

OFFERING MEMORANDUM

Marcus & Millichap



HERNDON, VA
WASHINGTON, D.C. MSA

Representative Photo

EXECUTIVE SUMMARY



McLearen Rd & Towerview Rd,
Herndon, VA 20171

ADDRESS



Herndon, VA
Washington, D.C. MSA

MARKET



2.69 Acres

LOT SIZE



20 YEARS

TERM REMAINING



SIGNALLED CORNER
INTERSECTION



LEASE TYPE

THE OFFERING

Price	\$7,900,000
Cap	3.95%
GLA	6,077 SF with 2 Drive-Thru's
Lot Size	2.69 Acres
Year Built	2022
Lease Type	NNN Ground Lease
Rent Commencement	1/30/2022
Lease Expiration	1/29/2042
Increases	7% Every Five Years
Options	Six; Five-Year Terms

ANNUALIZED OPERATING DATA ANNUAL RENT % INCREASE

Years 1-5	\$312,000	
Years 6-10	\$333,840	7.00%
Years 11-15	\$357,208	7.00%
Years 16-20	\$382,213	7.00%
OPTION TERMS		
Option 1	\$408,968	7.00%
Option 2	\$437,596	7.00%
Option 3	\$468,228	7.00%
Option 4	\$501,004	7.00%
Option 5	\$536,074	7.00%
Option 6	\$573,599	7.00%

INVESTMENT HIGHLIGHTS

NEW 20-YEAR TERM NNN GROUND LEASE

7% INCREASES EVERY FIVE YEARS

LARGE 2.69-ACRE SIGNALLED CORNER LOCATION

EXCEPTIONAL NORTHERN VIRGINIA DEMOGRAPHICS AND NUMEROUS TRAFFIC DRIVERS

IMPLIED INVESTMENT GRADE CREDIT OF EXPANDING 600+ UNIT OPERATOR

CORPORATE 20-YEAR NNN GROUND LEASE – The Tenant, Sheetz, Inc. is subject to a new 20-year NNN ground lease. The lease features rental increases of seven percent every five years during the base term and six, five-year renewal options. The approximate rent commencement is February 1st, 2022, and the tenant is mid-construction of its architecturally upgraded prototype. The prominent 2.69-acre site will feature a 6,077-square-foot red brick convenience store with 10 fuel dispensers, two drive-thrus, and an electric vehicle charging station.

NUMEROUS TRAFFIC DRIVERS – This Sheetz facility is situated at a signaled corner just off Route 28 (106,000 VPD), a primary state highway that traverses the counties of Loudoun, Fairfax, Prince William, and Fauquier. The Property is within one-half-mile to the 449-room Hilton Washington Dulles Airport Hotel, a 111,504 SF FedEx Shipping and Distribution Center, 109,488 SF Transportation Security Administration (TSA) R&D facility and 159,664 SF Boeing facility, along with three area schools with more than 2,000 students. Ryan Homes and Dream Finders Homes are also mid-construction on a 330-home residential development located one-mile north along Route 28. This submarket has an immense amount of development occurring which will lead to long-term appreciation of land values.

HIGHLY DESIRABLE NORTHERN VIRGINIA MARKET – Herndon is an upscale community located 24 miles from the nation's capital. Located minutes from the Dulles International Airport and the Dulles Technology Corridor, Herndon has experienced outsized growth and development over the last three decades. The once rural town is now a highly desirable suburban bedroom community that provides easy access to major employment centers in Northern Virginia and Washington, D.C. Notably, Amazon is opening a 630,000 SF distribution facility in nearby Stafford in the 2nd half of 2022. The facility will serve as an East Coast supply chain hub, while Amazon HQ2 is located 33 miles northeast in Arlington. Apple is also eyeing Northern Virginia as home for an East Coast campus to house roughly 20,000 employees.

MINUTES TO DULLES INTERNATIONAL AIRPORT – The site is located within four miles of Dulles International Airport, considered the region's international air hub. With 113 airline gates, the international airport served over 24 million passengers in 2019. On a typical day, more than 60,000 passengers pass through Dulles to and from more than 125 destinations around the world. The Property is also located 1.8-miles from Dulles Discovery Office Park, owned & developed by The Peterson Companies, which consists of 2.4 million square-feet of government office buildings, including a data center for the National Security Agency (NSA) and CIA University (CIAU), the primary education facility of the U.S. Central Intelligence Agency (CIA).

