



# NATURAL GROCERS®

Long-Term, Essential NNN Asset



Marcus & Millichap  
GROSS RETAIL GROUP

9210 N. RODNEY PARHAM RD, LITTLE ROCK, ARKANSAS 72227

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# OFFERING SUMMARY

## PRICE

\$6,496,000

## CAP RATE

5.65%

## CAP RATE ON 05/01/2026

5.88%

## GLA

15,093 SF

## LOT SIZE

1.58 Acres

## YEAR BUILT

2015

9210 N. Rodney Parham Rd  
Little Rock, AR 72227

## LEASE OVERVIEW

Lease Type	NNN
Roof & Structure	Roof: Tenant, Structure: Landlord
Rent Commencement	01/16/2016
Expiration Date	04/30/2031
Options	Four,5-Year
Taxes & Insurance	Tenant Pays
Parking	69 Spaces Including 3 Accessible Spaces
Bike Parking	6 Spaces

## RENT SCHEDULE

TERM	ANNUAL RENT	RENT INCREASES
Current-04/30/2026	\$367,050	
05/01/2026-04/30/2031	\$382,050	4.09%
Option 1 (5 Years)	\$397,050	3.93%
Option 2 (5 Years)	\$412,050	3.78%
Option 3 (5 Years)	\$427,050	3.64%
Option 4 (5 Years)	\$442,050	3.51%

# INVESTMENT HIGHLIGHTS

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## **STRONG CORPORATE (NYSE: NGVC) GUARANTEED ESSENTIAL ASSET:**

Natural Grocers, the nation's largest family-operated natural and organic grocery retailer, has been serving customers since 1955 with 157 stores in 20 states. Its most recent quarterly earnings report announced Net Sales were \$277.5 million for the three months ending March 31st, 2020, an increase of \$47.1 million, or 20.4% compared to 2019 primarily due to a \$42.4 million increase in comparable store sales and a \$4.8 million increase in new store sales.

## **COVID-19 OUTLOOK:**

Stay-at-home orders and other health precautions have led a resurgence in grocery shopping and driving spending at retailers above that of restaurants and bars for the first time in five years. "Our exceptional results for the second quarter were driven by unprecedented sales activity resulting from the COVID-19 outbreak," said Kemper Isely, Co-President. During the second quarter, we saw net sales increase 20.4%, with average daily comparable store sales growth of 17.0%. We experienced above-average sales increases in household products, supplements, grocery and bulk. We are one of the few retailers where consumers can still buy bulk products, as we prepackage all bulk at our own bulk processing facility. Our private label brands also performed well. We experienced increased net sales, driven by a significantly increased average basket size, beginning in late February and continuing through the end of the quarter, driven by our customers' response to the COVID-19 pandemic. We remain focused on ensuring our supply chain is able to keep up with demand, supporting our Crew members and providing our customers with the products they need, as we work as a community to get through these uncertain times."

## **LONG-TERM NNN LEASE AND NEWER BUILD-TO-SUIT CONSTRUCTION:**

The subject property was built to all of Natural Grocer's prototype specifications in 2015. There are nearly 11 years remaining on the 15-year lease that commenced in January of 2016 with attractive rental increases throughout the initial term and in the option periods offering investors a long-term passive investment opportunity. The lease is triple net so that the Fixed Rent payable shall be fully net to Landlord and that Tenant shall be responsible for the payment of all expenses of every kind and nature related to the occupancy, operation, maintenance and repair of the building. Landlord obligations are limited only to the structure of the building, so the new owner will have no management responsibilities or capital expenses.

## **EXCELLENT REAL ESTATE FUNDAMENTALS:**

The property is positioned along N Rodney Parham Rd in the area's major retail and traffic corridor with visibility to more than 36,000 vehicles per day in the highly coveted West Markham Neighborhood. The three-mile average household incomes exceed \$85,000 and there are more than 132,000 residents within five miles. This location perfectly serves this affluent area in a district that has long been underserved to 100-percent organic produce and healthy groceries. It also benefits from its proximity to numerous national retailers including Walgreens, T.J. Maxx, Kroger, Target and many more.

