

Marcus & Millichap



Offering Memorandum

**222 Yellow Place  
Rockledge, FL 32955**

\* Actual site with conceptual building alterations shown. As-built conditions may vary.



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Activity ID #

Broker of Record: Ryan Nee

Lic #:BK3154667

## Exclusively Listed By:

### Rory Shelby

First Vice President Investments

Office: Orlando

Direct: 407.557.3861

[Rory.Shelby@marcusmillichap.com](mailto:Rory.Shelby@marcusmillichap.com)

License: FL #SL3343473

### Scott Gould

Senior Vice President Investments

Office: Orlando

Direct: 407.557.3824

[Scott.Gould@marcusmillichap.com](mailto:Scott.Gould@marcusmillichap.com)

License: FL #SL3288412

### Chris Biuso

First Vice President Investments

Office: Orlando

Direct: 407.557.3841

[Christopher.Biuso@marcusmillichap.com](mailto:Christopher.Biuso@marcusmillichap.com)

License: FL #SL3424071

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Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success.

Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

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**PRICE: \$4,800,000 | CAP: 6.25%**

## ***INVESTMENT HIGHLIGHTS***

- **Corporate Guaranteed Lease with Kroger Co., Inc (NYSE: KR)**
  - Third Largest Grocery Store Chain in the U.S. | 2,400+ Locations Nationwide
- **New 5-Year Absolute Net Lease | 3% Annual Rental Increases**
  - Zero Landlord Responsibilities | One 5-Year Option at FMV
- **Kroger Co. Has an Investment Grade Credit Rating of "BBB"**
  - \$42.9B Market Cap | Total 2023 Revenue: \$150.0B
- **Location Serves as Fulfillment Delivery "Spoke" for East Central Florida**
  - Orders Originate from Customer Fulfillment Center in Groveland, FL
- **Property to Receive Substantial Upgrades and Improvements**
  - Capital Expenditures will be Funded by Tenant
- **Strategically Positioned Facility with Quick Access (2.5 miles) to I-95**
  - Optimizes Delivery Strike Radius Up to 90 Miles
- **Industrial Outdoor Storage (IOS) Zoning: IU (Light Industrial)**
  - Limited Supply of Similar Properties | Tight Industrial Submarket
- **Part of the Melbourne MSA | One of the Fastest Growing Areas in FL**
  - Explosive Growth has Driven Kroger's Expansion into the Market
- **Florida's Space Coast is Home to Top Space & Aeronautical Businesses**
  - SpaceX, Blue Origin, Boeing, Northrup Grumman, Lockheed Martin, & L3 Harris
- **Other Economic Drivers include Port Canaveral and Beach Tourism**
  - Thousands of Tourist Flock to the Region on an Annual Basis



## ADDRESS

222 Yellow Place,  
Rockledge, FL 32955

## PRICE

**\$4,800,000**

## CAP RATE

**6.25%**

## NOI

**\$300,000**

## Lot Size

**3.64 Acres**

# FINANCIAL OVERVIEW

Price	\$4,800,000
Cap Rate	6.25%
Net Operating Income	\$300,000
Rentable Square Feet	+/- 13,500
Lot Size	+/- 3.64 Acres
Year Built/Renovated	(1987   2003)/2025
Zoning	Light Industrial (IU)

## Lease Summary

Lease Commencement	1/1/2025
Lease Expiration	2/28/2030
Lease Term Remaining	5 Years
Renewal Options	One Five-Year Option at FMV*
Rent Increases	3% Annually
Tenant	Kroger Fulfillment Network, LLC
Corporate Guaranty	The Kroger Co.
Lease Type	Absolute Net
Landlord Responsibilities	None
Tenant Responsibilities	All-Taxes, Insurance, Utilities, Repairs and Replacements

## Rent Schedule

Year	Annual Rent	Monthly Rent	Cap Rate
3/1/2025 – 2/28/2026	\$300,000	\$25,000	6.25%
3/1/2026 – 2/29/2027	\$309,000	\$25,750	6.44%
3/1/2027 – 2/28/2028	\$318,270	\$26,523	6.63%
3/1/2028 – 2/28/2029	\$327,818	\$27,318	6.83%
3/1/2029 – 2/28/2030	\$337,652	\$28,137	7.03%

\*FMV reset in the Option Period based on similar properties in the Orlando MSA.



