

# OFFERING MEMORANDUM BURLINGTON

3450 W South Airport Rd, Traverse City, MI



REPRESENTATIVE PHOTO

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# CONFIDENTIALITY DISCLAIMER

Landmark Commercial Real Estate Services, LLC ("BROKER") has been retained by the Owner to sell the 100% fee simple title of this asset. The Broker is the exclusive agent for the sale of this asset. The Broker has prepared the Property Information with information provided by the Owner, from sources deemed to be reliable. The Potential Purchaser will conduct its own due diligence of The Property, independently and without reliance upon BROKER of the Owner. Information furnished herein, the Offering Memorandum (the "OM") is intended solely for the Potential Purchaser and its affiliates ("Recipients") for its review of the acquisition of the Burlington at 3450 W South Airport Rd, Traverse City, MI 49684 ("Property").

All information in the OM ("Confidential Information") shall be deemed confidential. Confidential Information shall not include any information which is generally available to the public or which becomes available to the Recipients on a non-confidential basis from a source that is or was under no obligation not to disclose such information.

In consideration of Broker and disclosure of the confidential information, the recipient shall not at any time, attempt in any manner to deal directly in any manner or circumvent Broker.

Unless otherwise agreed in writing or required by law, the Recipients will not use, disclose, or reveal any Confidential Information for any purpose other than in connection with the proposed transaction to any persons or entities other than those employees, officers, directors, bankers, advisors, representatives, or agents (collectively, "Representatives") who clearly need such access to perform their employment, fiduciary or contractual duties to the Recipient and to actively and directly participate in the evaluation of the Confidential Information. Additionally, Recipients shall not directly contact anyone directly associated with the Property without the express written consent of the Owner or Broker.

Recipients agree not to contact or initiate contact with the Tenants, at any time, either directly or indirectly. Unless such approval is specifically granted in written from the Owner or Broker.

This agreement shall be governed by the laws of the Michigan, and in any action brought to enforce the terms hereof, Recipients hereby irrevocably consents to jurisdiction and venue in the Circuit Court for the County of Oakland, State of Michigan, or the United States District Court, whichever the Owner may elect. The invalidity or unenforceability of any provision of this agreement as applied to a particular occurrence or circumstance shall not affect the validity of or enforceability of any of the other provisions of this agreement or the applicability of such provisions as the case may be. This agreement shall inure to the benefit of and may be enforced by the Owner and its successors and assigns and shall be binding on the Recipients, its officers, directors, partners, agents, members, representatives and successors in interest. If any portion of this agreement becomes the subject of litigation or arbitration, the prevailing party in such suit or proceeding shall be entitled to reimbursement for its reasonable costs, expenses and attorney's fees incurred, including those incurred in connection with any appeals. A copy of this agreement delivered by facsimile transmission shall be binding on both parties.

## Cooperating Broker Policy

Unless otherwise agreed in writing, neither Owner nor BROKER will pay a brokerage fee to, or share a brokerage commission with Recipient (the "Potential Purchaser"), or a related and/or affiliated party to such Recipient, attempting to act as a cooperating broker. In addition, neither the Owner nor BROKER will pay a brokerage fee to, or share a brokerage commission with, a cooperating broker representing the Recipient. The Recipient may elect to be have a cooperating broker represent them in the transaction at their own expense, unless otherwise agreed in writing by BROKER.

# Burlington



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# VIEW EAST – DYNAMIC LOCATION



# OFFERING SUMMARY

## PROPERTY DETAILS

Address:	3450 W South Airport Rd, Traverse City, MI
Year Built:	2020
Rentable Square Feet:	34,604 SF
Land Area:	2 acres
Ownership:	Fee simple

