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WALGREENS
Fridley, MN
ACT ID Z0290386

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By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

Marcus & Millichap

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INVESTMENT OVERVIEW



PORTFOLIO OVERVIEW

Property Name	Address	Year Built	Building Size (SF)	Asking Price	Asking Cap Rate	Price per SF	Annual Rental Rate	Rental Rate per SF
Walgreens	6525 University Ave NE Fridley, MN	1998	13,905	\$3,857,143	7.00%	\$277.39	\$270,000	\$19.42
Walgreens	5995 US-6 Portage, IN	1999	13,838	\$3,487,677	7.10%	\$252.04	\$247,625	\$17.89
	Total SF: 27,743 Total Price: \$7,344,820 Total Annual Rent: \$517,625 Avg Rent: \$18.66							

EXECUTIVE SUMMARY

OFFERING SUMMARY	
Price	\$3,857,143
Net Operating Income	\$270,000
Capitalization Rate – Current	7%
Price / SF	\$277.39
Rent / SF	\$19.42
Lease Type	NN
Gross Leasable Area	13,905 SF
Year Built / Renovated	1998
Lot Size	2.32 acre(s)
FINANCING	
Loan Amount	\$2,507,143
Loan Type	Financed - New Loan
Loan to Value	65.00%
Down Payment	35% / \$1,350,000
Interest Rate / Amortization	4.25% / 25 Years
Annual Loan Payment	\$162,986
Net Cash Flow After Debt Service	7.93% / \$107,014
Cash on Cash Return	7.93%
Total Return	\$164,559

MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES*
Medtronic	5,521
Goodwill Industries Inc	3,042
Medtronic Usa Inc	2,500
Medtronic World Trade Corp	2,500
Integris Metals	2,400
Cummins Power Generation Inc	2,303
Rivervillage North	1,700
Target	1,119
Honeywell	800
RMS Company	700
Parsons Electric LLC	690
Allied National Services	610

DEMOGRAPHICS

	1-Miles	3-Miles	5-Miles
2018 Estimate Pop	8,272	92,187	254,089
2010 Census Pop	8,006	88,923	242,709
2018 Estimate HH	3,408	36,094	98,621
2010 Census HH	3,267	34,723	94,148
Median HH Income	\$58,752	\$60,321	\$60,066
Per Capita Income	\$28,286	\$29,586	\$29,616
Average HH Income	\$68,495	\$75,360	\$76,041

* # of Employees based on 5 mile radius

INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present the corporate Walgreens located at 6525 University Ave NE in Fridley, Minnesota. The property was constructed in 1998 as a build-to-suit for Walgreens. This 13,905 square foot building is situated on a 2.32 acre lot. The tenant, Walgreen Co., has nearly nine years remaining on the base lease term with eight, five-year options to renew. Walgreen Co. is subject to a corporately-guaranteed NN lease with the landlord responsible for roof & structure.

Walgreens is owned by the Walgreens Boots Alliance, Inc. (NASDAQ: WBA, S&P BBB). The parent company is currently the largest retail pharmacy in the US and Europe, with 13,200 stores in over 11 countries. Walgreens is a market leader in the US and has 9,560 retail stores which includes Walgreens and Duane Reade. More than eight million customers interact with Walgreens each day in communities across America, using the most convenient, multi-channel access to consumer goods and services and trusted, cost-effective pharmacy, health and wellness services and advice.

This Walgreens property is strategically located with excellent visibility on University Avenue at the corner of a signalized intersection. The property also benefits from its close proximity to Interstate-694, which experiences over 155,000 vehicles per day. The immediate trade area is home to an abundance of national retailers and quick-service restaurants including Target, Walmart Supercenter, Sams Club, The Home Depot, Planet Fitness, Cub Foods, Big Lots, among many others. Walgreens is also situated less than two miles from Mercy Hospital Unity Campus, a 164-bed short term acute care hospital. There are 11.8+ million square feet of retail within a five-mile radius from this asset. Walgreens is located 3.5 miles from Northtown Mall which has 100+ stores and is anchored by Hobby Lobby, Burlington Coat Factory, Best Buy, and LA Fitness. University Avenue NE experiences over 34,000 vehicles per day.

