



# PETSMART & OFFICE DEPOT

## NNN LEASES | RECENT EXTENSIONS

26277 US Highway 19 North | Clearwater, Florida 33761

Offering Memorandum

Marcus & Millichap

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CLEARWATER, FLORIDA 33761

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# EXECUTIVE SUMMARY

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PETSMART | OFFICE DEPOT

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# OFFERING HIGHLIGHTS

## PETSMART | OFFICE DEPOT

OFFERING PRICE

**\$9,209,000**

CAP RATE

**7.25%**

VITAL DATA	
Price	\$9,209,000
Cap Price	7.25%
Price/SF	\$165.89 Per Square Foot
Net Operating Income	\$667,643
Gross Square Feet	55,513-Square Feet
Lot Size	5.35 Acres
Year Built / Remodeled	1979 / 2018
Occupancy	100%

# INVESTMENT OVERVIEW

The Jonna Group of Marcus & Millichap has been selected to exclusively represent the sale of the PetSmart and Office Depot two-tenant retail center located in Clearwater, Florida. The subject site features both tenants operating on NNN leases and both just recently extended their lease five years showing strong conviction for the site. The subject site is a 55,513-square foot, 100% occupied center situated on over five acres. The roof was just recently replaced at full cost by tenants and includes a new 20-year warranty.

PetSmart and Office Depot center is strategically situated with high visibility and exposure off of US Highway 19 North, the consistently busy artery that sees over 92,000 vehicles traveling per day. The subject site is only a half mile to Florida State Road 580 that sees nearly 40,000 vehicles traveling per day. The site features multiple points of ingress/egress access points to three different roads. The stellar location benefits from being well-positioned in a dense retail corridor and surrounded by many other notable national retailers in the immediate vicinity that include: Lowe's Home Improvement, Whole Foods, TJ Maxx, Ross Dress for Less, BJ's Wholesale, Dick's Sporting Goods, Burlington, Nordstrom Rack, Macy's, Dillard's, Kohl's, Burger King, Chase Bank, Chick-fil-A, Chipotle, Wawa, Starbucks and many more. The subject site is adjacent to Westfield Countryside, a 1.2 million-square foot shopping mall that serves over nine million customers every year, and is home to five anchor stores, a 12-screen Cobb Theatres, numerous restaurants, and a full-size ice skating rink.

The property features excellent demographics that include over 107,000 people in a three-mile radius and 230,000 people in a five-mile radius. Average household income is well above the national average at \$71,040 in a three-mile radius and \$70,924 in a five-mile radius. The subject property is located in Clearwater, a city in Pinellas County, Florida, northwest of Tampa and St. Petersburg. Clearwater is part of three principal cities in the Tampa-St. Petersburg-Clearwater metropolitan area, most commonly referred to as the Tampa Bay Area. The metro contains three million residents and spans four counties as well as a thriving and growing economy.

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## INVESTMENT HIGHLIGHTS

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- ▶ **PetSmart and Office Depot Recently Extended Five Years**
- ▶ **Both Tenants Operating on Absolute Net Leases | No Responsibilities**
- ▶ **55,513-Square Feet on Over Five Acres | \$166 Per Square Foot**
- ▶ **Long Historical Occupancy | Both Tenants at Location Over 27 Years**
- ▶ **Brand New Roof Recently Replaced by Tenants | 20-Year Warranty**
- ▶ **Great Visibility on US Highway 19 North | 92,000 Vehicles Per Day**
- ▶ **Half Mile to Florida State Road 580 | 40,000 Vehicles Per Day**
- ▶ **230,000 People in Five Miles | 105,000 Households in Five Miles**
- ▶ **Near 10 Percent Population Growth from 2010 - 2019 in Area**
- ▶ **Minutes From Westfield Country Mall | 1.2 Million-Square Feet**
- ▶ **Notable Retailers in Immediate Vicinity Include Lowe's Home Improvement, Whole Foods, TJ Maxx, Ross Dress for Less, BJ's Wholesale, Dick's Sporting Goods, Burlington, Nordstrom Rack, Kohl's, Burger King, Chase Bank, Chick-fil-A, Chipotle, Wawa, Starbucks, Etc.**



