

# O'Reilly Auto Parts - RARE NEW 20 YEAR TERM

Cleveland, Ohio



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Offering Memorandum

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## Cleveland, Ohio

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## Cleveland, Ohio

### The Property - Investment Summary

Property	O'Reilly Auto Parts
Ticker	NASDAQ: ORLY
Credit Rating	S&P: BBB
Address	6535 Broadway Avenue Cleveland, Ohio 44105
Major Market	Cleveland-Elyria MSA
Market Population	2,058,844
Building Size	7,384 Square Feet
Building Type	Masonry / Stone
Acreage	0.64 Acres
Year Built	2020
Roof Type	Standing Seam Metal with Warranty
Initial Lease Term	20 Years
Rent Commencement	June 1, 2020
Lease Expiration	May 31, 2040
Rent PSF	\$14.76
Rental Increases	6% Every 10 Years Initial Term 6% Every 5 Years During Options
Net Operating Income	\$109,022.88
CAP Rate	5.55%
Price	\$1,964,000





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## Cleveland, Ohio

### The Property - Property Description

#### Investment Highlights

- Strong Corporate Tenant - Publicly Traded (NASDAQ: ORLY) with Investment Credit Rating (S&P:BBB)
- Ideal 1031 - Brand New Building with Minimal Landlord Responsibilities
- RARE Long-Term Lease - O'Reilly has Signed Their Longest 20 Year Lease for this Location
- Rental Increases in the Base Term & Options Provide A Hedge Against Inflation
- Part of the Cleveland-Elyria MSA - 2,058,844 Population
- Solid Construction - Building Includes New All Metal Roof, Block and Stone Construction, and High Concrete to Asphalt Ratio

#### Property Description

For sale to qualified investors is the fee-simple interest in a brand new, freestanding O'Reilly Auto Parts located on Broadway Avenue in Cleveland, Ohio. Due to the location's prominence in its trade area, O'Reilly chose to sign their longest corporate lease with a base term of 20 years. Along with the 20 year base term, the developer spared no expense in the design and construction of the property. The building features an all-metal roof with transferrable warranty, full block and stone construction, large monument signage, and a full front row of concrete parking stalls. The passive nature of this lease combined with the long lease term and prominence within the market make this an ideal 1031 replacement property or acquisition for an investor desiring a stable real estate investment. O'Reilly is situated at the focal point of the trade area on the corner of Broadway Avenue and East 65th Street. The surrounding area features strong demographics with approximately 34,000 people within just a one mile radius. Among the many business drivers within walking distance are the Third Federal Savings and Loan Corporate Headquarters, Cleveland Central Catholic High School, Mound Elementary School, the Cleveland Velodrome Bike Racing Track, McDonald's, Burger King, Save-A-Lot, Fifth Third Bank, Huntington Bank, Citizen's Bank, MetroHealth Broadway Medical Center, Broadway Orthopedics and Sports Medicine, and much more.

#### Cleveland, Ohio

Cleveland is a major city in the U.S. state of Ohio and the county seat of Cuyahoga County. Greater Cleveland is ranked as the 32nd largest metropolitan area in the U.S., with 2,055,612 people. The city is located on the southern shore of Lake Erie and was founded in 1796 near the mouth of the Cuyahoga River. It became a manufacturing center due to its location on both the river and lake shore, as well as being connected to numerous canals and railroad lines. As Cleveland continues to evolve and grow, the economy relies on diversified sectors such as manufacturing, financial services, healthcare, entertainment and biotechnology. Over the last 5 years, Cleveland has added over \$5 billion worth of new construction, including 1,500 hotel rooms, converting 1 million square feet of commercial space into 3,300 residential units and added 350,000 square feet of prime office space. The city is home to some of the best hospitals in the U.S., including The Cleveland Clinic, University Hospital and MetroHealth. Additionally, the city is home to Playhouse Square, the second largest performing arts center in the U.S. behind New York City's Lincoln Center.





