



**1267 Elmhurst Road
Des Plaines, IL**



OFFERING MEMORANDUM

6,000 SF | Corporate Lease | 7.0 Years Rem. Term | 8% Rent Increase every 5 Years | Chicago MSA



INVESTMENT HIGHLIGHTS

- **ESSENTIAL RETAILER AND E-COMMERCE RESISTANT TENANT WITH 'BB' RATED PARENT CREDIT RATING (CORPORATE)**
- **BELOW MARKET RENT AND LOW OCCUPATIONAL COST FOR THE TENANT RELATIVE TO IT'S NATIONAL FOOTPRINT**
- **HIGH BARRIER TO ENTRY ASSET TYPE WITH SPECIALIZED AUTO-SERVICE BUILD-OUT - "STICKY" REAL ESTATE**
- **SITUATED NEAR O'HARE AIRPORT - THE 2ND BUSIEST AIRPORT IN THE U.S. AND HOME TO THE MOST INDUSTRIAL INVENTORY**
- **AUTO-SERVICE INDUSTRY TAILWINDS INCLUDE INCREASE IN TOTAL DRIVERSHIP AND AGING NATIONAL VEHICLE FLEET**
- **INFILL LOCATION IN A FIRST-TIER CHICAGO SUBURB WITH OVER 243,000 RESIDENTS WITHIN 5-MILES**
- **INCREDIBLE VEHICLE COUNTS ALONG ELMHURST RD (40K VPD) ALONG A PRIMARY ROUTE TO THE INTERSTATE (150K VPD)**
- **DES PLAINES, IL IS ONE OF THE MOST ACTIVE DEVELOPMENT MARKETS IN THE CHICAGO MSA WITH A PRO-BUSINESS LOCAL GOVERNMENT**



THE OFFERING

JLL on behalf of “The Seller”, is pleased to offer for sale the fee-simple interest in a 6,000 square foot single-tenant auto-service building at 1267 Elmhurst Road (the “Property”, “Asset”) in Des Plaines, IL, featuring a corporate-backed Pep Boys lease (the “Tenant”, “Pep Boys”) through May 2028. With over 40,000 vehicles per day along Elmhurst Road, a premier driving route with direct access to Interstate 90 (150,000 VPD) to the south, the Property sits in a strategic location for Pep Boys highly accessible to the heavy traffic. With nine auto-service bays and ample on-site parking, Pep Boys can serve the high-traffic corridor and dense surrounding population very efficiently, keeping the site consistently busy and serving as a top location for Pep Boys. In addition to being an active location, Pep Boys is paying just \$13.00 PSF in net rent, nearly 50% below their national average store’s rent⁽¹⁾, resulting in low operational costs for Pep Boys relative to their national footprint and enforcing the strategic nature of the location. The Property represents a unique opportunity to acquire a single-tenant essential retail asset in a dense location in the Chicago MSA, offering a passive net lease structure that offers minimal landlord responsibility and surety of income from a corporately-backed Pep Boys lease.

INDUSTRY LEADING TENANCY POSITIONED FOR FUTURE GROWTH

- Pep Boys is **one of the leading auto repair & service brands** in the industry, holding #2 marketshare.
- The industry has benefited from a **rise in the average age of the vehicle fleet** to 11.9 years in 2020 and a projected increase in drivership over the next five years.
- Over the next five years to 2026, the auto services industry and Pep Boys are anticipated to experience steady gains with **long-term tailwinds as one of the few e-commerce resistant service-providers**.

CORPORATE GUARANTY WITH STRENGTH IN THE PARENT CREDIT BACKING

- The Pep Boys lease features a corporate guaranty, and an implicit parent company credit-backing from Icahn Enterprises, rated ‘BB’ by Moody’s.

STRATEGIC OPERATING LOCATION FOR THE TENANT & BELOW-MARKET RENT

- Pep Boys recently announced a commitment to its service-bay locations in their five-year strategic plan, enforcing the strategic nature of the Property within the company’s business model.
- The below-market rent (50%) relative to other Pep Boys locations creates an inherent attraction to the site from the Tenant.

HIGH-TRAFFIC LOCATION IN A DENSE CHICAGO SUBURB NEAR THE INTERSTATE

- Situated in Des Plaines near the O’Hare airport, the Asset is surrounded by a dense residential population of over 243,000 residents.
- The high-traffic location seeing 40,000 VPD on Elmhurst Road perfectly fits the Tenant’s business model.

