

MATTRESSFIRM®

MCALLEN, TX



INVESTMENT OFFERING

 **FARISLEE**
Investments

PARTNER
XTEAM
RETAIL ADVISORS



MATTRESS FIRM®

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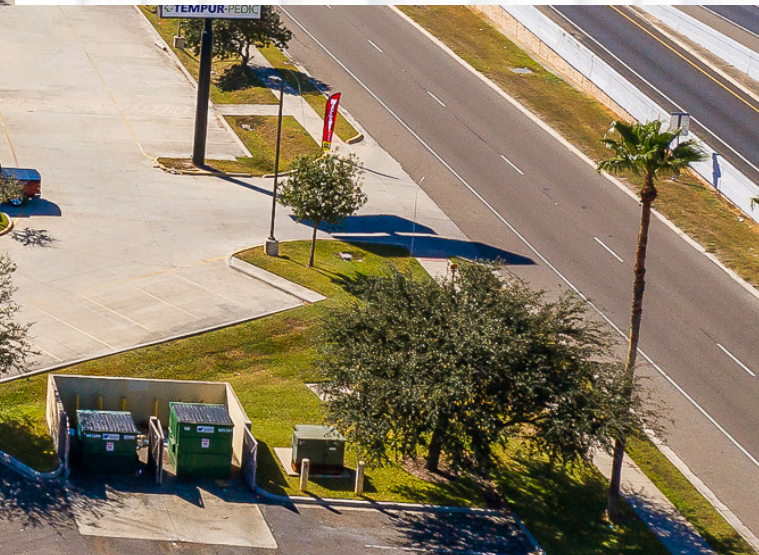
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STATEMENT OF CONFIDENTIALITY & DISCLAIMER

Faris Lee Investments ("FLI") has been engaged as the exclusive financial advisor to the Seller in connection with Seller's solicitation of offers for the purchase of the property known as Mattress Firm, City of McAllen, County of Hidalgo, State of Texas. Prospective purchasers are advised that as part of the solicitation process, Seller will be evaluating a number of factors including the current financial qualifications of the prospective purchaser. Seller expressly reserves the right in its sole and absolute discretion to evaluate the terms and conditions of any offer and to reject any offer without providing a reason therefore. Further, Seller reserves the right to terminate the solicitation process at any time prior to final execution of the Purchase Agreement.

The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property, and it is not to be used for any other purpose or made available to any other person without the express written consent of Seller or FLI. The material is based in part upon information

supplied by the Seller and in part upon financial information obtained by FLI from sources it deems reasonably reliable. Summaries of any documents are not intended to be comprehensive or all-inclusive, but rather only outline some of the provisions contained therein and qualified in their entirety by the actual document to which they relate.

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A prospective purchaser's sole and exclusive rights with respect to

this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or FLI or any of their affiliates or any of their respective officers, directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

Prospective purchasers are not to construe the contents of this Offering Memorandum or any prior or subsequent communication from FLI or Seller or their affiliates or any of their respective officers, directors, shareholders, owners, employees, or agents as legal, tax, or other advice. Prior to submitting an offer, prospective purchasers should consult with their own legal counsel and personal and tax advisors to determine the consequences of an investment in the Property and arrive at an independent evaluation of such investment.



PROPERTY OVERVIEW



PRICING:
\$3,250,000

NOI:
\$261,804

CAP RATE:
8.05%

Faris Lee Investments is pleased to present a rare opportunity to acquire the fee simple interest in a single-tenant, absolute NNN leased investment. The tenant is Mattress Firm, the largest multi-brand mattress retailer in the country, with over 2,500 locations. The absolute NNN lease has a 10% rent increase if the option is exercised, which allows a buyer a hands-off investment that also hedges against inflation.

Situated in the heart of the trade area, the subject property holds strong intrinsic value. Within 5 miles of the site, there are nearly 250,000 people. Additionally, there are over 100,000 employees in that same radius employed by nearly 10,500 businesses.

The property boasts a great location in the trade area, within blocks of crowd generators such as Costco, Lowe's, Sam's Club and Walmart. There is also easy access to and from Interstate 2 (100,017 VPD), the main freeway running across McAllen.

