

Brand New Single Tenant Sheetz | New Prototype With Drive-Thru | Long Term NNN Ground Lease | Affluent Pittsburgh Location



ACTUAL LOCATION



3109 Washington Pike
South Fayette, PA (Pittsburgh MSA)
Offering Memorandum



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PROPERTY VIDEO

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Investment Summary

Sheetz | South Fayette, PA

Investment Summary

JLL is pleased to exclusively offer the opportunity to acquire a single tenant property leased to Sheetz, Inc. in a growing suburb of Pittsburgh, PA. The property is located in South Fayette, Pennsylvania, which is 15 minutes from downtown Pittsburgh and 20 minutes to the Pittsburgh International Airport; an area where Sheetz dominates the convenience store sector in Western Pennsylvania. Sheetz opened this location in 2019 and is operating on a brand new, 15-year, NNN ground lease. The lease features attractive, 10% rental increases every five years beginning in Year 11, which is rare for a Sheetz store. The rental increases shall continue in each of the seven (7), five (5) year options that remain.

The Property is located more than 6 miles from their next closest store and is strategically situated in close proximity to major roadways – Route 50 / Washington Pike (25,000 VPD) and Interstate 79 (101,000 VPD). The PA turnpike's \$800 million Southern Beltway is also in the works and scheduled to be completed by mid-2021. The beltway will serve as a connector between Pittsburgh International Airport and I-79, which will intersect approximately 3 miles south of the Property. The Property is also a member of a greater development called the Bursca Business Park. The park, which is expected to increase the 25,000 vehicles per day count along this stretch of the Washington Pike corridor, will consist of office, flex, retail, showroom, technical and distribution areas. There is currently more than 1.2 million SF of available space.

Sheetz is a family-owned convenience store chain headquartered in Altoona, PA, and currently employs over 18,500 full and part-time workers and serves more than one million customers every day. Fortune named Sheetz as one of the "100 Best Companies to Work For," and the company has been named one of the "Best Places to Work" in the states of Pennsylvania, North Carolina, Virginia and Ohio.



PROPERTY SUMMARY

Address	3109 Washington Pike, South Fayette, PA 15017
Price	\$3,200,000
Cap Rate	5.00%
NOI	\$160,000
Lease Type	NNN Ground Lease
Building Size	6,995 SF
Parcel Size	2.11 Acres
Year Built	2019
Tenant	Sheetz, Inc.
Remaining Term	15 Years (Expiration 12/31/2034)
Renewal Options	Seven (7), Five (5) Year Options
Rent Increases	10% rental increases commencing in Year 11

Investment Highlights

Sheetz | South Fayette, PA

New Construction With Rental Increases

Sheetz is operating on a brand new, 15-year NNN Ground Lease with 10% rental increases beginning in Year 11. The increases will continue in each of the seven (7), five (5) year options that remain.

Strategic Retail Site

The recently constructed Sheetz building is part of a greater development called the 'Bursca Business Park.' There is currently more than 1.2 million SF of available space situated behind the Property which will consist of office, flex, retail, showroom, technical and distribution areas, driving an additional day-time population to the area.

Growing Pittsburgh Suburb

South Fayette, PA is just 13 miles from Pittsburgh, PA – a city that contains an MSA of more than 2.3 million people and has received numerous accolades such as: #1 city for starting a business (Kiplinger), #1 city that appeals to millennials (Apartment List), and #3 markets to watch (Urban Land Institute).

Highly Connected Location

The gas and convenience store is strategically situated in close proximity to major roadways – it is located off of Route 50 / Washington Pike (25,000 VPD) and minutes away from Interstate 79 (101,000 VPD). The PA turnpike's Southern Beltway is also in the works and scheduled to be completed by mid-2021.

Sought After C-store Tenant with Drive-Thru Feature

Sheetz, who is recognized by Fortune as one of the 100 Best Companies to Work For, has a dominant presence in western Pennsylvania and is 6+ miles away from their next closest store. The Property also includes a drive-thru lane, which is a newer feature for the growing gas and convenience store.

Nearby Shopping Destinations

Nationally recognized retail chains in ALDI, McDonald's and Starbucks are just minutes down the road from the Property. Additionally, the Chartiers Valley Shopping Center and Great Southern Shopping Center are both less than 2 miles away and feature tenants such as The Home Depot, Big Lots, Giant Eagle, TJ Maxx, LA Fitness, Texas Roadhouse and Panera Bread.





