



Price
\$2,400,000



Cap Rate
5.47%



NOI
\$131,378



Building Size
7,150 SF

18 YEARS REMAINING ON INITIAL LEASE

SINGLE-TENANT NNN RETAIL
INVESTMENT OPPORTUNITY

OFFERING MEMORANDUM
7985 FOUNTAIN MESA RD | FOUNTAIN, CO

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EXECUTIVE SUMMARY

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PROPERTY DESCRIPTION

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FINANCIAL MODEL

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MARKET OVERVIEW

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EXECUTIVE SUMMARY - 1

Property Type

Retail

Property Size

7,150 SF

Occupancy

100%

Year Built

2017

Parking

Ample

Lease Tern

Eighteen (18) Years Remaining on Initial Lease

Net Operating Income

\$131,378

Asking Price

\$2,400,000

Cap Rate

5.47%

EXECUTIVE SUMMARY

NavPoint Real Estate group is pleased to offer this opportunity to acquire 7985 Fountain Mesa Rd, a single-tenant, retail building, consisting of 7,150 rentable square feet. Located just south of metro Colorado Springs, the property features new construction, excellent access to Interstate 25, and close proximity to Fort Carson, the primary employer in the Fountain Colorado area. This property’s ideal location is further enhanced by it’s prime location within a busy retail center including a Safeway, several fast casual dining options, and much more.

Currently 100% occupied, 7985 Fountain Mesa Rd provides an investor with a long term lease, renewal options and strong credit; creating a prime opportunity to own a stable, cash-flowing asset in a growing part of southern Colorado.





SAFeway
Starbucks COFFEE
usbank

The UPS Store
SUBWAY
Fantastic Sams
State Farm

Shipley DONUTS
Centura Health

Cross Creek

PAPA JOHN'S
ROOKIES
TAN YOUR HIDE
TANNING STUDIO

Culver's

PROPERTY

ABBA
EYE CARE

AT&T
Jimmy John's

Fountain Mesa Rd

INVESTMENT HIGHLIGHTS

LONG TERM NNN LEASE STRUCTURE

The lease is considered trip net, with the tenant reimbursing for all common area maintenance, insurance, real estate taxes and administration expenses. Original Lease has eighteen years remaining with 8.00% increases every five years and four additional five year renewal options with 8.00% increases each option providing an incoming investor with ease of mind and stable cash flow.

STRONG DEMOGRAPHICS

There are estimated to be 80,284 residents living within a 5-mile radius from the property, with an average household income of \$75,779.

SECURE TENANT

O'Reilly Auto Parts was founded in 1957 and operates more than 5,439 stores in 47 states. The company is publicly traded on the NASDAQ under the ticker "ORLY".

NEW CONSTRUCTION

This property was constructed in 2017, providing no deferred maintenance for a future landlord.

EXCELLENT SITE VISIBILITY

Ideally positioned off of Fountain Mesa Rd, this property has visibly from an estimated 22,884 vehicles passing daily.

ADJACENT TO MAJOR POWER CENTER

The property in the Markets at Mesa Ridge shopping center, anchored by Safeway. Other national tenants include Dollar Tree, Shipley Do-Nuts, Pizza Hut, Subway, Jimmy John's, Carl's Jr, Chick-fil-A, Noodles & Company, Jersey Mike's, Taco Bell and Sonic.