SPECIFICATIONS:

GLA: 8,500 SF

Land Area: 1.34 Acres

TENANT:

Mattress Firm

LOCATION:

**1304 E. Expressway 83
McAllen, TX 78503**

PROPERTY HIGHLIGHTS



Strong Franchisee and Guarantor - Perez Mattress Company

- Perez Mattress Company is sole franchisee for Mattress Firm in all of South Texas and has been operating since 1997
- Operating 15 locations in South Texas area
- Franchisee operates the highest grossing Mattress Firm location in the country



Relocation to Freestanding Building Adjacent to Old Location

- Tenant relocated from adjacent end-cap space to current subject property, a free-standing single tenant building
- Store has 2nd highest sales in franchisee's portfolio
- Demonstrates successful track record and long-term commitment to subject property location



Absolute (NNN) Lease / Fee Simple Ownership

- No landlord obligations to maintain land or building (including roof and structure)
- No landlord management
- All expenses are paid by tenant
- Ideal, management-free investment for an out-of-state investor



Industry Leading Tenant

- Largest multi-brand mattress retailer in the country
- Over 2,500 locations across 49 states
- HQ is also located in Texas



Oversized Parcel / Value-Add Opportunity

- Approximately 1.34 acres
- 106 parking stalls (12.47 stalls per 1,000 SF of leasable area)
- Provides value-add opportunity in the future



Highway Visibility / Strongest Retail Trade Area

- The property has Interstate 2 street frontage and visibility (over 100,000 VPD)
- Features a 35' pole sign that fronts the interstate, which is the main arterial through McAllen, TX
- Resides within the areas strongest retail trade area with adjacent national/credit tenants including: Walmart, Costco, Sam's Club and many more



Strong Fundamental Economic Conditions in McAllen MSA

- Ranked #1 as most affordable to live in the US – Cost of Living Index, 2017
- Ranked #1 in job creation at a state level - Real Estate Center, 2017
- Ranked #1 in the list of boomtown cities of rising salaries – CNBC, 2018
- Ranked #1 most affordable place to retire - SmartAsset Magazine, 2018



Hidalgo County is the Retail Center of South Texas and Northern Mexico

- Hidalgo is the retail center of South Texas and Northern Mexico, drawing from a consumer base of over 10 million people
- The retail sales sector has become the driving force in Hidalgo's economy, growing a staggering 138% over the last 10 years, to over \$7.1 billion and employing 27% of the workforce
- The Chamber of Commerce estimates that at least 35% of all retail sales in Hidalgo are purchased by visitors from Mexico

PROPERTY SPECIFICATIONS

1304 E. Expressway 83, McAllen, TX 78503



Land Area

1.34 Acres (58,240 SF)



Rentable Area

8,500 SF



Ownership

Fee Simple (Land & Building)



Access

There are two (2) access points along Expressway 83, with one (1) being an easement across the adjacent property.



Parking

There are approximately 106 dedicated parking stalls on the owned parcel. The parking ratio is approximately 12.47 parking stalls per 1,000 SF of leasable area.



Traffic Counts (REGis 2019)

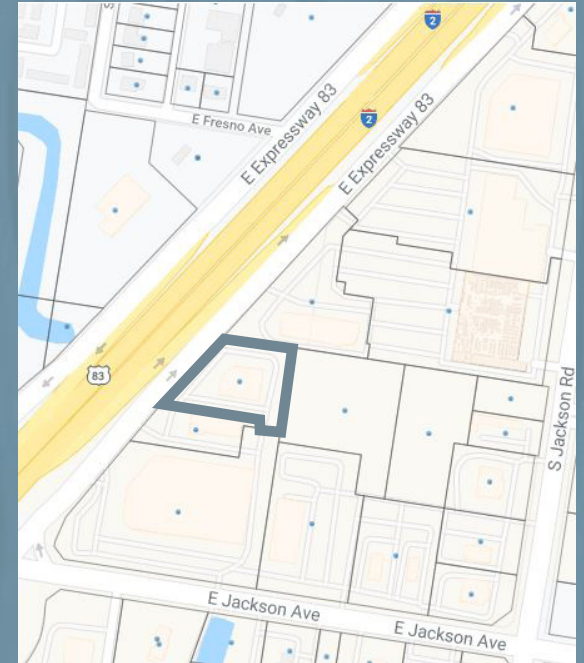
E. Expressway 83: 16,430 VPD
Interstate 2: 100,017 VPD



