

OFFERING MEMORANDUM
Marcus & Millichap



KING GEORGE, VA



Representative Photo

EXECUTIVE SUMMARY



5458 James Madison Pkwy,
King George, VA 22485

ADDRESS



King George, VA
Washington, D.C. MSA

MARKET



LOT SIZE



9 YEARS

TERM REMAINING



CREDIT RATING



LEASE TYPE

THE OFFERING

Price	\$1,748,832
Cap	6.00%
GLA	7,000 SF
Lot Size	1.16 Acres
Year Built	2004
Lease Type	NNN
Rent Commencement	1/1/2005
Lease Expiration	12/31/2028
Term Remaining	9 Years
Increases	In Options
Options	Three; Five-Year Terms

ANNUALIZED OPERATING DATA

Base Rent	\$104,930
OPTION TERMS	
Option 1 (1/1/2029 - 12/31/2033)	\$118,965
Option 2 (1/1/2034 - 12/31/2038)	\$124,913
Option 3 (1/1/2039 - 12/31/2043)	\$131,159

STORE SALES

2019	\$1,539,147
2018	\$1,681,801
2017	\$1,666,241

INVESTMENT HIGHLIGHTS

RECENTLY EXTENDED 9-YEAR LEASE – In 2019, tenant executed a 9-year lease extension demonstrating their commitment to this location. The tenant has a 15-year track record of successfully operating at this location.

STRONG STORE SALES - In 2019, this location did \$1,539,147 in sales, which represents a healthy rent-to-sales ratio of 6.8%.

CORPORATE GUARANTEE WITH INVESTMENT GRADE CREDIT – The lease is backed by a strong corporate guarantee from Advance Auto Parts, Inc., which operates 4,891 stores and generates an annual revenue of \$9.7 Billion. Advance Auto Parts, Inc. carries an investment grade credit rating of “BBB-”.

CLOSE PROXIMITY TO WASHINGTON, D.C. & RICHMOND, VA – King George, VA is approximately a 1-hour drive from both Washington, D.C. and Richmond, VA.

PATH OF GROWTH LOCATION – The population within a 3-mile radius has increased by 116% since 2010, and is expected to grow an additional 13% by 2024.

SURROUNDED BY COMPLEMENTARY TENANTS – Advance Auto Parts benefits from the traffic the neighboring Arby's, NSWC Federal Credit Union, and Taco Bell draws. Other national tenants in the immediate vicinity include Wawa, 7-Eleven, Dunkin' Donuts, McDonald's, Burger King, and Food Lion, which further speaks to the strength of this location.

MINIMAL LANDLORD RESPONSIBILITIES – The Landlord responsibilities are limited to only the slab, foundation, and structure. The Tenant is responsible for the parking lot, roof, and HVAC.

AFFLUENT SUBMARKET – The Average Household Income is \$104,187 within a 3-mile radius and \$107,318 within a 5-mile radius.

STRATEGIC LOCATION ACCESS FROM US ROUTE 301 & STATE ROUTE 206 (34,000 VPD) – The property benefits from having access off US Route 301/James Madison Parkway (21,000 VPD), a major travel corridor that parallels I-95 from Delaware to Florida. The property further benefits from access off State Route/206 Dahlgren Road (13,000 VPD) giving the property a total traffic count of 34,000 VPD.

2 MILES FROM THE NAVAL SURFACE WARFARE CENTER - The property is conveniently located 2 miles from the 4,200 acre Naval Surface Warfare Center Dahlgren Division, which conducts research, development, and testing of complex naval warfare systems. The base employs 8,700+ military and civilian personnel, who spend \$669 Million in the region annually. Other federal and technology employers include SAIC (1.6 miles away), Lockheed Martin (1.7 miles away), and Northrop Grumman (1.7 miles away), making this Advance Auto Parts a convenient location to purchase car parts and accessories for the people who work and/or live in the market.

The tenant's **STRONG STORE SALES** and **RECENT 9-YEAR LEASE EXTENSION**, demonstrate their commitment to this **HIGH PERFORMING LOCATION**. The site is **STRATEGICALLY POSITIONED** in an **AFFLUENT HIGH GROWTH MARKET**, where the population has **INCREASED BY MORE THAN 116% SINCE 2010** and has an **AVERAGE HOUSEHOLD INCOME OF \$104,187** within a 3-mile radius.

STATE ROUTE 206/DAHLGREN RD - 13,000 VPD

**Advance/
Auto Parts**



US ROUTE 301 JAMES MADISON PKWY - 21,000 VPD

TENANT INFORMATION

Headquartered in Roanoke, Virginia and founded in 1929, Advance Auto Parts, Inc., is a leading automotive aftermarket parts provider in North America, serves both the professional installer and do-it-yourself customers. It operates stores that offer brand name, original equipment manufacturer, and private label automotive products. As of October 6, 2018, Advance operated 4,981 stores and 139 Worldpac branches in the United States, Canada, Puerto Rico and the U.S. Virgin Islands. The Company also serves 1,229 independently owned Carquest branded stores across these locations in addition to Mexico and the Bahamas, Turks and Caicos, British Virgin Islands and Pacific Islands. These stores cater to commercial customers, including garages, service stations, and auto dealers.



REVENUE
\$9.6 B



NET INCOME
\$424 M



HEADQUARTERS
Roanoke, Virginia



NO. OF EMPLOYEES
70,000+



NO. OF LOCATIONS
5,120



YEAR FOUNDED
1932



**STOCK SYMBOL
/CREDIT RATING**
AAP : BBB- (S&P) and
Baa2 (Moody's)

REGIONAL MAP

 **X13.31%**

Within a 3-mile radius, the population is expected to grow by 13.31% over the next 5 years to 11,351

34K^{VPD}

An average of 34,000 vehicles per day drive by James Madison Parkway and Dahlgren Road

:60

Less than 60 minutes to downtown Washington, D.C. and Richmond, VA

Advance
Auto Parts 

WASHINGTON, D.C.

RICHMOND, VA



New 4-Lane, \$463M
Potomac River Bridge

Naval Support
Facility Dahlgren

Fas mart.

McDonald's

BURGER
KING

DUNKIN'
DONUTS
AMERICA RUN™ ON DUNKIN'

Pizza
Hut

CenterCare Urgent Care
Family Practice

7
ELEVEN

Wawa

TACO
BELL

Arby's

Advance/
Auto Parts

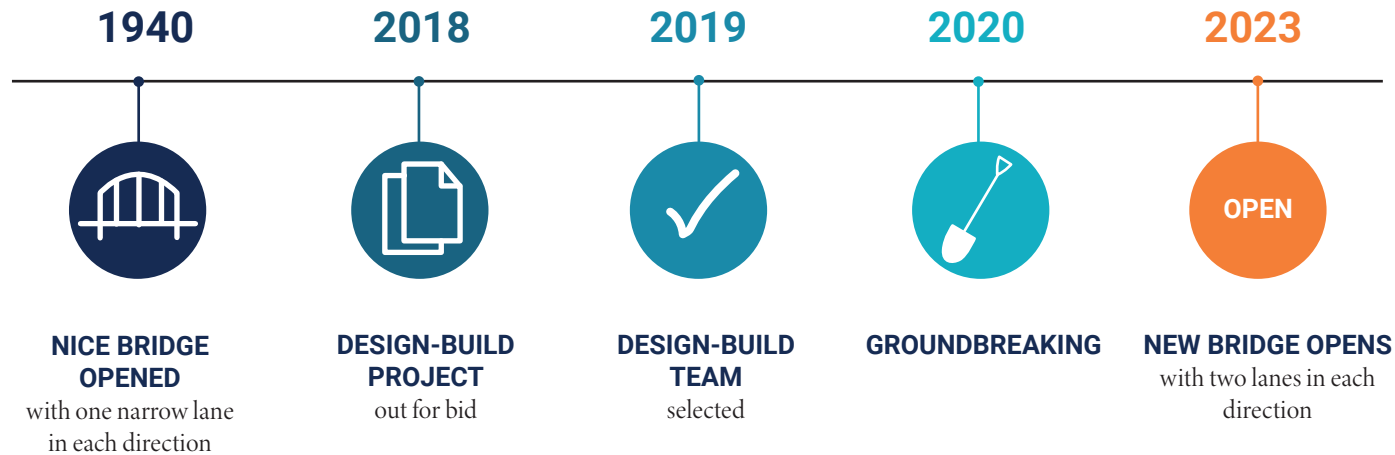
STATE ROUTE 206/DAHLGREN RD - 13,000 VPD

US ROUTE 301/JAMES MADISON PKWY - 21,000 VPD



NEW 4 LANE \$463 MILLION POTOMAC RIVER BRIDGE – 3.5 MILES FROM ADVANCE AUTO PARTS

On November 21, 2019, the MDTA Board approved a \$463 million contract for Skanska-Corman-McLean (SCM) Joint Venture to design and build the new US 301 bridge to replace the Governor Harry W. Nice Memorial/Senator Thomas “Mac” Middleton Bridge over the Potomac River, which is used by about 18,000 vehicles daily. The project is one of the state’s largest transportation initiatives and will improve mobility, safety and economic opportunities for Charles County, Maryland and King George, Virginia. The MDTA is implementing a major infrastructure project that’s affordable, invests in safety and will improve our citizens’ quality of life today – not years down the road.



LEASE ABSTRACT

Guarantor	Advance Stores Company, Incorporated
Lease Commencement Date	August 12, 2004
Rent Commencement Date	January 1, 2005
Notification Period for Tenant to Exercise Options	180 Days
Landlords Obligations	<p>1)Maintenance and Repairs: a.Any and all maintenance, repairs, and/or replacements to the slab, foundation, and structure of the Leased Premises (including, without limitation repairing any cracks or other damage thereto, but specifically excluding painting of the exterior walls unless painting is required as a result of Landlord's failure to maintain, repair and/or replace the slab, foundation or structure as provided herein).</p> <p>2)Insurance: a.Landlord shall maintain with respect to the Leased Premises a policy of commercial general liability insurance, which insurance shall stipitate limits of liability of not less than \$2,000,000 each occurrence, single limit bodily injury and/or property damage combined. Such policies of insurance shall name Tenant as an additional insured.</p>
Tenant's Obligations	<p>1)Maintenance and Repairs: a.Maintain, repair and or replace, in good condition, ordinary wear and tear excepted, each and every portion of the Leased Premises (including without limitation, all exterior signs related to safety required by law [including handicapped parking signs and fire lane signs] and the exterior of the Building) except for any items the maintenance, repair or replacement of which are specifically stated to be the Landlord's responsibility. b.Keep the Leased Premises in reasonably clean and neat condition and not permit the accumulation of any trash, rubbish, or garbage (except as accumulated in containers awaiting collection or disposal) in, on or about any part of the Leased Premises and arrange for collection or disposal of accumulated trash, rubbish and garbage from the Leased Premises. c.Any and all maintenance, repairs and/or replacements to the parking area of the Leased Premises. d.Any and all maintenance, repairs and/or replacements to the roof of the Leased Premises e.Any and all maintenance, repairs and or replacements to the heating, ventilation and air-conditioning system of the Leased Premises (the "HVAC").</p> <p>2)Insurance: a.Maintain property insurance covering the Leased Premises in an amount not less than the full replacement cost thereof, with such deductibles and retentions as determined by Tenant in its sole and absolute discretion. b.Maintain with respect to the leased Premises a policy of commercial general liability insurance, which insurance shall stipulate limits of liability of not less than \$2,000,000 each occurrence, single limit bodily injury and/or property damage combined (with such deductibles and retentions as determined by Tenant in its sole and absolute discretion). Such policies of insurance shall name Landlord and Landlord's Mortgagee (if applicable) as an additional insured.</p> <p>3)Real Estate Taxes: a.Tenant shall reimburse Landlord for such Real Estate Taxes within thirty (30) days of receipt from Landlord of a receipted tax bill (or in the alternative copy of the tax bill and a copy of Landlord's check to the appropriate governmental agency or authority) evidencing Landlord's payment thereof to the taxing authority.</p>
Sales Reported	Annually
Assignment and Subleasing	Tenant shall have the right to sublet, assign, transfer, reassign and grant concessions or licenses (a "Transfer") in all or any part of the Leased Premises and any of Tenant's rights and obligations under this Lease, without Landlord's consent. Tenant shall remain liable for all of Tenant's obligations to Landlord arising hereunder (except for the payment of Percentage Rent) so long as this Lease is not changed, modified or amended in any respect by Landlord and any transferee. Should Tenant wish to be relieved of its obligations hereunder upon a Transfer, Landlord's prior consent to a Transfer shall be required, which consent shall not be unreasonably withheld, conditioned or delayed. In the event any assignee hereunder or assignee's guarantor subsequent to an assignment has a net worth calculated in accordance with generally acceptable accounting principles equal to or greater than the net worth of Advance Stores Company, Incorporated, as of the end of the fiscal year in which the Commencement Date of this Lease occurs, Landlord's consent to such assignment shall not be necessary, and Tenant shall thereafter automatically (and without any action by Landlord) be relieved of any further obligations under this Lease.
Non-Competition	Neither Landlord nor any stockholder, member, partner, beneficiary, successor, assign, personal representative, heir, subsidiary or affiliate of Landlord, nor my person(s) or entity(ies) having a direct or indirect Interest in Landlord, shall, for as long as this Lease remains in force and effect, either directly or directly, own, occupy or operate, or sell, lease or otherwise transfer to any person or entity, or permit any person or entity to occupy, any land, building, premises or space, whether presently owned or hereafter acquired, located within two (2) miles of the Leased Premises for the purpose of (i) conducting thereon a business similar to that being conducted by Tenant on the Leased Premises or (ii) the sales, display or rental of automotive parts, accessories, supplies and/or maintenance items.

