

# OFFERING MEMORANDUM

Marcus & Millichap



**Wawa®**  
RANDOLPH, NJ – NYC METRO



# EXECUTIVE SUMMARY



358 State Route 10  
Randolph, NJ 07869

ADDRESS



Randolph, NJ  
New York, NY MSA

MARKET



LOT SIZE



20 YEARS

TERM REMAINING



CREDIT RATING



LEASE TYPE

## THE OFFERING

Price	\$7,555,556
Cap	4.50%
GLA	4,736
Lot Size	2.706 Acres
Year Built	2021
Lease Type	NNN Ground Lease
Rent Commencement	2/26/2021 (Or earlier opening for business)
Lease Expiration	3/3/2041
Increases	10% Every Five Years
Options	Six; Five-Year Terms
Debt	Free and Clear

## ANNUALIZED OPERATING DATA ANNUAL RENT % INCREASE

Years 1-5	\$340,000	
Years 6-10	\$374,000	10.00%
Years 11-15	\$411,400	10.00%
Years 15-20	\$452,540	10.00%
OPTION TERMS		
Option 1	\$497,794	10.00%
Option 2	\$547,573	10.00%
Option 3	\$602,331	10.00%
Option 4	\$662,564	10.00%
Option 5	\$728,820	10.00%
Option 6	\$801,702	10.00%

# INVESTMENT HIGHLIGHTS

**NEW 20-YEAR LEASE  
WITH 10% INCREASES  
EVERY FIVE YEARS**

**OVERSIZED 2.70-ACRE  
PARCEL WITH 37,673  
VPD**

**4TH WEALTHIEST  
COUNTY IN STATE;  
\$143,683 AHHI**

**STRONG POPULATION  
DENSITY**

**BEST IN CLASS,  
ESSENTIAL RETAILER**

## **20 YEAR CORPORATE LEASE WITH STRUCTURED RENTAL INCREASES**

Brand new 20-year term NNN ground lease with 10 percent (10%) increases every five years during the base term and six, five-year option periods.

## **PROMINENT FRONTAGE ALONG MAJOR STATE ROUTE (37,673 VPD) –**

Oversized 2.70-acre parcel positioned along Route 10, a major state highway that travels from Morris County east to Essex County. The Property prominent frontage and access on the eastbound side of Route 10, and rear access for west-bound vehicles and local traffic via Millbrook Avenue (0.2 mi west).

**PROXIMITY TO RESIDENTIAL AND DAYTIME DRIVERS** – The Tenant benefits from immediate proximity to numerous daytime drivers including Brightview Randolph, a leading senior living community with more than 75 units, and the adjacent URGI-MED Urgent Care Center and Walk-In Clinic. It is also within one-half-mile of Fernbrook Elementary School (530 students) and 1.5-miles from County College of Morris, a public community college with 7,556 students.

**SYNERGY WITH SURROUNDING RETAIL** – The site is on the opposing corner from Dunkin' Donuts and in proximity to notable retailers TD Bank, Bank of America, Wendy's, Santander Bank and less than one-mile from Randolph Plaza, a 75,886 Weis-anchored shopping center that received 390.4 thousand visits in the last year according to Placer.ai geo-fencing data.

**4TH WEALTHIEST COUNTY IN THE STATE** – Located 38 miles northwest of New York, Randolph is a highly affluent submarket, ranked the fourth wealthiest in the state of New Jersey. The Property is supported by a three-mile population of 63,113 and an average household income is \$143,683.

**BEST IN CLASS RETAILER** – Wawa, Inc. is a best-in-class tenant within the highly sought-after convenience sector and a tier one retailer that is both online and recession resistant. Wawa operates over 800 locations in the Mid-Atlantic and Florida and reported more than \$9.1 Billion in Annual Revenue.