# TENANT OVERVIEW



Kroger, founded in 1883 and headquartered in Cincinnati, Ohio, is one of the largest supermarket chains in the United States, with a presence in 35 states and over 2,700 locations. It operates a diverse retail business, offering groceries, pharmacy services, fuel, and private label products through brands like Ralphs, King Soopers, and Fred Meyer.

The company has embraced digital innovation, providing online ordering, home delivery, and curbside pickup options through its website and app. Kroger also invests in technology, including AI and robotics, to improve supply chain efficiency and customer experience.

With a strong focus on sustainability, Kroger has implemented initiatives like its Zero Hunger | Zero Waste goal and responsible sourcing programs. The company's steady growth is supported by its expansive market reach and ongoing investments in technology and sustainability, making it a major competitor to other retail giants such as Walmart and Target.



Headquarters	Cincinnati, OH
Ownership	Public
Locations	2,750
Employees	414,000
Founded	1883
Stock Symbol	NYSE: KR
Revenue	\$151.039 Billion (2024)
Credit Rating	BBB (S&P)
Website	www.thekrogerco.com



# TENANT OVERVIEW



## Kroger Delivery Operations

Kroger Delivery is a vertically integrated network, enabling coverage of up to 90 miles from the hub location and significantly more territory when spoke locations are integrated. In these highly automated Customer Fulfillment Centers, over 1,000 bots whizz around giant 3D grids, orchestrated by proprietary air-traffic control systems in the unlicensed spectrum. The grid, known as *The Hive*, contains totes with products and ready-to-deliver customer orders.

As customers' orders near their delivery times, the bots retrieve products from *The Hive* and are presented at pick stations for items to be sorted for delivery, a process governed by algorithms that ensures items are intelligently packed. For example, fragile items are placed on top, bags are evenly weighted, and each order is optimized to fit into the lowest number of bags, reducing plastic use.

After being packed, orders are loaded into a temperature-controlled Kroger Delivery van, which can store up to 20 orders. Powerful machine learning algorithms dynamically optimize delivery routes, considering factors like road conditions and optimal fuel efficiency.

The Monroe CFC measures 375,000 square feet, carries thousands of popular grocery products, and represents one of the models engineered for the flexible Kroger Delivery network, which will also include smaller facilities as well as spoke locations. The CFC can fulfill thousands of orders per day and has the capability to support fulfillment of pickup orders.

"We're excited to be building a distribution network that creates a more equitable food system by providing greater accessibility to fresh food through the power of innovation," said Gabriel Arreaga, Kroger's senior vice president and chief supply chain officer.

"Kroger Delivery's network of Customer Fulfillment Centers will accelerate our e-commerce capabilities, focusing on more cost-effective supply chain and last-mile delivery solutions, seamless customer experiences and new career opportunities."

**"Our partnership with Ocado Group is a critical component to the ecosystem that helps us deliver that seamless experience. They are pioneering the space of automated fulfilment, introducing the tech and automation that allows us to bring a superior experience for our customers when we do delivery."**

- Rodney McMullen, Chairman & CEO of Kroger







## The grocery chain's digital sales were up 11% year over year in Q3, the grocer reported in its latest earnings results.

digitalcommerce360.com

Beth Duckett 12/6/24

Total sales at The Kroger Co. dipped slightly during the fiscal third quarter that ended Nov. 9, but digital sales notched another quarter of double-digit growth as more shoppers turned to delivery and online promotions.

Kroger ranks No. 6 in Digital Commerce 360's Top 1000 Database of North America's largest online retailers by annual web sales. Kroger is No. 1 in the Top 1000's Food & Beverage category, though it competes with Mass Merchants — Walmart and Target — that rank higher in the Top 1000 for online grocery sales. Digital Commerce 360 projects Kroger's online sales will reach \$17.97 billion in 2024.