## TENANT OVERVIEW



Founded in 1955, Natural Grocers (NYSE: NGVC) is headquartered in Lakewood, Colorado and operates 157 stores across 20 states. Natural Grocers is a subsidiary of Vitamin Cottage, Inc. and is an expanding specialty retailer of natural and organic groceries, body care products and dietary supplements whose products must meet strict quality guidelines.

The Company sells only USDA certified organic produce and exclusively pasture-raised, non-confinement dairy products, and free-range eggs. Natural Grocers' flexible smaller-store format allows it to offer affordable prices in a shopper-friendly retail environment. The Company also provides extensive free science-based nutrition education programs to help customers make informed health and nutrition choices.



**HEADQUARTERS:**  
**LAKEWOOD,**  
**COLORADO**



**STOCK**  
**SYMBOL:**  
**NGVC**



**NUMBER OF**  
**EMPLOYEES:**  
**3,000+**



**2019 NET SALES:**  
**\$903.6M**



**6.4% INCREASE**  
**SINCE 2018**

### Q2 OF 2020 COMPARED TO Q2 OF 2019

- \* Net Sales Increased 20.4% to \$277.5 Million
- \* Daily Average Comparable Store Sales Increased 17.0%
- \* Operating Income Increased 116.6% to \$13.3 Million
- \* Net Income Increased 151.8% to \$9.7 Million with Diluted Earnings Per Share of \$0.43
- \* EBITDA Increased 57.7% to \$21.1 Million
- \* Opened Two New Stores, Resulting in a 3.3% New Store Growth Rate for the Twelve-Month Period Ended March 31, 2020
- \* The Board of Directors has Extended the Company's Share Repurchase Program and Declared a Quarterly Dividend of \$0.07 per Common Share

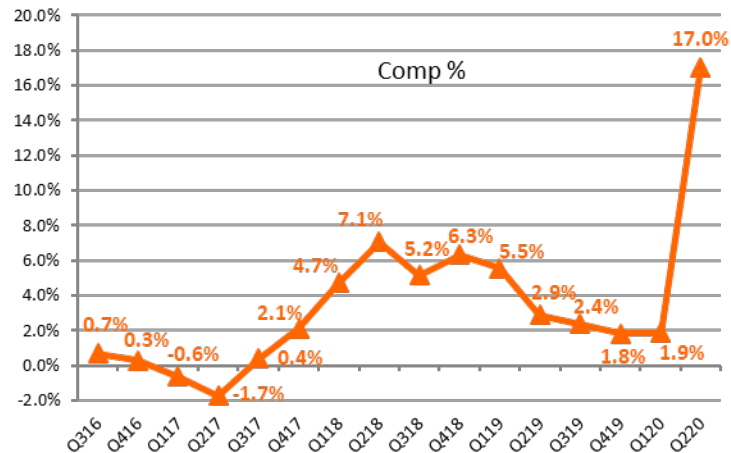
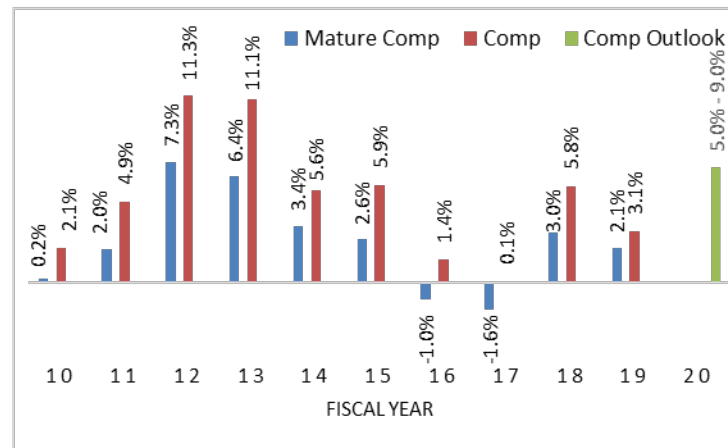
\* Source: [www.investors.naturalgrocers.com](http://www.investors.naturalgrocers.com)

