



# Wawa<sup>®</sup>

## VIRGINIA BEACH, VA

OFFERING MEMORANDUM  
Marcus & Millichap

# EXECUTIVE SUMMARY



Kempsville Road and Centerville  
Road, Virginia Beach, VA

ADDRESS



Hampton Roads MSA

MARKET



LOT SIZE



TERM REMAINING



CREDIT RATING



LEASE TYPE

## THE OFFERING

Price	\$6,844,444
Cap	4.50%
GLA	6,049 SF
Lot Size	1.755 Acres
Year Built	2020
Lease Type	NNN Ground Lease
Rent Commencement	Est. 5/25/21
Lease Expiration	Est. 5/24/41
Increases	See Rent Schedule
Options	Six; Five-Year Terms
Debt	Free & Clear

ANNUALIZED OPERATING DATA	ANNUAL RENT	% INCREASE
Years 1-10	\$308,000	
Years 11-15	\$338,800	10.00%
Years 16-20	\$372,680	10.00%
Option 1 (Years 21-25)	\$409,948	10.00%
Option 2 (Years 26-30)	\$450,943	10.00%
Option 3 (Years 31-35)	\$496,038	10.00%
Option 4 (Years 36-40)	\$545,641	10.00%
Option 5 (Years 41-45)	\$600,205	10.00%
Option 6 (Years 46-50)	\$660,225	10.00%

# INVESTMENT HIGHLIGHTS

**NEW 20-YEAR LEASE WITH STRUCTURED RENTAL INCREASES** | Brand new 20-year term NNN ground lease with 10 percent (10%) increases beginning year 11 and every five years thereafter during the base term and six, five-year option periods.

**SITUATED AT A PRIME CORNER IN AREA'S RETAIL NODE** | Large 1.755-acre parcel positioned at the signaled intersection of Centerville Turnpike and Kempsville Road. This intersection features average daily traffic counts of 88,000 vehicles and is just over two miles from the Interstate-64 interchange (134,000 VPD).

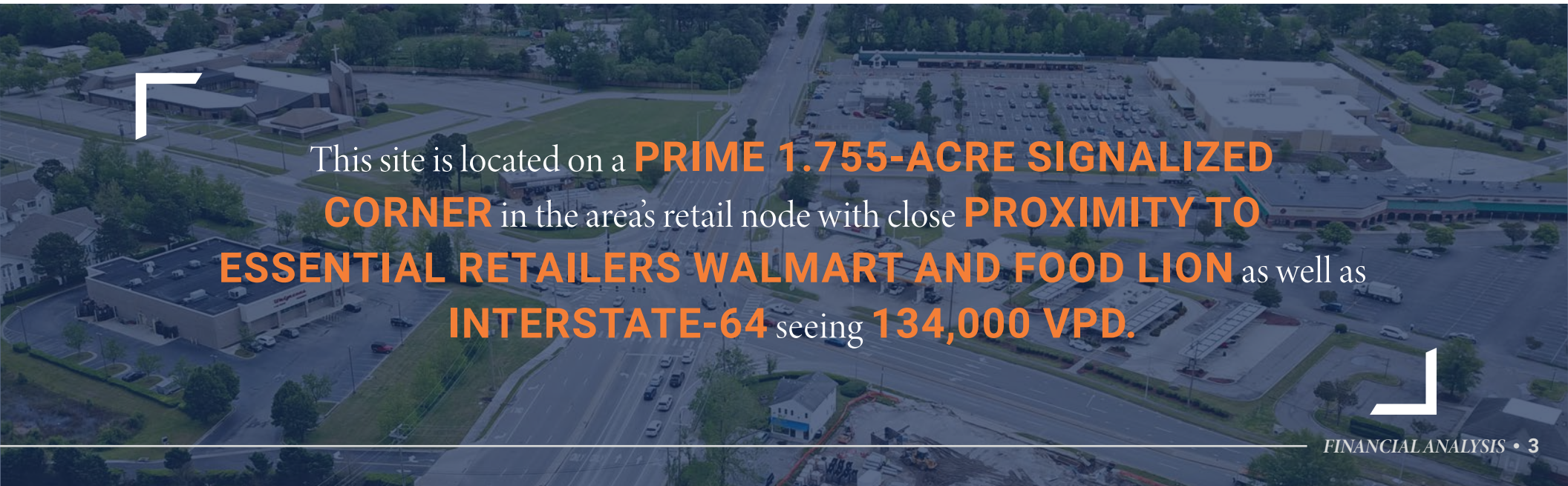
**STRONG LOCAL POSITIONING** | Positioned across the street from Walmart Neighborhood Market (702.8k visitors annually according to Placer.Ai) and Woods Corner Shopping Center, a 156,402-square-foot Food Lion-anchored center (993k visitors annually according to Placer.Ai). Other notable neighboring retailers include Walgreens, 7-Eleven and McDonald's, the last of which has very specific site selection, and together draw immense traffic.