Offering Summary

Address	1267 Elmhurst Rd., Des Plaines, IL 60018
Tenant	Pep Boys (corporate)
Price	\$1,040,800
Cap Rate	7.50%
NOI	\$78,060
Rent Increases	8% every 5 years
Rent PSF	\$13.00
Remaining Term	7 Years
Total SF	6,000 SF
Site Size	0.46 Acres
Lease Type	NN: Roof & Structure

(1): Source: CoStar comparables

PROPERTY & MARKET OVERVIEW CHICAGO, IL





LEASE ABSTRACT & PROPERTY OVERVIEW

Lease Abstract & Property Overview

Address	1267 Elmhurst Road
City, State	Des Plaines, IL 60018
Tenant	Pep Boys
Lease Type	NN – Roof & Structure on LL
Building Size	6,000 SF
Site Size	0.46 Acres
Car Service Bays	9
Parking Spaces	±30
Parking Ratio	5 / 1,000 SF
Lease Type	NN
NOI PSF	\$78,060 \$13.00
Rent Commencement Date	5/15/2018
Lease Expiration	5/31/2028
Remaining Term	7.0 years ⁽¹⁾
Options	3 x 5 years
Rent Increases	8% every 5 years

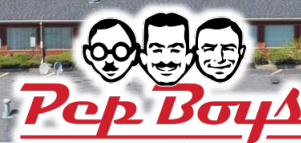
(1) Termination option exists any time after the fifth lease year (May 2023) tied to an \$800K annual sales threshold – contact JLL for details

Date	Years	Base Rent	Rent PSF	% Increase
Current	1 to 5	\$78,060	\$13.00	-
6/1/2023	6 to 10	\$84,305	\$14.05	8.00%
Options				
6/1/2028	11 to 15	\$91,049	\$15.17	8.00%
6/1/2033	16 to 20	\$98,333	\$16.39	8.00%
6/1/2038	21 to 25	\$106,200	\$17.70	8.00%



O'Hare Industrial market is the largest in the country

40,000 VPD
on Elmhurst



BRAKES
\$99.99

Pep Boys
Auto Service & Tire

SHRED
OBA SUSHI

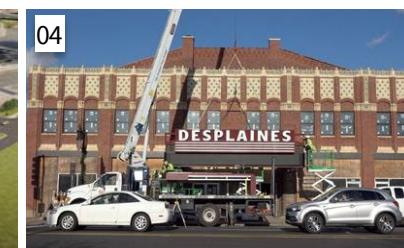
	1-mile	3-mile	5-mile
2020 Population	15,508	103,033	243,828
Average HHI	\$72,937	\$94,023	\$101,348
Households	6,066	40,260	95,766

Des Plaines, IL

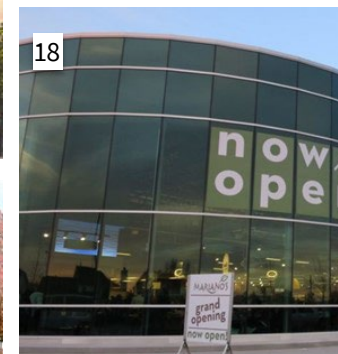
HIGHLY ACTIVE REAL ESTATE INVESTMENT AND DEVELOPMENT MARKET

Des Plaines is **one of northern suburban Cook County's largest communities**. With over 14 square miles of well-established residential neighborhoods, bustling commercial corridors, diverse industrial properties, and a local government that works with the needs of real estate developers and business owners, Des Plaines is a highly attractive residential and real estate investment market, with **over \$800 million in recent or ongoing development and business investment**.