PROPERTY DESCRIPTION - 2



PROPERTY DESCRIPTION

7985 Fountain Mesa Rd
Fountain, CO 80817

Rentable Area
7,150 RSF

Building Type
Retail

Site Size
1.030 Acres

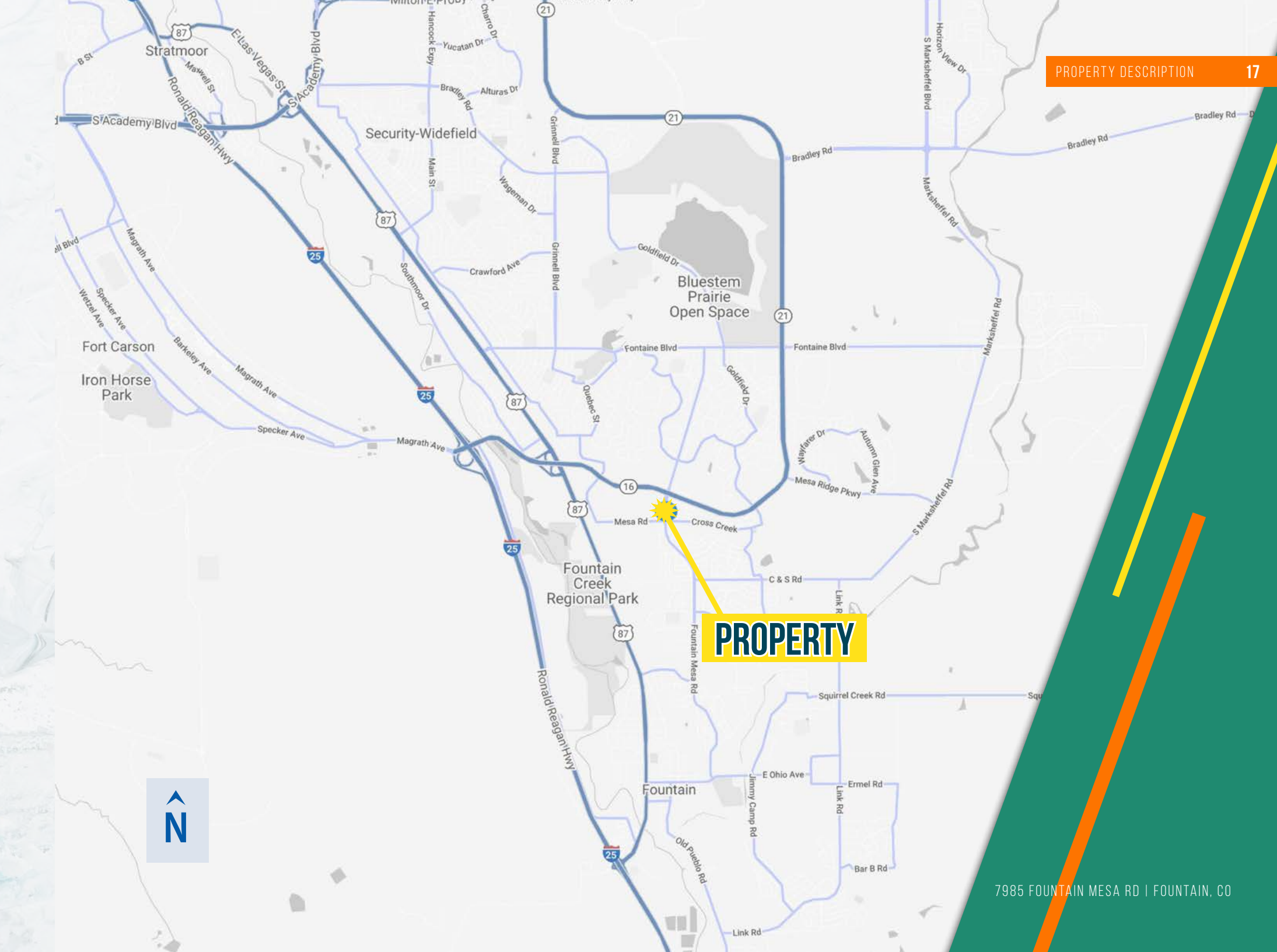
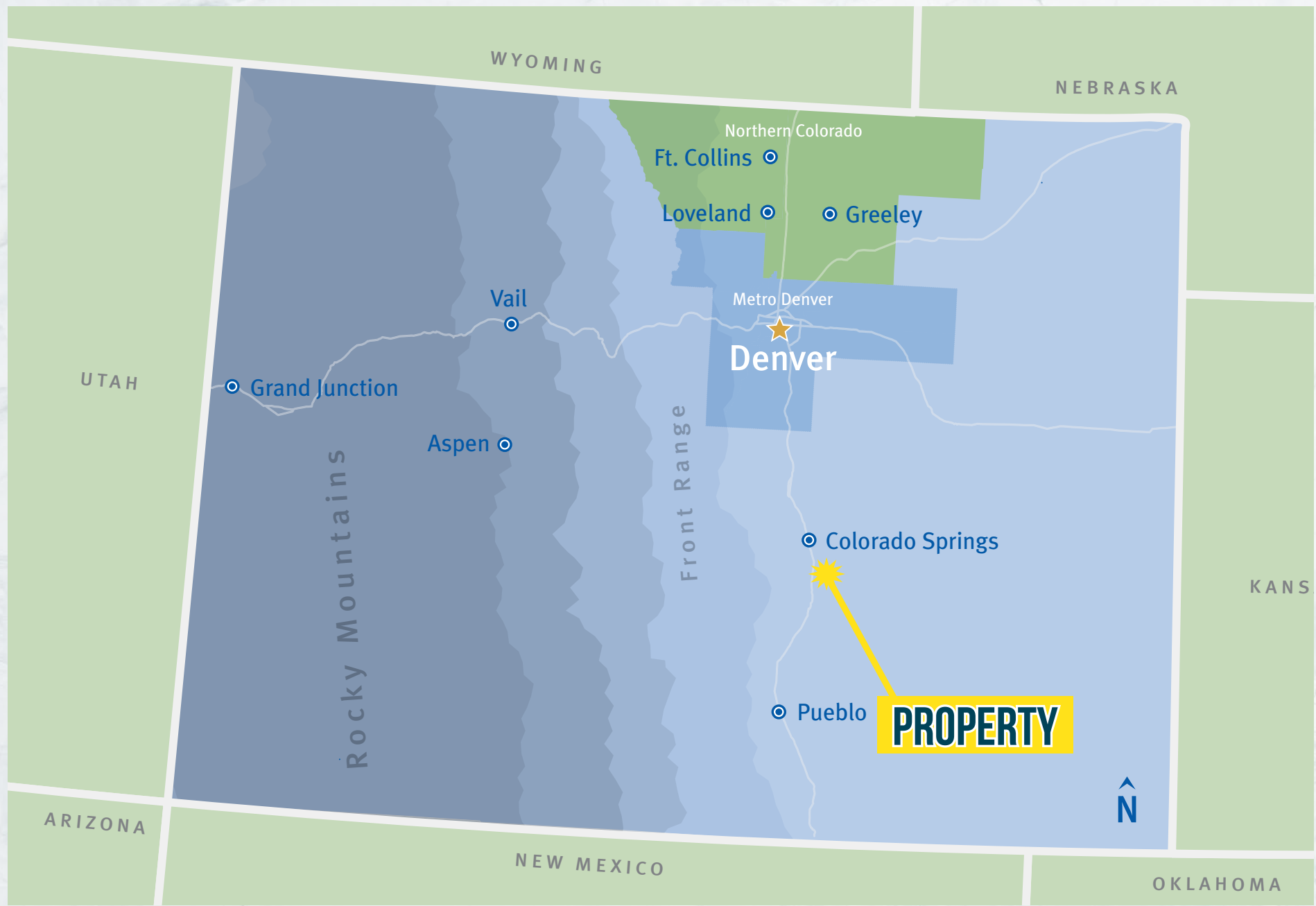
Year of Construction
2017

