



## LA Fitness - 10+ Year Term - DFW MSA

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1201 West Centerville Road, Garland, Texas 75041

*Confidential Offering Memorandum*



# INVESTMENT SUMMARY





# LA FITNESS GARLAND, TEXAS (DFW MSA)

PRICE: \$11,530,000  
CAP RATE: 6.85%

## Investment Highlights

NATIONAL INDUSTRY LEADING  
TENANCY

±10.25 YEARS OF LEASE TERM  
REMAINING

LONG-TERM NET LEASE  
STRUCTURE WITH MINIMAL  
LANDLORD RESPONSIBILITIES

DENSE SURROUNDING  
DEMOGRAPHIC BASE

OFF-INTERSTATE POSITIONING

DYNAMIC DALLAS / FORT WORTH  
MSA



# THE OFFERING

JLL is pleased to offer for sale the fee simple interest in a corporate LA Fitness, (the “Property” or “Asset”) located approximately 14 miles northeast of the Dallas Central Business District in Garland, Texas. LA Fitness is the second largest and one of the fastest growing fitness club operators with over 730 health club locations and five million members across the United States and Canada. The Property is situated just off Interstate-635, one of the primary and most traveled thoroughfares (210K+ VPD) in the Dallas/Fort Worth metroplex, offering optimal visibility and accessibility from surrounding areas. The Asset is encumbered by a double-net lease featuring more than ten years of lease term with three, five-year options remaining and 10% rental escalations every five years. This offering presents the unique opportunity to acquire a long-term investment leased to an industry leading fitness club operator in a high growth area of Dallas/Fort Worth.

## INVESTMENT HIGHLIGHTS

### ○ NATIONAL INDUSTRY LEADING TENANCY

- LA Fitness was ranked #1 in Club Industry’s Top 100 Health Clubs the last eight years in a row.
- Recently LA Fitness differentiated itself from its competitors by forming private partnerships with Openfit and Xponential Fitness, offering customers a one-stop wellness platform and the opportunity for boutique fitness groups such as Club Pilates, CycleBar and Pure Barre to add studios inside select LA Fitness locations.
- LA Fitness just reaffirmed its commitment to this location by extending the lease term an additional three years at the height of the COVID pandemic.

### ○ LONG-TERM NET LEASE STRUCTURE WITH ZERO LANDLORD RESPONSIBILITY

- The Asset features approximately ±10.25 years of lease term remaining with minimal landlord responsibility of structure and roof, offering a passive and long-term investment opportunity.
- Lease offers 10% rental escalations every five years with future ownership positioned to benefit from next bump in just over two years.

### ○ DENSE SURROUNDING RETAIL + ENTERTAINMENT CORRIDOR

- The Asset is located in the heart of a commercial corridor home to national and regional brands such as Walmart Supercenter, Ross Dress For Less, WinCo, LA Quinta Inn & Suites and Big Lots, all within the immediate vicinity.

### ○ STRATEGIC OFF-INTERSTATE POSITIONING

- The Asset features recent 2013 construction and is strategically located just off I-635, a primary thoroughfare in DFW that experiences traffic counts of over 210,000 vehicles per day.
- LA Fitness – Garland benefits from a dense surrounding demographic base of 339,000 residents within a five-mile radius with average annual household income of \$78,350.

### ○ OPTIMAL VISIBILITY AND ACCESSIBILITY

- The Property is highly visible and easily accessible from the I-635 access road and has frontage along Centerville Road, which sees traffic counts of approximately 35,000 vehicles per day.



