

OFFERING MEMORANDUM
Marcus & Millichap



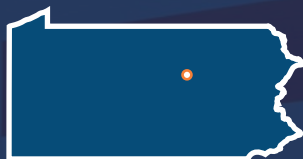
 **AutoZone[®]**
PENDELL, PA – PHILADELPHIA MSA

Representative Photo

EXECUTIVE SUMMARY



200 W Lincoln Hwy,
Pendell, PA 19047



Pendell, PA
Philadelphia, PA MSA

ADDRESS

MARKET



SIGNALIZED CORNER
LOCATION



15 YEARS

TERM REMAINING



CREDIT RATING



LEASE TYPE

THE OFFERING

Price	\$1,570,000
Cap	5.00%
GLA	6,815
Lot Size	.9297 Acres
Year Built	2020
Lease Type	NNN Ground Lease
Rent Commencement	1/15/2021
Lease Expiration	1/14/2036
Increases	5% in Year 8
Options	Three; Five-Year Terms

ANNUALIZED OPERATING DATA	ANNUAL RENT	% INCREASE
1/15/2021 - 1/14/2028	\$78,500	
1/15/2028 - 1/14/2036	\$82,425	5.00%
OPTION TERMS		
Option 1 (1/15/2036 - 1/14/2041)	\$87,372	6.00%
Option 2 (1/15/2041 - 1/14/2046)	\$92,616	6.00%
Option 3 (1/15/2046 - 1/14/2051)	\$98,172	6.00%

INVESTMENT HIGHLIGHTS

**NEW 15-YEAR
INVESTMENT GRADE
GROUND LEASE**

**5% RENTAL INCREASE
IN YEAR SEVEN OF
BASE TERM, 6% IN
OPTIONS**

**ROBUST PHILADELPHIA
METRO WITH A
POPULATION OF 82,082
WITHIN THREE MILES**

**INVESTMENT GRADE
CREDIT; “BBB” BY S&P/
BAA1 BY MOODY’S**

**INDUSTRY LEADING
AUTO PARTS RETAILER**

BRAND NEW GROUND LEASE WITH RENT INCREASE IN YEAR SEVEN – The tenant recently executed a 15-year absolute NNN ground lease that features rental increases of five percent (5%) in year seven of the base term and six percent (6%) in the three, five-year option periods.

DENSE SUBURBAN PHILADELPHIA LOCATION - There are nearly 82,494 people within a three-mile radius which provides a huge customer base for the tenant.

LIMITED COMPETITION - The property benefits from limited competition in the submarket. While there is an Advance Auto Parts two blocks east along Lincoln Highway, there is not another AutoZone location for more than 3.5 miles, which is significant given the immediate population density.

SIGNALIZED CORNER WITH 13,148 VPD – The 0.93-acre parcel sits at the signalized intersection of Lincoln Highway (8,495 VPD) and Hulmeville Avenue (4,653 VPD). Langhorne SEPTA station is less than one-half-mile from the site, which is a part of the Philadelphia regional rail system.

PROXIMITY TO DOMINANT AUTOMOTIVE DEALERSHIPS – There are over eight dealerships within three miles of the site. Major dealerships include Team Toyota of Langhorne, Fred Beans Hyundai & Ford of Langhorne, and Mike Piazza Honda, generating high automotive part demand in the trade radius.

INDUSTRY LEADING AUTO PARTS RETAILER – AutoZone, Inc. is the nation’s leading retailer and distributor of automotive replacement parts and accessories with more than 6,000 stores in US, Puerto Rico, Mexico, and Brazil. The Company generated \$11.22 Billion in sales last year, topping both O’Reilly Auto Parts and Advance Auto Parts who ended 2019 with \$9.54B and \$9.60B respectively.

INVESTMENT GRADE CREDIT – AutoZone, Inc. is rated “BBB” by Standard & Poor’s and was recently upgraded to “Baa1” by Moody’s. Publicly traded (NYSE: AZO), the company reports 2020 revenue of \$12.63 Billion and Net Income of \$1.73 Billion, both up six percent over the prior year.

SURROUNDED BY UPPER INCOME DEMOGRAPHICS – Located 15 miles northeast of the City of Philadelphia, the affluent Bucks County submarket features a dense suburban population. Presently there are 11,848 people within one-mile and 82,082 within three-miles. The Average Household Income levels in the same radius are \$109,542 and \$107,731 respectively. The dense population combined with a mix of commercial users and middle-income residents provides an ideal customer base for the tenant.