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## Cleveland, Ohio

The Property - Property Photos





# O'Reilly Auto Parts - RARE NEW 20 YEAR TERM

Cleveland, Ohio

Performance & Tenancy - Rent Roll

	Square	Lease Term		Rental Rates			Recovery		
Tenant Name	Feet	Begin	End	Begin	Annually	Monthly	Type	Comments/Options	
O'Reilly Auto Parts (NASDAQ: ORLY)	7,384	6-1-2020	5-31-2040	6-1-2020	\$109,022.88	\$9,085.24	NNN	Tenant pays all property taxes, insurance and CAM directly. Landlord is required to carry general liability insurance on the property. Landlord responsible for maintaining (repair or replacement) roof, structure, and parking lot. Building and site work brand new and completed in April 2020.	
				6-1-2030	\$115,564.32	\$9,630.36			
				Options					
				6-1-2040	\$122,498.16	\$10,208.18			Options: Four (4) — Five (5) year options. Tenant to give Landlord 90 day prior notice of its intent to renew.
				6-1-2045	\$129,848.04	\$10,820.67			
				6-1-2050	\$137,638.92	\$11,469.91			
				6-1-2055	\$145,897.20	\$12,158.10			





O'Reilly Auto Parts (NASDAQ: ORLY) is an American auto parts retailer that provides automotive aftermarket parts, tools, supplies, equipment, and accessories in the United States serving both the professional service providers and do-it-yourself customers. The company was founded in 1957 by the O'Reilly family and currently operates more than 5,147 stores in 47 states with over 77,000 team members. On April 23, 1993, the company completed an initial public offering, and it now trades on the NASDAQ market. The company also has a stock purchase plan to enable full-time employees to own stock in the company. On July 11, 2008, the company completed the largest acquisition in its history with the purchase of CSK Auto, adding 1,273 stores in 12 states. This acquisition, combined with past acquisition, made O'Reilly Auto Parts the third largest auto parts chain in the country. O'Reilly continues to expand and grow, projecting to add over 200 new locations in 2020.

O'Reilly Auto Parts (NASDAQ: ORLY)	S&P : BBB
Founded	1957
Locations	5,147
States	47
Number Of Employees	+ 77,000



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## Cleveland, Ohio

### Market Overview - Regional Snapshot

#### Cleveland Regional Highlights

- The Cleveland Clinic consistently ranks in the Top 5 for Best Hospitals in the U.S., with 5.1 million patient visits per year.
- In the 2018 Fortune 500 ranking of the largest U.S. corporations, 8 companies are based in Northeast Ohio.
- According to the 2019 Census Estimate, the Cleveland-Akron-Canton CSA has a population of 3,515,646 people. The area is also home to NBA, NFL, and MLB professional franchises.
- The RNC (Republican National Convention) was held in Cleveland at the end of July 2016, and was estimated to have generated over \$200 Million in direct spending.



- Case Western Reserve University & Cleveland State University reside in the heart of downtown Cleveland. Combined enrollment is over 28,000 students.
- Developers have rolled out an average of 1,000 new apartment units per year over the past 5 years in Cleveland. According to a recent National Rent Report by Zumper, Cleveland also ranked #1 of the top 100 Cities in terms of one-bedroom rent growth, showing the continuing demand.

#### Top Employers

Company	# Of Employees
• Cleveland Clinic	33,000
• University Hospitals	15,123
• Progressive Insurance	8,379
• The MetroHealth System	5,823
• Key Corp	4,812
• Case Western Reserve University	4,512
• Swagelok Co	4,186
• Sherwin-Williams Co	3,430
• Lincoln Electric Co	2,800
• Nestle USA	2,298