Tenant Overview

Sheetz | South Fayette, PA

SHEETZ OVERVIEW

Sheetz is a family-owned convenience store chain headquartered in Altoona, PA. The company was founded in 1952 by Bob Sheetz and has continuously met the needs of its customers for more than 60 years. What was a simple dairy store in 1952, quickly evolved into a combination of convenience stores and fueling stations by 1973. A decade later in 1983, Bob and his brother, Steve, had opened 100 stores. The growth continued in the 90's when touch-screen ordering, Sheetz bros. coffee, and "Schweetz" bakery products were all introduced to Sheetz customers.

Sheetz currently employs over 18,500 full and part-time workers and serves more than one million customers every day. Fortune named Sheetz as one of the "100 Best Companies to Work For," and the company has been named one of the "Best Places to Work" in the states of Pennsylvania, North Carolina, Virginia and Ohio. Along with low-priced fuel, Sheetz provides its loyal customers—known as Sheetz Freakz—with a vast selection of convenience store essentials, award winning M•T•O® food and drinks, and other road trip essentials.

Today, the company operates nearly 600 locations across Pennsylvania, West Virginia, Maryland, Ohio, Virginia and North Carolina. They are open 24/7/365 and feed everyone's busy lifestyles. Whether you need breakfast to start your day, a family dinner in the car, or a 3am late night snack, Sheetz has you covered – the company offers all menu items all day long.



Corporate Overview	
Ownership	Private
# of Locations	580
US Headquarters	Altoona, PA
Company Website	sheetz.com





Financial Analysis

Sheetz | South Fayette, PA

LEASE DETAIL

Address	3109 Washington Pike, South Fayette, PA 15017
Tenant	Sheetz, Inc.
Parcel Size	2.11 Acres
Building Size	6,995 SF
Year Built	2019
Annual Rent	\$160,000
Rent / SF	\$22.87
Lease Type	NNN Ground Lease
Roof & Structure	Tenant Responsibility
Rent Commencement	12/23/2019
Lease Expiration	12/31/2034
Lease Term Remaining	15 Years
Remaining Options	Seven (7), Five (5) Year Options

RENT SCHEDULE

Description	Dates	Annual Rent	% Increase
Current Term (Years 1-10)	12/23/2019 - 12/31/2029	\$160,000	-
Current Term (Years 11-15)	1/1/2030 - 12/31/2034	\$176,000	10.00%
Option Term 1 (Years 16-20)	1/1/2035 - 12/31/2039	\$193,600	10.00%
Option Term 2 (Years 21-25)	1/1/2040 - 12/31/2044	\$212,960	10.00%
Option Term 3 (Years 26-30)	1/1/2045 - 12/31/2049	\$234,256	10.00%
Option Term 4 (Years 31-35)	1/1/2050 - 12/31/2054	\$257,682	10.00%
Option Term 5 (Years 36-40)	1/1/2055 - 12/31/2059	\$283,450	10.00%
Option Term 6 (Years 41-45)	1/1/2060 - 12/31/2064	\$311,795	10.00%
Option Term 7 (Years 46-50)	1/1/2065 - 12/31/2069	\$342,974	10.00%

TENANT RESPONSIBILITY DETAIL

Maintenance and Repairs	Tenant shall, at its sole cost and expense, keep, maintain, repair and replace the Demised Premises in a good state of repair and in compliance with all applicable laws.
Insurance	Tenant at Tenant's sole cost, shall obtain and maintain commercial general liability insurance, special risk insurance, and environmental insurance, further described in the Lease.
Taxes	Tenant shall pay all real estate taxes which may be levied, assessed, or charged against the Demised Premises by any governmental authority accrued on or after the Lease Commencement Date.
Utilities	Tenant shall pay and promptly discharge all charges by any public or private utility for gas, water, sewage, electricity or other utilities or services furnished to the Demised Premises.
CAM	Tenant shall pay to Landlord of the office park an annual CAM charge limited to the foregoing: (a) the repair and maintenance of Bursca Drive; (b) common Bursca Frontgate identification signage; and (c) liability insurance relating to the foregoing.