Parcel Number
5529205050

- Strong retail center anchored by Safeway
- Ample parking
- Strong retail corridor
- Excellent traffic counts
- Just east of one of Fort Carson's Primary Entrances
- Increasing residential population
- Strong retail growth within trade area
- Conveniently located two miles from Interstate 25



PROPERTY LOCATION



7985 FOUNTAIN MESA RD | FOUNTAIN, CO

TENANT DESCRIPTION

Year Founded: 1957 | Headquarters: Springfield, MO

Locations: 5,349+ | Industry: Retail

O'Reilly Automotive, Inc. together with its subsidiaries, engages in the retail sales of automotive aftermarket parts, tools, supplies, equipment and accessories in the United States. The company provides new and re-manufactured automotive hard parts, such as alternators, batteries, brake system components, belts, chassis parts, driveline parts, engine parts, fuel pumps, hoses, starters, and temperate control and water pumps; maintenance items comprising antifreeze and lighting products, appearance products, engine additives, filters, fluids, and oil and wiper blades; and accessories, such as floor mats, seat covers, and truck accessories. Its stores offer auto body paint and related materials, automotive tools and professional service provider service equipment. The company's stores also offer enhanced services and programs comprising used oil, oil filter, and battery recycling; battery, wiper, and bulb replacement; battery diagnostic testing; electrical and module testing; check engine light code extraction; loaner tool program; drum and rotor resurfacing; custom hydraulic hoses, professional paint shop mixing and related materials; and machine shops. Its stores provide do-it-yourself and professional service providers customers a selection of brand name, house brands, and private label products for domestic and imported automobiles, vans and trucks.



TENANT DESCRIPTION

O'Reilly Automotive plans to open new stores to achieve greater penetration into existing markets and expansion into new, contiguous markets. They typically open new stores either by construction new facilities or renovating an existing one on property they purchase or lease and stocking the new store with fixtures and inventory; acquiring an independently owned auto parts store, typically by the purchase of substantially all of the inventory and other assets of such store; or purchasing multi-store chains. O'Reilly plans to open 200 net new stores in 2019 and will net an additional 20 stores, as they merge 13 of the acquired 33 Bennett Auto Supply, Inc. stores into existing O'Reilly stores during 2019. Additionally, O'Reilly plans to open approximately 180 net, new stores in 2020.