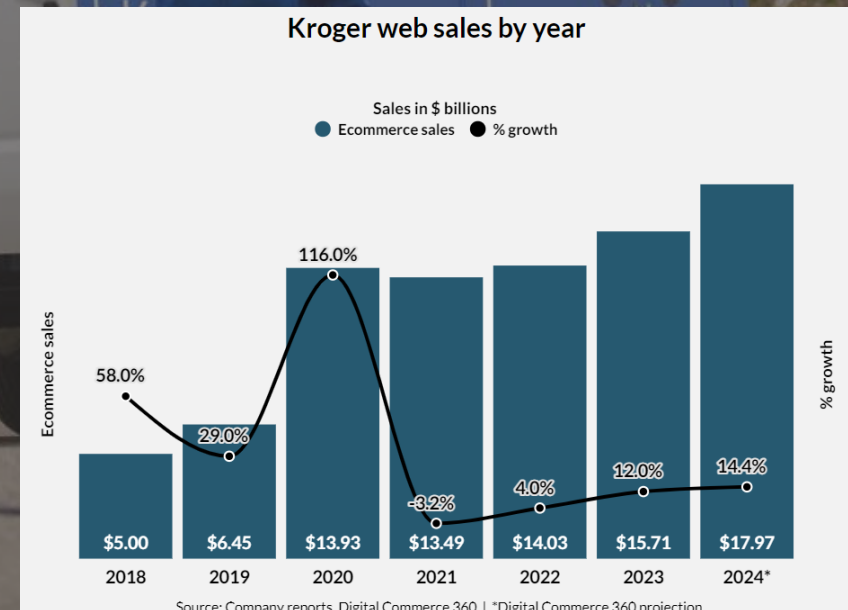
While overall sales fell, Kroger's digital sales grew 11% year over year, though the grocer did not provide specific figures. Delivery sales, which rose 18% from the year prior, outperformed other channels, with customer fulfillment centers playing a key role, according to CEO Rodney McMullen.

"Increasing ecommerce penetration is important to our model, as households who shop with us digitally and are in our stores are our most loyal customers and increase retail media monetization opportunities as well," McMullen told investors during the company's earnings call. "As our digital business grows, particularly in our delivery network, it continues to have a larger impact on our financial results."

Foley also stressed Kroger's customer fulfillment centers, or CFCs, as pivotal to growth in its delivery solutions.

"The CFCs are offering customers a superior digital experience with excellent in-stocks, fresh items, and a white-glove on-time delivery," he said. "CFC growth was driven by a significant increase in households and trips, as well as an increase in basket size."

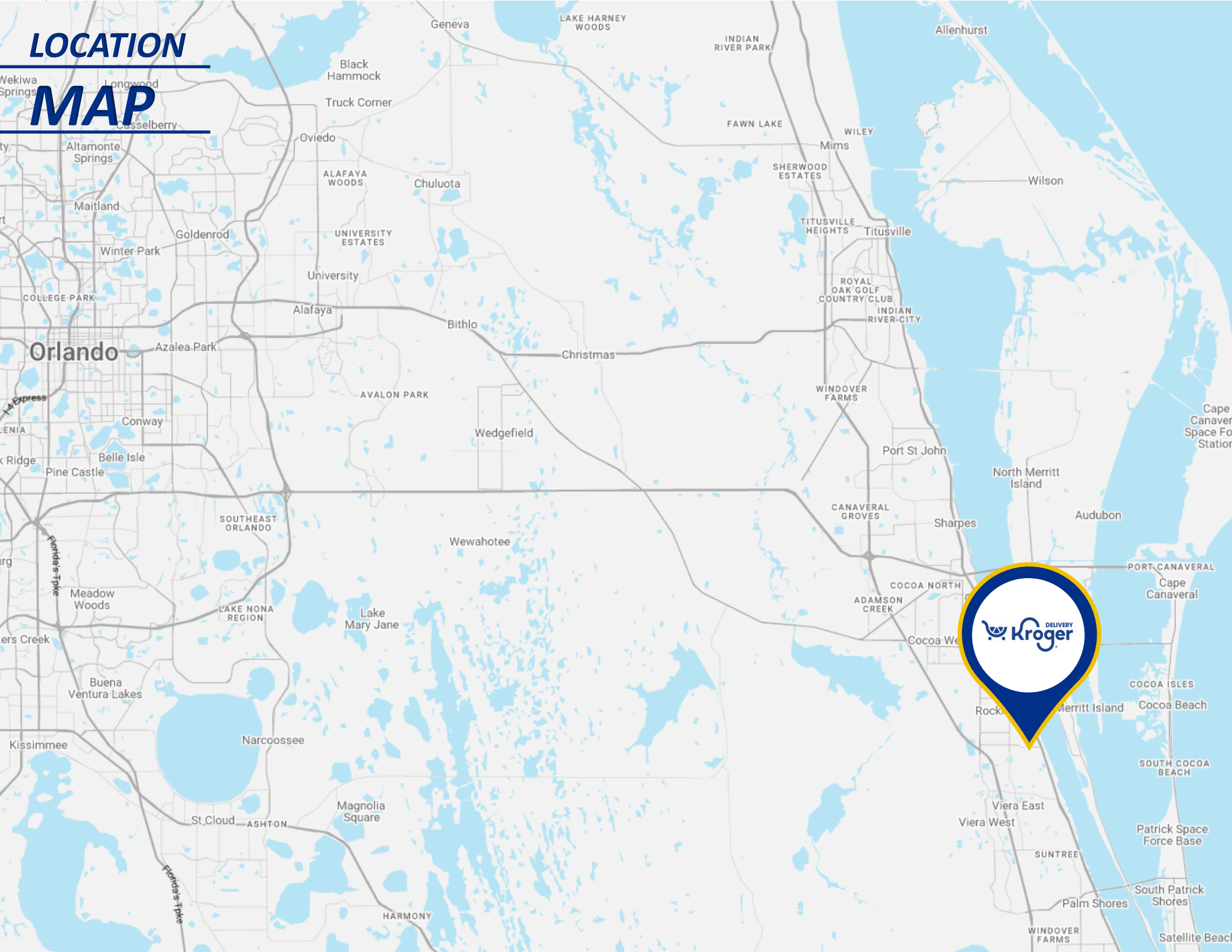
[Click Here to Read Full Article](#)





