

Walgreens

Absolute NNN Lease | 18+ Year Operating History | #2 “Most Admired Company” – Fortune (2021)



OFFERING MEMORANDUM
TEHACHAPI, CALIFORNIA



HANLEY INVESTMENT GROUP
REAL ESTATE ADVISORS



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Walgreens

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OFFERING SUMMARY

LOCATION

Walgreens
1101 W. Tehachapi Blvd
Tehachapi, CA 93561



OFFERING SUMMARY

Price:	\$6,720,000
Current Net Operating Income (NOI):	\$336,000
Current Capitalization Rate:	5.00%
Price per Square Foot:	\$462
Net Rentable Area:	14,560
Year Built:	2003
Lot Size (Acres):	1.66

LEASE TERMS (1)

Lease Commencement:	1/1/2004
Lease Expiration:	12/31/2028
Lease Type:	Absolute NNN
Roof & Structure:	Tenant Responsibility
Monthly Rent:	\$28,000 [\$1.92/sf]
Annual Rent:	\$336,000 [\$23.08/sf]
Rental Increases:	None
Renewal Options:	Ten 5-Year
Right of First Refusal:	15 Days

(1) Note the term of the Lease is 75 years. Walgreens shall have the right and option to terminate the Lease effective as of the last day of the 300th, 360th, 420th, 480th, 540th, 600th, 660th, 720th, 780th or 840th full calendar month of the term, with at least 6 month notice to Landlord prior to each termination date. All lease provisions to be independently verified by Buyer during the Due Diligence Period.



Walgreens | Quick Facts

315,000

TOTAL NUMBER OF
EMPLOYEES

85,000+

NUMBER OF HEALTHCARE
SERVICE PROVIDERS

9,021

NUMBER OF DRUGSTORES
IN 50 STATES

INVESTMENT HIGHLIGHTS

- **Single-Tenant Walgreens:**

- Absolute NNN lease; zero landlord responsibilities
- Long-term corporate guaranteed lease; 75-year corporate Walgreen's lease with 6.5+ years remaining on the initial 25-year term
- Ten 5-year lease extension options
- Prototype store format with drive-thru; large monument sign

- **Largest Daily Needs Retail Pharmacy Provider in the United States and Europe:**

- Investment grade credit (NASDAQ: WBA; S&P: BBB; Moody's Baa2)
- 13,000+ locations in 9 countries (315,000 employees)
- Walgreens serves approximately 9 million customers each day
- #2 "Most Admired Company" for Food and Drug Stores – Fortune (2021)
- #16 "Fortune 500" – Fortune (2021)

- **Easy Access and Excellent Visibility Along Tehachapi Boulevard, the City's Most Heavily Trafficked Corridor**



INVESTMENT HIGHLIGHTS

- **Strategically Located Just Off SR-58 at the Four-Way, Signalized Intersection of Tehachapi Boulevard and Tucker Road/SR-202 (Over 23,000 Cars Per Day):** The subject property is positioned as the gateway to the Tehachapi retail corridor
 - Nearby tenants include a new Walmart Supercenter, Albertsons, Save Mart, Big 5 Sporting Goods, Del Taco, Dollar Tree, Family Dollar, Jack in the Box, O'Reilly Auto Parts, Panda Express, Sonic, Starbucks, Subway, and Taco Bell
- **Central Location Within an Expanding Trade Area:**
 - Situated at the apex between Historic Downtown Tehachapi and the Tucker Road retail corridor, just 1.5 miles from SR-58, the area's major highway
 - Tremendous growth area with a 7.8% increase in population and nearly 11% increase in households since 2010
 - Close proximity to a new Walmart Supercenter, that has greatly enhanced customer draw and traffic flow to the immediate vicinity
 - Adjacent to Red Apple Promenade, a proposed 13.94-acre power center
- **High Desert's Robust Economic Growth:** Often dubbed the "Aerospace Valley", the Antelope Valley region of southern California is a hotbed of Aerospace innovation
 - 37% future job growth predicted over next 10 years
 - Major area employers include the world's largest private aerospace companies including Boeing, Lockheed Martin, and Northrop Grumman
 - Lockheed Martin is the largest defense contractor in the Antelope Valley with over 3,700 employees
 - Northrop Grumman, California's largest employer, has a local workforce of 2,100 employees



