



Subject Property

## Offering Memorandum

# Staples

2216 N 14th Street | Ponca City, OK

 **Stan Johnson Co.**

# Confidentiality and Restricted Use Agreement

This Confidential Offering Memorandum ("COM") is provided by Stan Johnson Company ("SJC"), solely for your consideration of the opportunity to acquire the commercial property described herein (the "Property"). This COM may be used only as stated herein and shall not be used for any other purpose, or in any other manner, without prior written authorization and consent of SJC.

This COM does not constitute or pertain to an offer of a security or an offer of any investment contract. This COM contains descriptive materials, financial information and other data compiled by SJC for the convenience of parties who may be interested in the Property. Such information is not all inclusive and is not represented to include all information that may be material to an evaluation of the acquisition opportunity presented. SJC has not independently verified any of the information contained herein and makes no representations or warranties of any kind concerning the accuracy or completeness thereof. All summaries and discussions of documentation and/or financial information contained herein are qualified in their entirety by reference to the actual documents and/or financial statements, which upon request may be made available. An interested party must conduct its own independent investigation and verification of any information the party deems material to consideration of the opportunity, or otherwise appropriate, without reliance upon SJC.

The Property may be financed or withdrawn from the market without notice, and its owner(s) reserve(s) the right to negotiate with any number of interested parties at any time. The Property is offered and sold by its owner(s) as is, where is, and with all faults, without representation or warranty of any kind except for any customary warranties of title.

BY ACCEPTING THIS COM, YOU AGREE THAT: (1) all information contained herein, and all other information you have received or may hereafter receive from SJC relating to the Property, whether oral, written or in any other form (collectively, the "Information"), is strictly confidential; (2) you will not copy or reproduce, and claim as your own without attribution to SJC, all or any part of this COM or the Information; (3) upon request by SJC at any time, you will return and/or certify your complete destruction of all copies of this COM and the Information; (4) for yourself and all your affiliates, officers, employees, representatives, agents and principals, you hereby release and agree to indemnify and hold harmless SJC all of its affiliates, officers, employees, representatives, agents and principals, from and with respect to any and all claims and liabilities arising from or related to the receipt or use of this COM and/or any other Information concerning the Property; (5) you will not provide this COM or any of the Information to any other party unless you first obtain such party's acceptance and approval of all terms, conditions, limitations and agreements set forth herein, as being applicable to such party as well as to you; and (6) monetary damages alone will not be an adequate remedy for a violation of these terms and that SJC shall be entitled to equitable relief, including, but not limited to, injunctive relief and specific performance, in connection with such a violation and shall not be required to post a bond when obtaining such relief.

## Offered Exclusively by

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### POINT OF CONTACT

#### **Brad Moulder**

Senior Director

[bmoulder@stanjohnsonco.com](mailto:bmoulder@stanjohnsonco.com)

#### **Ryan Butler**

Managing Director & Partner

[rbutler@stanjohnsonco.com](mailto:rbutler@stanjohnsonco.com)

OK Lic #145949

#### **Anne Perrault**

Director

[aperrault@stanjohnsonco.com](mailto:aperrault@stanjohnsonco.com)

#### **Zach Snider**

Associate

[zsnider@stanjohnsonco.com](mailto:zsnider@stanjohnsonco.com)

#### **Brandon Sherrill**

Analyst

[bsherrill@stanjohnsonco.com](mailto:bsherrill@stanjohnsonco.com)

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#### **Stan Johnson Company**

6120 South Yale Avenue | Suite 300

Tulsa, Oklahoma 74136

P: 918.494.2690

[stanjohnsonco.com](http://stanjohnsonco.com)

# Highlights

## Remaining Lease Term

Approximately +/- 1.25 years remain on a recently extended lease.

## Commitment to the Site

Staples has operated at this location for over 20 years and recently extended their lease, showing a commitment to this site.

## Excellent Location

Staples is located less than two miles from several local elementary and high schools. Ponca City Medical Center, located near the Property, is a nationally ranked hospital with 140 beds and 415 employees.

## Below Market Rents

The lease currently features an annual rent of \$6.85 PSF, well below recent comparables in the market.

## Accessible Price Point for Staples

This Staples features a significantly lower Rent/SF when compared to other Staples properties on market, which allows investors to purchase a nationally recognized tenant at a very accessible price range.

## Rent Increases

Rental increases every five years during the option periods.

