



# Best Buy

Marcus & Millichap

EXCLUSIVE OFFERING MEMORANDUM



# OFFERING

# MEMORANDUM

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Aerial Video



45 Bangor Mall Blvd  
Bangor, ME 04401

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# Investment Highlights

PRICE: \$3,716,129 | CAP: 7.75% | RENT: \$288,000



## About the Investment

- ✓ Long Term Operating History | Tenant Has Been at this Location Since 2000
- ✓ Triple Net (NNN) Lease with Zero Landlord Responsibilities
- ✓ Strong Commitment to the Site | Tenant Just Exercised Their First of Four, Five Year Renewal Options
- ✓ Corporate Best Buy Guaranty | Investment Grade Credit Rating of BBB

## About the Location

- ✓ Extremely Strong Regional Retail Corridor | Walmart, Home Depot, Target, BJ's Wholesale, Lowe's, McDonald's, Burger King, Wendy's, Chick-Fil-A, Olive Garden, Chili's, and Many More
- ✓ Strong Academic Presence | Bangor High School and Bapst High School | Less Than Two-Miles From the Subject Property | Total Enrollment Exceeds 1,700 Students
- ✓ Strong Traffic Counts | Convenient Accessibility From Interstate-95 | 31,290 Vehicles Per Day
- ✓ Located Less Than 5-Miles from Bangor International Airport | Served More Than 470,000 Annual Passengers

## About the Tenant / Brand

- ✓ The Lease is Guaranteed by Best Buy | 2019 Revenue was \$42.8 Billion
- ✓ The Company's Domestic Online Sales Increased by 155.4% in the First Quarter of this Year
- ✓ Best Buy Holds an Investment Grade Credit Rating from S&P of BBB
- ✓ Best Buy is Publicly Traded on the New York Stock Exchange Under the Ticker BBY
- ✓ The Company has been in Operation for 54 Years
- ✓ **Analyst Joseph Feldman writes, Best Buy may "come out of this pandemic as a winner in retail, helped by its consistent market share gains, stable profitability, leading omnichannel capabilities, solid cash flow generation, healthy balance sheet, and strong management team."**





# Financial Analysis & Investment Summary



PRICE: \$3,716,129 | CAP: 7.75% | RENT: \$288,000

## Property Description

|                        |                     |
|------------------------|---------------------|
| Property               | Best Buy            |
| Property Address       | 45 Bangor Mall Blvd |
| City, State, ZIP       | Bangor, ME 04401    |
| Year Built / Renovated | 2000                |
| Building Size          | 32,000              |
| Lot Size               | +/- 5.37 Acres      |
| Type of Ownership      | Fee Simple          |

## The Offering

|                |             |
|----------------|-------------|
| Purchase Price | \$3,716,129 |
| CAP Rate       | 7.75%       |
| Annual Rent    | \$288,000   |
| Price / SF     | \$116.13    |
| Rent / SF      | \$9.00      |

## Lease Summary

|                          |                                  |
|--------------------------|----------------------------------|
| Property Type            | Net Leased Retailer              |
| Tenant                   | Best Buy Stores, L.P.            |
| Guarantor                | Best Buy Co., Inc                |
| Ownership Type           | Public                           |
| Original Lease Term      | 20 Years                         |
| Lease Commencement       | November 22, 1999                |
| Current Lease Expiration | March 31, 2026                   |
| Lease Term Remaining     | 5.75 Years                       |
| Lease Type               | Triple-Net (NNN)                 |
| Roof & Structure         | Tenant Responsible               |
| Options to Renew         | Three (3), Five (5)-Year Options |

## RENT SCHEDULE

| Lease Year(s)               | Annual Rent          | Monthly Rent       |
|-----------------------------|----------------------|--------------------|
| Current – 1/31/21           | \$368,000.00         | \$30,666.67        |
| <b>2/1/2021 – 3/31/2026</b> | <b>\$288,000.00*</b> | <b>\$24,000.00</b> |
| <u>Option Periods</u>       |                      |                    |
| 4/1/2026 – 3/31/2031        | \$432,000.00         | \$36,000.00        |
| 4/1/2031 – 3/31/2036        | \$464,000.04         | \$38,666.67        |
| 4/1/2036 – 3/31/2041        | \$495,999.96         | \$41,333.33        |