O'Reilly Automotive intends to be the automotive aftermarket industry leader, and believes this goal can only be accomplished with the help of its team members. O'Reilly is a team of enthusiastic, hardworking professionals who are dedicated to teamwork, safety, wellness and excellent customer service. They practice expense control while setting an example of respect, honesty, and a win-win attitude in everything they do.

Stock Quote: ORLY

For More Information:

<https://www.oreillyauto.com/>

<https://corporate.oreillyauto.com/>

LEASE SUMMARY

TENANT	BUILDING SIZE	LEASE			CURRENT MONTHLY BASE RENT	RATE/ RSF/YR	RENT ESCALATIONS		EXEPENSE REIMB. TYPE
		CURRENT TERM	COMMENCE DATE	EXPIRATION DATE			INCREASE	DATE	
O'Reilly Enterprises, LLC	7,150 SF	240 Months	05/01/18	04/30/38	\$10,948.14	\$18.37	\$11,823.99	05/01/28	NNN
							\$12,769.91	05/01/33	
							Option One \$13,791.51	05/01/38	
							Option Two \$14,894.83	05/01/43	
							Option Three \$16,086.41	05/01/48	
							Option Four \$17,373.33	05/01/53	

Four, five year options to extend at rates defined in Lease with 90 days’ notice. Landlord may not sell or lease any portion of Landlord’s property to any auto parts company or other company which derives more than 10% of their business from the sale of wholesale and/or retail auto parts. Tenant shall reimburse Landlord it’s proportionate share of Common Area Costs for the entire Shopping Center - equal to 5.07%.

The information was obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make not guarantee, warranty, or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions, or estimated used are for example only and do not represent the current or future performance of the property. The value of this transaction to you depends on tax and other factors which should be evaluated by your tax, financial and legal advisors. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs.

LEASE SUMMARY

TENANT RESPONSIBILITIES	Tenant shall, at its expense and throughout the term of the Lease, repair and maintain the Demised Premises, including but not limited to the entrances, all glass, all window molding and panes, fire suppression system/ monitoring, all fixtures, partitions, ceilings, floor coverings, utility lines, doors, door openers, equipment, machinery, signs, appurtences, lighting, and plumbing equipment and fixtures.
LANDLORD RESPONSIBILITIES	Landlord , at its expense without reimbursement from Tenant throughout the term of the Lease, agrees to keep, maintain, and replace foundations, floors (excluding floor coverings), slabs, exterior walls (excluding exterior painting), structural systems of the building, load bearing walls, roof, parking lot, sidewalks, landscaping, and utility systems to the point of internal distribution to within the building portion of the Demised Premises.
HVAC	Landlord shall maintain and repair the HVAC and Tenant shall reimburse as part of its Common Area Expenses. Landlord is fully responsible for full HVAC replacement.
ROOF	Landlord is fully responsible for roof maintenance and repairs as well as full roof replacement.
COMMON AREA ASSOCIATION	Tenant shall pay its proportionate share of Common Area Expenses within the Shopping Center (5.07%). Owners Association maintains and manages the Common Areas of the Shopping Center. Common Area Expenses include maintenance and repair of the drive aisles and drive cuts, parking areas, restriping and repainting the parking areas, cleaning and sweeping of the parking areas, snow and ice removal, landscaping, directional signs or other markers, exterior lighting, and HVAC maintenance and repairs.
INSURANCE	Tenant contracts and pays for Property Insurance at its sole cost and expense.
UTILITIES	Tenant shall fully and promptly pay all utilities furnished to the Demised Premises throughout the term of the Lease. Tenant is responsible for Tenant's trash dumpster services.
PROPERTY TAXES	Tenant shall pay all real estate taxes levied upon the Demised Premises.
MANAGEMENT FEE	Included as part of the Common Area Expenses. May not exceed 3.00% of Tenant's pro-rata share of the Common Area Expenses.

LEASE SUMMARY

PURCHASE PRICE	CAP RATE	ANNUAL NOI	TERM
\$2,400,000	5.47%	\$131,377.68	05/01/2020 - 04/30/2028
	5.91%	\$141,887.88	05/01/2028 - 04/30/2033
	6.38%	\$153,234.12	05/01/2033 - 04/30/2038
	FIRST OPTION TO RENEW		
	6.90%	\$165,498.12	05/01/2038 - 04/30/2043
	SECOND OPTION TO RENEW		
	7.45%	\$178,737.96	05/01/2043 - 04/30/2048
	THIRD OPTION TO RENEW		
	8.04%	\$193,036.92	05/01/2048 - 05/01/2053
	FOURTH OPTION TO RENEW		
	8.69%	\$208,479.96	05/01/2053 - 04/30/2058