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## Cleveland, Ohio

Market Overview - Retail Aerial





# O'Reilly Auto Parts - RARE NEW 20 YEAR TERM

## Cleveland, Ohio

Market Overview - Market Aerial

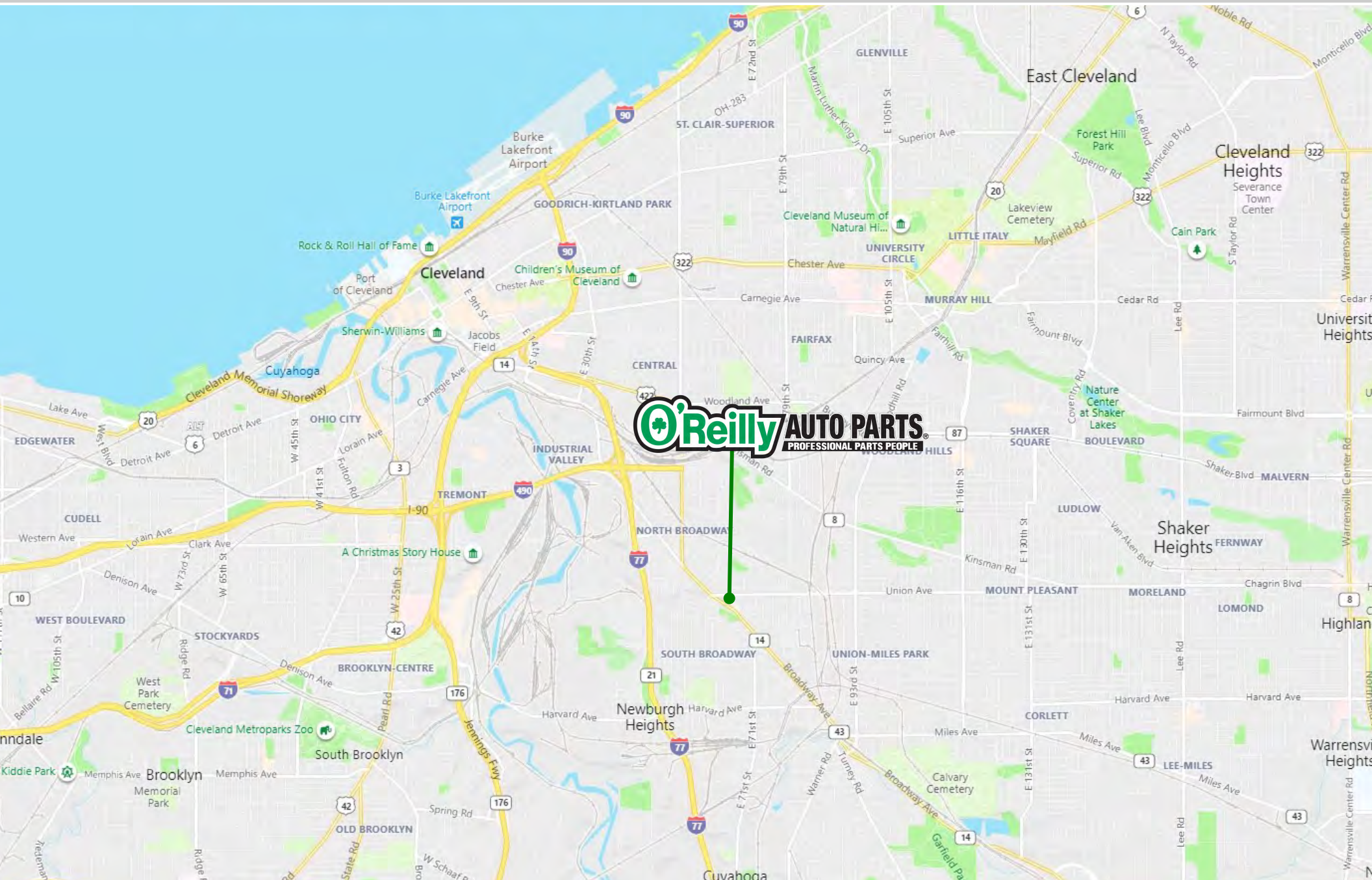




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## Cleveland, Ohio

Market Overview - Regional Map

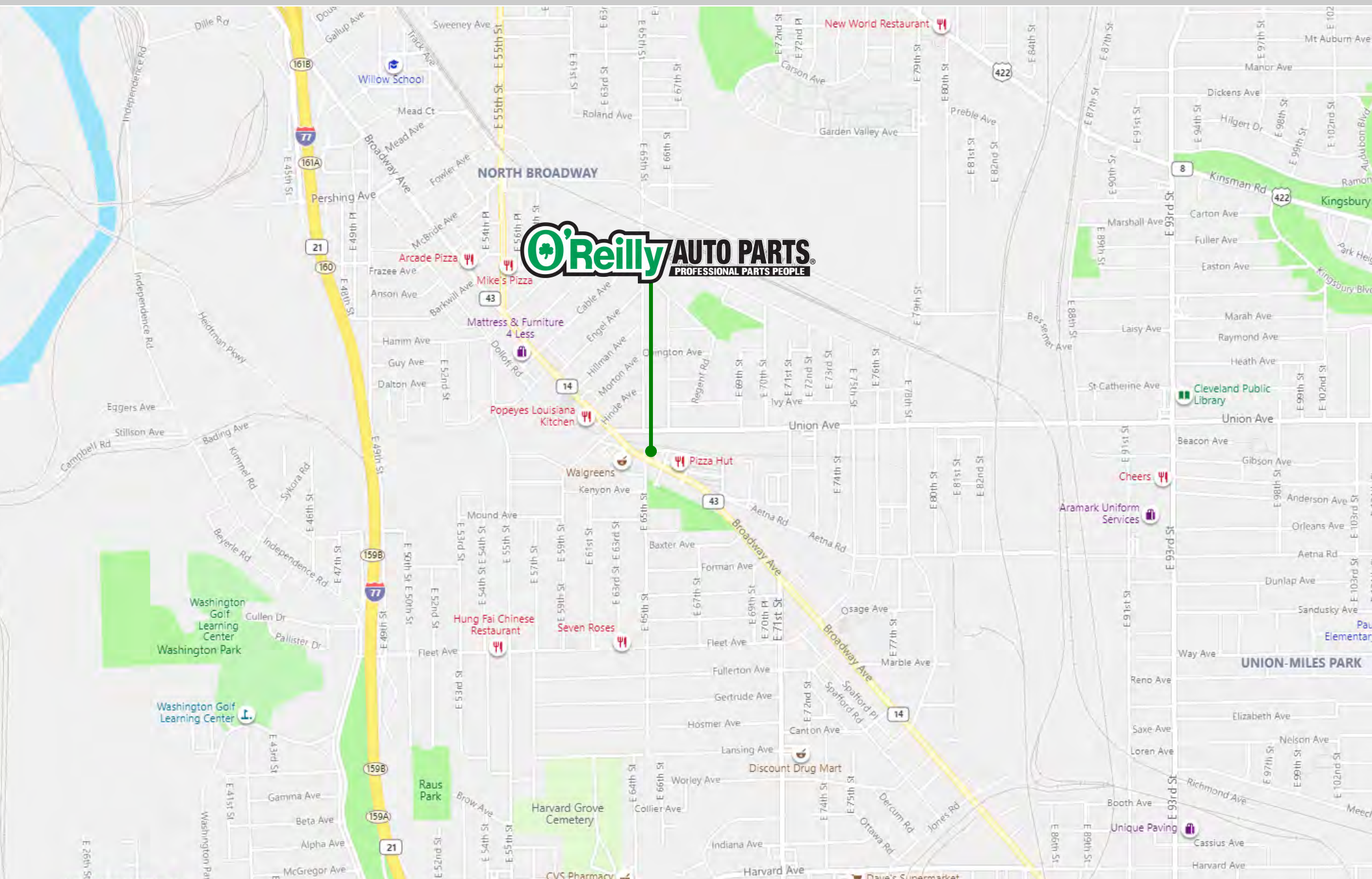




# O'Reilly Auto Parts - RARE NEW 20 YEAR TERM

## Cleveland, Ohio

Market Overview - Local Map





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## Cleveland, Ohio

### Market Overview - Demographics

	2 mi	4 mi	6 mi	8 mi
<b>Population</b>				
2020 Estimated Population	34,102	207,152	441,151	674,732
2025 Projected Population	32,688	200,428	426,091	651,657
2010 Census Population	40,933	224,047	468,828	704,105
2000 Census Population	57,517	270,013	552,826	812,770
<b>Households</b>				
2020 Estimated Households	13,930	87,876	185,242	287,062
2025 Projected Households	13,349	85,141	179,080	277,352
2010 Census Households	16,729	94,623	196,109	298,597
2000 Census Households	21,948	106,835	219,104	330,138