SITE PLAN / PARCEL MAP

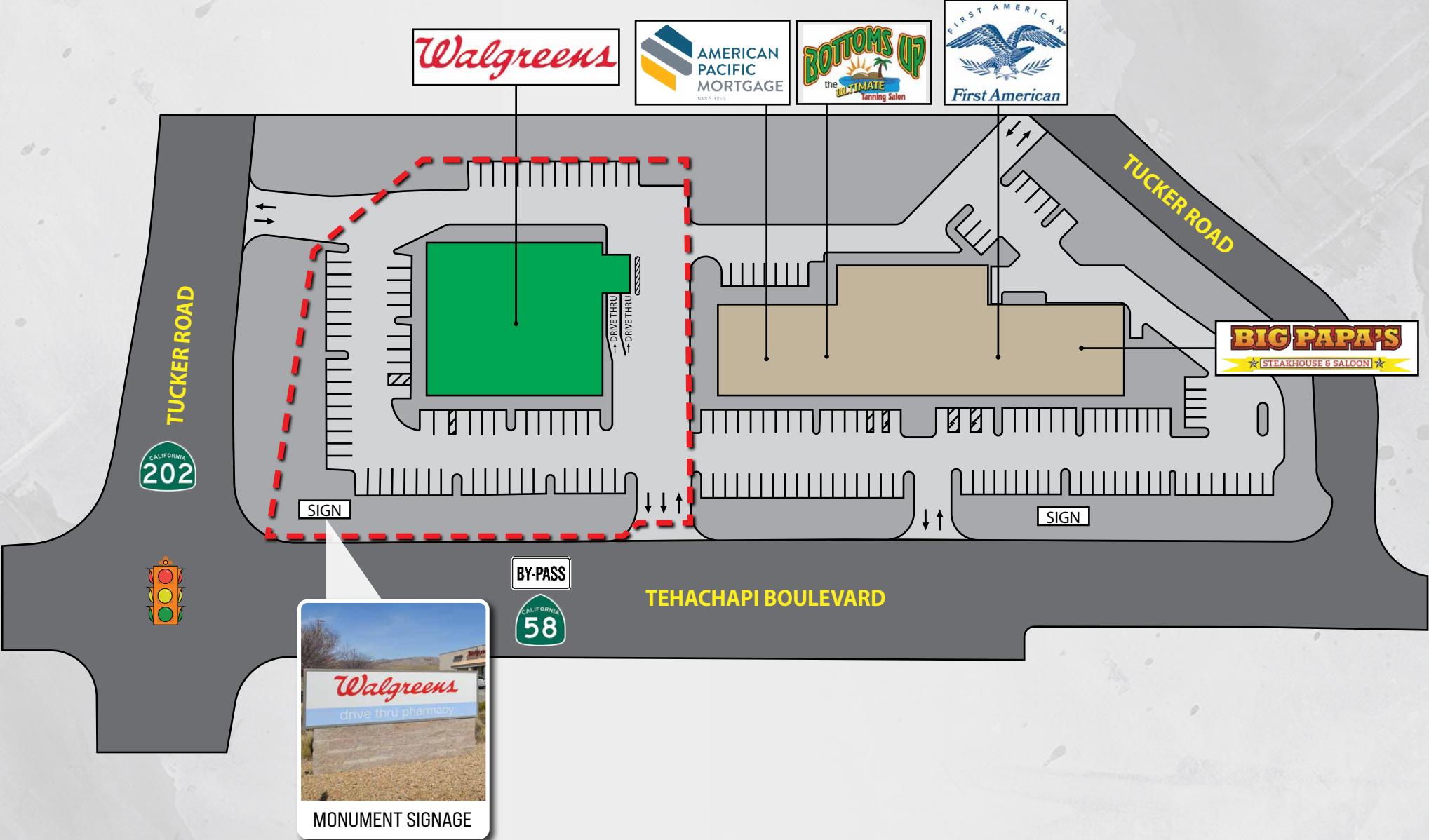
Walgreens
1101 W. Tehachapi Blvd
Tehachapi, CA 93561

