



- ▶ NEW CONSTRUCTION
- ▶ 10-YEAR CORPORATE LEASE
- ▶ AFFLUENT DEMOGRAPHICS; \$134,000+ AHHI



In Association with Scott Reid ParaSell, Inc | A Licensed South Carolina Broker #23763

OFFERING MEMORANDUM

MOUNT PLEASANT, SOUTH CAROLINA



HANLEY INVESTMENT GROUP
REAL ESTATE ADVISORS



OFFERING MEMORANDUM

MOUNT PLEASANT, SOUTH CAROLINA

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OFFERING SUMMARY

SLEEP NUMBER



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LOCATION

Sleep Number
1767 N. Highway 17
Mount Pleasant, SC 29464

OFFERING SUMMARY

Price:	\$3,155,000
Current Net Operating Income (NOI):	\$209,825
Current Capitalization Rate:	6.65%
July 2024 Net Operating Income (NOI):	\$230,825
July 2024 Capitalization Rate:	7.32%
Net Rentable Area:	3,500
Year Built:	2019
Lot Size (Acres):	0.42

LEASE TERMS (1)

Guarantor:	Sleep Number Corporation
Lease Commencement:	6/29/2019
Lease Expiration:	6/30/2029
Lease Type:	NNN
Roof & Structure:	Landlord Responsibility
Monthly Rent:	\$17,485
Annual Rent:	\$209,825
Rental Increases:	10% Every 5 Years
Renewal Options:	Two 5-Year @ 10% Increases

(1) All lease provisions to be independently verified by Buyer during the Due Diligence Period.





- **Single-Tenant Sleep Number (SNBR:Nasdaq)**

- 9+ years remaining on a 10-year corporate guaranteed lease
- 10% increases every 5 years
- Brand new 2019 construction

- **Why Buy Sleep Number?**

- Sleep Number has 611 locations across all 50 states
- 2019 record net sales; Net sales increased by 11%
- 2020 Q1 net sales increased 11% to \$473 million
- Executed more than \$250 million of cost and capital deployment actions to support business continuity
- Cash at first quarter 2020 end of \$239 million; additional cash funding of \$75 million on April 3, 2020

- **Top Performing Mattress Company**

- Highly productive retail stores - \$2.9 million average per store including online (2-3 times traditional mattress stores)
- Average store profit – \$800K (est.) for a \$2.5M store; \$1.1M (est.) for a \$3M store
- 80% of stores are new or remodeled within last 7 years; focused on a highly productive and differentiated retail experience
- 2020 – Consumer Electronic Show (CES) – “Six Must Have Products for the Home from CES 2020” list – Forbes
- 2019 – Consumer Reports ranks 360 p6 Smart Bed best overall in the industry
- 2018 – J.D. Power ranked Sleep Number “Highest in Customer Satisfaction with Mattresses”





- **Dominant Regional Retail Destination:** The subject property is adjacent to Lowe's and two major shopping centers
 - **Mount Pleasant Towne Centre** – Adjacent to the subject property; a 500,000 square foot open air shopping center with over 65 stores, restaurants and a movie theater; major tenants include Belk, Bed Bath & Beyond, Barnes & Noble, and Regal Theater
 - ◆ Mount Pleasant Towne Centre is a major regional draw in the immediate area and the premier shopping destination for residents and visitors in the Charleston area
 - **Indigo Square** – Across the street from the subject property; a newly developed 51,000 square foot shopping center anchored by GreenWise Market; other tenants in the center include CorePower Yoga, Club Pilates, Blaze Pizza, and Boxcar Betty's
- **Excellent Identity and Visibility Along N. Highway 17, a Primary Commercial Thoroughfare with Over 49,000 Cars Per Day**
- **Affluent, High-Growth Demographics:** Average household incomes in excess of \$134,000 within a 5-mile radius of the subject property; the population increased over 22% within a 5-mile radius from 2010 to 2019 and is expected to increase an additional 11% over the next 5 years
 - Mount Pleasant is the second fastest growing city in the United States
 - Mount Pleasant gained more residents than any other South Carolina town or city in 2018
 - #3 "Top Boomtowns in America" by Smartasset (2019)
- **Charleston MSA:** Over 787,000 residents within the MSA
 - #1 "City in the U.S." by Travel & Leisure for the past 7 years
 - Top 10 "Places Where People are Moving to in 2018" by U.S. News & World Report
 - The Charleston region is experiencing rapid population growth; the region's labor force is growing four 4 times the national average

