



Phoenix, AZ

KOHL'S

KOHL'S INVESTMENT OPPORTUNITY

4637 EAST CHANDLER BLVD, PHOENIX, AZ

CBRE

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INVESTMENT ADVISORS

WILL PIKE

Vice Chairman
+1 404 923 1381
will.pike@cbre.com

JAMES KAYE

Senior Vice President
+1 408 453 7419
james.kaye@cbre.com

ARTHUR FLORES

Senior Vice President
+1 949 725 8625
arthur.flores@cbre.com

MATT MOUNTJOY

Capital Markets Manager
+1 404 504 5939
matthew.mountjoy@cbre.com

BRIAN PFOHL

Senior Vice President
+1 404 504 7893
brian.pfohl@cbre.com

JAY GOMEZ

Senior Vice President
+1 408 453 7459
jay.gomez@cbre.com

THOMAS CARR

Capital Markets Analyst
+1 404 812 5101
thomas.carr4@cbre.com

JOE CAMPAGNO

AZ Licensee
joe.campagno@cbre.com



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INVESTMENT SUMMARY

OFFERING PRICE:	\$14,232,000
CAP RATE:	8.00%
NOI (IN-PLACE):	\$1,138,580
LEASE TERM REMAINING:	±3 Years

TOTAL BUILDING AREA:	86,584 SF
TOTAL LAND AREA:	10.48 Acres
LEASE STRUCTURE:	NN
OWNERSHIP TYPE:	Fee Simple

INVESTMENT HIGHLIGHTS

NET LEASE WITH LIMITED LANDLORD RESPONSIBILITIES

- 3+ years remaining in investment-grade Kohl's NN Lease.
- Nine 5-year renewal options with 7.50% increases in each option.
- Possibility to cash flow asset for up to 49 years which provides an attractive long-term investment horizon.

PREMIER TENANT WITH PARENT GUARANTEE

- Kohl's is America's largest department store by retail locations and 23rd largest retailer in terms of revenue.
- Kohl's employs 129,000 employees and operates out of more than 1,158 stores in 49 states with TTM revenues in excess of \$20 billion as of October 2019.
- Kohl's lease is guaranteed by parent company Kohl's Corporation (NYSE: KSS, S&P: BBB, Fortune #156).

EXCELLENT ACCESS AND VISIBILITY

- Kohl's is ideally positioned in a heavily trafficked corridor at the intersection of South 48th Street (18,511 VPD) and East Chandler Boulevard (39,865 VPD) and is just 0.5 miles from Interstate 10 (260,000 VPD) which provides access to Phoenix Sky International Airport and Phoenix's CBD, approximately 15 miles north of the site.
- The property benefits from a dense retail and commercial corridor which features national tenants such as Safeway, Fry's Marketplace, Trader Joe's, LA Fitness, CVS, Walgreens, Chase Bank, First Bank, O'Reilly Auto Parts, AutoZone Auto Parts, Firestone Complete Auto Care, Discount Tire, Circle K, Dollar Tree, Cracker Barrel, Hob Nob Sports Grill, Jersey Mike's, Chipotle, Whataburger, Baskin-Robbins, Starbucks, Dunkin' Donuts, Edible Arrangements, Sonic Drive-In, Denny's, Little Caesars Pizza, Carl's Jr, McDonald's, QDOBA, Del Taco, Taco Bell, Waffle House and Wendy's, among many others.
- Kohl's also benefits from its proximity to Chandler Pavilions, The Shoppes at Casa Paloma and Ahwatukee Foothills Towne Center—all concentrated approximately 1.5 miles north of the site. Premier tenants include Target, Sam's Club, Sprouts Farmers Market, AJ's Fine Food, The Home Depot, Lowe's, AMC Theater, Urban Air Trampoline Park, Best Buy, REI, JCPenney, Burlington, Marshalls, Kirkland's, JOANN Fabrics, Bed Bath & Beyond, Party City, Pier 1, World Market, Hobby Lobby, Michael's, Ross Dress for Less, Home Goods, Ulta Beauty, Jos. A. Bank, Talbots, Bath & Body Works, PetSmart, Petco, FedEx, Goodwill, Zoes Kitchen, Cold Stone Creamery, In-N-Out Burger, LongHorn Steakhouse, Carrabba's, Red Lobster, Mellow Mushroom, Chick-fil-A, Einstein Bros. Bagels, IHOP, Five Guys and Subway, among many others.