## Investment Grade Tenant

For the 12-month period ending January 28, 2017, Staples reported total revenue of \$18.25 billion and a net worth of \$3.7 billion. The company holds a B+/Stable rating with Standard & Poor's.

## Surrounded by Businesses

Staples is located in a business hub with over 1,500 businesses within a 5-mile radius. Staples is also the only national office supply store in the area.



 Price:  
**\$1,575,000**

 Cap Rate:  
**10.46%**



**REMAINING  
LEASE TERM**



**COMMITMENT  
TO THE SITE**



**ACCESSIBLE PRICE POINT FOR STAPLES**



**BELOW  
MARKET RENTS**



**EXCELLENT  
LOCATION**



**BUSINESS HUB WITH OVER 1,500  
BUSINESSES IN A 5-MILE RADIUS**



**INVESTMENT  
GRADE TENANT**



**RENTAL INCREASES  
EVERY 5 YEARS**

# Lease Abstract

<b>Tenant:</b>	Staples the Office Superstore East, Inc. and Staples, Inc.
<b>Address:</b>	2216 N 14th Street   Ponca City, OK
<b>Ownership Interest:</b>	Fee Simple
<b>Year Built:</b>	1998
<b>Building Size (SF):</b>	+/- 24,049
<b>Land Area (AC):</b>	+/- 2.35
<b>Base Lease Term:</b>	Twenty (20) years*
<b>Lease Term Remaining:</b>	+/- 1.25 years
<b>Lease Expiration:</b>	1/31/2022
<b>NOI:</b>	\$164,736
<b>Renewal Options:</b>	Four (4), Five (5) year options
<b>Expenses:</b>	NN - Landlord responsible for capital repairs and replacement of roof, parking and structure.

\*Extended and executed 1st renewal option.



## Rent Schedule

Term	Dates		Rent			
	Start	End	Annual	Monthly	PSF	Increase
Primary Term	1/1/1999	1/31/2019	\$263,818	\$21,985	\$10.97	-
<b>Option 1</b>	<b>2/1/2019</b>	<b>1/31/2022</b>	<b>\$164,736</b>	<b>\$13,728</b>	<b>\$6.85</b>	<b>-</b>
Option 2	2/1/2022	1/31/2027	\$287,867	\$23,989	\$11.97	75%
Option 3	2/1/2027	1/31/2032	\$299,891	\$24,991	\$12.47	4%
Option 4	2/1/2032	1/31/2037	\$311,916	\$25,993	\$12.97	4%



# Tenant Overview



**Staples** is the leading operator of office supply superstores in the U.S. It sells a wide range of office supplies (papers, pens, stickies, notebooks, folders, clips), as well as office furniture and computers and printers through more than 1,500 Staples stores in the US and Canada. The company also offers business and technology services (through Staples Business Advantage), an area it hopes to expand. The Company opened its first store in Brighton, MA in 1986.

In addition to its retail locations, Staples markets its products and services online, with a direct sales team, and via mail-order (through subsidiary Quill and other operations).

In 2017, **Sycamore Partners** acquired Staples for \$6.9 billion. As part of the purchase, Sycamore implemented a major restructuring of the company, under which the chain's B2B business, retail locations, and Staples Canada would be split into three "independently managed and capitalized" entities under Sycamore. Prior to the acquisition, Staples for its second quarter ended July 29, 2017 had second quarter sales for 2017 of \$3.9 billion, and for the same time period, had stockholders equity in excess of \$3.3 billion.

On April 9, 2019, Sycamore Partners refinanced \$5.4 billion in debt against its ownership of Staples, producing a one-time \$1 billion dividend for the private equity firm. That month, Staples also unveiled a new logo, which features an icon representing both an unused staple and an office desk. The company also announced that it would introduce a new line of store brands, including Tru Red, Coastwide Professional (facility supplies), NXT Technologies (technology accessories), Perk (office break room supplies), and Union & Scale (furniture), as well as a new catalog known as The Loop. With the rebranding, CEO Sandy Douglas stated that Staples was now being marketed as a "worklife fulfillment" company, which he explained was "about helping businesses of all sizes as they create the most dynamic and productive work environments for their teams."

The following month, CEO Mike Motz unveiled a new store concept known as "Staples Connect": it is aligned with a similar store concept being trialed by Staples Canada, featuring "Staples Studio" co-working areas and an auditorium-style "Spotlight" theater. The new concept will be trialed in the Boston area, while elements of the concept will be implemented chain-wide. As part of a partnership with radio broadcaster iHeartMedia, Staples also added recording studios intended for podcasting to six of these stores, with access to recording engineers and a partnership with Spreaker to offer discounted hosting and distribution services to its customers.