3RD WEALTHIEST COUNTY IN THE COUNTRY – Herndon is an affluent, densely populated suburb in Fairfax County, ranked as the third wealthiest county in the Country. Presently, there are more than 76,601 people within three miles of the Property with Average Household Income levels greater than \$175,380. The three-mile population has increased more than 37 percent in the last two decades, and is expected to increase an additional three percent in the next five years.

RAPIDLY EXPANDING PRIVATELY HELD C-STORE OPERATOR – Sheetz has become one of the fastest growing privately owned convenience store chains in the world, with more than 600 locations across six states and more than 21,000 employees. Sheetz currently ranks 67th on the Forbes list of America's largest private companies with \$6.2 billion in revenue. In 2020, the company was recognized by Fortune as one of the "100 Best Companies to Work For" and in 2017, Convenience Store Decisions Group named Sheetz, Inc. the Convenience Store Chain of the Year, considered the gold standard in convenience retailing.

Tyson's
Corner

A PREMIERE FAIRFAX COUNTY LOCATION
AHHI OVER \$200,000 IN ONE MILE RADIUS

Frying Pan Farm
Park Visitor Center

Renaissance Park:
2,300,000 SF
Industrial

King Abdullah
Academy
500+ Students

Flex Office Space
153,609 SF



Construction
Starting January

MCLEAREN RD - 13,000 VPD



FedEx
Ship Center

111,504 SF



TENANT INFORMATION

Sheetz, Inc. is a chain of gas stations and convenience stores owned by the Sheetz family. Since being founded in 1952, Sheetz has become one of the fastest growing family-owned convenience store chains in the world, with more than 600 locations across six states (Ohio, Pennsylvania, Maryland, Virginia, West Virginia, and North Carolina) and more than 21,000 employees. Sheetz is still growing rapidly and has set a goal to open more than a dozen new stores in Central Ohio in 2021. Sheetz currently ranks 67th on the Forbes list of America's largest private companies. In 2020, the company was recognized by Fortune as one of the "100 Best Companies to Work For" and was also placed on Fortune's lists of "Top 12 Best Places to Work for Women" and "Top 35 Best Workplaces for Millennials." In 2017, Convenience Store Decisions Group named Sheetz, Inc. the 2017 Convenience Store Chain of the Year, considered the gold standard in convenience retailing.

Sheetz provides an award-winning menu of "made-to-order" sandwiches, salads, drinks, and breakfast items, which are ordered through unique touchscreen terminals. Customers can also purchase Sheetz Bros. Coffeez, with higher-grade coffee than typically found in convenience stores. All Sheetz stores are company-owned and operated and are open 24 hours a day, 365 days per a year.



REVENUE
\$6.2 Billion (2020)