**INVESTMENT GRADE CREDIT** | Shadow Rating of "BBB" by Fitch

**PROXIMITY TO DAYTIME TRAFFIC GENERATORS** | Located three-tenths-of-a-mile from Tallwood Elementary School (599 students) and less than one-mile from Tallwood High School (1,998 students). The Tenant will benefit from close proximity to these local daytime traffic generators.

**STRONG POPULATION DENSITY** | Infill, high-barrier location with a dense three-mile population of 97,454 and Average Household Income of \$90,397. Forecasted population growth of more than four percent by 2023.

**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.



This site is located on a **PRIME 1.755-ACRE SIGNALIZED CORNER** in the area's retail node with close **PROXIMITY TO ESSENTIAL RETAILERS WALMART AND FOOD LION** as well as **INTERSTATE-64** seeing **134,000 VPD**.

Walmart  
Neighborhood Market

← McDonald's

SONIC  
America's Drive-Ins



CENTERVILLE TURNPIKE - 28,000

KEMPSVILLE RD - 60,000 VPD



INTERSTATE  
64 134,000 VPD

Walgreens



Woods Corner  
Shopping Center



Wawa

AAPA  
Self Storage

## 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



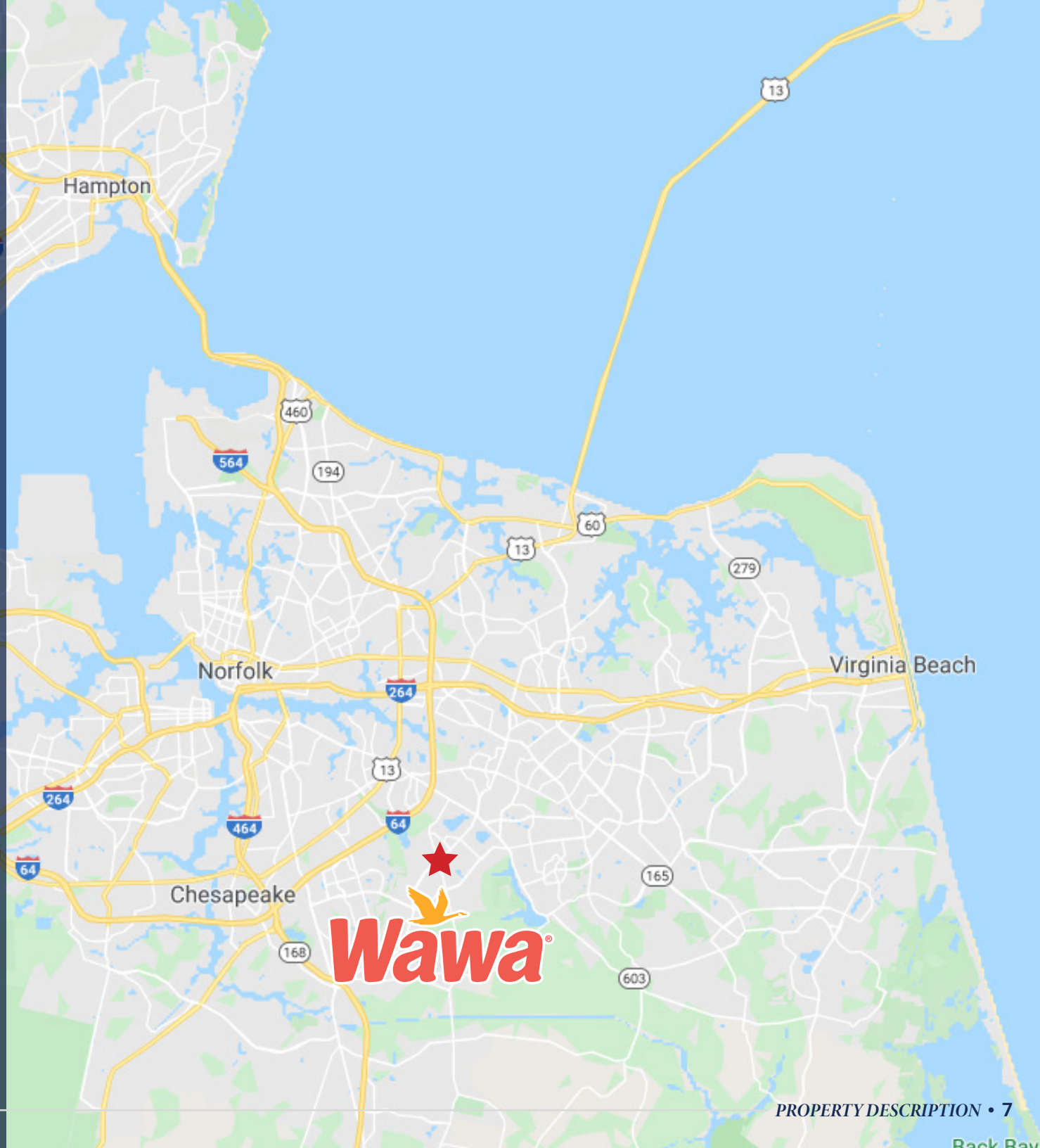
Within a 5-mile radius, the population is expected to grow by 3.32% over the next 5 years to 254,677