## LEASE DETAILS

Original Lease Term:	10 years, 4 months
Remaining Lease Term:	10 years, 4 months
Lease Type:	NN
Rent Commencement:	Earlier of Grand Opening or 10/19/2020
Lease Expiration:	2/28/2031
Extension Options:	Four (4) five (5) year options
Tenant:	Burlington Coat Factory of Texas, Inc.
Guarantor:	Burlington Coat Factory Warehouse Corporation
Taxes:	Tenant responsible
Insurance:	Tenant responsible
Common Area Maintenance:	Tenant responsible
Landlord Responsibilities:	Roof & structure

## RENT SCHEDULE

Term	PSF	Monthly Rent	Annual Rent
10/19/2020 – 10/18/2025	\$8.00	\$23,069	\$276,832
10/19/2025 – 2/28/2031	\$8.50	\$24,511	\$294,134
<b>Option 1</b>			
3/1/2031 – 2/28/2036	\$9.00	\$25,953	\$311,436
<b>Option 2</b>			
3/1/2036 – 2/28/2041	\$9.50	\$27,394	\$328,738
<b>Option 3</b>			
3/1/2041 – 2/28/2046	\$10.00	\$28,836	\$346,040
<b>Option 4</b>			
3/1/2046 – 2/28/2051	\$10.50	\$30,278	\$363,342

## PRICING

Cap Rate:	6.50%
Price:	\$4,258,954



# VIEW NORTH – TRUE "MAIN & MAIN" LOCATION



# INVESTMENT HIGHLIGHTS

## “MAIN & MAIN”

- Located on the pad of Grand Traverse Mall (598,000 SF) anchored by Target, Macy’s, JCPenney & TJ Maxx, with excellent visibility, access and prominence.

## MINIMAL LANDLORD RESPONSIBILITIES

- Tenant is 100% responsible for payment of real estate taxes, insurance, and common area maintenance. The common areas are to be administered and maintained by the adjacent owner. Landlord is responsible for the repairs of the roof and structure of the building.

## LONG TERM LEASE WITH RENTAL INCREASES & NO CO-TENANCY

- Ten (10 year) lease with a rent increase of \$0.50/SF every 5 years

## CREDITWORTHY TENANT WITH STRONG CORPORATE FINANCIALS

- Over the last five years, Burlington revenues have grown approximately **50% to \$7.3 billion**, and EBITDA grew at a CAGR of 15% to approximately \$874 million in 2019. These increases have been driven by improved merchandise assortment, in-store execution, and continued growth in the value off-price channel, which has taken share from department stores and specialty retailers.

## EXCELLENT LOCATION & VISIBILITY

- Burlington is well positioned at the intersection of Division Street (28,502 cpd) and S. Airport Road (26,887 cpd). The site has access points from both roads.

## STRONG MARKET/REGIONAL TRADE CORRIDOR

- Traverse City is the strongest and only regional market in Northern Michigan. The corridor pulls shoppers from the surrounding counties of Wexford, Manistee, Benzie, Leelanau, Kalkaska, and Atrim. Traverse city’s population has grown **6.8%** over the last 10 years. The market is home to the Grand Traverse Mall (598K SF), and has over **2 million square feet** of retail space. Other anchor retailers include: Costco, Meijer, Menards, TJ Maxx, Best Buy, Home Depot, Walmart, Home Depot, PetSmart, Ulta, and HomeGoods.

