



38,870 S.F. | 2-TENANT NNN RETAIL STRIP CENTER

NNN Leased to Fresh Thyme and Petco

Ames, Iowa

THE CHETEK GROUP
OF MARCUS & MILLICHAP

FRESH THYME & PETCO

205-215 SE 5TH ST, AMES, IOWA 50010



The Chetek Group of Marcus & Millichap is pleased to present the opportunity to acquire a fee simple interest in a two tenant strip center comprised of Fresh Thyme Farmers Market and Petco located in Ames, Iowa. Built in 2013 the Property was constructed with high quality and design on 3.89 acres of land totaling 38,870 rentable square-feet. Both tenants are on NNN leases. Fresh Thyme recently took tenancy in 2018 after executing a 10-year lease which runs through January of 2028, with a 7.02% rent bump in 2023. Thereafter Fresh Thyme will have four 5-Year options. Petco, a legacy tenant, took tenancy in 2013 after executing a 10-year lease which runs through January of 2024, with a 5.08% rent bump in 2019. Thereafter Petco will also have four 5-Year options.

The property is located in the heart of Ames, Iowa's trade area. Neighboring tenants include Target, Walmart, ALDI, Hobby Lobby JOANN Fabrics, O'Reily Auto Parts, Hy-Vee, Chick-fil-A, Buffalo Wild Wings, and many other national tenants located along Duff Ave. The Property features two access points for optimal ingress/egress.



INVESTMENT SUMMARY

PRICE:	\$8,600,000
CAP RATE:	6.40%
NET OPERATING INCOME:	\$550,766
TOTAL RENTABLE SQUARE FOOTAGE:	38,870
PRICE PER SQUARE FOOT:	\$221
TOTAL LAND AREA:	3.89 ACRES
YEAR BUILT:	2013
YEAR RENOVATED:	2017
LEASE STRUCTURE:	NNN

INVESTMENT HIGHLIGHTS:

SUCCESSFUL NATIONAL TENANTS: 2-tenant retail center leased to Fresh Thyme and Petco shadow anchored by Target and Walmart Supercenter.

LEASES: Fresh Thyme's lease goes through 2028 with a 7% rent increase in 2023, and PetCo is leased through 2024 with a 5% rent increase in 2019.

NEWLY RENOVATED IN 2017: The Property was newly renovated in 2017 to accommodate the Fresh Thyme grocery store.

HIGH END ARCHITECTURAL DETAILS: Both Fresh Thyme and Petco have their prototype storefront facades providing for their branding recognition.

HIGH POPULATION GROWTH AREA: The Property benefits from its high population growth trade area. Since 2010, the population has grown by 13% and expected to grow further through 2022.





www.petco.com

With more than 50 years of service to pet parents, Petco is a privately held leading pet specialty retailer that obsesses about delivering health and happy experiences for pets and the people who love them. Petco does this by providing the products, services, advice and experiences that keep pets physically fit, mentally alert, socially engaged and emotionally happy.

Petco employs more than 25,000 partners and operate more than 1,500 Petco locations across the U.S., Mexico and Puerto Rico, including more than 80 Unleashed by Petco locations, a smaller format neighborhood shop; prescription services and pet supplies from the leading veterinary-operated pet product supplier, Drs. Foster & Smith; digitally-delivered pet health advice through PetCoach; and petco.com.

Tenant Name:	Petco
Ownership:	Private
Industry:	Retail, Pet Store
Founded:	1965
Headquarters:	San Diego, CA
# of Locations:	1,500
# of Employees:	25,000
Area Served:	International
Rentable Square Feet:	12,500
Lease Commencement:	2/8/13
Lease Expiration:	1/31/24
Annual Rent:	\$184,375
Next Rent Increase:	2019 (+5.08%)



www.freshthyme.com

Fresh Thyme (with Meijer Companies, Ltd. as a majority stakeholder) is a farmers market-style grocery chain rapidly expanding across the Midwest. Started in suburban Chicago in April 2014, Fresh Thyme now operates 32 stores across eight states with plans to build toward 60 stores in 12 states by 2019. An additional four stores are currently under construction in Indiana, Iowa, Ohio and Kentucky, all of which are part of the company's aggressive strategy that aims to have 60 stores open by 2019 and eventually, a footprint of 150 stores across the Midwest.

