

# 24-HR CVS GROUND LEASE

## OFFERING MEMORANDUM



6620 WINCHESTER RD | MEMPHIS, TN





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6620 WINCHESTER RD | MEMPHIS, TN

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**MATTHEWS™**  
REAL ESTATE INVESTMENT SERVICES

## THE OFFERING

Matthews™ is pleased to exclusively offer a 13,225-square-foot freestanding 24-HR CVS Ground Lease situated on 1.88 acres in Memphis, TN – located in the heart of the Memphis trade area (Trade Area Population: >200,000). CVS's net lease commenced in January 2010 featuring over 15 years of primary term with five, five-year renewal options.

The property has excellent access and visibility along Winchester Road (Traffic Count: 34,000 VPD). CVS is strategically positioned on the hard corner in front of Winchester Court Shopping Center, which includes more than 40 stores, including two different grocers. The site benefits from its location within one of Memphis strongest retail districts, that attracts shoppers from surrounding counties near and far. Major retailers within the immediate vicinity include Walmart, Costco, Sam's Club, Lowe's, Home Depot, Kroger, Marshalls, TJ Maxx, Burlington, Hobby Lobby, Chick-Fil-A, LA Fitness, among many others.

Furthermore, the site enjoys strong demographics with a population of 64,929 and an average household income of \$71,420 within a 3-mile radius. The property is being offered "free and clear" of any existing debt, providing an investor with a fantastic opportunity to obtain historically attractive financing.

With the recent increased flight to consumable products such as; grocery stores, warehouse clubs, dollar stores and drug stores, a high performing long term 24-HR CVS should bode well for any type of investor.

## INVESTMENT HIGHLIGHTS

### **Long Term "NNN" Ground Lease:**

- CVS is operating on a 25-year corporate guaranteed NNN ground lease with over 15.5 years remaining. With ZERO landlord responsibilities the tenant takes care of Real Estate Taxes, Insurance, and Commons Area Maintenance expenses for their parcel. After the initial lease term, the option periods feature a 10% rental increase every five years.

### **Investment Grade Tenant:**

- CVS (NYSE: CVS) is headquartered in Woonsocket, RI and is the largest pharmacy chain in the United States by number of locations +- 9,600 and total prescription revenue. With over 290,000 employees and revenues of \$256 billion, It is the 5th largest U.S Corporation. Their main competitor Walgreens sits 14 spots below at number 19.

### **Strong Recent Performance:**

- For the fiscal Quarter ended June 30<sup>th</sup>, 2020, the drugstore chain reported a fiscal second-quarter net income of \$2.98 billion or \$2.26 per share, up from \$1.94 billion or \$1.49 per share a year earlier.

### **Highly Accessible and Heavily Trafficked:**

- Situated on the Hard Corner of Winchester Road (30,000 VPD) and Kirby Parkway the asset has some of the best visibility in the whole trade area. The location also has excellent exposure to Highway 385 (89,000) VPD. The hard corner has a 4-way stop light along with two direct access points of Ingress/Egress.

### **Trade Area and Demographics:**

- Memphis the county seat of Shelby County, is the most populous county in the state of Tennessee. This specific trade area benefits from numerous large corporations and businesses which include: Fed-Ex Corporate (30,000 employees), AutoZone (2,000+ employees), First Horizon National Corp (2,700 employees), International Paper Co (2,500 employees), amongst many others. The 3-mile population boasts over 65,000 people and an Average HH income of \$72,000.



## SURROUNDING TENANTS





## SURROUNDING TENANTS







## EXECUTIVE OVERVIEW

TENANT	CVS
PROPERTY ADDRESS	6620 Winchester Rd
LOCATION	Memphis, TN 38115
GLA	± 13,225 SF
LOT (ACRES)	± 1.88 AC
YEAR BUILT	2010
APN	093-500-00344-C



**\$3,200,000**  
LIST PRICE



**\$160,243**  
NOI



**5.00%**  
CAP RATE



**2010**  
YEAR BUILT



**±13,225 SF**  
GLA

## FINANCIAL SUMMARY

TENANT	CVS
STORE NUMBER	8427
TYPE OF OWNERSHIP	Ground Lease
LEASE GUARANTOR	Corporate
LEASE TYPE	Ground Lease
ORIGINAL LEASE TERM	25 Years
LEASE DATE	7/10/09
LEASE COMMENCEMENT DATE	1/8/10
LEASE EXPIRATION DATE	1/31/36
TERM REMAINING	±15.33 Years
INCREASES	Option Period
OPTIONS	Five (5) x Five (5) Year