HEADQUARTERS
Altoona, PA



NO. OF EMPLOYEES
21,000



NO. OF LOCATIONS
600+



YEAR FOUNDED
1962

REGIONAL MAP

\$171K

LEESBURG

Within a 5-mile radius, the average household income is \$171,953

106K ^{VPD}

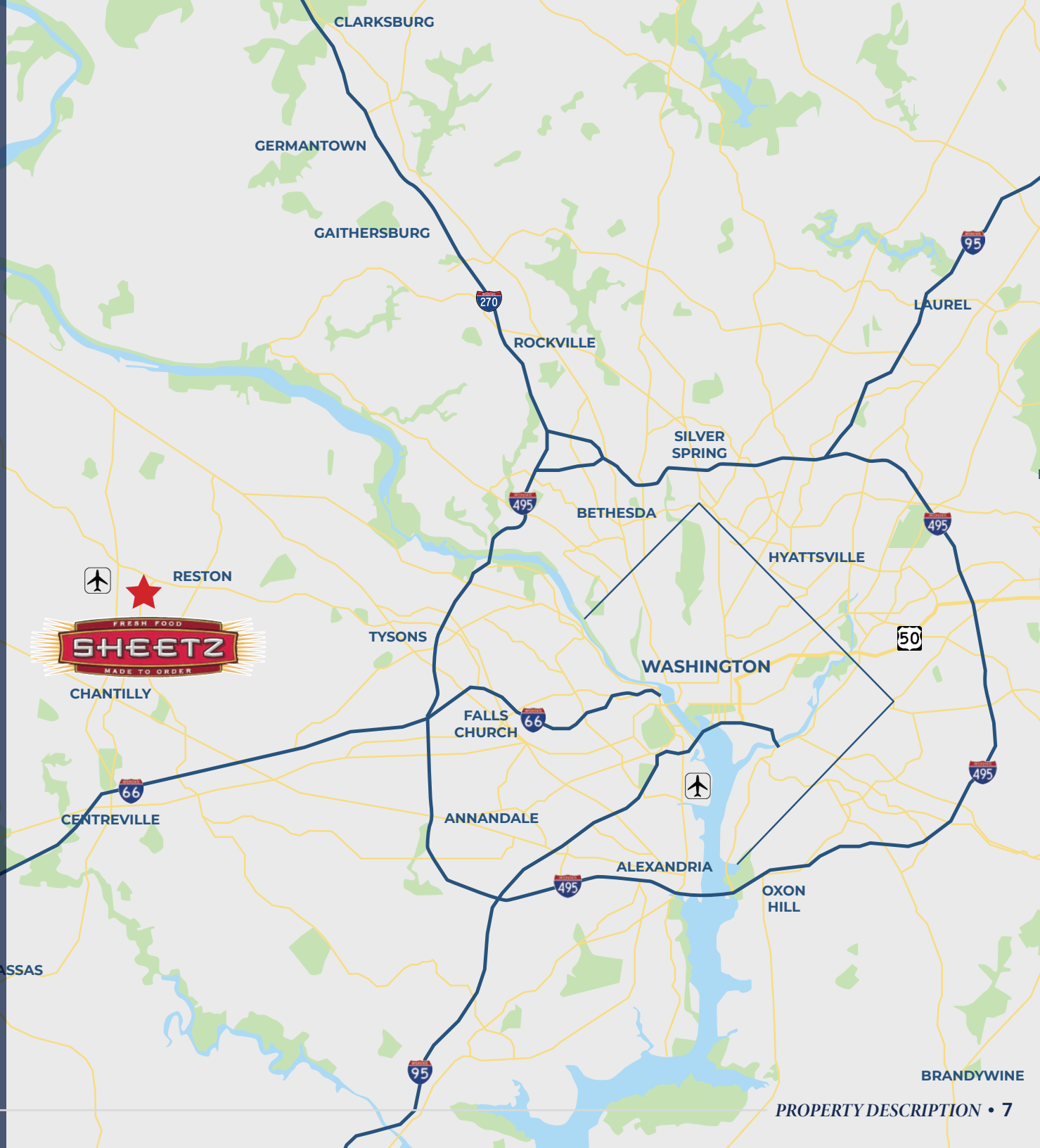
An average of 106,000 vehicles per day drive by Sully Road

