

NNN FITNESS

OFFERING MEMORANDUM

LA FITNESS

30 SYLVAN WAY, | PARSIPPANY-TROY HILLS, NJ



MOODY'S B3 CREDIT UPGRADE

> [VIEW RECENT REPORT](#)







\$9,327,500

Purchase Price

6.00%

Cap Rate

2019

Year Built

39,975

Square Feet

Gross leaseable area

0.92

Acres

Lot size

LA|FITNESS

INVESTMENT OVERVIEW

Offering Details

ADDRESS	30 Sylvan Way, Parsippany-Troy Hills, NJ
TENANT	Fitness International, LLC
LEASE TYPE	NNN*
NOI	\$559,650
LEASE TERM	16 Years
RENT COMMENCEMENT DATE	9/21/2021
LEASE EXPIRATION DATE	8/31/2037
OWNERSHIP	Retail Condo
PRICE PSF	\$233.33
OPTIONS	(3) 5 Year
INCREASES	10% Every 5 Years

*Landlord responsible for Roof & Structure.

Rent Schedule

LEASE YEARS	ANNUAL RENT	RENT PSF
Year 1 - 5	\$559,650	\$14.00
Year 6 - 10	\$615,615	\$15.40
Year 11 - 16	\$677,176	\$16.94
Option 1	\$744,893	\$18.63
Option 2	\$819,382	\$20.49
Option 3	\$901,320	\$22.54



Brand New | Corporate Long Term Lease

The offering features brand new construction and a rare 16 year lease with Fitness International, LLC demonstrating their long term commitment to this premier location.



Top Performing Health Club Chain

LA Fitness is the largest and one of the fastest-growing non-franchised fitness club operators with over 744+ health club locations in the United States and Canada.



Vibrant Rapidly Developing Retail Corridor

Serving Hanover and Morris county residents, this property is shadow-anchored by a Wegman's and Panera Bread and is located only 25 miles West of New York City. The Wegman's recently traded at a 4.60% cap rate and the Panera Bread at a 5.00% cap rate.



Low Rent & Captive Membership Base

LA Fitness took over this former 24 Hour Fitness providing an immediate membership base further enhancing the security of the investment. Furthermore, LA Fitness is paying below market rent at only \$14.00/SF while most major gyms pay closer to \$20.00/SF.



Dense Residential Population

The property is situated in a dense, affluent trade area that includes 57,113 residents within a three-mile radius earning an average annual household income of \$144,486.



High Visibility & Excellent Access

The site is a half mile from the intersection of Route 10 at the junction of Route 287 with visibility from Route 287 and a prominent pylon at the entrance of Route 10. Route 10 and Route 287 have a combined vehicles per day of 218,975.



Moody's upgraded its rating on Fitness International to "B3" from "Caa1" to reflect its expectation that operating performance including membership trends will continue to recover in 2022 and 2023 as the threat of the coronavirus pandemic subsides. Membership and revenue as of May has already recover to the mid to high 80% of the pre-pandemic level and Moody's expects revenue will continue to recover to the low 90% of pre-pandemic levels in FY2022 ending in December and fully recover by the end of FY2023. Lease adjusted debt-to-EBITDA leverage is about 5x for the LTM period ended March 31, 2022 and Moody's expects leverage will decline and approach 4x by the end of FY23 due to a continued earnings recovery and some voluntary debt repayment. Moody's also expects the company to maintain adequate liquidity over the next year including positive free cash flow.

* Special Update: from Moody's 7/2022



“Moody’s upgraded its rating on Fitness International to “B3” from “Caa1” to reflect its expectation that operating performance including membership trends will continue to recover in 2022 and 2023 as the threat of the coronavirus pandemic subsides.”