AFFLUENT PHOENIX MSA DEMOGRAPHICS

- More than 14,100 people in a 1-mile radius with an average household income exceeding \$108,000
- More than 72,300 people in a 3-mile radius with an average household income exceeding \$111,700
- More than 150,700 people in a 5-mile radius with an average household income exceeding \$114,200

IDEAL 1031 EXCHANGE OPPORTUNITY

- “Coupon Clipper” single tenant, net leased investment with corporate guarantee
- Available free and clear of existing debt allowing a new investor to take advantage of current falling 10 -Year Treasury rates
- Ideal 1031 exchange property able to accommodate a quick close

PHOENIX, AZ

As the capital and economic hub of Arizona, Phoenix (MSA Population: 4.74 million) is home to more than two-thirds of Arizona’s population. The city’s economy is based on technology, military, real estate, manufacturing, healthcare, and retail. Due to the area’s unique desert landscape and mild winters, Phoenix benefits greatly from seasonal tourism and recreation, especially in the golfing industry. The 6th largest and 15th most populous state, Arizona is most well-known for its top attractions, which include the Sonoran Desert, the Grand Canyon National Park, the Sedona/Verde Valley, and many other parks and monuments.

Also known as the Valley of the Sun, the Greater Phoenix MSA is the 5th largest metropolitan area in the United States and is ranked 5th in the nation for economic growth. Comprising more than 20 communities, it is also the fastest growing major metropolitan areas, having gained more than 1.5 million residents since 2000. The Phoenix MSA has historically performed at the center of the state’s economy. Several Fortune 500 and 100 companies house their international headquarters in Arizona, including PetSmart, Avnet and Apollo Group. The technology and service industries account for almost 77% of total employment in the region.

SONORAN DESERT

The Sonoran Desert, which spans across the majority of Southern Arizona, is one of the largest and most diverse desert ecosystems in the United States. This desert is home to large cities, small towns, and hundreds of native animal and plant species.

GRAND CANYON

Attracting five million visitors each year, the Grand Canyon is one of the most popular tourist destinations in the United States. The Canyon itself stretches 277 miles from end-to-end, while its rocky walls descend more than a mile to the Canyon’s floor. Visitors from all over come to marvel at the natural wonder, hike its trails, and go white water rafting on the Colorado River, which traces a course Southwest through the Canyon floor.