**SUPERB LOCATION  
WITH HIGHWAY VISIBILITY**



**GROWING MARKET  
AND DEMOGRAPHICS**

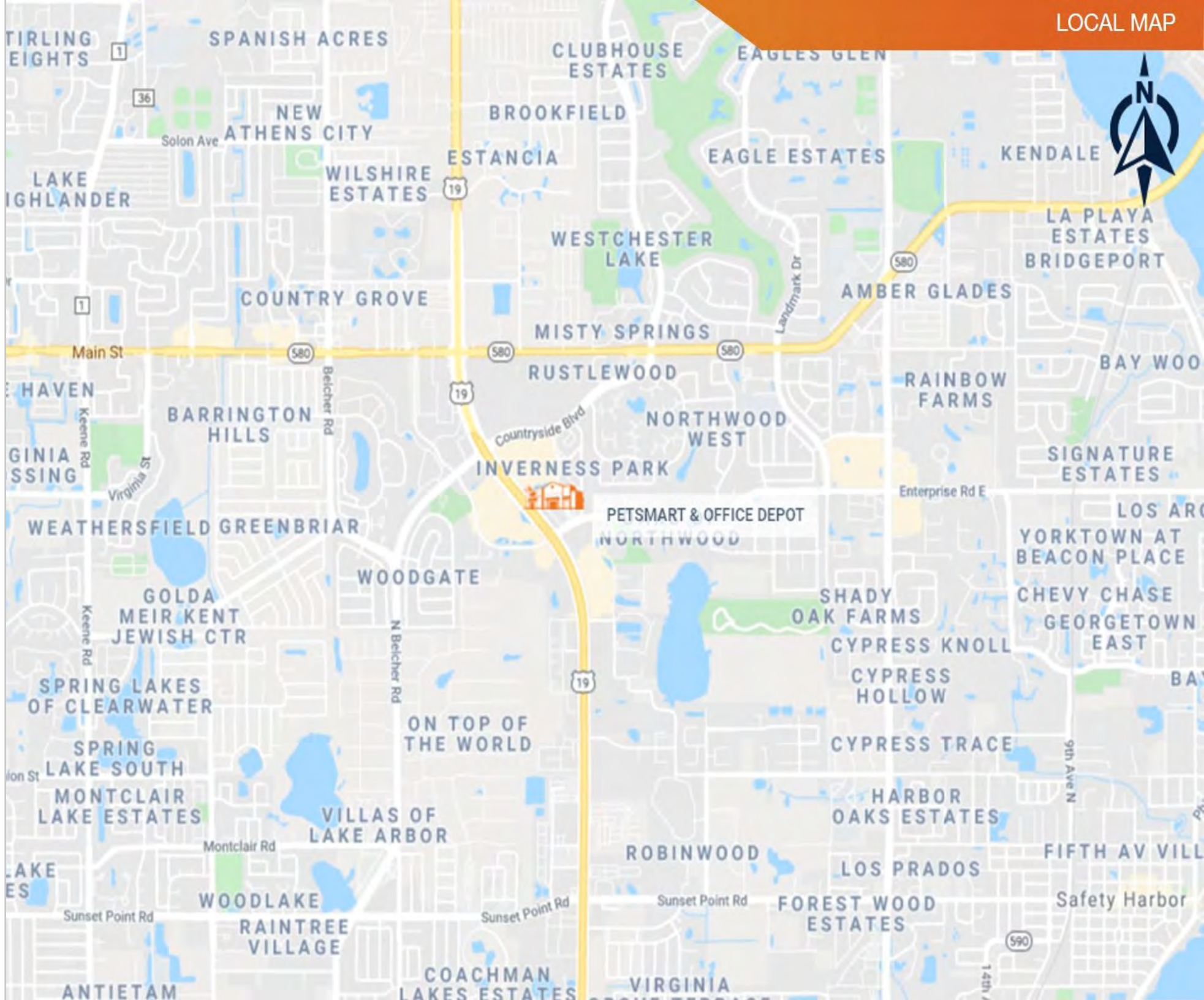


**ALL TENANTS OPERATING ON  
NNN LEASES**













**PETSMART**  
**Office  
DEPOT**

This is an aerial photograph of a commercial property. A yellow line outlines a large area that includes a large white-roofed building, a vast asphalt parking lot, and surrounding green spaces. The building has 'PETSMART' and 'Office DEPOT' logos on its facade. A red speech bubble with the same logos is positioned above the building. The parking lot contains several cars and some construction equipment. The property is bordered by a road on the right and a grassy area with trees on the left.