LANDLORD RESPONSIBILITY DETAIL

None

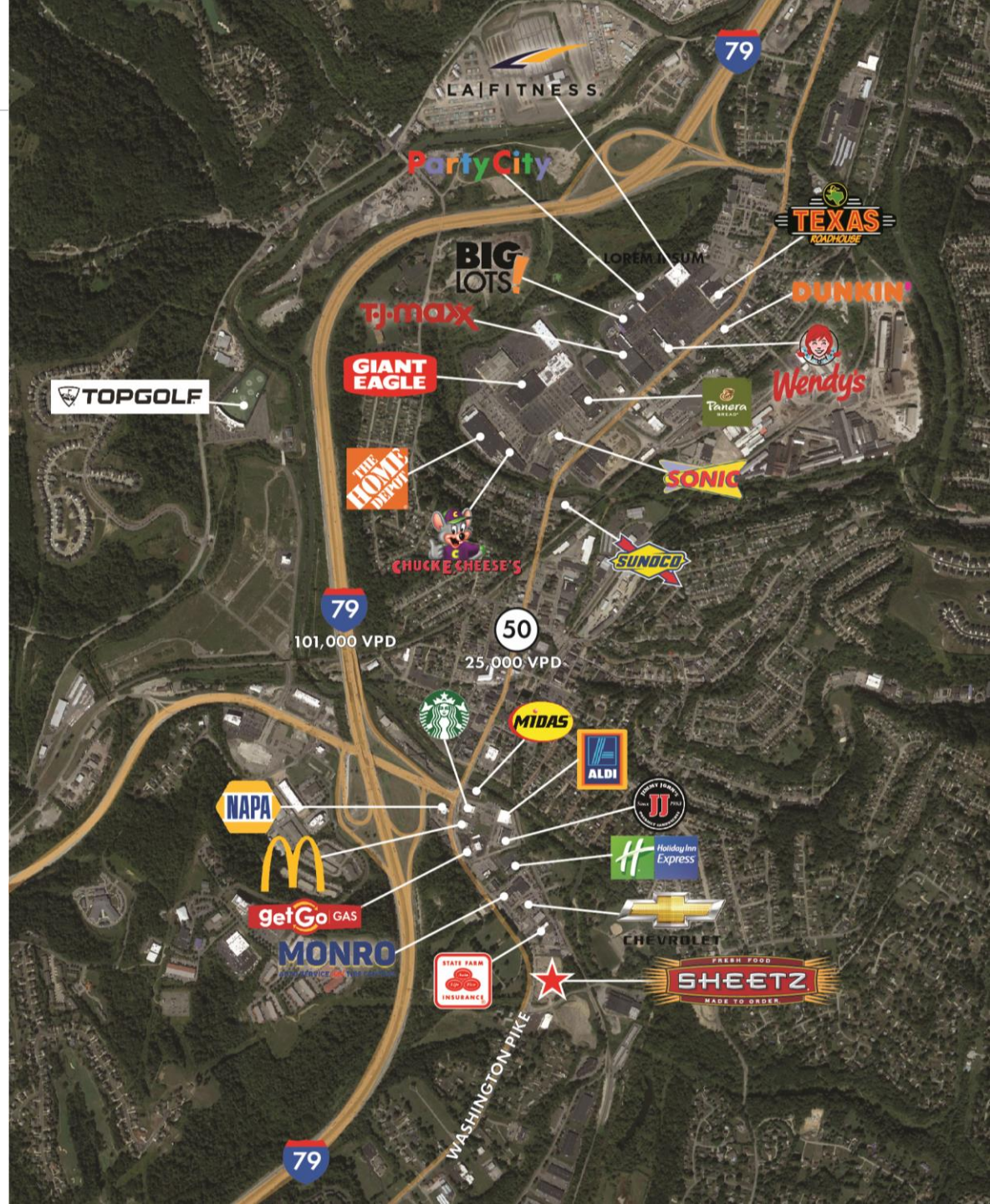


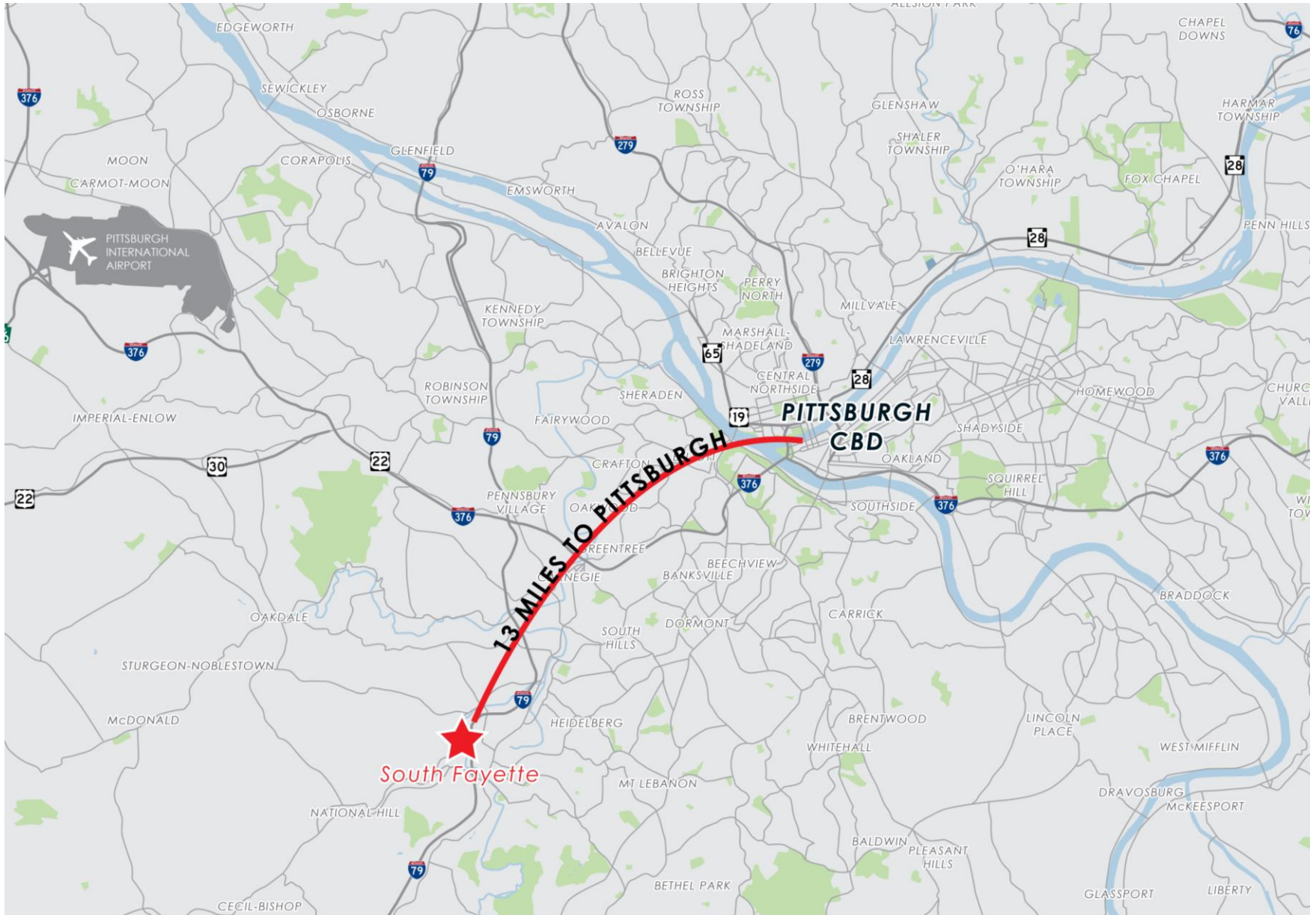
Location Overview

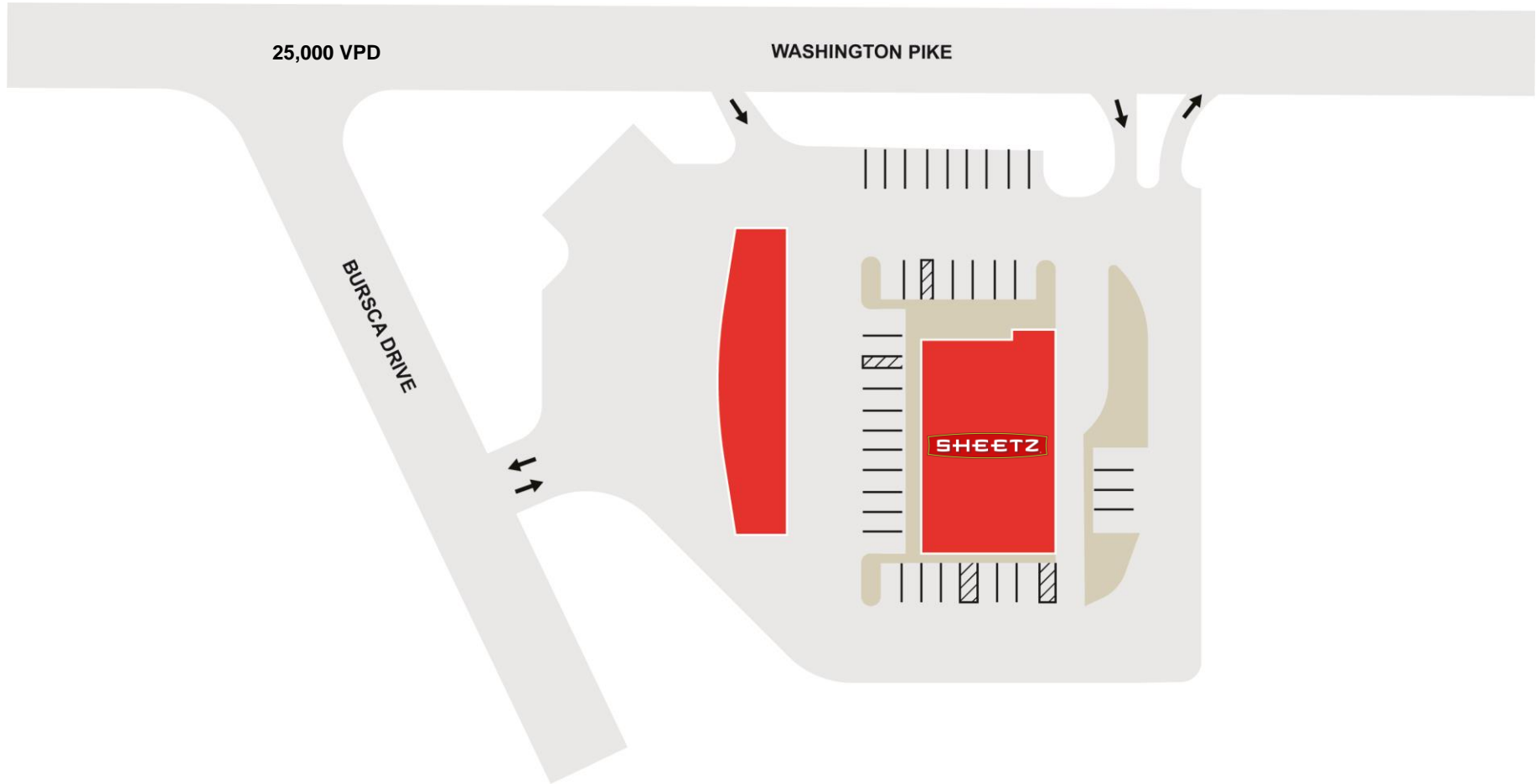
Sheetz | South Fayette, PA

Location Overview

Immediate Retail Trade Area









Market Overview

Sheetz | South Fayette, PA

South Fayette Township

South Fayette Township was established in 1842 and is currently one of the faster-growing communities in Allegheny County. Residents enjoys the homes, schools, services and award-winning parks and recreation facilities that the township offers. On the business side, total assessed commercial value in the township increased by more than 40%, or \$63 million, from 2012 to 2014.

Bridgeville borough borders South Fayette Township to the east and is a 15-minute drive to downtown Pittsburgh through the Fort Pitt Tunnel and 20 minutes to the Pittsburgh International Airport. Bridgeville, Pennsylvania's Washington Pike corridor boasts more than 13,000 individual households within 10 miles and over 30,000 residents within 10 miles. This affluent area supports an \$108,000 average annual household income within 10 miles.