No.	Project	Property Type
1	Office Renovation and New Restaurant	Restaurant
2	Rivers Casino Major Expansion	Casino
3	160,000 SF Class-A Industrial Building	Warehouse
4	Iconic Theatre Renovation	Theatre
5	Apartment Community Proposed – 946 North Avenue	Apartment Community
6	77,000 SF Class-A Industrial Facility	Warehouse
7	Bayview-Compasspoint - Largest Downtown Redevelopment Project	Mixed-Use Living
8	Wheels Inc. Renovation and Expansion of 18-acre Campus	Office
9	Vetter Pharma HQ	Office / Manufacturing
10	330,000 SF Iron Mountain Data Center	Data Center
11	Fairfield Inn & Suites Hotel	Hotel
12	Hotel, Retail, & Recreational Development	Mixed-Use Retail
13	Downtown Luxury Apartments	Apartment Community
14	Lexington Townhomes Downtown Community	Townhome Community
15	The Monarch Apartment Community - 236 Units	Apartment Community
16	Buckingham Place Townhomes and Apartment Community - 400 units	Apartment Community
17	Advocate Medical Group 30,000 SF Facility	Medical Facility
18	New-Construction Mariano's	Grocery Store



\$800M in Recent Real Estate Development



Des Plaines, IL - O'Hare Airport

O'HARE AIRPORT

O'Hare International Airport, services a total of **85 million passengers per year**. O'Hare, located just 17 miles northwest of downtown Chicago and 3 miles southeast of the Property, is **ranked the #2 busiest airport in the nation** with 46 airlines that fly non-stop to more than 220 destinations worldwide. O'Hare is estimate to **contribute roughly \$45 billion to the local economy** and add over 540,000 jobs.

Expansion:

In 2018, the city and airlines committed to Phase I of a new Terminal Area Plan dubbed by O'Hare. The expansion will enable same-terminal transfers between international and domestic flights, faster connections, improved facilities and technology for TSA and customs inspections and much larger landside amenities like shopping and restaurants. The plan will add over 3 million SF to the airport's terminals, increase the gate count from 185 to 235, with estimated total costs of \$8.5 billion for the project and completion of 2028.

HIGHWAYS ACCESS

Ten major interstate freeways come together in and around the Chicago area. These include I-90, I-80, and I-55, making Chicago not only one of the most well-connected cities, but also one of the premier hubs of the trucking industry. Chicago is accessible from all directions by the area's many interstates, highways and expressways. There are over 64 miles of expressway running through the heart of the city, including the nation's busiest expressway, the Dan Ryan.

The Property is located immediately north of Interstate 90 - over 150,000 vehicles per day serving northwest Chicago - with an exit on Elmhurst Rd.