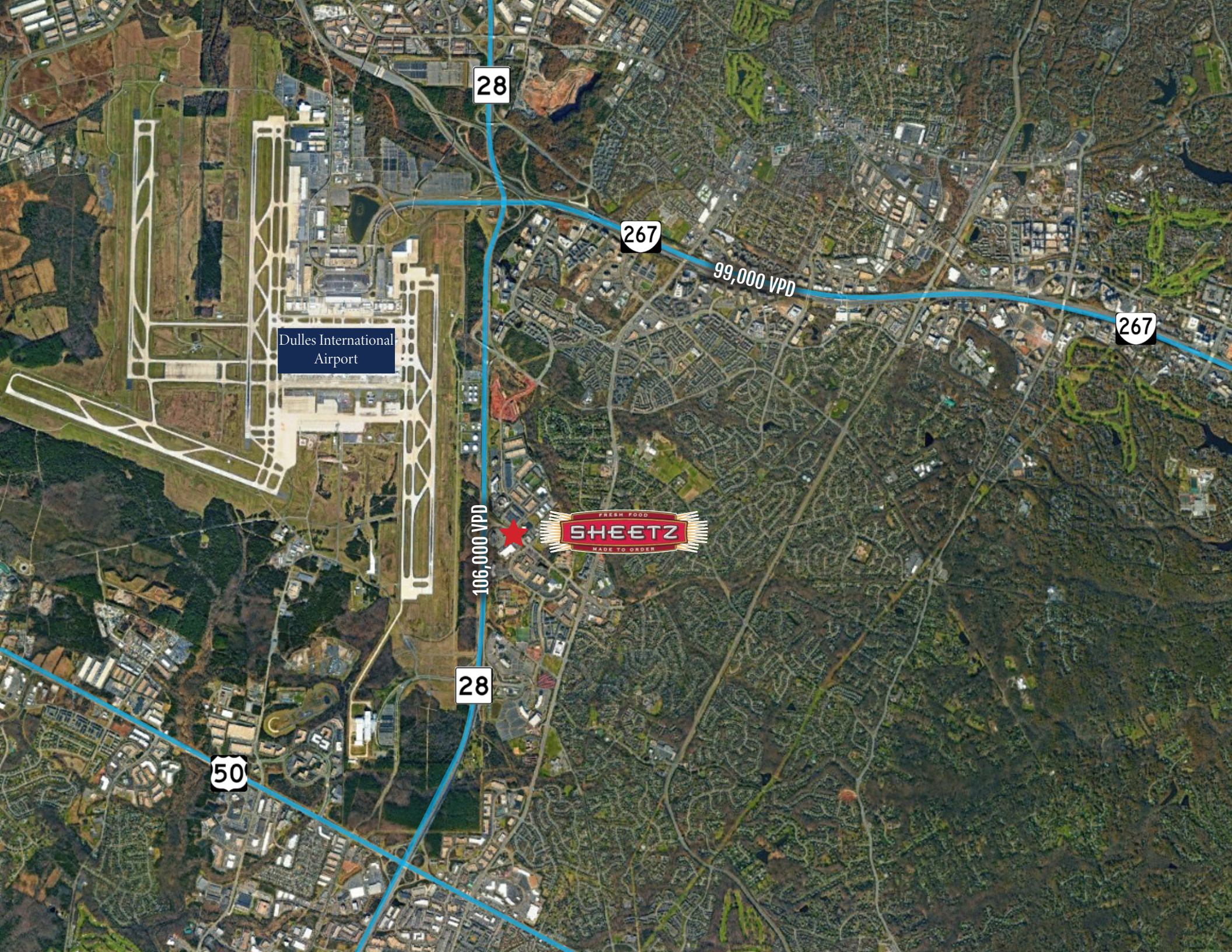
216K

NESVILLE

Within a 5-mile radius, the population density is 216,395

MANASSAS





Dulles International
Airport

28

267

267

28

50

106,000 VPD

99,000 VPD



A COMMERCIAL CORRIDOR UNDER-SERVED FOR GAS!



Dulles International
Airport

Route 267 - Dulles
Toll Road - 2 Mi

Dulles Gateway:
147,624 SF

Hallmark Building:
325,136 SF
(34 Tenants)


