

# NN INVESTMENT OPPORTUNITY

RITE AID - MASSENA, NY



# NN LEASE OFFERING MEMORANDUM

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# RITE AID - MASSENA, NY

## 87 MAIN ST, MASSENA, NY 13662

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# INVESTMENT SUMMARY

The subject property is a 10,908 square foot Rite Aid store located in Massena, New York. Tenant has been successfully operating at this addressfor over 20years and the subject store was not a part of the sale to Walgreens as it was one of the strongest performers in the area. Rite Aid has shown strong commitment to the location with the recent 10- year extension with very rare rental escalations in the firm term. Site is equipped with a double drive-thru pharmacy and benefits from a high traffic count with an already established customer base.

## LEASE DETAILS

The lease is guaranteed by Rite Aid Corporation (NYSE: “RAD”), one of the nation’s leading drugstore chains. Rite Aid has recently extended the lease for up to 12 years total and had included rental escalations in the firm term. This is a strong testament to the strength to this location as the only store that received a lease extension of more than 10 years with escalations.The lease is on a NN basis with minimal landlord responsibilities.

## LOCATION

The property is centrally located on a signalized intersection on Main and Main downtown Massena, the northern most town of New York state. With 20+ year of history at the site, Rite Aid was able to build a loyal customer base and did not include this site in their relocation program or as a part of their portfolio that they sold to Walgreens. National retailers in the vicinity include Walmart, Aldi, KFC, Autozone, Home Depot, Big Lots, Walgreens, Price Chopper, TJ Maxx etc.



# INVESTMENT HIGHLIGHTS



### 10-YEAR LEASE EXTENSION WITH RENTAL ESCALATIONS

While Rite Aid usually extends the lease for 10 years with substantial rent reduction, as well as flat rent, this store received an extension with 5% rental escalation in year six and a 21 % escalation in the first option



### LOW AND REPLACEABLE RENT

Rite Aid is paying only \$17.22/SF in rent, which is 20% below an NY Rite Aid average



### CORPORATE GUARANTY

The lease is guaranteed by Rite Aid Corporation (NYSE: “RAD”), one of the nation’s leading drugstore chains



### DRIVE-THRU

Property is equipped with a drive-thru, which accounts for 20%+ of total sales in drugstores



### HIGH VISIBILITY DOWNTOWN MASSENA

Located on the highly visible, main corner downtown Massena on Main Street and E Orvis St with over 9,000 vehicles passing daily

### STRONG STORE PERFORMANCE

The store has very strong economics due to its high performance and low rent, which prompted Rite Aid to execute a favorable lease extension

### ESTABLISHED CUSTOMER BASE

Rite Aid has been operating at this location for 20 years and has an established customer base

### MINIMAL LANDLORD RESPONSIBILITY

Property is subject to a NN lease with minimal landlord responsibilities

### RECENT UPGRADE

This store was a part of a limited number of strong performing stores nationwide for an aesthetic uplift which commenced on October 15



# LEASE SUMMARY

## AND PRICING

SALE PRICE	\$2,592,000
CAP RATE (CURRENT)	7.25%
NOI	\$187,930
YEAR BUILT/RENOVATED	1998
RENTABLE SF	10,908 SF
LOT SIZE	0.94 Acres
OWNERSHIP TYPE	Fee Simple



TENANT	RITE AID OF NEW YORK, INC.
GUARANTOR	RITE AID, INC.
LEASE TYPE	NN -Minimal Landlord Responsibilities
UTILITIES	Tenant pays
TAXES	Tenant pays
INSURANCE	Tenant pays
LEASE TERM	20 years
EXPIRATION OF INITIAL TERM	June 7, 2032
REMAINING TERM	11.5 +/- years
RENEWAL OPTIONS	Eight 5-year options
RENTAL ESCALATIONS	5% every 5 years
ROFR	No
ESTOPPEL PERIOD	Within 10 days

# BASE RENT

## SCHEDULE

PERIOD	YEARS	\$/SF	MONTHLY RENT	ANNUAL RENT	% RENT INC.	RETURN
CURRENT	1-6	\$17.22	\$15,660.90	\$187,930	0%	7.25%
INITIAL TERM	7-12	\$18.09	\$16,443.95	\$197,327	5.00%	7.61%
OPTION 1	13-17	\$21.98	\$19,981.75	\$239,781	21.51%	9.25%
OPTION 2	18-23	\$22.99	\$20,903.42	\$250,841	4.61%	9.67%
OPTION 3	24-28	\$24.14	\$21,948.59	\$263,383	5.00%	10.16%



## TENANT OVERVIEW



Rite Aid Corporation, through its subsidiaries, operates a chain of retail drugstores in the United States. The company sells prescription drugs and a range of other merchandise, including over-the-counter medications, health and beauty aids, personal care items, cosmetics, household items, food and beverages, greeting cards, seasonal merchandise, and more. The company operates more than 5,000 stores in 31 states of the United States, and the District of Columbia. Rite Aid Corporation was founded in 1927 and is headquartered in Camp Hill, Pennsylvania. Walgreens and Rite Aid are pending a potential \$17.2 billion merger.

For more information about Rite Aid visit [www.riteaid.com](http://www.riteaid.com)

**21.5 BILLION USD**

ANNUAL REVENUE

**+2,500**

# OF LOCATIONS



TENANT TRADE NAME	RITE AID
OWNERSHIP	PUBLIC
TICKER SYMBOL	RAD (NYSE)
CREDIT RATING	B (STANDARD & POOR'S)

## LOCATION AERIAL MAP





## LOCATION

### AERIAL MAP



## PROPERTY

### SITE MAP





## PROPERTY SITE PLAN



## MASSENA, NY MARKET OVERVIEW

Overlooking the great St. Lawrence River in northernmost New York State, Massena was the fastest-growing commercial and industrial center in St. Lawrence County during the 20th century. From the development of Alcoa operations in 1902, to the arrival of the St. Lawrence Centre Mall and the wide spread of nearby shopping facilities in the 1980's and 1990's, Massena firmly established itself as St. Lawrence County's center for commercial, industrial and manufacturing progress throughout the past century, and thus attracting folks to the community from throughout northern New York and southeastern Canada. In addition to a large base of employment opportunities, Massena offers several tourist attractions such as the St. Lawrence Seaway, St. Lawrence-Franklin D. Roosevelt Power Project, the Robert Moses State Park and other recreational facilities. Now into the 21st century and the new millennium, Massena stands ready to assist in improving its current commercial base while welcoming new and compatible business and industry.

### ECONOMY

The economy of early Massena was partly based on health spas, but the modern town is involved in power production, aluminum production at ALCOA, and the commerce of the St. Lawrence Seaway. Massena is home to an Alcoa Aluminum plant, the longest continually operating aluminum facility in the world, and a former Reynolds Metals Company plant, now called Alcoa East (temporarily idled in July 2009). Alcoa currently employs over 1100 people at its facilities in Massena, making it one of the largest private employers in New York north of Syracuse, contributing over \$340 million annually to the area's economy. The New York Power Authority also operates a hydroelectric power generating dam, the St. Lawrence-FDR Power Project, on the St. Lawrence River adjacent to Massena. Curran Renewable Energy manufactures wood pellet fuel and much in the town.



MOSES-SAUNDERS POWER DAM



# MASSENA, NY

## DEMOGRAPHIC PROFILE

2020 SUMMARY	1 MILE	3 MILES	5 MILES
Population	8,590	12,745	15,033
Households	3,719	5,437	6,370
Families	2,086	3,172	3,787
Average Household Size	2.25	2.28	2.30
Owner Occupied Housing Units	2,308	3,542	4,251
Renter Occupied Housing Units	1,412	1,895	2,120
Median Age	41.7	42.8	43.4
Average Household Income	\$57,743	\$60,922	\$63,055

2025 SUMMARY	1 MILE	3 MILES	5 MILES
Population	8,317	12,359	14,585
Households	3,599	5,269	6,177
Families	2,007	3,057	3,653
Average Household Size	2.25	2.28	2.30
Owner Occupied Housing Units	2,248	3,542	4,149
Renter Occupied Housing Units	1,351	1,895	2,028
Median Age	42.7	42.8	44.4
Average Household Income	\$62,123	\$65,900	\$68,470



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