- MOODY'S INVESTOR SERVICES



39,975
Square Feet



0.92
Lot Size



2019
Year Built





MARKET AERIAL







From Parsipanny-Troy Hills

NEWARK, NJ

21 Miles

BRUNSWICK, NJ

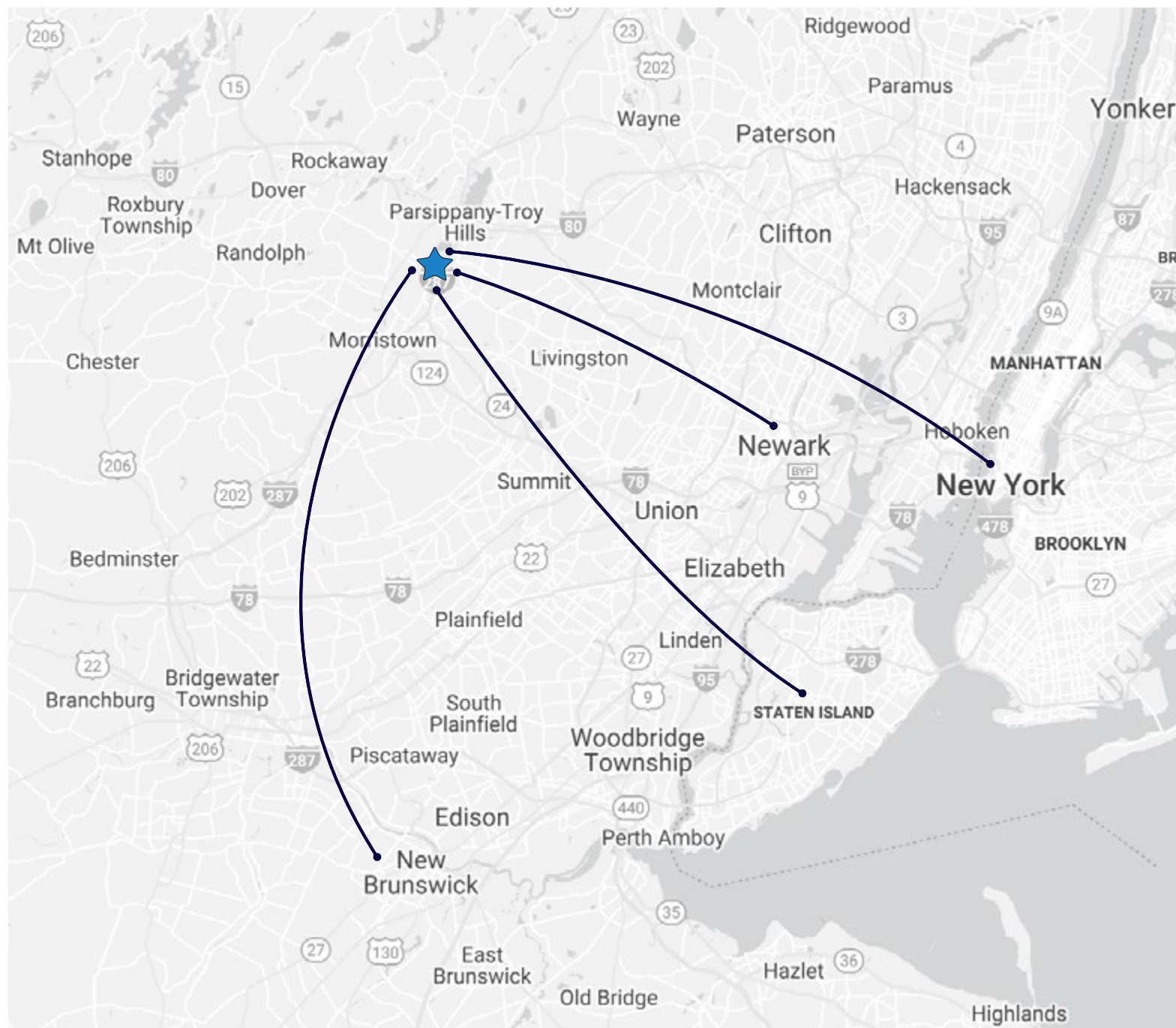
38 Miles

NEW YORK CITY, NY

34 Miles

STATEN ISLAND, NY

35 Miles





1 mile 3 miles 5 miles

POPULATION

2022 3,502 57,486 152,018

2027 Projection 3,502 57,486 152,018

HOUSEHOLD INCOME

Average \$138,385 \$144,486 \$148,160

Median \$117,694 \$117,780 \$119,674

HOUSEHOLDS

2022 1,331 21,403 57,205

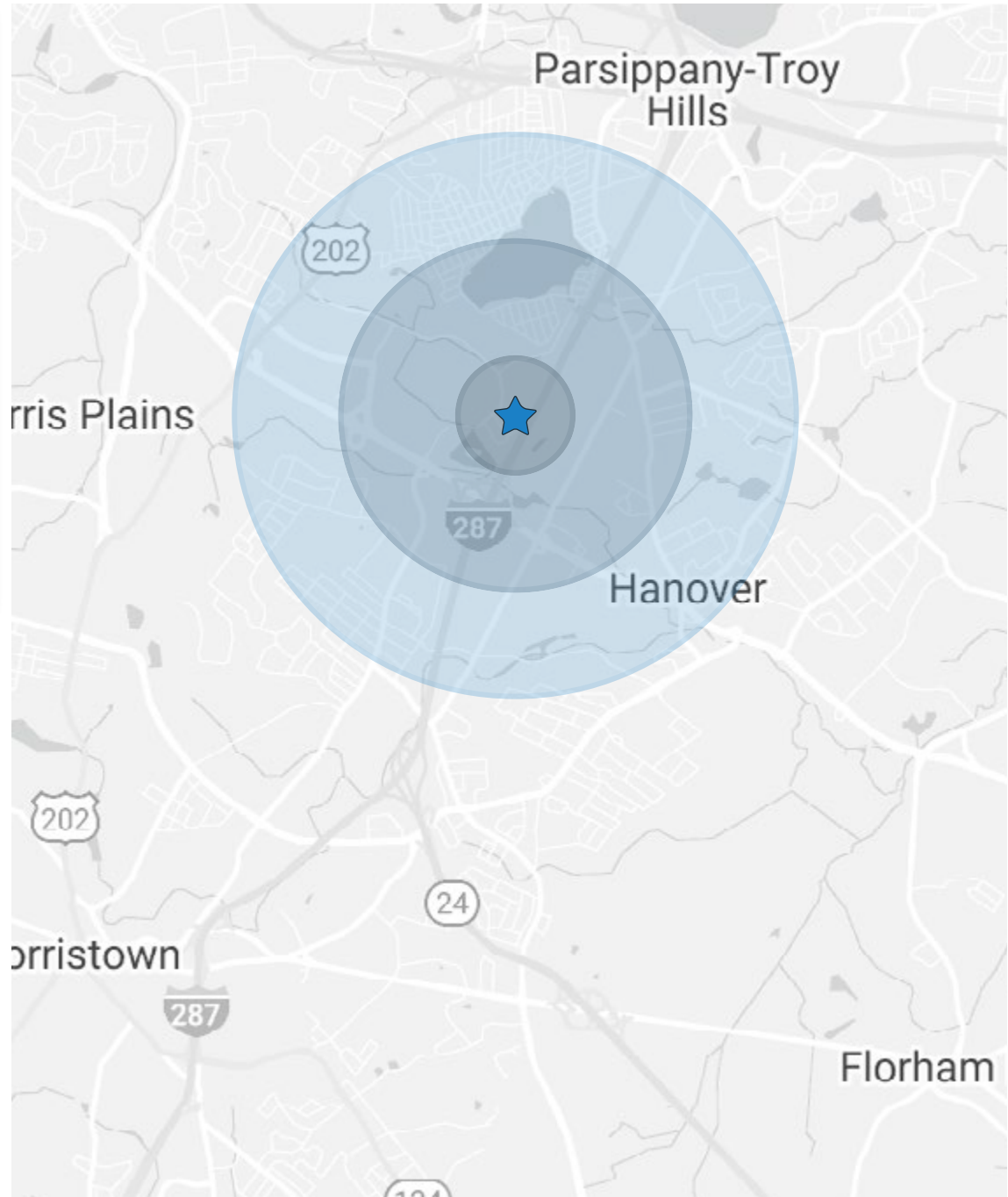
2027 Projection 1,320 21,328 57,059



57,486
3 Mile Population



\$144,486
3 Mile Ave. Household Income





Know for its Arts and Leisure

Parsippany-Troy Hills Township, NJ is Morris County's most populous township, with over 56,000 residents. Since 2006, Parsippany-Troy Hills has been consistently recognized by Money magazine as one of the Best Places to Live in the United States. Parsippany is located about 30 miles west of Times Square, in Manhattan. Residents are drawn to its proximity to several major highways, including Interstate 80, Interstate 287, Route 10 and Route 46.

In Parsippany-Troy Hills Township there are a lot of restaurants, coffee shops, and parks. Many young professionals live in Parsippany-Troy Hills Township. The public schools in Parsippany-Troy Hills Township are highly rated.

Parsippany-Troy Hills, NJ | Highlights

- ✚ The U.S. operations of Cadbury Adams, Reckitt Benckiser, Ricola and Safilo are located here.
- ✚ There are a number of corporate offices in Parsippany, including the headquarters of the Avis Budget Group and the roofing manufacturer GAF.
