

# Former Walgreens Single-Tenant Retail Building

1551 W Central Ave, Temple, TX

CONFIDENTIAL OFFERING MEMORANDUM



Actual Property

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## Confidentiality Agreement

QUANTUM REAL ESTATE ADVISORS, INC. ("QUANTUM") has been retained as the exclusive broker by the Owner of Record ("the Owner") for the single-tenant retail building, located at 1551 W Central Ave, Temple, TX, in connection with the sale of certain properties ("the Property") as described in this Offering Memorandum.

This Offering Memorandum has been prepared by Quantum for use by a limited number of parties, and does not purport to provide a necessarily accurate summary of the physical or economic aspects of the Property or any of the documents related thereto, nor does it purport to be all inclusive or to contain all of the information which prospective investors may need or desire further, the Offering Memorandum is limited to the matters set forth therein. All budgets or projections have been developed by Quantum and Owner, and are based upon assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and Quantum and therefore are subject to variation. Each of Quantum and Owner makes no representation as to the accuracy or completeness of the information contained herein, and nothing contained herein is, or shall be relied on as a promise or representation as to the future performance of the Property. Although the information contained herein is believed to be correct, Quantum and its employees, and Owner, and its trustees, officers, and employees disclaim any and all liability for representations and warranties, expressed and implied, contained in, or omissions from the Offering Memorandum or any other written or oral communication transmitted or made available to the recipient. The Offering Memorandum does not constitute a representation that there has been no change in the business or affairs of the Property Owner as of the date of preparation of the Offering Memorandum.

Additional information and an opportunity to inspect the Property will be made available upon written request to interested and qualified prospective investors. Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers regarding the property, and/or terminate discussions with any entity at any time with or without notice. Owner shall have no legal commitment or obligations to any entity reviewing the Offering Memorandum or making an offer to purchase the property unless and until such offer is approved by Owner and a written agreement for the purchase of the Property has been fully executed, delivered and approved by Owner and its legal counsel, and any conditions to Owner's obligations hereunder have been satisfied or waived. This Offering Memorandum and the contents, except such information that is a matter of public record or is provided in sources available to the public, are of a confidential nature. By accepting this Offering Memorandum, you acknowledge that you have executed, and have agreed to be bound by, the Confidentiality Agreement with Quantum and Owner.

If you have further questions please contact Quantum Real Estate Advisors, Inc.:

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## Description

**Quantum Real Estate Advisors, Inc.** ("QREA") has been retained to exclusively offer for sale a former Walgreens property located at 1551 W Central Ave, Temple, TX. The subject property is a +/-14,820 SF building which was built for Walgreens in 2013. Walgreens has since vacated the property but remain subject to an absolute net lease for an additional 13.2 years. Beginning in 2016, Walgreens has sublet the property to Express Emergency Room (Express ER). Express Emergency Rooms signed a 10-year lease which features 2% annual increases. At the end of Express ERs Lease they will have a one-time option to extend for eight additionally years. In addition, the rent at the time of renewal will be roughly 80% of Walgreens lease obligation.

The property is located at the corner of S 31st Street and Central Avenue, which sees over 15,500 vehicles per day. The site benefits from easy access off of -35 which is the main expressway between Austin and Dallas. Other area tenants include McDonald's, Chick-fil-A, H-E-B, Starbucks and Advance Auto Parts.

## Highlights

- Newer institutional quality construction, built in 2013
- Strategic 'downtown' location, right off major expressway (I-35)
- Excellent synergy with area tenants.
- Long-term redevelopment opportunity

## Property Overview

<b>Purchase Price:</b>	\$6,450,000
<b>Cap Rate:</b>	6.50%
<b>NOI:</b>	\$419,456
<b>Remaining Term:</b>	13.2 Years
<b>Building SF:</b>	14,820 SF
<b>Land Size:</b>	2.07 Acres



## Demographics

	1 mile	3 mile	5 mile
<b>Population</b>	8,955	48,992	72,636
<b>HH Income</b>	\$43,938	\$52,035	\$64,039