Year Built

2012 (Renovated 2015)
Zoning: Commercial

Parcel Map

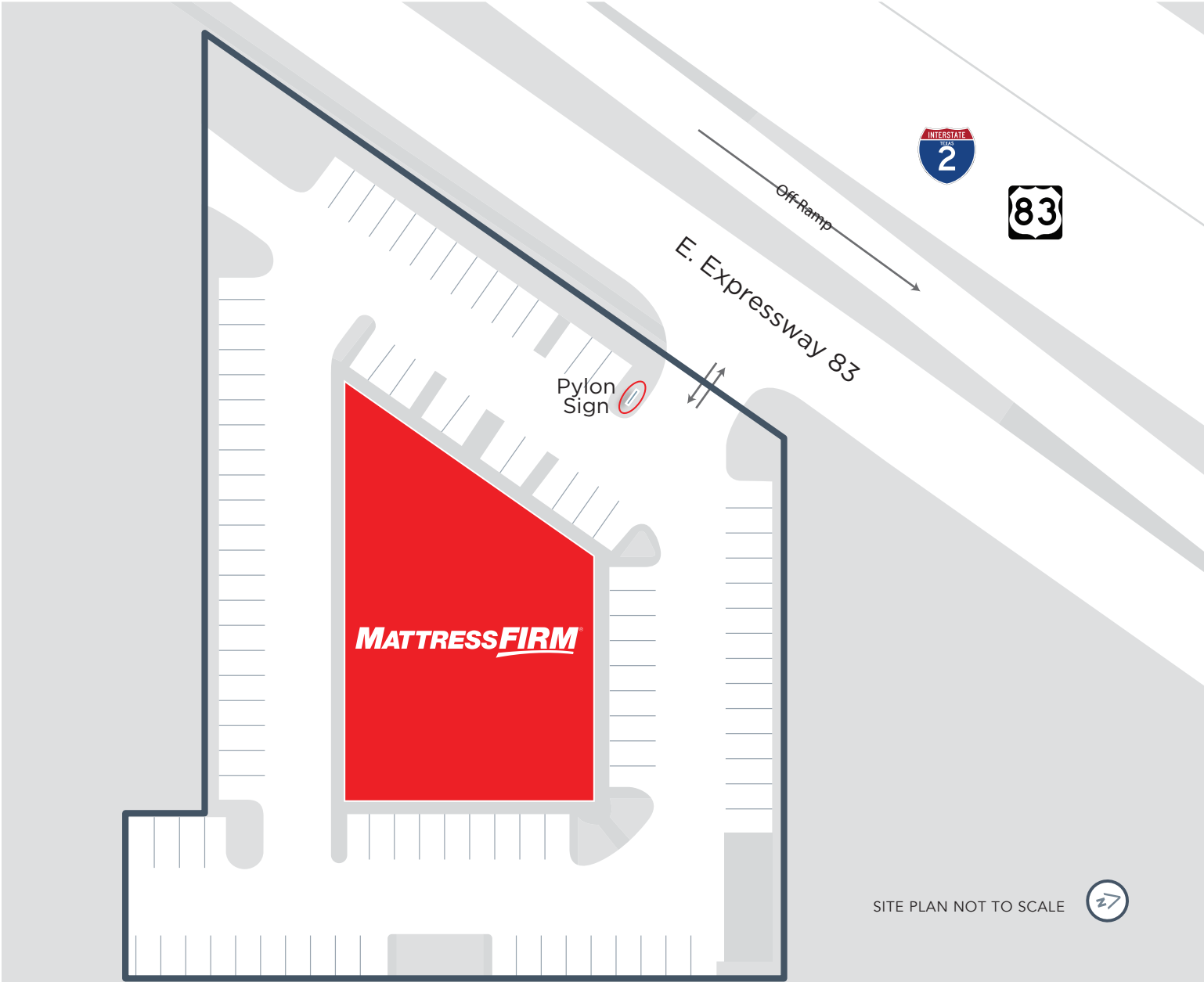


PARCEL NUMBER

R1953-00-000-002A-00

MATTRESSFIRM

SITE PLAN



SITE PLAN NOT TO SCALE





ADJACENT SHOPPING CENTER

AREA OVERVIEW

COSTCO
WHOLESALE

LOWE'S
Home Improvement

RED ROBIN
HONEY BUNDS

Bank of America

SONIC
America's Drive-In

Jack
in the box

SAM'S CLUB

Walmart
Save money. Live better.