PHOENIX AT A GLANCE



Population:
4.7 MILLION



5TH MSA in the nation in
economic growth

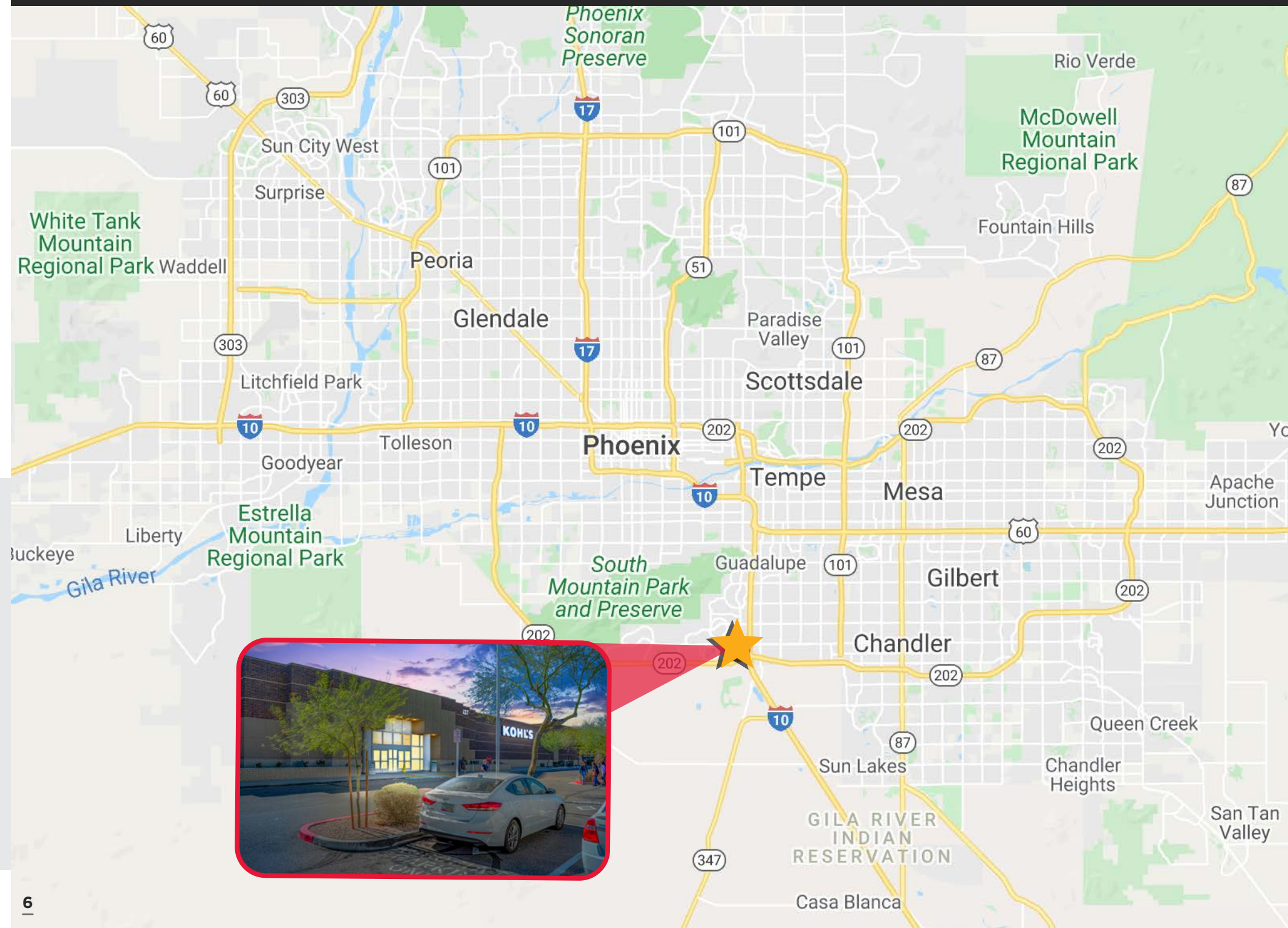