Hilton
WASHINGTON DULLES AIRPORT
449 Rooms

Flex Office Space
153,609 SF

Renaissance Park:
2,300,000 SF
Industrial

28

SULLY RD - 106,000 VPD



MCLEAREN RD - 13,000 VPD

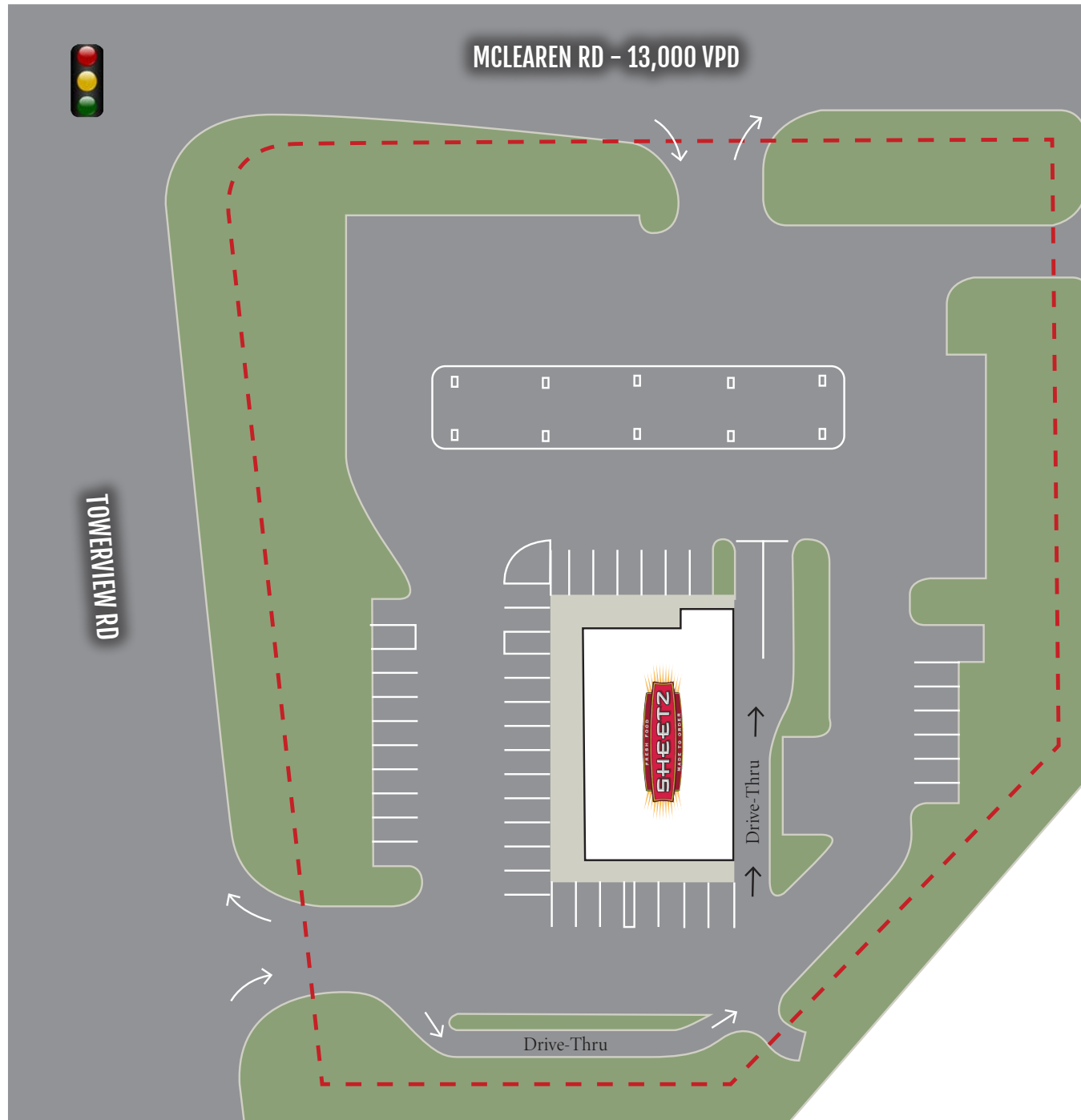



Ship Center
111,504 SF


FRESH FOOD
SHEETZ
MADE TO ORDER


CUBE SMART
self storage + logistics

King Abdullah
Academy



LEASE ABSTRACT

Guarantor	Sheetz, Inc.
Notification Period to Exercise Options	180 Days
Landlord Obligations	None
Tenant Obligations	Tenant shall keep, maintain, repair and replace all of Tenant's Improvements as appropriate, including without limitation by specification, the foundation, roof, exterior walls, structural portions, and exterior or glass and windows of the building, as well as mechanical, plumbing, heating, air conditioning, sprinkler and electrical systems and utility service lines therein, the plumbing system to and from the Demised Premises, and the driveways, parking areas and grounds within the Demised Premises.
Assignment & Subletting	Tenant may assign or sublet the Demised Premises, for the uses and purposes permitted under this Lease, in accordance with the following provisions: (a) Except as otherwise set forth below, Tenant shall obtain the prior consent of Landlord, which consent shall not be unreasonably withheld or denied by Landlord, prior to any such assignment or subletting; (b) Tenant may assign this Lease or sublet a portion thereof, without the written consent of Landlord, to: (i) any corporation, partnership or other entity, which may acquire two or more of Tenant's convenience store operations in the Commonwealth of Virginia; or, (ii) any corporation, partnership or other entity, which may, as a result of a reorganization, merger, acquisition, consolidation, or sale of assets succeed to the business now being carried on by Tenant in the Commonwealth of Virginia; or, (iii) any subsidiary or affiliated entity of Tenant, so long as such entity remains a subsidiary or affiliate of Tenant; (c) Upon any assignment or sublet by Tenant, Tenant shall remain jointly and severally liable for rents and other obligations due under this Lease upon any default by the assignee or the subtenant.
First Right of Refusal	If Landlord receives an acceptable bona fide offer to purchase the Demised Premises as a separate tract during the Term of this Lease which Landlord desires to accept, Landlord shall submit a written copy of such offer to Tenant, giving Tenant no less than fifteen (15) business days within which to elect to purchase the Demised Premises on the same terms contained in such offer. If Tenant so elects to purchase the Demised Premises, it shall give Landlord written notice thereof and Landlord and Tenant shall execute a contract whereby Tenant agrees to purchase the Demised Premises in strict accordance with the terms of the bona fide offer. Landlord shall convey title subject to and in accordance with the terms of said offer.
Radius Restriction	Landlord covenants that Landlord will not permit any portion of Landlord's Remaining Lands or any other property now or hereafter owned or controlled by Landlord and located within a one (1) mile radius of the Demised Premises to be developed, occupied or used, in whole or in part, for (a) the retail sale of gasoline and other motor' fuels, or (b) a "Convenience Store", defined, for the purpose of this Section, as a retail business with primary emphasis on providing the public a convenient location to quickly purchase a wide variety of products, predominantly food, beverage, gasoline or tobacco products, such as, by way of example only, a 7-11, Wawa, Quick Trip, Royal Farms, Circle K, Speedway, Kangaroo, Murphy USA, BP America, Sunoco, Exxon, Mobil or similar retail operators (together, the "Restrictions").