## PROPERTY SUMMARY

Address	1201 West Centerville Road, Garland, TX
Tenant	LA Fitness
Price	\$11,530,000
Cap Rate	6.85%
NOI	\$789,810   \$17.55 PSF
Rentable SF	± 45,000 SF
Term Remaining	± 10.25 Years
Parcel Size	4.75 AC   206,866 SF
Year Built	2013
Lease Type	NN (Roof & Structure)



# PROPERTY & LEASE OVERVIEW

<b>Price</b>	<b>\$11,530,000</b>
<b>Cap Rate</b>	<b>6.85%</b>
<b>Tenant</b>	L.A. Fitness International, LLC
<b>Franchise / Corporate</b>	Corporate
<b>Guarantor</b>	L.A. Fitness International, LLC
<b>Address</b>	1201 West Centerville Road
<b>City / State</b>	Garland, Texas 75041
<b>Building Size</b>	± 45,000 SF
<b>Parcel Size</b>	4.75 AC   206,866 SF
<b>Parking</b>	325 Spaces
<b>Year Built</b>	2013
<b>Lease Expiration</b>	3/31/2032
<b>Lease Term Remaining</b>	± 10.25 Years
<b>Lease Structure</b>	NN (Landlord Responsible Roof & Structure)
<b>Annual Base Rent</b>	\$789,810
<b>Rent PSF</b>	\$17.55
<b>Renewal Options</b>	Three, Five-Year Options
<b>Rental Increases*</b>	Lesser of CPI over previous five years or 10%

BEGIN	END	ANNUAL BASE RENT	MONTHLY BASE RENT	PSF	% Increase*
Current	3/31/2024	\$789,810	\$65,818	\$17.55	-
4/1/2024	3/31/2029	\$868,791	\$72,399	\$19.31	10.00%
4/1/2029	3/31/2032	\$955,670	\$79,639	\$21.24	10.00%
RENEWAL PERIODS					
4/1/2032	3/31/2037	\$1,051,237	\$87,603	\$23.36	10.00%
4/1/2037	3/31/2042	\$1,156,361	\$96,363	\$25.70	10.00%
4/1/2042	3/31/2047	\$1,271,997	\$106,000	\$28.27	10.00%





# AERIAL FACING NORTHWEST



Interstate-635: 210,000 VPD



**DISCOUNT  
TIRE**

**golden  
corral**

**IHOP**

**LA|FITNESS**

**Walmart**

**Aaron's**

**LAQUINTA**  
INNS & SUITES



W. Centerville Road: 35,000 VPD

**Auto  
Zone**



# AERIAL FACING SOUTHEAST

**WinCo  
FOODS**



Interstate 635: 210,000 VPD



**ROSS  
DRESS FOR LESS®**



**Auto  
Zone**

W. Centerville Road: 35,000 VPD



**LAQUINTA  
INNS & SUITES**

**golden  
corral**





# LOCATION & MARKET OVERVIEW





# MARKET OVERVIEW

## DALLAS-FORT WORTH ECONOMIC OVERVIEW

- Texas and the DFW Metroplex are national leaders in population and employment growth and consistently outperform the national unemployment rate. The area's economic expansion is projected to continue for the foreseeable future as the Dallas/Fort Worth market is experiencing a positive job growth forecast and a booming population.
- As the nation continues to improve economically, North Texas capitalizes on key industries and major employers through corporate relocations and local job growth, further evidenced by its selection as the #1 real estate market for 2019, and #7 for 2021 according to Urban Land Institute / Pricewaterhouse Coopers.
- The local economy is one of the most diverse in the country with major players in key long-term growth industries including aerospace/defense, transportation, healthcare, financial services, high technology, distribution and trade. The Metroplex, as the DFW area is referred to locally, ranks at or near the top of all U.S. metros for business relocations. In 2019, Forbes ranked Texas as the number one state in terms of growth prospects out of all 50 states; Texas boasts an annual GDP of \$1.9 trillion.
- DFW is consistently ranked as one of the top regions in the nation for doing business. Major contributing factors are its low cost of living, business-friendly environment, strong base of well-educated and skilled employees, and unmatched access to U.S. and global markets through its efficient transportation network. Notable top employers include Walmart, American Airlines, Texas Health Resources, Bank of America, JPMorgan Chase, Texas Instruments and Lockheed Martin.
- The DFW economy is well diversified, thereby minimizing the market risk against a downturn in any particular industry. The long-term outlook suggests the health and expansion of the DFW economy will continue for years to come, as the metro is projected to rank second in the nation in population growth and fourth in absolute change in job growth during the five-year period from 2020 ending in 2025, according to Oxford Economics.

