



EMBREE
CAPITAL MARKETS

Petco

160 US 158 Bypass Henderson, NC 27536

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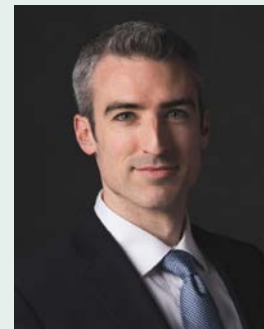


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PRESIDENT

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EXECUTIVE SUMMARY

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PROPERTY & LEASE DETAILS

Offering Overview

Embree Capital Markets Group is pleased to present a build-to-suit Petco located in Henderson, NC. This is an opportunity for an investor to acquire a well-located Petco retail store with an attractive 15-year absolute NNN lease that features 8.5% rental increases every five years.



PURCHASE PRICE

\$6,080,000



CAP RATE

5.75%



ANNUAL RENT

\$349,413



LEASE TYPE

ABSOLUTE NNN

THE OFFERING

Address	160 US 158 Bypass Henderson, NC 27536
Tenant	Petco Animal Supplies Stores, Inc.
Guarantor	Petco Animal Supplies Stores, Inc.

SITE DESCRIPTION

Year Built	2023
Building SF	Approx. 15,900 SF
Lot Size	Approx. 1.67 Acres

INVESTMENT SUMMARY

Asset Class	Single-Tenant Retail
Ownership Interest	Fee Simple
Annual Rent*	\$349,413
Monthly Rent	\$29,118
Cap Rate	5.75%
Purchase Price	\$6,080,000
Rent Commencement	03.03.2023
Lease Expiration	03.31.2038
Lease Term	15-Years
Lease Type	Absolute NNN
Renewal Options	Five, 5-Year
Lease Escalations	8.5% Every 5-Years
ROFR	None
Estoppel	30-Day Turnaround

AREA OVERVIEW

Henderson, N.C.

Henderson, North Carolina is a city and county seat of Vance County, North Carolina with a population of over 15,000 people according to the 2020 United States Census. Located 40 minutes north of the capital city of Raleigh, Henderson, North Carolina is a city rich with history.

The first settlers' residence was built in what is now Henderson in 1785 by Samuel Reavis, Sr. Reavis called his farm "Lonesome Valley" which likely described the area at that time. Reavis' son, Lewis Reavis, opened a store close to the stagecoach road in 1811 where he began to see an influx of settlers and the awakening of a city.

Dairying, livestock raising, and feed are important to the economy, and tobacco is the major crop in the area. The city's diversified manufactures include textiles, home furnishings, glass containers, and mobile homes.



COMPANY OVERVIEW

petco



Investment Summary

Company Type	(NYSE: WOOF)
2021 Revenue	\$5.8+ Billion
YoY Revenue Growth	\$18%
2021 Adjusted EBITDA	\$591 Million
YoY Adjusted EBITDA	22%
Store Count	1,500+
Employees	28,000+
Total Active Customers	24.1+ Million
Website	www.Petco.com

- The significant work Petco has done over the last four years to retool Petco positioned us well in 2021, delivering 18% revenue growth for the year with overall share gains in food, in digital and in veterinary services.
- More than 54% of pet parents are looking for a one-stop-shop for their pet's needs.
- The total pet merchandise category is \$72 billion, projected to grow at a 7% CAGR to 2025.
- In 2021, Petco added millions of net new customers, bringing their total active customer count to 24.1 million at the end of fiscal 2021. 2021 revenue grew 18% to \$5.8 billion, the highest in company history. For the fourth quarter of 2021, revenue grew 13% with comparable sales up 14%, or 30% on a 2-year stack with strength in transactions and average basket trends. Adjusted EBITDA¹ outpaced revenue growth for the year, up 22% to \$591 million.
- This year Petco saved nearly 400,000 pet lives, and in partnership with Merck, Petco distributed over half a million free vaccines to under-resourced communities as part of their 1 million free vaccines commitment.
- More than 1,500 pet care centers in the U.S., Mexico and Puerto Rico, their digital channel, and their flexible fulfillment options.
- As of January 29, 2022, Petco operated 197 full service veterinary hospitals with planned expansion to approximately 900 hospitals over time.
- The U.S. pet care industry is large and growing, serving millions of households with pets, and represented a total addressable market of \$119 billion in 2021.
- Petco Love, formerly the Petco Foundation, is a