**INVESTMENT GRADE CREDIT** – Shadow Rating of “BBB” by Fitch



County College  
of Morris  
9,000+ Students

**weis**

Brightview Senior  
Living Facility  
75 Units

**DUNKIN'**  
**DONUTS**  
AMERICA RUNS ON DUNKIN'

**MIDAS**

**Metro**  
**Self**  
**Storage**

Rear Access Point

**Wawa**

RTE 10 - 37,673 VPD









## TENANT INFORMATION

Founded in 1803 as a dairy operator, Wawa, Inc. operates more than 838 convenience stores, of which about 200 stores are in New Jersey and Pennsylvania and the balance is spread through Delaware, Virginia, Maryland, Florida and Washington, D.C. New Wawa store openings are almost exclusively of the expanded “Super Wawa” format, which includes a larger footprint (generally 4,600 to 5,700 square feet of retail space, compared with 3,000 or 3,600 for “legacy” stores) and typically 12-20 gas pumps. The company offers fuel at about 70 percent of its store base.

Historically, Wawa has strived to differentiate itself from traditional convenience stores in that food, beverages and customer experience, not fuel, are its main offerings. The company also offers a large selection of private-label products, including bottled water, candy, assorted nuts, yogurt, teas, cheese, and ice cream products. Its stores are generally open 24 hours, 365 days a year. Wawa is 41 percent owned by employees with the balance controlled by the founding family and management.

The company also supplies over 1,000 institutional customers such as schools, hospitals, restaurants and hotels. Wawa’s primary wholesaler is McLane Foodservice Distribution, but the company also has its own distribution center in Carney’s Point, NJ. In 2017, Wawa completed the construction of four new buildings on its 26-acre corporate campus. In December 2017, the company opened its first store in Washington, D.C., its largest to date, at 9,000 square feet.



Representative Photo



**REVENUE**  
\$9.1 B



**HEADQUARTERS**  
Wawa, PA



**NO. OF EMPLOYEES**  
31,000+



**NO. OF LOCATIONS**  
800+

**YEAR FOUNDED**  
1964



**STOCK SYMBOL  
/CREDIT RATING**  
Fitch : BBB



## REGIONAL MAP

**\$157K**

The average household income within a 5-mile radius is \$157,251

**37K<sup>VPD</sup>**

37,673 VPD along Route 10

**:40**

Less than 40 minutes to downtown New York City, NY

**Wawa**



42 MILES

**NEW YORK**





County College  
of Morris  
9,000+ Students



Bank



RTE 10 - 37,673 VPD



Rear Access Point





Roackway River Commons



♥CVS

VICTORY  
GARDENS

Randolph Square



McDonald's



Wawa

RTE 10 - 37,673 VPD





# LEASE ABSTRACT

Legal Tenant Name	Wawa Inc.
Notification Period to Exercise Options	180 Days
Landlord Obligations	None
Tenant Obligations	Tenant, at its sole cost and expense, shall keep and maintain the Leased Premises and all of the Tenant Improvements, and all features, aspects and components thereof clean, suitably painted and decorated, and in constant good order and repair. Landlord shall have no obligation to make any repairs, replacements, alterations, maintenance or improvement of any kind to the Leased Premises or any improvements or buildings thereon. Tenant's obligation to maintain the entire Leased Premises shall include, without limitation, (i) patching, repairing, replacing, and repaving the paved areas and associated curbing of the Leased Premises; (ii) maintenance, repair and replacing lighting fixtures of the Leased Premises; (iii) snow and ice removal and clearance; (iv) sweeping and waste removal; and (v) repair and replacement of landscaping and mowing and maintaining all lawns.
Financial Reporting	If at any time during the term of this Lease, Tenant is not a publicly traded company, at a mutually agreed upon day and time within thirty (30) days after written request by Landlord, Tenant shall permit a representative of Landlord's financing institution to review Tenant's most recently completed annual audited financial statements, at Tenant's offices, provided (a) any party that will have access to any such information shall not be permitted to remove originals or copies of any such information from Tenant's offices and (b) any party that will have access to such information shall sign Tenant's form of confidentiality agreement.
Assignment & Subletting	Tenant may assign this Lease (in whole or in part and whether by operation of law or otherwise), mortgage or otherwise encumber this Lease (in whole or in part), or sublease all or any part of the Leased Premises without requiring Landlord's consent. Tenant shall give Landlord written notice of the assignment or sublease within thirty (30) days thereafter, together with the name and address of the assignee or subtenant. Upon such assignment or subletting, Tenant's obligations under this Lease shall continue in full and Tenant shall not be released except as set forth below. Tenant shall have the right to assign its Interest in this Lease to any entity which, as a result of reorganization, merger or sale of assets, succeeds to the business now carried on by Tenant, provided that in any such instance, (i) the successor entity has a net worth, in accordance with generally accepted accounting principles, at least equal to One Hundred Million Dollars (\$100,000,000.00) in Constant Dollars (as defined below), and (ii) Tenant shall give Landlord an executed assumption agreement (in form and content reasonably acceptable to Landlord) whereby the successor shall assume and agree with Landlord to pay the Rent and to perform all other terms, covenants and conditions under this Lease. Tenant shall be released and relieved from liability accruing after the assignment under this Section.
Radius Restriction	During the term of this Lease, Landlord covenants not to permit any property that it may now own or hereafter acquire within a one (1) mile radius of the Leased Premises (the "Restricted Area") to be occupied or used for a convenience food store, coffee store, doughnut store, sandwich store, smoothie store, fuel dispensing facility, McDonald's, Walgreens or any combination of such uses (collectively, the "Restrictions"). During the term of this Lease, Landlord covenants not to permit any property that it may now own or hereafter acquire within a three (3) mile radius of the Leased Premises (the "Limited Restricted Area") to be occupied or used for a convenience food store, fuel dispensing facility or any combination of such uses (collectively, the "Limited Restrictions"). The restrictions in this Section shall automatically terminate if Tenant ceases operation of a convenience store and fuel dispensing facility on the Leased Premises for more than six (6) consecutive months.



