

OFFERING MEMORANDUM
Marcus & Millichap



**FREDERICKSBURG, VA
WASHINGTON, D.C. MSA**

EXECUTIVE SUMMARY



4248 Plank Rd,
Fredericksburg, VA 22407

ADDRESS



Fredericksburg, VA
Washington, D.C. MSA

MARKET



LOT SIZE



12+ YEARS

TERM REMAINING (RECENT BLEND EXTEND)



CREDIT RATING



LEASE TYPE

THE OFFERING

Price	\$2,500,000
Cap Rate	4.61%
Lot Size	1.2015 Acres
Year Built	1998
Lease Type	NNN Ground Lease
Rent Commencement	9/1/1998
Lease Expiration	8/31/2033
Increases	10% Every 5 Years
Options	Two; Five-Year Terms
Debt	Free and Clear

ANNUALIZED OPERATING DATA ANNUAL RENT % INCREASE

Current - 8/31/2023	\$104,870	
9/1/2023 - 8/31/2028	\$115,331	10.00%
9/1/2028 - 8/31/2033	\$126,864	10.00%
OPTION TERMS		
Option 1 (9/1/2033 - 8/31/2038)	\$139,550	10.00%
Option 2 (9/1/2038 - 8/31/2043)	\$153,505	10.00%

*Rent Credit-Seller will credit Buyer the per diem difference between the current rental rate of \$104,870 and the rental rate of \$115,331 at the time of closing.

INVESTMENT HIGHLIGHTS

**EARLY LEASE
EXTENSION & LOW
RENT RATE**

**12+ YEARS OF TERM
REMAINING**

**10% RENTAL INCREASES
EVERY 5 YEARS**

**56,000 VPD ALONG
PLANK ROAD
AND NEARBY I-95
INTERCHANGE**

**HIGH PLACER.AI
RANKING; TOP 5 STORE
IN THE REGION OF 24
STORES**

TOP 10 7-ELEVEN LOCATION – According to Placer.ai, this location ranks 4th out of 24 locations within a 15-mile radius with 67,200 visits annually. The store also benefits from proximity to Chancellor Shopping Center anchored by Aldi across Plank Road, which sees 1.33 million visits annually.

HIGH AND INCREASING RESIDUAL VALUE – Positioned in an exceptional high traffic location along Plank Road (56,000 VPD), the Tenant has three points of access including an entrance from the neighboring Wells Fargo who saw over \$158 million worth of deposits this past year. The 3,000-square-foot modern prototype store has eight gas pumps and is situated upon 1.20-acres.

EARLY LEASE EXTENSION & LOW PRICE POINT – The tenant showed a commitment to the site by executing an early 10-year lease extension. This early lease extension, along with a low \$2.5 million price point underscore the site's residual value and high probability of renewal in the future.

ESSENTIAL BUSINESS – 7-Eleven has been designated an “essential business” by the Department of Homeland Security and its locations have remained open and operating during the COVID-19 pandemic. 7-Eleven is currently hiring 20,000 new store employees nationwide to meet the increased demand for 7-Eleven products and services.

INVESTMENT GRADE CREDIT FROM THE GLOBAL C-STORE LEADER – 7-Eleven Inc. has a Standard & Poor's Credit Rating of AA-. With over \$99.7 billion in revenue in 2019, 7-Eleven is the premier brand and leader in the convenience store/gas station industry with over 70,000 locations in 18 countries. The company recently acquired Speedway gas stations with convenience stores for \$21 billion showing strong conviction in the future of its business as it adapts to growth in electric vehicles.

STRONG LOCAL POSITIONING TO AREA DRIVERS – Prominently positioned one-mile from the Spotsylvania Towne Centre, which is ranked eighth out of over 1,000 shopping centers in the state of Virginia. The shopping mall has over six million visits annually and includes tenants such as Dick's Sporting Goods, Costco, and Belk. Interstate-95 (123,000 VPD) is directly adjacent to the center and is a main driver of Plank Road traffic. Across from Spotsylvania Town Center is Central Park, one of the largest power center clusters on the Eastern Seaboard.

DENSE, RAPIDLY GROWING FREDRICKSBURG MARKET – The Tenant is supported by a strong population of more than 53,116 and a daytime population of 57,551 within three miles. Since 2010, the submarket has seen significant gentrification. Population has increased by more than 10 percent and is projected to increase an additional five percent in the next five years. The three-mile population is also financially robust, boasting an average household income of over \$103,000.



**WELLS
FARGO**

**\$158M IN
DEPOSITS**





PLANK RD - 56,000 VPD



TENANT INFORMATION

7-Eleven is a Japanese-owned American international chain of convenience stores, headquartered in Dallas, Texas, that operates, franchises, and licenses some 70,000+ stores in 17 countries as of January 2020. 7-Eleven is the largest and premier convenience store chain in the world. They have made a reputable name for themselves in the franchise business and are consistently ranked as a top-five franchisor. 7-Eleven stores are extended-hour retail convenience stores that emphasize convenience to the guest and provide a broad array of products, including many not traditionally available in convenience stores, to meet the changing needs of guests.