88K<sup>VPD</sup>

An average of 88,000 vehicles per day drive by Centerville Turnpike and Kempsville Road

14K

The population density within a one-mile radius is 14,330



Woods Corner  
Shopping Center



97,454 PEOPLE WITHIN A  
3-MILE RADIUS



CENTERVILLE TURNPIKE - 28,000 VPD

KEMPSVILLE RD - 60,000 VPD



# LEASE ABSTRACT

Lessee	Wawa, Inc.
Notification Period to Exercise Options	180 Days
Landlord Obligations	None
Tenant Obligations	Tenant shall maintain demised premises
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; provided, however, that any mortgage or encumbrance of this Lease shall at all times remain subordinate to Landlord's mortgage on the Lease Premises. 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 and their agreement to be bound by this Lease. Tenant shall have the right to assign its interest in this Lease to any entity which 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) which net worth shall be promptly verified by Landlord's chosen financial representatives, with all costs associated with said verification being paid by Landlord and (ii) Tenant shall give Landlord an executed assumption agreement 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 upon any assignment in accordance with this subsection.
Restrictive Covenant	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 to be occupied or used for a convenience food store, coffee store, doughnut store, sandwich store, smoothie store, quick service restaurant, drug store, fuel dispensing facility or any combination of such uses. 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 to be occupied or used for a fuel dispensing facility operated by any warehouse discount club, wholesale club or grocery store, including but not limited to, the type of fuel dispensing facility operated by Costco, Sam's Club, BJ's Wholesale Club, Walmart, Giant, Kroger, Safeway or Martins. The term "convenience food store" means any store generally recognized by the retail food industry as being a convenience food store, including but not limited to, the type of store operated by Tenants; Sheetz, 7-Eleven, Turkey Hill, Hess, Speedway, Cumberland Farms, QuickChek, Royal Farms, Circle K, Exxon-Mobil (On the Run), Race Trac, Gate, Thorntons, Hess Express, Murphy USA, Murphy Express or Sunoco A-Plus. The term "coffee store" means a store primarily engaged in the sale of coffee and related coffee drinks, including without limitation; Starbucks, Seattle's Best, Einstein's, Caribou Cafe, Bucks County Coffee or Barnie's Coffee and Tea Company. The term "doughnut store" means a store primarily engaged in the sale of doughnuts or pastries, including, without limitation, Dunkin' Donuts or Krispy Kreme.
Restrictions and Easement Agreement	The Leased Premises will be subject to a Restrictions and Easements Agreement (ii) shall define all of the obligations regarding the use and maintenance of the Leased Premises, (iii) shall provide Tenant an access easement over all drive aisles, curb cuts and access ways shown on the Sketch Plan, and (iv) shall include the restrictive covenant abstracted above. Landlord hereby agrees that the REA and any amendments or modifications to the REA, shall be subject to Tenant's approval prior to the execution and recordation thereof, provided that Tenant shall not unreasonably withhold, condition or delay its approval thereof provided they do not diminish the rights or increase the obligations (including Tenant's right to approve or disapprove in its sole discretion any changes to the categories of maintenance or other costs that would be considered Operating Costs under this Lease by virtue of such REA) of Tenant under this Lease and they do not adversely affect Tenant's use or occupancy of the Leased Premises or the conduct of Tenant's business therein. Whenever, pursuant to the REA, the consent or approval of Landlord shall be required or requested, such consent or approval shall not be granted without the prior consent of Tenant, provided that Tenant shall not unreasonably withhold, condition or delay its consent. Notwithstanding any provision herein to the contrary, Tenant shall not be responsible for performing any maintenance or other work set forth in the REA or for paying any fees or other amounts set forth in the REA unless expressly agreed to by Tenant in writing.
Landlord's Insurance	Landlord shall maintain and keep in effect insurance on an occurrence basis against claims for personal injury (including death) and property damage arising from occurrences on, in or about the Leased Premises, with broad form contractual liability coverage, under a policy or policies of commercial general liability insurance, with such limits as may be reasonably determined by Landlord from time to time, naming Tenant as an additional insured, but not less than Two Million Dollars (\$2,000,000) per occurrence.