A close-up photograph of a red plastic shopping cart. The word "STAPLES" is printed in large, white, bold, sans-serif capital letters on the side of the cart. Below it, in smaller white text, is the phrase "The Office Superstore". The background is slightly blurred, showing more of the cart and a person's arm in the distance.

**STAPLES**  
The Office Superstore

# Location Overview

**Ponca City** is a city in Kay and Osage counties in Oklahoma, and had an estimated population of 23,660 in 2019, making it the largest city in Kay County. The city is near the Arkansas River, the Salt Fork of the Arkansas River, Kaw Lake, and Lake Ponca, which all provide numerous recreational opportunities.

Major employers in the city are Phillips66 Refinery (960 employees), Ponca City Public Schools (779 employees), City of Ponca City (409 employees), Smith Bits - a Schlumberger Company (360 employees) and Mertz Manufacturing (320 employees).

The largest refinery in the state of Oklahoma is the Ponca City Refinery, operated by Phillips66.

Ponca City Medical Center is a nationally ranked hospital. The hospital is also a major employer for the city with 415 employees.

Ponca City is one of the top manufacturing communities in Oklahoma. The city is a national leader in the energy industry and strong in the food industry.

The city is situated between Wichita, Oklahoma City and Tulsa. It is approximately 43 miles north of Stillwater, 87 miles south of Wichita, Kansas and 106 miles north of Oklahoma City. Ponca City is approximately 95 miles west of Tulsa.



City Hall | Ponca City, OK



Downtown | Ponca City, OK



Strong, 6A Public  
School System



Vibrant  
Manufacturing  
Community



Lakes and  
Outdoor  
Recreation



Free citywide  
wi-fi, provided  
by Ponca City



National Leader  
in the Energy  
Industry



State-of-the-art  
business  
infrastructure



14th Street  
(16,600 VPD)

Prospect Ave  
(13,900 VPD)

Logos for businesses in the central area:

- ALDI
- AW
- HOBBY LOBBY
- DOLLAR GENERAL
- Hastings
- rue21
- DOLLAR TREE
- BRAUM'S
- GOODY'S
- SHOE DEPT.
- Aaron's
- Payless
- verizon
- W
- Golden Corral
- Staples
- McDonald's
- Auto Zone

Logos for businesses along the right edge:

- SONIC
- IQ Car Wash
- Donut Palace
- Ford
- Freddy's
- 6
- Quality

Logos for businesses in the bottom right corner:

- JCP
- maunices
- Buckle
- petsense
- GNC
- food PYRAMID
- hallmark
- SALLY
- Bath Body Works
- STAGE
- Perkins

PONCA CITY  
REGIONAL  
AIRPORT

Ponca City  
Medical  
Center

Hartford Ave



# Surrounding Users & Competition

Within 5 miles of the Property there are approximately 1,508 businesses.



Ponca City Medical Center  
140 beds  
415 employees

Phillips 66 Refinery  
+/- 2,500 acres  
>960 employees  
Crude Capacity: 203,000  
barrels per day  
Gasoline Capacity:  
110,000 barrels per day

#	Schools
1	Ponca City High School
2	East Middle School
3	West Middle School
4	Garfield Elementary
5	Liberty Elementary
6	Lincoln Elementary
7	Roosevelt Elementary
8	Trout Elementary
9	Union Elementary
10	Woodlands Elementary
11	Washington School
12	St. Mary's Catholic School
13	First Lutheran School
14	Ponca City Christian Academy
15	WildCat Academy Program
16	SHARE Program - at Pioneer Technology Center