**5.3 ACRES**



# WESTFIELD COUNTRYSIDE MALL



92,000+ VPD





**PETSMART**

**Office DEPOT**





**PETSMART**

**Office DEPOT**









**PETSMART**

**Office DEPOT**











A nighttime photograph of a city skyline, likely Clearwater, Florida. A large steel truss bridge spans across the middle ground. In the background, several tall buildings are illuminated against the dark sky. In the foreground, there are lower-rise buildings and some greenery.

# FINANCIAL ANALYSIS

PETSMART | OFFICE DEPOT

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# PRICING DETAILS

PRICE	\$9,209,000
Down Payment	\$2,762,700
Down Payment %	30%
Number of Suites	2
Price Per SqFt	\$165.88
Gross Leasable Area (GLA)	55,513 SF
Lot Size	5.30 Acres
Year Built/Renovated	1979 / 2018
Occupancy	100%

RETURNS	YEAR 1
CAP Rate	7.25%
Net Operating Income	\$667,643

FINANCING (ESTIMATED)	1st Loan
Loan Amount	\$6,446,300
Loan Type	New
Interest Type	4.25%
Amortizaion	30 Years
Year Due	2030

\*Loan information is subject to change. Contact your Marcus and Millichap Capital Corporation representative.



# RENT ROLL SUMMARY

LEASE DATES											
TENANT	SQUARE FEET	% BLD SHARE	COMM.	EXP.	MONTHLY RENT/SF	TOTAL RENT/ MONTH	TOTAL RENT/ YEAR	CHANGES ON	CHANGES TO	LEASE TYPE	RENEWAL OPTIONS
PetSmart	28,298	51.0%	3/2/92	3/31/25	\$14.00	\$33,014	\$396,172	4/1/25	\$141,460	NNN	Two, Five-Year [1]
Office Depot	27,215	49.0%	3/2/92	3/31/25	\$11.90	\$25,998	\$323,979			NNN	
Total	55,513				\$12.97	\$60,013	\$720,150				
Occupied Tenants: 2		Occupied GLA: 100.00%				Unoccupied Tenants: 0		Unoccupied GLA: 0.00%			

[1] Option 1:  
4/1/2025 - 3/31/2030: \$424,470

Option 2:  
4/1/2030 - 3/31/2035: \$466,917





# OPERATING STATEMENT

INCOME	YEAR 1	PER SQUARE FOOT
Scheduled Base Rental Income	\$720,150	\$12.97
<b>Expense Reimbursement Income</b>		
Real Estate Taxes	\$80,494	\$1.45
Insurance	\$41,080	\$0.74
Common Area Maintenance	\$28,312	\$0.51
Total Reimbursement Income	\$149,886	\$2.70
<b>Gross Potential Revenue</b>	<b>\$870,036</b>	<b>\$15.67</b>
General Vacancy (5%)	(\$36,008)	(0.65)
Effective Gross Revenue	\$834,029	\$15.02
Less: Operating Expenses	(\$166,386)	\$3.00
<b>Net Operating Income</b>	<b>\$667,643</b>	<b>\$12.03</b>
<b>OPERATING EXPENSES</b>	<b>YEAR 1</b>	<b>PER SQUARE FOOT</b>
Common Area Maintenance (CAM)	\$28,312	\$0.51
Insurance	\$41,080	\$0.74
Real Estate Taxes	\$80,494	\$1.45
Management Fee (2%)	\$16,500	\$0.30
Total Expenses	\$166,386	
Expenses/SF	\$3.00	



# TENANT SUMMARY



PetSmart opened for business on August 14, 1986 and opened its first two stores in August 1987 under the name PetFood Warehouse in the Phoenix area. In 1989, the name and logo changed from PetFood Warehouse to PetsMart. PetsMart continued to grow and in 1993 went public on the NASDAQ stock exchange listed under the symbol “PETM”.

In 1994, PetSmart formed PetSmart Charities Inc., a nonprofit organization dedicated to ending euthanasia and finding homes for homeless pets. Petsmart.com made its debut in July 1995. In early 2000, PetSmart remodeled most of its stores in a plan they called “Eagle,” which changed many stores from a front-half storefront/back-half warehouse feel to an all-over standard retail market. In August 2005, the company announced that it was rebranding its name from PetsMart to PetSmart. This move, which stressed “Smart” over “Mart,” was designed to announce its evolution from a pet supply store to a solutions-oriented company.