# DEMOGRAPHIC SUMMARY

POPULATION	1 MILE	3 MILES	5 MILES
2023 Projection	15,354	101,498	254,677
2018 Estimate	14,330	97,454	246,484
2010 Census	13,482	91,143	229,660
2000 Census	11,556	86,062	214,450
Current Daytime Population	13,357	80,465	245,452

POPULATION PROFILE	1 MILE	3 MILES	5 MILES
<u>Population By Age</u>			
2018 Estimate Total Population	14,330	97,454	246,484
Under 20	26.22%	25.24%	25.61%
20 to 34 Years	25.84%	23.38%	23.12%
35 to 39 Years	7.87%	7.54%	7.29%
40 to 49 Years	12.25%	12.28%	12.04%
50 to 64 Years	18.26%	19.49%	19.01%
Age 65+	9.58%	12.07%	12.92%
Median Age	33.77	35.86	35.82
<u>Population 25+ by Education Level</u>			
2018 Estimate Population Age 25+	9,421	66,296	167,103
Elementary (0-8)	0.88%	1.12%	1.42%
Some High School (9-11)	4.07%	4.20%	5.64%
High School Graduate (12)	20.76%	21.61%	25.05%
Some College (13-15)	24.23%	26.87%	26.62%
Associate Degree Only	12.30%	10.87%	10.22%
Bachelors Degree Only	25.90%	23.10%	20.08%
Graduate Degree	11.19%	11.44%	9.97%

HOUSEHOLDS	1 MILE	3 MILES	5 MILES
2023 Projection	5,477	38,084	96,444
2018 Estimate	5,002	36,128	92,296
2010 Census	4,690	33,496	85,645
2000 Census	3,637	29,723	76,543
<u>Income</u>			
2018 Housing Income			
\$150,000 or More	10.40%	11.26%	9.70%
\$100,000 - \$149,000	21.87%	20.12%	17.81%
\$75,000 - \$99,999	21.84%	19.43%	17.29%
\$50,000 - \$74,999	20.10%	20.17%	20.91%
\$35,000 - \$49,999	9.73%	11.30%	12.75%
Under \$35,000	16.06%	17.72%	21.55%
Average Household Income	\$88,180	\$90,397	\$84,327
Median Household Income	\$79,512	\$75,957	\$68,517
Per Capita Income	\$31,120	\$33,624	\$31,673

# DEMOGRAPHIC SUMMARY

Geography: 5 Miles



## POPULATION

In 2019, the population was 246,484. The population has changed by 14.94 percent since 2000. It is estimated that the population will be 254,677 five years from now, which represents a change of 3.32 percent from the current year. The current population is 48.11 percent male and 51.89 percent female. The median age of the population is 35.82, compared to the US average which is 37.95. The population density is 3,135.97 people per square mile.