nonprofit organization that is changing lives by making communities and pet families healthier, stronger, and closer. It is a separately incorporated 501(c)(3) nonprofit organization supported both by contributions from us and contributions from Petco customers and community partners.

- Comparing fiscal 2021 and fiscal 2020, Petco achieved the following results: (1) an increase in net sales from \$4.92 billion to \$5.81 billion, representing period-over-period growth of 18.0%; (2) comparable sales growth of 18.9%; (3) an increase in operating income from \$194.4 million to \$266.1 million, representing period-over-period growth of 36.9%; (4) an improvement in net cash flows provided by operating activities from \$268.6 million in fiscal 2020 to \$358.2 million in fiscal 2021.
- Net sales increased \$886.9 million, or 18.0%, to \$5.81 billion in fiscal 2021 compared to net sales of \$4.92 billion in fiscal 2020, driven by a 18.9% increase in their comparable sales.
- In fiscal 2021, pet care center merchandise delivered growth of 15.4% with higher retail traffic and strong growth in all major categories, including consumables, supplies, and companion animals. Their e-commerce and digital sales increased 21.1% from fiscal 2020 to fiscal 2021, reflecting their expanded brand assortment, enhanced personalization and extended fulfillment options.
- Petco Health and Wellness Company, Inc. (together with its consolidated subsidiaries, the "Company") is a category-defining health and wellness company focused on improving the lives of pets, pet parents, and its own partners with 1,433 pet care centers in 50 states, the District of Columbia and Puerto Rico as of January 29, 2022.