SUBJECT PROPERTY

PROPERTY PARCEL

NOT A PART

APN: 415-130-61-00-9



AERIAL OVERVIEW



AS THE GATEWAY TO TEHACHAPI'S RETAIL CORRIDOR, THE PROPERTY IS SITUATED LESS THAN 1.5 MILES FROM SR-58, CONNECTING TEHACHAPI TO THE CITIES OF BAKERSFIELD (WEST) AND MOJAVE (EAST)

DEMOGRAPHICS

Population:

1-Mile Radius	3,531
3-Mile Radius	19,102
5-Mile Radius	21,243

Household Income:

1-Mile Radius	\$67,924
3-Mile Radius	\$73,508
5-Mile Radius	\$76,085



2 HOUR
DRIVE TO LOS ANGELES

7.81%
POPULATION GROWTH
2010-2020

\$240,116
AVERAGE HOME VALUE

SUBJECT PROPERTY
Walgreens

TENANT PROFILE



Walgreens

Walgreens was founded in 1901 in Chicago and is the second largest pharmacy store chain in the United States. The company offers a wide range of products and services to help customers get, stay, and live well. Walgreens' goal is to be consumers' first, most convenient choice for goods, pharmacy, health, wellness and photo services. Some stores also carry a curated assortment of Kroger grocery products, Home Chef meal kits, and Birchbox. Walgreens also offers health services in e-commerce marketplace called Find Care Now. Walgreens operates 9,021 retail stores in all 50 U.S. states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

Walgreens has expanded rapidly over the past decade due in large part to an aggressive acquisition strategy. The company acquired New York City-based Duane Reade in 2010 and Drugstore.com in 2011. In 2012, Walgreens acquired a 45% stake in Alliance Boots, a multinational pharmacy-led health and beauty group, for \$6.7 billion. In 2014, Walgreens exercised its option to purchase the remaining 55% of Alliance Boots. Following the acquisition, the combined company became known as the Walgreens Boots Alliance (WBA). WBA has now become one of the world's largest purchasers of prescription drugs and many other health and wellbeing products.

In 2017, Walgreens purchased Rite Aid for \$4.38 billion. Following the deal, Walgreens acquired 1,932 Rite Aid stores. WBA has more than 315,000 team members and a presence in nine countries through its portfolio of consumer brands: Walgreens, Boots, Duane Reade, the No7 Beauty Company, Benavides in Mexico and Ahumada in Chile.

In 2021, Walgreens Boots Alliance was ranked #17 on the Fortune 500. Fortune also ranked Walgreens the #2 "Most Admired Company" for food and drugstores, a list they have consecutively appeared on for over 20 years.

Company Type:

Public (NASDAQ: WBA; S&P: BBB)

Locations:

13,000+ Globally (9,021 North America)

Website:

www.walgreens.com

#2

**Most Admired
Company**

Fortune (2021)

#16

**Fortune
500**

Fortune (2021)

#13

**Change
the World**

Fortune (2019)

AREA OVERVIEW



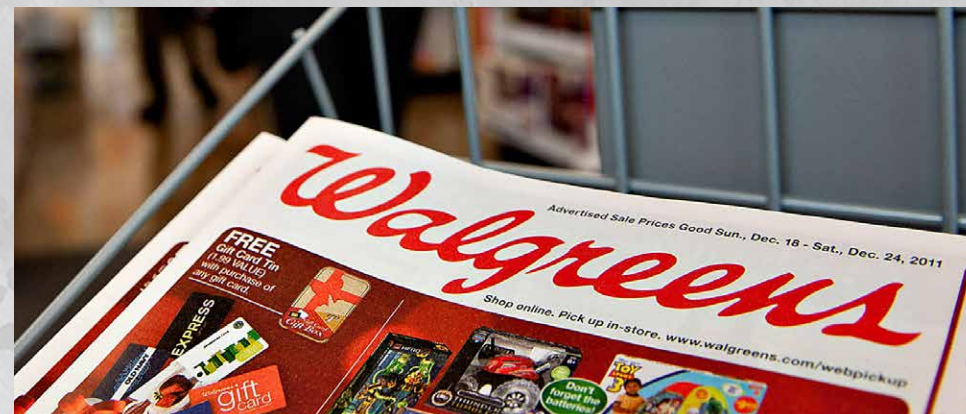
\$33.54 Billion in Sales Expected for Walgreens Boots Alliance, Inc. (NASDAQ:WBA) This Quarter

