
OFFERING
MEMORANDUM



FEDEX OFFICE

PORTAGE, MI

Marcus & Millichap

NON - ENDORSEMENT & DISCLAIMER NOTICE

CONFIDENTIALITY & DISCLAIMER

The information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein. Marcus & Millichap is a service mark of Marcus & Millichap Real Estate Investment Services, Inc.

© 2018 Marcus & Millichap. All rights reserved.

NON - ENDORSEMENT NOTICE

Marcus & Millichap is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of Marcus & Millichap, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of Marcus & Millichap, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers. Activity ID: Z0290533

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY.
PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.

Marcus & Millichap

OFFICES THROUGHOUT THE U.S. AND CANADA
www.marcusmillichap.com

EXCLUSIVELY LISTED BY

ASHISH VAKHARIYA

First Vice President Investments
Director, National Retail Group / Net Leased Properties Group
Direct: (248) 415-2636 // Fax: (248) 415-2610
ashish.vakhariya@marcusmillichap.com
License: MI 6501322501

SETH HARON

First Vice President Investments
National Healthcare Real Estate Group
Direct: (248) 415-2605 // Fax: (248) 415-2610
seth.haron@marcusmillichap.com
License: MI 6501373006

Marcus & Millichap

PROPERTY SUMMARY //

FedEx Office

THE OFFERING	
Property	FedEx Office
Property Address	5730 South Westnedge Ave Portage, MI 49002
Price	\$2,582,769
Capitalization Rate	5.85%
Blended Ten-Year Cap Rate	6.29%
PROPERTY DESCRIPTION	
Year Built	1992
Gross Leasable Area	5,972 SF
Zoning	201 - Commercial
Type of Ownership	Fee Simple
Lot Size	0.51 Acres
ANNUALIZED OPERATING INFORMATION	
INCOME	
Current Net Operating Income	\$151,092



FedEx Office

5730 South Westnedge Ave, Portage, MI 49002

Marcus & Millichap has been retained as the exclusive advisor for the marketing and disposition of the FedEx Office property located at 5730 South Westnedge Avenue in Portage, Michigan. The 5,972 square foot single-tenant investment property is situated on a 0.51 acre lot located in close proximity to the Interstate-94 interchange. Traffic counts on Interstate-94 exceed 84,000 vehicles per day providing excellent exposure for the FedEx Office Print and Ship store. This property benefits from being situated at the interchange of Interstate-94 by allowing for customers from the entire Western-Michigan market and beyond to efficiently reach this location. Westnedge Avenue experiences in excess of 30,000 vehicles per day.

The tenant, FedEx Office and Print Services, Inc. has been at this location for 30 years and recently extended their lease term for ten years, showing commitment to this market. The lease features a 15 percent rental increase in year six. The lease also features two additional five-year options to renew with ten percent increases in each option period. The tenant is a subsidiary of parent FedEx Corporation.

The asset is situated in a core retail market with over 12 million square feet of retail within five miles. FedEx Office is seconds from many regional shopping centers including Southland Mall, anchored by Kohl's, TJ Maxx, and Petco; as well as The Crossroads Mall, a 769,000 square foot mall anchored by Macy's, JCPenney, and Sears. Crossroads Mall is the only enclosed regional mall within 45 miles. Other nearby national retail includes ALDI, Bed Bath & Beyond, Meijer, Lowe's Home Improvement, Target, The Home Depot, Sam's Club among numerous fast casual and quick service restaurants.

Portage, Michigan features excellent demographics; there are over 141,000 residents with an average household income exceeding \$67,000 within a five-mile radius of the investment property. Portage is situated midway between Chicago and Detroit along Interstate-94. The city's largest employers are Pfizer Pharmaceuticals and Stryker Instruments.

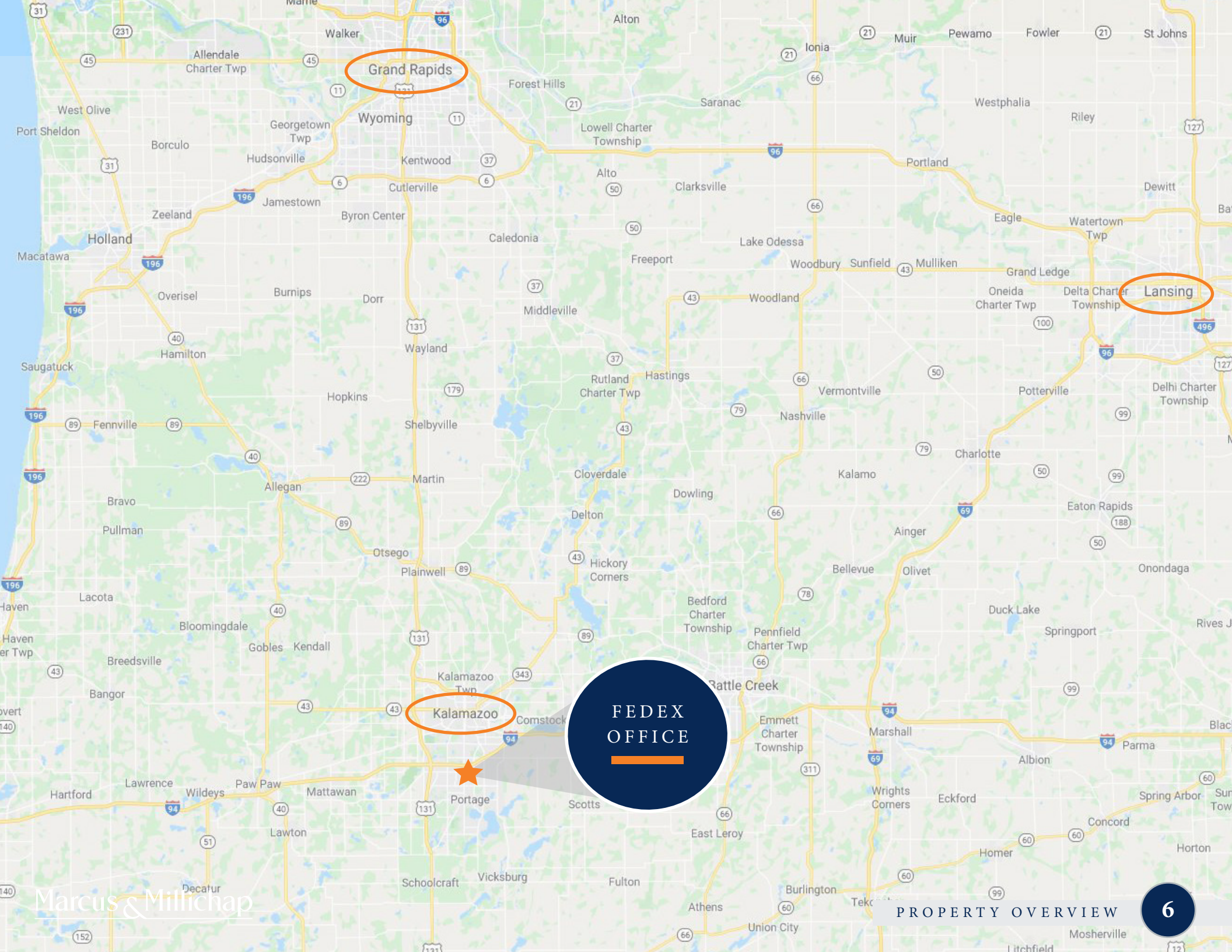
This asset is located just over five miles from the campus of Western Michigan University, a national research university enrolling nearly 24,000 students from across the United States and internationally. Downtown Kalamazoo, less than six miles from this property, features a diverse economy of manufacturing and life sciences, as well as craft breweries and distilleries that distribute nation-wide.

This FedEx Office property provides an investor with a great opportunity to acquire a stable asset in a core retail market.

INVESTMENT HIGHLIGHTS

- ▶ Investment Grade Tenancy | FedEx Corporation (S&P: BBB)
- ▶ 30 Years of Occupancy | Nearly Ten Years Remaining on NNN Lease Term
- ▶ Fifteen Percent Rental Increase in Year Six
- ▶ Core Retail Market – 12+ Million Square Feet Within Five Miles
- ▶ Nearby Regional Shopping Centers – Southland Mall and The Crossroads Mall
- ▶ Excellent Visibility – Over 30,000 Vehicles Per Day
- ▶ Ease of Access Via Interstate-94 – Over 84,000 Vehicles Per Day
- ▶ Excellent Demographics – Over 140,000 Residents With an Average Household Income Exceeding \$63,000 Within a Five-Mile Radius





Grand Rapids

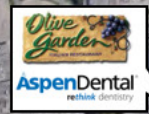
Lansing

Kalamazoo

FEDEX
OFFICE



84,000 VPD



Google

Southland Mall (343,000+ SF)

KOHL'S T.J. MAXX

NOODLES COMPANY CORE LIFE EATERY Chick-filade

PETCO OLD NAVY ULTA BEAUTY

FRESH THYME FARMERS MARKET BLAZE PIZZA

BED BATH & BEYOND



FEDEX OFFICE

Walgreens



30,000+ VPD

DXL
MENS APPAREL

Aaron's
Sprint



PROPERTY SUMMARY // FedEx Office

PROPERTY SUMMARY

Address	5730 S Westnedge Ave Portage, MI 49002
Gross Leasable Area	5,792 SF
Tenant	FedEx Office and Print Services, Inc.
Rent Increases	15% After Year Five
Guarantor	Subsidiary of a Corporation
Lease Type	NNN*
Lease Commencement	January 1, 1990
Lease Expiration	July 31, 2029
Lease Term Remaining	9.6 Years
Renewal Options	Two, Five-Year Options

*Tenant is Responsible for Maintenance of HVAC. The Cost of Replacement of HVAC is Split 50/50 Between Tenant and Landlord.



- ▶ FedEx Recently Executed a Ten-Year Lease Extension
- ▶ 30 Years of Occupancy
- ▶ Fifteen Percent Rental Increase After Year Five
- ▶ Ten Percent Rental Increase in Each Five-Year Option Period
- ▶ Blended Ten-Year Cap Rate: 6.29%

RENT SCHEDULE

YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF	CAP RATE
Current	\$151,092	\$12,591	\$25.30	5.85%
8/1/2024	\$173,785	\$14,482	\$29.10	6.73%
Option 1	\$191,164	\$15,930	\$32.01	7.40%
Option 2	\$210,274	\$17,523	\$35.21	8.14%

TENANT SUMMARY // FedEx Office



FedEx Office & Print Services, Inc. is an American retail chain that provides an outlet for FedEx Express and FedEx Ground shipping, as well as printing, copying, and binding services. As of May 31, 2019, FedEx Office operated 2,100 customer-facing stores. All FedEx Office Stores are corporate-owned. In March 2018, FedEx Office announced that it would open 500 stores inside of Wal-Mart locations throughout the U.S. The parent company, FedEx corporation (NYSE: FDX, S&P: BBB), generated \$65.45 billion in Fiscal Year 2018.

FedEx Corporation can write the textbook on global logistics – pioneering the just-in-time supply chain. Its unparalleled tracking systems allow customers around the world to see every detail of a package's movement from the moment the label is prepared until it is delivered to its final destination – anywhere in the world.

With the help of its innovative information technology and its continued network expansion and accelerated transit times, they have opened new hubs, and relocated more than 500 local facilities. FedEx is now delivering 50% of their packages in two days or less and 80% of their packages in three days or less. Their average daily package volume is greater than 13 million.

FedEx is the world's largest express transportation company providing a broad portfolio of transportation, e-commerce and business services through companies competing collectively, operating independently and managed collaboratively under the FedEx brand.

LEASE SUMMARY

Parent Company	FedEx Corporation
Ownership	Public NYSE: FDX
Credit Rating	S&P: BBB
Revenue (FY 2018)	\$65.45 Billion
Net Income	\$5.4 Billion
Number of Locations (FedEx Office)	2,100+
Lease Type	NNN
Lease Commencement	January 1, 1990
Lease Term	40 Years
Renewal Options	Two, Five-Year Options
HVAC	Tenant is Responsible for the Maintenance of HVAC. The Cost of Replacement of HVAC is Split 50/50 Between Tenant and Landlord
Right of First Refusal	No

City Of Portage, Michigan

The city of Portage is located just south of Kalamazoo in western Michigan. The metro population exceeds 326,000. Portage enjoys affordable housing with low taxes, safe and well-maintained neighborhoods, world-class healthcare, enriching activities and entertainment and a unique parks system that connects citizens to each other.

The City of Portage offers a variety of leisure activities to its residents. Portage is home to the largest retail center in Southwest Michigan, and is just minutes from Downtown Kalamazoo nightlife. The City of Portage is also home to numerous outdoor recreational opportunities. The South Westnedge Avenue Commercial Corridor is the retail heart of Portage and the location of the area's only regional mall - Crossroads Mall.

In Portage you will find 20 Fortune 1000 companies headquartered or physically present and a skilled workforce diversified in our primary industry sectors that have made the region a leader in medical devices, pharmaceuticals, design-based manufacturing, packaging, agriculture and food processing. The region is the:

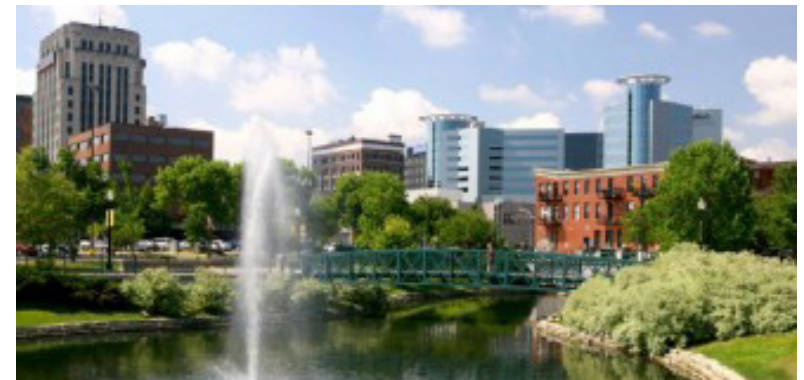
- World Headquarters for the Kellogg Company, Stryker Corporation and Whirlpool Corporation
- Tops among metropolitan statistical areas for employment for Drugs and Pharmaceuticals and Medical Device Equipment
- Strategic midpoint location between Chicago and Detroit that lies within a one day's drive of:
 - 54% of the nation's manufacturers
 - 48% of all national retail sales
 - 54% of the nation's business payroll
 - 65% of Canada's Gross National Product

KALAMAZOO

Kalamazoo, located in southwest Michigan, equidistant between Chicago and Detroit, is home to three college campuses: Western Michigan University, a large public university, Kalamazoo College, a liberal arts school, and Kalamazoo Valley Community College, a two-year community college. Together, the campuses total 35,000 students and 5,000 employees. The population of roughly 337,000 residents is expected to grow by more than 10,700 people by 2023.

Kalamazoo is also home to major players in the pharmaceutical and medical science industries. Kalamazoo is also known for its importance in the world of music; home to the Gibson Guitar Corporation. Kalamazoo has also built a reputation as a major player in the American craft beer movement.

- Over 200 regional health science companies and more than three dozen successful life-science startups since 2003 have built out a tremendous healthcare industry.
- Fortune 500 companies that are headquartered or physically present in the metro include Stryker, Pfizer, Abbott Laboratories, Zoetis and Thermo Fisher Scientific.
- More than 19,000 employees work in the food-processing sector, with major brands including ConAgra Foods, Minute Maid, Monsanto, Post Foods and Welch's.