\* Click [Here](#) for 2019 Annual Report

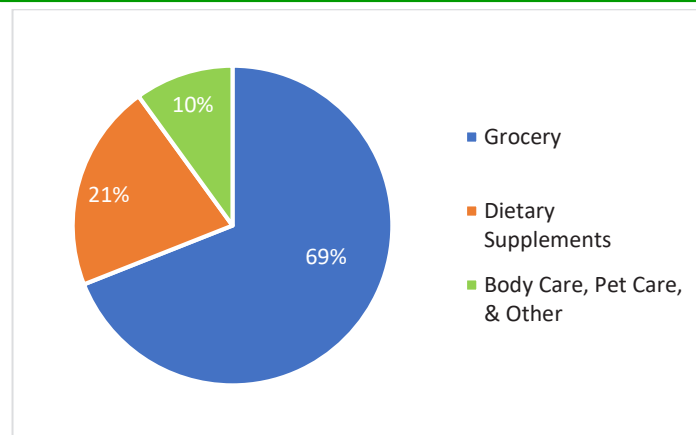
## Summary Historical Financials and Other Data

(\$ in 000's)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	Unaudited		Outlook
						Q2'19	Q2'20	FY 2020
Stores	103	126	140	148	153	152	157	6 - 7
% Growth	18.4%	22.3%	11.1%	5.7%	3.4%	4.8%	3.3%	3.9% - 4.6%
Sales	624,678	705,499	769,030	849,042	903,582	230,447	277,524	-
% Growth	20.0%	12.9%	9.0%	10.4%	6.4%	6.7%	20.4%	-
Gross profit	182,096	201,772	212,336	225,573	238,753	62,214	77,823	-
% of Sales	29.2%	28.6%	27.6%	26.6%	26.4%	27.0%	28.0%	-
Net income	16,204	11,471	6,891	12,661	9,416	3,860	9,718	-
% of Sales	2.6%	1.6%	0.9%	1.5%	1.0%	1.7%	3.5%	1.1% to 1.5%
Diluted EPS	\$0.72	\$0.51	\$0.31	\$0.56	\$0.42	\$0.17	\$0.43	\$0.54 to \$0.62

## Daily Average Comparable Store Sales



## FY 2019 Sales Mix



## Geographic Footprint (as of 3/31/20)



### Natural Grocers Eyeing \$1 Billion Mark



February 10, 2020-Natural Grocers is poised to become a member of the \$1 billion club after posting encouraging first quarter results in contrast to the difficulties of others in the natural and organic space.

The planned opening of up to six new stores and expectations for same store sales growth of as much as 2.5% have Natural Grocers on a trajectory to achieve annual sales of \$1 billion.

For the first quarter ended Dec. 31, Natural Grocers said net sales increased 3.8% to \$230 million. Same store sales increased 1.9%. Operating income was \$2.8 million and net income was \$1.9 million with diluted earnings per share of 8 cents.

"We are encouraged by our solid start to fiscal 2020, delivering continued positive daily average comparable stores sales growth of 1.9%," said Kemper Isely, co-president. "We continue to see positive results from our marketing initiatives and sustained growth in our successful Npower loyalty program. We are particularly pleased with our strong supplement sales in the quarter, which reflected our traffic-driving initiatives, new product introductions and strong consumer demand. We remain confident with our fiscal 2020 outlook and continue to focus on driving profitable growth and enhancing shareholder value."

[READ MORE](#)

### Natural Grocers Up More than 20% in Q2 Sales



May 07, 2020- Stock-up trips and increased shopping during the coronavirus pandemic has fueled yet another retailer's quarterly earnings, Natural Grocers reported a net sales increase of 20.4% for the second quarter, landing at \$277.5 million.

The daily average comparable-store sales growth was 17%. "We experienced above-average sales increases in household products, supplements, grocery and bulk," said Kemper Isely, co-president of Natural Grocers by Vitamin Cottage. "We are one of the few retailers where consumers can still buy bulk products, as we prepackage all bulk at our own bulk processing facility. Our private label brands also performed well."