Fridley, Minnesota is situated ten miles north of Minneapolis and features great demographics; there are over 255,000 residents with an average household income exceeding \$73,000 within a five-mile radius.

This Walgreens property provides an investor with a stabilized investment grade asset situated near a hospital.

INVESTMENT HIGHLIGHTS

- Nearly Nine Years Remaining on Corporately Guaranteed, NN Lease Term
- Investment Grade Tenant | Walgreen Co. (S&P: BBB)
- Excellent Visibility on University Avenue NE 34,000 Vehicles Per Day
- Drive-Thru Pharmacy
- Core Retail Market: 11.8+ Million Square Feet of Retail Within Five Miles
- Close Proximity to Mercy Hospital Unity Campus and Northtown Mall
- Great Demographics – Over 255,000 Residents With an Average Household Income Exceeding \$73,000 Within a Five-Mile Radius



Walgreens
drive thru pharmacy





Walgreens Boots Alliance, Inc.

Whether you get your drugs from the pharmacist or the chemist, Walgreens Boots Alliance has you covered. The company, formed when US-based Walgreen Co. bought its European counterpart Alliance Boots, includes nearly 13,000 retail pharmacies (or chemists in some parts of the world) in 10 countries, mostly the US and its territories and the UK, selling prescription and OTC drugs along with health and beauty products and general merchandise.

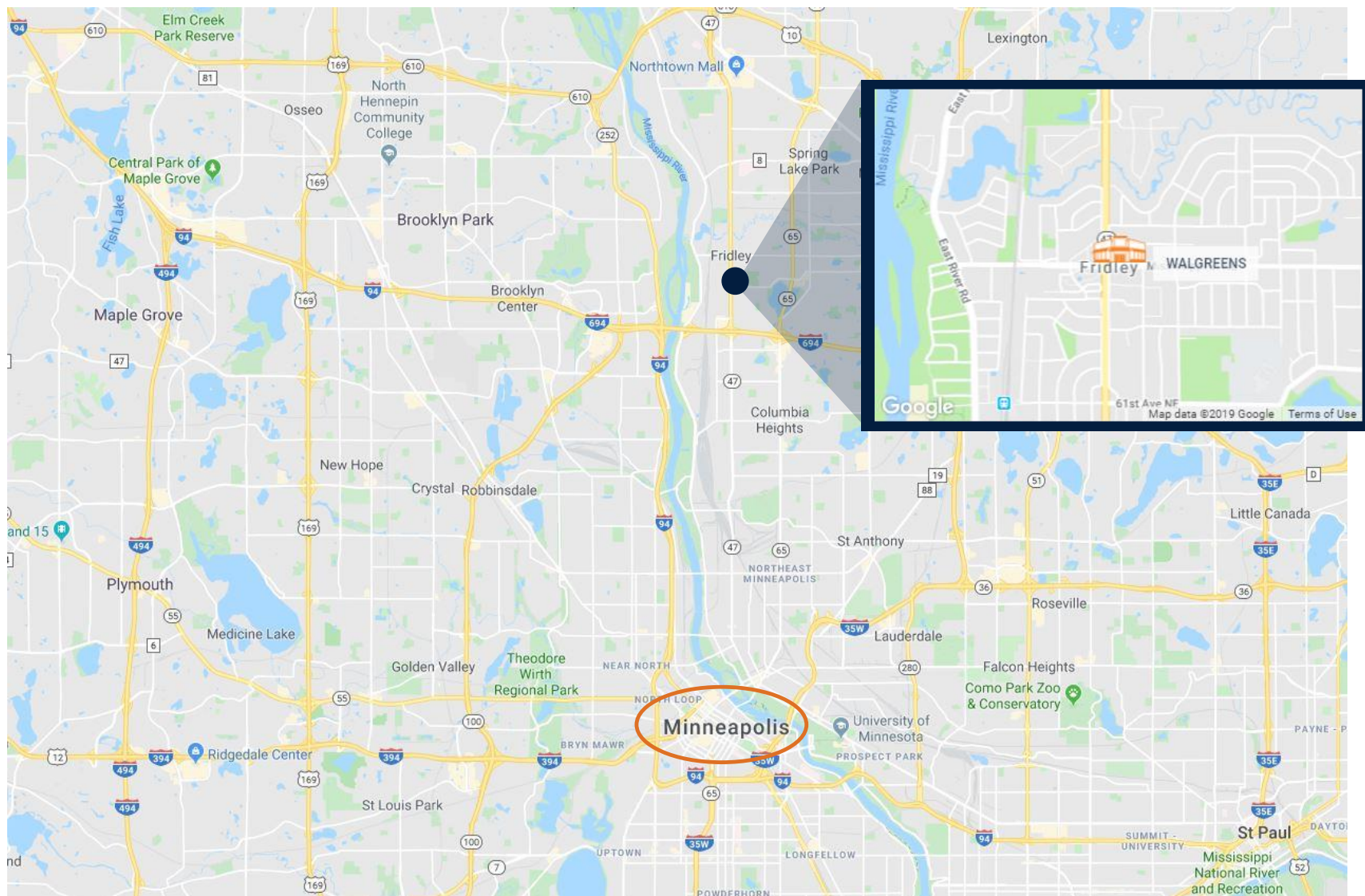
The Alliance Boots part of the company also includes wholesale operations serving more than 200,000 pharmacies, hospitals, and clinics in a nearly 20 countries. Walgreens Alliance Boots was formed in 2014. Founded in 1901, Walgreens Boots Alliance, Incorporated is the nation's largest drugstore chain. Charles R. Walgreen built the chain from a single drugstore where he created his own drug products. By 1919 there were 20 stores, and in 1927 the Company went public. Three years later, the store count was well over 500. Today, Walgreen operates over 8,200 stores in all 50 states, DC, Puerto Rico and the United States Virgin Islands.