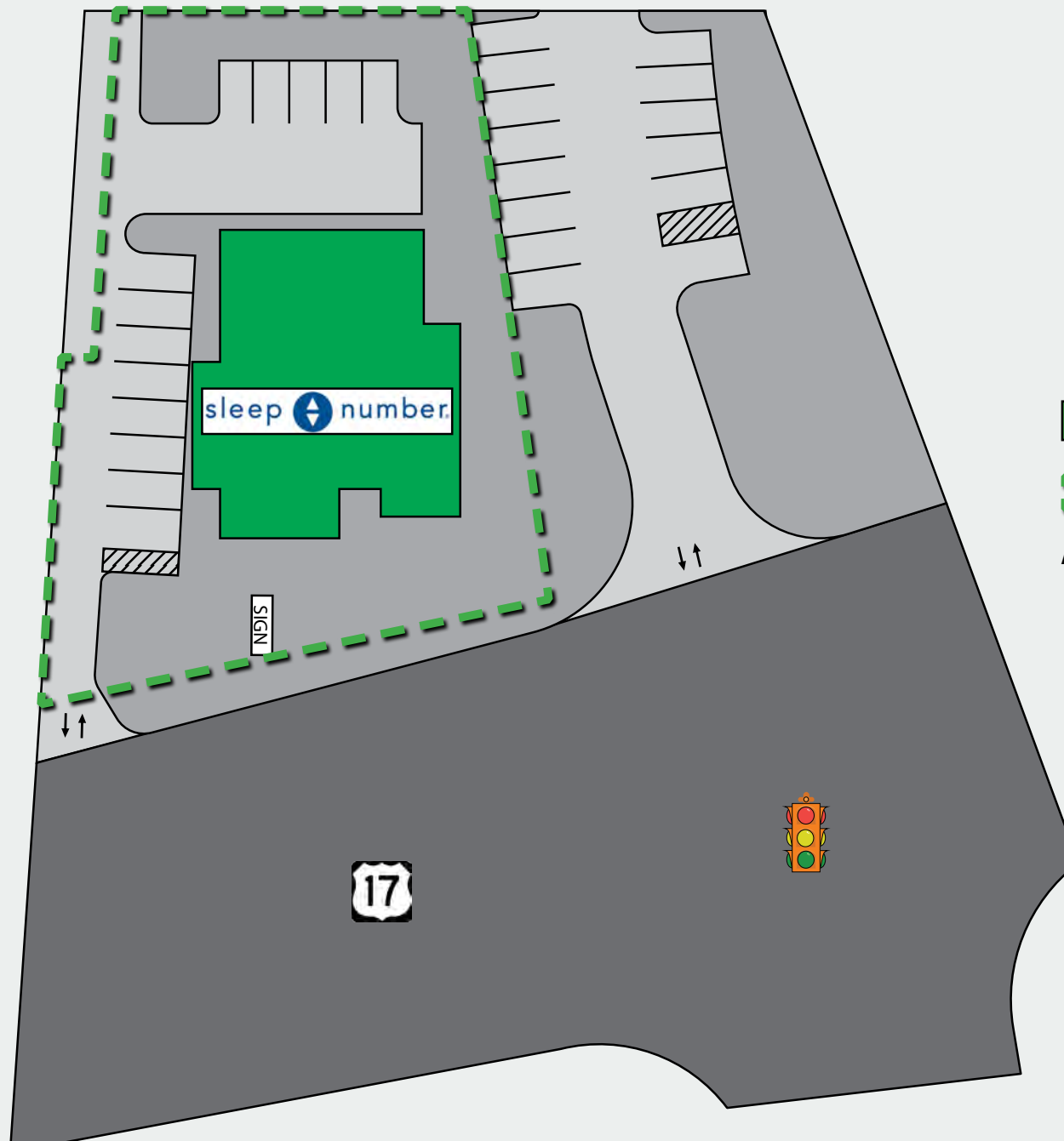


SITE PLAN / PARCEL MAP

SLEEP NUMBER



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 **SUBJECT PROPERTY**

 **PROPERTY PARCEL**

APN: 558-00-00-083



AERIAL OVERVIEW

SLEEP NUMBER



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DEMOGRAPHICS

	Population	AHHI
1-Mile Radius	7,319	\$113,135
3-Mile Radius	46,080	\$124,028
5-Mile Radius	83,337	\$134,193



The information contained herein has been obtained from sources we deem reliable. We cannot assume responsibility for its accuracy.