The area benefits from exceptional accessibility and visibility from Route 50 and I-79, the primary north-south corridor in the region. Route 50 has an average daily traffic volume of 25,000 cars while I-79 has an estimated 101,000 vehicles per day. Beyond visibility, I-79 provides connectivity to the Interstate 376 (the "Parkway"), only five miles north of the Bridgeville interchange. The Parkway serves as the connector between Pittsburgh International Airport, downtown Pittsburgh and Interstate 76 (the "Turnpike"). I-79 also provides access to a vast majority of the suburbs both north and south of Pittsburgh as well as I-70 and I-80. To accommodate future growth, Bridgeville has plans to widen the Chartiers Creek/Route 50 intersection from four lanes to seven, reducing traffic congestion by 20-50% during peak hours with an expected completion in 2020.

The addition of the "Southern Beltway," an \$800 million toll road that is currently under construction, is expected to be a significant enhancement to Pittsburgh's robust transportation network. The Southern Beltway will serve as a connector between Pittsburgh International Airport and I-79, which will intersect approximately 3 miles south of the Property. The Southern Beltway will extend all the way to Finleyville, providing connectivity to I-43. All connections to and from I-79 are projected to be completed by 2022, with restricted access beginning in the Fall of 2021.

The Sheetz is located adjacent to a newly constructed 9,037 SF Class A retail center, Shoppes at Bursca and Bursca Business Park, which will increase the 25,000 vehicles per day count along Washington Pike. The property has direct accessibility to I-79 and the Route 50 interchange providing convenient access into Pittsburgh.



Demographic Information

	1-mile radius	3-mile radius	5-mile radius
POPULATION			
2020 Estimate	6,382	46,489	152,048
ESTIMATED HH INCOME			
2020 Average HH Income	\$111,407	\$133,277	\$119,119
2020 Median HH Income	\$71,355	\$91,073	\$84,700
HOUSEHOLDS			
2020 Estimate	2,896	19,446	66,254

(Environics Analytics)

Pittsburgh, MSA

Over the past three decades, the Pittsburgh region has undergone a dramatic renaissance and it now stands as one of our nation's largest and most appealing locations to live, do business and own real estate. The region supports an exceptionally strong market for all types of commercial real estate. The foundation of the real estate market is Pittsburgh's central location and unique topography, a diverse and balanced economy, excellent universities, world renowned health care, and a growing tech sector which collectively contribute to Pittsburgh's strong market performance and recent growth. Over the last five years, there has been unparalleled growth and development in the Pittsburgh real estate market, in particular the multifamily and office sectors. This has led to the arrival of companies such as Facebook, Uber, and Microsoft into the Pittsburgh region.

The Pittsburgh Central Business District ("CBD" or "Downtown") has long been the focal point of commerce and travel in the region, and it has recently developed into a 24/7 live-work-play environment. Downtown is a naturally centralized location, and for that reason residents and businesses have been locating in the CBD in record numbers. For the past decade, Pittsburgh has seen a true revitalization of Downtown which in turn has been a driving force behind the resurgence of the entire city.



MAJOR METROPOLITAN AREA

Located at the confluence of the Allegheny, Ohio and Monongahela Rivers, Pittsburgh is the largest inland port in the U.S., providing access to the nation's 9,000 mile inland waterway system. The City of Pittsburgh has a population of over 300,000 people in its 55.6 square mile area. With a population of 2.4 million, Pittsburgh is the second largest city in Pennsylvania and the 26th Largest MSA in the nation. The Pittsburgh metropolitan statistical area is comprised of seven counties: Allegheny County (whose county seat is Pittsburgh), Armstrong, Beaver, Butler, Fayette, Washington and Westmoreland.

DEMOGRAPHIC SHIFTS: YOUNGER POPULATION & GROWING WORKFORCE

In recent years, the Pittsburgh region has experienced positive demographic developments which include a growing workforce and a younger population. The labor force of the 10-county region surrounding Pittsburgh is approximately 1.4 million, which has grown 5% since 2000. This growth in the labor force represents a dynamic shift in the Pittsburgh regional demographic. Historically, the population of Pittsburgh has been heavily weighted toward older generations, resulting in more people retiring than those entering the workforce. However, the Pittsburgh region has increasingly retained its college graduates while attracting new talent from around the country and the world. People are attracted to the region by the diverse opportunities to start or advance a career, and by the cost of living which allows for a higher standard of living that many other metros cannot match. This has resulted in a population increase of 22% among young people ages 20-24 living in the city of Pittsburgh.

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