Home to **6**
Fortune 500 companies











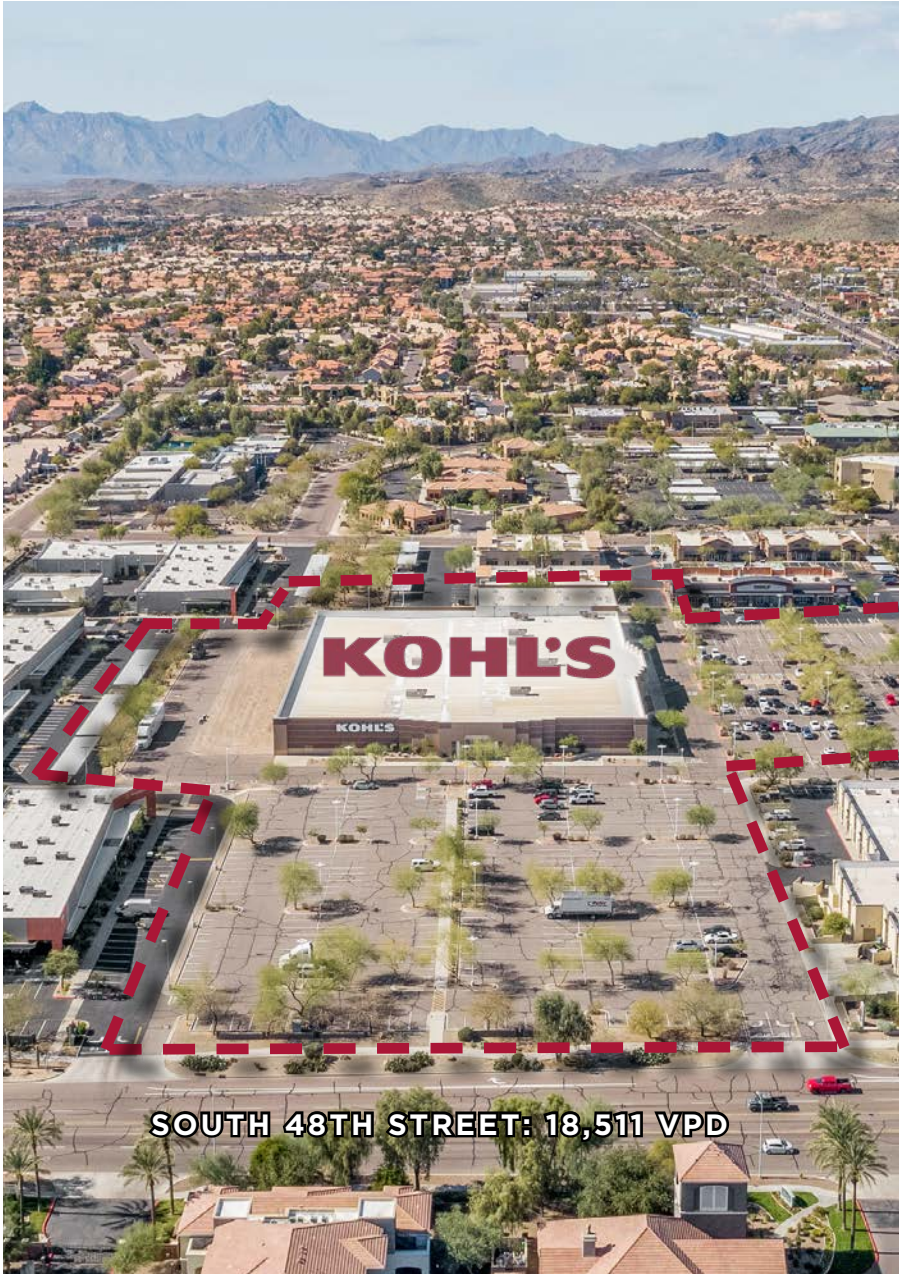
Hub for Nation's
Technology & Service
Industry

