

# OFFERING MEMORANDUM



COLLISON CAPITAL



## Pep Boys

8705 N Dale Mabry Highway, Tampa, FL 33614

**Carter Collison**

Collison Capital

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# Disclaimer

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The representations contained in this offering memorandum are provided based on information deemed reliable; however, Collison Capital, LLC makes absolutely no representations or guarantees as to the reliability of the information provided herein. Principals are advised to conduct an independent and thorough investigation through a very thorough due diligence process. Principals are advised to evaluate the accuracy and suitability to them of every potential transaction. Collison Capital, LLC name and logo are used herein for information purposes only.

It is the buyer's responsibility to confirm the accuracy of all material information within this offering memorandum. This offering memorandum is not a substitute for the Buyer's investigation of this investment opportunity. Principals expressly deny any obligation to conduct a due diligence examination of the property for the buyer. Furthermore, the buyer should work with tax, financial, legal and construction advisors through an independent investigation to determine the buyer's satisfaction with the suitability of the property.

By accepting this offering memorandum, you agree to release principals and hold them harmless from any kind of claim, cost, expense or liability arising out of either the investigation and/or purchase of this property.



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# The Offering

Collison Capital is pleased to offer a corporately-guaranteed NNN leased Pep Boys retail opportunity located on N Dale Mabry Highway in Tampa, Florida. With six service bays complementing the retail operations, this location and Pep Boys nationally, has continued to operate as an essential business during the COVID outbreak providing much needed automotive services.

Fully-renovated in 2015, the property includes a 10-year lease with three five-year extension options, 10% rent increases every five years during the initial and extension terms, and a corporate guarantee. This true NNN opportunity provides a passive ownership opportunity for investors looking for high-quality commercial real estate with strong corporate tenancy.

Located on N Dale Mabry Highway, this high traffic count (59,700 cars daily) location provides excellent access to regional transportation arteries (I-4 / I-275) and an established population base with 108K residents within a three-mile radius that is expected to grow by 4.8% over the next five years.





# Property Information



**LAND AREA**  
0.65 ACRES



**YEAR RENOVATED**  
2015



**BUILDING SF**  
4,757

|                                      |                                                                     |
|--------------------------------------|---------------------------------------------------------------------|
| <b>ADDRESS</b>                       | 8705 N Dale Mabry Highway<br>Tampa, FL 33614                        |
| <b>YEAR BUILT</b>                    | 1983                                                                |
| <b>ASKING PRICE</b>                  | \$2,250,000                                                         |
| <b>CAP RATE</b>                      | 6.0%                                                                |
| <b>ANNUAL RENT</b>                   | \$134,778 (Sept-20 increase)                                        |
| <b>ANNUAL RENT PSF</b>               | \$28.33                                                             |
| <b>RENT INCREASES</b>                | 10% Every Five Years                                                |
| <b>REMAINING TERM</b>                | 10 Years                                                            |
| <b>LEASE TYPE</b>                    | NNN (Fee Simple)                                                    |
| <b>GUARANTY</b>                      | Corporate                                                           |
| <b>TENANT EXPENSE RESPONSIBILITY</b> | Taxes, Insurance,<br>Common Area Maintenance,<br>Operating Expenses |
| <b>RENEWAL OPTIONS</b>               | 3 Five-year Options                                                 |
| <b>LEASE COMMENCEMENT DATE</b>       | 8/6/2015                                                            |
| <b>LEASE EXPIRATION DATE</b>         | 8/31/2030                                                           |



- 10-year corporate lease with 10% rent increases every five years during initial and extension terms
- True NNN lease with tenant responsible for all expenses including roof and structure
- Highly-desirable Tampa location along N Dale Mabry Highway surrounded by national retailers and high-growth population base
- COVID essential retailer that continuously operated throughout state travel and business restrictions





# Actual Property Photos





# Tenant Overview

Founded in 1921, Pep Boys started as a local automobile retailer and has since grown to become a dominant automotive aftermarket retail and service chain that now includes over 950 locations in 35 states. With more than 8,000 service bays and 20,000 full-time employees, the company provides brand-name tires, automotive maintenance and repair, parts and automotive advice, commercial auto parts, and fleet maintenance services. Over the last two decades, Pep Boys customers have shifted from Do It Yourselfers to a service center model to take care of their automotive maintenance and repair. Pep Boys now services more than six million cars annually and counts over 23 million members of its rewards program.

Ichau Automotive Group acquired Pep Boys in 2016 and has continually invest in brand growth, store upgrades, and expanded in-store service options. Part of this expansion included the purchase of Just Brakes (the original property tenant), a 134-store automotive repair and maintenance chain that is now a wholly-owned subsidiary of Pep Boys. Just Brakes provided Pep Boys with a larger retail and maintenance footprint in two strategic markets (Florida and Texas) and significantly increased the company's service bay count.



| TERM     | DATES                | ANNUAL RENT | ANNUAL RENT PSF | INC. % |
|----------|----------------------|-------------|-----------------|--------|
| Initial  | Current - 8/31/2020  | \$122,525   | \$25.76         |        |
| Initial  | 9/1/2020 - 8/31/2025 | \$134,778   | \$28.33         | 10%    |
| Initial  | 9/1/2025 - 8/31/2030 | \$148,255   | \$31.17         | 10%    |
| Option 1 | 9/1/2030 - 8/31/2035 | \$163,081   | \$34.28         | 10%    |
| Option 2 | 9/1/2035 - 8/31/2040 | \$179,389   | \$37.71         | 10%    |
| Option 3 | 9/1/2040 - 8/31/2045 | \$197,328   | \$41.48         | 10%    |



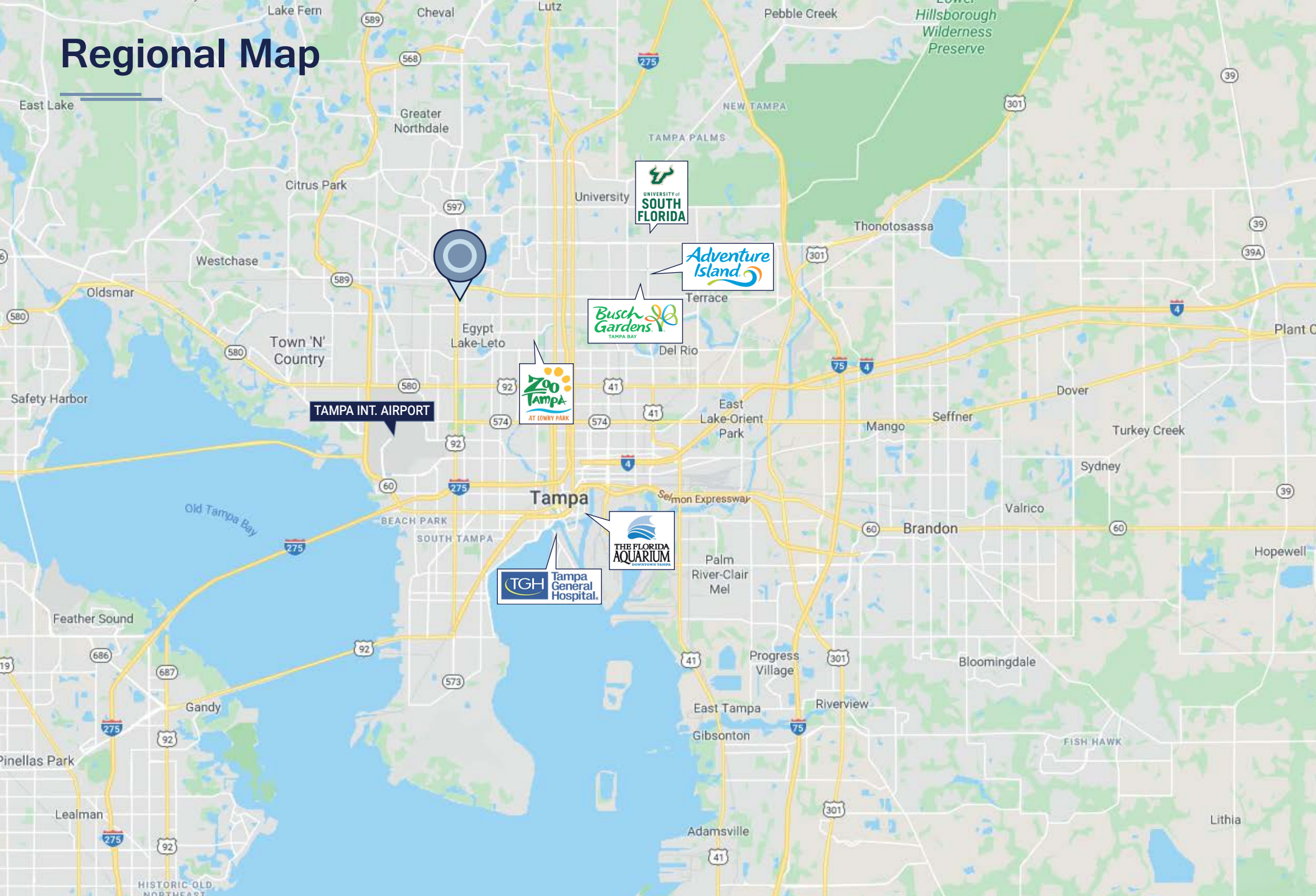


# Retail Map





# Regional Map





# Tampa Market Summary

The Tampa retail market has demonstrated sustained growth over the past decade as a result of one of the nation's strongest population growth rates, consistent wage growth, and healthy tourism. Even after years of outperformance versus the overall U.S., Tampa posted tighter market fundamentals and annual retail rent growth leading into the pandemic reflected in the record average vacancy and annual rent growth across the market. Construction starts have remained in-line with the national average, despite Tampa's relative strength, with approximately 1 million SF currently under construction. Redevelopment of mall and big-box retail continues to play a large role in the evolving Tampa retail landscape.

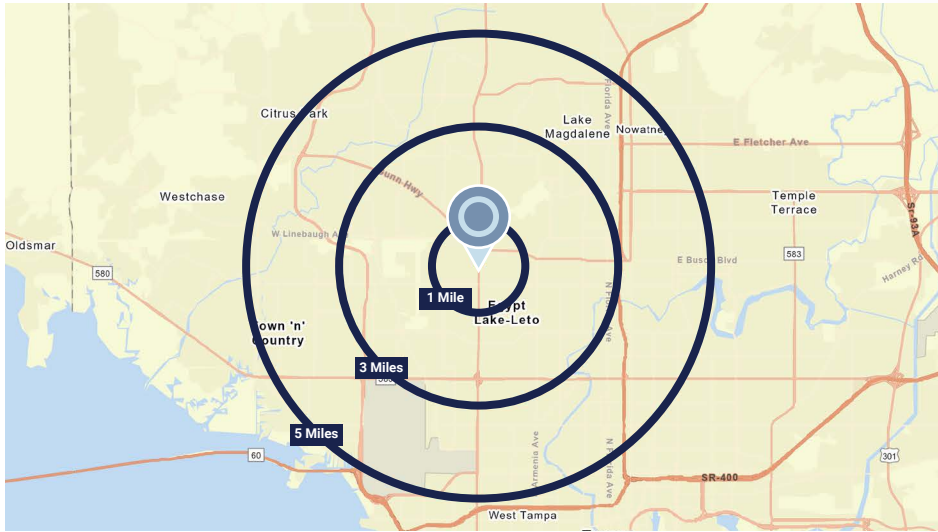
Job growth in the Tampa MSA has been the main driver for commercial real estate and has outpaced the U.S. for 35 consecutive quarters. During this time, Tampa's population has grown by 2.5% annually, roughly 2x the U.S. average. Over the past year, financial activities has been the job sector with the largest employment growth (+4.5%), reinforcing Tampa's role as a regional financial hub led by Raymond James, MetLife, Citigroup, and USAA. Tampa's unemployment rate has also compressed significantly over the last decade, reaching 3.4% in 1Q'20 versus 3.8% nationally.

Although Tampa, much like the rest of the United States, will be impacted by the effects of coronavirus, the region continues to be a strong draw and is expected to continue its positive net migration pattern. Over the next five years, Tampa's population is projected to increase by 1.2% annually, more than 2x the national average.





# Demographics



| 2019                          | 1 Mile   | 3 Miles  | 5 Miles  |
|-------------------------------|----------|----------|----------|
| Population                    | 14,037   | 108,524  | 314,637  |
| Households                    | 6,308    | 43,193   | 122,788  |
| Families                      | 3,375    | 26,374   | 74,981   |
| Average Household Size        | 2.22     | 2.51     | 2.54     |
| Owner Occupied Housing Units  | 2,174    | 22,556   | 62,605   |
| Renter Occupied Housing Units | 4,134    | 20,636   | 60,184   |
| Median Age                    | 34.7     | 39.1     | 38.6     |
| Median Household Income       | \$43,843 | \$46,560 | \$44,646 |
| Average Household Income      | \$63,175 | \$67,442 | \$63,840 |
| 2024                          | 1 Mile   | 3 Miles  | 5 Miles  |
| Population                    | 14,719   | 113,685  | 332,329  |
| Households                    | 6,585    | 45,039   | 129,154  |
| Families                      | 3,493    | 27,382   | 78,532   |
| Average Household Size        | 2.23     | 2.52     | 2.55     |
| Owner Occupied Housing Units  | 2,302    | 23,948   | 66,975   |
| Renter Occupied Housing Units | 4,283    | 21,092   | 62,180   |
| Median Age                    | 34.9     | 39.5     | 39.2     |
| Median Household Income       | \$50,200 | \$53,139 | \$51,301 |
| Average Household Income      | \$75,092 | \$78,141 | \$73,943 |







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