By Markerbeat | January 26, 2022

Wall Street brokerages predict that Walgreens Boots Alliance, Inc. (NASDAQ:WBA) will report \$33.54 billion in sales for the current quarter, according to Zacks Investment Research. Five analysts have issued estimates for Walgreens Boots Alliance's earnings, with estimates ranging from \$33.03 billion to \$34.13 billion. Walgreens Boots Alliance reported sales of \$32.78 billion during the same quarter last year, which would suggest a positive year over year growth rate of 2.3%.

Walgreens Boots Alliance (NASDAQ:WBA) last issued its quarterly earnings results on Thursday, January 6th. The pharmacy operator reported \$1.68 earnings per share for the quarter, topping the Thomson Reuters' consensus estimate of \$1.35 by \$0.33. The company had revenue of \$33.90 billion for the quarter, compared to analysts' expectations of \$32.87 billion. Walgreens Boots Alliance had a return on equity of 20.28% and a net margin of 4.76%.

[CLICK FOR ARTICLE](#)



Walgreens Boots Alliance Inc. (NASDAQ: WBA) Stock Forecast: Potential to Pass \$70.00 Within a Year

By Miguel Garrison | January 26, 2022

Walgreens Boots Alliance Inc., whose market valuation is \$44.59 billion at the time of this writing, is expected to release its quarterly earnings report Mar 29, 2022 – Apr 04, 2022. The dividend yield on the company stock is 3.75%, while its Forward Dividend ratio is 1.91. Investors' optimism about the company's current quarter earnings report is understandable. Analysts have predicted the quarterly earnings per share to grow by \$1.33 per share this quarter, however they have predicted annual earnings per share of \$4.94 for 2022 and \$5.1 for 2023. It means analysts are expecting annual earnings per share growth of 0.60% this year and 3.20% next year.

[CLICK FOR ARTICLE](#)

AREA OVERVIEW

Tehachapi

- Tehachapi is part of Kern County, also known as California's Golden Empire
- Found at the southern end of California's great Central Valley, Kern County is the gateway to Southern California, the San Joaquin Valley, the Sierra Nevada and the Mojave Desert
- Perfectly located, Kern is within easy reach of Los Angeles or San Francisco, the Pacific Coast or Las Vegas, Yosemite or Death Valley
- 13,000+ households and nearly 38,000 residents; 69,735 residents in the Tehachapi region

ECONOMY

- \$83,000 average household income, the highest in the region
- The largest industries are public administration, educational services, and construction
- City is a key supporter of multiple expanding job opportunities in the region including renewable energy, space exploration, aerospace and mining in East Kern, and professional, legal, and business services in the southern San Joaquin Valley
- Top employers are California Correctional Institution, World Wind and Solar, Tehachapi Unified School District, Adventist Health Tehachapi Valley, Walmart, and Home Depot
- Center for renewable wind energy, containing 4,531 turbines that produce 3,200 megawatts of electricity as of 2019; Amazon announced in 2019 it would begin sourcing wind energy from Tehachapi as part of its goal to become carbon-neutral by 2040
- **Tehachapi Mountains** - Declared an American Viticultural Area in 2020; encompass approximately 58,000 acres of some of the highest elevations in the country

DEVELOPMENTS

- **The Address at Tehachapi** - Master planned development; the project has been approved for 238 single-family homes and a community center on approximately 57-acres at the northeast corner of Tucker and Highline Roads
- **Sage Ranch** - A new 140-acre master-planned community is proposed in the center of town; will include 1,000 new housing units along with over 9 acres of park space



