

# ADVANCE AUTO PARTS

Exclusive Net Lease Offering

*Representative Photo*



# OFFERING MEMORANDUM



12955 Frankstown Rd  
Penn Hills, PA 15235

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Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other

locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

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**Advance**  
**Auto Parts** 







# Investment Highlights

## Optimal Lease Structure

- ✓ Long Term Triple Net (NNN) Lease | 13.5 Years Remaining
- ✓ Attractive 10% Rental Increase in 2028
- ✓ Advance Stores Company, Inc. Guaranty | Wholly Owned Subsidiary of Advance Auto Parts, Inc.

## Compelling Location Fundamentals

- ✓ Located In Retail Corridor | Walgreens, Redbox, Rite Aid, Arby's, 7-Eleven, T-Mobile, Dollar General and more
- ✓ Features High Visibility & Ease of Access along Frankstown Road
- ✓ Strong Traffic Count for Area | Frankstown Road and Saltsburg Road | Average 15,000 and 12,500 Vehicles Per Day Respectively
- ✓ Compelling Location Fundamentals | Located Less Than Ten-Miles Outside of Downtown Pittsburgh and University of Pittsburgh
- ✓ Strong Academic Presence | Linton Middle and High School | Within a One-Mile Radius | Approximately 2,400 Students Combined
- ✓ Strong Demographics | Population 160,700 Within a Five-Mile Radius | 613,500 Within a Ten-Mile Radius

## Strong Brand, Exceptional Operator

- ✓ National Leader in the Automotive Aftermarket Parts Industry | Nearly 5,000 Stores in Operation Across 8 Countries and Territories
- ✓ Strong Performance Across Units | \$9.58 Billion in Annual Net Sales | More Than \$2.1 Million Increase Over Previous Year's Sales
- ✓ Seasoned Brand | Founded 88 Years Ago by Arthur Taubman | First Stores Opened in Roanoke, VA and Lynchburg, VA
- ✓ Commitment to Continued Growth and Success | Recently Invested Nearly \$200 Million in Both the Business Infrastructure and Tools for Their Team Members

Representative Photo



Representative Photo



Representative Photo



# Financial Analysis & Investment Summary



PRICE: \$1,086,019 | CAP RATE: 5.75% | RENT: \$62,446

## PROPERTY DESCRIPTION

Property	Advance Auto Parts
Property Address	12955 Frankstown Rd
City, State ZIP	Penn Hills, PA 15235
Building Size (SF)	8,000
Lot Size (Acres)	+/- 4.42 Acres
Type of Ownership	Fee Simple

## THE OFFERING

Purchase Price	\$1,086,019
CAP Rate	5.75%
Annual Rent	\$62,446

## LEASE SUMMARY

Tenant	Discount Auto Parts, LLC
Guarantor	Advance Stores Company, Inc.
Lease Commencement	January 21, 2020
Lease Expiration	August 31, 2033
Lease Term Remaining	13.5 Years
Lease Type	Triple Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	10% on 8/31/2028
Options to Renew	Four (4), Five (5)-Year
Rental Increases In Options	10% In Each Option

## RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation
Year 1 <sup>1</sup>	\$62,446	\$5,204	-
Year 2	\$62,446	\$5,204	-
Year 3	\$62,446	\$5,204	-
Year 4	\$62,446	\$5,204	-
Year 5	\$62,446	\$5,204	-
Year 6	\$62,446	\$5,204	-
Year 7	\$62,446	\$5,204	-
Year 8	\$62,446	\$5,204	-
Year 9	\$68,691	\$5,724	10.00%
Year 10	\$68,691	\$5,724	-
Year 11	\$68,691	\$5,724	-
Year 12	\$68,691	\$5,724	-
Year 13	\$68,691	\$5,724	-
Year 14	\$68,691	\$5,724	-

## Investment Summary

Marcus & Millichap is please to present the exclusive listing for the Advance Auto Parts located at 12955 Frankstown Rd in Penn Hills, PA. The property consists of a 8,000 square-foot building sitting atop a 4.42-acre lot. There are currently 13.5 years remaining on the base term of the absolute triple net (NNN) lease, which is guaranteed by Advance Stores Company, Inc., a wholly owned subsidiary of Advance Auto Parts, Inc. Currently, the annual rent for the property is \$62,446, which is scheduled to increase by 10% on 8/31/2028. The tenant has four (4), five (5)-year options to extend lease, each of which comes with a 10% rental increase.