Isely added that a significant increase in average basket size could be seen happening in late February continuing through the end of the quarter, driven by pandemic shopping. "The safety of our heroes in masks and aprons and customers has been the driving factor behind every decision we have made over the past several months, and will continue to be throughout this global pandemic," he said.

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# REGIONAL MAP



1.9 MILES  
BAPTIST HEALTH-LITTLE ROCK (843 BEDS)

3.4 MILES  
UNIVERSITY OF ARKANSAS AT LITTLE ROCK (9,500 STUDENTS)

3.5 MILES  
LITTLE ROCK ZOO

10.4 MILES  
PINNACLE MOUNTAIN STATE PARK

11 MILES  
CLINTON NATIONAL AIRPORT



# LOW AERIAL VIEW



**SUBJECT PROPERTY**



**BROOKSIDE HEALTHCARE & REHAB:  
143 BEDS**

**PRESBYTERIAN VILLAGE,  
INDEPENDENT LIVING:  
70 ROOMS**

**N. RODNEY PARHAM RD: 36,635 VPD**

# HIGH AERIAL VIEW







# City Of Little Rock

Little Rock is the capital and most populous city of Arkansas. Little Rock is a cultural, economic, government, and transportation center within Arkansas and the South. Several cultural institutions are in Little Rock, such as the Arkansas Arts Center, the Arkansas Repertory Theatre, and the Arkansas Symphony Orchestra, in addition to hiking, boating, and other outdoor recreational opportunities. Little Rock's history is available through history museums, historic districts or neighborhoods like the Quapaw Quarter, and historic sites such as Little Rock Central High School. The city is the headquarters of Dillard's, Windstream Communications, Acxiom, Stephens Inc., University of Arkansas for Medical Sciences, Heifer International, Winrock International, the Clinton Foundation, and the Rose Law Firm. Other corporations, such as Amazon, Dassault Falcon Jet, LM Wind Power, Simmons Bank, Euronet Worldwide, AT&T, and Entergy have large operations in the city. State government is a large employer, with many offices downtown. Two major Interstate highways, Interstate 30 and Interstate 40, meet in Little Rock, with the Port of Little Rock serving as a shipping hub.

The hub of Little Rock is the bustling River Market District featuring restaurants, shops, bars, nightlife, museums and hotels as well as the area's main library. Focal points in the city include the Clinton Presidential Center & Park, the nearby world headquarters of Heifer International, and the Central Arkansas Nature Center. All three properties are "green" buildings and offer special tours. The Clinton Presidential Park Wetlands add "green" as well, with boardwalks winding throughout the preserve in downtown Little Rock. In the vicinity you'll also find the family-friendly Museum of Discovery, which features an interactive indoor playground for young and old. A ride in the METRO Streetcar will take you through the River Market District and into North Little Rock.

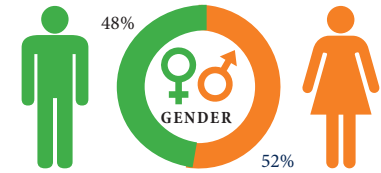
Arts and culture mavens will love the Arkansas Arts Center, which houses both traveling exhibitions and an exceptional permanent collection of works on paper, and the ESSE Purse Museum on South Main street, the only American museum dedicated to the art of the handbag.

## DEMOGRAPHICS



72,380

Total Population Within 3-Mile Radius



\$85,139

Average Household Income Within  
3-Mile Radius



\$152,585

Median Housing Value



33,148

Total Households 3-Mile Radius

POPULATION	1-MILE	3-MILE	5-MILE
2020 Estimate	9,677	72,380	132,838
HOUSEHOLDS	1-MILE	3-MILE	5-MILE
2020 Estimate	4,483	33,148	58,074
INCOME	1-MILE	3-MILE	5-MILE
2020 Average Household Income	\$68,991	\$85,139	\$84,885





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