\* Due to a COVID-19 Rent Deferral, Beginning on January 1, 2021, Tenant Shall Reimburse Landlord an Additional \$6,516.67 Per Month For Twelve Months. The Seller shall be Reimbursed at closing \$78,200 for the Additional Rent that is due in 2021. The Fixed Rent for the Recently Exercised Option Period Beginning on February 1, 2021 and Ending on March 31, 2026 is \$288,000.

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive offering memorandum for the Best Buy located at 45 Bangor Mall Boulevard in Bangor, Maine. The property was developed in 2000 and consists of a 32,000 square foot building on 5.37 acres of land situated in the primary retail corridor for the city of Bangor.

Best Buy has been at this location for more than 20 years and the tenant just exercised their first of four, five-year tenant renewal options. The current rent is \$288,000 per year and is scheduled to increase by 50% in this first option period and then by \$1 per SF at the start of the second and third option period. Best Buy is publicly traded on the NYSE under the ticker BBY and has an investment grade credit rating of BBB according to S&P.





# Concept Overview

Property Address: 45 Bangor Mall Boulevard, Bangor, Maine 04401



## About Best Buy

Best Buy is the leading provider of technology products, services, and solutions. Best Buy operates in the U.S., Canada, and Mexico. Best Buy does business through six revenue categories: Consumer Electronics, Computing and Mobile Phones, Entertainment, Appliances, Services and Other. Best Buy had approximately 1,200 large-format stores and 400 small-format stores at the end of fiscal 2019. Best Buy stores are a vital component of the company's success, with the ability to ship from every store. In 2012 Best Buy introduced the vendor store-within-a-store concept, allowing vendor partners to provide company-specific displays as well as company trained employees, leading to a better customer experience. The company was founded in 1966, has annual sales of approximately \$43 billion, employs 125,000 people and operates in all 50 states



Representative Photo





## Best Buy To Invite More Shoppers Inside Stores, No Appointment Needed

June 9, 2020

<https://corporate.bestbuy.com/best-buy-to-invite-more-shoppers-inside-stores-no-appointment-needed/>

Best Buy today announced that customers soon will be able to safely and freely shop at the majority of our stores without an appointment.

Starting June 15, more than 800 locations across the country will begin allowing a limited number of people inside. We'll also continue to offer contactless curbside pickup and in-store consultations for those who prefer to shop that way.

"Throughout the pandemic, nothing has been more important to us than the safety of our customers and employees," said Ray Sliva, president of retail. "We're now confident we can provide a safe experience for shoppers who want to visit our stores to browse, see tech products firsthand and get helpful advice from our Blue Shirts or Geek Squad Agents."

Best Buy stores will continue to enforce social distancing by limiting the number of customers inside the store to 25% of capacity, which allows approximately 60 or more customers in a store depending on its size. If a store reaches the limit, stores will queue people in a line until they are able to shop. Stores also will have floor signage to help customers and employees maintain 6 feet of distance at all times.

To support this expanded store experience, we are bringing back more than 9,000 of our previously furloughed full- and part-time store employees and Geek Squad Agents.

Meanwhile, Best Buy will also begin resuming in-home consultations, which have all been conducted virtually since March. We will adhere to enhanced safety protocols while in customers' homes, and we'll continue to offer virtual consultations for anyone who prefers that.





# Location Overview



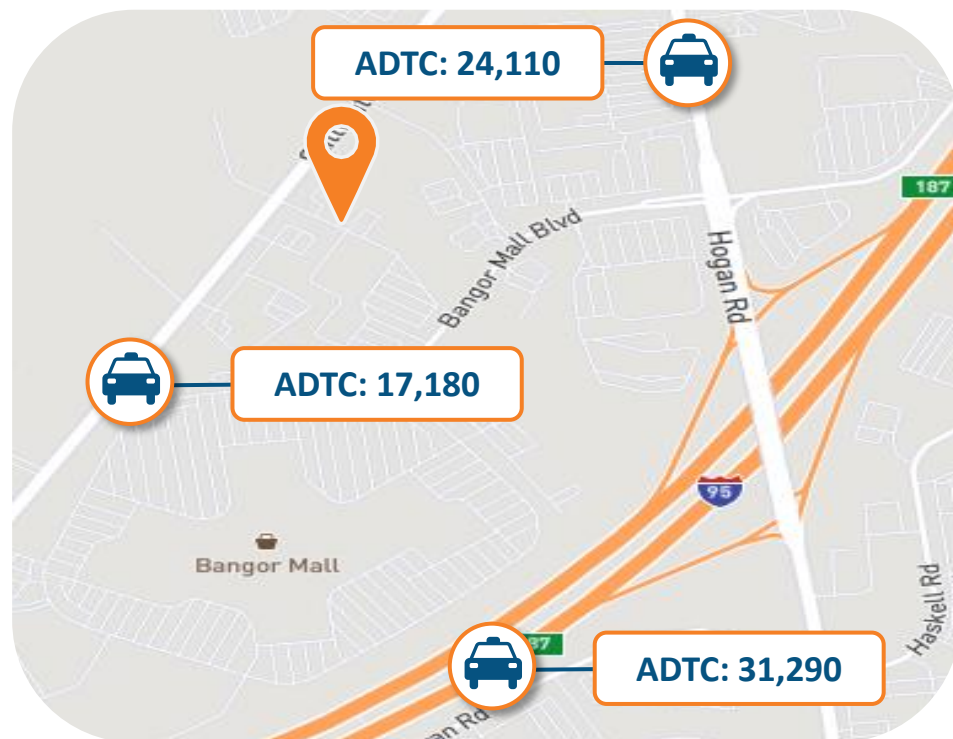
This subject Best Buy benefits from being well-positioned in a highly dense retail corridor consisting of national and local tenants, shopping centers, hospitals, hospitality accommodations and academic institutions. Major national tenants include: Walmart, Home Depot, Target, BJ's, Lowe's, McDonald's, Burger King, Wendy's, KFC, Five Guys, Subway, and many more. Additionally, this subject property benefits from its proximity to several hospitality accommodations including: Hilton Garden Inn, Bangor Inn & Suites, Comfort Inn, Country Inn at the Mall, Hampton Inn, Quality Inn, and more. Two notable hospitals in the area are St Joseph Hospital and Northern Light Eastern Maine Medical Center both within 2-miles of the subject property and totaling more than 460 fully staffed beds. This subject property is also proximal to several academic institutions. Two notable schools are Bangor High School and John Bapst High School are within a 2-mile radius with over 1,700 students. Other local academic institutions such as the University of Maine and Husson University bring in an additional 14,780 students to the area. Bangor International Airport is located less than 5-miles away and averages about 470,000 travelers per year.

This Best Buy property is located at 45 Bangor Mall Boulevard, Bangor, Maine. Bangor Mall Boulevard can be accessed from Hogan Road and Stillwater Avenue. Hogan Road and Stillwater Avenue benefit from average daily traffic counts of 24,110 and 17,180 vehicles per day, respectively. There are approximately 24,800 individuals residing within a 3-mile radius and 49,850 individuals within a 10-mile radius.

Bangor is a city in the U.S. state of Maine, and the county seat of Penobscot County. The city proper has a population of 33,039, making it the state's 3rd largest city in Maine. Today, Bangor remains the commercial and social center of Northern, Central, and Eastern Maine. It has become the region's largest center of retail and service businesses, and a center for government, education, and employment. Offering a widely diversified economy, Bangor has transcended its traditional roots in forest products and shipbuilding and today maintains its position as one of Maine's major urban centers. Historically Bangor was an important stopover on the great circle route air route between the U.S. East Coast and Europe. Bangor is the largest market town, distribution center, transportation hub, and media center in a five-county area whose population tops 330,000 and which includes Penobscot, Piscataquis, Hancock, Aroostook, and Washington counties.

## HIGHLIGHTS

- Regional Retail Corridor | Walmart, The Home Depot, Target, BJ's, Lowe's, McDonald's, Burger King, Wendy's, Chick-Fil-A, Olive Garden, Chili's, and Many More
- Strong Academic Presence | Bangor High School and Bapst High School | Less Than Two-Miles From the Subject Property | Total Enrollment Exceeds 1,700 Students
- Strong Traffic Counts | Convenient Accessibility From Interstate-95 | 31,290 Vehicles Per Day
- Located Less Than 5-Miles from Bangor International Airport | Served More Than 470,000 Annual Passengers

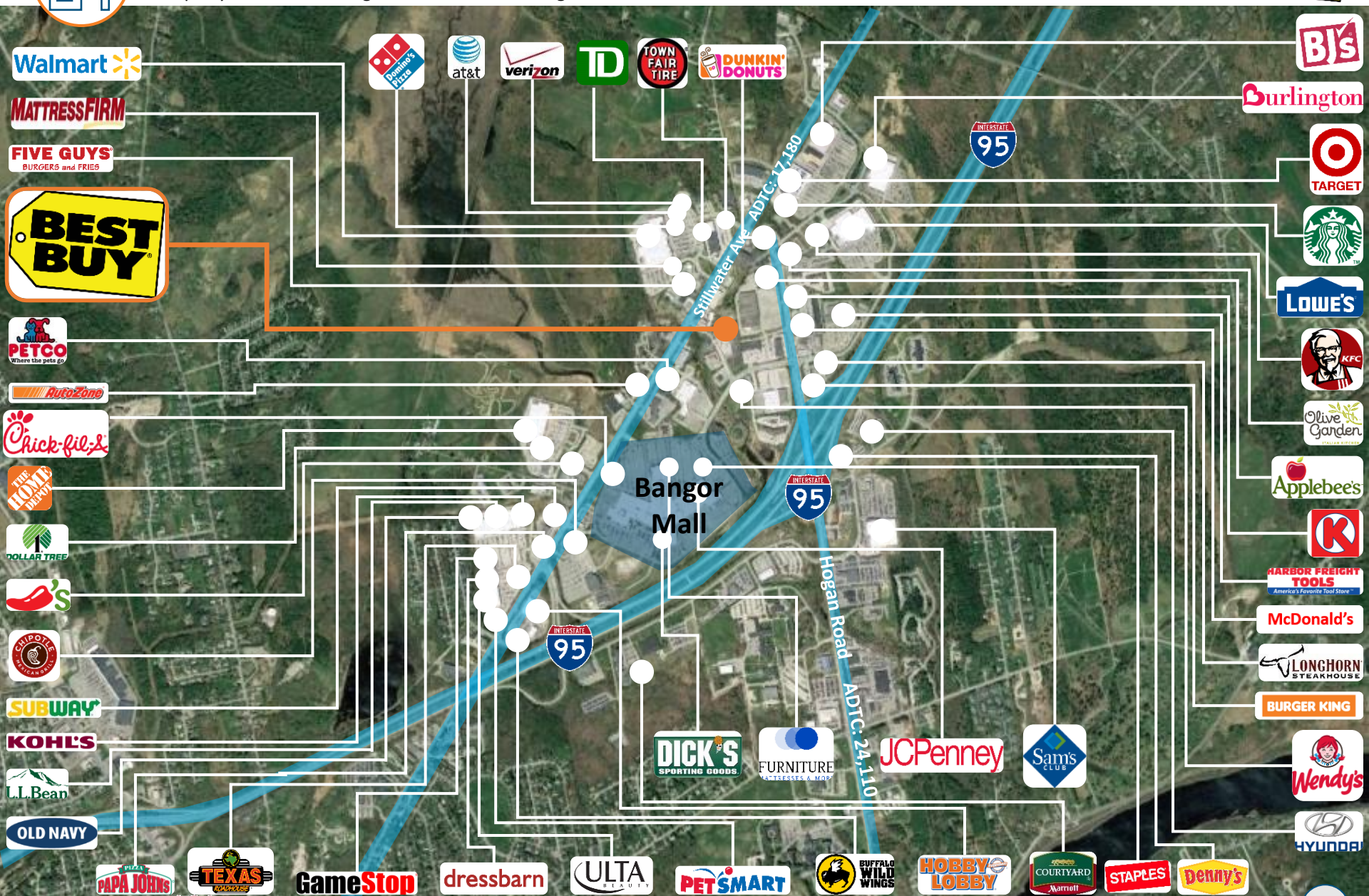






# Surrounding Area

Property Address: 45 Bangor Mall Boulevard, Bangor, Maine 04401







# Property Photos







# Property Photos







# Surrounding Property Photos







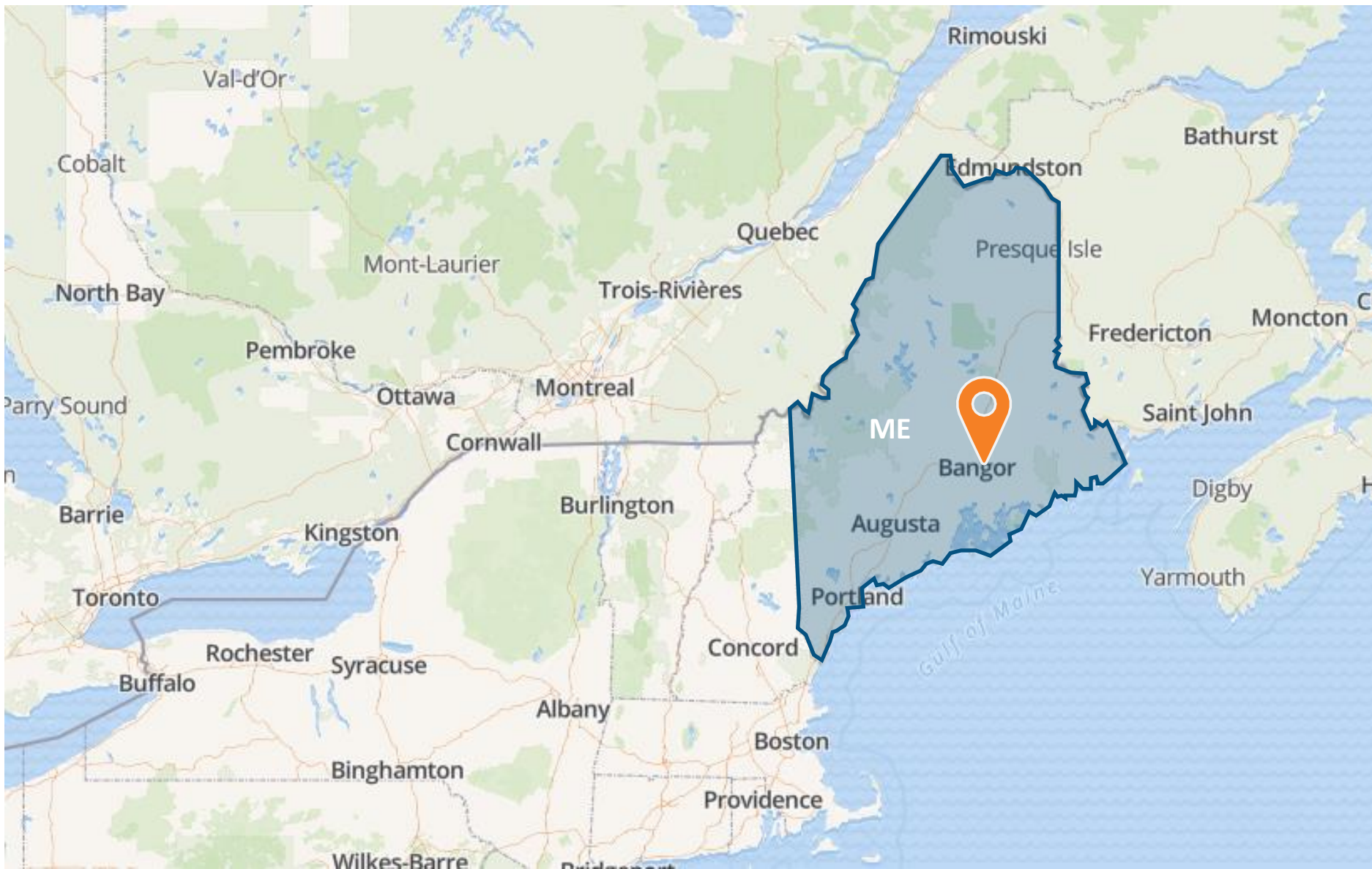
# Surrounding Property Photos







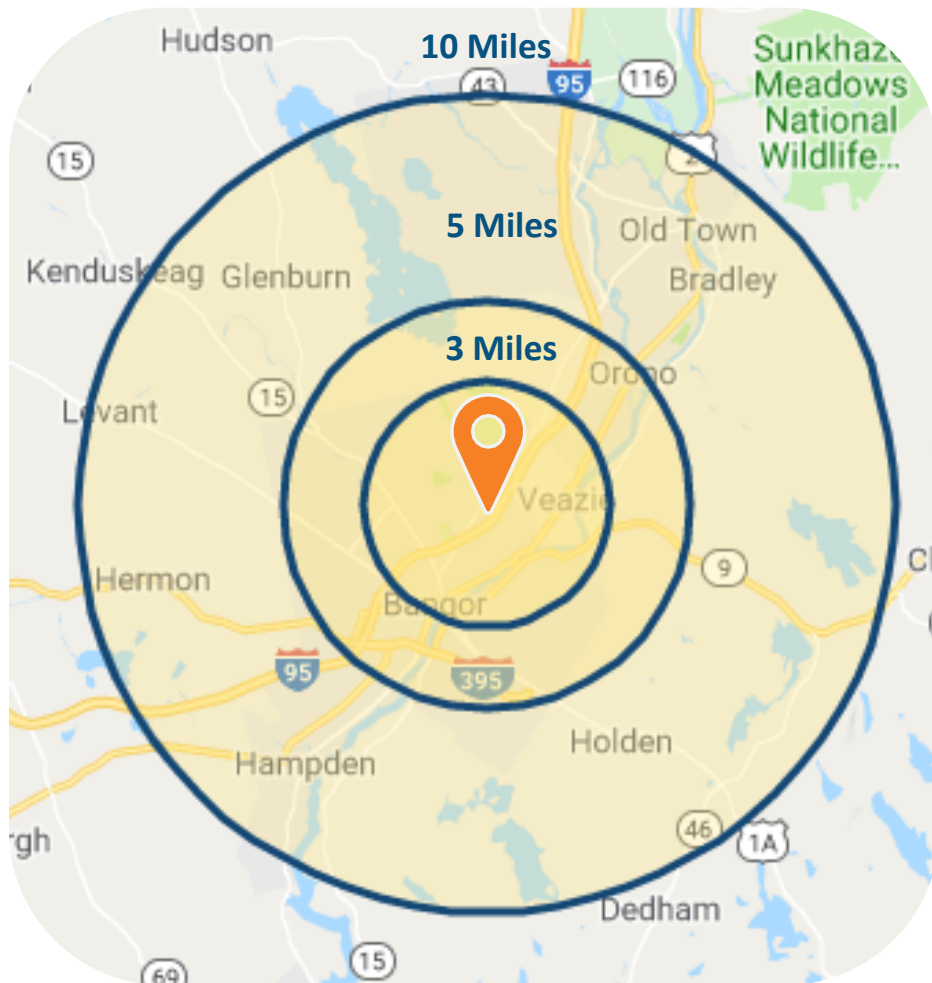
# Regional Map





# Demographics

Property Address: 45 Bangor Mall Boulevard, Bangor, Maine 04401



## POPULATION

|                 | 3 Miles | 5 Miles | 10 Miles |
|-----------------|---------|---------|----------|
| 2023 Projection | 25,226  | 49,853  | 92,032   |
| 2018 Estimate   | 24,800  | 48,809  | 89,675   |
| 2010 Census     | 25,189  | 49,713  | 90,463   |
| 2000 Census     | 23,851  | 46,991  | 84,215   |

## INCOME

|            | 3 Miles  | 5 Miles  | 10 Miles |
|------------|----------|----------|----------|
| Average    | \$67,601 | \$66,592 | \$67,942 |
| Median     | \$46,554 | \$47,385 | \$51,152 |
| Per Capita | \$31,027 | \$29,662 | \$28,573 |

## HOUSEHOLDS

|                 | 3 Miles | 5 Miles | 10 Miles |
|-----------------|---------|---------|----------|
| 2023 Projection | 11,259  | 21,833  | 37,707   |
| 2018 Estimate   | 10,995  | 21,168  | 36,412   |
| 2010 Census     | 11,244  | 21,675  | 36,899   |
| 2000 Census     | 10,775  | 20,274  | 34,084   |

## HOUSING

|      | 3 Miles   | 5 Miles   | 10 Miles  |
|------|-----------|-----------|-----------|
| 2018 | \$154,659 | \$156,255 | \$159,275 |

## EMPLOYMENT

|                           | 3 Miles | 5 Miles | 10 Miles |
|---------------------------|---------|---------|----------|
| 2018 Daytime Population   | 44,944  | 82,316  | 127,603  |
| 2018 Unemployment         | 3.55%   | 3.42%   | 3.98%    |
| 2018 Median Time Traveled | 18 Mins | 18 Mins | 20 Mins  |

## RACE & ETHNICITY

|                        | 3 Miles | 5 Miles | 10 Miles |
|------------------------|---------|---------|----------|
| White                  | 92.48%  | 92.65%  | 93.19%   |
| Native American        | 0.06%   | 0.05%   | 0.05%    |
| African American       | 1.62%   | 1.68%   | 1.29%    |
| Asian/Pacific Islander | 2.38%   | 1.92%   | 1.63%    |





# Market Overview

City: Bangor | County: Penobscot | State: Maine



**Bangor** is a city in the U.S. state of Maine, and the county seat of Penobscot County. The city proper has a population of 33,039, making it the state's 3rd largest settlement behind Portland (66,882) and Lewiston (36,221). Bangor has a port of entry at Bangor International Airport, also home to the Bangor Air National Guard Base. Historically Bangor was an important stopover on the great circle route air route between the U.S. East Coast and Europe. Bangor is the largest market town, distribution center, transportation hub, and media center in a five-county area whose population tops 330,000 and which includes Penobscot, Piscataquis, Hancock, Aroostook, and Washington counties. Bangor's City Council has approved a resolution opposing the sale of sweat-shop-produced clothing in local stores. Bangor Air National Guard Base is a United States Air National Guard base. Created in 1927 as a commercial field, it was taken over by the U.S. Army just before World War II. In 1968, the base was sold to the city of Bangor, Maine, to become Bangor International Airport but has since continued to host the 101st Air Refueling Wing, Maine Air National Guard, part of the Northeast Tanker Task Force. Bangor is home to two large hospitals, the Eastern Maine Medical Center and the Catholic-affiliated St. Joseph Hospital. As of 2012, the Bangor Metropolitan Statistical Area ranked in the top fifth for physicians per capita nationally.

## Major Employers

| Employers                         | Estimated # of Employees |
|-----------------------------------|--------------------------|
| Presidents Office                 | 3,000                    |
| Eastern Maine Medical Center      | 1,038                    |
| Penobscot Community Health Center | 998                      |
| St Joseph Healthcare              | 900                      |
| Eastern ME Healthcare Systems     | 661                      |
| McDonalds                         | 646                      |
| Dorothea Dix Psychiatric Center   | 600                      |
| Walmart                           | 600                      |
| Eastern Manufacturing Facility    | 514                      |
| GE                                | 501                      |
| EMHS                              | 500                      |
| Georgia-Pacific                   | 450                      |

Marcus & Millichap

## EXCLUSIVE OFFERING MEMORANDUM



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