REGIONAL MAP

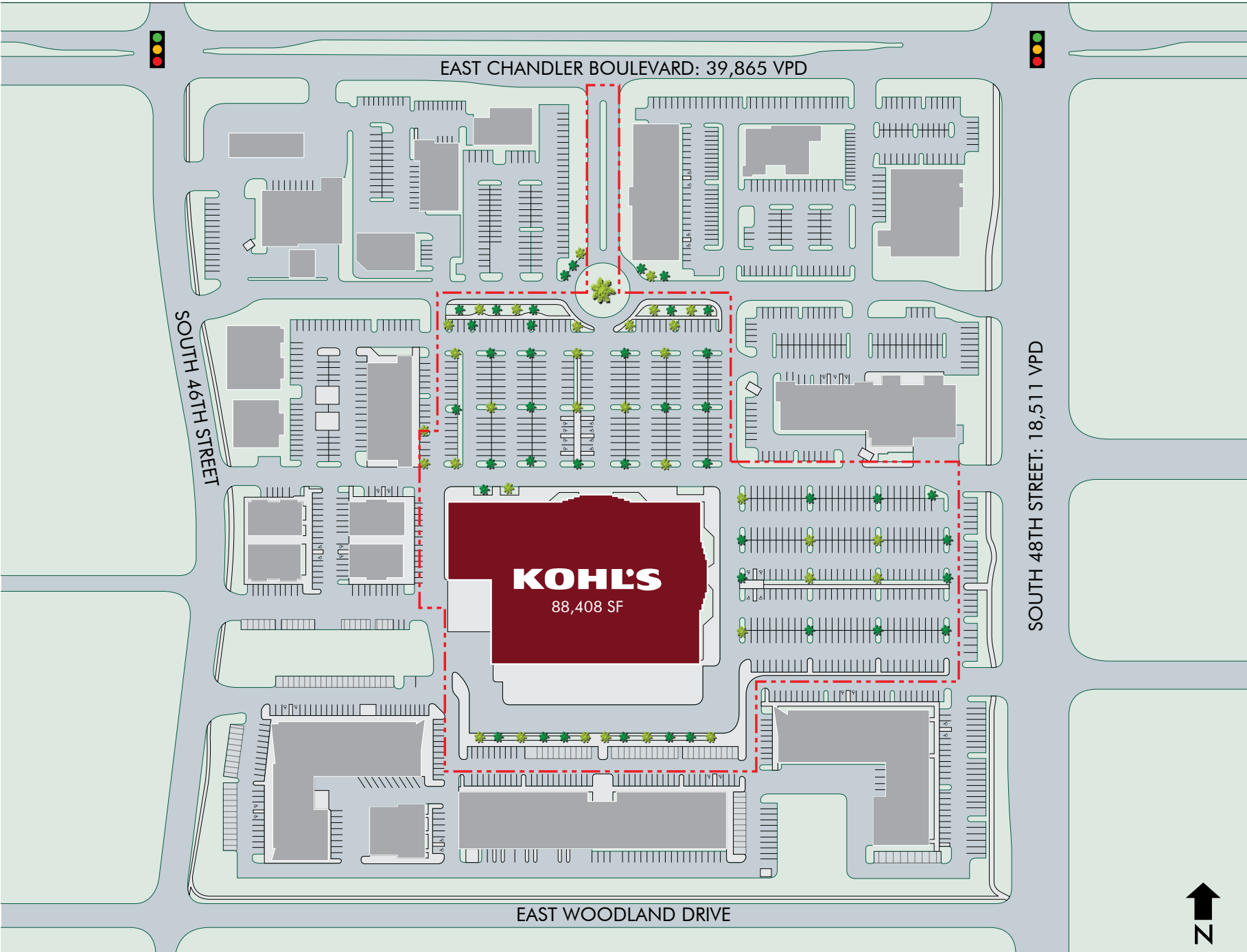


PROPERTY DESCRIPTION

	Location 4637 E Chandler Boulevard, Phoenix, AZ
	County Maricopa County
	Ingress / Egress The property is accessible via two primary access points: one off East Chandler Boulevard and South 48th Street.
	Land Area 10.48 Acres
	Building Area 86,584 SF
	Parking 500 Spaces
	Traffic Counts East Chandler Boulevard: 39,865 VPD South 48th Street: 18,511 VPD
	Year Built The Kohl's was constructed in 2003.