These products include an assortment of high-quality fresh food, hot food and proprietary beverage offerings, and private brand items. 7-Eleven stores are generally open every day of the year, with the vast majority open 24 hours a day, and are located in neighborhood areas, on main thoroughfares, in shopping centers, or on other sites where they are easily accessible and have parking facilities for quick in-and-out shopping.

7-Eleven has received numerous accolades throughout its 88 years in business. It was ranked #1 on Entrepreneur magazine's 2017 Top Global Franchises List, recognized as a Top 100 Global Retail Franchise for five years straight, and ranked #3 on Fast Company's "World's Top 10 Most Innovative Companies in Retail" in 2013, among many other achievements. 7-Eleven holds an "AA-" credit rating by S&P. Today, the chain continues to expand both financially and globally, introducing their brand to many different locations and neighborhood.



REVENUE
\$99.7B (2019)



HEADQUARTERS
Dallas, TX



NO. OF EMPLOYEES
100K+



NO. OF LOCATIONS
70,000+



YEAR FOUNDED
1927



**STOCK SYMBOL
/CREDIT RATING**
SVNDF : AA-

REGIONAL MAP

\$110K

Within a 5-mile radius, the average household income is \$110,800

56K^{VPD}

An average of 56,000 vehicles per day drive by Plank Road

:45

Less than 45 minutes to downtown Washington, D.C.



FREDERICKSBURG

RICHMOND

WASHINGTON, D.C.

Central Park



PLANK RD - 56,000 VPD

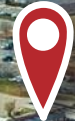
A MATURE BUT GROWING LOCATION WITH 53,000 PEOPLE IN THREE MILES!



Salem
Elem. School



Advance
Auto Parts



Wawa

WELLS
FARGO



PNC
McDonald's



Chick-fil-A

PLANK RD - 56,000 VPD



CVS

TSC TRACTOR
SUPPLY CO



AutoZone

weis



LEASE ABSTRACT

Legal Tenant Name	7-Eleven Inc.
Notification Period to Exercise Options	180 Days
Landlord Obligations	None
Tenant Obligations	Tenant agrees to keep up the improvements at any time located on the the Premises in good repair, reasonable wear and tear excepted. Tenant shall make all replacements as reasonably required. Tenant agrees to pay all charges for gas, electricity, telephone, sewer, water and any other utilities used by Tenant on the Premises. Tenant may install or cause to be installed at its expense such equipment and trade and other fixtures as reasonably necessary for the operation of its business. Tenant, at Tenant's expense, may at any time during the Term, and shall at the expiration of the Term, or Extended Term, remove the Fixtures and shall repair any damage caused by such removal: provided, however, that HVAC, plumbing, lighting and electrical servicing the building shall not be removed.
Assignment & Subletting	Tenant shall have the right to assign this Lease or sublease the whole or any part of the Premises. Any assignment or sublease shall be subject to all the terms, covenants, and conditions of this Lease and Tenant shall remain primarily liable for the payment of rent and the performance of the terms, covenants and conditions of this Lease.
First Right of Refusal	Note: Ownership has already provided notice to tenant. In the event Landlord determines that Landlord is interested in selling the Premises, Landlord will notify Tenant of the same. For a period of thirty (30) days after such notice, Landlord shall not enter into an agreement with any other person or entity for the sale and purchase of the Premises, and thus, will afford to Tenant the first opportunity to negotiate with Landlord for the sale and purchase of the Premises. Landlord agrees to negotiate in good faith, but shall be under no obligation to sell the Premises to Tenant or to reach an agreement with Tenant on the price for the sale of the Premises. It is understood and agreed that Landlord is obligated to only one (1) notice to Tenant under this Lease, irrespective of whether the Premises are sold to Tenant or any other person or entity following such initial (and only) notice of interest in selling. It is further understood and agreed that intrafamily transfers, transfers for tax purposes and transfers of interest in the Landlord entity are exempt from, and free and clear of, the obligations of Landlord under this Article.
REA Use Restrictions	During the term of the Lease of the Ukrop's Parcel, no part of the Real Estate shall be used for a business that operates as a grocery store, supermarket, drug store, bagel store, convenience store (except as hereinafter specifically described), or health food store. The foregoing restrictions shall not preclude a combined convenience store, gasoline dispensing facility that meets all of the following additional requirements and conditions: (i) the store is located on the Outlot; (ii) the store is not in excess of 2,700 square feet of gross leasable area (3,170 if originally designed and built as a "7-Eleven Store"); (iii) the use must include gasoline dispensing facilities for automobiles; (iv) the store is originally designed and built as a traditional convenience store (similar to a 7-Eleven) that sells general merchandise, gasoline and other non-food items in addition to food products.
Environmental Status	There is an open spill case on the Property to which tenant is fully liable. Tenant is proceeding to finalize a Corrective Action Plan which entails monitoring for a period which will then allow a case closure to be issued. Tenant has full liability for this matter.