LOCATION OVERVIEW - 4

Colorado State Rankings

#1 State for Labor Supply
Forbes

2nd Most Educated State
US Census

2nd Best State for Jobs
Wallethub

4th Best State Economy
Business Insider

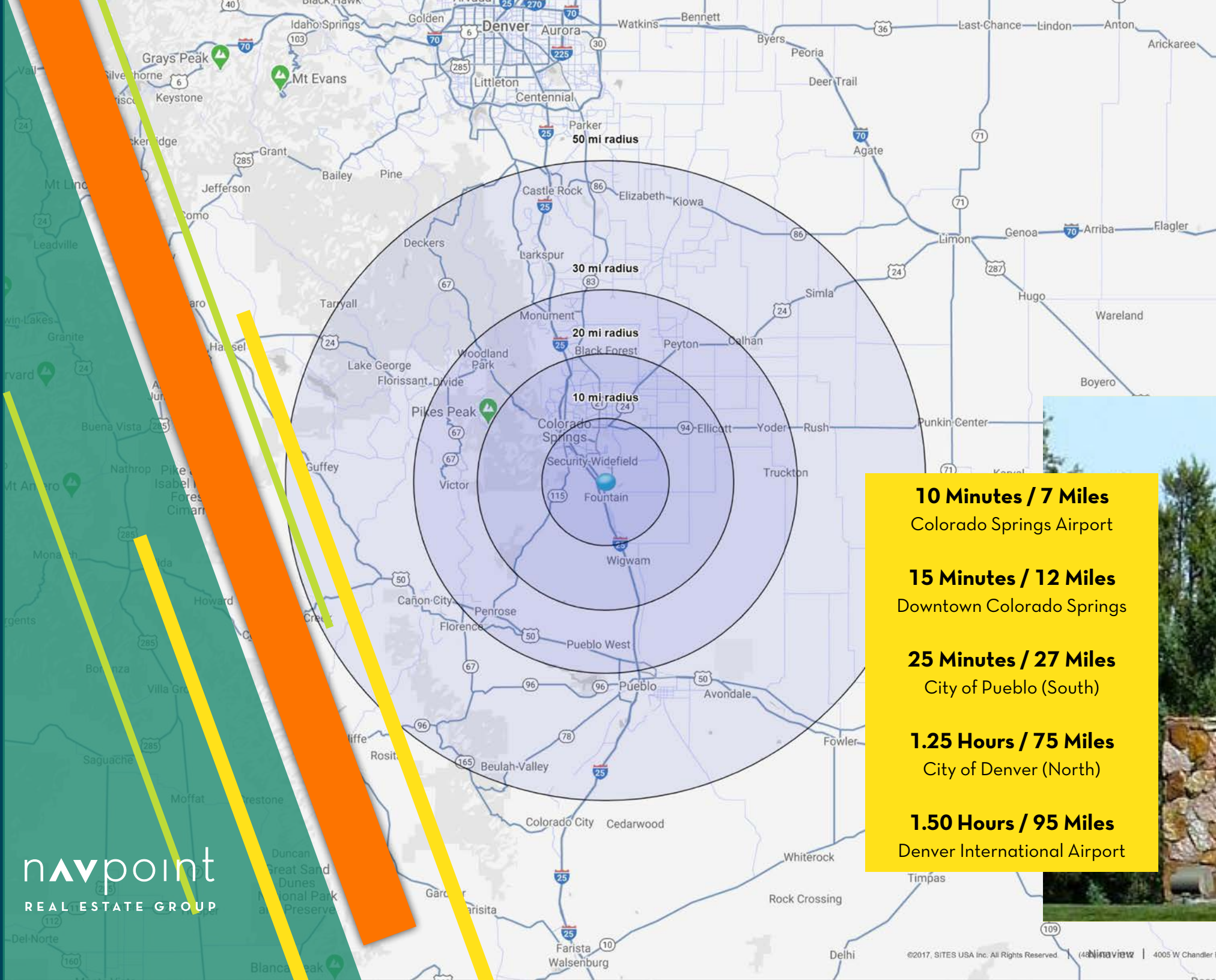
5th Most Innovative State
Wallethub

8th Best State for Business
Forbes

THERE'S SOMETHING SPECIAL ABOUT COLORADO

Maybe it's something to do with our air; but people who live and work here have a zest for life and the drive to think boldly. Innovators, makers, large corporations and Fortune 500 have already discovered that Colorado does business better. When companies choose to do business in Colorado, they know that it means they'll be able to tap into our invigorated workforce, partner with innovative executives, reach global markets, and collaborate with a business-friendly government that has their bottom line in mind. Sure, we've got storybook scenery, blue skies for days and endless recreational opportunities, but we also have one of the most resilient economies in the nation. In fact, Colorado is the fastest growing economy and 5th best in the US. We continually top the charts for job and economic growth, and with an unemployment rate below the national average, Colorado is being recognized as one of the best places in the nation to do business. Companies ranging from established corporations to cutting-edge startups are enjoying the state's abundant labor supply that is highly-educated and skilled, while employees are finding well-paying opportunities with leading companies in Colorado's key industries.