# LOCATION

# MAP





# PARCEL OUTLINE





# AERIAL VIEW



(5 Min. Direct Access)

BARNES BLVD



# RETAIL MAP



528

INTERSTATE  
95

520

528

520



INTERSTATE  
95





*MARKET*

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# OVERVIEW

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**MELBOURNE, FL MSA**

# MARKET OVERVIEW

## “187-project pipeline valued at \$6.8 billion”

Space Florida, the state’s aerospace finance and development authority, closes out 2024 with a **187-project pipeline valued at \$6.8 billion** — an approximate 24% increase from the year before — underscoring its leadership in the global aerospace economy. Leveraging its unique structure and unmatched financial tools, Space Florida continues to set the standard for aerospace commerce. Florida’s aerospace dominance is evident in its record-breaking 90 launches in 2024, transporting over 1,300 payloads totaling 2.6 million pounds, leading America in the global integrated space-earth economy.

“Florida stands alone as the only state to designate space as an official mode of transportation, and its strategic infrastructure investment of nearly \$565 million has driven an expected \$4 billion in private capital — a threefold growth in just five years,” said Rob Long, president and CEO, Space Florida.



“The Florida Space Coast is prime for investing in real estate thanks to the billions of dollars being pumped into the region by leading tech and space companies,” said Francis Lively, Chief Executive Officer and President of The LCP Group, L.P.

## CURRENT PROJECTS

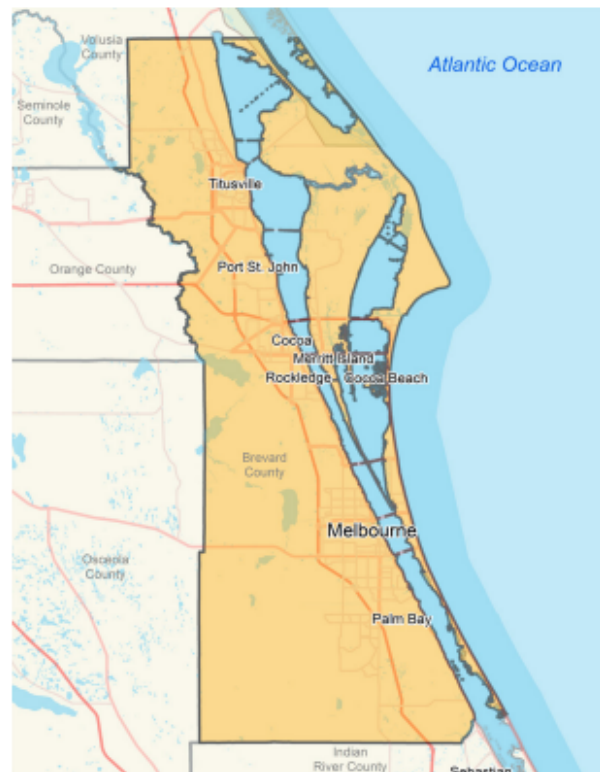
- **Blue Origin Next-Gen Rocket Program:** Hundreds of millions of dollars in private investments.
- **Space Florida Project Hinson:** \$1.8 billion capital improvement project to support growth in space operations.
- **Airbus U.S. Space Defense:** \$75 million expansion of facility.
- **Space Florida’s Utility Corridor:** A hub for aerospace innovation, exploration research, manufacturing and testing.
- **Amazon’s Project Kuiper:** \$120 million satellite processing facility at the Launch and Landing Facility. \$20 million expansion coming soon.
- **SIMCOM Aviation Training:** \$110 million investment in state-of-the-art training facility.
- **CAE USA:** Strategic campus development for aerospace training facility at Tampa International Airport.
- **BAE System:** \$201 million Pearlson Shiplift and land-level repair complex.
- **Leonardo Helicopters Support Center:** 113,000-square-foot facility, representing an investment of over \$65 million.