# DEMOGRAPHIC SUMMARY

POPULATION	1 MILE	3 MILES	5 MILES
2024 Projection	10,968	63,529	132,130
2019 Estimate	10,979	63,113	130,397
2010 Census	11,040	62,781	128,545
2000 Census	10,294	60,369	124,225
Current Daytime Population	6,688	58,423	126,701

POPULATION PROFILE	1 MILE	3 MILES	5 MILES
<u>Population By Age</u>			
2019 Estimate Total Population	10,979	63,113	130,397
Under 20	23.59%	23.91%	23.60%
20 to 34 Years	24.84%	19.96%	17.68%
35 to 39 Years	8.47%	7.18%	6.58%
40 to 49 Years	13.26%	13.85%	13.68%
50 to 64 Years	18.78%	21.33%	22.60%
Age 65+	11.05%	13.77%	15.85%
Median Age	35.88	39.25	41.68
<u>Population 25+ by Education Level</u>			
2019 Estimate Population Age 25+	7,612	43,902	91,818
Elementary (0-8)	7.79%	5.36%	3.34%
Some High School (9-11)	6.25%	5.19%	3.84%
High School Graduate (12)	30.02%	24.56%	22.42%
Some College (13-15)	16.57%	14.94%	14.56%
Associate Degree Only	7.33%	6.97%	6.77%
Bachelors Degree Only	17.93%	24.05%	27.80%
Graduate Degree	11.84%	17.10%	20.20%

HOUSEHOLDS	1 MILE	3 MILES	5 MILES
2024 Projection	3,847	21,865	48,189
2019 Estimate	3,839	21,588	47,267
2010 Census	3,861	21,377	46,287
2000 Census	3,659	20,547	44,022

INCOME	1 MILE	3 MILES	5 MILES
<u>2019 Housing Income</u>			
\$150,000 or More	18.15%	30.98%	35.21%
\$100,000 - \$149,000	17.45%	19.75%	21.01%
\$75,000 - \$99,999	13.57%	11.12%	10.97%
\$50,000 - \$74,999	19.61%	13.76%	12.37%
\$35,000 - \$49,999	12.12%	8.12%	6.95%
Under \$35,000	19.09%	16.28%	13.49%
Average Household Income	\$112,134	\$143,683	\$157,251
Median Household Income	\$73,922	\$101,614	\$113,348
Per Capita Income	\$39,231	\$49,297	\$57,181



# DEMOGRAPHIC SUMMARY

Geography: 5 Miles



## POPULATION

In 2019, the population was 130,397. The population has changed by 4.97% since 2000. It is estimated that the population will be 132,130 five years from now, which represents a change of 1.33% from the current year. The current population is 49.37% male and 50.63% female. The median age of the population is 41.68, compared to the US average which is 38.21. The population density is 1,657.46 people per square mile.