Fresh Thyme believes the foundation of healthy eating is based on incorporating more fresh fruits and vegetables into to a daily diet. Therefore, at the core of their offerings is an abundant produce department, overflowing with fruits and vegetables, fresh from the farm, often locally grown and much of it organic. They have made produce the nucleus of the store, ensuring the entirety of fruits and vegetables is visible from all other departments.

Tenant Name:	Fresh Thyme Farmers Market
Parent Company:	Meijer Companies
Ownership:	Private
Industry:	Retail, Grocery
Founded:	2014
Area Served:	Midwest U.S.
Rentable Square Feet:	26,370
Lease Commencement:	1/19/17
Lease Expiration:	1/31/28
Annual Rent:	\$375,772
Next Rent Increase:	2023 (+7.02%)



TRADE AREA DEMOGRAPHICS

RADIUS FROM PROPERTY	3 MILE	5 MILE	10 MILE
POPULATION			
2023 PROJECTION	48,305	71,994	89,489
2018 ESTIMATE	46,907	69,608	86,613
2010 CENSUS	41,627	61,581	78,068
GROWTH 2018 - 2023	2.98%	3.43%	3.32%
GROWTH 2010 - 2018	12.68%	13.03%	10.95%
HOUSEHOLDS			
2023 PROJECTION	16,786	26,743	33,508
2018 ESTIMATE	16,203	25,698	32,261
2010 CENSUS	15,392	23,754	30,131
GROWTH 2018 - 2023	3.60%	4.07%	3.87%
GROWTH 2010 - 2018	5.27%	8.18%	7.07%
OWNER OCCUPIED	6,976	11,473	16,529
RENTER OCCUPIED	9,227	14,225	15,732
2018 HH BY HH INCOME			
<\$25,000	5,874	8,551	9,542
\$25,000 - \$50,000	3,088	4,721	5,886
\$50,000 - \$75,000	2,374	3,593	4,830
\$75,000 - \$100,000	1,326	2,550	3,466
\$100,000 - \$125,000	1,195	2,103	2,984
\$125,000 - \$150,000	1,092	1,909	2,544
\$150,000 - \$200,000	642	1,109	1,429
\$200,000+	613	1,161	1,578
2018 AVG HH INCOME	\$64,081	\$69,434	\$73,632

AMES, IOWA

Ames, estimated population of 50,731, is located in Story County, approximately 30 miles north of Des Moines where I-35 and I-80 intersect. Ames is less than a day's drive from Minneapolis, Kansas City, Omaha, Chicago, St. Louis and Milwaukee. Ames has a strong base for opportunities among companies such as 3M, UGS, Ball Plastics Corporation, Barilla, BASF and Boehringer Ingelheim. The City of Ames achieved the second highest grades for quality in ten areas in a new book, The New Rating Guide to Life in America's Small Cities. Ames ranked 2nd out of 189 cities that qualify in the following areas : climate/environment, diversions, economics, education, community assets, health care, public safety, transportation, and urban proximity. Ames was also selected as one of top 20 Best Places to Live and Work by Employment Review magazine and BestJobsUSA.com. Ames is also known for its healthy stable economy, flourishing cultural environment, and Iowa State University.

These awards highlight the wonderful aspects of Ames that residents have enjoyed for years - friendly people, beautiful parks, great shopping, progressive schools, cultural and entertainment venues, quality healthcare, and recreational opportunities in every season. In 2015, the Ames Public Library celebrated its first anniversary in its expanded facility after an \$18-million renovation that nearly doubled its size. A groundbreaking was held to mark the construction of a new, state-of-the-art \$75-million water treatment plant, and the Ames Power Plant has converted from coal-produced electricity to cleaner natural gas. Throughout Ames, there is evidence of our growth.