<sup>1</sup>Lease Year 1 represents the period from the lease commencement to 8/31/2020



# Concept Overview



*“There's nothing we enjoy more than helping you wrench up, take control and master your machine.”*

Advance Auto Parts, Inc. (NYSE: AAP) is a leading automotive aftermarket parts provider that serves both professional installer and do-it-yourself customers. As of July 13, 2019, Advance operated 4,912 stores and 150 Worldpac branches in the United States, Canada, Puerto Rico and the U.S. Virgin Islands. The Company also serves 1,250 independently owned Carquest branded stores across these territories, in addition to Mexico, the Bahamas, Turks and Caicos and British Virgin Islands. The brand prides itself on not only being a one stop shop for all automotive aftermarket part needs, but also for the reliable advice that all of their employees provide to each and every customer walking through the door. No matter the level of comfort or expertise with automotive upgrades or repairs, Advance Auto Parts strives to provide a knowledgeable and enjoyable shopping experience for everyone who enters their stores.



## Advance Auto Parts - At A Glance

# of Stores	4,912
# of Carquest Stores Served	1,250
# of Team Members	70,000+
Years in Operation	87
2018 Net Sales	\$9.58 Billion
Headquarters	Raleigh, NC
CEO	Thomas Greco
Countries & Territories Served	8