## HOUSEHOLDS

There are currently 47,267 households in your selected geography. The number of households has changed by 7.37% since 2000. It is estimated that the number of households will be 48,189 five years from now, which represents a change of 1.95% from the current year. The average household size is 2.73 persons.



## INCOME

In 2019, the median household income was \$113,348, compared to the US average which is currently \$62,990. The median household income has changed by 48.31% since 2000. It is estimated that the median household income will be \$129,631 five years from now, which represents a change of 14.37% from the current year.

The current year per capita income is \$57,181, compared to the US average, which is \$34,935. The current year average household income is \$157,251, compared to the US average which is \$90,941.



## RACE AND ETHNICITY

The current year racial makeup is as follows: 76.24% White, 4.08% Black, 0.03% Native American and 10.13% 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 23.93% of the current year population, compared to the US average of 18.38%.



## HOUSING

The median housing value was \$436,345 in 2019, compared to the US average of \$221,068. In 2000, there were 33,361 owner occupied housing units and 10,661 renter occupied housing units. The median rent at the time was \$840 per month.



## EMPLOYMENT

In 2019, there were 67,945 employees, this is also known as the daytime population. The 2000 Census revealed that 73.35% of employees are employed in white-collar occupations, and 26.59% are employed in blue-collar occupations. In 2019, unemployment was 2.82%. In 2000, the average time traveled to work was 31 minutes.



# NEW YORK CITY OVERVIEW

New York City is the most populous city in the U.S., composed of the five boroughs of Manhattan, Brooklyn, Staten Island, Queens and the Bronx. Each borough is a separate county and they are spread out among the three islands of Long Island, Manhattan and Staten Island. Together they comprise more than 300 square miles of land and nearly 170 square miles of water. Hundreds of unique neighborhoods are contained within the boroughs. Overall, known for its finance, art, technology and education industries, the city draws many residents. Limited landmass, coupled with numerous high-wage industries and international residents, drive considerable real estate values and raise the cost of living.

## METRO HIGHLIGHTS



### HEAVILY POPULATED CITY CENTER

New York City is one of the most densely populated cities in the United States.



### GLOBAL BUSINESS AND COMMERCE

Wall Street is the world's financial capital, home to the NYSE and NASDAQ.



### HIGH MEDIAN HOUSEHOLD INCOME

The median household income in New York City is well above the U.S. median.

