

Walgreens



Village Medical



REPRESENTATIVE PHOTO

 11525 S TEXAS 6, SUGAR LAND, (HOUSTON MSA) TX 77498

Marcus & Millichap

INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present for sale this Absolute Net Leased Walgreens located at 11525 Highway-6 in Sugar Land, Texas within the greater Houston MSA. The subject property consists of a free-standing building comprised of 14,490 square feet of retail space which includes a Village Medical clinic and is situated on a large 1.87- acre parcel of land.

Strategically located on the Hard-Signalized Intersection of W Airport Boulevard and Highway-6, a major North-South thoroughfare, the property is highly visible to more than 55,650 vehicles per day. This infill location benefits from superb demographics including over 331,000 full time residents in the immediate area with an average household income exceeding \$117,104 in the 1-mile radius. The immediate trade area is also home to a number of National and Regional retailers including but not limited to AutoZone, The Home Depot, Whataburger, CVS, Bank of America, Kroger, Taco Bell, Chase Bank, Burger King, Walmart, and Sam's Club.

Walgreens originally executed a 25 Year Absolute Net-Lease when originally built in 2002. Walgreens recently exercised an early option extending their initial term out until December of 2032 while also adding a Village Medical Clinic to the site, showing a tremendous commitment to the location. They currently have over 11 years of initial term remaining on the lease.

Walgreens (NYSE: WBA) is a publicly traded company with an S&P Credit Rating of BBB and is ranked #17 in the Fortune 500 (2019). Some financial highlights include 2018 Revenues of \$131.537 billion and 2018 Net Profits of \$5.024 billion. Walgreen Co. operates over 8,200 stores in all 50 states, the District of Columbia, Puerto Rico and Guam. The company also operates worksite health centers, home care facilities, and specialty and mail service pharmacies.

INVESTMENT HIGHLIGHTS

- Walgreens Corporate Guarantee (NYSE: WBA)
- Investment Grade Tenant (S&P BBB)
- Hard Signalized Corner with Great Visibility | Visible to over 55,650 vehicles/day
- Excellent Demographics | 331,000+ Full Time Residents in Immediate Trade Area
- Affluent Market | Average Household Income exceeds \$117,000 in 1-Mile
- Village Medical Location | Offers Full-Service Physician-Led Clinic
- Strong Sales
- Houston, Texas MSA
- Long Term Lease | Zero Landlord Responsibility
- Fee Simple Allowing for Depreciation
- Drive-Thru Pharmacy

Walgreens and VillageMD to Open 500 to 700 Full-Service Doctor Offices within Next Five Years in a Major Industry First

Unprecedented Large-Scale Rollout Delivers First-Rate Healthcare to Patients, with Primary Care Physicians and Pharmacists Co-Located at Stores in an Integrated Model

DEERFIELD, Ill. & CHICAGO, July 08, 2020 - Walgreens Boots Alliance, Inc. (Nasdaq: WBA) and VillageMD announced today that Walgreens will be the first national pharmacy chain to offer full-service doctor offices co-located at its stores at a large scale, following a highly successful trial begun last year.

This press release features multimedia. View the full release here: <https://www.businesswire.com/news/home/20200708005320/en/>

This expanded partnership will open 500 to 700 “Village Medical at Walgreens” physician-led primary care clinics in more than 30 U.S. markets in the next five years, with the intent to build hundreds more thereafter.

The clinics will uniquely integrate the pharmacist as a critical member of VillageMD’s multi-disciplinary team to deliver the very best healthcare to patients, and will be staffed by more than 3,600 primary care providers, who will be recruited by VillageMD.

The clinics will accept a wide range of health insurance options, and offer comprehensive primary care across a broad range of physician services. Additionally, 24/7 care will be available via telehealth and at-home visits. More than 50 percent will be located in Health Professional Shortage Areas and Medically Underserved Areas/Populations, as designated by the U.S. Department of Health and Human Services.

This rollout follows a trial with five in-store clinics in the Houston, Texas area, which produced very strong results after opening last November including high patient satisfaction, with Net Promoter Scores over 90.

This integrated model has never been more important – six in 10 Americans today live with at least one chronic condition requiring multiple daily medications. Data from current Village Medical clinics shows that an integrated pharmacy and primary care approach increases medication adherence and contributes to improved patient outcomes.

“This rollout is a major advancement of one of Walgreens Boots Alliance’s four key strategic priorities, Creating Neighborhood Health Destinations,” said Stefano Pessina, executive vice chairman and CEO, Walgreens Boots Alliance. “These clinics at our conveniently located stores are a significant step forward in creating the pharmacy of the future, meeting many essential health needs all under one roof as well as through other channels.”

“In the U.S., we spend \$4 trillion per year on healthcare, over 85 percent of that is tied to patients with chronic diseases. To improve our healthcare system and reverse the trajectory of health spending, we must meet the needs of all patients. This partnership allows us to unleash the power of primary care doctors and pharmacists, enabling them to work in a coordinated way to enhance the patient experience,” said Tim Barry, chairman and CEO, VillageMD. “The results of our initial pilot clinics highlight that these outcomes are infinitely achievable.”

Most of the clinics will be approximately 3,300 square feet each, with some as large as 9,000 square feet. They will optimize existing space in the store, which will also still provide a vast range of retail products to customers.

VillageMD and Walgreens also recently announced the availability of Village Medical telehealth providers on Walgreens Find Care™, which is an online platform that connects patients with a wide range of health services.

Under the terms of the new agreement, WBA will invest \$1 billion in equity and convertible debt in VillageMD over the next three years, including a \$250 million equity investment to be completed today.

Of WBA’s investment, 80 percent will be used by VillageMD to fund the opening of the clinics and build the partnership, including integration with Walgreens digital assets.

<https://news.walgreens.com/press-center/news/walgreens-and-villagemd-to-open-500-to-700-full-service-doctor-offices-within-next-five-years-in-a-major-industry-first.htm>

THE OFFERING



PROPERTY DETAILS

Lot Size	81,457 SF (1.87 Acres)
Rentable Square Feet	14,490 SF
Price/SF	\$561.31
Year Built	2002

FINANCIAL OVERVIEW

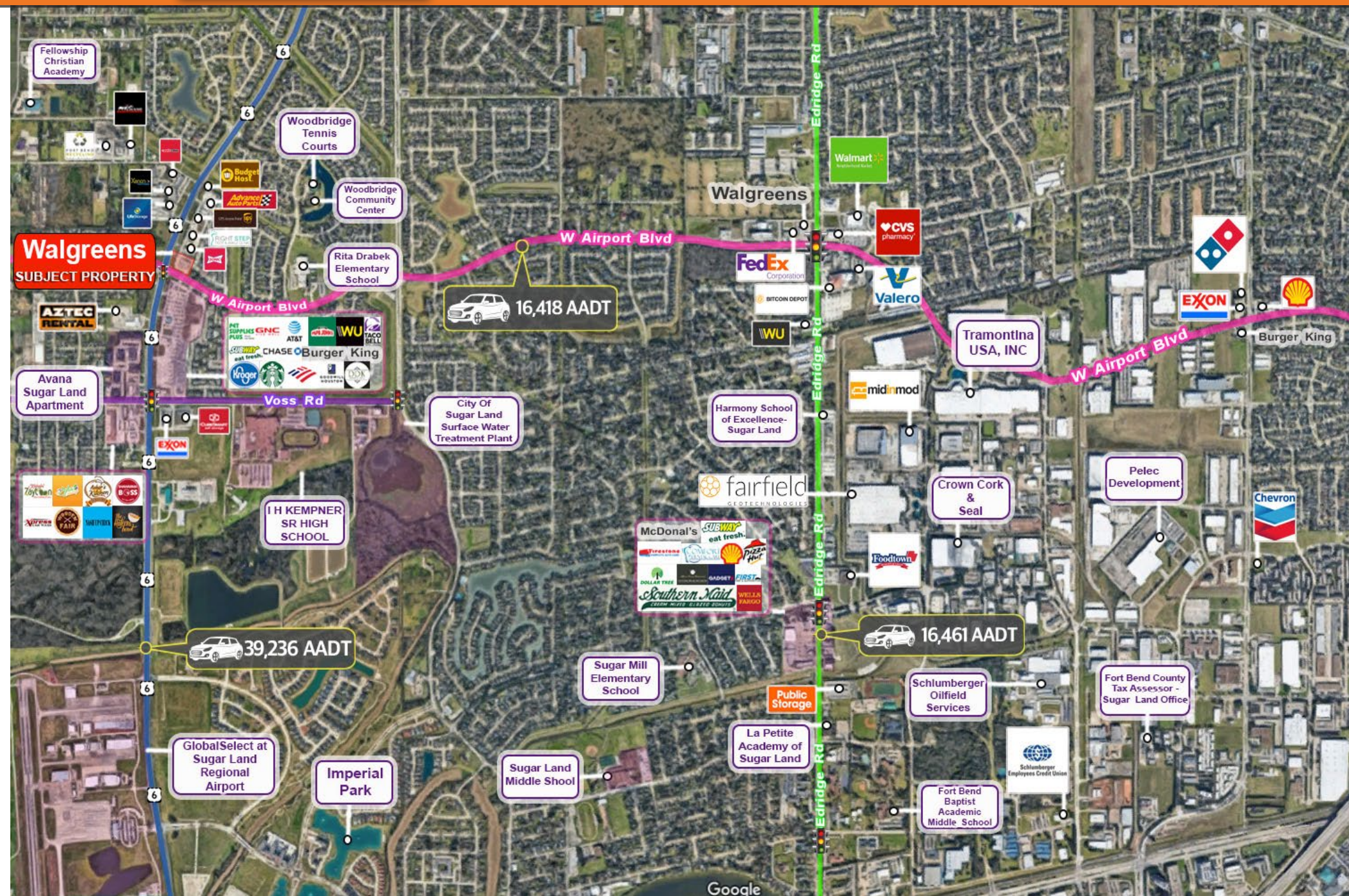
List Price	\$8,133,333
Down Payment	100% / \$8,133,333
Cap Rate	4.50%
Type of Ownership	Fee Simple

PROPERTY RENT DATA

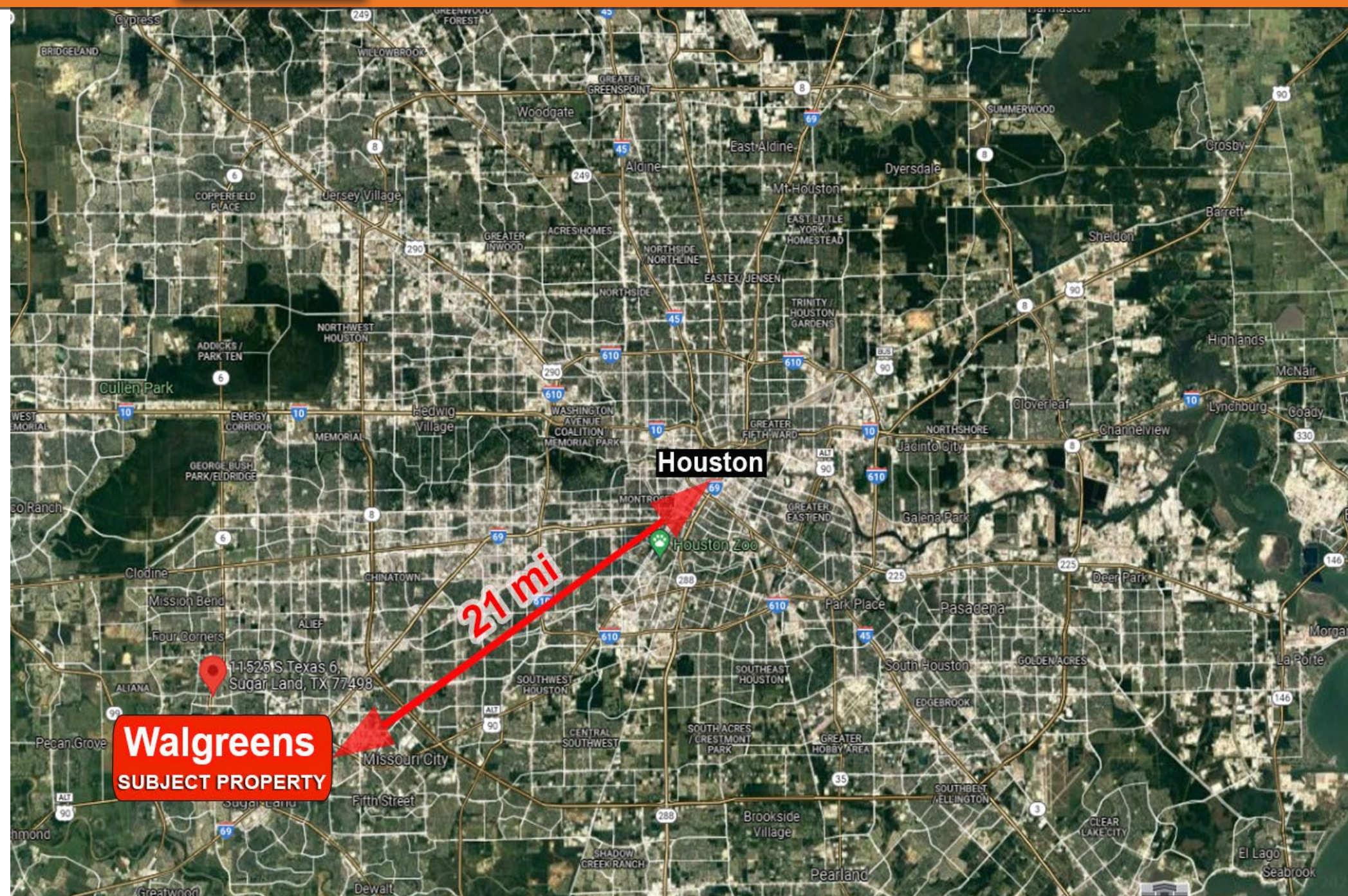
RENT INCREASES	MONTHLY RENT	ANNUAL RENT
06/21/2002 - 12/31/2032 (Current)	\$30,500	\$366,000
01/01/2033 - 12/31/2038 (Option 2)	\$32,025	\$384,300
01/01/2039 - 12/31/2043 (Option 3)	\$32,025	\$384,300
01/01/2044 - 12/31/2048 (Option 4)	\$32,025	\$384,300
01/01/2049 - 12/31/2053 (Option 5)	\$32,025	\$384,300
01/01/2054 - 12/31/2058 (Option 6)	\$32,025	\$384,300
01/01/2059 - 12/31/2063 (Option 7)	\$32,025	\$384,300
01/01/2064 - 12/31/2068 (Option 8)	\$32,025	\$384,300
01/01/2069 - 12/31/2073 (Option 9)	\$32,025	\$384,300
01/01/2074 - 12/31/2078 (Option 10)	\$32,025	\$384,300
Base Rent (\$25.26 / SF)		\$366,000
Net Operating Income		\$366,000.00
TOTAL ANNUAL RETURN	CAP 4.50%	\$366,000

LEASE ABSTRACT

Tenant Trade Name	Walgreens
Tenant	Corporate Store
Ownership	Public
Guarantor	Corporate Guarantee
Lease Type	NNN
Lease Term	25 Years
Lease Commencement Date	06/21/2002
Rent Commencement Date	06/21/2002
Expiration Date of Current Term	12/31/2032
Increases	Flat - 5% Increases on 01/01/2033
Options	Ten Five-Year Options
Term Remaining on Lease	11 Years
Property Type	Net Leased Drug Store
Landlord Responsibility	None
Tenant Responsibility	All
Right of First Refusal	Yes









ABOUT WALGREENS

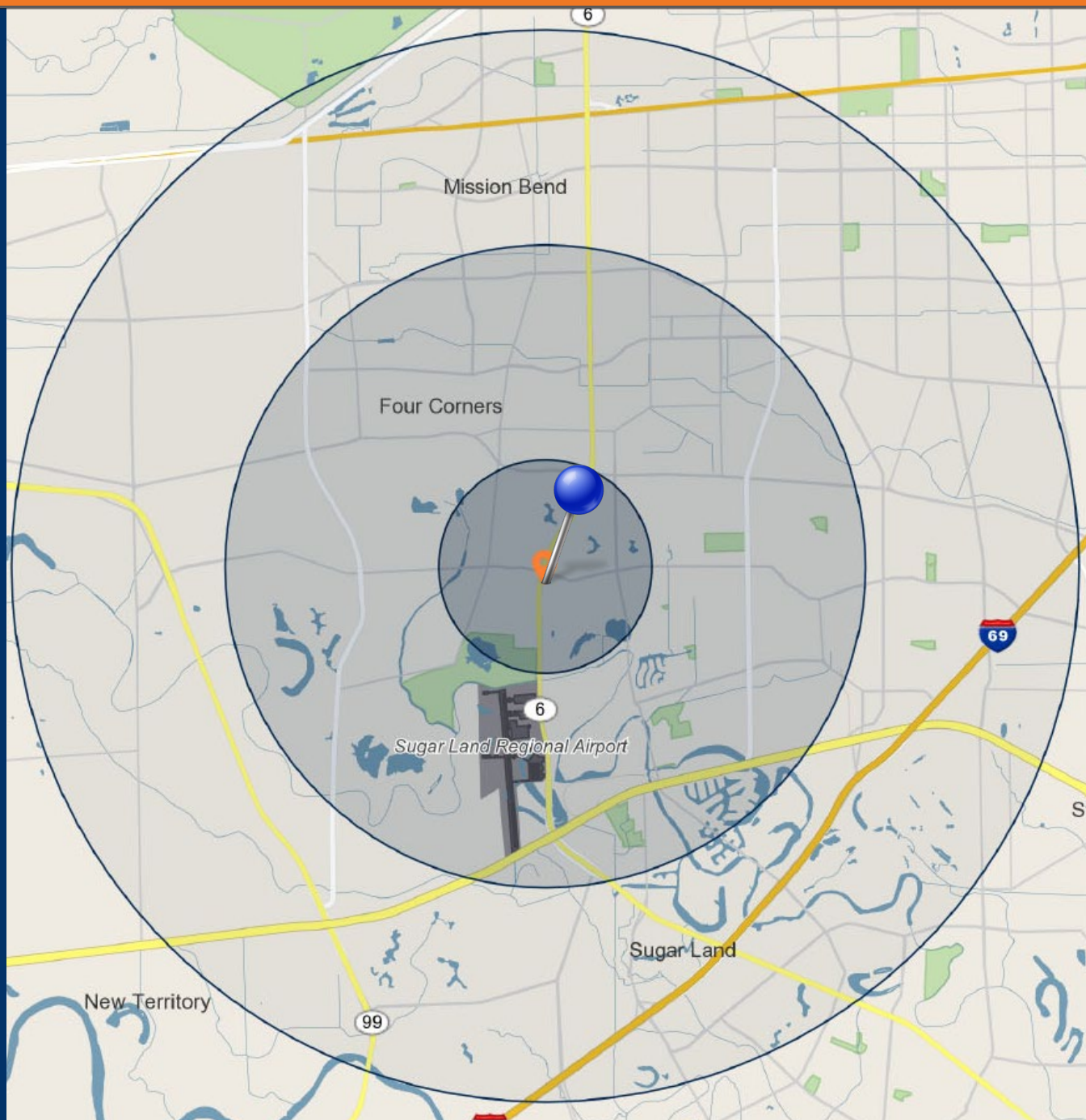
The It would be impossible to tell the story of Walgreens drugstores without telling the story of Charles R Walgreen, Sr the man who started it all. Walgreen's drugstore was located in Barrett's Hotel at Cottage Grove and Bowen Avenue on Chicago's South Side. By every account, Walgreen succeeded brilliantly, simply by practicing what he preached and instituting what he felt were clearly needed innovations. New, bright lights were installed to create a cheerful, warm ambiance in the store. Each customer was personally greeted by Walgreen or his colleague, Arthur C Thorsen. Aisles were widened, creating a spacious, airy, welcoming feeling - a far cry from the cramped interiors of other drugstores. Generations of customers and employees hold fond memories of trips to the Walgreens soda fountain and prescriptions filled by the friendly local pharmacist. Most of all, they remember Walgreens, a welcome, dependable presence in countless neighborhoods across the country for more than 100 years. It is the Historical Foundation's aim to build an understanding of early Walgreen's store culture and to help educate the public about the role Walgreens played in the history of retail pharmacy. Walgreens is America's leading provider of the most convenient access to consumer goods and services, and pharmacy, health and wellness services. Walgreens stores provide patients with all of their prescription needs in one place without sacrificing the safety, service or convenience of their nearby neighborhood drugstore.

Name	Walgreens
Ownership	Public
Stock Symbol	WBA
Credit Rating	S&P: BBB
Sales Volume	\$139.5 Billion (2020)
Board	NYSE
Tenant	Corporate Store
HQ	Deerfield, IL
Number of Locations	9,277+
Number of Employees	385,000 (2020)
Web Site	www.walgreens.com

FOUNDED IN 1901

POPULATION	1 Mile	3 Miles	5 Miles
2026 Projection			
Total Population	14,346	118,520	358,600
2021 Estimate			
Total Population	13,691	109,494	331,001
2010 Census			
Total Population	12,507	93,064	281,453
2000 Census			
Total Population	4,474	56,309	210,410
Daytime Population			
2021 Estimate	8,179	90,942	291,219
HOUSEHOLDS	1 Mile	3 Miles	5 Miles
2026 Projection			
Total Households	4,267	36,524	114,709
2021 Estimate			
Total Households	4,066	33,450	105,431
Average (Mean) Household Size	3.3	3.2	3.1
2010 Census			
Total Households	3,667	27,749	88,031
2000 Census			
Total Households	1,367	17,112	66,346
HOUSING UNITS	1 Mile	3 Miles	5 Miles
Occupied Units			
2026 Projection	4,326	37,185	120,416
2021 Estimate	4,139	34,121	110,811

HOUSEHOLDS BY INCOME	1 Mile	3 Miles	5 Miles
2021 Estimate			
\$200,000 or More	9.9%	8.6%	8.7%
\$150,000-\$199,999	11.1%	8.9%	8.1%
\$100,000-\$149,999	20.6%	21.0%	17.0%
\$75,000-\$99,999	14.2%	13.9%	12.6%
\$50,000-\$74,999	17.6%	18.6%	18.1%
\$35,000-\$49,999	10.2%	10.6%	12.5%
\$25,000-\$34,999	5.5%	6.4%	7.9%
\$15,000-\$24,999	6.3%	6.1%	7.6%
Under \$15,000	4.6%	5.9%	7.5%
Average Household Income	\$117,104	\$107,636	\$101,348
Median Household Income	\$84,536	\$78,996	\$69,274
Per Capita Income	\$34,890	\$32,956	\$32,407



GEOGRAPHY: 5 MILE



POPULATION

In 2021, the population in your selected geography is 331,001. The population has changed by 57.3 percent since 2000. It is estimated that the population in your area will be 358,600 five years from now, which represents a change of 8.3 percent from the current year. The current population is 49.0 percent male and 51.0 percent female. The median age of the population in your area is 35.9, compared with the U.S. average, which is 38.4. The population density in your area is 4,218 people per square mile.



HOUSEHOLDS

There are currently 105,431 households in your selected geography. The number of households has changed by 58.9 percent since 2000. It is estimated that the number of households in your area will be 114,709 five years from now, which represents a change of 8.8 percent from the current year. The average household size in your area is 3.1 people.



INCOME

In 2021, the median household income for your selected geography is \$69,274, compared with the U.S. average, which is currently \$65,694. The median household income for your area has changed by 27.2 percent since 2000. It is estimated that the median household income in your area will be \$74,048 five years from now, which represents a change of 6.9 percent from the current year.

The current year per capita income in your area is \$32,407, compared with the U.S. average, which is \$36,445. The current year's average household income in your area is \$101,348, compared with the U.S. average, which is \$94,822.



EMPLOYMENT

In 2021, 184,019 people in your selected area were employed. The 2000 Census revealed that 72.1 percent of employees are in white-collar occupations in this geography, and 27.9 percent are in blue-collar occupations. In 2021, unemployment in this area was 7.0 percent. In 2000, the average time traveled to work was 31.2 minutes.



HOUSING

The median housing value in your area was \$214,743 in 2021, compared with the U.S. median of \$227,827. In 2000, there were 44,907 owner-occupied housing units and 21,439 renter-occupied housing units in your area. The median rent at the time was \$608.



EDUCATION

The selected area in 2021 had a lower level of educational attainment when compared with the U.S. averages. 12.1 percent of the selected area's residents had earned a graduate degree compared with the national average of only 12.0 percent, and 22.4 percent completed a bachelor's degree, compared with the national average of 19.5 percent.

The number of area residents with an associate degree was lower than the nation's at 6.8 percent vs. 8.3 percent, respectively.

The area had fewer high-school graduates, 22.0 percent vs. 27.2 percent for the nation, but the percentage of residents who completed some college is higher than the average for the nation, at 21.0 percent in the selected area compared with the 20.5 percent in the U.S.

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Marcus & Millichap



ISSENBERG & BRITTI

The Retail Real Estate Investment Leader
Marcus & Millichap

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