## HOUSEHOLDS

There are currently 92,296 households in your selected geography. The number of households has changed by 20.58 percent since 2000. It is estimated that the number of households will be 96,444 five years from now, which represents a change of 4.49 percent from the current year. The average household size is 2.66 persons.



## INCOME

In 2019, the median household income was \$68,517, compared to the US average which is currently \$58,754. The median household income has changed by 39.98 percent since 2000. It is estimated that the median household income will be \$78,088 five years from now, which represents a change of 13.97 percent from the current year.

The current year per capita income is \$31,673, compared to the US average, which is \$32,356. The current year average household income is \$84,327, compared to the US average which is \$84,609.



## RACE AND ETHNICITY

The current year racial makeup is as follows: 54.84 percent White, 29.23 percent Black, 0.11 percent Native American and 8.33 percent Asian/Pacific Islander. Compare these to US averages which are: 70.20 percent White, 12.89 percent Black, 0.19 percent Native American and 5.59 percent Asian/Pacific Islander. People of Hispanic origin are counted independently of race and make up 7.76 percent of the current year population. Compared to the US average of 18.01 percent.



## HOUSING

The median housing value was \$251,725 in 2019, compared to the US average of \$201,842. In 2000, there were 54,850 owner occupied housing units and there were 21,693 renter occupied housing units. The median rent at the time was \$612 per month.



## EMPLOYMENT

In 2019, there are 108,000 employees, this is also known as the daytime population. The 2000 Census revealed that 64.25 percent of employees are employed in white-collar occupations, and 35.62 percent are employed in blue-collar occupations. In 2019, unemployment was 3.82 percent. In 2000, the average time traveled to work was 25 minutes.

Source: © 2018 Experian

# HAMPTON ROADS OVERVIEW

Hampton Roads, also known as the Virginia Beach-Norfolk-Newport News metropolitan area, is recognized for its miles of waterfronts and beaches, military presence, harbors, shipyards and coal piers. The metro is composed of James, Gloucester, Mathews, York and Isle of Wight counties in Virginia, and Gates and Currituck counties in North Carolina, as well as the cities of Virginia Beach, Williamsburg, Chesapeake, Norfolk, Newport News, Hampton, Poquoson, Portsmouth and Suffolk. Approximately 1.8 million people reside in the market, roughly 460,000 of whom are in Virginia Beach, the market's most populous city.

## METRO HIGHLIGHTS



### MILITARY CONCENTRATION

The metro has the second-largest concentration of military personnel in the U.S. with nine military installations providing numerous jobs.