## Walgreens Lease Summary

<b>Tenant</b>	Walgreens (Express Emergency Room subtenant)
<b>Address</b>	1551 W Central Ave, Temple, TX 76504
<b>Lease Guarantor</b>	Walgreen Co.
<b>Purchase Price</b>	<b>\$6,450,000</b>
<b>Cap Rate</b>	<b>6.50%</b>
<b>Monthly Rent</b>	\$34,955
<b>Annual Rent</b>	\$419,456
<b>Base Lease Term</b>	20 Years
<b>Remaining Term</b>	13.2 Years
<b>Lease Commencement</b>	September 1, 2014
<b>Lease Expiration</b>	August 31, 2034
<b>Renewal Options</b>	Eleven 5-Yr Options
<b>Rental Increases</b>	Flat
<b>Rent per SF (Building)</b>	\$28.30
<b>Price per SF (Building)</b>	\$435.22
<b>Building Size</b>	14,820 SF
<b>Land Size</b>	2.07 Acres
<b>Year Built</b>	2014
<b>Lease Type</b>	Absolute Net Lease
<b>Property Taxes</b>	Tenant Responsibility
<b>Insurance</b>	Tenant Responsibility
<b>Utilities</b>	Tenant Responsibility
<b>Common Area Expenses</b>	Tenant Responsibility
<b>Roof &amp; Structure</b>	Tenant Responsibility

## Rent Schedule

Rent Schedule					
Term	Commencement	Expiration	Monthly Rent	Annual Rent	Rent/SF
Primary	September 1, 2014	August 31, 2034	\$34,955	\$419,456	\$28.30
Options					
Option 1	September 1, 2034	August 31, 2039	\$34,955	\$419,456	\$28.30
Option 2	September 1, 2039	August 31, 2044	\$34,955	\$419,456	\$28.30
Option 3	September 1, 2044	August 31, 2049	\$34,955	\$419,456	\$28.30
Option 4	September 1, 2049	August 31, 2054	\$34,955	\$419,456	\$28.30
Option 5	September 1, 2054	August 31, 2059	\$34,955	\$419,456	\$28.30
Option 6	September 1, 2059	August 31, 2064	\$34,955	\$419,456	\$28.30
Option 7	September 1, 2064	August 31, 2069	\$34,955	\$419,456	\$28.30
Option 8	September 1, 2069	August 31, 2074	\$34,955	\$419,456	\$28.30
Option 9	September 1, 2074	August 31, 2079	\$34,955	\$419,456	\$28.30
Option 10	September 1, 2079	August 31, 2084	\$34,955	\$419,456	\$28.30
Option 11	September 1, 2084	August 31, 2089	\$34,955	\$419,456	\$28.30

\*75 year lease with termination rights after year 20 and each consecutive option period.  
Requires 1 year advance notification.





## Sub-Tenant Lease Summary

<b>Sub-Tenant</b>	<b>Express Emergency Room</b>
<b>Monthly Rent</b>	\$24,994
<b>Annual Rent</b>	\$299,932
<b>Base Lease Term</b>	10.2 Years
<b>Remaining Term</b>	5.1 Years
<b>Lease Commencement</b>	June 1, 2016
<b>Lease Expiration</b>	July 31, 2026
<b>Renewal Options</b>	(1), 8-Year Option
<b>Rental Increases</b>	2% Annual
<b>Rent per SF (Building)</b>	\$20.24
<b>Building Size</b>	14,820 SF
<b>Land Size</b>	2.07 Acres
<b>Year Built</b>	2014
<b>Lease Type</b>	Absolute Net Lease
<b>Property Taxes</b>	Tenant Responsibility
<b>Insurance</b>	Tenant Responsibility
<b>Utilities</b>	Tenant Responsibility
<b>Common Area Expenses</b>	Tenant Responsibility
<b>Roof &amp; Structure</b>	Tenant Responsibility

## Rent Schedule

Rent Schedule						
Term	Commencement	Expiration	Monthly Rent	Annual Rent	Rent/SF	Increase
Primary	June 1, 2016	May 31, 2017	\$22,593	\$271,115	\$18.29	
Primary	June 1, 2017	May 31, 2018	\$23,054	\$276,648	\$18.67	2%
Primary	June 1, 2018	May 31, 2019	\$23,524	\$282,294	\$19.05	2%
Primary	June 1, 2019	May 31, 2020	\$24,005	\$288,055	\$19.44	2%
Primary	June 1, 2020	May 31, 2021	\$24,494	\$293,933	\$19.83	2%
Primary	June 1, 2021	May 31, 2022	\$24,994	\$299,932	\$20.24	2%
Primary	June 1, 2022	May 31, 2023	\$25,504	\$306,053	\$20.65	2%
Primary	June 1, 2023	May 31, 2024	\$26,025	\$312,299	\$21.07	2%
Primary	June 1, 2024	May 31, 2025	\$26,556	\$318,672	\$21.50	2%
Primary	June 1, 2025	July 31, 2026	\$27,098	\$325,176	\$21.94	2%
Options						
Option 1	August 1, 2026	July 31, 2027	\$27,640	\$331,680	\$22.38	2%
	August 1, 2027	July 31, 2028	\$28,193	\$338,313	\$22.83	2%
	August 1, 2028	July 31, 2029	\$28,757	\$345,079	\$23.28	2%
	August 1, 2029	July 31, 2030	\$29,332	\$351,981	\$23.75	2%
	August 1, 2030	July 31, 2031	\$29,918	\$359,021	\$24.23	2%
	August 1, 2031	July 31, 2032	\$30,517	\$366,201	\$24.71	2%
	August 1, 2032	July 31, 2033	\$31,127	\$373,525	\$25.20	2%
	August 1, 2033	July 31, 2034	\$31,750	\$380,996	\$25.71	2%





## Site Aerial



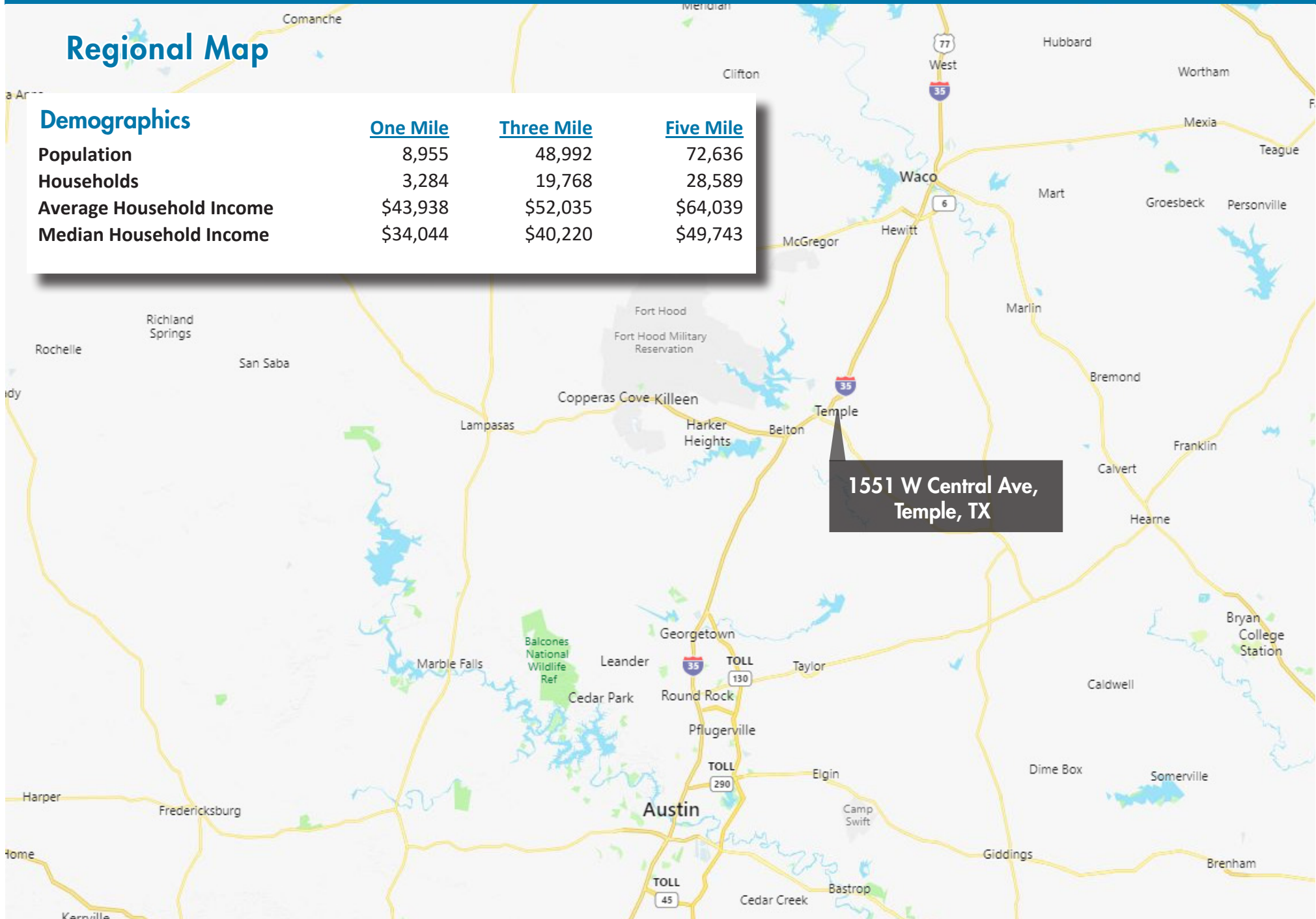




## Regional Map

### Demographics

	<u>One Mile</u>	<u>Three Mile</u>	<u>Five Mile</u>
Population	8,955	48,992	72,636
Households	3,284	19,768	28,589
Average Household Income	\$43,938	\$52,035	\$64,039
Median Household Income	\$34,044	\$40,220	\$49,743

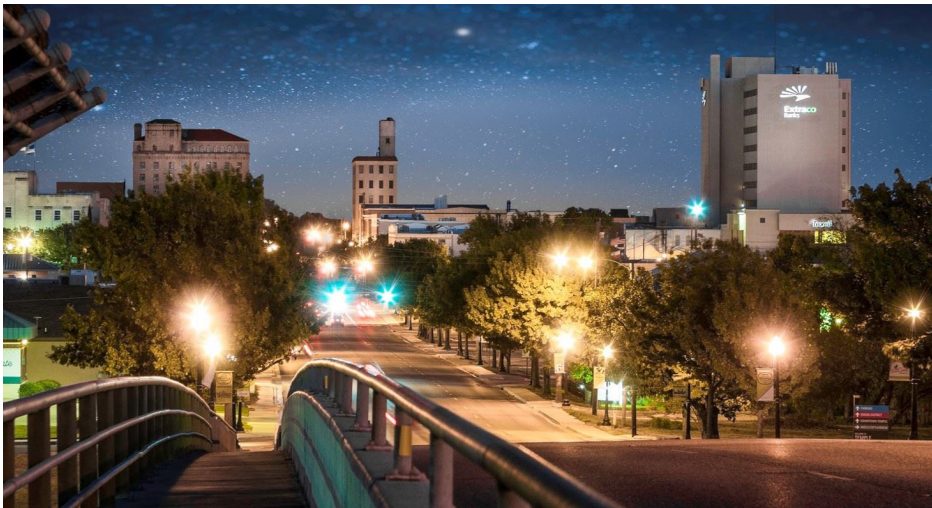




## Market Overview

### Temple Overview

**The city of Temple is situated in one of the most booming economic corridors in the nation.** Temple has proved to have a steady growth rate with an increasing rate of racial diversity. **The population of Temple has increased 17% over 10 years.** Temple is a principal city in the Killeen-Temple-Fort Hood Metropolitan Statistical Area, which has an estimated population of 448,112. **Temple enjoys the distinction of being the demographic center of Texas.** Temple is located in the heart of Central Texas, 45 minutes north of Austin, 35 minutes north of Round Rock and 30 minutes south of Waco. With the major cities of Dallas, Houston and San Antonio less than three hours away, it is the transportation center as well. In fact, 84 percent of the state's population is within three hours of the Temple city limits. Temple uniquely offers the best aspects of two worlds: the conveniences of big-city dwelling with the atmosphere of a small town. Temple's location, within 180 miles of a population of 19 million, makes it **a central location within the southwest U.S. marketplace.** The economic stability is based on the diversity of its economic base with no single industry dominating the market.



### Economy

The Gulf, Colorado & Santa Fe Railway became a major employer for Temple and in 1891 built the Gulf, Colorado & Santa Fe Railway Hospital. In early 1892, Dr. Arthur Carroll Scott & Dr. Raleigh R. White, Jr., arrived in Temple to work in the hospital. The doctors saw a need for medical services that reached beyond the railroad workers to the town residents. In 1904, the doctors opened the Temple Sanitarium, which gave rise to one of the fastest-growing healthcare systems in the 20th century, Baylor Scott & White Health. Temple is a city built on success stories like that of the two visionary doctors.

The world headquarters of McLane Company and Wilsonart International are located here, because the founders of these enterprises built their legacy in Temple. **Baylor Scott & White Health continues its phenomenal growth** today with a multi-million dollar expansion of the facility. Its alignment with Texas A&M University Health Science Center as a teaching hospital is an example of the unique educational opportunities offered in Temple. These organizations are just a part of Temple's solid economic foundation. Diversity is the key to the thriving **billion-dollar business sector**, composed of a strong industrial base of manufacturing, medical services and education.

### Major Employers







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