DEMOGRAPHIC SUMMARY

POPULATION	1 MILE	3 MILES	5 MILES
2026 Projection	5,785	78,997	224,807
2021 Estimate	4,932	76,601	216,395
2010 Census	3,582	70,602	197,074
2000 Census	3,042	55,560	160,980
Current Daytime Population	18,266	114,557	329,966

POPULATION PROFILE	1 MILE	3 MILES	5 MILES
<u>Population By Age</u>			
2021 Estimate Total Population	4,932	76,601	216,395
Under 20	31.13%	29.45%	27.67%
20 to 34 Years	12.14%	21.01%	19.78%
35 to 39 Years	5.77%	9.18%	8.60%
40 to 49 Years	16.81%	15.13%	15.13%
50 to 64 Years	24.25%	17.68%	18.38%
Age 65+	9.90%	7.56%	10.43%
Median Age	40.69	34.75	36.5
<u>Population 25+ by Education Level</u>			
2021 Estimate Population Age 25+	3,135	49,712	144,555
Elementary (0-8)	1.09%	2.58%	2.49%
Some High School (9-11)	1.05%	3.13%	3.52%
High School Graduate (12)	7.60%	11.38%	12.56%
Some College (13-15)	8.10%	10.12%	12.32%
Associate Degree Only	5.96%	5.51%	5.52%
Bachelors Degree Only	33.37%	34.56%	33.78%
Graduate Degree	42.23%	31.15%	28.45%

HOUSEHOLDS	1 MILE	3 MILES	5 MILES
2026 Projection	1,801	27,605	80,783
2021 Estimate	1,550	26,550	77,538
2010 Census	1,113	24,140	70,000
2000 Census	961	17,953	56,298

INCOME	1 MILE	3 MILES	5 MILES
<u>2021 Housing Income</u>			
\$150,000 or More	59.28%	43.25%	41.00%
\$100,000 - \$149,000	19.05%	22.76%	22.38%
\$75,000 - \$99,999	9.47%	11.81%	11.74%
\$50,000 - \$74,999	4.80%	9.53%	10.09%
\$35,000 - \$49,999	2.40%	5.04%	5.65%
Under \$35,000	5.02%	7.62%	9.16%
Average Household Income	\$209,742	\$175,380	\$171,953
Median Household Income	\$173,455	\$133,126	\$128,084
Per Capita Income	\$65,915	\$60,790	\$61,639

WASHINGTON, D.C. OVERVIEW

Washington, D.C., is located on the Potomac River, just inland from the Chesapeake Bay. In addition to the District of Columbia, the Washington, D.C., metro encompasses 22 counties and jurisdictions. Nearly 20 percent of the District is parkland managed by the U.S. National Park Service. Areas surrounding the District of Columbia include portions of Maryland, Virginia and West Virginia. The District and inner-ring suburbs are densely populated. Washington, D.C., is the largest city in the metro with a population of 680,000 people. The remaining population centers are much smaller; only Arlington and Alexandria have more than 150,000 residents.

METRO HIGHLIGHTS



HIGHLY SKILLED WORKFORCE

Nearly half of all local residents age 25 and older have earned a bachelor's degree or higher, well above the U.S. level of 30 percent.



