

**Auto
Zone**



4585 E COLFAX | DENVER, CO

OFFERING MEMORANDUM



LISTED BY

KYLE MATTHEWS

BROKER OF RECORD

LICENSE NO. EC.100070704 (CO)

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TABLE OF CONTENTS

4

EXECUTIVE OVERVIEW

8

FINANCIAL OVERVIEW

10

TENANT OVERVIEW

12

AREA OVERVIEW

EXECUTIVE OVERVIEW

LEASE HIGHLIGHTS

- **Brand New Lease** – AutoZone firmly planted themselves in this market having first opened their doors at this location 30+ years ago. Given their presumably strong performance here, they agreed to sign a brand new 15-year lease with a one-of-a-kind rent schedule.
- **Better than Market Rent Increases** – The best rent increases in net lease retail tend to be 10% every 10 years or 2% annually; however, AutoZone has demonstrated their strong commitment to this location by agreeing to a staggering pair of rent increases, 20% in 2026 and 15% in 2031. By the end of the lease, the rent will be 38% higher than 2021's rental rate.
- **Below Market Rent** – AutoZone is only paying \$11/SF, which is less than half of the current market rent. Tenant paying below-market rent helps the store's bottom line profitability and further promotes longevity beyond the base term of the lease.
- **Parent Company** – AutoZone signs leases under multiple corporate entities; however, adding to the rarity of the lease, this one is directly with AutoZone, Inc, the parent company.
- **Re-lease Upside** – Pizza Hut only has a few more years on the lease where they're paying below-market rent of \$25/PSF. Landlords have the upside of potentially re-leasing the space for \$34+ PSF to a long-term tenant, immediately increasing the rate of return as well as the property value.

LOCATION HIGHLIGHTS

- **Below Replacement Cost** – List price is lower than the current replacement cost of both buildings on this ± 37,897 SF parcel. The total gross leasable area is +/- 9,310 SF, which means based on today's average cost, these two buildings would equate to roughly \$2.32 Million in construction costs. Furthermore, the current market price on land along E Colfax is estimated to be \$80/SF or greater, which would value the land alone at nearly \$2,100,000. That means if this plot of land was purchased today and then the two buildings were constructed, the total estimated cost would be \$4,320,000, which is \$1,360,000 higher than our list price.
- **#1 Neighborhood in Denver** – Properties are located just in the South Park Hill neighborhood, which is rated the #1 Neighborhood in Denver according to both Niche and 5280, Denver's Mile High Magazine, due to its favorable public schools, jobs, family environment, nightlife, outdoor activity, and many other factors. The home price per square foot typically range between \$300 - \$400 PSF, which is about 3x the national average.
- **Excellent Access on Signalized Intersection** – Subject property sits on a signalized corner along E Colfax, which is one of Denver's major thoroughfares, servicing ±28,000 average VPD.
- **Downtown Accessible** – Subject property is located only ±10 minutes from Downtown Denver.
- **Dense Infill and Affluent Submarket Experiencing Explosive Growth** - There are over half a million residents within a 5-mile radius of subject property thanks to the nearly 25% growth in population and nearly 28% growth in households over the last decade. However, it's not going to stop there. The 1-mile radius is expecting 10.5% growth over the next 5 years while the 5-mile radius is expecting about 9%. With that growth is going to come a boost in disposable income because the average household incomes are \$111,000 to \$130,000, roughly double the national average. See page 13 for more details.

TENANT HIGHLIGHTS

- **Surging Performance Through COVID** – Auto parts is not only e-commerce resistant but also pandemic-resistant. That industry was deemed an essential business through the pandemic and did not have to close their doors. It paid off for AutoZone because their overall revenue leaped 7%+ to \$12.6 Billion thanks to a successful fiscal Q4 that saw a 21.8% increase in same store sales – see page 10 for link to article.
- **Strong Investment Grade Credit** – AutoZone boasts investment grade credit of BBB (S&P)
- **Second Largest Auto Parts Retailer** – As of 2019, AutoZone is one of the largest auto parts retailers with a total of 5,885 stores globally.
- **Top Sales Producer** – AutoZone concluded 2019 with \$12.6 Billion in revenue compared to O'Reilly Auto Parts and Advance Auto Parts closing with \$10.15 Billion and \$9.7 Billion respectively