As of December 2017, PetSmart operated approximately 1,600 stores and various locations with PetSmart’s PetsHotels, and Doggie Day Camps. Certain locations also share space with their corporate partner, Banfield Pet Hospital. In December 2014, PetSmart was acquired by BC Partners for \$8.7 billion. PetSmart acquired Chewy in 2017.

TENANT SUMMARY	
Rent Commencement	3/2/92
Lease Expiration	3/31/25
Gross Leaseable Area	26,298
Option Term	Two Five-Year Options
Pro Rata Share of Property	51.0%
Tenant	PetSmart, Inc.
Ownership	Private
Guaranty	Corporate
HQ	Phoenix, Arizona
Number of Locations	1,500
Website	www.petsmart.com



# TENANT SUMMARY



Office Depot, Inc. is an American office supply retailing company headquartered in Boca Raton, Florida, United States. The company has combined annual sales of approximately \$11 billion, and employs about 38,000 associates with businesses in the United States. The company operates 1,400 retail stores, e-commerce sites and a business-to-business sales organization.

The company’s portfolio of brands includes Office Depot, OfficeMax, Grand & Toy, Ativa, TUL, Foray, Realspace, and DiVOGA.

In January 2005, Office Depot became a partner of NASCAR, with the title “Official Office Products Partner of NASCAR”. In the same year, the company signed on as the primary sponsor of the #99 Ford Fusion, owned by Roush Fenway Racing and previously driven by Carl Edwards. They sponsored Edwards until the end of the 2008 NASCAR Sprint Cup Series season.

In December 2008, Office Depot announced that it would become the co primary sponsor for Tony Stewart and the No. 14 Chevrolet at Stewart-Haas Racing in 2009. In September 2012, Office Depot announced it would not renew sponsorship with Tony Stewart or Stewart-Haas Racing.

TENANT SUMMARY	
Rent Commencement	3/2/92
Lease Expiration	3/31/25
Gross Leasable Area	27,215
Pro Rata Share of Project	49.0%
Tenant	Office Depot, Inc.
Ownership	Public
Stock Symbol	NASDAQ: ODP
Guaranty	Corporate
HQ	Boca Raton, Florida
Number of Locations	1,378
Website	www.officedepot.com





## LOCATION OVERVIEW

Clearwater is a city located in Pinellas County, Florida, United States, northwest of Tampa and St. Petersburg. To the west of Clearwater lies the Gulf of Mexico and to the southeast lies Tampa Bay. As of the 2010 census, the city had a population of 107,685. Clearwater is the county seat of Pinellas County and is the smallest of the three principal cities in the Tampa-St. Petersburg-Clearwater metropolitan area, most commonly referred to as the Tampa Bay Area. Cleveland Street is one of the city's historic avenues, and the city includes Spectrum Field and Coachman Park. The city is separated by the Intracoastal Waterway from Clearwater Beach.

Clearwater is the home of Clearwater Marine Aquarium, where bottlenose dolphins Winter and Hope live. Clearwater's downtown has been undergoing major redevelopment in recent years. General beautification has been done along with completion of several high-rise condos and a large marina. The Community Redevelopment Agency (CRA) of Clearwater has played a major role in revitalizing housing of all income levels, creating opportunities for employment, and attracting the interest of both public and private investors. New bars, restaurants and other amenities are coming to the area, renamed the "Cleveland Street District". Clearwater's economy employs nearly 50,400 people. Major employers include Morton Plant Hospital, Tech Data, and Honeywell. Employment in Clearwater has been growing significantly. The city has been named among the 10 best places to retire in the U.S. by CBS Money Watch.



## TAMPA-ST. PETERSBURG OVERVIEW

Tampa Bay refers both to a larger metropolitan area and to the bay that extends inland from the Gulf of Mexico. The Tampa-St. Petersburg metro contains roughly 3 million residents and spans four counties along the west coast of central Florida: Hillsborough, Pasco, Hernando and Pinellas. Tampa, the county seat of Hillsborough County, is the most populous city with more than 369,500 people and is situated northeast of the bay. St. Petersburg follows with nearly 256,000 residents and is located on the peninsula near the mouth of the bay. Robust job growth is attracting new people to the metro, many of whom are living in higher-density redevelopment projects near city cores and large suburban master planned communities.