DEMOGRAPHIC SUMMARY

POPULATION	1 MILE	3 MILES	5 MILES
2024 Projection	8,881	56,015	122,927
2019 Estimate	8,608	53,116	115,084
2010 Census	7,896	47,766	100,872
2000 Census	6,884	35,616	73,357
Current Daytime Population	11,732	57,551	127,161

POPULATION PROFILE	1 MILE	3 MILES	5 MILES
<u>Population By Age</u>			
2019 Estimate Total Population	8,608	53,116	115,084
Under 20	23.01%	28.17%	27.31%
20 to 34 Years	20.05%	21.75%	22.23%
35 to 39 Years	5.48%	6.74%	6.49%
40 to 49 Years	9.96%	12.36%	12.12%
50 to 64 Years	17.56%	17.93%	18.44%
Age 65+	23.93%	13.06%	13.42%
Median Age	41.46	35.06	35.35
<u>Population 25+ by Education Level</u>			
2019 Estimate Population Age 25+	6,107	34,484	74,362
Elementary (0-8)	3.28%	2.21%	2.08%
Some High School (9-11)	5.89%	6.36%	5.92%
High School Graduate (12)	28.70%	29.50%	27.69%
Some College (13-15)	23.62%	22.84%	21.73%
Associate Degree Only	7.70%	7.88%	7.83%
Bachelors Degree Only	19.18%	19.17%	20.29%
Graduate Degree	10.34%	11.38%	13.79%

HOUSEHOLDS	1 MILE	3 MILES	5 MILES
2024 Projection	3,338	20,548	45,421
2019 Estimate	3,173	19,375	42,274
2010 Census	2,849	17,031	36,125
2000 Census	2,399	13,004	26,991

INCOME	1 MILE	3 MILES	5 MILES
<u>2019 Housing Income</u>			
\$150,000 or More	19.82%	18.28%	20.48%
\$100,000 - \$149,000	24.51%	23.15%	22.16%
\$75,000 - \$99,999	15.70%	15.28%	15.10%
\$50,000 - \$74,999	12.97%	14.65%	15.09%
\$35,000 - \$49,999	9.74%	10.15%	9.68%
Under \$35,000	17.27%	18.51%	17.49%
Average Household Income	\$105,405	\$103,401	\$110,800
Median Household Income	\$91,187	\$86,123	\$87,788
Per Capita Income	\$39,552	\$37,871	\$41,116

WASHINGTON, D.C. OVERVIEW

Washington, D.C. is located on the Potomac River just inland from the Chesapeake Bay. In addition to the District of Columbia, the Washington, D.C., metro encompasses 22 counties and jurisdictions. Nearly 20 percent of the District is parkland managed by the U.S. National Park Service. Areas surrounding the District of Columbia include portions of Maryland, Virginia and West Virginia. The District and inner-ring suburbs are densely populated. The remaining population centers are much smaller; only Arlington and Alexandria have more than 150,000 residents.

METRO HIGHLIGHTS



HIGHLY SKILLED WORKFORCE

Nearly half of all local residents age 25 and older have earned a bachelor's degree or higher, well above the U.S. level of 30 percent.



STRONG JOB AND POPULATION GROWTH

Employment gains contribute to population growth that outpaces the national average. Nearly 325,000 additional people are expected through 2023.



DIVERSIFYING ECONOMY

Jobs in professional services now outnumber federal government positions.



THE WASHINGTON, D.C. ECONOMY

The economy of the Washington, D.C. metro is one of the largest in the nation and is home to numerous Fortune 500 companies, including Leidos Holdings, DXC Technology, AES, Danaher, Discovery, NVR and Hilton Worldwide.

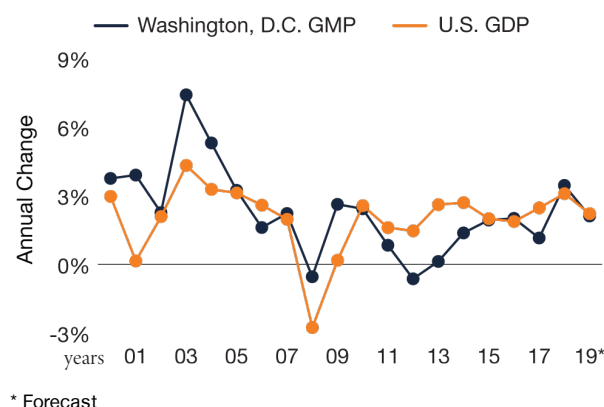
Employment is primarily focused on government, lobbying, defense contracting, data processing and news reporting.

