

OFFERING MEMORANDUM  
Marcus & Millichap



**AutoZone®**

HILL TOWNSHIP, PA – PHILADELPHIA MSA



# EXECUTIVE SUMMARY



701 Pennsylvania 113,  
Souderton, PA 18964

ADDRESS



Hill Township, PA  
Philadelphia, PA MSA

MARKET



SIGNALIZED CORNER  
LOCATION



20 YEARS

TERM REMAINING



CREDIT RATING



LEASE TYPE

## THE OFFERING

Price	\$2,118,280
Cap	4.65%
GLA	6,446
Lot Size	0.8173 Acres
Year Built	2020
Lease Type	NNN Ground Lease
Rent Commencement	10/1/2020
Lease Expiration	9/30/2040
Increases	5% In Years 7 and 13
Options	Two; Five-Year Terms

ANNUALIZED OPERATING DATA	ANNUAL RENT	% INCREASE
10/1/2020 - 9/30/2026	\$98,500	
10/1/2026 - 9/30/2033	\$103,425	5.00%
10/1/2033 - 9/30/2040	\$108,596	5.00%
OPTION TERMS		
Option 1 (10/1/2040 - 9/30/2045)	\$115,656	6.50%
Option 2 (10/1/2045 - 9/30/2050)	\$131,184	13.43%

# INVESTMENT HIGHLIGHTS

**NEW 20-YEAR  
INVESTMENT GRADE  
GROUND LEASE**

**5% RENTAL INCREASES  
IN YEARS SEVEN &  
FOURTEEN IN BASE  
TERM**

**GROWING  
PHILADELPHIA SUBURB  
WITH 44,551 WITHIN  
THREE-MILES**

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

**INDUSTRY LEADING  
AUTO PARTS RETAILER**

**BRAND NEW GROUND LEASE WITH ANNUAL INCREASES** – The tenant recently executed a 20-year absolute NNN ground lease that features rental increases of five percent (5%) in years seven and fourteen of the base term. The two, five-year option periods feature a 6.5% increase in option one and over 13% in option two.

**PAD TO ALDI GROCERY ANCHORED CENTER** – The site is positioned in front of an Aldi-anchored center which generates significant traffic. Aldi is on track to become the third-largest U.S. grocery retailer by store count by the end of 2022. However, since there are no cross easements, this parcel lacks restrictions related to the shopping center. Hilltown Plaza is located less than one-half-mile away from the site and features notable tenants like Home Depot and Giant. A Walmart is located three miles west on Route 309, and has seen 1.93 million visits in the past 12 months. The supercenter ranks #61 out of 136 Walmart locations in the state of Pennsylvania by annual visits according to Placeria data.

**DENSE SUBURBAN PHILADELPHIA LOCATION** – There are nearly 110,000 people who live within a five-mile radius which provides a strong customer base for the tenant. The site benefits from attractive accessibility from Route-309 which averages more than 14,210 vehicles per day.

**SIGNALIZED CORNER WITH TWO POINTS OF FULL ACCESS (14,184 VPD)**

– The 0.817-acre parcel sits at the signalized intersection of County Line Road (9,507 VPD) and Souderton Road (4,677 VPD).

**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.

**AFFLUENT BUCKS COUNTY SUBMARKET** – Located 25 miles north of Philadelphia, the highly affluent Bucks County submarket features a dense suburban population. Presently there are 9,816 people within one-mile and 44,551 within three-miles and is expected to increase over two percent by 2025. The Average Household Income levels in the same radius are \$85,344 and \$99,486 respectively. The dense population combined with a mix of commercial users and middle-income residents provides an ideal customer base for the tenant.