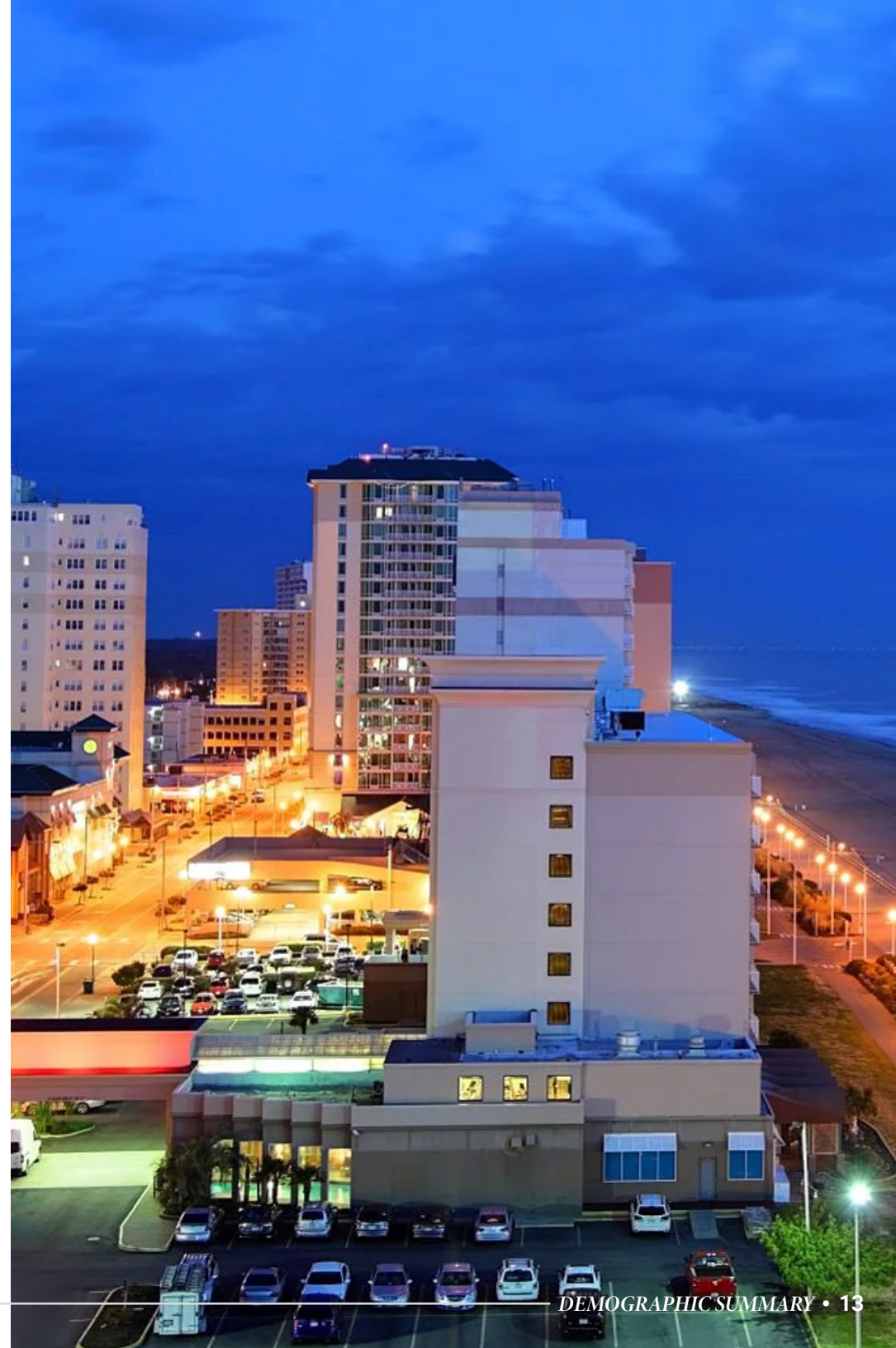
### HOSPITALITY AND TOURISM

Visitors are drawn to Williamsburg and the multiple beaches and resorts, which have activities for everyone.



### SKILLED WORKERS

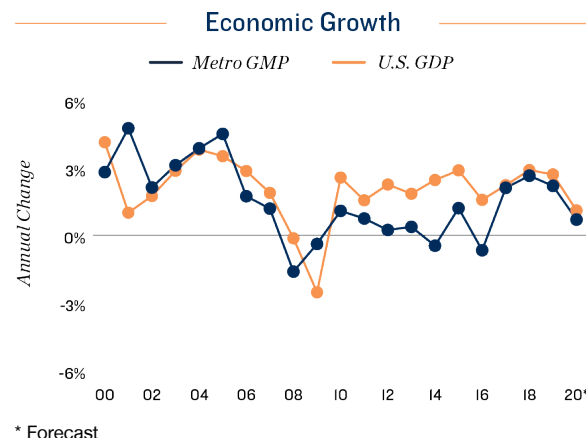
Technical knowledge learned in the military helps to provide a highly educated and skilled labor force.



