

OFFERING
MEMORANDUM



O'REILLY AUTO PARTS (20-YR LEASE)

FREDERICKSBURG, TX

Marcus & Millichap

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Texas Rangers
Museum Center
10,496 Annual Visitors



Texas Tech University
Fredericksburg



Gillespie County
Municipal Center



Walmart
Supercenter



E. Main Street 14,707 VPD



SUBJECT PROPERTY



Domino's



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Marcus & Millichap



Downtown Fredericksburg

• 1 Million+ visitors annually

NATURAL
GROCERS



DOLLAR
GENERAL



TEXAS REGIONAL BANK
The people you know.

McDonald's



KELLER WILLIAMS



Dairy
Queen



ACE
Hardware

SONIC
America's Drive-In

BEALLS
DEPARTMENT STORE

ANYTIME
FITNESS

HIBBETT
SPORTS

DOLLAR TREE
ASIAN GARDEN



SUBJECT PROPERTY

O'Reilly
AUTO PARTS

cricket
wireless



Domino's

JP

LIQUOR

MATTRESS
WORLD

E. Main Street 14,707 VPD



MATTRESS FIRM

Walmart
Supercenter

O'REILLY AUTO PARTS

1423 E Main St, Fredericksburg, TX 78624

Marcus & Millichap is pleased to present the opportunity to acquire an O'Reilly Auto Parts in Fredericksburg, Texas. The property consists of a 7,334-square foot, freestanding building that sits on approximately 0.75 acres of land. There are approximately 17.9 years remaining on the current lease term, with six percent rental escalations scheduled in the 11th and 16th year of the lease, as well as each option thereafter.

The property is an outparcel to a Walmart Supercenter and has excellent access and visibility on East Main Street, where traffic counts exceed 12,018 vehicles per day. Fredericksburg is a popular tourist destination and the epicenter of the Texas Hill Country, a region with more than 100 wineries. There are more than 50 wineries and tasting rooms located in Fredericksburg and Gillespie County. The city is 70 miles north of San Antonio and 78 miles west of Austin.

O'Reilly Auto Parts is one of the largest specialty retailers of automotive aftermarket parts in the United States, serving both the do-it-yourself and professional service provider markets. In 2019, the company reported sales of \$10.15 billion and has a Standard & Poor's BBB+ (investment grade) credit rating.

INVESTMENT HIGHLIGHTS

Rare 20-Year Corporate Lease with Multiple Rent Escalations

Excellent Access and Visibility on East Main Street, Where Traffic Counts Exceed 12,018 Vehicles per Day

Upgraded Construction - Brick Exterior

Outparcel to a Walmart Supercenter

Epicenter of the Texas Hill Country - Fredericksburg Attracts More Than One Million Visitors Annually

Investment Grade Tenant (BBB+; S&P) - O'Reilly Automotive is a Fortune 500 Company

REGIONAL MAP // *O'Reilly Auto Parts (20-Yr Lease)*





PRICING DETAILS // *O'Reilly Auto Parts (20-Yr Lease)*

LOCATION	1423 E Main St, Fredericksburg, TX 78624
Price	\$2,419,765
Rentable SF	- 7,334
Price/SF	\$329.94
CAP Rate	5.25%
Year Built	2018
Lot Size	0.75 Acres
Type of Ownership	Fee Simple
LEASE SUMMARY	
Tenant Name	O'Reilly Auto Parts
Ownership	Public
Tenant	Corporate Store
Lease Guarantor	Corporate
Lease Type	Double Net
Roof and Structure	Landlord
Lease Term	20 Years
Lease Commencement Date	4/30/2018
Rent Commencement Date	4/30/2018
Lease Expiration Date	4/30/2038
Term Remaining on Lease	17.9 Years
Options	Four, 5-Year
Increases	6% in Year 11 and 16; Every Five Years in Options

ANNUALIZED OPERATING INFORMATION		
YEAR	ANNUAL RENT	MONTHLY RENT
Years 1-10	\$127,037.64	\$10,586.47
Years 11-15	\$134,659.90	\$11,221.66
Years 16-20	\$142,739.49	\$11,894.96
Years 21-25 (Option 1)	\$151,303.86	\$12,608.66
Years 26-30 (Option 2)	\$160,382.09	\$13,365.17
Years 31-35 (Option 3)	\$170,005.02	\$14,167.08
Years 36-40 (Option 4)	\$180,205.32	\$15,017.11
Base Rent (\$17.32/SF)		\$127,037.64
Net Operating Income		\$127,037.64
Total Return		5.25% / \$127,037.64



TENANT OVERVIEW // *O'Reilly Auto Parts (20-Yr Lease)*



O'Reilly Automotive, Inc. was founded in 1957 by the O'Reilly family and is one of the largest specialty retailers of automotive aftermarket parts, tools, supplies, equipment and accessories in the United States, serving both the do-it-yourself and professional service provider markets. As of March 31, 2020, the Company operated 5,512 stores in 47 U.S. states and 21 stores in Mexico.