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MAPS & AERIALS

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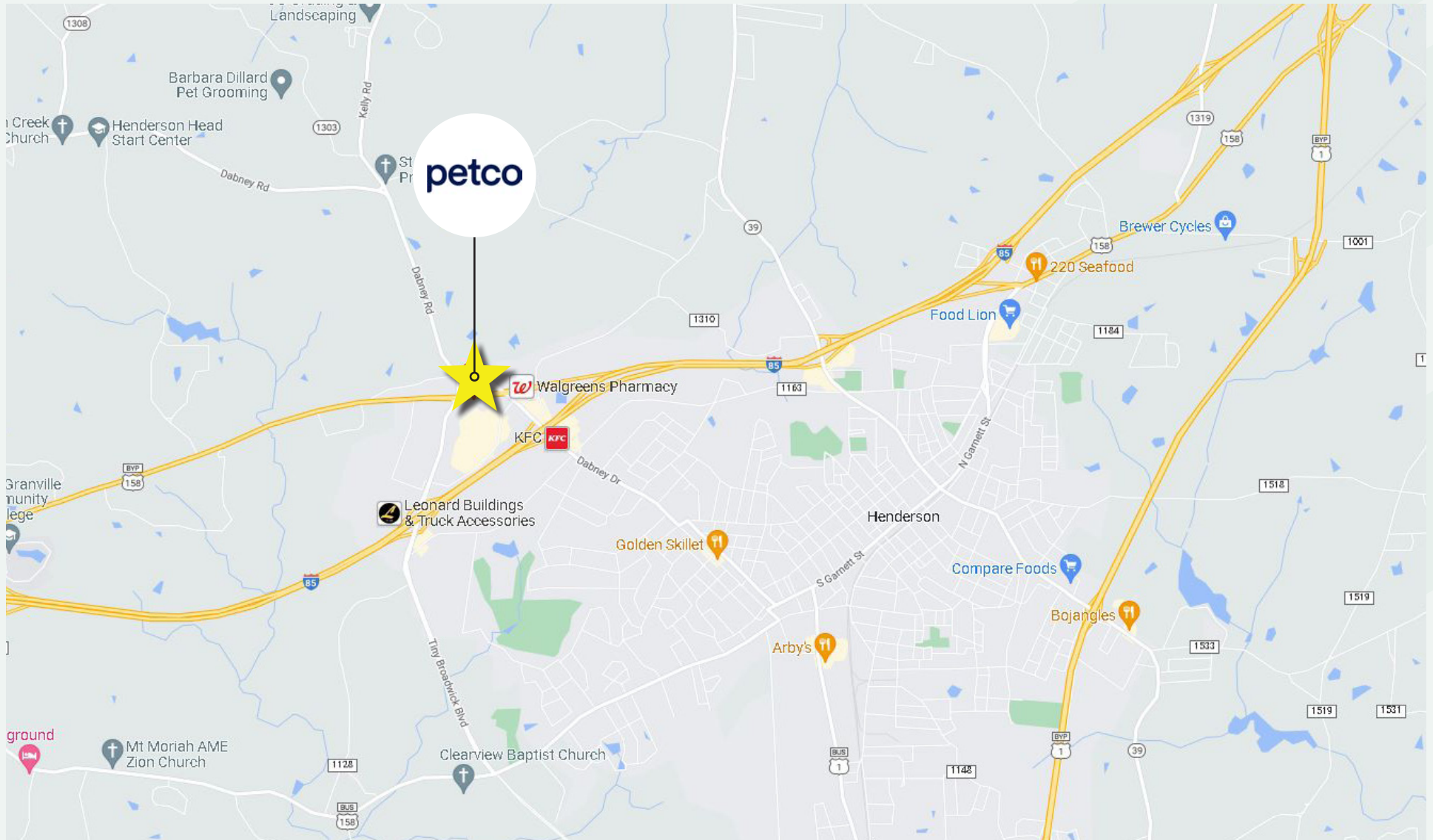
SITE AERIAL