## ONLY BURLINGTON IN NORTHERN MICHIGAN:

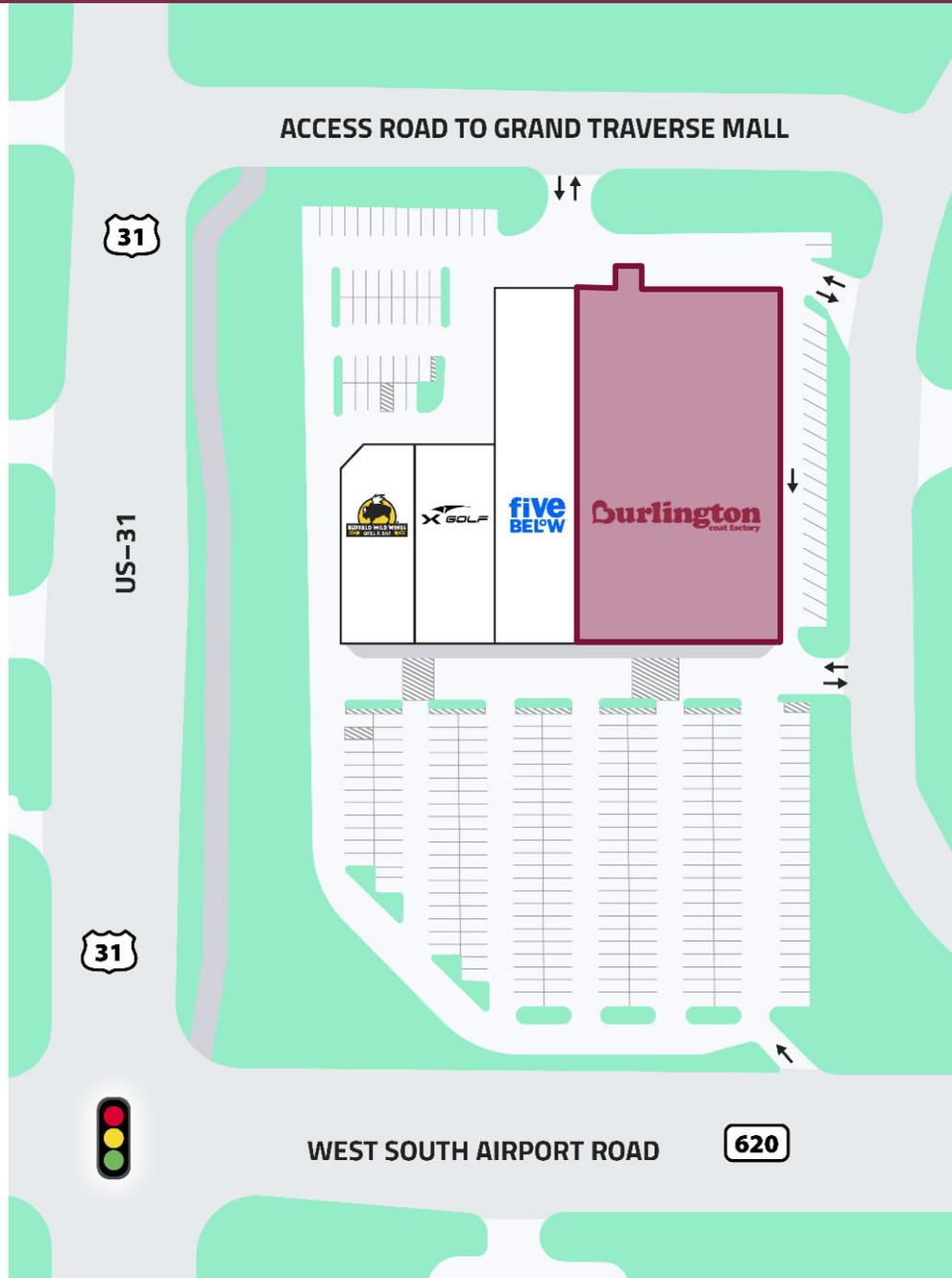
- This will be the first and only Burlington to open in Northern Michigan. The closest location is located in Norton Shores, MI (133 miles from the current site), and Saginaw, MI (145 miles from the current site)

## OPPORTUNITY ZONE

- Subject property sits within an Opportunity Zone.