- ✚ Teva Pharmaceutical Industries recently announced it was moving its American headquarters to Parsippany, from Pennsylvania (New York Times).
- ✚ The name Parsippany comes from the Lenape Native American sub-tribe, which comes from the word parsipanong, which means "the place where the river winds through the valley".



744+

Locations in US

37+

Years in the Industry



Fitness International, LLC, known as LA Fitness, is the largest non-franchised fitness club operator in the United States and Canada. Founded in 1984 and headquartered in Irvine, Calif., LA Fitness is one of the fastest growing sports club chains with more than 744+ locations across the United States and Canada. **Club Industry** estimates the company has annual revenue of \$2.15 billion in 2019. LA Fitness was also ranked #1 out of 100 in Club Industry's Top 100 Health Clubs of 2019.

Their mission is to help as many people as possible achieve the benefit its of a healthy lifestyle by creating a nationwide network of sports clubs, offering its members the widest range of amenities and the friendliest service at an affordable price.

LA Fitness clubs offer state-of-the-art equipment and cardio areas, group and specialty classes, indoor heated lap pools, whirlpool spas and saunas, racquetball and basketball courts, full locker facilities, personal trainers, and babysitting. The company also sells apparel for men and women, headgear, bags, and other merchandise through their online store.

**CLUB
INDUSTRY
ESTIMATE**


\$2.15B
2019 REVENUE

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LA FITNESS

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