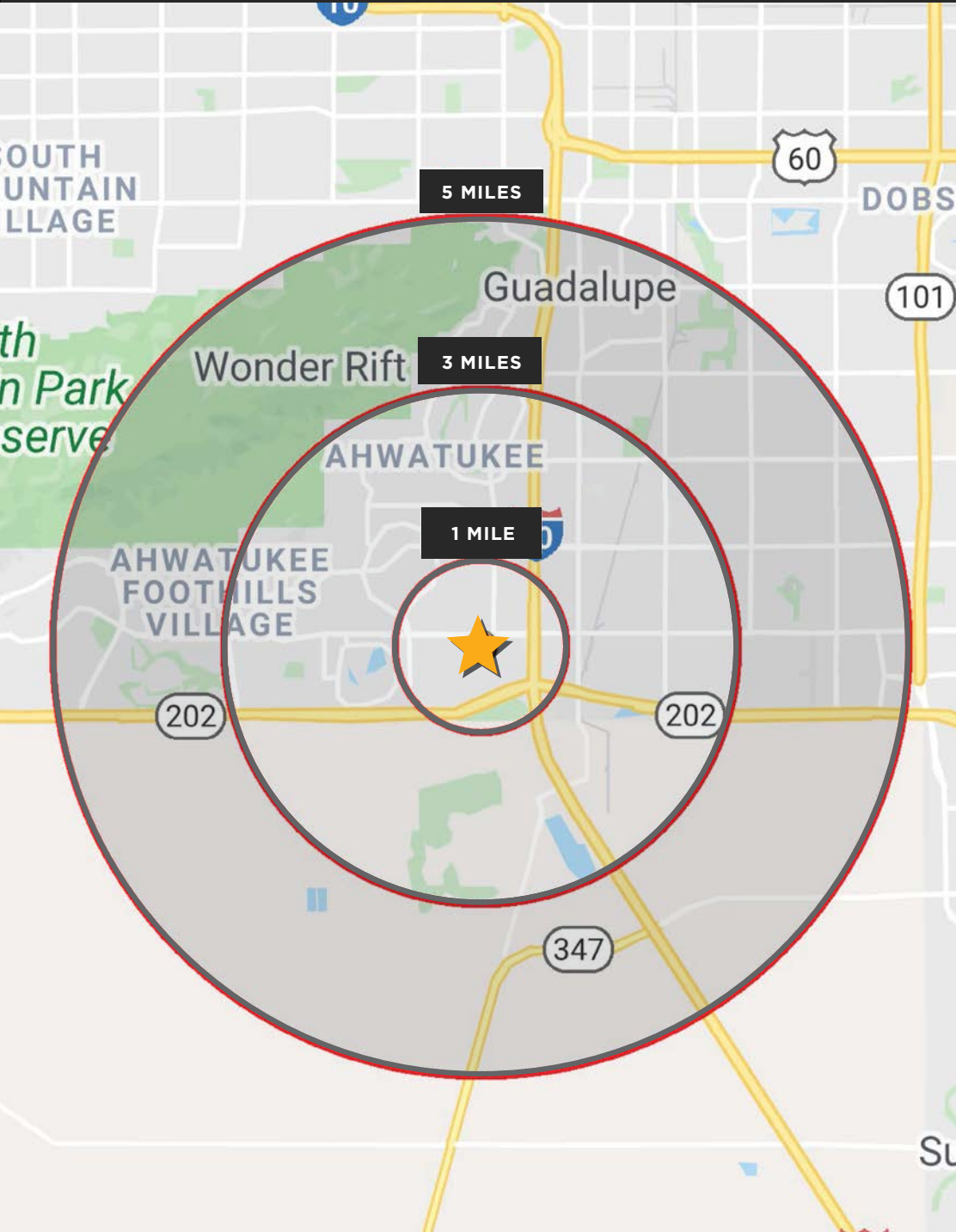


SITE PLAN



DEMOGRAPHICS

	1 Mile	3 Miles	5 Miles
PLACE OF WORK			
2019 Businesses	654	2,797	5,408
2019 Employees	8,250	44,534	82,325
POPULATION			
2019 Population - Current Year Estimate	14,075	72,285	150,687
2024 Population - Five Year Projection	14,888	76,136	159,906
2010 Population - Census	12,778	66,134	135,939
2000 Population - Census	11,996	67,778	139,146
2010-2019 Annual Population Growth Rate	1.05%	0.97%	1.12%
2019-2024 Annual Population Growth Rate	1.13%	1.04%	1.19%
HOUSEHOLDS			
2019 Households - Current Year Estimate	5,923	29,648	60,315
2024 Households - Five Year Projection	6,289	31,200	63,928
2010 Households - Census	5,301	27,074	54,319
2000 Households - Census	4,686	25,830	52,046
2010-2019 Annual Household Growth Rate	1.21%	0.99%	1.14%
2019-2024 Annual Household Growth Rate	1.21%	1.03%	1.17%
2019 Average Household Size	2.37	2.43	2.49
HOUSEHOLD INCOME			
2019 Average Household Income	\$108,138	\$111,752	\$114,178
2024 Average Household Income	\$125,335	\$125,928	\$128,226
2019 Median Household Income	\$82,975	\$86,803	\$86,823
2024 Median Household Income	\$93,560	\$96,738	\$96,929
2019 Per Capita Income	\$45,486	\$45,923	\$45,642
2024 Per Capita Income	\$52,923	\$51,703	\$51,190
DAYTIME POPULATION			
2019 Daytime Population	15,114	88,013	165,593
Daytime Workers	9,590	57,486	101,443
Daytime Residents	5,524	30,527	64,150



LEASE ABSTRACT

GUARANTOR:	Kohl's Corporation (S&P: BBB)
TENANT:	Kohl's Pennsylvania, Inc.
COMMENCEMENT DATE:	January 2, 2004
LEASE EXPIRATION:	January 31, 2024
LEASE TERM REMAINING:	±3 Years
BASE RENT:	\$1,138,580
INITIAL TERM RENT INCREASES:	Flat
RENEWAL OPTIONS:	Nine 5-year options
OPTION PERIOD RENT INCREASES:	7.50% in each option
LEASE STRUCTURE:	NN

TAXES: Tenant shall pay, or cause to be paid, all that portion of real estate taxes which shall be assessed and levied during the Term and any renewal thereof. Tenant shall pay directly to the taxing authority, on or before the due date therefor, 100% of the real estate taxes levied and assessed upon the Kohl’s Tract.

INSURANCE: Tenant, at all times during the Term, shall cause the Building to be insured against loss or damage by fire, lightning, and such other risks as are from time to time included in “all risks” endorsements in the State of Arizona, in an amount and form so that the proceeds thereof are sufficient to provide for actual replacement in full of the Building (said amount may exclude foundation and excavation costs and costs of underground flues, pipes and drains) as part of one or more policies of insurance.