75,000 Consumers Within a 30-Minute Drive

AREA OVERVIEW

Antelope Valley, California

- The Antelope Valley is located in northern Los Angeles County, California, and the southeast portion of Kern County, California, and constitutes the western tip of the Mojave Desert; Situated between the Tehachapi, Sierra Pelona, and the San Gabriel Mountains
- The principal cities in the Antelope Valley are Palmdale and Lancaster
- Aerospace, agriculture, and manufacturing industries are the main driving forces in the region's economy
- Major employers are Northrop Grumman (28,000), Edwards Air Force Base (8,929), Naval Weapons Airstation (7,995), and Lockheed Martin (3,700)
- **Northrop Grumman** - \$6.7 billion global defense and technology company and one of the state's largest employers; planning a major expansion for its Air Force Plant 42 facility
 - \$80 billion defense contract that includes building 100 B-21 stealth bombers by the mid 2030s
 - Recently awarded \$60 billion in U.S. government contracts to expand their Palmdale facilities
- Region's natural resources of wind and solar is a major contributor to the state's aggressive renewable energy targets, which is to produce 33% of their energy from renewable sources
- **Edwards Air Force Base** - 308,000-acre airbase with 29,000 feet of runways, located 22 miles northeast of Lancaster
 - One of the largest employer in the area with 12,000 personnel
 - \$1.8 billion annual economic impact
- **Boeing** - World's leading aerospace company and largest manufacturer of commercial jetliners and military aircrafts; employs 19,000
- **Mojave Air and Space Port** - World-renowned flight research center spanning 3,300 acres, hosting the latest and most advanced aeronautical designs
 - Home to 69 companies which have brought about 2,500 jobs
- **Lockheed Martin Corporation** - American global aerospace, defense, security, and advanced technologies company
 - Largest defense contractor in the Antelope Valley with over 3,700 employees



\$79,458 Average Household Income



EDWARDS AIR FORCE BASE



BOEING



NORTHROP GRUMMAN

DEMOGRAPHICS

POPULATION

	1-Mile	3-Mile	5-Mile
2025 Projection	3,630	19,813	22,091
2020 Census	3,531	19,102	21,243
2010 Census	3,329	17,800	19,705
2000 Census	3,167	14,070	17,076
Growth 2000-2010	5.12%	26.51%	15.40%
Growth 2010-2020	6.07%	7.31%	7.81%
Growth 2020-2025	2.80%	3.72%	3.99%

HOUSEHOLDS

2025 Projection	1,402	7,510	8,378
2020 Census	1,351	7,181	7,991
2010 Census	1,232	6,513	7,216
2000 Census	1,183	5,037	5,675
Growth 2000-2010	4.14%	29.30%	27.15%
Growth 2010-2020	9.66%	10.26%	10.74%
Growth 2020-2025	3.77%	4.58%	4.84%

2020 POPULATION BY SINGLE-CLASSIFICATION RACE

White Alone	2,553	14,481	16,264
Black or African American Alone	66	288	312
American Indian and Alaska Native Alone	49	254	287
Asian Alone	69	384	416
Native Hawaiian and Other Pacific Islander Alone	3	27	28
Some Other Race Alone	610	2,772	2,955
Two or More Races	170	837	910

2020 POPULATION BY ETHNICITY (HISPANIC OR LATINO)

Hispanic or Latino	1,327	6,048	6,478
Not Hispanic or Latino	2,204	13,054	14,765

2020 AVERAGE HOUSEHOLD INCOME

\$67,924	\$73,508	\$76,085
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TEHACHAPI SNAPSHOT



21,243
POPULATION (5-Mile)



4,225
DAYTIME POPULATION (5-Mile)



26.51%
POPULATION GROWTH (3-Mile, 2000-2010)



\$76,085
AVERAGE HOUSEHOLD INCOME (5-Mile)



\$240,116
AVERAGE HOME VALUE (5-Mile)



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\$8.8 BILLION
retail sales nationwide



SHARED DATABASE
collaborative proprietary database



GLOBEST. INFLUENCERS
in retail & net lease sales



NATIONWIDE REACH
retail & investors across the U.S.



\$3.1 BILLION IN RETAIL SOLD
over 500 transactions in last 36 mos.