Cairn
University



TOYOTA



HULMEVELLE AVE - 4,6

LINCOLN HWY - 8,495 1P0



TENANT INFORMATION

AutoZone, Inc. is the largest retailer and distributor of automotive replacement parts and accessories in the United States with 6,000 stores across the United States, Puerto Rico, Mexico, and Brazil. Founded in 1979, each AutoZone store carries an extensive product line for cars, sport utility vehicles, vans, and light trucks, including new and remanufactured automotive hard parts, maintenance items, accessories, and non-automotive products. AutoZone also sells automotive diagnostic and repair software through ALLDATA, diagnostic and repair information through alldatadiy.com, and auto and light truck parts and accessories through AutoZone.com. Many AutoZone stores have a commercial sales program that provides commercial credit and prompt delivery of parts and other products to local, regional, and national repair garages, dealers, service stations, and public sector accounts. IMC branches carry an extensive line of original equipment quality import replacement parts.

AutoZone is traded on the New York Stock Exchange (NYSE: "AZO") and has been a fortune 500 company for the past 20 years. The Company reported 2019 Revenue of \$11.22 Billion.



REVENUE
\$11.2 Billion



HEADQUARTERS
Memphis, TN



NO. OF EMPLOYEES
85,000



NO. OF LOCATIONS
6,000



YEAR FOUNDED
1979



**STOCK SYMBOL
/CREDIT RATING**
AZO : Baa1 (Moody's)

Representative Photo

REGIONAL MAP

\$103K

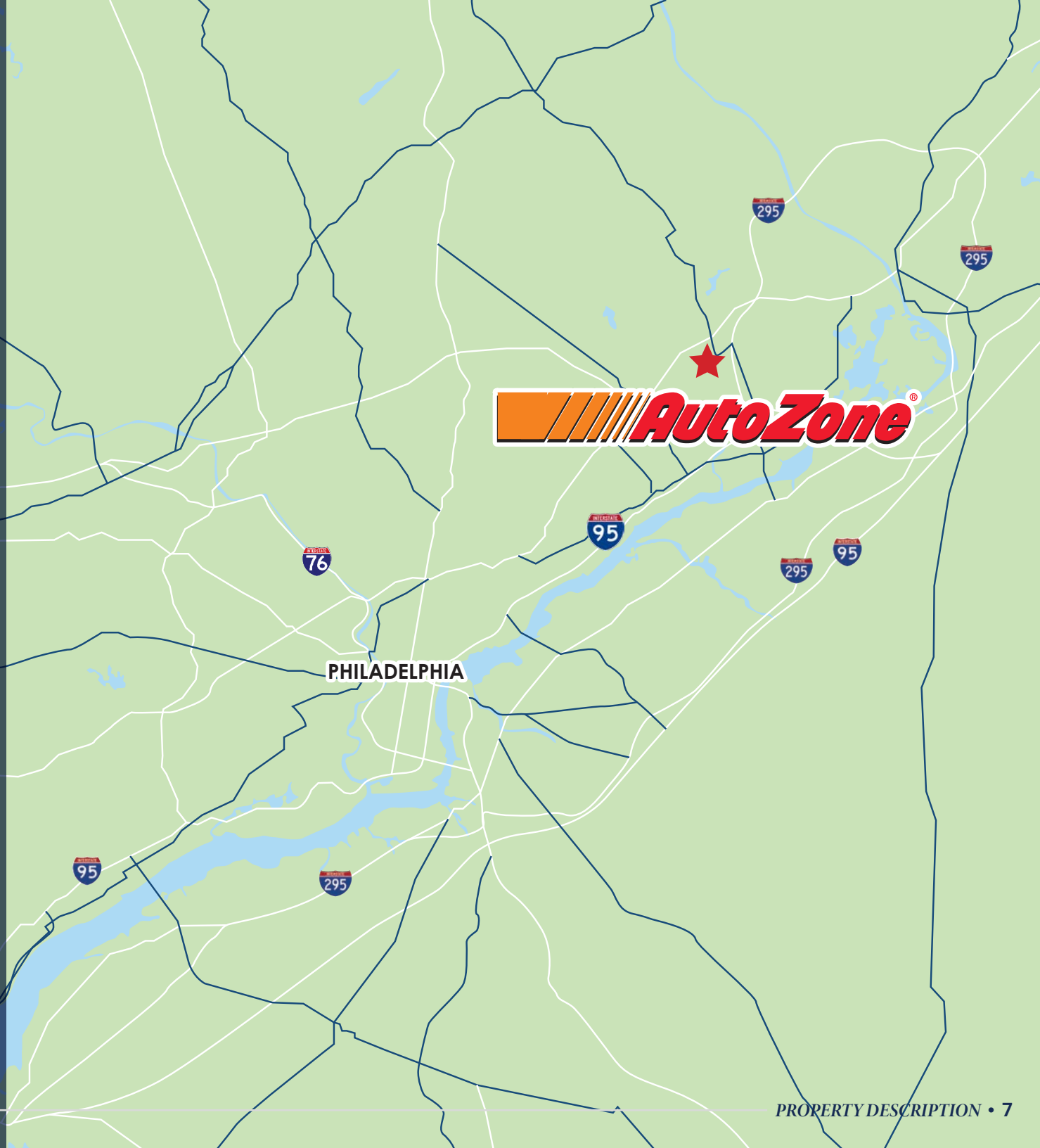
Within a 5-mile radius, the average household income is \$103,807