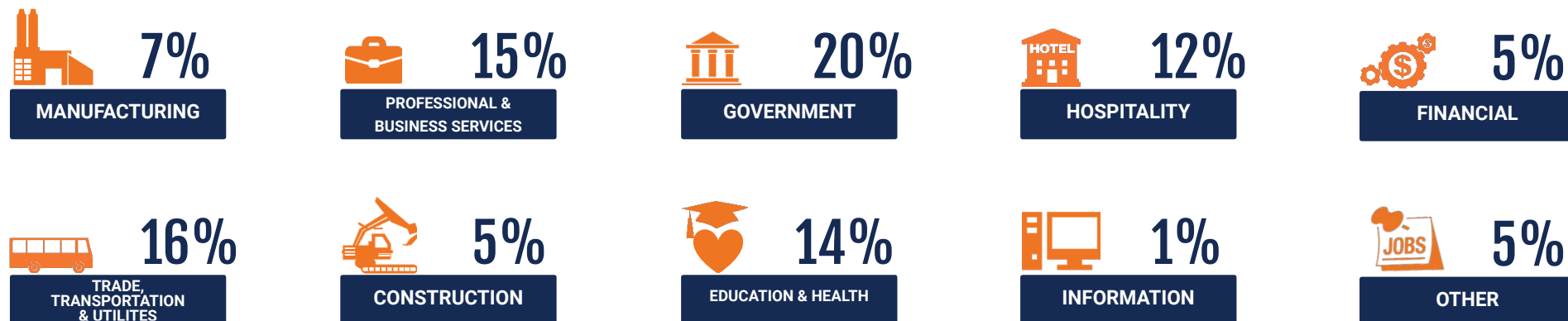
# THE HAMPTON ROADS ECONOMY

The local economy is best known for tourism and defense, but advanced manufacturing, maritime and logistics, cybersecurity and biomedical technology are growing sectors. Fortune 500 headquarters include Norfolk Southern, Dollar Tree and Huntington Ingalls Industries. Other companies headquartered locally include Gold Key PHR, Amerigroup, Anthem and Stihl. The large military presence includes Naval Station Norfolk, Joint Expeditionary Base Little Creek-Fort Story, Naval Air Station Oceana Dam Neck Annex, Joint Base Langley-Eustis, Norfolk Naval Shipyard and Coast Guard Base-Portsmouth.

MAJOR AREA EMPLOYERS
Huntington Ingalls Industries Inc.
Sentara Healthcare
Naval Medical Center Portsmouth
Norfolk Naval Shipyard
Riverside Health System
The Colonial Williamsburg Foundation
Joint Expeditionary Base Little Creek-Ft. Story
GEICO General Insurance Co.
Naval Air Station Oceana-Dam Neck
Nasa Langley Research University



## SHARE OF 2019 TOTAL EMPLOYMENT



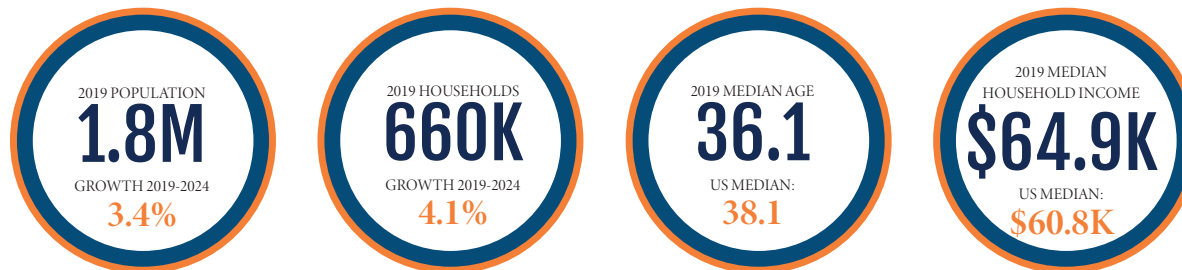
# HAMPTON ROADS DEMOGRAPHICS

The metro is projected to expand by 60,800 people through 2024, resulting in the formation of 26,800 households during this period.

Median home prices that are above the U.S. level contribute to a homeownership rate of 56 percent, which is slightly below the national rate of 57 percent.

Approximately 30 percent of residents age 25 and older hold a bachelor's degree; of those residents, 12 percent also have earned a graduate or professional degree.

## 2019 POPULATION BY AGE



## QUALITY OF LIFE

Known for its beaches and water recreation, the region has much to offer by way of outdoor activities and entertainment. Busch Gardens Williamsburg, Colonial Williamsburg, the USS Wisconsin and the Virginia Aquarium are prominent attractions that draw tourist and locals alike. Cultural activities are available at the Virginia Museum of Contemporary Art, Virginia Aquarium & Marine Science Center and Virginia Beach Amphitheater. Sports teams play at the Virginia Beach Sportsplex, Harbor Park and Scope Arena, while the Kingsmill Championship is held here as a part of the PGA Tour. Universities include the College of William & Mary, Old Dominion University, Virginia Wesleyan College, Hampton University, Christopher Newport University and Norfolk State University.

\* 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

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