CHICAGO'S DUAL AIRPORT SYSTEM AND CENTRAL US LOCATION POSITIONS IT AS ONE OF THE MOST CONNECTED CITIES IN THE WORLD

85 MILLION
passengers per year

\$200B IN CARGO
annually at O'Hare airport

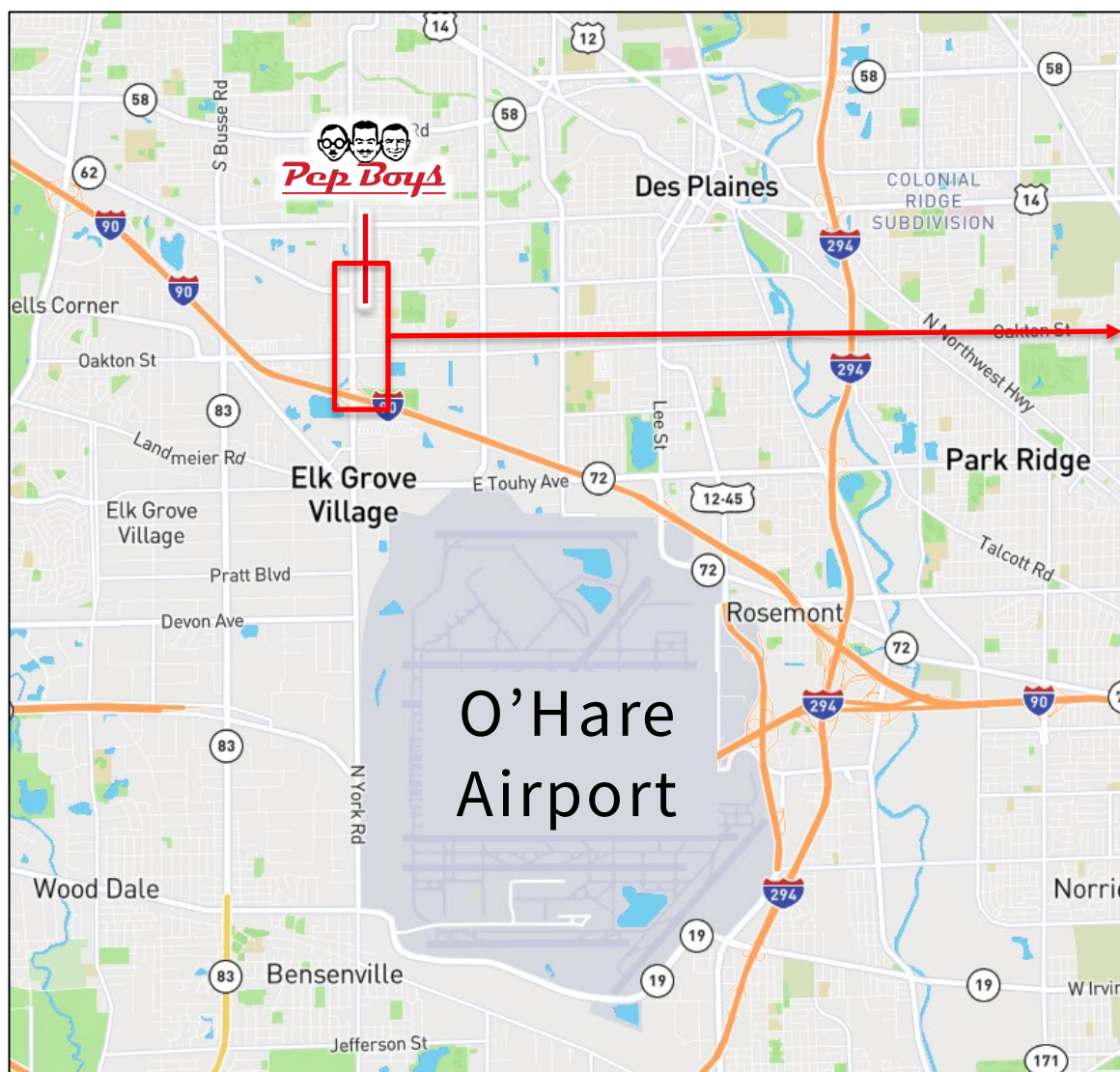
REGIONAL HUBS



3 MILES

Distance from the Property to
O'Hare airport

Des Plaines, IL - Local Area



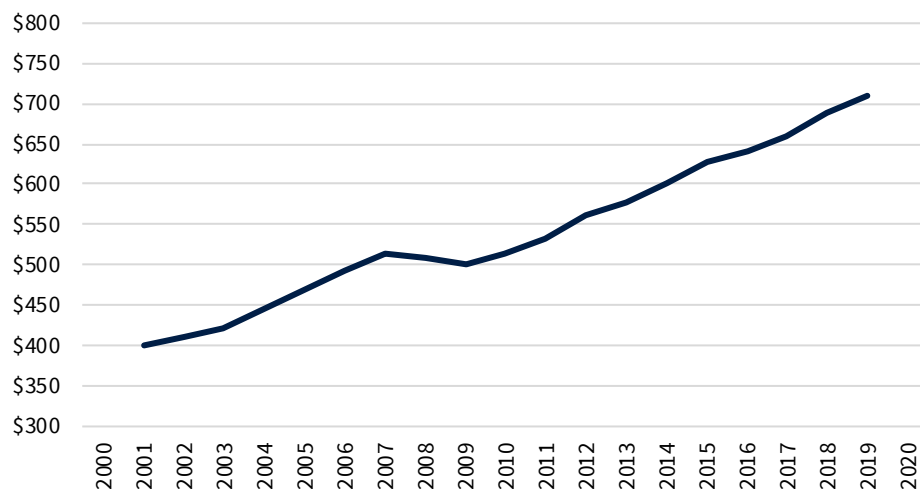
Chicago, IL - Market

A DIVERSIFIED ECONOMY

Chicago, Illinois is the most influential financial, industrial, transportation and cultural center in the United States between the East and West Coasts. It is the third largest city in the country, home to nearly 2.8 million city residents and more than 9.5 million people within the broader metropolitan area. Anchored by its central location, extensive talent pipeline, and overall quality of life, Chicago consistently attracts high interest from corporate America. There are currently 400 major corporations that call Chicago their headquarters including 36 listed on the Fortune 500 list.