AERIAL OVERVIEW

SLEEP NUMBER



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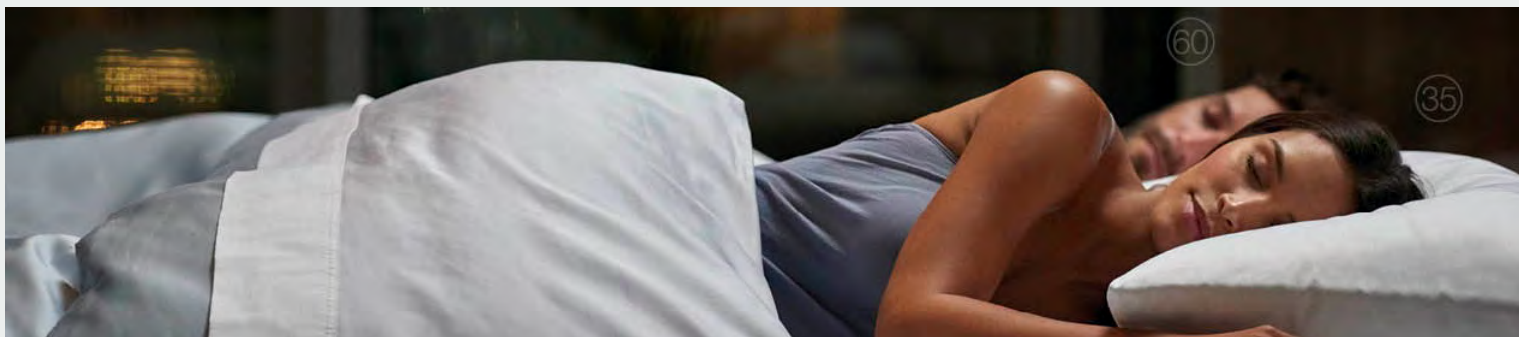






Why buy sleep number®

- **#2 Mattress Retailer with 611 Locations Across All 50 States**
- **Record 2019 Net Sales** - Net sales increased by 11% to \$1.7 billion, including a 6% comparable sales gain and 5% growth from new stores
 - Consumer response to the revolutionary 360 Smart Beds has been exceptional, driving six consecutive quarters of double-digit demand growth, including acceleration in the fourth quarter of 2019
- **Highly productive retail stores** - \$2.9 million average per store including online (2-3 times traditional mattress stores)
- **Average store profit** - \$800K (est.) for a \$2.5M store; \$1.1M (est.) for a \$3M store
- **Referral and Repeat business are greater than 45%; Loyalty member growth is greater than 135%**
- **Through 2025, projected 4% to 5% annual store growth**
- **2020** - Consumer Electronic Show (CES) - "Six Must Have Products for the Home from CES 2020" list - Forbes
- **2019** - Consumer Reports ranks p6 360 smart bed best overall in the industry
- **2018** - J.D. Power ranked Sleep Number "Highest in Customer Satisfaction with Mattresses"
- **Linking Quality Sleep to Health and Wellbeing** - The lines between Consumer and Health markets are blurring and Sleepers who routinely use the features of their Sleep Number 360 smart beds, including their SleepIQ insights, improve their quality sleep by over 15 minutes per night - nearly 100 more hours of quality sleep each year
- **Integrated Market Development for Sustainable Profitable Growth** - 4% to 5% annual store growth expected through 2025 while continuing to advance all retail touchpoints
- **Sleep Number Innovations Targeting \$30 - \$40 Billion Sleep Health Economy** - The broader sleep health economy is driven by consumer trends and enabled by technology
 - Sleep health economy is growing over 8% per year
 - Aging population with greater care needs will drive growth; 20% of the U.S. population will be greater than 65 years old by 2030
- **High-Quality Locations Optimized for the Consumer** - Approximately 80% of Sleep Number stores are new or remodeled within the last 7 years creating a highly productive and differentiated retail experience