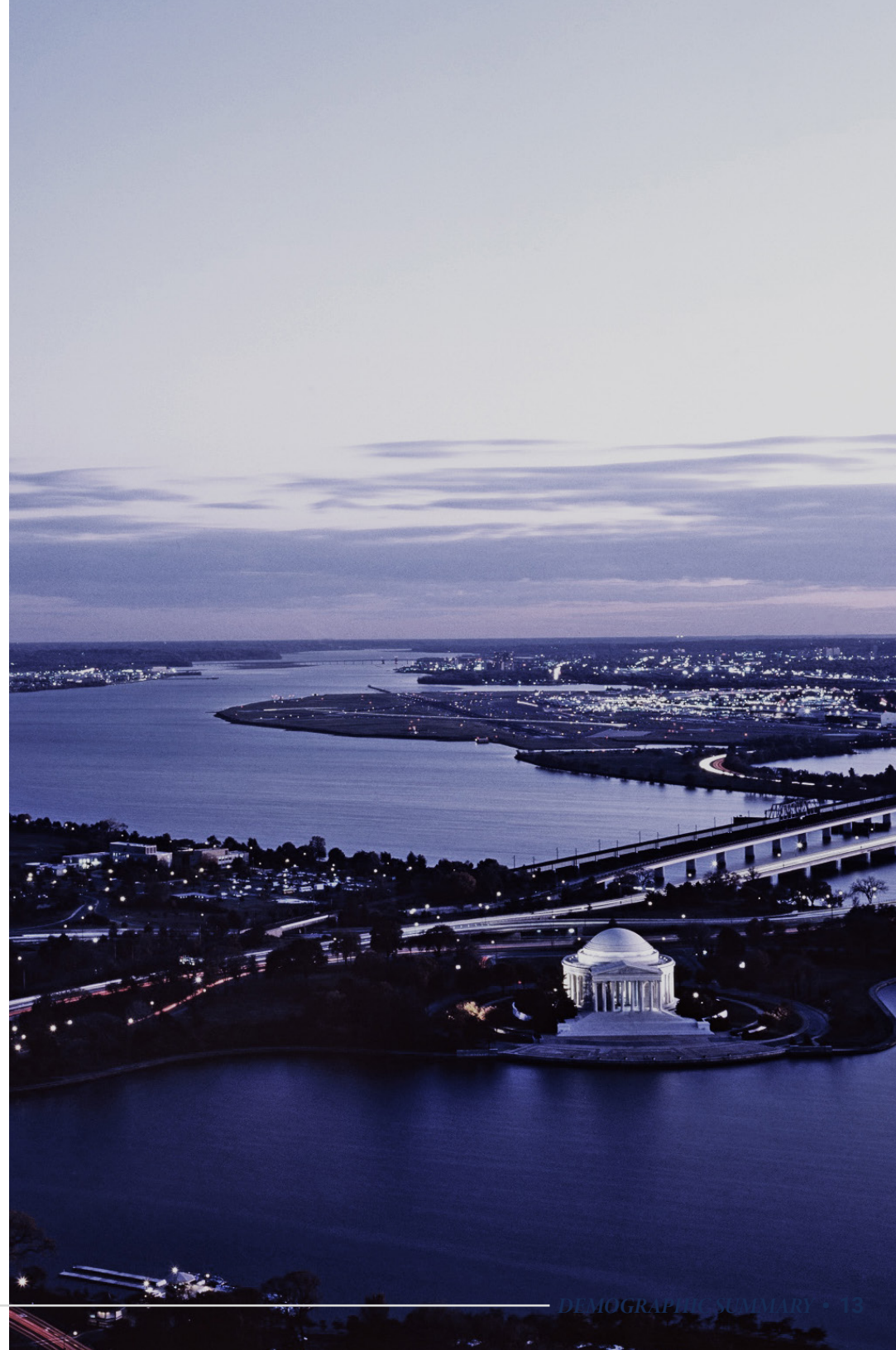
STRONG JOB AND POPULATION GROWTH

Employment gains contribute to population growth that outpaces the national average. Nearly 325,000 additional people are expected through 2023.



DIVERSIFYING ECONOMY

Jobs in professional services now outnumber federal government positions.



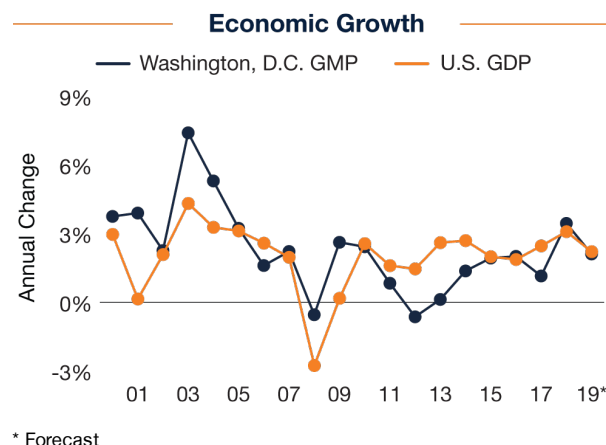
THE WASHINGTON, D.C. ECONOMY

The economy of the Washington, D.C., metro is one of the largest in the nation and is home to numerous Fortune 500 companies, including Leidos Holdings, DXC Technology, AES, Danaher, Discovery, NVR and Hilton Worldwide.