## ANNUALIZED OPERATING DATA

TERM	LEASE YEARS	ANNUAL RENT	MONTHLY RENT	RENT PSF	INCREASE	CAP RATE (LIST PRICE)
Current	1-25	\$160,243	\$13,354	\$12.12	10.00%	5.00%
First Renewal	26-30	\$176,267	\$14,689	\$13.33	10.00%	5.51%
Second Renewal	31-35	\$193,894	\$16,158	\$14.66	10.00%	6.06%
Third Renewal	36-40	\$213,283	\$17,774	\$16.13	10.00%	6.67%
Fourth Renewal	41-45	\$234,612	\$19,551	\$17.74	10.00%	7.33%
Fifth Renewal	46-50	\$258,073	\$21,506	\$19.51	10.00%	8.06%

### DEBT QUOTE



**BARRINGTON CAPITAL**  
REAL ESTATE FINANCING SERVICES

Loan quote provided by Barrington Capital based on market conditions at this time. Actual rates and terms will vary based on market conditions at closing.

**LTV:** 70.00%

**RATE:** 3.8%

**AMORTIZATION:** 25

**BRIAN KREBS**

(818) 606-9476

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## LEASE ABSTRACT

<b>TENANT:</b>	CVS
<b>TENANT ADDRESS:</b>	1105, Woonsocket, Rhode Island 02895
<b>PROPERTY ADDRESS:</b>	6620 Winchester Road Memphis, Tennessee 38115
<b>DATE OF LEASE:</b>	7/10/2009
<b>LEASE COMMENCEMENT:</b>	1/8/2010
<b>LEASE EXPIRATION:</b>	1/31/2036
<b>ORIGINAL LEASE TERM:</b>	25 Years
<b>LEASE TYPE:</b>	Absolute NNN Ground Lease
<b>RENEWAL OPTIONS:</b>	Five (5) Five (5) year options
	Current rent is \$160,243
	Option 1 Rent: \$176,267
	Option 2 Rent: \$193,894
<b>ANNUAL RENT:</b>	Option 3 Rent: \$213,283
	Option 4 Rent: \$234,613
	Option 5 Rent: \$258,073
<b>PERCENTAGE RENT:</b>	None
<b>ESTOPPEL CERTIFICATE:</b>	Yes
<b>REAL ESTATE TAXES:</b>	Tenant's Responsibility
<b>INSURANCE:</b>	Tenant shall maintain, at Tenant's sole cost and expense and keep in force
<b>UTILITIES:</b>	Tenant Responsible
<b>REPAIRS AND MAINTENANCE:</b>	Tenant shall pay to landlord a share of Common Area Maintenance incurred by landlord from and after the Date of Rent Commencement. Tenant's share of the CAM Costs shall be \$3,306.25 per year during the Initial Term, which shall be paid in equal monthly installments of \$275.52 together with the monthly payments of Fixed Rent. If Tenant exercises any Renewal Options, then Tenant's share of the CAM Costs shall increase by (5%) on the first day of each renewal period.
<b>GUARANTOR:</b>	CVS Corp
<b>SALES:</b>	NO
<b>RIGHT OF FIRST REFUSAL:</b>	None



SITE PLAN













## TENANT PROFILE

### COMPANY NAME

CVS Health Corporation

### OWNERSHIP

Public

### WEBSITE

[www.cvs.com](http://www.cvs.com)

### INDUSTRY

Drug Store

### HEADQUARTERS

Woonsocket, Rhode Island



### CVS PHARMACY

CVS Health Corporation, together with its subsidiaries, provides integrated pharmacy health care services. It operates through Pharmacy Services and Retail/LTC segments. The Pharmacy Services segment offers pharmacy benefit management solutions, such as plan design and administration, formulary management, Medicare Part D services, mail order, and specialty pharmacy services, retail pharmacy network management services, prescription management systems, clinical services, disease management programs, and medical pharmacy management services.

The Retail/LTC segment sells prescription drugs, over-the-counter drugs, beauty products, and cosmetics, personal care products, convenience foods, seasonal merchandise, and greeting cards, as well as provides photo finishing services. The company was formerly known as CVS Caremark Corporation and changed its name to CVS Health Corporation in September 2014. Hook-SupeRx, LLC operates as a subsidiary of CVS Health Corporation and retails drugs in the United States. It is based in Indianapolis, Indiana, and does business as CVS Pharmacy. [Click here to read about how CVS Pharmacy is providing exceptional service to its customers and employees throughout COVID-19.](#)



**9,967+**

Locations



**1963**

Year Founded



**203,000+**

Employees

## AREA OVERVIEW

### Memphis, TN

Memphis, Tennessee is the largest city on the Mississippi River. Located within Shelby County, Memphis is a vibrant and historic city. It is the second-largest city within Tennessee, and brings in a large amount of tourists because of its famous and historical landmarks. Being only 3 miles from West Memphis, Arkansas, it is only a hop, skip, and a jump from the Arkansas/Tennessee boarder.