LEASE SUMMARY

Tenant Name	O'Reilly Auto Parts
Ownership	Public
Sales Volume	\$10.15 Billion (2019)
Credit Rating	BBB+
Rating Agency	Standard & Poor's
Stock Symbol	ORLY
Board	NASDAQ
Options to Terminate	No
Options to Purchase	No
First Right of Refusal	Yes
No. of Locations	5,533
Headquartered	Springfield, MO
Web Site	www.oreillyauto.com
Years in the Business	62



Fredericksburg
THE TEXAS HILL COUNTRY

Texas Heart. German Soul.

City Of FREDERICKSBURG

Fredericksburg is the county seat of Gillespie County and is a common starting point or destination for tourists visiting wineries in the Texas Hill Country. The Texas Hill Country is home to more than 100 wineries and vineyards and Fredericksburg is the epicenter of Texas Wine Country. There are more than 50 wineries and tasting rooms located in Fredericksburg and Gillespie County – with dozens more wineries located within a short drive of Fredericksburg. The city is 70 miles north of San Antonio and 78 miles west of Austin. Enchanted Rock State Natural area is 17 miles north of Fredericksburg and reported 274,000 visitors in 2018.

City Highlights

Best Small Town in Texas to Visit During Fall
-OnlyInYourState.com

Ninth Best Wine Region
-USA Today

Best Small Town Food Scene
-USA Today

Best Small Town in Texas
-Southern Living magazine

The Prettiest Town in Texas
-Architectural Digest

DEMOGRAPHIC SUMMARY

POPULATION	1 Mile	3 Miles	5 Miles
2000 Population	2,416	10,375	12,863
2010 Population	2,907	11,906	14,917
2018 Population	3,138	12,638	15,846
2023 Population	3,203	12,780	16,037
HOUSEHOLDS	1 Mile	3 Miles	5 Miles
2000 Households	992	4,315	5,256
2010 Households	1,238	5,202	6,388
2018 Households	1,330	5,536	6,801
2023 Households	1,366	5,645	6,938
2018 Average HH Size	2.34	2.26	2.28
2018 Daytime Population	2,865	16,863	20,007
HOUSING UNITS	1 Mile	3 Miles	5 Miles
Median HH Income	\$63,093	\$62,629	\$62,921
Per Capita Income	\$32,379	\$35,365	\$34,977
Average HH Income	\$76,372	\$80,236	\$81,035

POPULATION

In 2019, the population in your selected geography is 15,846. The population has changed by 23.19% since 2000. It is estimated that the population in your area will be 16,037 five years from now, which represents a change of 1.21% from the current year. The current population is 47.48% male and 52.52% female. The median age of the population in your area is 47.5, compare this to the entire US average which is 38.1. The population density in your area is 201.89 people per square mile.

HOUSEHOLDS

There are currently 6,801 households in your selected geography. The number of households has changed by 29.40% since 2000. It is estimated that the number of households in your area will be 6,938 five years from now, which represents a change of 2.00% from the current year. The average household size in your area is 2.28 persons.

INCOME

In 2019, the median household income for your selected geography is \$62,921, compare this to the entire US average which is currently \$60,811. The median household income for your area has changed by 72.01% since 2000. It is estimated that the median household income in your area will be \$73,717 five years from now, which represents a change of 17.16% from the current year.

The current year per capita income in your area is \$34,977, compare this to the entire US average, which is \$33,623. The current year average household income in your area is \$81,035, compare this to the entire US average which is \$87,636.

RACE AND ETHNICITY

The current year racial makeup of your selected area is as follows: 88.41% White, 0.66% Black, 0.08% Native American and 0.52% Asian/Pacific Islander. Compare these to entire US averages which are: 70.07% White, 12.87% Black, 0.19% Native American and 5.66% Asian/Pacific Islander.

People of Hispanic origin are counted independently of race. People of Hispanic origin make up 26.94% of the current year population in your selected area. Compare this to the entire US average of 18.17%.

HOUSING

In 2000, there were 3,850 owner occupied housing units in your area and there were 1,406 renter occupied housing units in your area. The median rent at the time was \$477.

EMPLOYMENT

In 2019, there are 10,342 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 57.92% of employees are employed in white-collar occupations in this geography, and 41.07% are employed in blue-collar occupations. In 2019, unemployment in this area is 2.97%. In 2000, the average time traveled to work was 19.4 minutes.





INFORMATION ABOUT BROKERAGE SERVICES

TYPES OF REAL ESTATE LICENSE HOLDERS:

- **A BROKER** is responsible for all brokerage activities including acts performed by sales agents sponsored by the broker.
- **A SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH – INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of each party to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with provide opinions and advice to, and carry out the instructions of each party to the transaction;
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - o That the owner will accept a price less than the written asking price;
 - o That the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - o Any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interest of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

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O'Reilly AUTO PARTS

WE SUPPORT
OUR TROOPS

MILITARY
DISCOUNT

28⁹⁵
1

2 FOR \$7

2 FOR \$14

Get up to a
\$15
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