FOUNTAIN, COLORADO

With the state's largest employer at our front door, Fort Carson military base, our focus on national defense and renewable energy is pivotal. Pair this with our mission of community, sustainability and our railways and highway prime accessibility for trade, transportation and specialized manufacturing. Fountain is an ideal location for business placement and growth. Fountain's labor market, consumer base and business supplier channels naturally draws from the nearby cities of Colorado Springs and Pueblo; in addition to Fort Carson's estimated 500 veterans a month emerging into civilian life.

The City's main business clusters include the following industries for its economic engine; Manufacturing, Transportation & Logistics including Homeland Security, Military and Law Enforcement, Renewable Energy, Motorsports Economy including Tourism and Entertainment.

Major Employers include; Fort Carson Military Base (32,041) and Fort Carson School District (8,034).

Source: City of Fountain Economic Development



FOUNTAIN, COLORADO

The city of Fountain is the second largest city in El Paso County, with a Household population of 106,747 serving the Front Range Valley in Southern Colorado. The Fountain market has experienced yearly double digit growth and as a result the community needs to stem leakage in personal services and lifestyle amenities. Fountain boasts an average household income of \$61,242 with a median age of 28.9.

Fountain is “Pure Colorado” living with expansive vistas, quality housing developments, and top-notch education for our community youth. The military is a major component of our community, with Fort Carson Army Base as the largest employer in the city/region/state - population 32,041. From its attractive views of Pikes Peak and the Front Range to rolling hills, recreation parks and trails, and history of agriculture - Fountain Valley boasts the charming aspects of country living with the urban amenities of great restaurants and stores. Located along I-25 and Fountain Creek, Fountain retains a friendly small town atmosphere and quick access to Colorado Springs.

Source: City of Fountain Economic Development

Fountain, Colorado

**Best Place to Live in Colorado
For Young Families**
Nerd Wallet

American City on the Rise
Nerd Wallet

All American City
National Civic League

Millenium City
New York Times

50 Miles of Trails and Bike Paths
Over 1,000 Acres of Open Spaces and Parks

13+ Community Events and Festivals Annually
8+ Cultural/Equestrian/Naturalist Centers
18+ City Sponsored Youth Sport and Extra Curricular Programs



DEMOGRAPHICS

	1 MILE	3 MILES	5 MILES
POPULATION			
2024 Projection	13,172	55,030	86,798
2019 Estimate	12,353	50,731	80,284
Growth 2019-2024	6.63%	8.47%	8.11%
Growth 2010-2019	4.44%	17.66%	15.86%
Average Household Size	3.00	2.90	2.90
Median Age	31.10	32.30	32.30
HOUSEHOLD INCOME			
2019 Average	\$79,908	\$74,021	\$75,779
HOUSING			
Median Home Value	\$219,694	\$203,865	\$206,945
Owner Occupied	75.54%	75.42%	77.14%
Median Year Built	1996	1993	1992
EMPLOYMENT			
Employed	55.96%	57.67%	55.80%
Armed Forces	9.28%	7.80%	11.52%
Non-Workforce	32.95%	32.21%	30.53%
Unemployed	1.81%	2.32%	2.14%



Population
86,798



5 Year Growth
8.11



Income
\$75,779

5 Mile Radius



O'Reilly AUTO PARTS



MARKET OVERVIEW - 5

COLORADO SPRINGS RETAIL MARKET

With excellent demand drivers that the most recent data suggests continues to improve, vacancies have more or less consistently declined since 2013, and reached a new all-time low in 2019. Rent growth has slowed from its peak in 2015, and has roughly kept pace with the national average. Even as Colorado Springs deals with store closures like most metros across the country, a number of tenants continue to expand here, supported by a stable and diverse labor market and median household incomes higher than the national average and rapidly growing. Additionally, the presence of several unities and military bases, recreational tourism, and defense contractors all buttress demand for the retail sector. Developers have steadily added supply: Over the past four years, the inventory has expanded by about 1% per year, nearly twice the national average. A compelling demographic story has driven investors to the metro. Sales volume reached a record high, near \$400 million in 2019. Based on CoStar's Price Index, values held steady, and cap rates ticked up slightly.