\$82K

Within a 3-mile radius, the average household income is \$82,000

:30

Less than 30 minutes to downtown Philadelphia, PA



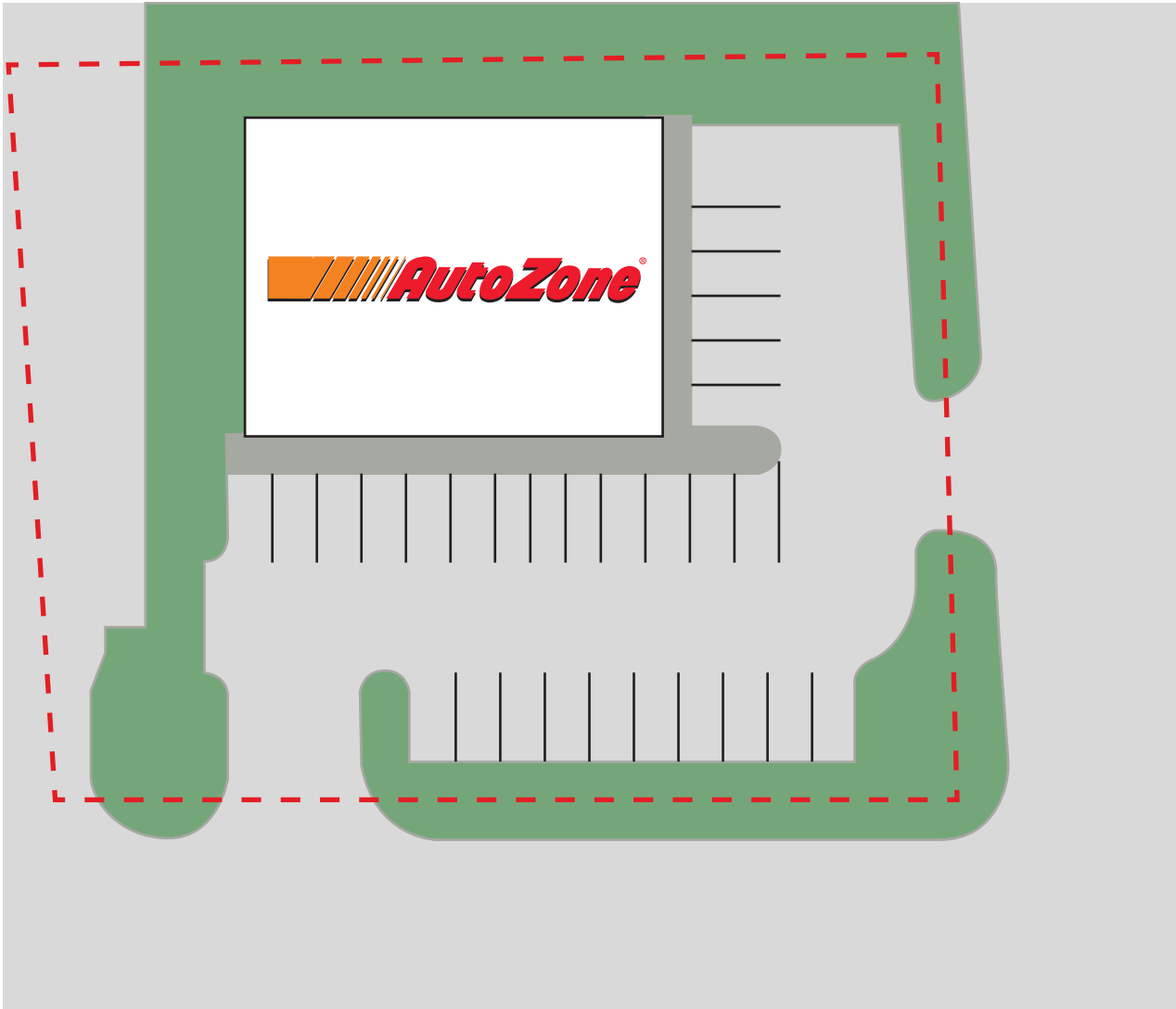
A MATURE LOCATION LACKING COMPETITION!