Mattress Industry Highlights

\$14B
IN REVENUE
PROJECTED IN 2019

3.2%
ANNUAL GROWTH
BETWEEN 2014-2019



**HIGH-PROFIT MARGIN
INDUSTRY UP TO 900%**



REPRESENTATIVE PHOTOS



Sleep Number Corporation is a leader in sleep innovation, delivering the best quality sleep through adjustable comfort and biometric sleep tracking. The U.S. based retailer and manufacturer develops and markets adjustable-firmness beds and other sleep-related accessory products in the U.S. and Canada. Headquartered in Minneapolis, MN, the company has 611 locations in all 50 states and is widely recognized for its quality, value, and service, including being ranked #1 in the J.D. Power 2015, 2016 and 2018 Mattress Satisfaction Reports of customers' satisfaction with their mattress.

Sleep Number Corporation reported record results in 2019 with net sales increasing 11% to \$1.7 billion, including a 6% comparable sales gain and 5% growth from new stores. The company attributes its record growth to the release of its newest mattress model, the Sleep Number 360 smart bed, which tracks sleeper data including movement, breathing rate, heartbeat, and sleep habits enabling customers to optimize their sleep habits. Consumer response to the revolutionary 360 smart bed has been exceptional, driving six consecutive quarters of double-digit demand growth, including acceleration in the fourth quarter of 2019. Sleep Number 360 next-generation smart beds were honored with 12 awards including the Best of Innovation in the smart home category at the 2019 CES Conference, the largest consumer innovation event in the world. Over the past 6 years, Sleep Number has expanded its presence by increasing its number of store locations by 41%, which accounted for 91.5% of the company's net sales in 2018.

TOP HONORS

- **#1 "Customer Satisfaction With Mattresses"** - J.D. Power (2015, 2016, and 2018)
- **"Supply Chains to Admire"** - Supply Chain (2019)
- **Shelly Ibach (President & CEO) "Entrepreneur Of The Year"** - Heartland Region (2019)

Company Type: Public (NASDAQ: SNBR)
Locations: 611
Website: www.sleepnumber.com



Mount Pleasant, South Carolina

- Suburban town located 10 miles north of downtown Charleston; close to 2 beaches: Isle of Palms and Sullivan's Island
- 89,338 population; 4th largest municipality and largest town in the state
- #2 Fastest-Growing U.S. City" - Wallethub (2019); city doubled in size from 2000 to 2010
- #1 "Best Places to Live in Charleston Area" - Niche (2020)
- #2 "Best Suburbs for Young Professionals in South Carolina" - Niche (2020)

ECONOMY

- Major industries include health care, professional, scientific, technical, and educational services
- Major employers include East Cooper Medical Center, Town of Mount Pleasant, Mediterranean Shipping Company, Vibra Healthcare, and Sandpiper Village
- 1.9% unemployment rate as of Jan 2020 (versus 3.9% for the U.S.)
- \$46,622 income per capita; 83% higher than the state average and 56% higher than the national average
- #1 "Small City" with the highest growth and the fastest growing city in the state - Wallethub (2019)
- 40.9% projected future job growth over the next 10 years which is higher than the U.S. average of 33.5%
- *Shem Creek* - Flows through the heart of the city and is known for its many waterfront bars, restaurants and leisure activities including fishing and boating

DEVELOPMENTS

- *Gregorie Ferry Flats* - 42-unit condominium development with prices ranging between \$212,000 to \$285,000; in planning
- *Carolina Park* - 1,700-acre master-planned community
 - *Riverside at Carolina Park* - New community where buyers can create a custom home and enjoy all of the benefits that come with being part of a master-planned community; home price ranges from \$600,000 to over \$1 million