As in the rest of the country, Colorado Springs has proven that it's not immune to store closures. Recent and announced shutterings include those by Whole Foods Market, with its 75 employees at First & Main Town Center (one of the area's largest retail centers); Gordmans at the Chapel Hills Mall, with about 40 employees; Radio Shack; and Family Dollar, among others. In Colorado Springs' other super-regional mall, The Citadel, a Toys "R" Us and a Babies "R" Us closed in 2018. Those locations occupied two stand-alone buildings in the mall containing a combined 80,000 SF.

That shouldn't detract from the health of the retail market here, nor of the tenants who are expanding and opening new stores. Sprouts recently opened a new 30,000 SF stores in the Powers Center Point, a new development. King Soopers recently moved into 123,000 SF at the newly built Claremont Ranch Marketplace; and Utah-based Vasa Fitness leased space (just over 40,000 SF) at the Cheyenne Hills Shops, to name a few. With market approaching capacity (vacancies were at all-time lows at the onset of 2019), net absorption has converged with supply over the past few years. Many larger tenants entering the market are now doing so via new construction.

Rent growth returned to the black in 2012 following several years of losses. Rent gains have consistently moderated since peaking in the mid-3% range in 2015. And while rent gains have otherwise been respectable over the last five years, this growth has only taken rents to a level just slightly above last cycle's peak. While cheap retail space proliferates in the metro, it's not uncommon for asking rates in the Northeast Submarket to exceed \$25/SF - although that space is typically clustered in the western portion of the submarket along the highways. Similar to the trend that is playing out across metros nationally, the top-performing submarkets in Colora-

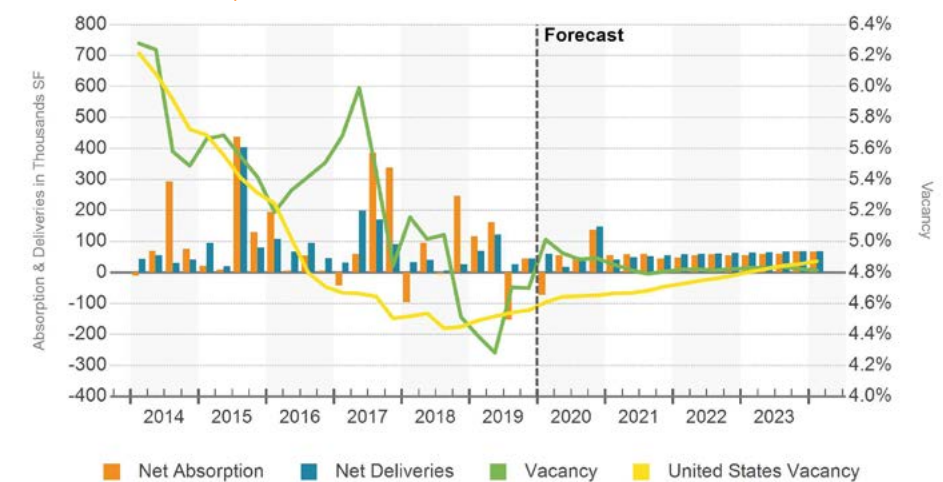
COLORADO SPRINGS RETAIL MARKET

do Springs this cycle have been those charging the highest rents (and by extension, the submarkets which have the best locations and retail demographics).

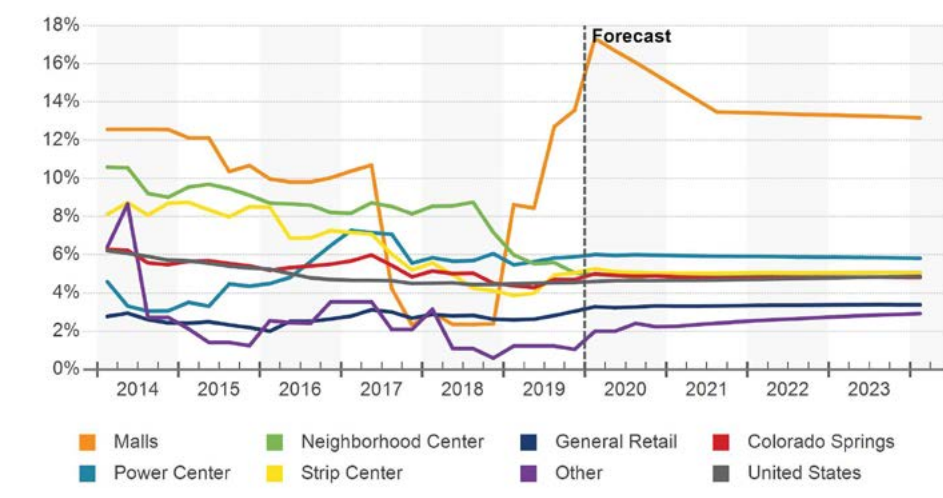
Although developers haven't yet returned to building the same level of new inventory this cycle compared to the last one (between 2005-20007, the retail inventory in Colorado Springs expanded by almost 10%), they have delivered a steady stream of retail stock into the metro over the past several years. The current pipeline has a moderate amount of speculative space, typically in smaller format stores. Out of 15 buildings underway at the onset of 2020, about half of the total space available for lease. One of the larger developments is the 250,000 SF Highlands at Briargate mixed-use development, a project that has been in the works for upwards of five years. The Keith Corporation has already secured leases from several national tenants, including Verizon Wireless, Smashburger, and Einstein's Bagels. In a trend that appears to be escalating nationally, some vacant boxes of space are finding non-retail uses. Dallas, TX-based Assured Realty acquired 3775 E Pikes Peak Avenue, a 32,000 building formerly occupied by Family Furniture and Electronics. The buyer is repurposes the building for climate-controlled storage.