# MARKET OVERVIEW

## MELBOURNE

The Melbourne area is nicknamed the Space Coast, with all of NASA's manned space flights having launched from either Kennedy Space Center or Cape Canaveral. Tourists flock to the area for its beautiful beaches, cruise port and space-related entertainment venues, adding billions of dollars to the local economy. The metro comprises all of Brevard County. The city of Melbourne is 70 miles southeast of Orlando and 180 miles north of Miami, and it is home to roughly 84,000 residents. Only Palm Bay is more populous, with 124,300 citizens.



\* Forecast

Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau

## METRO HIGHLIGHTS



### SPACE COAST

SpaceX, NASA and other organizations are advancing the future of space exploration, providing many local employment opportunities.



### PORT CANAVERAL

Several cruise lines operate out of the historically busy Port Canaveral, which is approximately 55 miles east of Orlando.



### TOURISM INDUSTRY

Warm winter weather, sandy beaches, and an abundance of activities and attractions support a robust tourism industry that brings in billions of dollars annually.

## ECONOMY

- Kennedy Space Center and Cape Canaveral Air Station are economic drivers, drawing companies, such as SpaceX and Boeing, to the area — which creates many high-paying technically-skilled jobs.
- Port Canaveral, a top-of-the-line cruise and cargo port, is a home base for several of the industry's top cruise lines. Fishing charters operate out of the port as well, bringing an abundance of travelers to the metro for dining, entertainment and lodging.
- Brevard County is home to a large retiree population, with roughly 25 percent of residents being 65 or older, leading to a high homeownership rate of 67 percent.

## DEMOGRAPHICS



### POPULATION

612K

Growth 2023-2028\*  
5.5%



### HOUSEHOLDS

266K

Growth 2023-2028\*  
6.0%



### MEDIAN AGE

47.2

U.S. Median  
38.7



### MEDIAN HOUSEHOLD INCOME

\$66,400

U.S. Median  
\$68,500



# *MARKET*

# DEMOGRAPHICS

## DEMOGRAPHICS

222 Yellow Place Rockledge, FL 32955

POPULATION	1 Mile	3 Miles	5 Miles
2028 Projection	3,484	40,749	94,086
2023 Estimate	3,399	39,437	88,185
2020 Census	3,456	35,475	86,543

HOUSEHOLDS	1 Mile	3 Miles	5 Miles
2028 Projection	1,265	17,534	41,433
2023 Estimate	1,228	16,862	38,454
2020 Census	1,205	16,495	36,682

INCOME	1 Mile	3 Miles	5 Miles
Average	\$120,605	\$115,599	\$109,489
Median	\$97,179	\$89,653	\$83,459
Per Capita	\$43,568	\$49,569	\$47,872





**Exclusively Listed By:**

**Rory Shelby**

First Vice President Investments

Office: Orlando

Direct: 407.557.3861

[Rory.Shelby@marcusmillichap.com](mailto:Rory.Shelby@marcusmillichap.com)

License: FL #SL3343473

**Scott Gould**

Senior Vice President Investments

Office: Orlando

Direct: 407.557.3824

[Scott.Gould@marcusmillichap.com](mailto:Scott.Gould@marcusmillichap.com)

License: FL #SL3288412

**Chris Biuso**

First Vice President Investments

Office: Orlando

Direct: 407.557.3841

[Christopher.Biuso@marcusmillichap.com](mailto:Christopher.Biuso@marcusmillichap.com)

License: FL #SL3424071