

# PLANET FITNESS & HOPE SCHOOL

7620 WEST LOWER BUCKEYE ROAD | PHOENIX, ARIZONA 85043

NET LEASED INVESTMENT



OFFERING MEMORANDUM



EXCLUSIVELY LISTED BY:

**TIM WESTFALL**

*Managing Director*

602.952.3822

twestfall@ngkf.com

**DAVID GUIDO**

*Managing Director*

602.952.3875

dguido@ngkf.com

**RYAN MORONEY**

*Director*

602.952.3820

rmoroney@ngkf.com

**AFFILIATED BUSINESS DISCLOSURE**

Newmark Knight Frank (the "Agent") has been engaged as the exclusive sales representative for the sale of 7620 West Lower Buckeye Road, Phoenix, Arizona 85043 (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 (March 1, 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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01

# EXECUTIVE SUMMARY





## THE OFFERING

**Newmark Knight Frank (NKF), as exclusive advisor, is pleased to present the opportunity to acquire the Planet Fitness | Hope School Center (the Property), a 26,469-square-foot two tenant fully occupied retail project in Phoenix, Arizona.**

This single-story two-tenant Property is located in an emerging Phoenix submarket and is currently 100% leased. Built in 2008, the Property has ample surface parking and tremendous visibility from Lower Buckeye Road.

The Property offers an opportunity for an investor to capitalize on the increasing market fundamentals fueled by the continued development in the submarket. Surrounded by new residential and dense business districts and located 2 miles west of the new Loop 202 extension, the site offers exceptional regional access with close proximity to several of Phoenix's most important arterials.

## PROPERTY SUMMARY

### PLANET FITNESS | HOPE SCHOOL

7620 West Lower Buckeye Road  
Phoenix, Arizona 85043

**26,469 GLA**

Total Building Area

**3.77 AC**

Land Area

**NNN**

Lease Structure

**2008**

Year Built

**104-34-013A**

APN

**100%**

Leased

## OFFERING SUMMARY

**\$4,281,810.86**

Offering Price

## MAJOR TENANT SUMMARY

TENANT	LEASED SF	% OF PROPERTY	LEASE EXPIRATION
Planet Fitness	±15,750	59.50%	5/31/2030
Hope School	±10,719	40.50%	7/31/2025



## INVESTMENT OPPORTUNITY

The Property provides tenants a stable environment with close access to multiple major freeways, significant local thoroughfares and extensive amenities. Opportunities to acquire superior quality retail projects of this nature are highly sought after.

## FINANCIAL SUMMARY

**100%**

Leased

**\$4,281,810.86**

Price

**\$299,726.76**

In-Place NOI

**7.00%**

In-Place Cap Rate

**\$161.77**

Price Per Building SF

## INVESTMENT HIGHLIGHTS

**100% OCCUPIED**

*Stable Cash Flow Asset*

**STRONG TWO-TENANT CREDIT MIX**

*Includes Planet Fitness & Hope School*

**HIGH DEMAND**

*Extremely Low Vacancy Submarket*

**LOW PRICE**

*Per Square Foot*

**LOW MANAGEMENT INVESTMENT**

*For a Passive Investor*

**EXCELLENT LONG-TERM VALUE**

*In an Established Trade Area*

**IDEAL LOCATION**

*Less than 2 Miles West of the Brand New Loop 202 Extension and 3 Miles South of Interstate 10*



DOWNTOWN  
PHOENIX



LOOP  
202

AVILLA MAGNOLIA  
±180 HOMES



LOOP  
202



PLANNED  
DEVELOPMENT

NORTH 75TH AVENUE ±14,943 VPD



IN ESCROW



TUSCANO  
TOWNE CENTER



WEST LOWER BUCKEYE ROAD ±19,179 VPD







## PROPERTY DESCRIPTION



## ASSET OVERVIEW

This recently renovated two-tenant Property is located in a Phoenix submarket experiencing rapid housing growth. It is currently 100% leased. Built in 2008, the Property is located directly across the street from a Walmart Super Center.

The Property offers an opportunity for an investor to capitalize on the increasing market fundamentals fueled by the continued development in the submarket.

The Property is surrounded by residential and is within a dense business district. It is located 2 miles west of Loop 202, and offers exceptional regional access with close proximity to several of Phoenix's most important arterials, Interstate 10 and the Loop 202.