Tenant agrees, at no expense to Landlord, to maintain or cause to be maintained commercial general liability insurance against claims for contractual liability as well as personal injury or death and property damage occurring upon, in or about the Premises and the Common Area of the Kohl's Tract, such insurance in each case to afford protection to the limit of not less than \$5,000,000 for combined single limit for personal injuries, including bodily injury or death (which limit may be included in an excess lines policy), and property damage to any number of persons arising out of any one occurrence.

* Tenant may self-insure if tenant has a net worth of at least \$100,000,000 and maintains a Moody’s rating of Baa2.

MAINTENANCE: Landlord, at Landlord's sole expense, shall keep the foundation, roof joists, roof decking, roof membrane and all structural components of the Building in good condition and shall be responsible for any and all maintenance, repairs and/or replacements thereof. Landlord shall be responsible for all replacements (but not regular maintenance or seal coating) to all hard-surfaced Common Area.

Tenant shall, at its sole expense, keep the Building in good condition and repair and shall be responsible for any and all maintenance and repairs thereto, ordinary wear and tear excepted. Without limiting the generality of the foregoing, Tenant shall be responsible for exterior painting, for minor roof repairs (i.e., those roof repairs which cost less than \$15,000 to complete), for all repairs required as a result of the negligence of Tenant or Tenant's agents, employees or contractors, for the maintenance and repair of the heating, ventilating and air-conditioning system for the Building and for the sprinkler, plumbing and electrical systems serving the Building. Tenant shall, at Tenant's sole cost and expense, operate, illuminate, maintain, repair and replace the Pylon Signs in good condition and repair.

Tenant shall, at no cost or expense to Landlord, police and maintain the Common Area of the Kohl's Tract or cause the Common Area of the Kohl's Tract to be policed and maintained at all times in accordance with the standard set forth in the REA (and to keep the Common Area of the Kohl's Tract in operation except as may be required to maintain in the required condition, order and repair).