Furthermore, the city boasts what is often called the most diversified economy in the United States and an employment base comprising more than 4.7 million people driving an annual economy of over \$700 billion GMP. From an investment perspective, Chicago remains a gateway to global markets, offers a significant labor and consumption base, and provides active liquidity for investors given its ability to attract capital

CHICAGO GROSS METRO PRODUCT (IN \$BILLIONS)





HIGHLIGHTS

- \$700+ billion gross metro product (GMP)
- \$72 billion in annual manufacturing output, ranks first in U.S.
- Total workforce of 4.7 million
- 37 Fortune 500 companies (2nd largest concentration in the U.S.)
- 400+ corporate headquarters
- Home to 43 colleges and universities with over 350,000 students enrolled
- #1 for Corporate Investment totaling \$3 billion in investment annually
- Lowest cost of doing business among Boston, D.C., Los Angeles, New York, and San Francisco

ECONOMIC DRIVERS & EMPLOYMENT

Chicago has one of the world's largest economies, generating over \$700 billion of gross metro product. The city boasts an impressive employment base comprised of more than 4.0 million total nonfarm employees. Unemployment decreased to a low point of 3.6% in 2019 and continues to recover in the second half of 2020. This is made possible for a variety of reasons, including being named the most diversified of all major cities in the country. More than 400 major corporations, including 37 Fortune 500 companies, are headquartered in the Chicago MSA - even more rank on the Fortune 1000 list, and many are some of the region's largest employers.

Other local companies based outside of the CBD include Abbott Laboratories, Baxter, CDW, and Discover. Aside from strong established companies, World Business Chicago showed companies across seventeen different industries meet the criteria to be classified as a "New and Expanding Company."

For the 7th year in a row, it was announced in September 2019 that Chicago leads North America in direct investment. Chicago is home to more than 1,800 foreign-based companies, accounting for more than \$140 billion in foreign direct investment. Over the years, Chicago has proven itself as a leader in the global economy where businesses from around the world come to grow – creating more jobs and economic opportunities across the city.

NOTABLE FORTUNE 500 COMPANIES



TENANT OVERVIEW

PEP BOYS





Tenant Overview

COMPANY OVERVIEW

A Market Leader in Oil Services and Auto Repair

Established as an auto-parts supply company in 1921 in Philadelphia, the Pep Boys: Manny, Moe & Jack (Pep Boys) had 956 locations in 2020 (latest data available). The company operates more than 9,900 bays in 35 states and Puerto Rico. In addition to providing retail items, Pep Boys also provides oil change services at some of its locations. The company has introduced a five-year strategic plan, which involves focusing on its core automotive merchandise, such as tire inventory and car accessories, and increasing productivity and its service-bay market density. As part of the plan, the company aims to add smaller neighborhood service stores to its network of supercenter stores. This will be done, in part, through acquisitions and mergers. In 2016, Pep Boys was acquired by Icahn Enterprises for \$1.0 billion, but it still operates under its own brand. Under Icahn, Pep Boys acquired Just Brakes in January 2017, an automotive repair and maintenance chain. This acquisition added about 130 stores to Pep Boys' portfolio and expanded the company's presence in Dallas and Atlanta. The company is expected to continue expanding its service offerings, contributing to revenue growth, specifically service garages and properties with many bay stations.

Company	Pep Boys
Industry	Oil Services & Auto Repair
Headquarters	Philadelphia, PA
Locations	956
Parent Organization	Icahn Enterprises
Parent Credit Rating	'BB'



Services Provided at this Location

Oil Changes & Maintenance

- Oil Changes
- Car Batter Installation
- Filter Replacement
- Fluid Exchanges
- Fuel System Services
- Scheduled OE Maintenance

Repair Services

- Air Conditioning and Heating System
- Belts and Hoses
- Brake Services
- Engine Diagnostic Code
- All Services
- Shocks, Struts, Steering, & Suspension

Tire Services

- Wheel Alignment
- Tire Repair
- Shop Tires
- TPMS Services
- Tires for Sale

Aftermarkets Autoparts

- Brake Pads/Brake Shoes
- Chassis Parts
- Spark Plugs
- Car Batteries
- Brake Rotors/Drums