A sizable hospitality sector employs roughly 346,000 workers and supports more than 20 million annual visitors to the region's vast array of attractions.

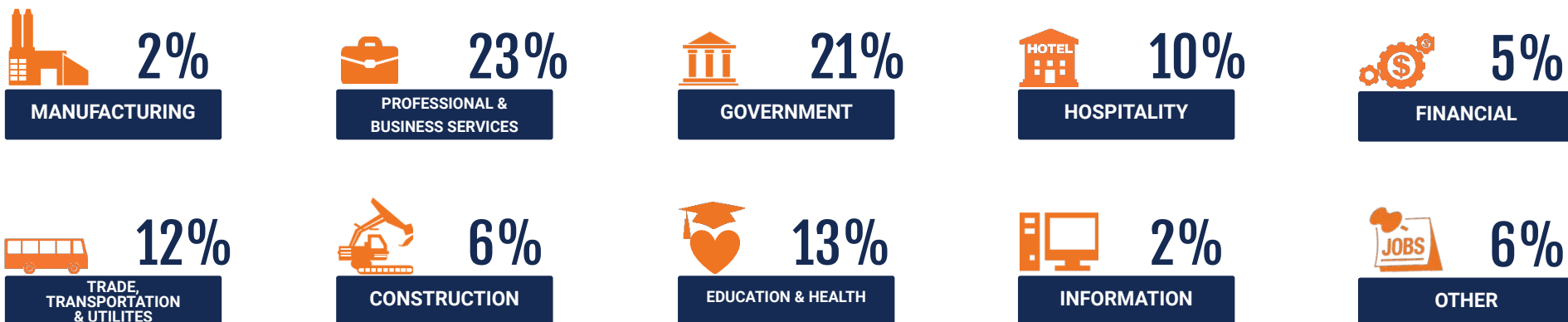
MAJOR AREA EMPLOYERS

George Washington University
Fannie Mae
Federal Bureau of Investigation
Lockheed Martin
Georgetown University
Capital One Financial Corp.
Smithsonian Institution
Medstar Health
CSC Corp.
Joint Base Andrews

Economic Growth



SHARE OF 2019 TOTAL EMPLOYMENT



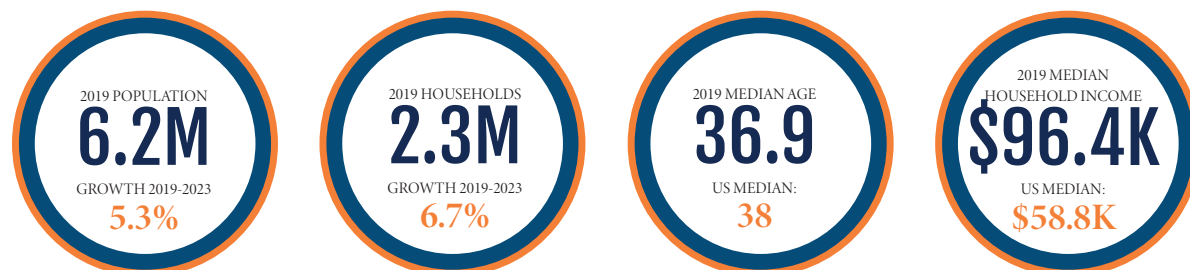
WASHINGTON, D.C. DEMOGRAPHICS

More than 156,000 households are expected to be formed through 2023.

The median home price of \$430,000 is well above the national median and contributes to a homeownership rate of 63 percent, slightly below the national rate of 64 percent.

Nearly 24 percent of residents age 25 and older hold a graduate or professional degree compared with 11 percent for the nation.

2019 POPULATION BY AGE



QUALITY OF LIFE

The Washington, D.C. metro is one of the most dynamic in the U.S. It is the seat of the United States government. The region has a cosmopolitan air and is a destination for visitors from across the nation and around the world, containing numerous prominent public buildings and landmarks. It is home to many of the nation's leading media outlets, think tanks and universities. Washington, D.C., also has extraordinary museums, theaters and restaurants that are patronized by visitors and an affluent local population. Educational opportunities abound in the metro area's many institutions of higher learning. Prominent universities include George Washington University, American University, Georgetown University and the University of Maryland.

SPORTS



REDSKINS

EDUCATION



HOWARD UNIVERSITY

GEORGETOWN UNIVERSITY



AMERICAN UNIVERSITY
WASHINGTON, D.C.



ARTS & ENTERTAINMENT



Smithsonian



NEWSEUM
THERE'S MORE TO EVERY STORY.



The Kennedy Center

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Marcus & Millichap

EXCLUSIVELY LISTED BY:

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