LINCOLN HWY - 8,495 VPD

HULMEVELLE AVE - 4,653 VPD

SITE PLAN



LEASE ABSTRACT

Guarantor	AutoZone, Inc.
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Notification Period to Exercise Options	Nine Months
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Landlord Obligations	None
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Tenant Obligations	Tenant shall, at its sole cost and expense, maintain the Demised Premises and all improvements thereon at Tenant’s sole expense, in good condition. In connection with the foregoing, Tenant shall also maintain the Parking Area, lighting, cleaning, repairing, replacing, and administering the Demised Premises and shall bear the cost of utility expenses; the cost of snow, trash, rubbish, garbage, and other refuse and debris removal; the cost of licenses, permits, and other governmental fees and charges; the cost of all Tenant’s maintenance and service contracts; signage costs; the cost of gardening and landscaping services and supplies; subsidies, surcharges, and other payments, which the Demised Premises is required to pay to or by public or quasi-governmental bodies; and the cost of complying with all laws, rules, regulations, and ordinances. Landlord shall have no obligation to make any repairs, replacements, alterations or other improvements to the Demised Premises, except as expressly set forth herein.
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Assignment & Subletting	Tenant may sublet the Demised Premises, and may assign, transfer, sell, mortgage or pledge its interest under this Ground Lease and its interest in and to any sublease or the rentals payable thereunder. No subletting, mortgage, pledge or assignment of this Ground Lease shall impair or diminish any obligations of Tenant hereunder. Any interest so assigned may be assigned and reassigned in like manner by any assignee thereof, but notwithstanding any act described in this Section, Tenant shall remain primarily liable for the performance of all the terms and conditions of this Ground Lease.
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DEMOGRAPHIC SUMMARY

POPULATION	1 MILE	3 MILES	5 MILES
2024 Projection	11,927	82,494	235,983
2019 Estimate	11,848	82,082	234,958
2010 Census	11,676	81,487	232,903
2000 Census	11,634	81,745	231,345
Current Daytime Population	8,219	71,377	208,667

POPULATION PROFILE	1 MILE	3 MILES	5 MILES
<u>Population By Age</u>			
2019 Estimate Total Population	11,848	82,082	234,958
Under 20	21.82%	21.69%	22.10%
20 to 34 Years	22.47%	19.62%	19.24%
35 to 39 Years	6.40%	6.33%	6.58%
40 to 49 Years	11.23%	11.75%	11.94%
50 to 64 Years	22.63%	23.30%	22.84%
Age 65+	15.44%	17.30%	17.29%
Median Age	39.43	42.14	41.8
<u>Population 25+ by Education Level</u>			
2019 Estimate Population Age 25+	8,130	58,866	168,898
Elementary (0-8)	1.22%	1.19%	1.51%
Some High School (9-11)	3.00%	4.08%	5.19%
High School Graduate (12)	31.54%	32.00%	33.78%
Some College (13-15)	19.54%	20.75%	19.35%
Associate Degree Only	9.71%	9.33%	8.17%
Bachelors Degree Only	21.70%	19.93%	19.45%
Graduate Degree	12.87%	11.84%	11.83%