Home to Iowa State University, Ames not only educates students from around the globe, but has become a player in developing the world's bio-economic future. No visit to Ames would be complete without experiencing Iowa State University. The campus boasts large expanses of green space, attractive buildings, and more than 36,000 students. The University brings excitement and vitality to our city and provides cultural and entertainment options typically found only in larger cities.

Ames is a city offering top-quality education from kindergarten to advanced degrees, and Ames High School routinely boasts the highest number of National Merit Scholar Finalists in the state. Small class sizes and experienced teachers with advanced degrees make the schools districts serving Ames the example for others. As the medical hub for multiple counties, health care in Ames is accessible and advanced with medical professionals offering state-of-the-art medical intervention close to home. Ames is an attractive location for new businesses to locate and for existing businesses to expand. World class companies including 3M, Barilla, Becker Underwood, Boehringer Ingelheim, Hach, Danfoss, Syngenta are thriving in Ames.

FINANCIAL OVERVIEW

PRICING SUMMARY	
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TENANT - RENT ROLL	GLA	ACTUAL %	LEASE DATES		MINIMUM RENT			LEASE YRS REMAINING
			START	END	ANNUAL	MONTHLY	PSF	
FRESH THYME	26,370	67.8%	2/1/18	1/31/28	375,773	31,314	\$14.25	9.42
PETCO	12,500	32.2%	12/22/13	1/31/24	189,844	15,820	\$15.19	5.42
	38,870	100.0%			565,617	47,135	\$14.55	

LEASE SUMMARY	GLA % SHARE	LEASE DATE	LEASE DATES		PAYMENT DATES		MINIMUM RENT			% CHANGE	OPTION		RECOVERIES		
			START	END	START	END	ANNUAL	MONTHLY	PSF				CAM	TAX	INS
FRESH THYME	26,370	1/19/17	2/1/18	1/31/28	2/1/18	1/31/23	\$375,772.50	\$31,314.38	\$14.25				NET	NET	NET
(PRIVATE: MEIJER)	67.84%				2/1/23	1/31/28	\$402,142.50	\$33,511.88	\$15.25	7.02%					
					2/1/28	1/31/33	\$442,488.60	\$36,874.05	\$16.78	10.03%	OPITON #1	180 DAYS			
215 SE 5TH STREET					2/1/33	1/31/38	\$486,790.20	\$40,565.85	\$18.46	10.01%	OPTION #2	180 DAYS			
AMES, IOWA 50010					2/1/38	1/31/43	\$535,574.70	\$44,631.23	\$20.31	10.02%	OPTION #3	180 DAYS			
					2/1/43	1/31/48	\$589,105.80	\$49,092.15	\$22.34	10.00%	OPTION #4	180 DAYS			
<p>Renewal: tenant has five - (5) year renewal options; stated rents with 10% increases; 180 days notice. Recoveries: tenant pays its pro rata share of CAM, Taxes, and Insurance - 3% admin/management fee on CAM. Landlord responsible for roof and structure. Tenant responsible for HVAC and refrigeration units and all lines and related equipment serving the premises.</p>															
PETCO	12,500	2/8/13	12/22/13	1/31/24	12/22/13	1/31/19	\$184,375.00	\$15,364.58	\$14.75				NET	NET	NET
(S&P: B)	32.16%				2/1/19	1/31/24	\$193,750.00	\$16,145.83	\$15.50	5.08%					
					2/1/24	1/31/29	\$203,125.00	\$16,927.08	\$16.25	4.84%	OPTION #1	180 DAYS			
205 SE 5TH STREET					2/1/29	1/31/34	\$212,500.00	\$17,708.33	\$17.00	4.62%	OPTION #2	180 DAYS			
AMES, IOWA 50010					2/1/34	1/31/39	\$225,000.00	\$18,750.00	\$18.00	5.88%	OPTION #3	180 DAYS			
					2/1/39	1/31/44	\$237,500.00	\$19,791.67	\$19.00	5.56%	OPTION #4	180 DAYS			
<p>Renewal: tenant has four - (5) year renewal options; stated rents with 5% increases; 180 days notice. Recoveries: tenant pays its pro rata share of CAM, Taxes, and Insurance - 10% admin/management fee on CAM. Landlord responsible for roof and structure. Tenant responsible for HVAC.</p>															