# SITE PLAN



# VIEW NORTHEAST



# LEASE ABSTRACT

<b>Tenant Name:</b> Burlington	
<b>Permitted Use:</b>	Tenant may use the demised premises for any lawful retail purpose
<b>Co-Tenancy:</b>	None
<b>Termination Right:</b>	None
<b>Percentage Rent:</b>	None
<b>Sales Reporting:</b>	None
<b>Administration Fee:</b>	None
<b>Taxes:</b>	Tenant's pro-rata share of Real Estate taxes on an annualized basis shall not exceed \$1.50/SF through the first calendar year.
<b>Landlord Responsibilities:</b>	Repairs to Roof and Structure. HVAC repairs and replacement proportionate share of cost for the last 2 years of the base term .
<b>Expense Reimbursement Cap:</b>	Operating costs through the first full calendar year of the term shall not exceed \$1.40/SF. Thereafter, operating costs on an annualized basis shall not increase by more than 3% over the amount tenant was required to pay in the previous calendar year excluding the cost of snow removal, security, and common area utilities (uncontrollables). Operating costs shall mean the total cost and expense incurred in operating and maintaining the Common Facilities which are not under roof, consistent with reasonable economical operation.
<b>Extension Notice Date:</b>	Each option shall automatically become exercised and effective as the same shall accrue unless tenant gives landlord notice in writing of its intention not to exercise such option at least six (6) months prior to the expiration of the initial term or any extended term of the lease.
<b>Common Area Maintenance Administration</b>	CAM - Developer (Versa Cos) shall maintain, operate and administer the Common Areas in the manner and to the standard required in the leases. *Developer shall direct bill and collect CAM from Burlington. Therefore, the new ownership group will have zero responsibilities as it pertains to the common area maintenance responsibilities under the lease Taxes - Developer will send tax bill directly to Burlington. Please see condo section of the OM for further explanation.



## BURLINGTON



### LOCATIONS

700+

### TOTAL EMPLOYMENT

40,000

## Burlington

Burlington Stores, Inc., headquartered in New Jersey, is a nationally recognized off-price retailer with Fiscal 2019 revenues of \$7.3 billion. The Company is a Fortune 500 company and its common stock is traded on the New York Stock Exchange under the ticker symbol "BURL." The Company operated 727 stores as of the end of the fourth quarter of Fiscal 2019 in 45 states and Puerto Rico, principally under the name Burlington Stores. The Company's stores offer an extensive selection of in-season, fashion-focused merchandise at up to 60% off other retailers' prices every day, including women's ready-to-wear apparel, menswear, youth apparel, baby, beauty, footwear, accessories, home, toys and coats.

HEADQUARTERS:	Florence, NJ
STOCK SYMBOL:	BURL
MARKET CAP:	\$14.074B
FISCAL REVENUE 2019:	\$7.3B
NET INCOME:	\$465M
% GROWTH:	9.35%