# A CORNER LOCATION IN PHILADELPHIA'S GROWING SUBURBS



309

31,089 VPD

RITE  
AID

planet  
fitness

DOLLAR TREE

ALDI



SOUDERTON RD - 4,677 VPD

Citizens Bank

AutoZone

COUNTY LINE RD - 9,507 VPD

KeyBank

CVS

FULL MOVEMENT  
ACCESS POINT



SUNOCO







## 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)

## REGIONAL MAP

**\$108K**

Within a 5-mile radius, the average household income is \$108,490



Signalized corner location

**:40**

Less than 40 minutes to downtown Philadelphia, PA





Downtown  
Souderton

New Townhomes



COUNTY LINE RD - 9,507 VPD



SOUDERTON RD - 4,677 VPD





STAPLES

THE HOME DEPOT

Advance  
Auto Parts  
Wendy's

Wawa

GIANT

Ford

309

31,089 VPD

RITE  
AID

planet  
fitness

BURGER  
KING

verizon

KeyBank

DOLLAR TREE

ALDI

CVS

Citizens Bank

AutoZone

COUNTY LINE RD - 9,507 VPD



SUNOCO

LUK OIL



# LEASE ABSTRACT

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Guarantor	AutoZone, Inc.
Notification Period to Exercise Options	Nine Months
Landlord Obligations	None
Tenant Obligations	During the Term of this Lease, 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.
Assignment & Subletting	Subject to this Ground Lease, 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.



# DEMOGRAPHIC SUMMARY

POPULATION	1 MILE	3 MILES	5 MILES
2024 Projection	10,042	45,472	109,171
2019 Estimate	9,816	44,551	106,774
2010 Census	9,406	43,016	102,500
2000 Census	9,420	38,337	94,919
Current Daytime Population	11,439	43,918	104,497

POPULATION PROFILE	1 MILE	3 MILES	5 MILES
<u>Population By Age</u>			
2019 Estimate Total Population	9,816	44,551	106,774
Under 20	23.71%	23.80%	23.53%
20 to 34 Years	20.21%	18.65%	17.82%
35 to 39 Years	6.95%	6.63%	6.37%
40 to 49 Years	12.49%	12.60%	12.58%
50 to 64 Years	18.37%	19.80%	21.02%
Age 65+	18.27%	18.53%	18.67%
Median Age	39.35	40.74	41.92
<u>Population 25+ by Education Level</u>			
2019 Estimate Population Age 25+	6,938	31,460	75,696
Elementary (0-8)	2.82%	2.61%	1.89%
Some High School (9-11)	7.06%	5.87%	5.03%
High School Graduate (12)	35.68%	32.75%	30.70%
Some College (13-15)	17.48%	17.00%	16.77%
Associate Degree Only	6.98%	7.43%	7.84%
Bachelors Degree Only	17.95%	21.79%	23.54%
Graduate Degree	9.84%	11.33%	13.19%

HOUSEHOLDS	1 MILE	3 MILES	5 MILES
2024 Projection	4,069	17,564	42,406
2019 Estimate	3,947	17,150	41,225
2010 Census	3,735	16,428	39,237
2000 Census	3,662	14,813	35,740

INCOME	1 MILE	3 MILES	5 MILES
<u>2019 Housing Income</u>			
\$150,000 or More	10.81%	14.63%	18.39%
\$100,000 - \$149,000	17.71%	19.85%	20.64%
\$75,000 - \$99,999	16.87%	15.17%	14.75%
\$50,000 - \$74,999	17.23%	17.63%	16.26%
\$35,000 - \$49,999	12.72%	11.40%	9.97%
Under \$35,000	24.64%	21.31%	19.98%
Average Household Income	\$85,344	\$99,486	\$108,490
Median Household Income	\$67,992	\$74,465	\$81,159
Per Capita Income	\$34,349	\$38,494	\$42,034



# DEMOGRAPHIC SUMMARY

Geography: 5 Miles



## POPULATION

In 2019, the population was 106,774. The population has changed by 12.49% since 2000. It is estimated that the population will be 109,171 five years from now, which represents a change of 2.24% from the current year. The current population is 48.85% male and 51.15% female. The median age of the population is 41.92, compared to the US average which is 38.21. The population is 1,357.37 people per square mile.



## HOUSEHOLDS

There are currently 41,225 households in your selected geography. The number of households has changed by 15.35% since 2000. It is estimated that the number of households will be 42,406 five years from now, which represents a change of 2.86% from the current year. The average household size is 2.56 persons.



## INCOME

In 2019, the median household was \$81,159, compared to the US average which is currently \$62,990. The median household income has changed by 45.10% since 2000. It is estimated that the median household income will be \$94,499 five years from now, which represents a change of 16.44% from the current year.