The drug store completed its nearly \$4.4 billion acquisition of more than 1,900 Rite Aid stores and three distribution centers in March, although the stores won't be fully integrated into Walgreens until the 2020 fiscal year. In the past year, the drugstore has also partnered with Humana to offer senior-focused care, Alphabet's Verily to assist patients with chronic illness, FedEx to offer next-day prescription delivery, and Kroger to test an in-store grocery pilot and let Walgreens serve as a pickup point for online grocery orders. The drugstore has also cleared space for CBD products to be sold in 1,500 stores across nine states.

Tenant Profile

Tenant Trade Name	Walgreens Boots Alliance, Inc.
Ownership	Public
Number of Locations	9,560+
Chief Financial Officer	George Fairweather
Address	108 Wilmot Rd , Deerfield, Illinois
Website	www.walgreens.com
TTM Sales	\$136.3 Billion (2019)
Stock Ticker	WBA
Current Price	\$52.11 as of 10/8/2019
53 Week High/Low	\$86.31 / \$49.03
Credit Rating	BBB (S&P)
Rank	#17 on Fortune 500 (2018)

6525 University Ave NE, Fridley, MN 55432







Google

Map data ©2019 Imagery ©2019 Maxar Technologies U.S. Geological Survey Terms of Use

FINANCIAL ANALYSIS



PROPERTY SUMMARY

THE OFFERING	
Property	Walgreens
Property Address	6525 University Ave NE Fridley, MN 55432
Price	\$3,857,143
Capitalization Rate	7.00%
Price/SF	\$277.39

PROPERTY DESCRIPTION	
Year Built / Renovated	1998
Gross Leasable Area	13,905 SF
Zoning	S-2
Type of Ownership	Fee Simple
Lot Size	2.32 Acres

LEASE SUMMARY	
Property Subtype	Net Leased Drug Store
Tenant	Walgreens
Rent Increases	No
Guarantor	Corporate Guarantee
Lease Type	NN
Lease Commencement	September 27, 1998
Lease Expiration	September 30, 2028
Lease Term	30
Term Remaining on Lease (Years)	8.9
Renewal Options	Eight, Five-Year
Landlord Responsibility	Roof & Structure
Tenant Responsibility	HVAC, Utilities, Taxes, & Insurance
Right of First Refusal/Offer	Yes