Retail investors in Colorado Springs were more active than ever in 2019. Nearly \$400 million worth of retail assets traded in 2019, although pricing held fairly flat, while cap rates ticked slightly upward. The headline trade of 2019 was Hine's acquisition of The Promenade Shops at Briargate from Illinois-based Miller Capital for \$93.2 million (\$386/SF) in September. The 242,000 SF Lifestyle Center delivered in 2007 and included 10 properties in the trade. Occupancy was reportedly 91% at the time of sale while tenants such as Pottery Barn, Anthropologie, Apple Store and PF Changes.

NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATES



Submarket Size
42M

Vacancy Rate
4.7%

12-Month Net Absorption
110K

COLORADO SPRINGS RETAIL MARKET

KEY INDICATORS							
Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	2,261,069	13.6%	\$18.56	24.9%	0	0	0
Power Center	5,239,779	5.9%	\$20.43	10.4%	0	0	0
Neighborhood Center	12,756,327	5.0%	\$16.54	8.0%	3,799	0	63,000
Strip Center	2,810,586	5.0%	\$14.29	6.8%	445	0	0
General Retail	18,715,995	3.1%	\$15.13	5.1%	(12,615)	0	93,303
Other	262,700	1.7%	\$25.54	6.6%	(1,826)	0	13,000
Market	42,046,456	4.7%	\$16.41	7.8%	(10,197)	0	169,303
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.3%	6.2%	4.8%	8.8%	2009 Q4	4.3%	2019 Q2
Net Absorption SF	110 K	374,648	200,732	1,004,720	2010 Q3	(785,463)	2009 Q3
Deliveries SF	231 K	390,855	261,690	1,100,538	2007 Q4	109,751	2011 Q1
Rent Growth	-1.5%	0.7%	0.3%	3.1%	2015 Q3	-3.8%	2009 Q4
Sales Volume	\$375 M	\$177.2M	N/A	\$380.9M	2019 Q4	\$30.2M	2010 Q1

Employment growth in Colorado Springs outperformed the national benchmark for a seventh straight year in 2019. And at the end of Q4 2019 jobs in the metro area were growing at nearly twice the rate of the national average. Professional and Business Services, Education and Health Services and Natural Resources, Mining and Construction were the fastest growing industries for jobs. Colorado Springs population growth was about 1.3% in 2019, down from the roughly 2% gains from 2016-18. From 2011-2015, the population grew in the 1.2% to 1.5% range. Unlike Boulder and Denver, affordability has not been a major concern in Colorado Springs for much of this cycle. According to the Federal Housing Finance Agency, housing prices did not grow at a 5% rate until 2015, whereas they were growing at a 10% annual rate in Boulder and Denver by 2013. However, prices have surged in Colorado Springs lately - annual price growth was around 10% in 2017-2018, and 2019 is likely to post robust gains.

The Colorado Springs economy has long been tied to the US military - the metro is home to the U.S. Air Force Academy, Peterson Air Force Base, Schriever Air Force Base, and the North American Aerospace Defense Command (NORAD), which is housed at Peterson Air Force Base. Fort Carson, an Army base, is also the metro’s largest employer. Together they account for over one-third of Colorado Springs’ economic activity.

Colorado Springs Submarket Summary

\$16.41 Market Rent / SF

4.7% Vacancy Rate

7.8% Availability Rate

3,672 SF Existing Buildings

42M Inventory SF

11.5K Average Building SF

169K SF Under Construction

\$375M 12 Month Sales Volume



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PARTS

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