Local Demographic Snapshot			
	1-Mile	3-Mile	5-Mile
<b>2021 Population</b>	<b>21,100</b>	<b>149,750</b>	<b>339,000</b>
<b># of Households</b>	<b>7,100</b>	<b>49,850</b>	<b>116,600</b>
<b>Avg. HH Income</b>	<b>\$63,300</b>	<b>\$69,000</b>	<b>\$78,350</b>
<b>Median HH Income</b>	<b>\$48,200</b>	<b>\$52,450</b>	<b>\$57,000</b>





# MARKET OVERVIEW

## DALLAS-FORT WORTH ECONOMIC GROWTH

- Home to a population of nearly 7.5 million residents, the Dallas/Fort Worth (DFW) Metroplex ranks as the 4<sup>th</sup> largest metro area in the country. More people live in the Dallas/Fort Worth area than in 39 states. The DFW population has grown by more than one million residents each of the past two decades and is expected to continue to exceed the national population growth rate. From 2020 to 2025, DFW is projected to add 604,410 residents, the second highest forecast total in the entire U.S., according to Oxford Economics.
- The DFW November 2021 unemployment rate sits at 4.4%, below the national average of 4.6%. By year-end, Texas is projected to add over 800,000 jobs according to the Dallas Federal Reserve – representing a record gain. The DFW metroplex is expected to add 306,730 new jobs from 2020 through 2025, ranking fourth in the nation in job growth.

## DALLAS / FORT WORTH TOP EMPLOYERS



## DALLAS / FORT WORTH AT A GLANCE

144+

**CORPORATE  
HEADQUARTER  
RELOCATIONS TO  
DFW SINCE 2010**

4TH

**LARGEST METRO  
AREA IN THE UNITED  
STATES**

7.5M

**POPULATION OF  
DALLAS/FORT  
WORTH METROPLEX**

24

**FORTUNE 500  
COMPANIES**

## DALLAS / FORT WORTH RETAIL MARKET STATISTICS

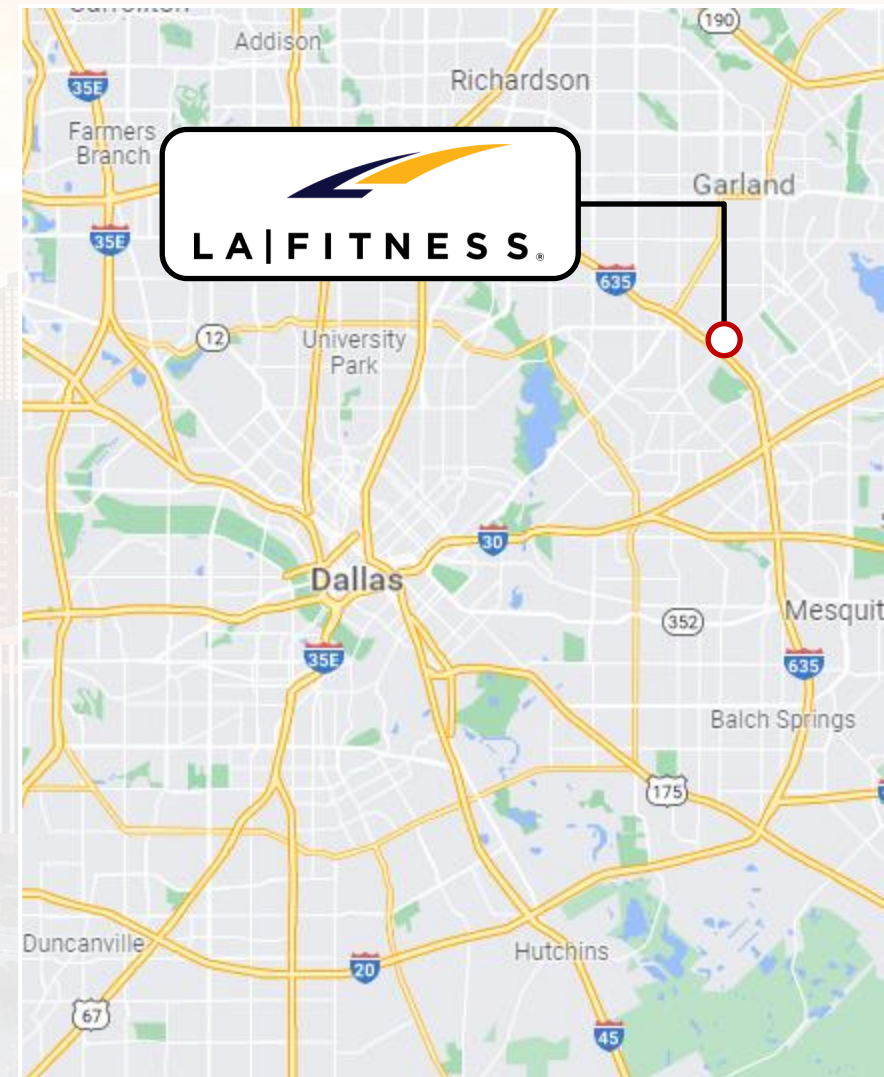
	DFW Market	Garland Area Submarket
Inventory	448,000,000 SF	14,500,000 SF
Vacancy Rate	5.50%	5.20%
Market Rent	\$20.51 PSF	\$16.15 PSF
Under Construction	3,200,000 SF	61,600 SF



# MARKET OVERVIEW

## GARLAND, TEXAS OVERVIEW

- Garland, Texas is located approximately 14 miles northeast of the downtown Dallas Central Business District with its city limits extending into Collin County and Rockwall County. Home to a current population of more than 238,000, Garland is part of a high growth area of DFW with Collin County projected to grow more than 300 percent from approximately one million current residents to nearly 3.8 million residents by 2050.
- The Asset is located in a high performing retail and entertainment corridor with 14.5 million square feet of retail in the submarket and a 5.2% vacancy rate. The Property sits in a retail and entertainment hub that includes prominent national and regional brands such as Ross Dress For Less, WinCo, La Quinta Inn & Suites, Walmart Supercenter, Big Lots, Raising Cane's, Toyota, Harley Davidson and CarMax.
- The subject Property is strategically located just off I-635, one of the primary and most traveled thoroughfares in the DFW metroplex that experiences traffic counts of more than 210,000 VPD. The Property is visible and easily accessible from the I-635 access road and has frontage along Centerville Road, which sees approximately 35,000 VPD. Outside of the strategic positioning, the subject property benefits from a dense surrounding demographic base of 339,000 residents within a five-mile radius with average annual household income of \$78,350.
- The City of Garland has consistently been ranked as one of the best places to live due to its diverse base of amenities, low unemployment rate, highly educated workforce population, abundance of residential options and highly acclaimed public school system.
- Garland Independent School District is the second-largest school district in Dallas, making it the 15-largest in Texas. Garland ISD serves families and students from the surrounding communities of Garland, Sachse, and Rowlett. Garland ISD has 71 campuses, including 47 elementary schools, 12 middle schools, 8 high schools, 4 other educational centers, and 2 pre-kindergarten schools.
- The local Garland economy is largely supported by the electronics, manufacturing, dairy products, food processing and steel fabrication industries. Top employers of Garland include Kraft Foods, US Food Service, L3 Communication, Epiroc Drilling Solutions, Silverline Window and Valspar.





# TENANT OVERVIEW





# TENANT OVERVIEW

## ABOUT LA FITNESS

- LA Fitness is the second largest and one of the fastest growing fitness club operators with over 730 health club locations and five million members across the United States and Canada.
- Founded in 1984 and headquartered in Irvine, California, LA Fitness was recently ranked the #2 Fitness Club in *Club Industry's* "Top 100 Health Clubs of 2021" after eight straight years at the top of the rankings. LA Fitness was recently passed by Lime Time Fitness and still leads 24-Hour Fitness, Equinox Fitness, Planet Fitness, EXOS and Orangetheory Fitness.
- Club Industry estimates LA Fitness had 2020 total annual revenue of \$900 million.
- LA Fitness differentiates itself from its competitors by offering a wide variety of group classes and activities including zumba, boxing, yoga, indoor cycling, pilates, kickboxing, cardio, HIIT training, and water aerobics. LA Fitness - Garland offers its guests amenities including an indoor heated lap pool, whirlpool spa, sauna, racquetball courts, basketball courts, personal trainers and childcare services.



Irvine, CA



730+ Locations



12k+ Employees



\$900M Est. Annual  
Revenue (2020)



# LA | FITNESS®





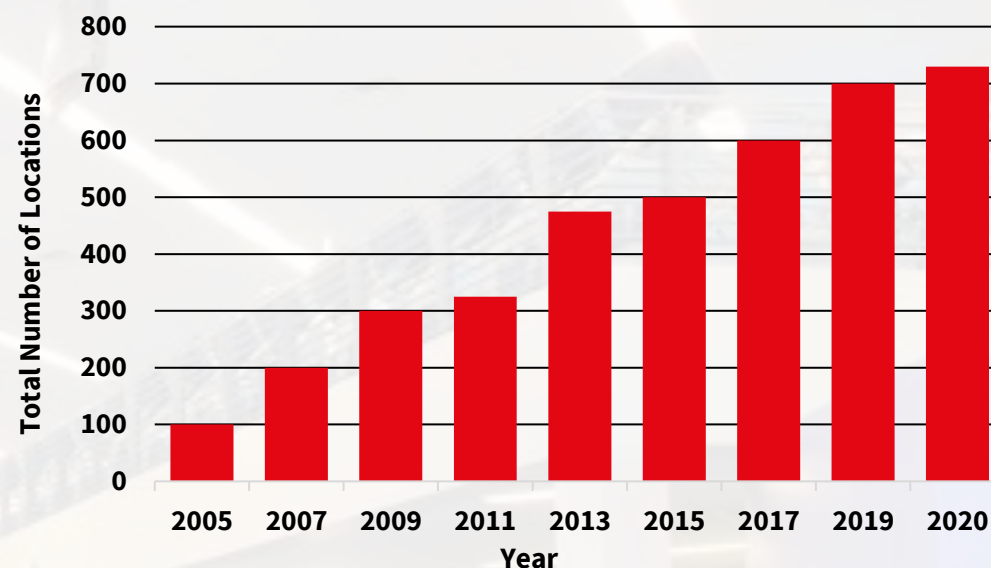
# TENANT OVERVIEW

## EXPANDING BUSINESS

- June 2021, LA Fitness launched a partnership with the digital fitness platform, Openfit. The Openfit wellness app allows customers of LA Fitness to view live and on-demand fitness classes from any location. Openfit also includes personalized nutrition plans, meal tracking, and meditation training alongside a social network, making Openfit a one-stop wellness platform.
- In November 2021, a partnership between Xponential Fitness and LA Fitness was announced. This partnership will allow select LA Fitness locations to open an Xponential Fitness studio within their gym. Xponential Fitness is a boutique fitness group that currently operates nine high growth brands including Club Pilates, CycleBar, and Pure Barre. Several of these brands are the largest of their kind. LA Fitness plans to add these studios to 350 of their locations over the next five years and will begin development in the first quarter of 2022.



## LA FITNESS GROWTH BY YEAR



### Company Overview

<b>Tenant:</b>	LA Fitness
<b>Parent:</b>	Fitness International, LLC
<b>Ownership:</b>	Private
<b>Year Founded:</b>	1984
<b>Headquarters:</b>	Irvine, California
<b>Company Type:</b>	Health Club
<b>Est. 2020 Annual Revenue:</b>	\$900 Million
<b>Locations:</b>	730+
<b>Company Website:</b>	<a href="http://www.LAFitness.com">www.LAFitness.com</a>



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LA|FITNESS