ANNUALIZED OPERATING INFORMATION

INCOME	
Net Operating Income	\$270,000

RENT SCHEDULE				
YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF	CAP RATE
Current	\$270,000	\$22,500	\$19.42	7.00%





MARKET OVERVIEW



MINNEAPOLIS-ST. PAUL OVERVIEW

The Minneapolis-St. Paul metro is a hub for corporate headquarters, consisting of 16 counties, 14 in the southeastern portion of central Minnesota and two in western Wisconsin. The metro has a population of almost 3.6 million people and covers 6,364 square miles. Nearly 1,000 of Minnesota's 10,000 lakes are located within the metro, along with the Mississippi, Minnesota and St. Croix rivers. The Twin Cities of Minneapolis and St. Paul straddle the Mississippi River. The Twin Cities metro area encompasses the seven core counties of the region, the most populous being Hennepin County with more than 1.2 million residents. Minneapolis is the most populated city in the state with more than 413,000 citizens, followed by St. Paul, the capital city, which has approximately 303,000 people.

METRO HIGHLIGHTS



DIVERSE ECONOMIC BASE

The metro's economy includes food production and delivery, information technology, biomedical technology, retail, finance, and logistics.



ATTRACTIVE BUSINESS ENVIRONMENT

Companies are drawn to the region's high quality of living, skilled and growing labor force, as well as the strong work ethic.



ABUNDANCE OF HIGHER EDUCATION

More than 20 colleges and universities are located throughout the metro, producing a highly educated pool of workers.

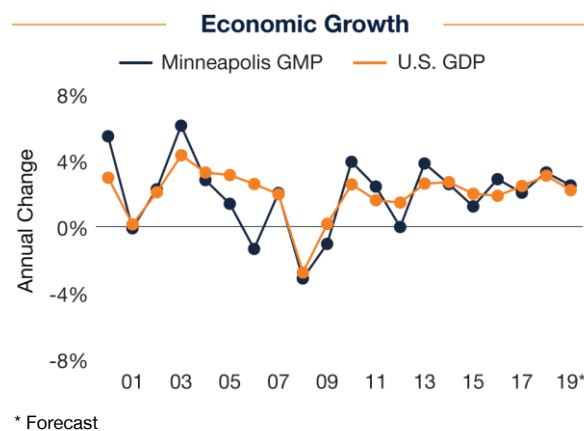


ECONOMY

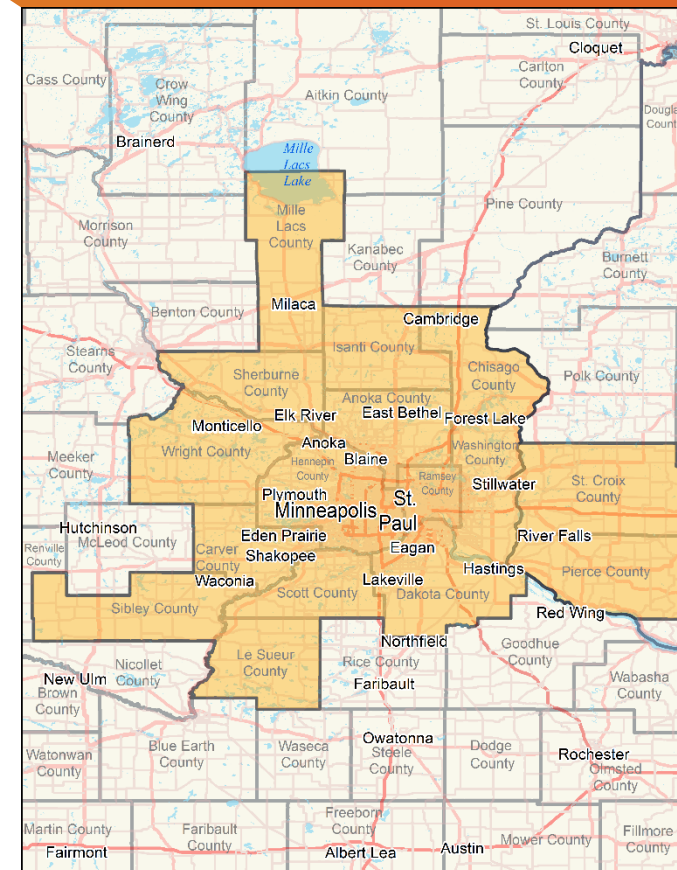
- The metro's diverse economic base includes 18 Fortune 500 companies such as Target, UnitedHealth Group, 3M, Ameriprise Financial, Ecolab, U.S. Bancorp and General Mills.
- A strong manufacturing sector encompasses both traditional and high-tech manufacturing.
- Medical institutions including the University of Minnesota and the Mayo Clinic underpin a growing biomedical research and development sector.
- Minneapolis, with its strong financial base, houses the Ninth Federal Reserve District, which services Minnesota, the Dakotas, Montana and portions of Michigan and Wisconsin.