PORTAGE, MICHIGAN DEVELOPMENT

Stryker's \$110 million investment in Portage,
expected to bring 260 new jobs



Pfizer's investment of \$465 million in Portage,
expected to bring 450 new jobs



33 projects worth \$690M last year created 1,883 new jobs in Southwest Michigan

- Stryker Corporation, the medical device company is investing \$110 million into its 79-acre industrial site at 3800 E. Centre Avenue in Portage. In support of Stryker's private investment, the Michigan Strategic Fund (MSF) approved a \$2.6-million Michigan Business Development Program performance-based grant. In addition to the 253,000-square-foot expansion in Portage, Stryker is expected to add 260 jobs by end of 2025. Average annual salary for those positions is expected to be \$73,000, according to materials Stryker submitted to the city. Construction is expected to be completed by the end of 2020.
- Pfizer Global Manufacturing in Portage makes active pharmaceutical ingredients for other Pfizer locations and other pharmaceutical makers. Pfizer has a mammoth manufacturing campus that includes more than 120 buildings. The company announced in March 2018 that they are planning to build a 400,000-square foot processing facility on their current campus. The investment totals \$465 Million. According to Pfizer documents, the project will create 140 jobs within two years and 450 jobs within six years. Projected revenue to the city over 20 years is estimated to total \$26.7 million according to Portage mayor.
- The City of Portage announced plans for a new FedEx distribution center at 6701 Portage Road. The \$25 million project was confirmed by Portage officials during a meeting last month and is expected to create over 700 jobs with the potential for over 150 contract employees. The site is expected to be open by July 2021.

DEMOGRAPHICS // *FedEx Office*

POPULATION STATISTICS	1 MILE	3 MILES	5 MILES
2022 Projection Total Population	7,866	60,491	143,766
2018 Estimate Total Population	7,919	60,097	141,259
2010 Census Total Population	7,623	58,099	135,805
2000 Census Total Population	7,787	58,567	135,236
Daytime Populations Total Population	13,777	72,734	187,370

HOUSEHOLDS	1 MILE	3 MILES	5 MILES
2022 Projection Total Households	3,922	26,683	60,043
2018 Estimate Total Households	3,902	26,219	58,271
Average (Mean) Household Size	2.1	2.29	2.29
2010 Census Total Households	3,727	25,112	55,368
2000 Census Total Households	3,745	24,918	53,596

POPULATION PROFILE	1 MILE	3 MILES	5 MILES
Population By Age			
2018 Estimate Total Population	7,919	60,097	141,259
Under 20	22.73%	25.34%	25.51%
20 to 34 Years	29.08%	22.60%	30.65%
35 to 39 Years	7.36%	7.03%	6.12%
40 to 49 Years	11.38%	11.78%	10.17%
50 to 64 Years	16.31%	17.90%	15.14%
Age 65+	13.13%	15.31%	12.40%
Median Age	33.93	36.39	30.4

HOUSEHOLDS BY INCOME	1 MILE	3 MILES	5 MILES
2018 Estimate			
\$150,000 or More	3.31%	7.96%	7.38%
\$100,000 - \$149,000	9.10%	11.98%	10.60%
\$75,000 - \$99,999	10.70%	13.60%	11.53%
\$50,000 - \$74,999	19.50%	21.31%	18.52%
\$35,000 - \$49,999	15.11%	13.83%	13.28%
Under \$35,000	42.27%	31.31%	38.71%

Average Household Income	\$56,018	\$74,569	\$67,641
Median Household Income	\$42,597	\$55,426	\$47,256
Per Capita Income	\$27,612	\$32,699	\$28,600

HOUSEHOLDS BY EXPENDITURE	1 MILE	3 MILES	5 MILES
2018 Estimate Total Retail Expenditure	7,919	60,097	141,259
Consumer Expenditure Top 10 Categories			
Housing	\$14,318	\$16,545	\$15,039
Transportation	\$11,022	\$14,134	\$12,666
Shelter	\$7,930	\$8,999	\$8,289
Food	\$6,194	\$7,236	\$6,523
Personal Insurance and Pensions	\$4,518	\$5,973	\$5,231
Health Care	\$3,802	\$4,577	\$3,947
Utilities	\$3,374	\$3,841	\$3,488
Entertainment	\$2,458	\$2,998	\$2,645
Apparel	\$1,492	\$1,833	\$1,628
Household Furnishings and Equipment	\$1,418	\$1,810	\$1,596

PRESENTED BY

ASHISH VAKHARIYA

First Vice President Investments
Director, National Retail Group / Net Leased Properties Group
Direct: (248) 415-2636 // Fax: (248) 415-2610
ashish.vakhariya@marcusmillichap.com
License: MI 6501322501

SETH HARON

First Vice President Investments
National Healthcare Real Estate Group
Direct: (248) 415-2605 // Fax: (248) 415-2610
seth.haron@marcusmillichap.com
License: MI 6501373006

Marcus & Millichap