MATTRESS FIRM
Save Money. Sleep Happy.

EAST JACKSON AVENUE

Best Buy

SKECHERS

EAST EXPRESSWAY 83 (±16,430 VPD)
EAST INTERSTATE HIGHWAY 2 (±100,017 VPD)

Wendy's

WELLS FARGO

Party Time
BUNDS

at&t

baskin BR robbins

5.11

N
NOT TO SCALE



MCALLEN
HIGH SCHOOL

SOUTH TEXAS
COLLEGE

MCALLEN MEMORIAL
HIGH SCHOOL

MATTRESSFIRM
Save Money. Sleep Happy.

EAST INTERSTATE HIGHWAY 2 (±100,017 VPD)

RIO GRANDE
REGIONAL HOSPITAL

MCALLEN
INTERNATIONAL AIRPORT

LAS TIENDAS



Party
City

FOREVER 21
EVERY SEASON STARTS AT
DICK'S
SPORTING GOODS

HomeGoods
ROSS
DRESS FOR LESS

JACKSON PALMER CROSSING



STAPLES



COSTCO
WHOLESALE

LOWE'S
Home Improvement Warehouse



Walmart
Save money. Live better.

PALMER
ELEMENTARY SCHOOL

KENNEDY
MIDDLE SCHOOL



NOT TO SCALE

DEMOGRAPHICS
(REGIS 2019)



Population



Average HHI



Employees

	Population	Average HHI	Employees
1 Mile	9,048	\$56,763	12,271
3 Miles	96,987	\$52,242	62,180
5 Miles	237,506	\$57,081	106,134

LOCATION MAP



MARKET INSIGHT



11%

Below the national average for
cost of living



99.3%

Increase in retail sales from
1996 to 2018



49th

Largest MSA in the country



\$25.5B

Gross Metro Product



21 Minutes

Average commute time

SOURCE: CITY OF MCALLEN, FORBES

DISTANCE FROM MCALLEN:



MEXICO BORDER

9 Miles



HARLINGEN

34 Miles



LAREDO

146 Miles



CORPUS CHRISTI

156 Miles

McAllen MSA

Prior to the ratification of the North American Free Trade Agreement, economic activity in McAllen was centered on agriculture and petroleum. But after its designation as a foreign trade zone and in combination with its close location to the US-Mexico border, the city has established itself as a major hub for international trade and distribution. Sites of architectural and cultural significance include the Rio Grande Speedway, the International Museum of Art and Science, Quinta Mazatlan and McAllen Botanical Gardens as well as the thriving downtown McAllen.

It is an undisputed fact that McAllen is the retail center of South Texas and Northern Mexico, drawing from a consumer base of over 10 million people within a 200-mile radius. In the bi-national metropolitan area, McAllen retailers serve an immediate market population of 1.8 million. McAllen is represented by 40 of America's top 100 retailers.

The Borderplex

Eighty years ago, the Rio Grande Valley of South Texas was a rural, agriculture-based economy characterized by sporadic growth. Today, the area is being transformed into a major international trade area by developing first-rate commercial, retail, industrial, medical, retirement and higher education institutions. The promotion of international and retail trade, manufacturing and education are among the most successful along the US-Mexico Border. The Rio Grande Valley includes the four southern-most counties in Texas: Cameron, Hidalgo, Starr and Willacy. It is in the geographic center of the region most recently termed the Borderplex, which includes the four Rio Grande Valley counties and the Northern Mexico border cities between Matamoros and Ciudad Mier. The principal cities of McAllen, Brownsville and Harlingen combine to form the northern half of the Borderplex and are among the most rapidly growing regions in America.

SOURCE: CITY OF MCALLEN, FORBES






KEY INDUSTRIES

Automotive Manufacturing
Aerospace
Advanced Manufacturing
Medical Research

Data Centers
Cold Storage & Food Processing
Customer Contact Center

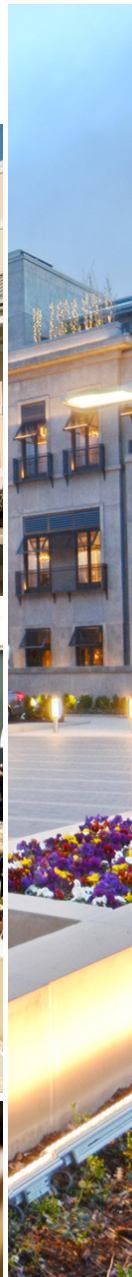
DEMOGRAPHICS

	McAllen, TX (REGis 2019)	1 Mile	3 Mile	5 Mile
 Population	2019 Estimated Population	9,048	96,987	237,506
	2024 Projected Population	9,666	103,618	252,000
	2010 Census Population	7,973	85,643	210,740
	2000 Census Population	6,385	76,465	166,813
	Projected Annual Growth 2019 to 2024	1.4%	1.4%	1.2%
	Historical Annual Growth 2000 to 2019	2.2%	1.4%	2.2%
	2019 Median Age	32.5	32.8	31.0
 Income	2019 Estimated Households	3,236	33,387	76,167
	2024 Projected Households	3,506	36,093	81,825
	2010 Census Households	2,670	27,726	63,896
	2000 Census Households	2,235	23,734	49,165
	Projected Annual Growth 2019 to 2024	1.7%	1.6%	1.5%
	Historical Annual Growth 2000 to 2019	2.4%	2.1%	2.9%
 Business	2019 Estimated Average Household Income	\$56,763	\$52,242	\$57,081
	2019 Estimated White	80.3%	82.3%	84.0%
	2019 Estimated Black or African American	1.5%	1.3%	1.2%
	2019 Estimated Asian or Pacific Islander	2.8%	1.8%	2.1%
	2019 Estimated American Indian or Native Alaskan	0.4%	0.4%	0.4%
	2019 Estimated Other Races	15.1%	14.2%	12.4%
	2019 Estimated Hispanic	86.3%	90.2%	90.2%
	2019 Estimated Total Businesses	903	5,962	10,490
	2019 Estimated Total Employees	12,271	62,180	106,134

Households



Ethnicity





FINANCIAL ANALYSIS

RENT ROLL & TENANT SYNOPSIS

Tenant	Size (SF)	Current Monthly Rent	Monthly Rent \$/SF	Current Annual Rent	Annual Rent \$/SF	Rental Increase Date	Recovery Type	Lease Start	Lease Expires	Lease Options
Mattress Firm	8,500	\$21,817	\$2.57	\$261,804	\$30.80	None	Absolute NNN	5/13/2015	5/31/2025	1 (5-Year) Option 1: \$287,984

MATTRESSFIRM®

www.mattressfirm.com

With over 2,500 company-operated and franchised stores across 49 states, Mattress Firm has the largest geographic footprint in the United States among multi-brand mattress retailers. Founded in 1986, Houston-based Mattress Firm is the nation's leading specialty bedding retailer with over \$3.5 billion in pro forma sales in 2015. In September 2016, the company was acquired by Steinhoff International for \$3.8 billion, and Mattress Firm now operates as a subsidiary of Steinhoff. The company, through its brands including Mattress Firm, Sleepy's and Sleep Train, offers a broad selection of both traditional and specialty mattresses, bedding accessories and other related products from leading manufacturers, including Serta, Simmons and Hampton & Rhodes.

Company Type: Subsidiary



TRANSACTION SUMMARY

Financial Information

Price: \$3,250,000

Property Specifications

Rentable Area: 8,500 SF

Land Area: 1.34 Acres

Year Built: 2012

Address: 1304 E. Expressway 83
McAllen, TX 78503

Parcel Number: R1953-00-000-002A-00

Ownership: Fee Simple (Land & Building)

Tenant: Mattress Firm

Lease Type: Absolute NNN

Tenant is responsible for taxes, insurance, CAM, roof and structure. Landlord has zero responsibilities.

Operating Information

	In-Place
Gross Potential Rent	\$261,804
Plus Recapture	NNN
Effective Gross Income	\$261,804
Less Expenses	(NNN)
Net Operating Income	\$261,804

Cap Rate: 8.05%





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