## METRO HIGHLIGHTS



### FAVORABLE BUSINESS CLIMATE

A low cost of living and economic development bring a thriving business landscape to the Tampa Bay-St. Petersburg metro.



### PORT ACTIVITY

One of the largest seaports in the Southeast, the Port of Tampa services passenger cruise ships and commercial freighters. The Port of St. Petersburg is also in the metro.



### DIVERSE ECONOMY

High-tech industries as well as the tourism, military, finance and seaborne commerce segments drive the region's economy.





# DEMOGRAPHICS

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233,707

POPULATION IN 5-MILE RADIUS



\$70,924

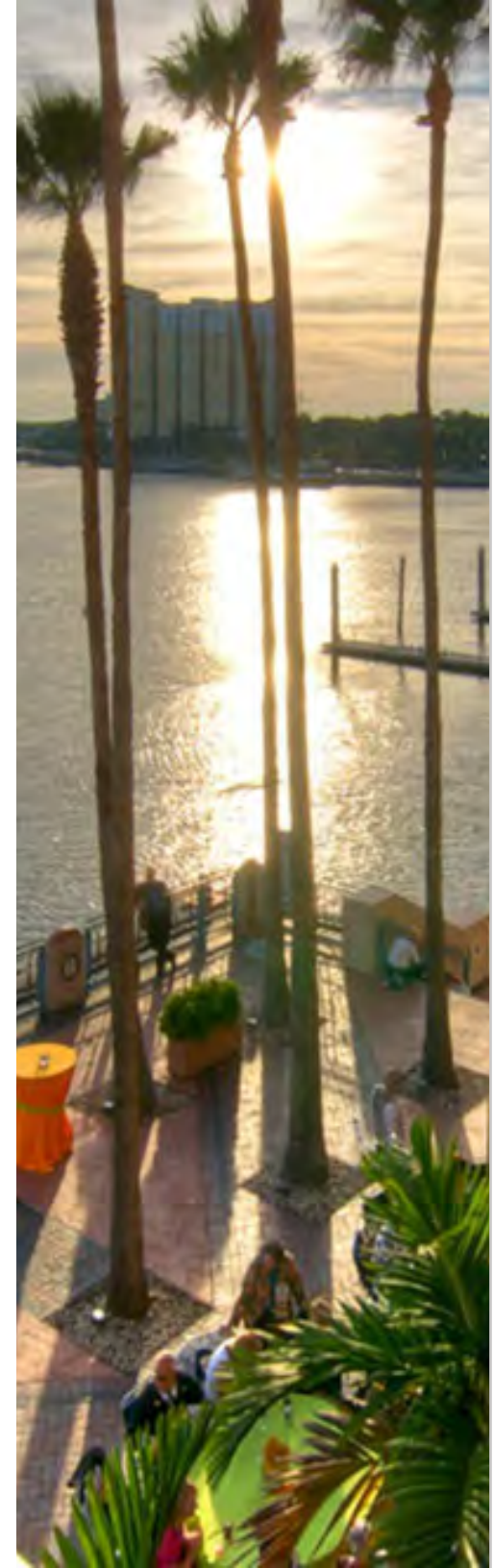
AVERAGE HOUSEHOLD  
INCOME IN 5-MILE RADIUS