MAJOR AREA EMPLOYERS

Target Corp.
University of Minnesota
Allina Health
Fairview Health Services
Best Buy Co., Inc.
Wells Fargo
3M Co.
United Health Group, Inc.
HealthPartners
U.S. Bancorp



MARKET OVERVIEW



SHARE OF 2018 TOTAL EMPLOYMENT

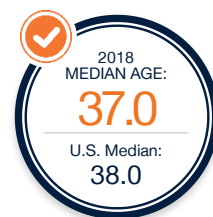




DEMOGRAPHICS

- The metro is expected to add nearly 166,000 people through 2023, resulting in the formation of approximately 83,000 households and generating demand for housing. Vacancy rates in the metro consistently rank among the nation's lowest.
- Incomes above the national average contribute to a homeownership rate of 70 percent, compared with 64 percent for the U.S.
- Roughly 39 percent of the population hold a bachelor's degree, and 13 percent of those residents also have obtained a graduate or professional degree.

2018 Population by Age



QUALITY OF LIFE

The growing urban region is home to six professional sports teams: the Minnesota Vikings, the Minnesota Twins, the Minnesota Timberwolves, the Minnesota Lynx, the Minnesota Wild and the Minnesota United. College sports are enjoyed at the University of Minnesota Twin Cities campus. The Vikings new facility (US Bank Stadium) held Super Bowl 52 in 2018 and is set to host this year's Men's NCAA Final Four. The area is noted for the array of orchestras, art museums and gardens. With more than 100 theater venues, the region is the third-largest theater market in the country. Strong arts education is supported by the Minneapolis College of Arts and Design, the Children's Theatre Company, MacPhail Center for the Arts and the Perpich Center for Arts.

* Forecast

Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau



SPORTS



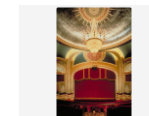
EDUCATION



MACALESTER
COLLEGE



ARTS & ENTERTAINMENT



Created on October 2019

POPULATION	1 Miles	3 Miles	5 Miles
■ 2023 Projection			
Total Population	8,155	91,102	252,956
■ 2018 Estimate			
Total Population	8,272	92,187	254,089
■ 2010 Census			
Total Population	8,006	88,923	242,709
■ 2000 Census			
Total Population	7,986	89,658	240,810
■ Current Daytime Population			
2018 Estimate	8,974	96,010	241,579
HOUSEHOLDS	1 Miles	3 Miles	5 Miles
■ 2023 Projection			
Total Households	3,410	36,400	100,254
■ 2018 Estimate			
Total Households	3,408	36,094	98,621
Average (Mean) Household Size	2.36	2.52	2.54
■ 2010 Census			
Total Households	3,267	34,723	94,148
■ 2000 Census			
Total Households	3,315	35,457	94,787
■ Occupied Units			
2023 Projection	3,410	36,400	100,254
2018 Estimate	3,498	37,091	101,446
HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
■ 2018 Estimate			
\$150,000 or More	4.55%	7.75%	8.15%
\$100,000 - \$149,000	15.63%	14.76%	15.44%
\$75,000 - \$99,999	16.01%	16.35%	15.15%
\$50,000 - \$74,999	20.87%	19.81%	19.67%
\$35,000 - \$49,999	13.40%	15.07%	14.53%
Under \$35,000	29.52%	26.24%	27.04%
Average Household Income	\$68,495	\$75,360	\$76,041
Median Household Income	\$58,752	\$60,321	\$60,066
Per Capita Income	\$28,286	\$29,586	\$29,616