#	Competitors
17	Merrifield Office Plus
18	Walmart Supercenter



# Demographics



## Population

1 mile

3 miles

5 miles

2020 Population

6,936

24,724

27,923

2025 Population

6,762

24,043

27,213



## Households

2020 Total Households

2,956

10,053

11,341

2025 Total Households

2,878

9,756

11,031



## Household Income

2020 Average Household Income

\$67,082

\$60,127

\$62,058

2020 Median Household Income

\$47,562

\$42,695

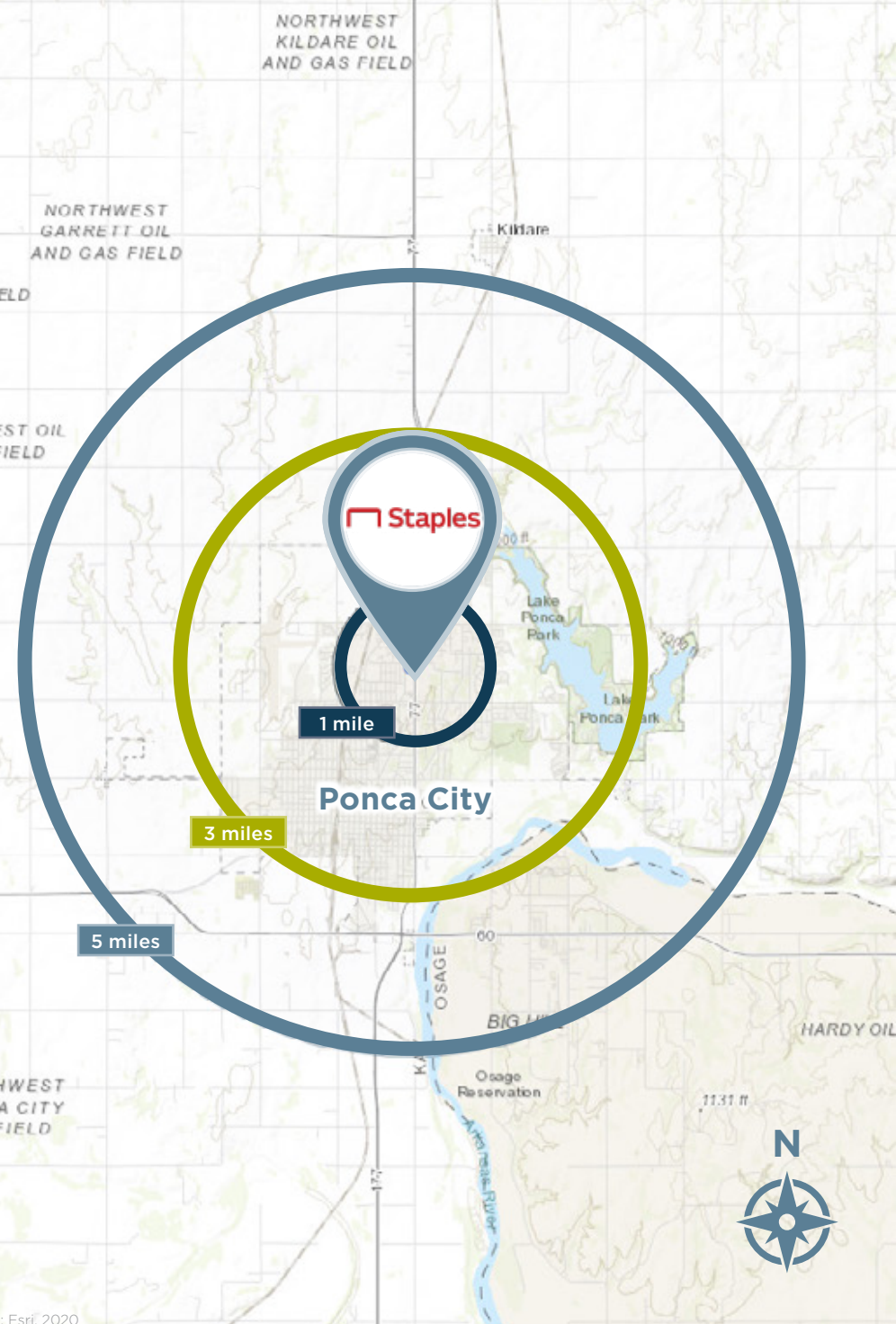
\$44,618



**27K**  
population  
(5 miles)



**\$67K**  
avg. HH inc.  
(1 mile)



Source: Esri, 2020

going beyond

**Ryan Butler**

Managing Director & Partner  
rbutler@stanjohnsonco.com  
OK Lic #145949

**Brad Moulder**

Senior Director  
bmoulder@stanjohnsonco.com

**Anne Perrault**

Director  
aperrault@stanjohnsonco.com

**Zach Snider**

Associate  
zsnider@stanjohnsonco.com

**Brandon Sherrill**

Analyst  
bsherrill@stanjohnsonco.com

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**Stan Johnson Company**

6120 South Yale Avenue | Suite 300  
Tulsa, Oklahoma 74136  
P: 918.494.2690

stanjohnsonco.com



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