HOUSEHOLDS	1 MILE	3 MILES	5 MILES
2024 Projection	4,385	30,778	89,284
2019 Estimate	4,316	30,472	88,442
2010 Census	4,236	30,203	87,651
2000 Census	4,161	29,290	84,539

INCOME	1 MILE	3 MILES	5 MILES
<u>2019 Housing Income</u>			
\$150,000 or More	18.27%	17.37%	17.02%
\$100,000 - \$149,000	19.96%	21.47%	19.73%
\$75,000 - \$99,999	15.67%	16.09%	14.86%
\$50,000 - \$74,999	16.95%	17.48%	17.30%
\$35,000 - \$49,999	10.72%	10.03%	10.65%
Under \$35,000	18.42%	17.57%	20.45%
Average Household Income	\$109,542	\$107,731	\$103,807
Median Household Income	\$80,845	\$82,269	\$77,473
Per Capita Income	\$40,756	\$40,296	\$39,247

DEMOGRAPHIC SUMMARY

Geography: 5 Miles



POPULATION

In 2019, the population was 234,958. The population has changed by 1.56% since 2000. It is estimated that the population will be 235,983 five years from now, which represents a change of 0.44% from the current year. The current population is 48.95% male and 51.05% female. The median age of the population is 41.80, compared to the US average which is 38.21. The population density is 2,987.02 people per square mile.



HOUSEHOLDS

There are currently 88,442 households in your selected geography. The number of households has changed by 4.62% since 2000. It is estimated that the number of households will be 89,284 five years from now, which represents a change of 0.95% from the current year. The average household size is 2.62 persons.



INCOME

In 2019, the median household income is \$77,473, compared to the US average which is currently \$62,990. The median household income has changed by 39.08% since 2000. It is estimated that the median household income will be \$88,346 five years from now, which represents a change of 14.03% from the current year.

The current year per capita income is \$39,247, compared to the US average, which is \$34,935. The current year average household income is \$103,807, compared to the US average which is \$90,941.



RACE AND ETHNICITY

The current year racial makeup is as follows: 80.48% White, 6.86% Black, 0.03% Native American and 6.94% Asian/Pacific Islander. Compare these to US averages which are: 69.84% White, 12.88% Black, 0.20% Native American and 5.75% Asian/Pacific Islander. People of Hispanic origin are counted independently of race and make up 7.16% of the current year population. Compare this to the US average of 18.38%.



HOUSING

The median housing value was \$281,967 in 2019, compared to the US average of \$221,068. In 2000, there were 62,662 owner occupied housing units and 21,877 renter occupied housing units. The median rent at the time was \$671 per month.



EMPLOYMENT

In 2019, there were 115,880 employees, this is also known as the daytime population. The 2000 Census revealed that 65.78% of employees are employed in white-collar occupations, and 34.18% are employed in blue-collar occupations. In 2019, unemployment was 3.52%. In 2000, the average time traveled to work was 31 minutes.

Source: © 2018 Experian

PHILADELPHIA OVERVIEW

The Philadelphia metro encompasses 11 counties in four states: Philadelphia, Delaware, Bucks, Chester and Montgomery in Pennsylvania; Gloucester, Burlington, Camden and Salem counties in New Jersey; New Castle County in Delaware; and Cecil County in Maryland. The Delaware River bisects the metropolis from northeast to southwest and serves as the border between Pennsylvania and New Jersey. The Schuylkill River passes through the heart of Philadelphia, separating West Philadelphia from Center City. The Philadelphia metro contains approximately 6.1 million residents. Although the metro has more than 360 municipalities, few have more than 50,000 citizens. Philadelphia is the largest city with close to 1.6 million residents.

METRO HIGHLIGHTS



HIGHLY EDUCATED WORKFORCE

Philadelphia has one of the highest concentrations of institutions of higher learning in the nation, including the University of Pennsylvania, Temple University and Drexel University.



EXPANDING HEALTH-SCIENCES SECTOR

The metro is a significant pharmaceutical, medical and biosciences center. Major companies include Merck, GlaxoSmithKline and Johnson & Johnson.



TRANSPORTATION NETWORK

Interstate 95 connects Philadelphia to both New York City and Washington, D.C., and Interstate 76 links the region to Pittsburgh and Cleveland.



THE PHILADELPHIA ECONOMY

Drivers of the region's economy include pharmaceuticals, biotechnology, financial services, education, transportation logistics, advanced manufacturing and telecommunications.

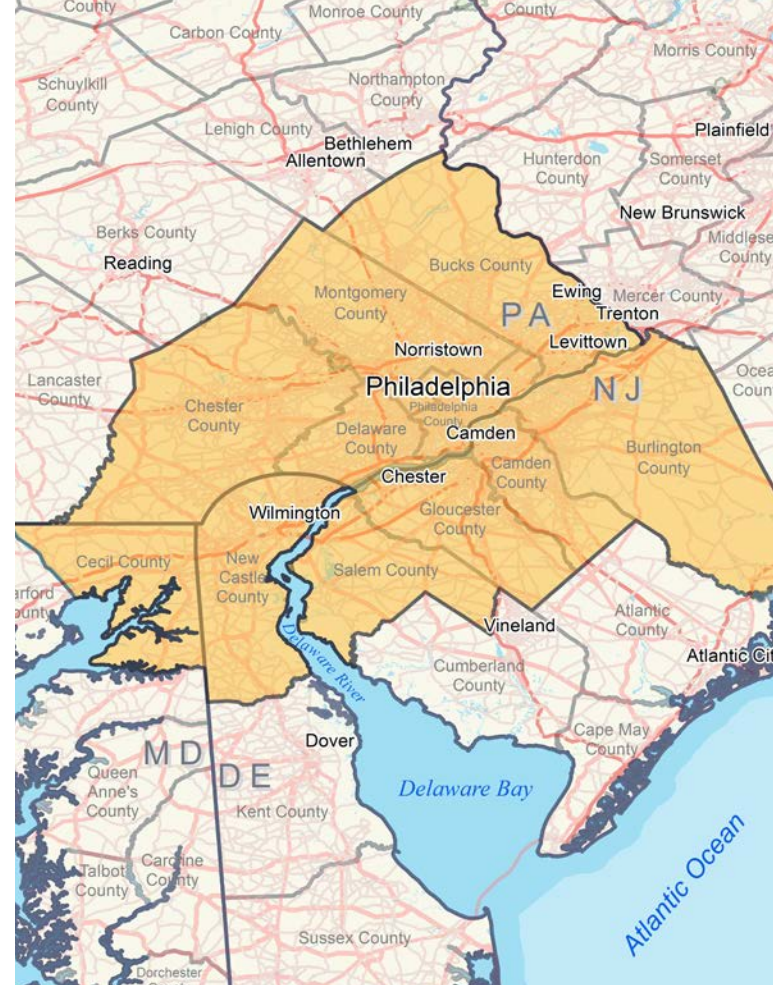
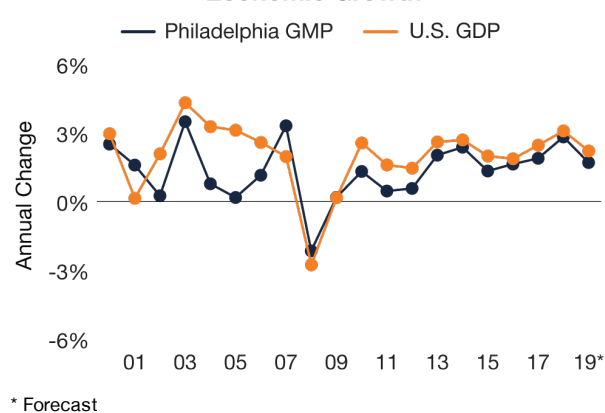
The Philadelphia area is home to nine Fortune 500 companies that operate across a broad spectrum of industries, including AmerisourceBergen, Comcast and Aramark.

Philadelphia is headquarters of the Federal Reserve's Third District, which, along with the U.S. Mint, the Philadelphia Stock Exchange and companies such as Lincoln Financial Group and Vanguard, helps shape a formidable financial sector.

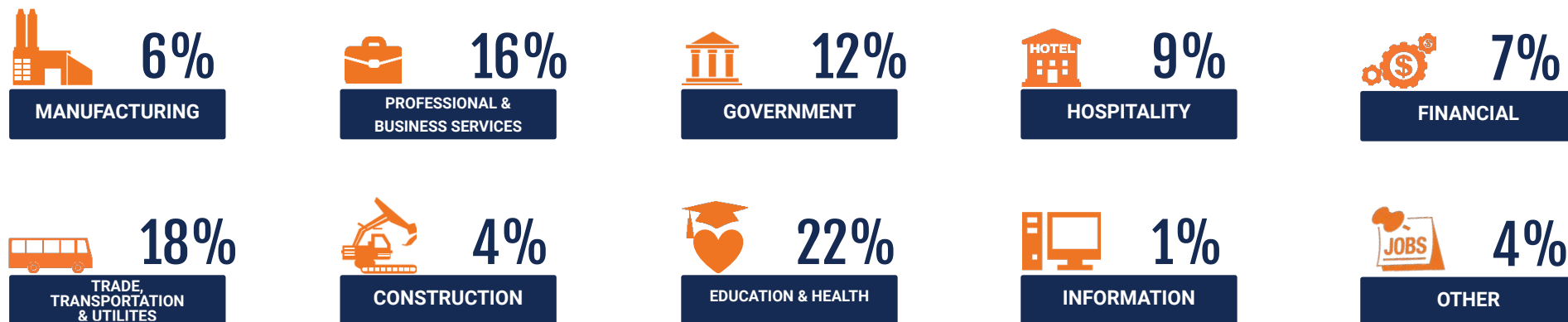
MAJOR AREA EMPLOYERS

University of Pennsylvania
Jefferson Health System
Merck & Co.
Drexel University
Temple University and Health System
Trinity Health Corp.
Comcast
Bank of America Corp.
Children's Hospital of Philadelphia
The Vanguard Group Inc.

Economic Growth



SHARE OF 2018 TOTAL EMPLOYMENT



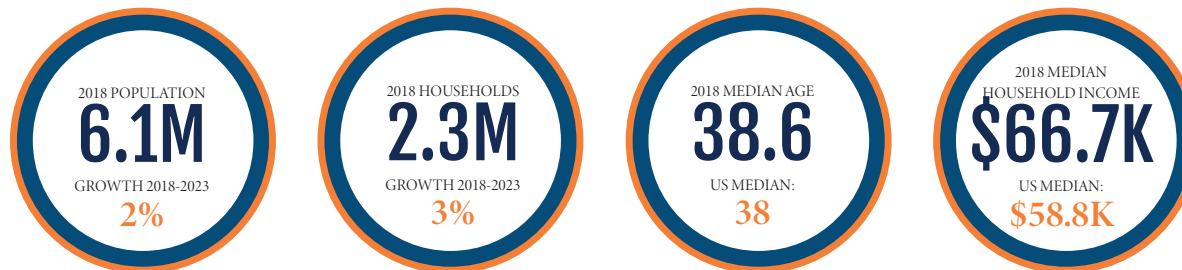
PHILADELPHIA DEMOGRAPHICS

The metro is expected to add nearly 122,000 people over the next five years, which will result in the formation of nearly 70,000 households.

A median home price below the U.S. level has afforded 67 percent of households to own their homes, compared with 64 percent for the nation.

Roughly 35 percent of people age 25 and older hold a bachelor's degree; among those residents, 14 percent also have earned a graduate or professional degree.

2018 POPULATION BY AGE



QUALITY OF LIFE

Philadelphia offers its residents an attractive package of economic, educational, cultural and recreational advantages. Its transformation from a manufacturing-based economy to one more reliant on information will continue to provide greater economic opportunities. In addition, the cost of living in Philadelphia is much less than in other major East Coast markets. Philadelphia provides both visitors and locals with a wide array of destinations. Art and science museums are plentiful, and the restaurant and nightclub scene is alive in the Center City area. The metro houses major professional sports teams, including the Eagles (NFL), 76ers (NBA), Phillies (MLB), Flyers (NHL) and Union (MLS) in addition to numerous golf courses, bike paths and water-related activities.

* Forecast

Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau

SPORTS



EDUCATION



ARTS & ENTERTAINMENT



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Marcus & Millichap

EXCLUSIVELY LISTED BY:

DEAN ZANG

EXECUTIVE MANAGING DIRECTOR
NATIONAL RETAIL GROUP

WASHINGTON, D.C.

Tel: (202) 536-3754

Fax: (202) 536-3710

dean.zang@marcusmillichap.com

Licenses: MD 665335

VA 0225239201

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PA BOR: Sean Beuche - RB062197C

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