DENVER

DOWNTOWN ± 2 MILES AWAY



E. COLFAX AVE
± 28,000 VPD



JOHNSON & WALES
UNIVERSITY



University of
Colorado Hospital



Children's Hospital Colorado



School of Medicine

UNIVERSITY OF COLORADO

T Mobile

BIG TIRES

THE TEAM YOU TRUST

CIRCLE K



Walmart



DISCOUNT
TIRE

SAFEWAY



Rose
Medical Center

E. COLFAX AVE
± 28,000 VPD

AutoZone



UCHEALTH UNIVERSITY OF COLORADO HOSPITAL



- RANKED #1 IN COLORADO AND NATIONALLY RANKED IN 9 SPECIALTIES
- THE REGION'S ONLY ACADEMIC HOSPITAL
- MAGNET® DESIGNATION FOR NURSING EXCELLENCE
- AMERICA'S TOP HOSPITALS - U.S. NEWS & WORLD REPORT
- NO. 1 ACADEMIC MEDICAL CENTER FOR QUALITY - UNIVERSITY HEALTH SYSTEM CONSORTIUM
- NCI COMPREHENSIVE CANCER CENTER
- COMPREHENSIVE STROKE CENTER





\$2,956,250
LIST PRICE



4.00%
CAP RATE



20% & 15%
AUTOZONE
RENT INCREASES



38%
AGGREGATE
RENT INCREASE



±0.87 AC
LOT SIZE

BUILDING INFO

Address	4585 E Colfax Denver, CO 80220
GLA of Building	± 8,100 SF (AutoZone) ± 1,210 SF (Pizza Hut)
Lot Size	±37,897 SF (±0.87 Acres)

TENANT SUMMARY

Tenant Name	AutoZone
Type of Ownership	Ground Fee
Lessee Entity	Corporate
Lease Type	NNN Ground
Roof and Structure	Tenant Responsible
Term Remaining	±15.5 years
Commencement Date	6/1/99
Lease Expiration Date	12/31/36
Options	4, 5-Year
Increases	20% in 2026, 15% in 2031, and 10% in Options
GLA (SF)	± 8,100 SF (AutoZone) ± 1,210 SF (Pizza Hut)
Lot Size	±37,897 SF (±0.87 Acres)

*Current rent is \$80,058 but is scheduled to increase to \$88,000 on 6/1/21 which is the capitalized rent.

**Please do not disturb the tenants at any point. Contact the listing broker with any questions.

AUTOZONE: ANNUALIZED OPERATING DATA

Lease Commence	Monthly	Annual	Rent/SF	Increases
6/1/21 - 05/31/2026	\$7,333	\$88,000	\$10.86	-
6/1/26 - 05/31/2031	\$8,800	\$105,600	\$13.04	20%
6/1/31 - 05/31/2036	\$10,125	\$121,500	\$15.00	15%
Option 1	\$11,138	\$133,650	\$16.50	10%
Option 2	\$12,251	\$147,015	\$18.15	10%
Option 3	\$13,476	\$161,717	\$19.97	10%
Option 4	\$14,824	\$177,888	\$21.96	10%

PIZZA HUT: ANNUALIZED OPERATING DATA

Lease Commence	Monthly	Annual	Rent/SF
Current - Jan, 2022	\$2,521	\$30,250	\$25.00



**±6,549
LOCATIONS**

**\$1,164.85
STOCK PRICE (12/1/20)**

**BBB
S&P CREDIT RATING**

**±\$12.6 B (+7.4% YOY)
REVENUE**



For more than 30 years, AutoZone has been committed to providing the best parts, prices, and customer service in the automotive aftermarket industry. To stay out of the no-driving zone, DIY car repairers with auto problems often enter the AutoZone. With more than 6,202 stores in the US and Puerto Rico, AutoZone is the nation's #1 auto parts chain. The company also operates 24 Interamerican Motor Corporation (parts distribution) branches in the US. AutoZone stores sell hard parts (alternators, engines, batteries), maintenance items (oil, antifreeze), accessories (car stereos, floor mats), and non-automotive merchandise under brand names, as well as under private labels. AutoZone's commercial sales program distributes parts and other products to garages, dealerships, and other businesses. [Click here to read about AutoZone 21.8% same store increase during Covid-19.](#)



±1,610
LOCATIONS

1962
YEAR
FOUNDED

PRIVATE
TYPE



NPC International is one of the largest restaurant franchisees and one of the largest restaurant operators of any kind in the United States. NPC is the largest franchisee of both Pizza Hut and Wendy's, owning more than 1,225 Pizza Hut locations and 385 Wendy's locations.

NPC is committed to growing employees into great leaders. With opportunities across two iconic brands as well as in its corporate offices, career options with NPC are unlimited.



DENVER, CO

SOUTH PARK HILL NEIGHBORHOOD IN DENVER, CO

One of Denver's oldest and highest rated neighborhoods, South Park Hill is a grid of tree-lined streets with single family homes and garden apartments. Ethiopian restaurants stretch along E. Colfax Avenue, while global eateries are scattered around Johnson & Wales University. Nearby City Park hosts free summer concerts and includes the Denver Zoo, plus the Denver Museum of Nature & Science, known for dinosaur fossils & an IMAX theater.

NICHE.COM RATINGS



OVERALL RATING



PUBLIC SCHOOL



GOOD FOR FAMILIES



JOBS



OUTDOOR ACTIVITY



NIGHTLIFE



DIVERSITY



HEALTH & FITNESS



COMMUTE

DEMOGRAPHICS

POPULATION	1 Mile	3 Mile	5 Mile
2025 Projection	27,809	239,673	551,278
2020 Estimate	25,170	219,375	508,079
2010 Census	22,168	183,887	407,609
Growth % 2020-2025	10.48%	9.25%	8.50%
Growth % 2010-2020	13.54%	19.30%	24.65%
HOUSEHOLDS	1 Mile	3 Mile	5 Mile
2025 Projection	11,382	92,405	189,330
2020 Estimate	13,209	112,685	242,053
2010 Census	15,082	129,781	390,421
Growth % 2020-2025	10.59%	10.00%	9.51%
Growth % 2010-2020	16.06%	21.95%	27.85%
INCOME	1 Mile	3 Mile	5 Mile
2020 Est. Average Household Income	\$130,879	\$122,907	\$111,586

MSA POPULATION OF 2,967,239

- 17.8% POPULATION INCREASE SINCE 2010.
- ONE OF THE FASTEST GROWING MAJOR CITIES IN THE U.S.
- 24TH MOST POPULOUS CITY
- ± 440 NEW HOME DEVELOPMENTS

DEMOGRAPHIC GROWTH

- 15.6% MEDIAN HOUSEHOLD INCOME GROWTH SINCE 2010
- RANKING 14 IN MEDIAN HOUSEHOLD INCOME.

THE DENVER CONSUMER

- HIGHLY EDUCATED (4TH IN THE NATION FOR HIGHER EDUCATION ATTAINMENT)
- AFFLUENT (EXCEEDING THE NATIONAL MEDIAN HOUSEHOLD INCOME OF \$54,562)
- YOUNG (AVERAGE AGE OF 36.1 YEARS)



DENVER BOTANIC GARDENS



THE GREENS AT BUFFALO RUN



PAINTED PRAIRIE
DAVID WEEKLY HOMES

HIGH POINT
D.R. HORTON HOMES

PEARSON GROVE
CENTURY COMMUNITIES

5 MILES
MEDIAN HOUSEHOLD INCOME: \$97,000

3 MILES
MEDIAN HOUSEHOLD INCOME: \$101,500

LITTLETON

ASPEN PARK

STERLING RANCH
COLORADO

- MASTER PLANNED COMMUNITY
- 30,000+ NEW RESIDENTS
- 12,000 HOMES
- 340 ACRES

SENDEROS CREEK
MERITAGE HOMES

PRADERA

SOLIS AT THE CANYONS
TRI POINTE HOMES



DENVER, CO

Less than 60 miles away from Fort Collins lies the capital of Colorado. Denver is the largest city in the state and in the shadows of the Rocky Mountains. Today, Denver has a fast-growing population of around 560,000 and is an important commercial, industrial and transportation hub. The economy in the city revolves around telecommunications and biomedical technology industries as well as mining, construction, real estate, and tourism. The Denver International Airport is the largest airport in North America and spread over 53 square miles. The booming job market, affordable living, and a large student population contribute to the Denver-Boulder metropolitan area being ranked #1 on Fobes Magazine's list of the Best Cities For Singles.

MORE ON DENVER

There are nine major universities and colleges located within a 45-mile radius of the community, as well as numerous smaller institutions of higher learning. The larger institutions include the Universities of Colorado at Boulder and Denver, University of Denver, Metropolitan State College, University of Northern Colorado, Colorado State University, Colorado School of

Mines, Regis University, and Colorado Christian University. Thornton is served primarily by two school districts encompassing four high schools, five middle schools and fourteen elementary schools.

Thornton has aggressively pursued recreation programs with nearly 1,000 acres of land

developed or designated for public parks. The numerous lighted tennis courts, athletic fields, indoor and outdoor swimming pools, recreation centers and gymnasiums offer recreation opportunities for people of all ages and activity levels. Thornton's location provides an ideal environment for business, recreation, and residences.



DENVER ECONOMY

Denver's relatively central location makes it a natural location as a distribution hub for the American West, while also supporting several growing industries in technology and telecommunications. Its location just east of the mineral-rich Rocky Mountain range encouraged mining and energy companies to spring up in the area, making the energy industry another staple of Denver's economy. Colorado's capital is home to many nationally recognized museums, the second-largest performing arts center in the nation after Lincoln Center in New York City, and bustling neighborhoods such as LoDo (lower downtown), filled with art galleries, restaurants, bars, and clubs. Denver has gained a reputation as being a very active, outdoor-oriented city because of its proximity to the mountains and generally sunny weather.

1ST

BEST PLACES FOR BUSINESS
AND CAREER -FORBES

1ST

RANKED ECONOMY 2019
-US NEWS & WORLD
REPOR

2.4%

PROJECTED JOB
GROWTH -FORBES

3.5%

HOUSEHOLD INCOME
GROWTH -FORBES

±3.0M

MSA POPULATION

TOP 10

US BEST POSTION
TO RECOVER FROM
COVID-19

2ND

100 BEST PLACE TO LIVE
-US NEWS & WORLD
REPORT



DENVER NUGGETS

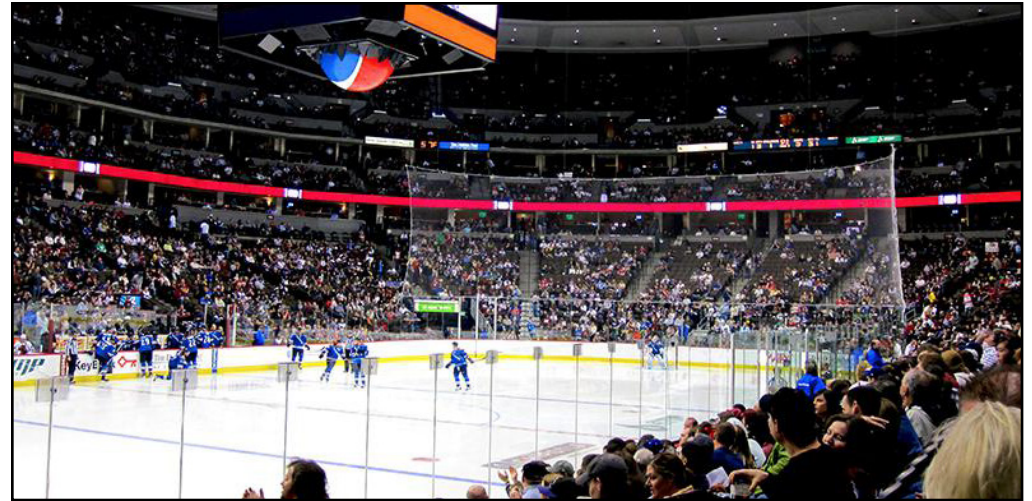
The Nuggets compete in the National Basketball Association (NBA) as a member of the league's Western Conference Northwest Division. The Nuggets play their home games at Pepsi Center, which they share with the Colorado Avalanche of the National Hockey League (NHL) and the Colorado Mammoth of the National Lacrosse League (NLL). The team has had some periods of success, qualifying for the ABA Playoffs for all seasons from 1967 to the 1976 ABA playoffs where they lost in the finals.[11] The team joined the NBA in 1976 after the ABA–NBA merger and qualified for the NBA playoffs in nine consecutive seasons in the 1980s and ten consecutive seasons from 2004 to 2013.

COLORADO AVALANCHE

The Colorado Avalanche are a professional ice hockey team based in Denver. They compete in the National Hockey League (NHL) as a member of the Central Division of the Western Conference. The Avalanche are the only team in their division not based in the Central Time Zone; the team is situated in the Mountain Time Zone. Their home arena is Pepsi Center, which they share with the Denver Nuggets of the National Basketball Association. Their general manager is Joe Sakic.

COLORADO ROCKIES

The Colorado Rockies are an American professional baseball team based in Denver, Colorado. The Rockies compete in Major League Baseball (MLB) as a member club of the National League (NL) West division. The team plays its home baseball games at Coors Field, which is located in the Lower Downtown area of Denver. It is owned by the Monfort brothers and managed by Bud Black. The Rockies have qualified for the postseason five times, each time as a Wild Card winner. The Rockies then proceeded to sweep the Philadelphia Phillies and Arizona Diamondbacks in the NLDS and NLCS respectively and entered the 2007 World Series as winners of 21 of their last 22 games.



DENVER BRONCOS

The Denver Broncos are a professional American football franchise based in Denver. The Broncos compete in the National Football League (NFL) as a member club of the league's American Football Conference (AFC) West division. The team is headquartered in Dove Valley, Colorado. The Broncos are owned by the Pat Bowlen trust and currently play home games at Empower Field at Mile High. They have won eight AFC Championships and three Super Bowl championships. The Broncos have eight primary members enshrined in the Pro Football Hall of Fame: John Elway, Floyd Little, Shannon Sharpe, Gary Zimmerman, Terrell Davis, Champ Bailey and Steve Atwater, along with late club owner Pat Bowlen. The Broncos' on-the-field success is more than matched by a spectacular attendance record of sellout crowds (except for strike-replacement games) every year since 1970. Denver's annual sale of approximately 74,000 season tickets is backed by a waiting list in the tens of thousands.

CONFIDENTIALITY AGREEMENT & DISCLAIMER

This Offering Memorandum contains select information pertaining to the business and affairs of **Auto Zone** located at **4585 E Colfax, Denver, CO 80220** ("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.

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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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