Industry Overview

Auto Repair Shops & Oil Services

Industry Revenue to Grow as Vehicle Age Increases

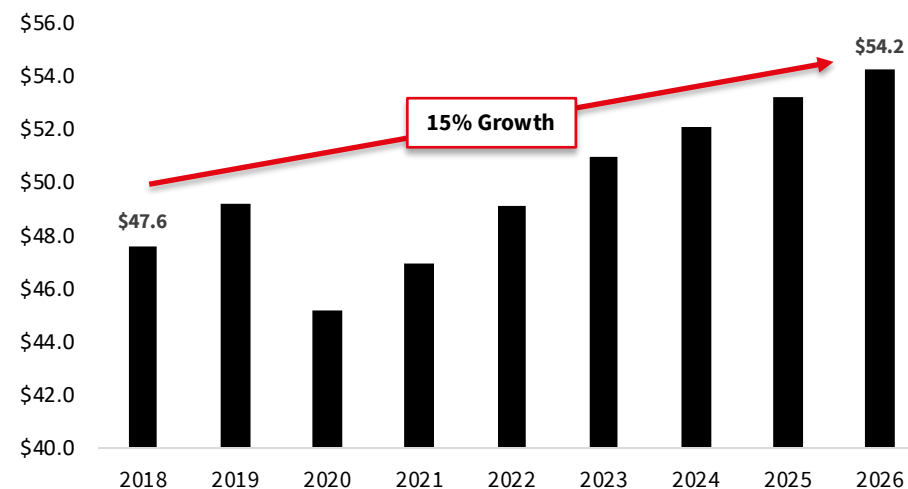
- Pep Boys is one of the leading auto repair brands in the industry, providing repair and customization work to the interior and body of passenger cars, trucks, vans and trailers. Over the five years to 2021, the industry has benefited from a rise in the average age of the vehicle fleet to 11.9 years in 2020 and generally high consumer confidence, resulting in more spending on costly repairs. Over the next five years to 2026, the auto services industry is anticipated to experience relatively steady gains, reaching pre-COVID-19 levels by 2022, as economic conditions improve, and consumers release pent-up demand for industry services.

Key Trends:

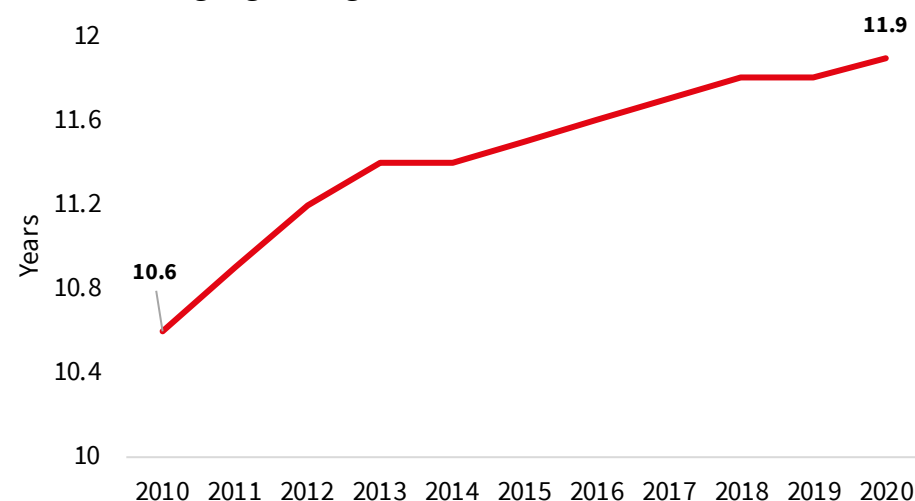
- Consumer spending has returned to pre-covid levels and is likely to continue to rise, resulting in more consumers having work done on their vehicles
- Consumers are more likely to require industry services for dents and other issues as their vehicles age
- Despite the rise of larger, nationally operated car body shops, the industry remains fragmented
- Vehicle usage is projected to increase by 1.6% from 2021-2026, resulting in greater demand for industry services

\$54.2 Billion Industry size by 2026	11.9 Years Average age of vehicles on the road
#2 Market Share Pep Boys' position in the oil services market	11.4% Total Vehicle Miles expected growth in the U.S. in 2021

Auto Repair Industry Revenue 2018-2026 (\$ billions)



Avg. Age of Light Vehicles in the U.S. (years)



Source: IbisWorld

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