DEMOGRAPHIC SUMMARY

POPULATION	3 MILES	5 MILES	10 MILES
2024 Projection	11,351	13,719	36,913
2019 Estimate	10,018	12,373	35,018
2010 Census	4,637	7,456	31,306
Growth 2010 - 2019	116%	66%	12%

HOUSEHOLDS	3 MILES	5 MILES	10 MILES
2024 Projection	3,804	4,717	13,662
2019 Estimate	3,376	4,275	12,988
2010 Census	1,671	2,701	11,719
Growth 2010 - 2019	102%	58%	11%

POPULATION PROFILE	3 MILES	5 MILES	10 MILES
<u>Population By Race</u>			
White	7,477	9,330	26,614
Black	1,683	2,095	6,359
Am. Indian & Alaskan	90	103	263
Asian	272	290	510
Hawaiian & Pacific Island	20	22	35
Other	476	532	1,236

INCOME	3 MILES	5 MILES	10 MILES
Average Household Income	\$104,187	\$107,318	\$98,935
Median Household Income	\$82,670	\$85,947	\$82,136

WASHINGTON, D.C. OVERVIEW

Washington, D.C., is located on the Potomac River, just inland from the Chesapeake Bay. In addition to the District of Columbia, the Washington, D.C., metro encompasses 22 counties and jurisdictions. Nearly 20 percent of the District is parkland managed by the U.S. National Park Service. Areas surrounding the District of Columbia include portions of Maryland, Virginia and West Virginia. The District and inner-ring suburbs are densely populated. Washington, D.C., is the largest city in the metro with a population of 680,000 people. The remaining population centers are much smaller; only Arlington and Alexandria have more than 150,000 residents.

METRO HIGHLIGHTS



HIGHLY SKILLED WORKFORCE

Nearly half of all local residents age 25 and older have earned a bachelor's degree or higher, well above the U.S. level of 30 percent.