Known as the “Birthplace of Rock and Roll,” the city holds a significant amount of history within it's boarder. The residents of Memphis take pride in their city, and are usually known as “Memphians.” Although this town has a variety of entertainment to offer. The sports fans of the area love to cheer on the University of Memphis Tigers. As for professional teams, many cheer on the Memphis Grizzlies. The animal lovers enjoy the Memphis Zoo. Memphis has been the zoo's home for over 100 years and has over 3,500 animals.

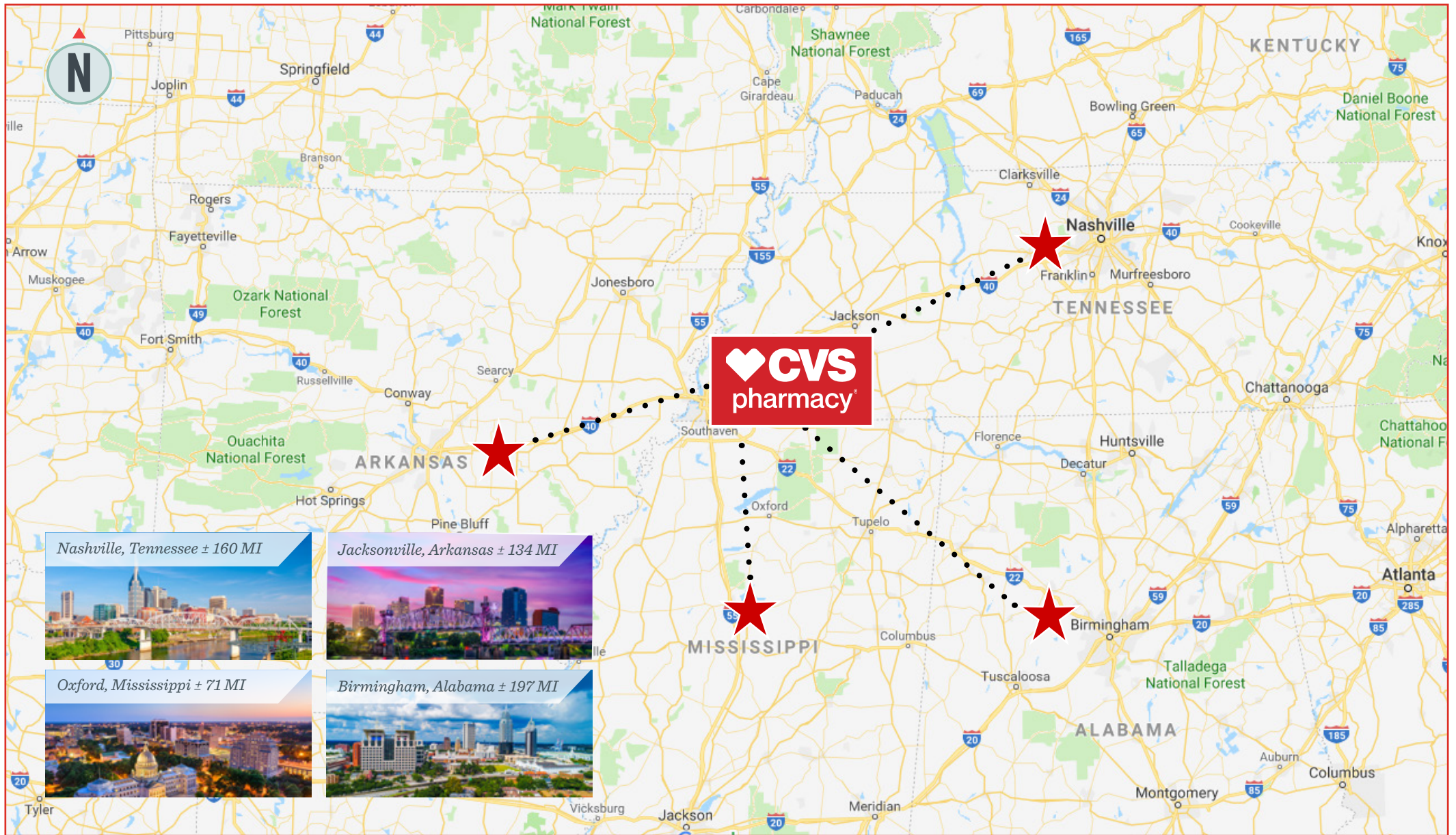




## Demographics

POPULATION	2 - MILE	5 - MILE	10 - MILE
2025 Projection	51,113	192,936	569,546
2020 Estimate	51,756	194,412	567,222
2010 Census	54,108	199,886	561,513
HOUSEHOLDS	2 - MILE	5 - MILE	10 - MILE
2025 Projection	19,638	73,907	214,983
2020 Estimate	19,871	74,484	214,444
2010 Census	20,712	76,614	213,476
INCOME	2 - MILE	5 - MILE	10 - MILE
2020 Avg Household Income	\$52,406	\$74,700	\$77,392









## MUSIC-THEMED ATTRACTIONS

- Memphis, Home of the blues and Birthplace of Rock 'n' Roll has many must-see music-themed attractions including Beale Street Historic District, Blues Music hall of Fame, Center for Southern Folklore, Graceland (home of Elvis Presley and one of the most visited homes), Gibson Guitar Factory, Memphis Music Hall of Fame, Memphis Rock 'n' Soul Museum, St. Blues Guitar Workshop, Stax Museum of American Soul Music, Sun Studio, and the W.C. Handy home and Museum.

## RESTAURANTS

- With approximately 100 barbecue restaurants alone, Memphis is also home to world-famous fine dining, rich soul food, and eclectic dining.

## THEATERS AND SMALL THEATERS

- Memphis offers multiple choices when it comes to live entertainment, dance classical concerts and performance art. Of special note is the Orpheum Theatre, Playhouse on the Square, Circuit Playhouse, Theatre Memphis, Hattiloo Theatre, and FedExForum.

## ART MUSEUMS

- Memphis is rich with arts, sculpture and painting exhibits offering pieces from Rodin to Renoir. Memphis also offers the Dixon Gallery and Gardens, Memphis Botanic Garden, Memphis Brooks Museum of Art, Metal Museum, Belz Museum of Asian and Judaic Art, and the Cotton Museum at the Memphis Cotton Exchange.



## ECONOMY

Because Memphis has been such an important city for transportation and shipping, it is attractive to businesses, especially those producing goods shipped nationwide. Three Fortune 500 companies, FedEx, AutoZone, and International Paper Co. call Memphis home. These significant businesses have brought a large manufacturing industry.

Located on the Mississippi River, Memphis is one of the largest metropolitan areas in the Southeast, ranking 41st out of the top 75 according to a Department of Labor Release. Of the 40 metropolitan areas ahead of Memphis, only 12 are in the South. The city has historically been one of the largest shipping hubs in the Mid-South, dating back to the Civil War. As transportation methods developed, Memphis has continued to hold significance as a transportation hub. Now the city is home to the second largest cargo airport in the world, Memphis International Airport, and the world's busiest domestic airport with 3.9 million metric tonnes. Memphis International Airport and Memphis have had huge significance in the railroad industry. The city has the 3rd largest rail center in the U.S. behind Chicago and St. Louis. It is also one of only four U.S. cities with five Class 1 railroads.

Many of Memphis's residents are blue-collar, hard workers. The most common industries within this area are Transportation and Warehousing, Construction, and Manufacturing. Within those, the most common occupations are Material Moving, Construction, and Extraction. The unemployment rate has started to decrease with the overall household income increasing since early 2000.





## CONFIDENTIALITY AGREEMENT & DISCLAIMER

This Offering Memorandum contains select information pertaining to the business and affairs of **CVS** located at **6620 Winchester Rd, Memphis, TN 38115** ("Property").

The Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews Real Estate Investment Services. The material and information in the Offering Memorandum is unverified. Matthews Real Estate Investment Services has not made any investigation, and makes no warranty or representation, with respect to square footage, income and expenses, the future financial performance of the property, future rent, and real estate value market conditions, the condition or financial prospects of any tenant, or the tenants' plans or intentions to continue to occupy space at the property. All prospective purchasers should conduct their own thorough due diligence investigation of each of these areas with the assistance of their accounting, construction, and legal professionals, and seek expert opinions regarding volatile market conditions given the unpredictable changes resulting from the continuing COVID-19 pandemic. The information is based in part upon information supplied by the Owner and in part upon financial information obtained from sources the Owner deems reliable. Owner, nor their officers, employees, or real estate agents make any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum, or any of its content, and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Matthews Real Estate Investment Services is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee in the Offering Memorandum. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of Matthews Real Estate Investment Services.

Owner and Matthews Real Estate Investment Services expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Matthews Real Estate Investment Services or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.



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