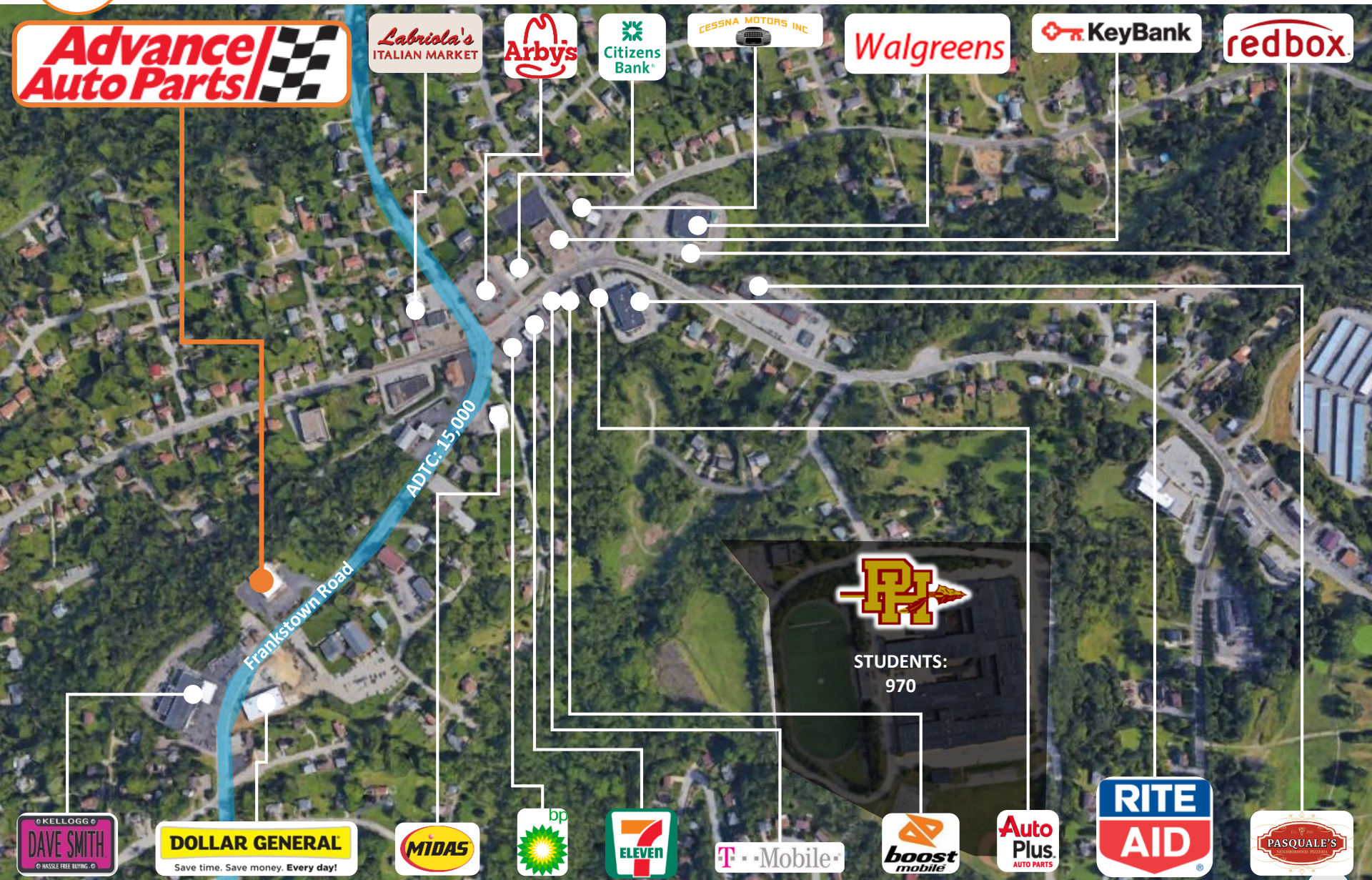
## 2018 Financial Summary







# Surrounding Area



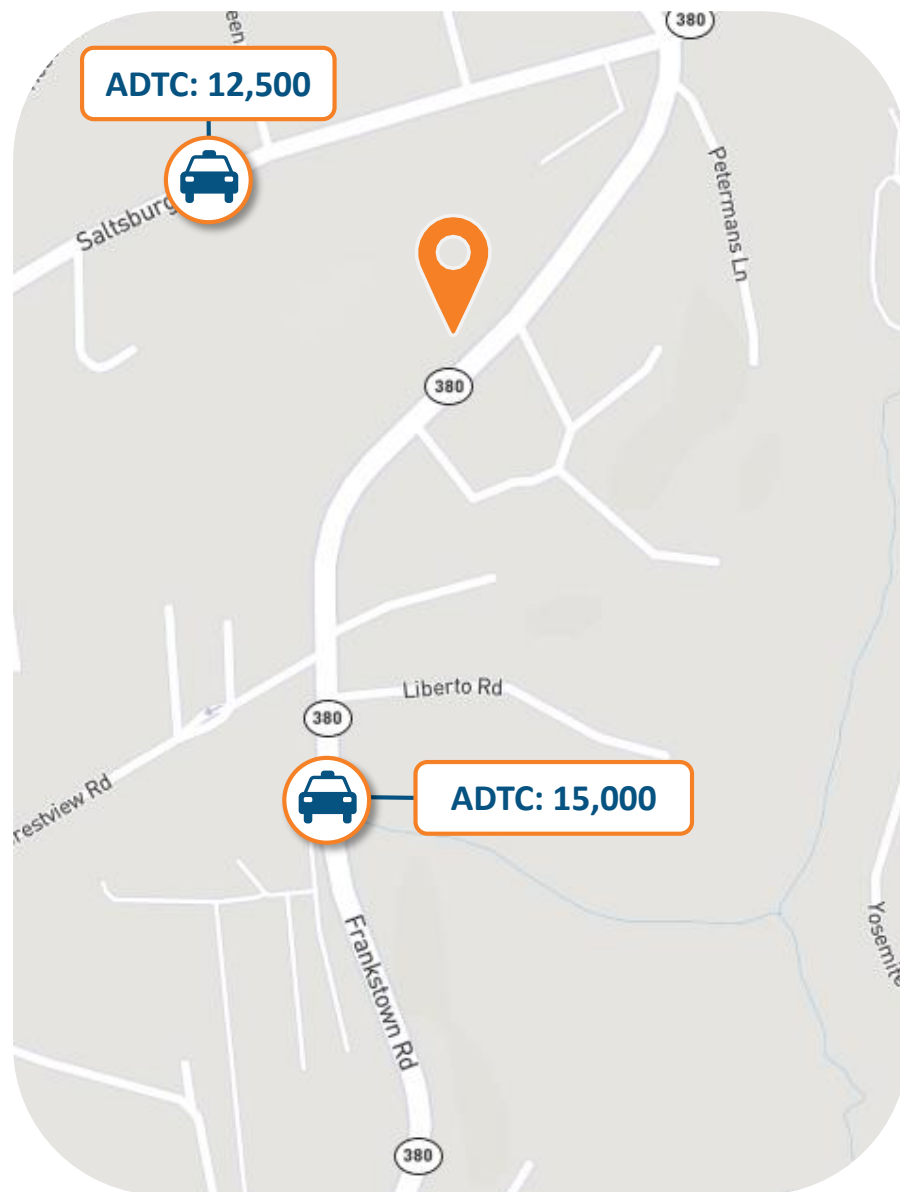


# Location Overview

The subject investment property is situated along Frankstown Road, in Penn Hills, Pennsylvania. Frankstown boasts average daily traffic counts of approximately 15,000 vehicles and also intersects Saltsburg Road, which brings an additional 12,500 vehicles into the immediate area on average daily. There are more than 163,000 individuals residing within a five-mile radius of the property and more than 623,000 individuals within a ten-mile radius.

The subject property benefits from being well-positioned in a dense retail corridor within a highly populated residential neighborhood. The site is surrounded by national and local tenants. Major national tenants include: Walgreens, Redbox, Rite Aid, Arby's, 7-Eleven, T-Mobile, Dollar General and several other quick service restaurants. Less than