104,751

TOTAL HOUSEHOLDS  
IN 5-MILE RADIUS

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# DEMOGRAPHICS

POPULATION	1 Miles	3 Miles	5 Miles
■ 2023 Projection			
Total Population	12,140	109,267	236,612
■ 2018 Estimate			
Total Population	12,077	107,635	233,707
■ 2010 Census			
Total Population	11,648	103,575	223,484
■ 2000 Census			
Total Population	11,722	104,217	226,449
■ Current Daytime Population			
2018 Estimate	14,893	99,969	224,700
HOUSEHOLDS	1 Miles	3 Miles	5 Miles
■ 2023 Projection			
Total Households	6,682	51,407	107,186
■ 2018 Estimate			
Total Households	6,601	50,002	104,751
Average (Mean) Household Size	1.86	2.14	2.18
■ 2010 Census			
Total Households	6,451	48,632	101,200
■ 2000 Census			
Total Households	6,503	47,900	100,503
■ Occupied Units			
2023 Projection	6,682	51,407	107,186
2018 Estimate	7,757	55,644	118,041
HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
■ 2018 Estimate			
\$150,000 or More	5.44%	7.61%	7.89%
\$100,000 - \$149,000	9.37%	11.93%	11.87%
\$75,000 - \$99,999	9.69%	11.56%	11.39%
\$50,000 - \$74,999	17.64%	18.95%	18.78%
\$35,000 - \$49,999	14.93%	14.59%	14.72%
Under \$35,000	42.92%	35.34%	35.36%
Average Household Income	\$60,266	\$71,040	\$70,924
Median Household Income	\$41,337	\$50,061	\$49,912
Per Capita Income	\$32,947	\$33,140	\$32,036

HOUSEHOLDS BY EXPENDITURE	1 Miles	3 Miles	5 Miles
Total Average Household Retail Expenditure	\$52,819	\$59,660	\$60,007
■ Consumer Expenditure Top 10 Categories			
Housing	\$15,508	\$17,309	\$17,320
Transportation	\$9,262	\$10,906	\$11,086
Shelter	\$8,864	\$9,984	\$10,045
Food	\$5,649	\$6,396	\$6,417
Health Care	\$4,311	\$4,457	\$4,360
Personal Insurance and Pensions	\$3,873	\$4,914	\$5,002
Utilities	\$3,247	\$3,604	\$3,617
Entertainment	\$2,220	\$2,524	\$2,491
Apparel	\$1,508	\$1,833	\$1,885
Household Furnishings and Equipment	\$1,457	\$1,623	\$1,593
POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population By Age			
2018 Estimate Total Population	12,077	107,635	233,707
Under 20	12.01%	17.35%	18.40%
20 to 34 Years	12.50%	15.42%	16.87%
35 to 39 Years	4.47%	5.07%	5.36%
40 to 49 Years	8.91%	10.93%	11.56%
50 to 64 Years	21.51%	22.86%	22.90%
Age 65+	40.57%	28.37%	24.91%
Median Age	59.49	50.93	48.34
■ Population 25+ by Education Level			
2018 Estimate Population Age 25+	10,229	84,173	179,072
Elementary (0-8)	2.08%	2.04%	2.11%
Some High School (9-11)	4.82%	5.44%	5.93%
High School Graduate (12)	30.17%	29.60%	29.86%
Some College (13-15)	23.16%	22.68%	22.66%
Associate Degree Only	7.59%	9.09%	9.78%
Bachelors Degree Only	20.86%	20.86%	19.94%
Graduate Degree	10.31%	9.57%	8.99%



# DEMOGRAPHICS



## Population

In 2018, the population in your selected geography is 233,707. The population has changed by 3.21% since 2000. It is estimated that the population in your area will be 236,612.00 five years from now, which represents a change of 1.24% from the current year. The current population is 47.25% male and 52.75% female. The median age of the population in your area is 48.34, compare this to the US average which is 37.95. The population density in your area is 2,978.91 people per square mile.



## Households

There are currently 104,751 households in your selected geography. The number of households has changed by 4.23% since 2000. It is estimated that the number of households in your area will be 107,186 five years from now, which represents a change of 2.32% from the current year. The average household size in your area is 2.18 persons.



## Income

In 2018, the median household income for your selected geography is \$49,912, compare this to the US average which is currently \$58,754. The median household income for your area has changed by 27.08% since 2000. It is estimated that the median household income in your area will be \$56,984 five years from now, which represents a change of 14.17% from the current year.

The current year per capita income in your area is \$32,036, compare this to the US average, which is \$32,356. The current year average household income in your area is \$70,924, 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: 84.31% White, 6.79% Black, 0.09% Native American and 2.62% 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 12.35% 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 \$181,638 in 2018, compare this to the US average of \$201,842. In 2000, there were 72,483 owner occupied housing units in your area and there were 28,020 renter occupied housing units in your area. The median rent at the time was \$573.



## Employment

In 2018, there are 112,623 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 68.28% of employees are employed in white-collar occupations in this geography, and 31.77% are employed in blue-collar occupations. In 2018, unemployment in this area is 3.67%. In 2000, the average time traveled to work was 27.00 minutes.



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