The current year per capita income is \$42,034, compared to the US average, which is \$34,935. The current year average household income is \$108,490, compared to the US average which is \$90,941.



## RACE AND ETHNICITY

The current year racial makeup is as follows: 83.57% White, 3.35% Black, 0.06% Native American and 9.01% 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 4.95% of the current year population. Compare this to the US average of 18.38%.



## HOUSING

The median housing value was \$307,579 in 2019, compared to the US average of \$221,068. In 2000, there were 25,160 owner occupied housing units and 10,581 renter occupied housing units. The median rent at the time was \$610 per month.



## EMPLOYMENT

In 2019, there were 49,837 employees, this is also known as the daytime population. The 2000 Census revealed that 62.43% of employees are employed in white-collar occupations, and 37.43% are employed in blue-collar occupations. In 2019, unemployment was 3.19%. In 2000, the average time traveled to work was 30 minutes.



# 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.

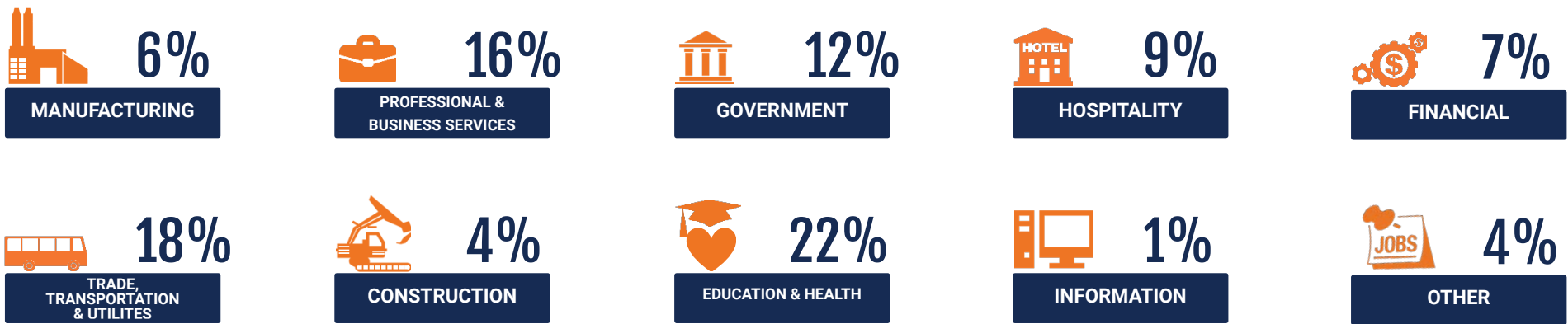
The Philadelphia area is home to nine Fortune 500 companies that operate across a broad spectrum of industries, including AmerisourceBergen, Comcast and Aramark.

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.



## SHARE OF 2018 TOTAL EMPLOYMENT





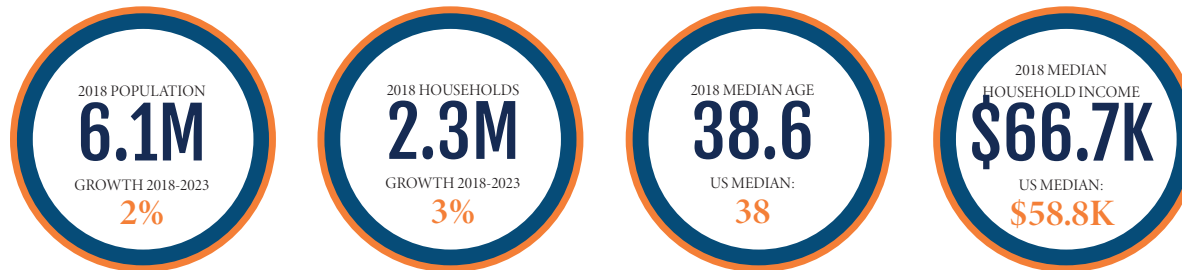
# PHILADELPHIA DEMOGRAPHICS

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](mailto:dean.zang@marcusmillichap.com)

Licenses: MD 665335

VA 0225239201

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PA BOR: Sean Beuche - RB062197C

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