The Property also benefits from excellent ingress and egress, ample parking and a large monument sign.

## NEIGHBORS

Walmart   
Supercenter

TUTOR TIME  
CHILD CARE / LEARNING CENTERS

BMO  Harris Bank

 AutoZone



CHASE 

Super   
CAR WASH

 BIG O TIRES

## PROPERTY HIGHLIGHTS



**26,469 SF**  
GLA



**RECENT RENOVATIONS**  
NEW ROOF AND HVAC



**100%**  
OCCUPANCY



**TENANTS INCLUDE**  
LARGEST PLANET FITNESS FRANCHISEE  
AND A RECENTLY EXPANDED SCHOOL



**2008**  
YEAR BUILT



**STRONG**  
RESIDENTIAL HOUSING GROWTH





**FUTURE  
DEVELOPMENT**

IN ESCROW  
WITH  
NATIONAL TENANT

IN ESCROW  
WITH  
NATIONAL TENANT

AVILLA MAGNOLIA  
±180 HOMES

NORTH 75TH AVENUE  
±14,943 VPD

WEST LOWER BUCKEYE ROAD ±19,179 VPD









TUSCANO MASTER PLANNED COMMUNITY



Walmart  
Supercenter



IN ESCROW  
WITH  
NATIONAL TENANT

IN ESCROW  
WITH  
NATIONAL TENANT



PLANNED  
DEVELOPMENT



WEST LOWER BUCKEYE ROAD ±19,179 VPD

NORTH 75TH AVENUE ±14,943 VPD





03

TENANT  
PROFILES



## PLANET FITNESS

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LEASE EXPIRATION	<b>5/31/2030</b>
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SF LEASED	<b>±15,750</b>
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% OF TOTAL SF	<b>59.50%</b>
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WEBSITE	<b><a href="http://www.planetfitness.com">www.planetfitness.com</a></b>
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Planet Fitness (PFIP LLC) is an American franchisor and operator of fitness centers based in Hampton, New Hampshire. The company reports that it has 1,859 clubs, making it one of the largest fitness club franchises by number of members and locations. There are locations across the United States as well as in other countries such as Canada, Dominican Republic, Panama, and Mexico. In 2019 the franchise expanded to Australia. It markets itself as a "Judgment Free Zone" that caters to novice and casual gym users and is reported to be the nation's fastest growing fitness center franchise.

The company reports that as of 2019, there are 80 corporate-owned gyms, the rest independently owned and operated.

Planet Fitness was founded in 1992, in Dover, New Hampshire, when Michael and Marc Grondahl acquired a financially struggling gym and dramatically reduced prices to compete against better-known brands. This low-cost business model focuses on the needs of occasional or first-time health club members, rather than more experienced members.







## HOPE HIGH SCHOOL

LEASE EXPIRATION	<b>7/31/2025</b>
SF LEASED	<b>±10,719</b>
% OF TOTAL SF	<b>40.50%</b>
WEBSITE	<b><a href="http://www.hopehighschool.org">www.hopehighschool.org</a></b>

Located in southwest Phoenix, HOPE High School has been supporting “at-risk” students since 2003. HOPE High School welcomes high school students seeking a small, self-paced learning environment where everyone knows your name. Students focus on earning their high school diploma and giving back to the community. HOPE’s flexible learning environment allows students and teen parents to graduate early, get back on track for graduation and provides a flexible schedule for students who are employed.

HOPE High School is a subsidiary of Blueprint Education. Blueprint Education Inc. celebrates 50 years of providing strong leadership, innovative educational programs and influence in the success and growth of thousands of students. Our commitment to expanding opportunities for students who have found themselves outside of traditional school situations has caused the expansion to all of our facilities. Blueprint Education Inc. significantly expanded its ground campus facility in West Phoenix to accommodate the tremendous enrollment growth and increased diversity of services for its students. Blueprint Education also grew its online school by 75% from the 2018.





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## FINANCIAL SUMMARY



## EXECUTIVE SUMMARY

BUILDING ADDRESS	<b>7620 West Lower Buckeye Road Phoenix, Arizona 85043</b>
PRICE	<b>\$4,281,810.86</b>
CAP RATE	<b>7.00%</b>
NOI / ANNUALLY	<b>\$299,726.76</b>
TOTAL BUILDING AREA	<b>±26,469</b>
LAND AREA	<b>±3.77 AC</b>
YEAR BUILT	<b>2008</b>
FINANCING	<b>Free &amp; Clear</b>

## RENT ROLL

TENANT NAME	RSF	RENT ACTUAL (MONTHLY)	RENT ACTUAL (ANNUAL)	RENT PSF (PSF/YR)	PRORATA SHARE	LEASE FROM	LEASE EXP	LEASE TYPE	NEXT INCREASE	RENEWAL OPTIONS
<b>Planet Fitness</b>	15,750	\$10,762.50	\$129,150.00	\$8.20	59.50%	5/17/2019	5/31/2030	NNN	Year 7 6/1/2025	Four 5-Year
<b>Hope High School</b>	10,719	\$14,214.73	\$170,576.76	\$15.91	40.50%	8/1/2018	7/31/2025	NNN	8/1/2021	Two 3-Year
<b>Totals:</b>	<b>26,469</b>	<b>\$24,977.23</b>	<b>\$299,726.76</b>							



## OPTION RENT

TENANT NAME	RSF	OPTION PERIOD	RENT ACTUAL (MONTHLY)	RENT ACTUAL (ANNUAL)	RENT PSF (PSF/YR)
<b>Planet Fitness</b>	15,750	Years 12 - 16	\$12,140.63	\$145,687.56	\$9.25
		Years 17 - 21	\$13,125.00	\$157,500.00	\$10.00
		Years 22 - 26	\$14,109.38	\$169,312.56	\$10.75
		Years 27 - 31	\$19,102.58	\$189,000.00	\$12.00

TENANT NAME	RSF	OPTION YEAR	RENT ACTUAL (MONTHLY)	RENT ACTUAL (ANNUAL)	RENT PSF (PSF/YR)
<b>Hope High School</b>	10,719	Year 8	\$16,478.05	\$197,736.61	\$18.45
		Year 9	\$16,972.39	\$203,667.71	\$19.00
		Year 10	\$17,481.56	\$209,778.77	\$19.57
		Year 11	\$18,006.01	\$216,072.13	\$20.16
		Year 12	\$18,546.19	\$222,554.30	\$20.76
		Year 13	\$19,102.58	\$229,230.92	\$21.39



## LEASE SUMMARY



TENANT	Planet Fitness
LEASE GUARANTOR	United PF Partners (largest Planet Fitness franchisee in the U.S.)
LEASE TYPE	NNN
NOI / ANNUALLY	\$129,150.00
RENT PER SF	\$8.20
LANDLORD RESPONSIBILITY	Roof and Structure
LEASE COMMENCEMENT	5/17/2019
LEASE EXPIRATION	5/31/2030
LEASE TERM	11 Years
LEASE OPTIONS	Four 5-Year Options
RENTAL INCREASES	5% in Year 7 Commencing on 6/1/2025



## LEASE SUMMARY



TENANT	Hope High School
LEASE GUARANTOR	Blueprint Education, Inc.
LEASE TYPE	NNN
NOI / ANNUALLY	\$170,576.76
RENT PER SF	\$15.91
LANDLORD RESPONSIBILITY	Roof and Structure
LEASE COMMENCEMENT	8/1/2018
LEASE EXPIRATION	7/31/2025
LEASE TERM	7 Years
LEASE OPTIONS	Two 3-Year Options
RENTAL INCREASES	3% Annual Increases





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## AREA OVERVIEW



## PHOENIX, ARIZONA

Phoenix is the vibrant center of one of the fastest growing job markets and economies in the United States. The 5th largest city in the country, phoenix is emerging in the new economy with strengths in high technology, manufacturing, bioscience research and advanced business services.

### LIFESTYLE

*Phoenix's South Mountain Park is one of the largest municipally owned park in the United States.*

### CULTURE

*Phoenix's Artlink First Fridays is the nation's largest self-guided art walk with more than 70 galleries.*

### CONNECTIVITY

*Phoenix Sky Harbor airport is the 11th busiest airport in the country.*



# 1.5M

With a population over 1.6 million, Phoenix is Arizona's center of government, commerce and culture.

# \$520M

More than \$520 million has been invested in the Phoenix Biomedical Campus since 2002.

# 24

Phoenix's efficient permitting process allows for some permitting in as little as 24 hours.