two miles south of this site, Frankstown Road leads directly into Penn Hills Shopping Center, which has over 60 stores. There is also a strong academic presence, within a two-mile radius of this Advance Auto property there are three academic institutions with a combined total enrollment exceeding 2,400 students.

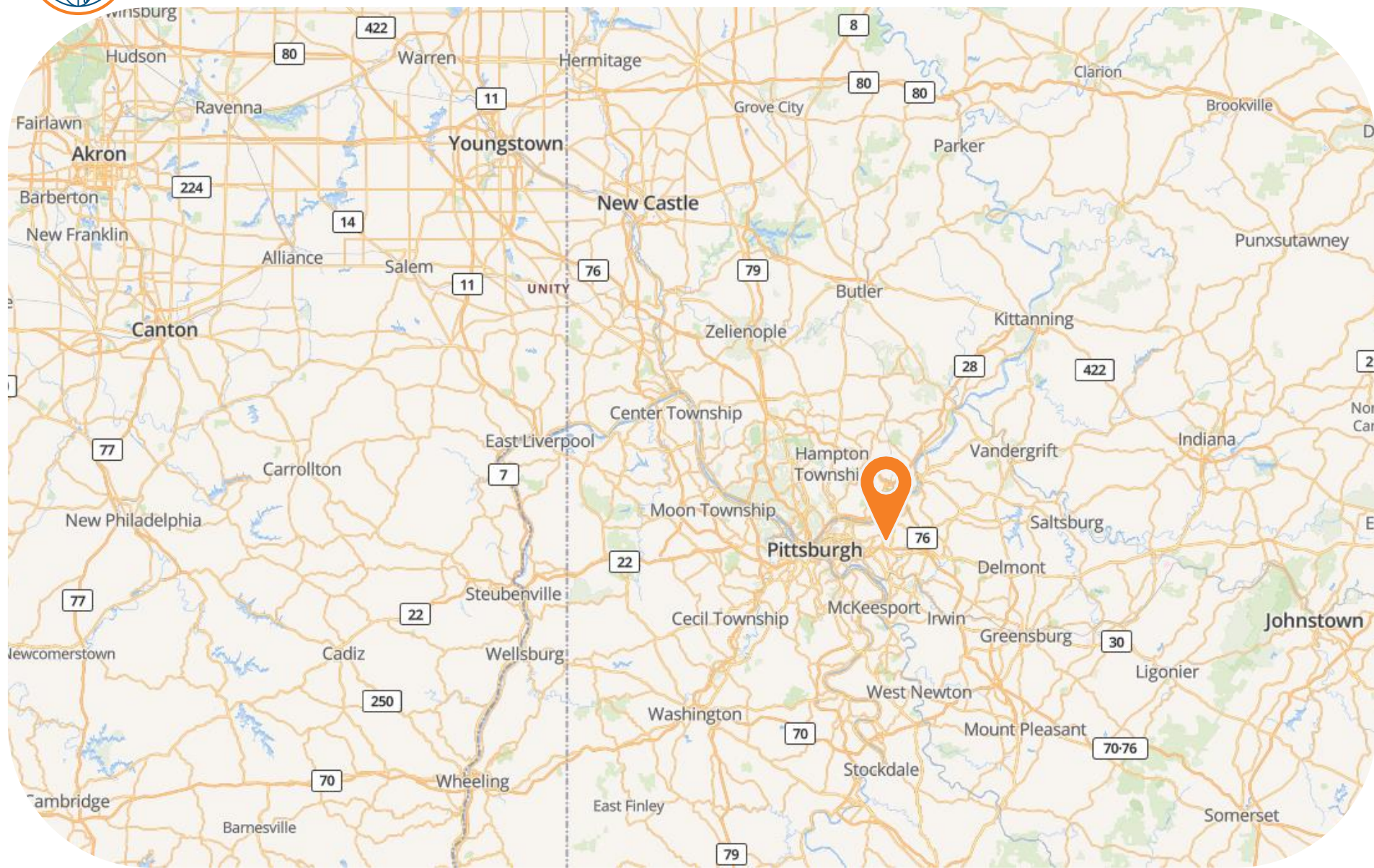
Penn Hills is a township in Allegheny County, Pennsylvania. It is known for its prominent arts and culture scene, attractive downtown and lower than average cost of living. Penn Hills is a great area for outdoor recreational activities, but it also benefits from its close proximity to Pittsburgh, Pennsylvania. Pittsburgh is a city in the state of Pennsylvania and the county seat of Allegheny County. Pittsburgh is the largest city in both the Ohio Valley and Appalachia and is the second-largest in Pennsylvania, just behind Philadelphia. The city is known both as the 'City of Bridges' as it has 446 bridges, and the 'Steel City' as it has more than 300 steel-related businesses. Aside from steel which has historically been the principal industry, Pittsburgh has led in manufacturing of aluminum, glass, shipbuilding, petroleum, food, sports, computers and electronics. Today, Google, Apple Inc, Bosch, Facebook, Uber, Nokia, Microsoft and IBM are among 1,600 technology firms generating over \$20.7 Billion in annual Pittsburgh payrolls. The area has also served as the long-term federal agency headquarters for cyber defense, software engineering, robotics and energy research. Pittsburgh is home to the global headquarters of numerous major companies. The nation's eighth largest bank, PNC, has its headquarters in the city as well as eight Fortune 500 companies including: PPG Industries, U.S. Steel, The Kraft Heinz Company, Dick's Sporting Goods and more. The six top 300 U.S law firms have their global headquarters in the area as well.







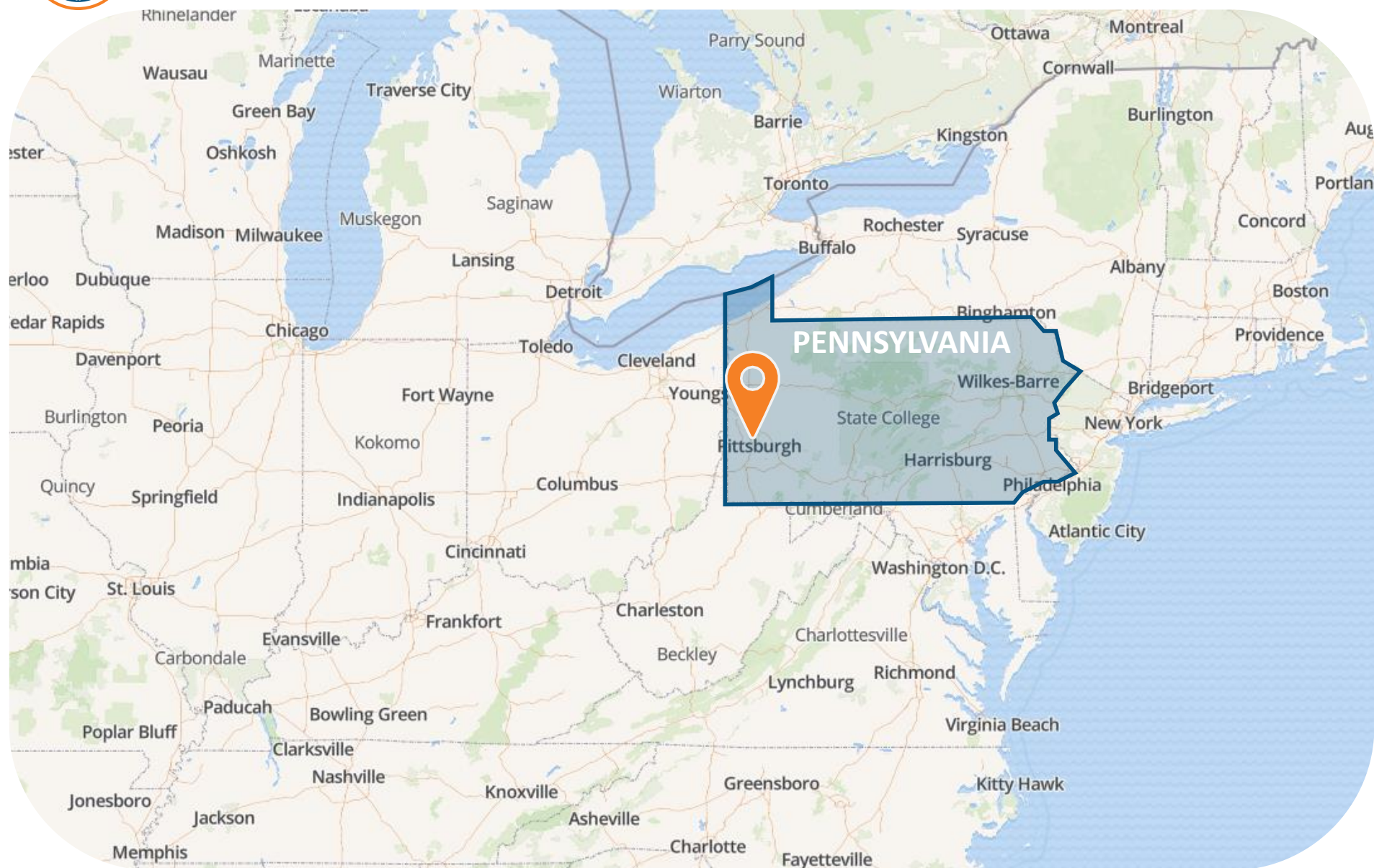
# Local Map







# Regional Map







# Demographics



# Market Overview

*Pittsburgh, PA*

**Pittsburgh** is a city in the state of Pennsylvania and the county seat of Allegheny County. Pittsburgh is the largest city in both the Ohio Valley and Appalachia and is the second-largest in Pennsylvania, just behind Philadelphia. The city is known both as the 'City of Bridges' as it has 446 bridges, and the 'Steel City' as it has more than 300 steel-related businesses. Aside from steel which has historically been the principal industry, Pittsburgh has led in manufacturing of aluminum, glass, shipbuilding, petroleum, food, sports, computers and electronics.

Today, Google, Apple Inc, Bosch, Facebook, Uber, Nokia, Microsoft and IBM are among 1,600 technology firms generating over \$20.7 Billion in annual Pittsburgh payrolls. The area has also served as the long-term federal agency headquarters for cyber defense, software engineering, robotics and energy research. Pittsburgh is home to the global headquarters of numerous major companies. The nation's eighth largest bank, PNC, has its headquarters in the city as well as eight Fortune 500 companies including: PPG Industries, U.S. Steel, The Kraft Heinz Company, Dick's Sporting Goods and more. The six top 300 U.S law firms have their global headquarters in the area as well. Education and Health Care are also major economic drivers in the region. The single largest employer in education is the University of Pittsburgh with approximately 10,700 employees. All the hospitals, outpatient clinics and doctor's offices collectively account for approximately 116,00 jobs or ten percent of the region's employment. Collectively this has made Pittsburgh the sixth-best area for job growth in the United States.

## Major Employers

Employer	Estimated # of Employees
Alcoa Primary Products	16,200
University of Pittsburgh	11,052
Arconic Mexico Holdings LLC	9,001
Allegheny General Hospital	6,645
BNY Mellon	5,674
Giant Eagle	5,289
Board of Public Education School	5,016
Continuing Care Center	4,500
Office of Student Unions	4,500
Carnegie Mellon University	3,909
Boke Investment Company	3,000
Highmark Blue Crss-Blue Shield	3,000

# of Employees based on 10-mile radius



Marcus & Millichap

**NNN**  
PRO GROUP

EXCLUSIVE NET LEASE OFFERING



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