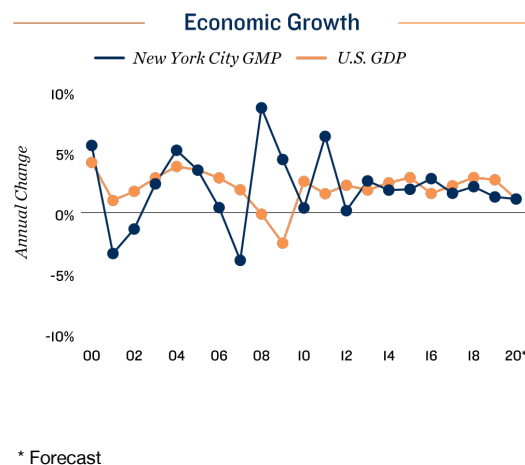




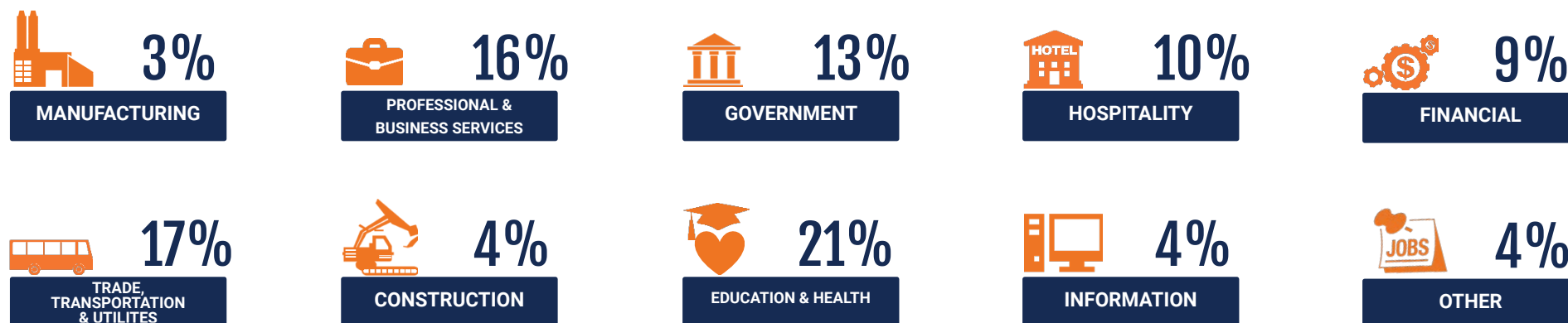
# THE NEW YORK CITY ECONOMY

The local economy is a center for commerce, art and entertainment, and international diplomacy. GMP for the New York City metro is higher than the GDP of many countries. New York City is home to more Fortune 500 companies than any other U.S. metro. Corporate headquarters for a variety of industries are located here, including TIAA, MetLife, American Express, Estee Lauder, Omnicom Group, Goldman Sachs Group and Pfizer.

MAJOR AREA EMPLOYERS
Verizon Communications Inc.
JPMorgan Chase & Co.
Northwell Health
Citigroup Inc.
PwC
American Airlines
Columbia University
Mount Sinai Health System
Morgan Stanley
Consolidated Edison



## SHARE OF 2019 TOTAL EMPLOYMENT





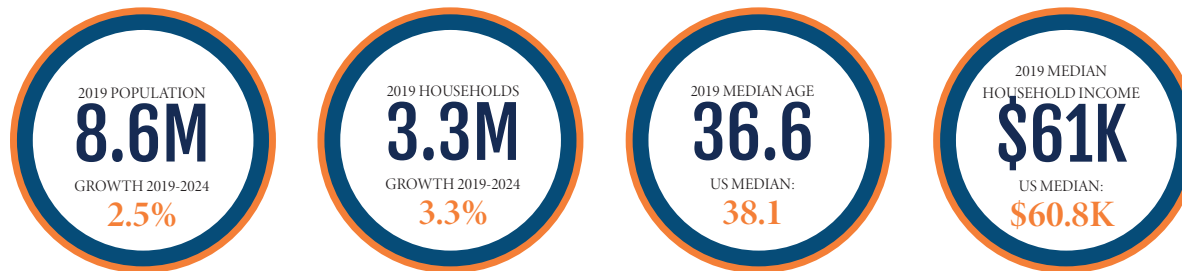
# NEW YORK CITY DEMOGRAPHICS

The five boroughs will add approximately 216,000 residents through 2024, fueled by domestic and international immigration.

The daytime population reached approximately 9 million people last year, exceeding the residential population as many commuters enter the city for work each day.

High home prices keep the homeownership level at approximately 30 percent, well below that of the U.S. rate, and provide a large pool of renters.

Approximately 36 percent of residents age 25 and older have at least a bachelor's degree, with 15 percent also holding a graduate or professional degree. This is well above the U.S. level and provides employers with a skilled labor pool.



## QUALITY OF LIFE

New York City provides an unparalleled lifestyle as an international a cultural center. The region has an abundance of entertainment venues when compared with other large metros. Four diverse seasons provide ample opportunities for outdoor enthusiasts to enjoy the local offerings. The region has public parks along with access to boating and hiking. New York City hosts various professional sports teams in baseball, football, hockey and basketball.

The city is a hub for international travelers, professionals and students with access to more than 130 public and private universities. The area's higher-education institutions are also fed from a number of private and public schools systems. Many college graduates find work in a variety of industries represented in the local economy, including international relations through the U.N., financial activities on Wall Street and entertainment on Broadway.

## SPORTS



## EDUCATION



## ARTS & ENTERTAINMENT



\* Forecast

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



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Marcus & Millichap

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