PRO FORMA

PRO FORMA 9/1/2018

INCOME

SCHEDULED BASE RENTAL REVENUE	\$565,617
CAM REVENUE	\$42,104
REAL ESTATE TAX REVENUE	\$161,787
INSURANCE REVENUE	\$8,116
TOTAL REIMBURSEMENT REVENUE	\$212,007

EFFECTIVE GROSS INCOME **\$777,624**

EXPENSES

COMMON AREA MAINTENANCE	\$40,000
REAL ESTATE TAXES	\$161,773
INSURANCE	\$8,116
MANAGEMENT FEE	\$16,969

TOTAL EXPENSES **\$226,858**

NET OPERATING INCOME **\$550,766**

10-YEAR CASH FLOW

FOR THE YEARS ENDING	YEAR 1 AUG-2019	YEAR 2 AUG-2020	YEAR 3 AUG-2021	YEAR 4 AUG-2022	YEAR 5 AUG-2023	YEAR 6 AUG-2024	YEAR 7 AUG-2025	YEAR 8 AUG-2026	YEAR 9 AUG-2027	YEAR 10 AUG-2028
POTENTIAL GROSS REVENUE										
BASE RENTAL REVENUE	\$565,617	\$569,523	\$569,523	\$569,523	\$584,905	\$601,362	\$605,268	\$605,268	\$605,268	\$628,802
SCHEDULED BASE RENTAL REVENUE	565,617	569,523	569,523	569,523	584,905	601,362	605,268	605,268	605,268	628,802
EXPENSE REIMBURSEMENT REVENUE										
CAM	42,104	42,946	43,805	44,681	45,574	46,487	47,416	48,364	49,332	50,318
TAXES	161,787	165,023	168,323	171,690	175,123	178,626	182,198	185,842	189,559	193,351
INSURANCE	8,116	8,279	8,445	8,614	8,785	8,962	9,141	9,323	9,510	9,700
TOTAL REIMBURSEMENT REVENUE	212,007	216,248	220,573	224,985	229,482	234,075	238,755	243,529	248,401	253,369
TOTAL POTENTIAL GROSS REVENUE	777,624	785,771	790,096	794,508	814,387	835,437	844,023	848,797	853,669	882,171
EFFECTIVE GROSS REVENUE	777,624	785,771	790,096	794,508	814,387	835,437	844,023	848,797	853,669	882,171
OPERATING EXPENSES										
CAM	40,000	40,800	41,616	42,448	43,297	44,163	45,046	45,947	46,866	47,804
TAXES	161,773	165,008	168,309	171,675	175,108	178,610	182,183	185,826	189,543	193,334
INSURANCE	8,116	8,278	8,444	8,613	8,785	8,961	9,140	9,323	9,509	9,699
MANAGEMENT FEE	16,969	17,086	17,086	17,086	17,547	18,041	18,158	18,158	18,158	18,864
TOTAL OPERATING EXPENSES	226,858	231,172	235,455	239,822	244,737	249,775	254,527	259,254	264,076	269,701
NET OPERATING INCOME	550,766	554,599	554,641	554,686	569,650	585,662	589,496	589,543	589,593	612,470

CONFIDENTIALITY AND DISCLOSURE

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