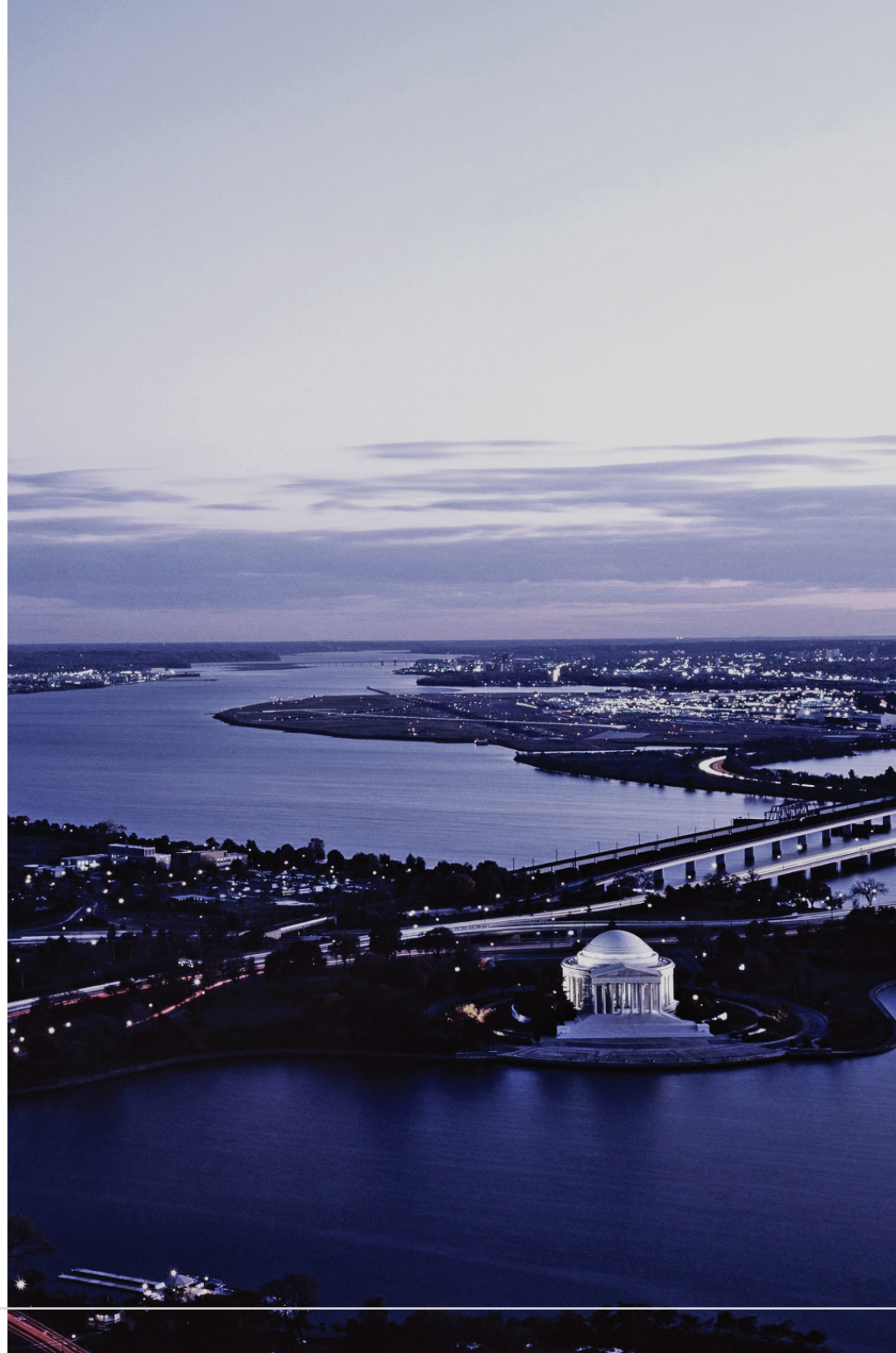
STRONG JOB AND POPULATION GROWTH

Employment gains contribute to population growth that outpaces the national average. Nearly 325,000 additional people are expected through 2023.



DIVERSIFYING ECONOMY

Jobs in professional services now outnumber federal government positions.



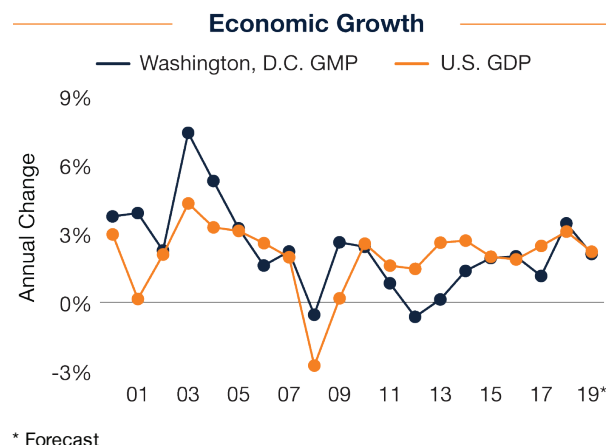
THE WASHINGTON, D.C. ECONOMY

The economy of the Washington, D.C., metro is one of the largest in the nation and is home to numerous Fortune 500 companies, including Leidos Holdings, DXC Technology, AES, Danaher, Discovery, NVR and Hilton Worldwide.

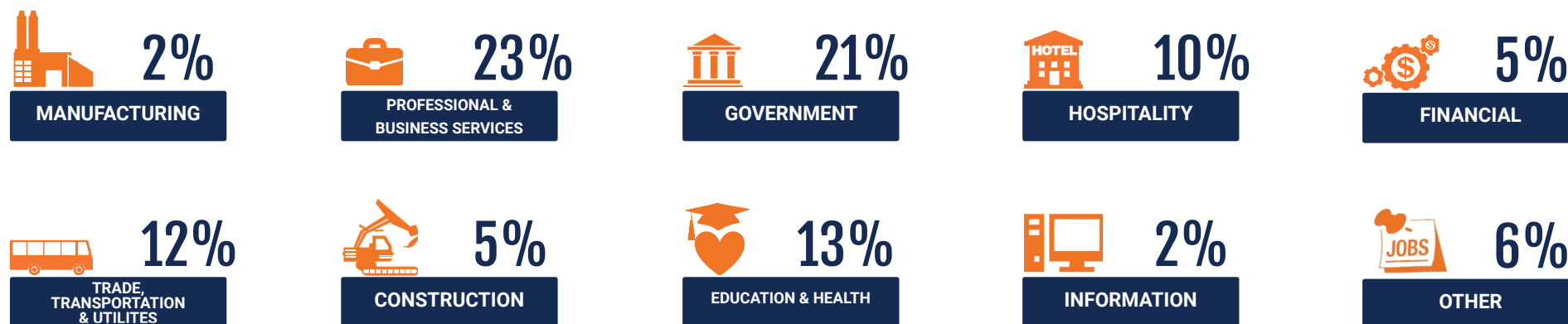
Employment is primarily focused on government, lobbying, defense contracting, data processing and news reporting.

A sizable hospitality sector employs roughly 346,000 workers and supports more than 20 million annual visitors to the region's vast array of attractions.

MAJOR AREA EMPLOYERS
George Washington University
Fannie Mae
Federal Bureau of Investigation
Lockheed Martin
Georgetown University
Capital One Financial Corp.
Smithsonian Institution
Medstar Health
CSC Corp.
Joint Base Andrews



SHARE OF 2017 TOTAL EMPLOYMENT



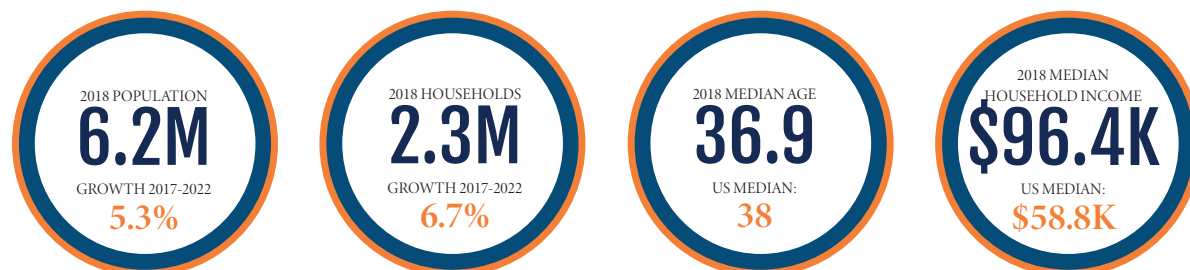
WASHINGTON, D.C. DEMOGRAPHICS

More than 156,000 households are expected to be formed through 2023.

The median home price of \$430,000 is well above the national median and contributes to a homeownership rate of 63 percent, slightly below the national rate of 64 percent.

Nearly 24 percent of residents age 25 and older hold a graduate or professional degree compared with 11 percent for the nation.

2018 POPULATION BY AGE



QUALITY OF LIFE

The Washington, D.C., metro is one of the most dynamic in the U.S. It is the seat of the United States government. The region has a cosmopolitan air and is a destination for visitors from across the nation and around the world, containing numerous prominent public buildings and landmarks. It is home to many of the nation's leading media outlets, think tanks and universities. Washington, D.C., also has extraordinary museums, theaters and restaurants that are patronized by visitors and an affluent local population. Educational opportunities abound in the metro area's many institutions of higher learning. Prominent universities include George Washington University, American University, Georgetown University and the University of Maryland.

* Forecast

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

SPORTS



EDUCATION



ARTS & ENTERTAINMENT



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Marcus & Millichap

EXCLUSIVELY LISTED BY:

DEAN ZANG

EXECUTIVE MANAGING DIRECTOR
NATIONAL RETAIL GROUP

WASHINGTON, D.C.

Tel: (202) 536-3754

Fax: (202) 536-3710

dean.zang@marcusmillichap.com

Licenses: MD 665335

VA 0225239201

JOSH EIN

FIRST VICE PRESIDENT INVESTMENTS
NATIONAL RETAIL GROUP

WASHINGTON, D.C.

Tel: (202) 536-3700

Fax: (202) 536-3710

josh.ein@marcusmillichap.com

Licenses: MD 643676

DC SP98371724

VA 0225242141

HILL KANELLOS

ASSOCIATE
NATIONAL RETAIL GROUP

WASHINGTON, D.C.

Tel: (202) 536-3759

Fax: (202) 536-3710

john.kanellos@marcusmillichap.com

Licenses: MD 663020

VA BOR: Bryn Merrey - 0225215804

Activity ID: