

OFFERING MEMORANDUM

# PEP BOYS

4491 EAST SPEEDWAY BOULEVARD | TUCSON | 85712



**±22,815 SF SINGLE TENANT NET LEASED INVESTMENT**

**PRICE: \$4,674,535 CAP RATE: 6.30%**

PREPARED BY



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**AFFILIATED BUSINESS DISCLOSURE**

Newmark Knight Frank (the "Agent") has been engaged as the exclusive sales representative for the sale of 4491 East Speedway Boulevard, Tucson, Arizona 85712 (the "Property") by 'Ownership' (the "Seller").

This Memorandum does not constitute a representation that the business or affairs of the Property or Seller since the date of preparation (1/16/2020 of this Memorandum have remained the same. Analysis and verification of the information contained in this Memorandum are solely the responsibility of the prospective purchaser.

Additional information and an opportunity to inspect the Property will be made available upon written request of interested and qualified prospective purchasers. Seller and Agent each expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers regarding the Property, and/or terminate discussions with any party at any time with or without notice. Seller reserves the right to change the timing and procedures for the Offering process at any time in Seller's sole discretion. Seller shall have no legal commitment or obligations to any party reviewing this Memorandum, or making an offer to purchase the Property, unless and until such offer is approved by Seller, and a written agreement for the purchase of the Property has been fully executed and delivered by Seller and the Purchaser thereunder.

This Memorandum and the contents, except such information which is a matter of public record or is provided in sources available to the public, are of a confidential nature. By accepting this Memorandum, you agree that you will hold and treat it in the strictest confidence, that you will not forward, photocopy or duplicate it, that you will not disclose this Memorandum or any of the contents to any other entity (except to outside advisors retained by you, if necessary, for your determination of whether or not to make a proposal and from whom you have obtained an agreement of confidentiality) without the prior written authorization of Seller or Agent, and that you will not use this Memorandum or any of the contents in any fashion or manner detrimental to the interest of Seller or Agent.

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## EXECUTIVE SUMMARY





## THE OFFERING

Newmark Knight Frank (NKF), as exclusive advisor, is pleased to present the opportunity to acquire the Pep Boys (the Property) absolute net lease offering, a 22,815-square-foot auto parts and service center facility in Tucson, Arizona.

This single-story building is located on ±2.37 acres with frontage on one of Tucson’s busiest arterials, Speedway Boulevard.

The Pep Boys on this main arterial is 15 minutes from Downtown Tucson and a short drive from the University of Arizona (±44,831 students).

The Property’s location in a dense retail trade area, surrounded by national brands like Sprouts Farmer’s Market, McDonald’s and Dunn Edwards, is attractive to the 285,536 people within a 5-mile radius with its own tremendous brand recognition.

|                     |   |
|---------------------|---|
| PROPERTY NAME       | <b>Pep Boys</b>   |
| BUILDING ADDRESS    | <b>4491 East Speedway Boulevard<br/>Tucson, Arizona 85712</b> |
| TENANT              | <b>Pep Boys Auto Parts and Service</b>                        |
| YEAR BUILT          | <b>1982 (renovated in 2005)</b>                               |
| TOTAL BUILDING AREA | <b>±22,815 SF</b>   |
| LAND AREA           | <b>±2.37 AC</b>   |
| TRAFFIC COUNTS      | <b>±44,000 VPD</b>  |







THE UNIVERSITY  
OF ARIZONA

Banner Health  
University Medical Center

DISCOUNT  
TIRE

McDonald's  
CVS

Jiffy Lube

VANTAGE  
BOWLING CENTERS

AutoZone

O'Reilly  
AUTO PARTS

Church's  
STEAK HOUSE

VASA  
INDIA

Royal  
KIA

LEXUS OF TUCSON  
SPEEDWAY

N CATALINA AVENUE

E BELLEVUE STREET

Pep Boys

E SPEEDWAY BOULEVARD VPD: ±44,000

N BELVEDERE AVENUE







## OFFERING HIGHLIGHTS

- PROSPECTIVE BUYER INHERITS A **900+ UNIT CORPORATE GUARANTEE** FROM ONE OF THE LARGEST PROVIDERS OF AUTOMOTIVE PARTS & SERVICES IN THE WORLD. THE PARENT COMPANY IS ICAHN AUTOMOTIVE GROUP, LLC WHICH HAS \$33B IN TOTAL ASSETS
- OFFERING COMES WITH AN IDEAL RENT STRUCTURE FOR THE PASSIVE INVESTOR – LEASE IS STRUCTURED AS **ABSOLUTE NNN** WITH ZERO LANDLORD RESPONSIBILITIES
- PROPERTY SEES CONSISTENT RENT GROWTH OVER THE REMAINDER OF THE INITIAL TERM WITH **1.5% ANNUAL INCREASES** AND POTENTIALLY INTO THE OPTION PERIODS. PEP BOYS HAS THE OPTION TO EXTEND THE LEASE FOR FOUR (4) CONSECUTIVE PERIODS OF 5 YEARS EACH
- PROPERTY IS STRATEGICALLY LOCATED ON ONE OF **TUCSON'S BUSIEST ARTERIALS (SPEEDWAY BLVD)** THAT SEES 44,000+ VEHICLES PER DAY ALONGSIDE NATIONAL BRANDS LIKE SPROUTS FARMERS MARKET, MCDONALD'S, DUNN EDWARDS, AND SEVERAL OTHERS
- PEP BOYS IS A KNOWN MARKET LEADER WITH **TREMENDOUS BRAND RECOGNITION** THAT OFFERS BOTH THE SALE OF AUTOMOTIVE PARTS ALONG WITH TIRE, REPAIR, AND OTHER RELATED SERVICES
- LOCATED WITHIN A DENSE RETAIL TRADE AREA THAT CONSISTS OF **285,536 PEOPLE WITHIN A 5-MILE RADIUS** OF THE SUBJECT PROPERTY WITH PROXIMITY TO THE UNIVERSITY OF ARIZONA (45,000 STUDENTS) AND A SHORT DRIVE FROM DOWNTOWN TUCSON





E SPEEDWAY BOULEVARD VPD: ±44,000







02

## FINANCIAL & LEASE SUMMARY



# FINANCIAL & LEASE SUMMARY

## FINANCIAL SUMMARY

|                |   |
|----------------|---|
| PRICE          | <b>\$4,674,535</b>                              |
| CAP RATE       | <b>6.30%</b>                                    |
| NOI / ANNUALLY | <b>\$294,495.72</b> <i>(as of January 2020)</i> |
| FINANCING      | <b>Free &amp; Clear</b>                         |



The corporate-guaranteed absolute NNN lease has 3.5 years remaining on its original 15-year term. There are four 5- year options to renew with consistent increases. This offering also provides the rare opportunity for an investor to see one and one half percent (1.5%) annual increases throughout the original lease term.

## LEASE SUMMARY

|                         |   |
|-------------------------|---|
| TENANT                  | Pep Boys  |
| LEASE GUARANTOR         | The Pep Boys - Manny, Moe, and Jack, a Pennsylvania Corporation (Corporate)   |
| LEASE TYPE              | Absolute NNN Lease  |
| NOI / ANNUALLY          | \$294,495.72 <i>(as of January 2020)</i>  |
| RENT PER SF             | \$12.91   |
| TENANT RESPONSIBILITY   | Tenant shall keep and maintain the Premises and Premises' Improvements, including maintenance of interior and exterior building, all maintenance/repair of HVAC, plumbing and electrical systems. |
| LANDLORD RESPONSIBILITY | None  |
| LEASE COMMENCEMENT      | 7/31/2008   |
| LEASE EXPIRATION        | 7/31/2023   |
| ORIGINAL LEASE TERM     | 15 Years  |
| REMAINING TERM          | ±3.5 years  |
| LEASE OPTIONS           | Four 5-year options to renew  |
| RENTAL INCREASES        | 1.5% annually   |





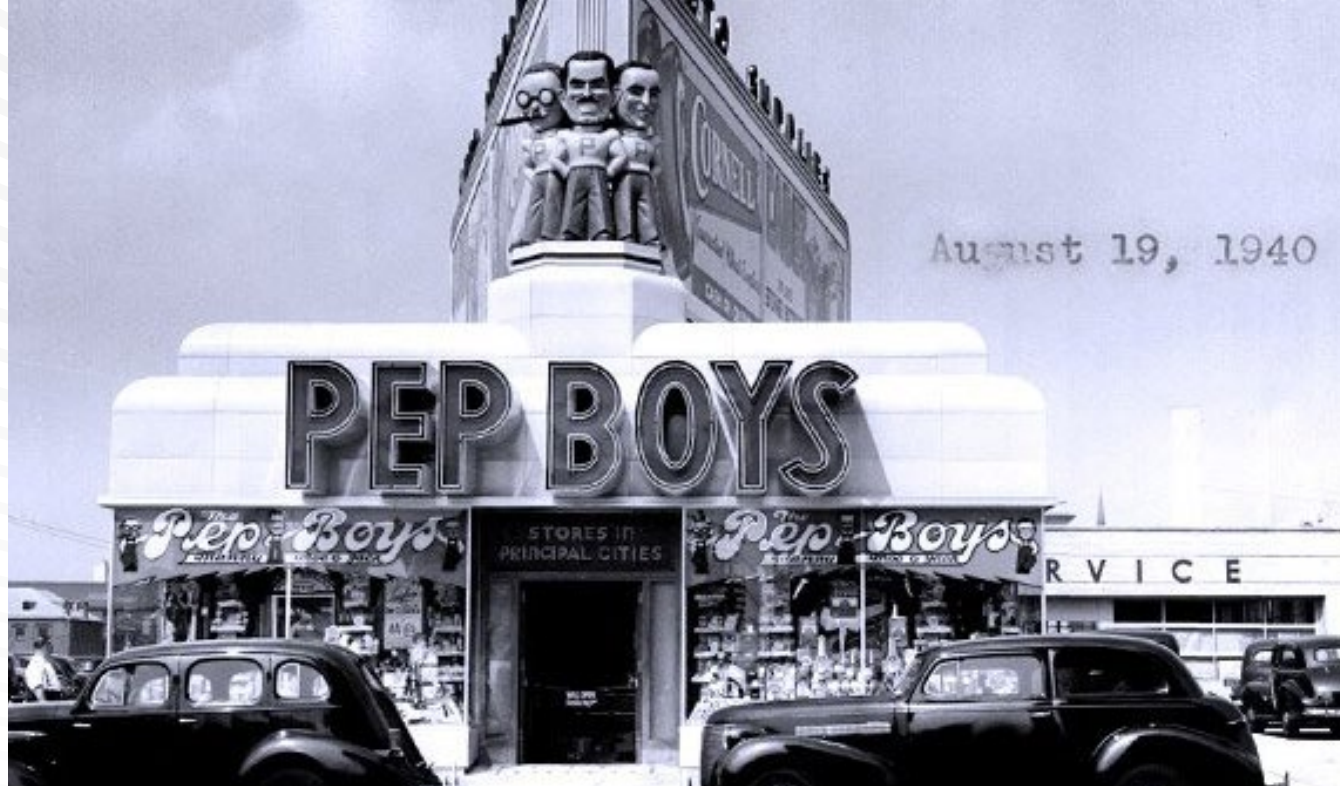




Pep Boys is an American automotive aftermarket retail and service chain.

Originally named Pep Auto Supply Company, the Company was founded in Philadelphia, Pennsylvania in 1921 by Emanuel (Manny) Rosenfeld, Maurice L. (Moe) Strauss, W. Graham (Jack) Jackson, and Moe Radavitz.

Headquartered in the Philadelphia neighborhood of East Falls, Pep Boys provides name-brand tires; automotive maintenance and repair; parts and expert advice for the Do-It-Yourselfer; commercial auto parts delivery; and fleet maintenance and repair to customers across the U.S. with Just Brakes, a wholly owned subsidiary of The Pep Boys – Manny, Moe & Jack, Pep Boys operates more than 8,300 service bays in over 930 locations in 35 states and Puerto Rico.



|   |  |
|---|--|
| TENANT TRADE NAME   | <b>Pep Boys</b>  |
| OWNERSHIP   | <b>Owned subsidiary of Icahn Enterprise acquired in 2016</b>                       |
| TENANT  | <b>Pep Boys</b>  |
| LEASE GUARANTOR   | <b>The Pep Boys - Manny, Moe, and Jack, a Pennsylvania Corporation (Corporate)</b> |
| LEASE EXPIRATION  | <b>7/31/2023</b>   |
| PEP BOYS LOCATIONS  | <b>Over 930 in 35 states and Puerto Rico</b>                                       |
| <b><a href="http://www.pepboys.com">www.pepboys.com</a></b> |  |





04

**AREA  
OVERVIEW**



## AREA OVERVIEW

### TUCSON

A diverse and welcoming community, Tucson offers an outstanding quality of life along with a low cost of doing business. Our manufacturers lead the way in innovation, in sectors as varied as aerospace, biotech, defense, healthcare, information technology, optics, solar, and water.

Tucson has the highest concentration of startups of any U.S. city its size and is ranked as a top five city for entrepreneurs by Entrepreneur Magazine.

Just 60 miles from the Mexico border, with high-capacity border and transportation infrastructure, Tucson is the natural choice for companies doing business in the U.S. and Mexico.

### 5-MILE DEMOS



**285,636**

POPULATION



**125,590**

HOUSEHOLDS



**35.4**

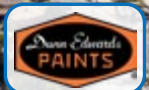
MEDIAN AGE



**\$59,000**

AVERAGE HH INCOME





Mixed Retail

EAST SPEEDWAY BOULEVARD ±44,000 VPD





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