HOUSEHOLDS BY EXPENDITURE	1 Miles	3 Miles	5 Miles
Total Average Household Retail Expenditure	\$68,916	\$73,897	\$74,313
■ Consumer Expenditure Top 10 Categories			
Housing	\$17,981	\$19,102	\$19,252
Transportation	\$11,862	\$13,177	\$13,365
Shelter	\$10,524	\$11,199	\$11,330
Personal Insurance and Pensions	\$6,380	\$7,508	\$7,666
Food	\$6,297	\$6,798	\$6,864
Health Care	\$5,128	\$5,349	\$5,183
Cash Contributions	\$3,939	\$3,295	\$2,843
Utilities	\$3,632	\$3,822	\$3,828
Entertainment	\$3,338	\$3,666	\$3,837
Household Furnishings and Equipment	\$1,835	\$1,965	\$1,965
POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population By Age			
2018 Estimate Total Population	8,272	92,187	254,089
Under 20	24.91%	25.23%	26.55%
20 to 34 Years	21.13%	20.78%	21.74%
35 to 39 Years	6.10%	6.60%	7.16%
40 to 49 Years	11.08%	11.37%	11.86%
50 to 64 Years	17.65%	19.61%	18.80%
Age 65+	19.15%	16.39%	13.88%
Median Age	38.14	37.92	36.12
■ Population 25+ by Education Level			
2018 Estimate Population Age 25+	5,726	63,563	171,477
Elementary (0-8)	1.46%	1.66%	1.83%
Some High School (9-11)	5.54%	5.71%	5.58%
High School Graduate (12)	30.11%	28.50%	26.92%
Some College (13-15)	23.86%	22.58%	22.73%
Associate Degree Only	10.39%	10.72%	10.61%
Bachelors Degree Only	19.70%	19.52%	20.97%
Graduate Degree	7.80%	9.12%	9.10%

Source: © 2018 Experian



Population

In 2018, the population in your selected geography is 254,089. The population has changed by 5.51% since 2000. It is estimated that the population in your area will be 252,956.00 five years from now, which represents a change of -0.45% from the current year. The current population is 49.07% male and 50.93% female. The median age of the population in your area is 36.12, compare this to the US average which is 37.95. The population density in your area is 3,226.52 people per square mile.



Households

There are currently 98,621 households in your selected geography. The number of households has changed by 4.04% since 2000. It is estimated that the number of households in your area will be 100,254 five years from now, which represents a change of 1.66% from the current year. The average household size in your area is 2.54 persons.



Income

In 2018, the median household income for your selected geography is \$60,066, compare this to the US average which is currently \$58,754. The median household income for your area has changed by 23.59% since 2000. It is estimated that the median household income in your area will be \$67,760 five years from now, which represents a change of 12.81% from the current year.

The current year per capita income in your area is \$29,616, compare this to the US average, which is \$32,356. The current year average household income in your area is \$76,041, 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: 61.80% White, 17.86% Black, 0.04% Native American and 11.01% 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 7.71% 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 \$186,863 in 2018, compare this to the US average of \$201,842. In 2000, there were 69,366 owner occupied housing units in your area and there were 25,421 renter occupied housing units in your area. The median rent at the time was \$605.



Employment

In 2018, there are 103,878 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 62.40% of employees are employed in white-collar occupations in this geography, and 37.48% are employed in blue-collar occupations. In 2018, unemployment in this area is 3.83%. In 2000, the average time traveled to work was 25.00 minutes.

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