CAM:

1. Maintain the surface of the parking area and sidewalks level, smooth and evenly covered with the type of surfacing material originally installed thereon, or such substitute thereof as shall be in all respects equal thereto in quality, appearance, and durability
2. Remove all papers, debris, filth and refuse from the Common Area and wash or thoroughly sweep paved areas as required.
3. Maintain in good condition and repair, any parking area entrance, exit and directional signs, markers and lights in the Common Area installed by respective Parties within the Common Area.
4. Repaint striping, markers, directional signs, etc., as necessary to maintain the Common Area in first-class condition.
5. Maintain landscaping as necessary to keep the Common Area in a first-class condition.
6. Remove snow and ice when and if necessary.
7. Seal coat any surface paving whenever necessary.
8. Providing adequate security in and for the Common Areas, maintaining suitable and adequate lighting on all Common Areas (and keeping same lighted during, and for at least one-half hour after the business hours of the largest Occupant of the Kohl's Tract).

Initial Term	Annual Rent
PRESENT – 1/31/2024	\$1,138,580

Renewal Options	Annual Rent
OPTION 1	\$1,223,973
OPTION 2	\$1,315,774
OPTION 3	\$1,414,454
OPTION 4	\$1,520,538
OPTION 5	\$1,634,578
OPTION 6	\$1,757,172
OPTION 7	\$1,888,960
OPTION 8	\$2,030,632
OPTION 9	\$2,182,930

TENANT PROFILE



2019 REVENUE	\$20.2B
LOCATIONS	1,158
EMPLOYEES	± 129,000
HEADQUARTERS	Menomonee Falls, WI

Kohl's Corporation (NYSE: KSS, S&P: BBB, Fortune #156), headquartered in Menomonee Falls, Wisconsin, operates family-oriented department stores that sell a variety of moderately-priced apparel, footwear and accessories for men, women and children; soft home products, such as sheets, towels and pillows; dishware and home decor. The Company partners with many well-known celebrities to bring affordable fashion and home goods to the American consumer with style preferences ranging from classic to contemporary. As of April 2009, the U.S. Environmental Protection Agency ranked Kohl's 3rd on its National Top 50 Green Power Purchasers for its efforts as an environmentally responsible retailer. As such, several Kohl's stores are LEED certified, Energy Starred, or equipped with solar panels to maximize its green power commitment.

Founded in 1962, the first Kohl's Department Store was opened by Max Kohl in the Milwaukee suburb of Brookfield, Wisconsin. By the time the company went public in 1992, Kohl's had 79 stores across the Midwest and annual sales of \$1 billion dollars. From 1992 to 1999, Kohl's more than tripled its number of stores to 259, while revenues quadrupled to \$4.6 billion. Today, the Company is America's second largest department store by retail sales and 23rd largest retailer in terms of revenue. Kohl's employs 129,000 employees and operates out of more than 1,158 stores in 49 states with TTM revenues in excess of \$20 billion as of October 2019. Kohl's is actively traded on the New York Stock Exchange under the ticker symbol KSS with a market cap in excess of \$7.1 billion as of February 2020.



INVESTMENT ADVISORS

WILL PIKE Vice Chairman +1 404 923 1381 will.pike@cbre.com	BRIAN PFOHL Senior Vice President +1 404 504 7893 brian.pfohl@cbre.com	JAMES KAYE Senior Vice President +1 408 453 7419 james.kaye@cbre.com	ARTHUR FLORES Senior Vice President +1 949 725 8625 arthur.flores@cbre.com
MATT MOUNTJOY Capital Markets Manager +1 404 504 5939 matthew.mountjoy@cbre.com	THOMAS CARR Capital Markets Analyst +1 404 812 5101 thomas.carr4@cbre.com	JAY GOMEZ Senior Vice President +1 408 453 7459 jay.gomez@cbre.com	JOE CAMPAGNO AZ Licensee joe.campagno@cbre.com

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