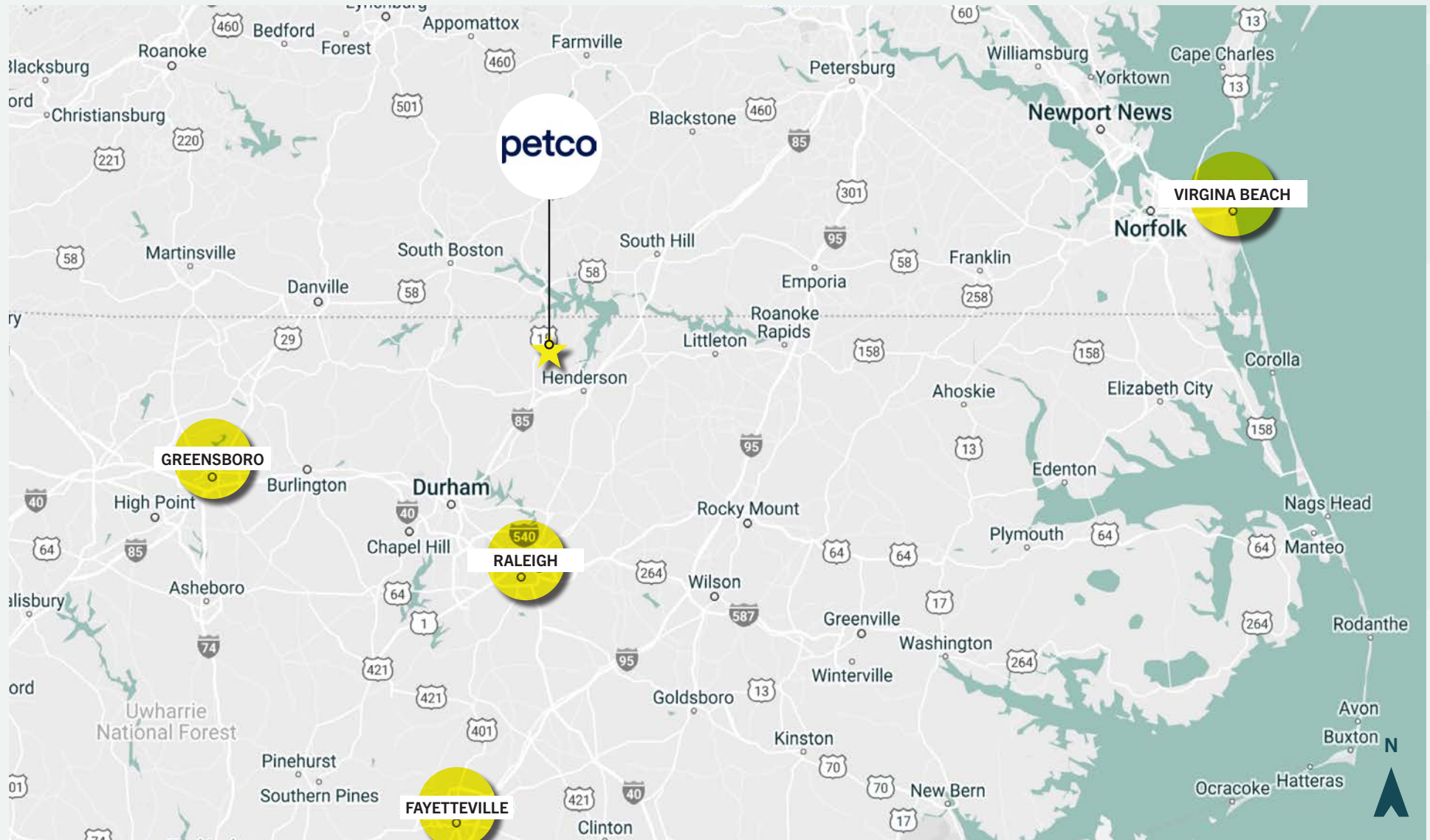
SURROUNDING AERIAL



LOCATION



LOCAL CONTEXT



RALEIGH, N.C. (45 MILES); GREENSBORO, N.C. (90 MILES); FAYETTEVILLE, N.C. (120 MILES); VIRGINIA BEACH, VA (164 MILES)

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ANALYTICS

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DEMOGRAPHIC ANALYSIS



POPULATION	3 MILE	5 MILES	10 MILES
2027 Projection	15,450	26,308	59,404
2022 Estimate	15,300	25,935	58,191



HOUSEHOLDS			
2027 Projection	6,294	10,272	23,050
2022 Estimate	6,229	10,124	22,535



AVG. HOUSEHOLD INCOME			
Average Household Income	\$56,470	\$53,981	\$59,319
Less than \$25,000	2,083	3,301	6,352
\$25,000 - \$50,000	1,505	2,807	6,168
\$50,000 - \$75,000	1,279	1,890	4,169
\$75,000 - \$100,000	551	968	2,666
\$100,000 - \$125,000	331	475	1,351
\$125,000 - \$150,000	134	209	570
\$150,000 - \$200,000	188	250	690
More than \$200,000	159	223	570

ABOUT EMBREE GROUP

Embree Group provides nationwide turnkey real estate services, specializing in build-to-suit development, design/build, general construction, program management, and capital markets for specialty retail, financial, automotive, restaurant, healthcare and senior living facilities. Embree's fully integrated, in-house services allow us to become an extension of the client's organization. Since 1979, Embree's foundation has been built on developing tailored programs for 350+ national clients. The firm is headquartered near Austin, Texas, with regional offices located in Phoenix, AZ and the Dallas-Fort Worth area. Over the past 43 years, Embree's executive team has developed, built, or transacted more than 15,000 assets in all 50 states, Puerto Rico, and Canada with a total market value in excess of \$14 billion.

Contact Details

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