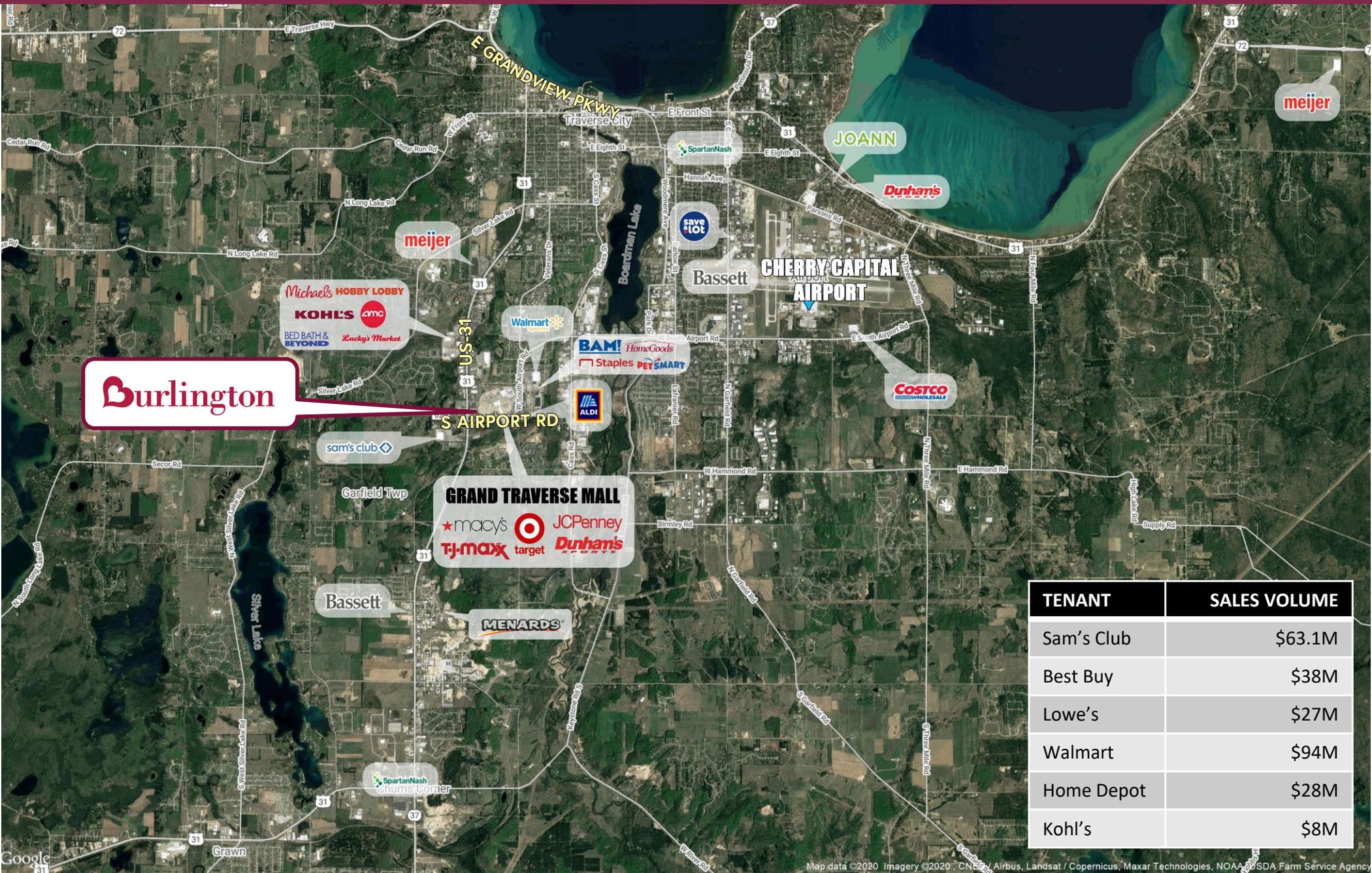
Total sales increased **9.3%** in Fiscal 2019, which included a comparable store sales increase of 2.7% on top of last year's 3.2% comparable store sales increase.

Net income increased **12%** over the prior year period to **\$465 million**, or \$6.91 per share vs. \$6.04 last year.

# MICRO AERIAL – BEST LOCATION IN THE MARKET



# MARKET AERIAL – STRONG RETAILER SALES



# REPRESENTATIVE STORE PHOTOS





## TRAVERSE CITY, MI

### COUNTY SEAT

- Traverse City is the county seat of Grand Traverse County, and is the largest city in the 21-county northern Michigan region.

### STRONG TOURISM

- The city attracts 500,000 tourist visitors annually through festivals, beaches, vineyards, skiing areas, and its national lakeshore.

### NATIONAL ATTRACTIONS

- The Traverse City area features varied national attractions, including freshwater beaches, vineyards, a National Lakeshore, downhill skiing areas, and numerous forests. In 2009, TripAdvisor named Traverse City is the #2 small town travel destination in the United States. In 2012, the city was listed among the 10 best places to retire in the country by U.S. News & World Report.



Traverse City, MI



Downtown Traverse City, home to several annual festivals and events



National Cherry Festival



**3.50%**

UNEMPLOYMENT RATE  
(as of March 2020)



**48,206**

PEOPLE  
(5-mile radius)



**\$76K**

AVG. HH INCOME  
(5-mile radius)

## TRAVERSE CITY, MI

### ECONOMIC HUB

- The Grand Traverse region is the economic hub of northern Michigan. Grand Traverse Mall is the largest and only enclosed shopping center within a 100 mile radius and the dominant shopping destination for northern Michigan.

### GROWING & DIVERSE REGIONAL ECONOMY

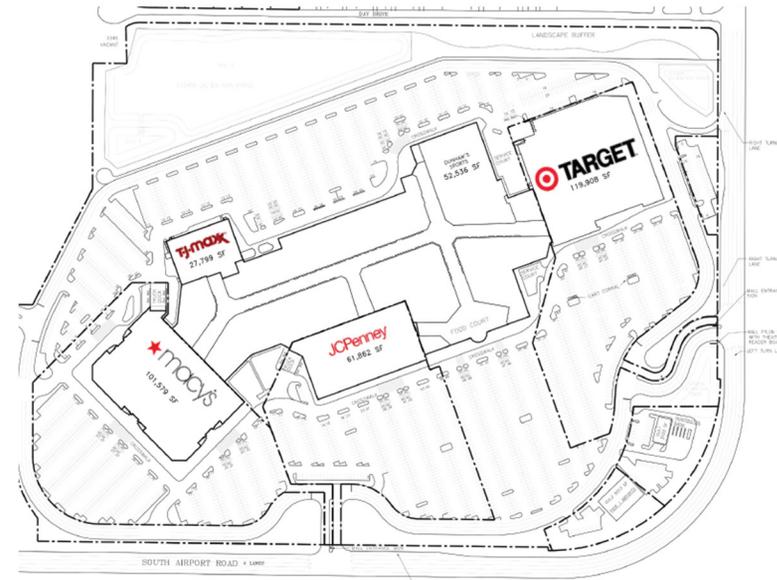
- \$4.8 Billion in exports (2016) - \$1.3 Billion in manufacturing alone!

### \$4.9 BILLION IN IMPORTS

- \$4 Billion was locally produced and consumed.

### REGIONAL POPULATION GROWTH

- 4.4% growth over the last five years.



Grand Traverse Mall



NUMBER OF  
TOURISTS ANNUALLY

3.3 Million

#1 TOURIST  
ACTIVITY

Shopping

# OF SEASONAL RESIDENTS  
MAY – SEPTEMBER

117,000

AIRPORTS WITH DIRECT FLIGHTS  
TO TRAVERSE CITY

Detroit Metro, Chicago O'Hare, Atlanta  
Hartsfield-Jackson, Minneapolis St. Paul,  
New York La Guardia, Newark, Cleveland  
Hopkins, Denver International

# VIEW SOUTH



## GRAND TRAVERSE COUNTY



COMPANY	# OF EMPLOYEES
Munson Healthcare	3,100
Traverse City Area Public Schools	1,800
Northwestern Michigan College	750
Grand Traverse Resort & Spa	550
Hagerty Insurance Agency	500
Grand Traverse County	500
Interlochen Center for the Arts	475
Grand Traverse Pavilions	415
Britten Banners	380
Tyson Foods	300

## GRAND TRAVERSE COUNTY

### NORTHWESTERN MICHIGAN COLLEGE

- Northwestern Michigan College (NMC) is a public community college in Traverse City, Michigan with over 5,000 students
- NMC offers associate degrees and professional certificates, bachelor's degrees through the Great Lakes Maritime Academy and Great Lakes Water Studies Institute, and six partner universities grant bachelor's and master's degrees through NMC's University Center.
- Another branch campus near Cherry Capital Airport is home to NMC's aviation and automotive service technology programs

### MUNSON HEALTHCARE

- Munson Healthcare is northern Michigan's largest and leading health care system. Based in Traverse City, MI, our team of medical experts, nine award-winning community hospitals, and related organizations serve people in 30 counties.
- Nine hospitals
- 709 licensed acute care beds
- 264 licensed long-term care beds
- 7,500 employees
- 1,000 physicians
- 63 specialties
- 540,000 residents



Northwestern Michigan College – 5,000 students

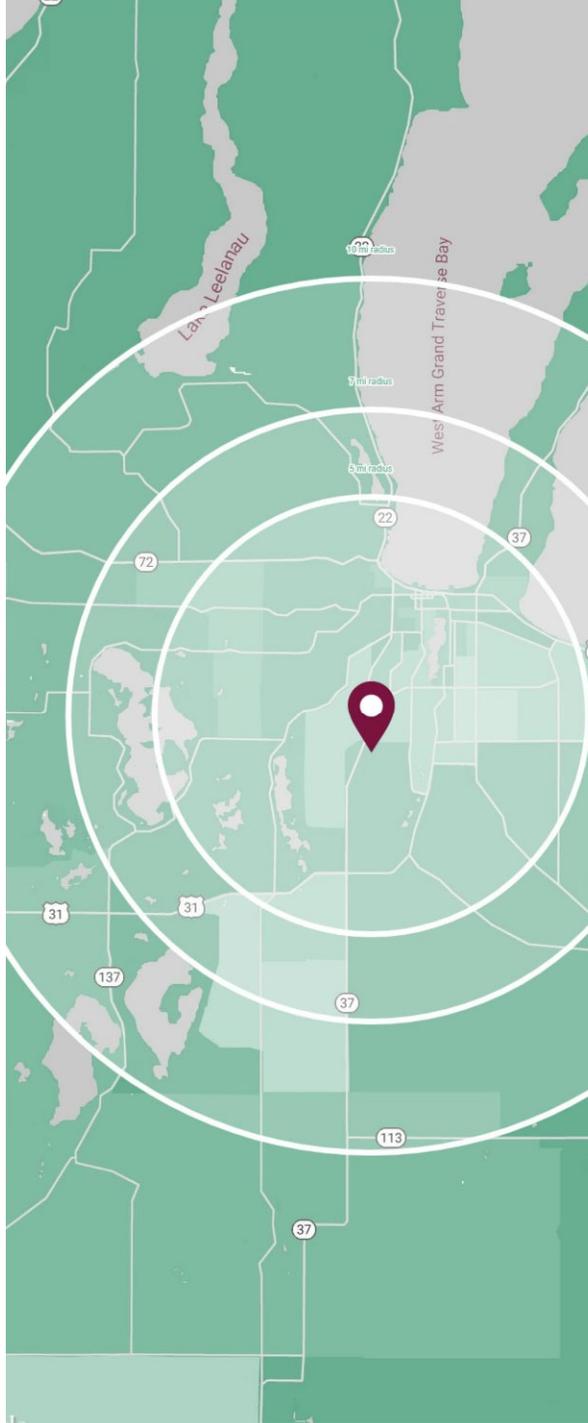


Munson Healthcare – Traverse City, MI



# DEMOGRAPHICS

## TRAVERSE CITY, MI



	5 MILE	7 MILE	10 MILE
<b>POPULATION</b>			
2020 Estimated Population	48,206	66,027	86,420
2025 Projected Population	49,767	68,218	89,347
2010 Census Population	43,928	60,462	79,666
2000 Census Population	39,452	54,497	71,813
Projected Annual Growth 2020 to 2025	0.6%	0.7%	0.7%
Historical Annual Growth 2000 to 2020	1.1%	1.1%	1.0%
<b>HOUSEHOLDS</b>			
2020 Estimated Households	22,124	29,501	38,052
2025 Projected Households	22,918	30,560	39,351
2010 Census Households	19,098	25,577	33,151
2000 Census Households	16,346	21,931	28,442
Projected Annual Growth 2020 to 2025	0.7%	0.7%	0.7%
Historical Annual Growth 2000 to 2020	1.8%	1.7%	1.7%
<b>RACE</b>			
2020 Est. White	92.5%	93.1%	93.7%
2020 Est. Black	1.1%	0.9%	0.8%
2020 Est. Asian or Pacific Islander	1.1%	1.1%	1.1%
2020 Est. American Indian or Alaska Native	1.3%	1.2%	1.1%
2020 Est. Other Races	4.0%	3.7%	3.3%
<b>INCOME</b>			
2020 Est. Average Household Income	\$76,059	\$81,751	\$83,577
2020 Est. Median Household Income	\$60,933	\$64,994	\$67,267
2020 Est. Per Capita Income	\$35,128	\$36,701	\$36,944
<b>BUSINESS</b>			
2020 Est. Total Businesses	4,902	5,327	5,815
2020 Est. Total Employees	55,162	58,696	62,478

# OUR TEAM

**FOUNDED IN DETROIT. BUILT NATIONWIDE.  
8 MILLION SQUARE FEET AND OVER \$1 BILLION SOLD**



## DANIEL H. KUKES

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Daniel Kukus is a Principal and Co-Founder of Landmark Investment Sales. Daniel specializes in the sale of retail shopping centers, medical office, and single tenant net lease investment properties across all property types. He currently represents some of the nation's largest institutional real estate funds, private equity group, and high net worth investors in acquiring and listing investment properties all over the country. Since 2010, Daniel has closed deals totaling over 8,000,000 SF valued at over \$1,000,000,000. Daniel joined Landmark in 2009 as an Associate Broker. He began his real estate career at NAI Farbman where he focused on shopping center leasing and retail tenant representation. After five years at NAI Farbman, Daniel joined DAP Investments as a partner responsible for retail development, acquisitions and leasing. While there, he developed several single tenant and shopping center projects in Michigan and Illinois. Daniel is a graduate of Michigan State University with a Bachelor of Arts degree in Pre-Law & Society.



## JASON GREENSPAN

DIRECTOR | [jgreenspan@landmarkcres.com](mailto:jgreenspan@landmarkcres.com)

Jason Greenspan graduated from the University of Michigan in 2012 with a Bachelor of Arts degree in Political Science and Sociology. Jason also received a Juris Doctor in 2015 from Michigan State University College of Law where he concentrated in business and corporations. He passed the Michigan Bar Examination in July 2015. Starting in 2011, and while in law school, Jason interned at Landmark Investment Sales identifying, sourcing, and underwriting investment grade properties. With law school behind him and six years of experience in real estate investment sales, Jason has participated in the closing of over \$150,000,000 and continues to source investment opportunities across the country. Jason specializes in the representation of buyers and sellers of institutional grade single tenant properties, high profile unanchored retail centers, grocery anchored centers, and power centers.



## KEVIN J. BAKER

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Kevin Baker is a Principal and Co-Founder of Landmark Investment Sales. Kevin specializes in the sale of retail shopping centers and single tenant net lease investment properties across all property types. He currently represents some of the nation's largest institutional funds, private equity funds, and high net worth investors in listing investment properties all over the country. Since 2010, Kevin has closed deals totaling over 8,000,000 SF valued at over \$1,000,000,000. Prior to 2010, Kevin worked extensively at Landmark as a broker specializing in tenant representation and landlord representation completing in excess of 100 lease & sale transactions. Kevin joined Landmark in 2005 as a Sales Associate. Prior to Landmark, Kevin attended Michigan State University and University of Michigan-Dearborn where he studied finance. Kevin began his real estate career in 2001 when he founded Baker Real Estate Holdings, specializing in acquisition and management of a student housing portfolio at Michigan State University.



## MAXWELL E. LIPPITT

SENIOR ASSOCIATE | [maxlippitt@landmarkcres.com](mailto:maxlippitt@landmarkcres.com)

Maxwell Lippitt graduated from Michigan State University in 2016 with a Bachelor of Science degree in Economics. Max was an intern in Landmark's Investment Sales department during the summer of 2015. Upon graduating, Max became an associate broker at CBRE specializing in the disposition of single tenant medical, retail, and office properties. While at CBRE, Max researched, sourced, and tracked thousands of investment properties while building strong relationships with a wide variety of property owners all across the country. At Landmark, he will continue his growth as an Investment Sales Broker providing unique opportunities to buyers and sellers while offering exceptional service.