Town of Mount Pleasant *Highlights*

\$90,454
MEDIAN
HOUSEHOLD INCOME



**#2 FASTEST
GROWING U.S. CITY**

#1

**SMALL CITY WITH
THE HIGHEST GROWTH**



SHEM CREEK



EAST COOPER MEDICAL CENTER



CAROLINA PARK RESIDENTIAL HOME



Charleston, South Carolina

- The oldest (350 years as of 2020) and largest city in the state with 137,670 residents and 412,466 people in the county
- #1 "Travel Destination in the U.S." - Travel + Leisure 7 years in a row
- #12 "15 Best Cities in the World" - Travel + Leisure (2019)
- \$42.7 billion in Gross Regional Product

ECONOMY

- The largest industries are health care, social assistance, accommodation, food, professional, scientific, and technical services
- Major employers include Joint Base Charleston (22,000), Medical University Of South Carolina (13,000), The Boeing Company (7,000), and Charleston County School District (6,500)
- Regional population growth has contributed to labor force growth rate four times the national average
 - 379,400 workers in the Charleston region
 - 40,000+ students are enrolled in area colleges and universities
 - 28 new residents move to the region daily
- \$1.1 billion in capital investment and 2,000 new jobs were announced by 30+ companies in the region
- **Aerospace** - One of three places in the world assembling and delivering wide body jets
 - Home to Boeing Centers of Excellence for IT, Research & Technology and Engineering Division, including the exclusive manufacturer of Boeing's 787-10
- **Trident Technical College (TTC)** - One of the largest two-year technical colleges in the state with an enrollment of more than 15,000 part-time and full-time credit students
 - **TTC Aeronautical Training Center** - 218,105 square foot training facility that offers Aeronautical Studies and Industrial/Engineering Technology curricula to an estimated 5,400 students by 120 faculty and staff; opened 2019
- **Mercedes-Benz Vans, LLC** - Production facility in North Charleston for Mercedes Sprinter Vans for the U.S. market; 1,100 employees
 - \$500 million expansion recently completed
- Bio-science and medical research hub with Medical University of South Carolina, 35 pharmaceutical and medical device manufacturers, and over 50 research and development labs
 - **Medical University of South Carolina (MUSC)** - The city's largest employer (13,000); serves 3,000 students, 700 residents, and has \$4 billion economic impact



412,466
POPULATION
IN THE COUNTY

\$42.7B
GROSS REGIONAL
PRODUCT

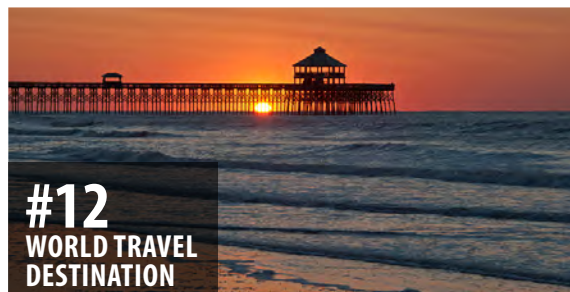


HOME TO
JOINT BASE CHARLESTON

Charleston



Folly Beach



Trident Technical College





Charleston, South Carolina

- A short drive up I-26, I-95, I-77, and I-85 provides direct access to North Carolina, Tennessee, New England, Miami, and connecting highways to the rest of the U.S.
- 1-day truck service to over 60 million people
- 389,000 jobs in the region
- 6% increase in median and average home sales prices each increased to \$266,000 and \$360,000 from 2017 to 2018

- **South Carolina Ports Authority (SCPA)** - Top 10 ports in the U.S.; #8 largest cargo value for U.S. seaports with a record 2.3 million TEU's in 2018 (up 6.4% from 2017); \$53 billion annual economic activity
 - The Charleston Harbor deepening project and opening of the new Hugh K. Leatherman Sr. Terminal slated for 2021 completion

DEVELOPMENTS

- **Charleston Tech Center** - A 6-floor office building, including a retail tenant on its ground floor, a courtyard and outdoor park, and a parking deck; opening 2020
- **MUSC Children's Hospital** - 11-story, \$390 million hospital; completed in 2019
- **Alorica Call Center** - \$1.2 million expansion; projected to bring 300 jobs; completion 2020

- **Joe Riley Waterfront Park** - Expansion of the park and construction of a new waterfront hotel; planned 2022 opening
- **Garco Mill** - Historic old factory building and surrounding 40 acres of land to be redeveloped into office and retail space, alongside a 20,000 square foot food hall; opening March 2020

TOURISM

- \$8 billion economic impact, employing 40,000+ workers
- 600 new hotel rooms added in 2018, 1,700 more proposed or planned by 2021
- 7.3 million visitors flocked to the Charleston region in 2018
- **Charleston International Airport** - 4.4 million passengers in 2018; offering non-stop service to 21 destinations
 - Allegiant and Frontier expanded service with more domestic flights in 2019; predicted to surpass the 5 million passenger mark in 2020
 - \$200 million recent renovation completed in late 2016



\$8B

**TOURISM
ECONOMIC IMPACT**

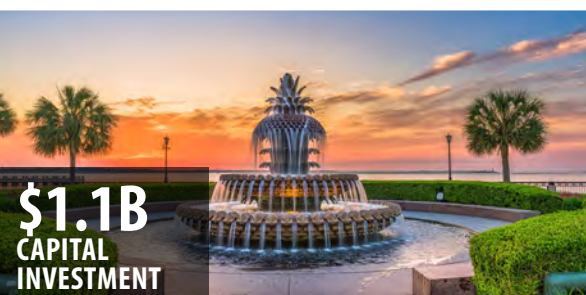
7.3M

**REGIONAL VISITORS
IN 2018**

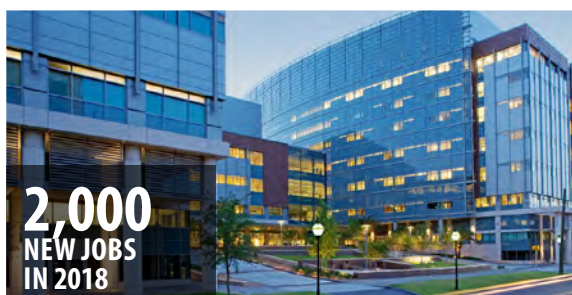
\$53B

**SOUTH CAROLINA PORTS
ANNUAL ECONOMIC ACTIVITY**

Joe Riley Waterfront Park



Medical University of South Carolina



South Carolina Ports





	<u>1-Mile</u>	<u>3-Mile</u>	<u>5-Mile</u>
Population			
2024 Projection	7,738	50,018	92,495
2019 Estimate	7,319	46,080	83,337
2010 Census	6,408	39,052	68,140
2000 Census	4,447	33,809	53,113
Growth 2000-2010	44.10%	15.51%	28.29%
Growth 2010-2019	14.22%	18.00%	22.30%
Growth 2019-2024	5.72%	8.55%	10.99%
Households			
2024 Projection	3,727	21,647	39,355
2019 Estimate	3,457	19,687	35,060
2010 Census	3,008	16,642	28,595
2000 Census	1,899	13,170	21,247
Growth 2000-2010	58.40%	26.36%	34.58%
Growth 2010-2019	14.93%	18.30%	22.61%
Growth 2019-2024	7.81%	9.96%	12.25%
2019 Est. Population by Single-Classification Race			
White Alone	6,353	40,537	74,253
Black or African American Alone	565	3,714	5,925
American Indian and Alaska Native Alone	20	101	167
Asian Alone	112	751	1,442
Native Hawaiian and Other Pacific Islander Alone	5	14	17
Some Other Race Alone	120	336	450
Two or More Races	126	531	886
2019 Est. Population by Ethnicity (Hispanic or Latino)			
Hispanic or Latino	337	1,265	1,925
Not Hispanic or Latino	6,982	44,815	81,412
2019 Est. Average Household Income	\$113,135	\$124,028	\$134,193

CONFIDENTIALITY AGREEMENT

SLEEP NUMBER



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The information contained herein does not purport to provide a complete or fully accurate summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information which prospective buyers may need or desire. All financial projections are based on assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and Broker and, therefore, are subject to material variation. This Marketing Package does not constitute an indication that there has been no change in the business or affairs of the Property or the Owner since the date of preparation of the information herein. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective buyers.

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\$6+ BILLION
retail sales nationwide



SHARED DATABASE
collaborative proprietary database



TOP BROKERAGE GLOBALLY
in investment sales



COSTAR POWER BROKER
top sales brokers & firm in OC



NATIONWIDE REACH
retail & investors across the U.S.