<b>Age (2020)</b>				
Est. Population Under 10 Years	13.9%	12.8%	12.5%	12.3%
Est. Population 10-19	15.2%	13.4%	13.2%	12.9%
Est. Population 20-30	14.8%	14.9%	14.5%	13.9%
Est. Population 30-44	18.3%	19.6%	18.9%	18.7%
Est. Population 45-59	17.6%	18.0%	18.5%	18.7%
Est. Population 60-74	15.0%	15.5%	16.1%	16.8%
Est. Population 75 Years or Over	5.1%	5.8%	6.2%	6.6%
<b>Income (2020)</b>				
Est. HH Inc \$200,000 or more	0.3%	1.8%	2.1%	2.1%
Est. HH Inc \$150,000 to \$199,999	0.6%	2.3%	3.0%	3.6%
Est. HH Inc \$100,000 to \$149,999	2.7%	5.7%	7.6%	8.6%
Est. HH Inc \$75,000 to \$99,999	5.1%	6.9%	9.0%	9.7%
Est. HH Inc \$50,000 to \$74,999	10.4%	13.5%	15.3%	16.2%
Est. HH Inc \$35,000 to \$49,999	11.0%	11.7%	13.2%	13.7%
Est. HH Inc \$25,000 to \$34,999	13.6%	12.0%	11.9%	11.9%
Est. HH Inc \$15,000 to \$24,999	19.4%	15.9%	14.3%	13.4%
Est. HH Inc Under \$15,000	37.0%	30.3%	23.6%	20.8%
Est. Average Household Income	\$ 31,181	\$ 45,459	\$ 54,176	\$ 57,745
Est. Median Household Income	\$ 21,527	\$ 27,978	\$ 35,201	\$ 38,801
Est. Per Capita Income	\$ 12,737	\$ 19,284	\$ 22,749	\$ 24,568