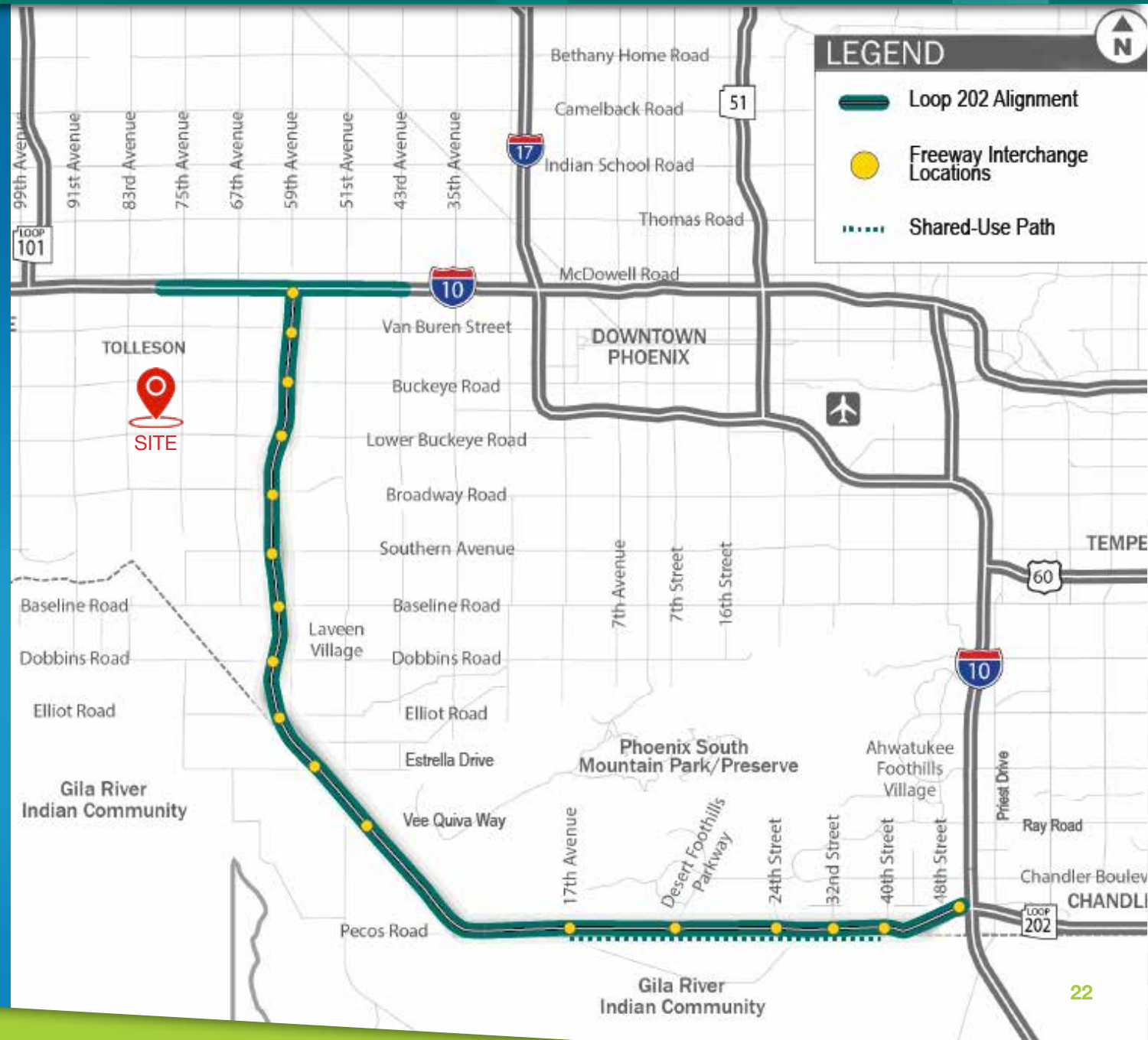


# LOOP 202 South Mountain Freeway

The Loop 202 (South Mountain Freeway) adds 22 miles of freeway to the existing Phoenix metropolitan transportation system. The freeway connects the east and west valley while providing much needed relief to existing freeway corridors and local streets.

This freeway is projected to carry approximately 117,000 vehicles per day within its first year and as many as 190,000 vehicles per day by 2035.

The Planet Fitness & Hope School Property is less than 2 miles from the new Loop 202 South Mountain Freeway.







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