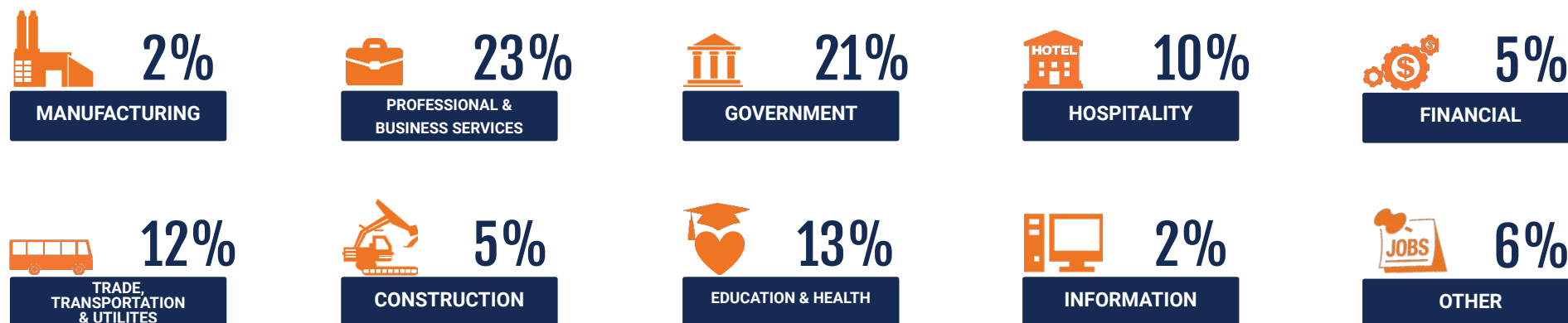
Employment is primarily focused on government, lobbying, defense contracting, data processing and news reporting.

A sizable hospitality sector employs roughly 346,000 workers and supports more than 20 million annual visitors to the region's vast array of attractions.

MAJOR AREA EMPLOYERS
George Washington University
Fannie Mae
Federal Bureau of Investigation
Lockheed Martin
Georgetown University
Capital One Financial Corp.
Smithsonian Institution
Medstar Health
CSC Corp.
Joint Base Andrews



SHARE OF 2019 TOTAL EMPLOYMENT



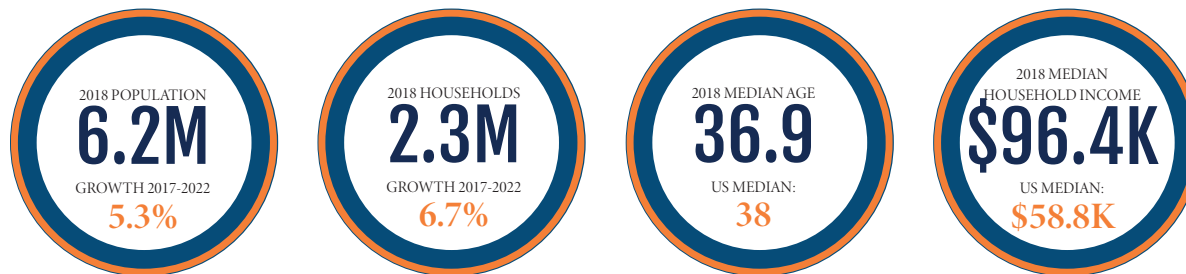
WASHINGTON, D.C. DEMOGRAPHICS

More than 156,000 households are expected to be formed through 2023.

The median home price of \$430,000 is well above the national median and contributes to a homeownership rate of 63 percent, slightly below the national rate of 64 percent.

Nearly 24 percent of residents age 25 and older hold a graduate or professional degree compared with 11 percent for the nation.

2019 POPULATION BY AGE



QUALITY OF LIFE

The Washington, D.C., metro is one of the most dynamic in the U.S. It is the seat of the United States government. The region has a cosmopolitan air and is a destination for visitors from across the nation and around the world, containing numerous prominent public buildings and landmarks. It is home to many of the nation's leading media outlets, think tanks and universities. Washington, D.C., also has extraordinary museums, theaters and restaurants that are patronized by visitors and an affluent local population. Educational opportunities abound in the metro area's many institutions of higher learning. Prominent universities include George Washington University, American University, Georgetown University and the University of Maryland.

SPORTS



EDUCATION



ARTS & ENTERTAINMENT



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By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.



Marcus & Millichap

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VA 0225239201

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VA BOR: Brian Hosey - 0225247494

Activity ID: