

LONG-TERM HISTORICAL OCCUPANCY | CHICAGO MSA | IMMEDIATE VALUE-ADD OPPORTUNITY



OFFERING MEMORANDUM

PALOS HEIGHTS, ILLINOIS



HANLEY INVESTMENT GROUP
REAL ESTATE ADVISORS



# **OFFERING MEMORANDUM**

## PALOS HEIGHTS, ILLINOIS

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# **OFFERING SUMMARY**

7-ELEVEN CENTER



#### **LOCATION**

7-Eleven

6350 W 135th St



Palos Heights, IL 60463

#### **OFFERING SUMMARY**

Price:		\$2,505,000
Down Payment:	35%	\$876,750
Current Net Operating Income @ 68% Occupancy:		\$187,869
Current Capitalization Rate:		7.50%
Cash-on-Cash Return:		9.66%
Price per Square Foot:		\$321
Net Rentable Area:		7,800
Year Built:		2000
Lot Size (Acres):		1.69

#### FINANCING SUMMARY

All Cash or Cash to New Financing

(Contact Hanley Investment Group for Further Details)



# **7-ELEVEN.** QUICK FACTS

LARGEST RETAILER IN THE WORLD

**WIDE SALES** 

LOCATIONS

\$120B 71K+ S&P AA-

**GRADE CREDIT** 





# **INVESTMENT HIGHLIGHTS**

#### 7-ELEVEN CENTER



#### 7-Eleven Anchored Center:

- Net lease structure with minimal landlord responsibilities
- Historical occupancy since 2000
- Recent 5-year lease extension in addition to remaining term
- O Corporate guaranteed lease with investment grade tenant (S&P: AA-)
- o 7-Eleven has 71,100 locations globally (11,800 USA) and \$120 billion in annual sales
- **Immediate Stability with Long-Term Upside:** An additional 4,800 square feet of small box space is available alongside 7-Eleven, providing immediate upside for a new owner
- **7-Eleven Adds Jobs:** 7-Eleven announced in March that it expects to hire 20,000 new store employees nationwide to meet increased demand due to COIVD-19
- Recession and Internet Resistant: Gas Stations and convenience stores are widely regarded as one of the most stable product categories in the face of growing
  e-commerce and economic downturns







# **INVESTMENT HIGHLIGHTS**



- Hard Corner Signalized Intersection Location: Situated at the northeast corner of W. 135th Street and
   S. Ridgeland Avenue, where average daily traffic counts are in excess of 31,000 vehicles per day
- Expressway Accessible: 3 miles from I-294, which connects the northwest and southwest suburbs of Chicago and experiences over 150,000 vehicles per day
- **Chicago MSA:** 3rd most populous city in the U.S. (2.7 million people) and 3rd largest MSA in the U.S. (10 million people)
- **Proximity to MDW:** Located 10 miles south of Midway International Airport, which recently underwent a \$400 million capital improvement program and sees over 22 million travelers per year
- **Ease of Access:** The subject property has its own dedicated points of ingress/egress along West 135th Street and Ridgeland Avenue







#### **7-ELEVEN CENTER**



TENANT	SUITE	SQUARE FOOTAGE	RECENT LEASE	LEASE START	LEASE END	CURRENT RENT/SF	CURRENT RENT/MO.	RENTAL INCREASES	LEASE TYPE	RENEWAL OPTIONS
7-Eleven	Α	3,000	2020	09/01/20	08/31/26	\$7.17	\$21,511	None	NNN	Three 5-Year @ 10% Bumps
Dance Studio	В	2,300	2020	9/1/2020	M-T-M	\$0.65	\$1,500	-	-	
Available	С	2,500	-	-	-	-	-	-	-	-
TOTAL SQUARE F	OOTAGE:	7,800					\$23,011		\$24,511	TOTAL MONTHLY RENT
TOTAL AVAILABLI	E <b>:</b>	2,500	32%	Vacancy			\$276,130		\$294,130	TOTAL ANNUAL RENT
TOTAL OCCUPIED	:	5,300	68%	Occupancy	,					

#### **Notes**

7-Eleven Responsible for HVAC Maintenance, Pro Rata Share of Taxes, Insurance, Landlord Responsible for Roof, Structure, Snow, Lighting (excluding gas pump island, canopy, and concrete pad located above storage tanks)



# INCOME & EXPENSE 7-ELEVEN CENTER



## ANNUALIZED OPERATING DATA

	<u>Current</u>
Scheduled Gross Income (SGI):	\$276,130
Expense Reimbursement:	\$49,150
Total Operating Income:	\$325,280
Total Operating Expenses:	(\$137,411)
Net Operating Income (NOI):	\$187,869

### **OPERATING EXPENSES**

	<u>Amount</u>	<u>\$/SF</u>	
Real Estate Taxes	\$113,364	\$14.53	
Insurance:	\$7,285	\$0.93	
CAM:	\$5,377	\$0.69	
Management (3.50%)	\$11,385	\$1.46	
Total Expenses:	\$137,411	\$17.62	Annually Per SF
		\$1.47	Monthly Per SF



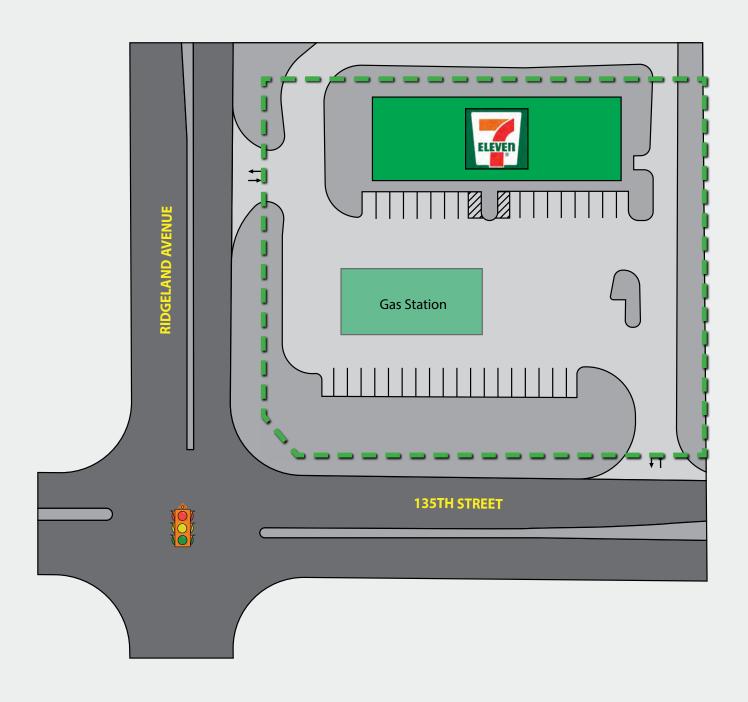




# SITE PLAN / PARCEL MAP

**7-ELEVEN CENTER** 









**APN:** 24323000130000











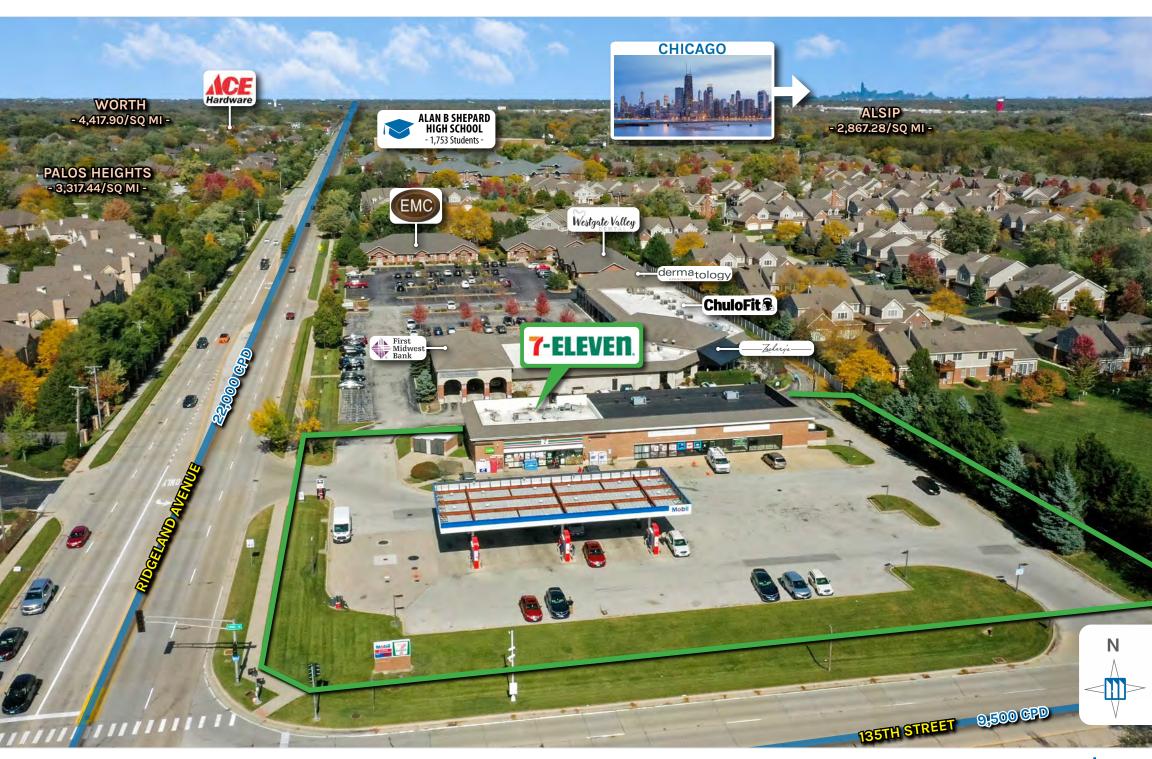






7-ELEVEN CENTER

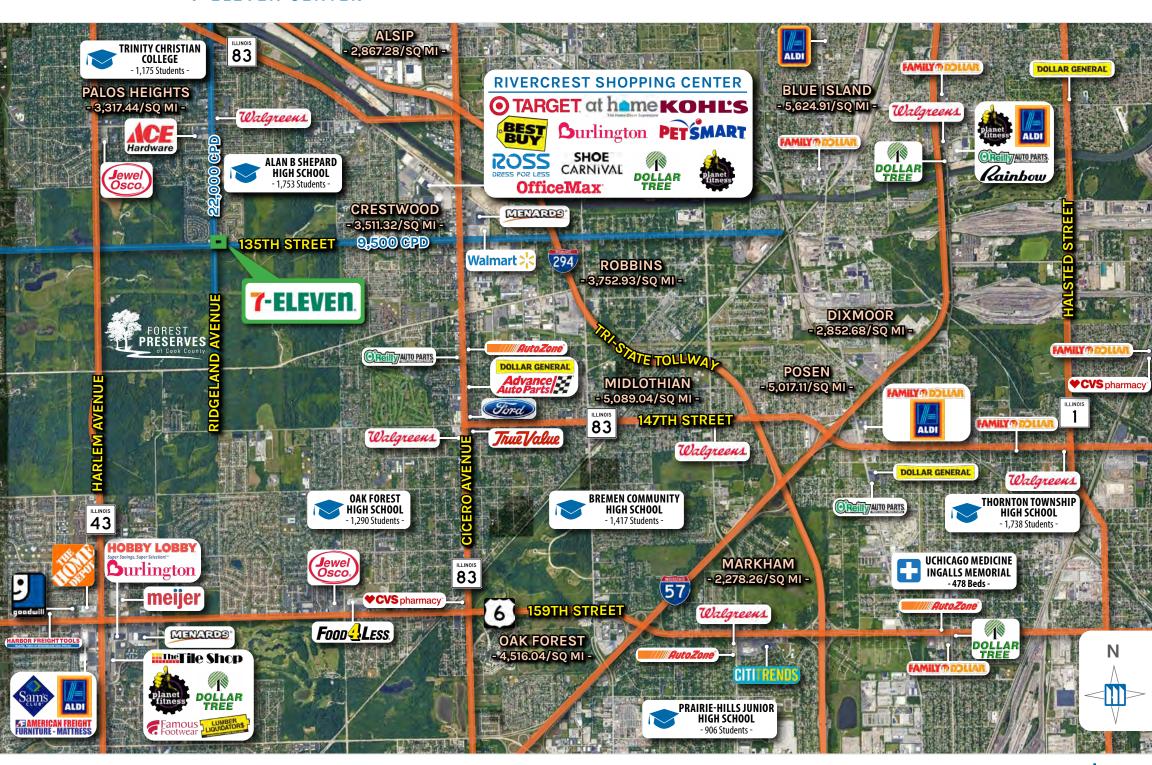






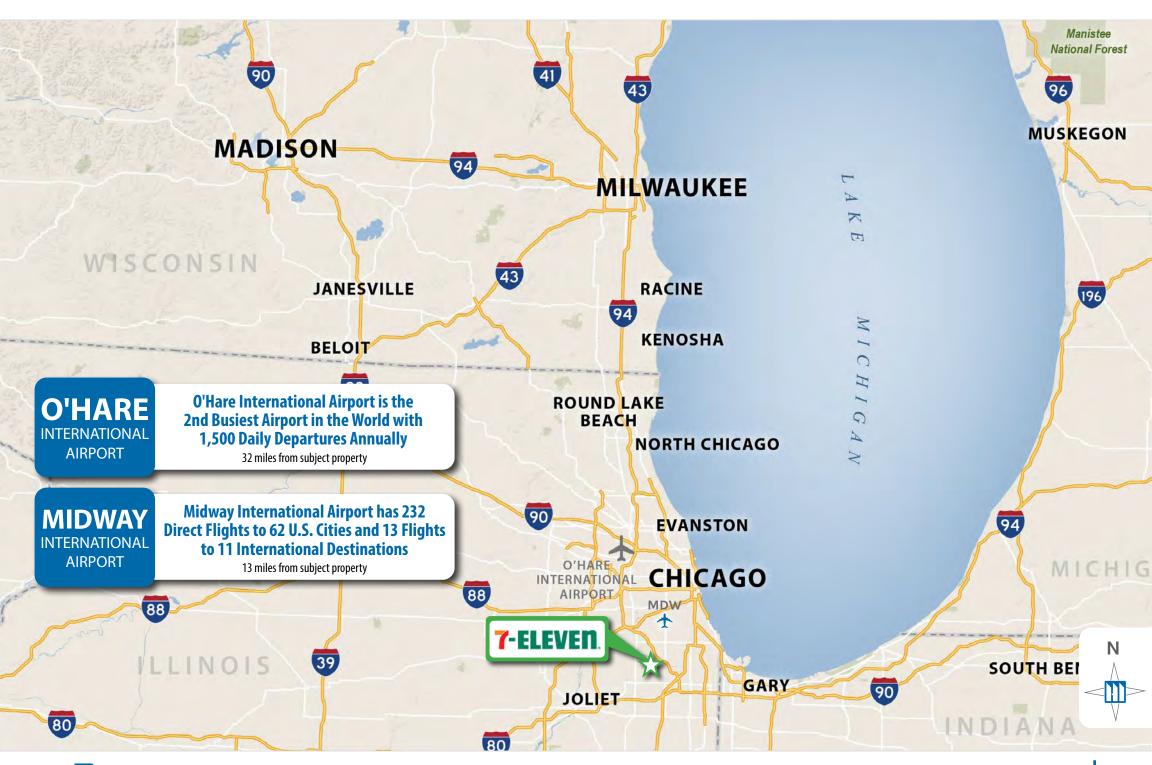
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# **REGIONAL MAP**





# TENANT PROFILE

7-ELEVEN CENTER







# **7-ELEVEN**

7-Eleven is an American-Japanese international chain of convenience stores, headquartered in Irving, Texas that operates, franchises, and licenses in 17 countries. Founded in 1927, 7-Eleven was the pioneer of the convenience concept and was the first convenience store to start selling gas and use ATM services. Stores are usually located on corners for great visibility and accessibility. The company's most iconic products are the Slurpee, Big Gulp soft drinks, and fresh-made coffees. Their product mix is always evolving; to better serve a culture demanding healthier options, they have added high-quality salads, side dishes, cut fruit and protein boxes under their private label called 7-Select. 7-Select's outstanding prices and fresh quality have led to double-digit sales increases, outselling many national brands.

7-Eleven is one of the most active franchisors, generating approximately \$120 billion in-store net sales in 2019. The company estimates in-store net sales to reach \$168 billion by 2024. In early 2018, 7-Eleven closed its acquisition of 1,030 Sunoco convenience stores located in 17 states, the largest acquisition in 7-Eleven, Inc. history.

According to Joseph DePinto, 7-Eleven President and Chief Executive Officer, "Part of what makes 7-Eleven's brand so iconic is our global presence and our continued growth." There are 71,100 stores across the world with 11,800 locations in North America; 97% are franchises. Locations are strategically organized into geographical zones with 25% of the population living within one mile of a 7-Eleven store. Globally, 7-Eleven has more outlets than any other retailer or food service provider. On average, the company adds another store to its worldwide operations every three hours. 7-Eleven, Incorporated is a wholly-owned subsidiary of Tokyo-based Seven & I Holdings Co., Limited.

#### **TOP HONORS**

- → #4 "Top Global Franchises" Entrepreneur Magazine (2020)
- →#4 "Best Convenience Store Franchises" FranchiseRanking.com (2020)
- **→#1 "Top 202 Convenience Stores"** CSP (2019)
- →#1 "Top Global Franchises" Entrepreneur Magazine (2017)
- **→ "Silver Level Military Friendly Employer"** Victory Media (2017)

Websites: www.7-Eleven.com | www.7andi.com/en

**Locations:** 71,100 Globally (11,800 USA) | **Company Type:** Private







# 7-Eleven to Add Up to 20,000 Jobs in Face of Coronavirus

By Greg Lindenberg | March 20, 2020



7-Eleven Inc. said it expects in the coming months to hire as many as 20,000 new store employees, either directly or by independent 7-Eleven franchisees, to meet the increased demand for 7-Eleven products and services amid the COVID-19 pandemic.

"7-Eleven is a neighborhood store, and it's our priority to serve the communities in which we operate during this unprecedented crisis," said 7-Eleven President and CEO Joe DePinto. "This will provide job opportunities and ensure 7-Eleven stores remain clean and in-stock with the goods our customers need during this critical time."

7-Eleven also anticipates the new store employee positions will help meet a surge in mobile orders through its 7Now delivery app, which offers delivery of essentials and nonessentials to more than 30 million U.S. households. Store employees will fulfill 7Now delivery orders that include grocery staples such as milk and bread; over-the-counter medicine; a range of food and beverage options such as pizza and Slurpee drinks; beer and wine in participating markets; and more. The service typically delivers orders in about 30 minutes; however, in the current environment, demand may affect delivery times, the company said.

 7-Eleven is No. 1 on the Top 40 update to CSP's 2019 Top 202 ranking of U.S. c-store chains by number of retail outlets. CSP will release the complete 2020 list in June.

"Locally owned and operated 7-Eleven stores are really going above and beyond to serve their communities," DePinto said. "I'd like to thank 7-Eleven franchisees and corporate store employees for everything they are doing to provide necessary products and services to customers in need."







# **Midway International Airport (MDW)**

Midway International Airport (MDW), is located on the southwest side of Chicago, just 8 miles from the loop. Midway is conveniently accessible by I-55 and the CTA's Orange Line, with direct service to the Loop and downtown. In 2019, Midway accommodated nearly 21 million travelers, 232,000 aircraft, and 19.3 metric tons of cargo. To accommodate a growing demand for travelers, the City of Chicago and Chicago Department of Aviation commenced the Midway Modernization Program in 2018, a \$400 million capital improvement program that included both a Security Checkpoint Expansion and a Concessions Redevelopment Program. Click for website







#### SECURITY CHECKPOINT EXPANSION

The CDA is widening the existing security checkpoint area to include:

- Wider bridge over Cicero Avenue from 50 feet to nearly 400
- 80,000 square foot security pavilion to house TSA operations
- Improved passenger flow and opportunities for efficiencies in the inspection process
- The new pavilion opens up 18,000 square feet of space for new concessions
- Checkpoint design allows for the use of innovative screening technologies that may be added later

#### **CONCESSIONS REDEVELOPMENT PROGRAM**

The concessions area will increase from 44,000 square feet to 70,000 square feet and will feature:

- 38 food and beverage locations with 8 being full-service, sit-down restaurants
- Redeveloped Central Market complete with expanded food, wine, and retail
- Over thirty retail locations
- Four services/amenities
- Upgrades to common areas



# AREA OVERVIEW

7-ELEVEN CENTER



# Chicago, Illinois

- Most populous city in the Midwest; 3rd most populous city in the U.S.
  - 2.7 million residents; 77 community areas containing more than 100 neighborhoods
  - Located in Cook County, the 2nd largest county in the U.S.
- Chicago and its suburbs comprise the Chicago Metropolitan Statistical Area (MSA)
  - o 3rd most populated MSA in the nation with over 9.58 million residents
  - 84 million people live within 500 miles of Chicago; equivalent to 27% of the total U.S. population

#### **ECONOMY**

- One of the world's largest and most diversified economies with more than 4 million employees
  - Largest industries include health care and social assistance, manufacturing, and retail trade
- 3rd largest economy in the U.S. by GDP at \$679.7 billion
- Home to the CME Group, the largest futures exchange in the world
- 400+ major corporate headquarters, including 36 in the Fortune 500
  - O Boeing (#28), Walgreens Boots Alliance (#17), State Farm Insurance (#36), United Continental (#78), Exelon (#93), Abbott Laboratories (#103), McDonald's (#149), Motorola (#158), Jones Lang LaSalle (#189)
- Top employers are U.S. Government Chicago Federal Executive Board (49,000), Chicago Public Schools (39,000), City of Chicago (30,000), Cook County (21,000), and Advocate Health Care (18,000)

- Chicago leads the nation in residential tower construction and corporate investment with numerous projects underway
- 30+ major high-rises are under construction in the greater downtown area
- \$800 million in private sector investment in Will County in 2018; more than 6 million square feet of building space delivered to the market and 7.5 million square feet of new leasing activity
- Strong residential construction growth in McHenry County with homes in the \$230,000 range
  - Oaks of Irish Prairie subdivision (86 homes), Legend Lakes development (82 homes), Liberty Trails subdivision (48 lots)
- Riverline Project, Chicago South Loop \$2 billion development with 10 million square feet of apartments, condo units, retail, and a new riverfront park space on 14 acres; completion date 2026
  - o 3,700 residences across 8 waterfront towers and townhouse blocks, as well as a commercial retail space, public riverwalk, and water taxi stop

#### **DEVELOPMENTS**



City of Chicago Highlights

"BEST CITY IN THE WORLD"

**LARGEST METROPOLITAN** AREA IN THE U.S.

> LARGEST ECONOMY IN THE U.S. BY GDP







# AREA OVERVIEW

**7-ELEVEN CENTER** 



# Chicago, Illinois

- Major national and regional center for America's heartland
  - Hub for industry, telecommunications, and logistics
  - Manufacturing, printing, publishing, insurance, and food processing play major roles in the city's economy
- Northwestern University ranked #7 "Best Regional Colleges in the Midwest" US News (2019)
- Monee Amazon Facility, Will County 153,000 square foot facility; projected to employ 400 people; currently under construction
- Interstate 80 Improvements, Will County \$1 billion project
  - \$848 million to expand Interstate 80 and build new bridges over the Des Plaines River;
  - \$162 million to build an Interstate 57 interchange to serve the proposed South Suburban Airport
- Windett Ridge Subdivision in Yorkville, Kendall County - 261 single-family homes slated for completion December 2020
  - 20 completed homes for sale ranging from \$204,990 to \$329,90
- The Reserve at Hudson Crossing in Oswego, Kendall County - 280 luxury apartments, 10,100 square feet of new restaurants and shops
- Vista Tower \$800 million renovations turning the giant Old Main Post Office into a new home for the likes of Uber, Pepsi, and Walgreens; under construction

#### **EDUCATION**

- 60+ colleges and universities supporting more than 325,000 students
- Northwestern University Private research university with 21,474 students and 3,344 faculty members
  - Fastest-growing research enterprise among all U.S. medical schools; recently opened the largest biomedical academic research building in the country
  - \$702 million in sponsored research funding in FY 2018
  - \$796.6 million contributed to the U.S. economy through federal research spending between 2009 and 2017;
    - \$130 million additional economic impacts from nonfederal research funding, capital investment, and local spending by faculty, staff, students, and their families
- University of Chicago Private research university with 16,445 students and 2,859 faculty members
  - 98 Nobel Prize winners; one of the highest concentrations of Nobel laureates in the world
  - o #10 "Top University Rankings" The University Rankings (2019)
  - #3 "Best National Universities" US News (2019)





# City of Chicago Highlights

# I

**TOWER CONSTRUCTION** 



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FORTUNE 500 COMPANIES
HEADQUARTERED IN THE MSA



# AREA OVERVIEW

7-ELEVEN CENTER



# Chicago, Illinois

- Home to 6 of the 7 Class I railroads, 7 interstate highways, one of the busiest airports in the world, and the only connection between the Great Lakes and Mississippi River systems
- #2 "Most Diverse Places to Live in Illinois" and #8 "Most Diverse Cities in America" Niche (2020)
- #1 "Metro Area for Corporate Investment" Site Selection Magazine (2012)
  - The magazine tracked 416 business expansions and relocations in 2019 accounting for \$5 billion+ in investment in the area
- University of Illinois at Chicago Public research university with 31,683 students
  - \$7.6 billion in income added to the state economy in FY 2017 through UIC and its research, hospital, entrepreneurial activities, students, and visitors
    - \$4 million from visitor spending
- University of Illinois at Chicago (28,000+ students), DePaul University (16,400+ students), Loyola University Chicago (15,000+ students), and Illinois Institute of Technology (7,800+ students)

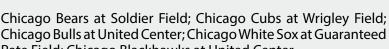
#### **TOURISM**

- 57.7 million visitors in 2018, a new tourism record: 150,600 tourism-related jobs
  - o 135 hotel properties, offering 43,881 rooms in the Central Business District alone
- \$1.1 billion in tourism tax revenue (2018)
- 2,400+ meetings booked in 2018; \$4 billion economic impact
- 1 of only 13 metropolitan areas to have teams in all 4 major sports; NFL, MLB, NBA, and NHL;

Chicago Bulls at United Center; Chicago White Sox at Guaranteed Rate Field: Chicago Blackhawks at United Center

#### TRANSPORTATION

- 200,000+ jobs add \$115 billion to the regional economy
- A guarter of all freight in the nation originates, terminates, or passes through metropolitan Chicago
- Chicago O'Hare International Airport 2nd "Busiest Airport in the World" based on aircraft movements
  - o 1 of only 10 airports worldwide serving more than 200 destinations; 1,500 daily departures
  - o 83.4 million passengers in 2018, a 4.5% increase from 2017
  - \$8.5 billion expansion plan over the next 10 years includes a new airfield and terminal gates
- Amtrak 56 daily trains in the Chicago MSA; 3.3 million boardings
- Midway International Airport 22 million passengers in 2018
  - \$248 million project that includes expanding concession facilities, widening bridge from airport to Chicago, and a new 80,000 square foot security pavilion







**\$16B** IN TOURISM **SPENDING ANNUALLY** 



57.7M ANNUAL VISITORS TO THE CHICAGO MSA







# **DEMOGRAPHICS**



		530	
Population	<u>1-Mile</u>	<u>3-Mile</u>	<u>5-Mile</u>
2024 Projection	3,294	73,159	260,326
2019 Estimate	3,315	73,971	262,289
2010 Census	3,336	74,093	261,702
2000 Census	2,343	73,503	260,264
Growth 2000-2010	42.38%	0.80%	0.55%
Households			
2024 Projection	1,378	28,647	101,387
2019 Estimate	1,383	28,708	101,496
2010 Census	1,388	28,593	100,815
2000 Census	934	27,044	98,139
Growth 2000-2010	48.61%	5.73%	2.73%
2019 Est. Population by Single-Classification	Race		
White Alone	3,075	63,763	211,825
Black or African American Alone	55	3,765	21,324
American Indian and Alaska Native Alone	2	126	603
Asian Alone	99	2,101	7,711
Native Hawaiian and Other Pacific Islander A	lone 1	15	105
Some Other Race Alone	41	2,789	15,029
Two or More Races	43	1,415	5,679
2019 Est. Population by Ethnicity (Hispanic o	Latino)		
Hispanic or Latino	169	7,710	39,343
Not Hispanic or Latino	3,146	66,261	222,946
2019 Est. Average Household Income	\$117,409	\$93,479	\$84,791

# **CONFIDENTIALITY AGREEMENT**

**7-ELEVEN CENTER** 



The information contained herein does not purport to provide a complete or fully accurate summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information which prospective buyers may need or desire. All financial projections are based on assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and Broker and, therefore, are subject to material variation. This Marketing Package does not constitute an indication that there has been no change in the business or affairs of the Property or the Owner since the date of preparation of the information herein. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective buyers.

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