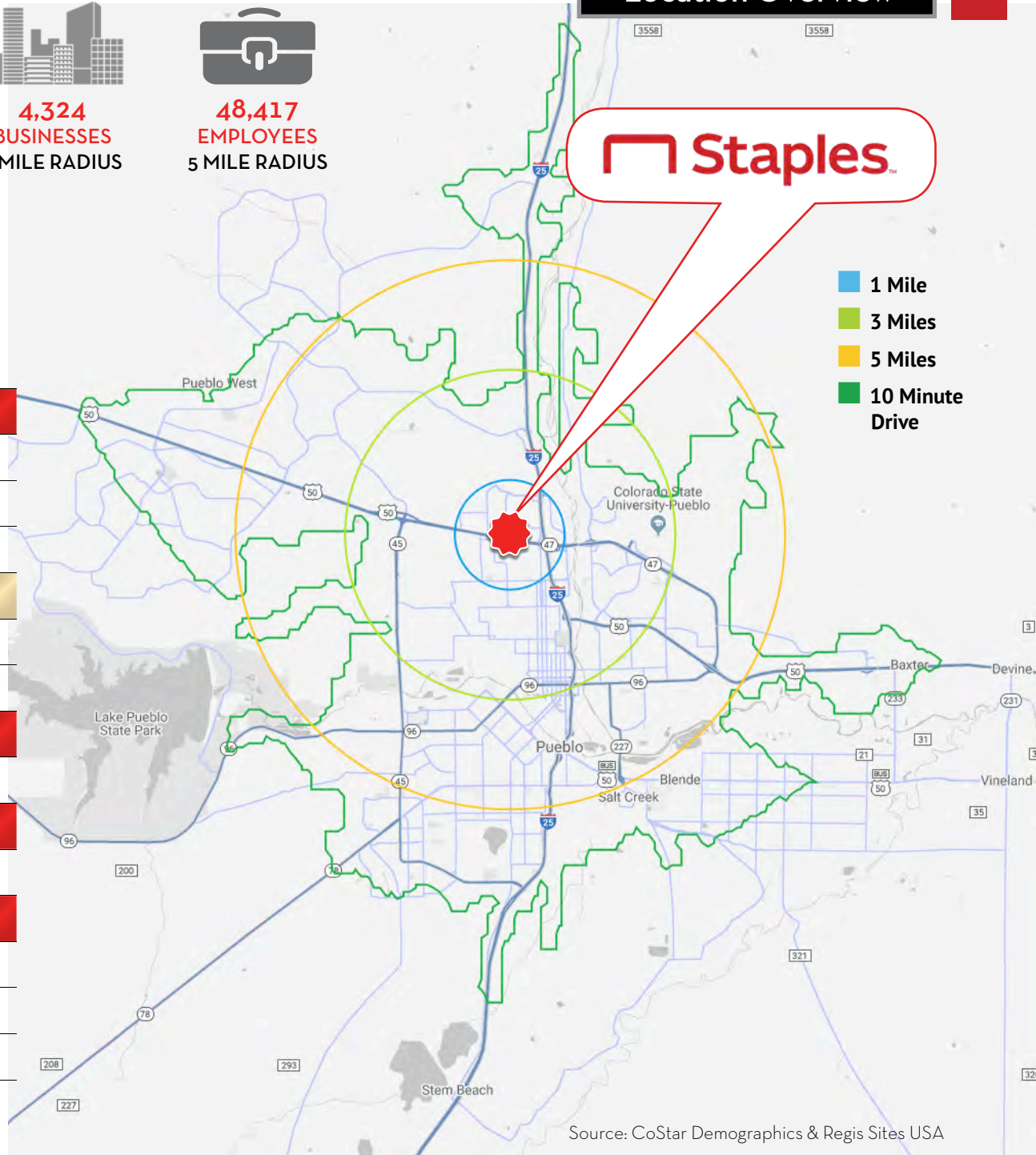
4,324
BUSINESSES
5 MILE RADIUS



48,417
EMPLOYEES
5 MILE RADIUS

Demographics

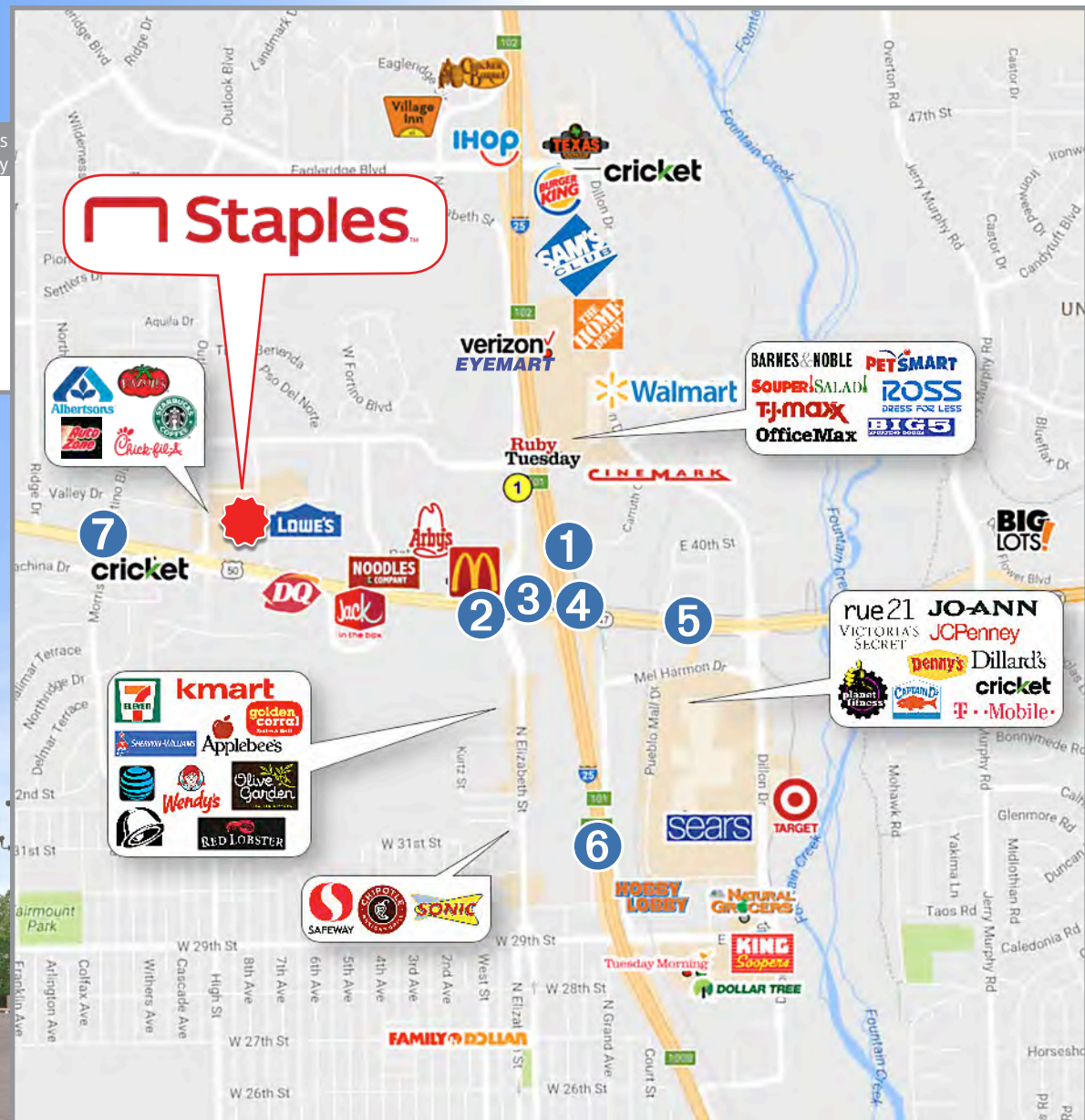
	1 MILE	3 MILES	5 MILES
POPULATION			
2024 Projection	12,991	49,053	94,278
2019 Estimate	12,059	46,652	90,014
Growth 2019-2024	7.73%	5.19%	4.74%
Growth 2010-2019	30.78%	11.42%	8.34%
Average Household Size	2.30	2.30	2.30
Median Age	39.50	37.80	37.90
HOUSEHOLD INCOME			
2019 Average	\$81,765	\$59,512	\$53,210
HOUSING			
Median Home Value	\$176,250	\$148,751	\$136,028
EMPLOYMENT			
Employed	5,793	19,779	37,658
Non-Workforce	3,593	16,635	31,865
Unemployed	2.32%	2.59%	2.88%



Source: CoStar Demographics & Regis Sites USA

Traffic Counts

Street	Cross Street	Cross Str Dist	Average Daily Vol	Volume Type	Miles Away
1 N I-25	E 40th St	0.22 S	28,708	MPSI	.17
2 W United States Highway 50	N Elizabeth St	0.03 W	45,693	MPSI	.51
3 W United States Highway 50	N Elizabeth St	0.09 E	40,348	MPSI	.52
4 State Highway 47	N Fwy	0.01 E	31,724	MPSI	.53
5 State Highway 47	Pueblo Mall Blvd	0.01 W	37,924	MPSI	.61
6 N I-25	W 31st St	0.07 S	35,290	MPSI	.89
7 W United States Highway 50	Fortino Blvd W	0.03 W	37,514	MPSI	.92





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