



AUTOZONE AUTO PARTS

New Long-Term 15-Year Lease

17703 FM 1488 Road, Magnolia, TX 77354 (Houston MSA)





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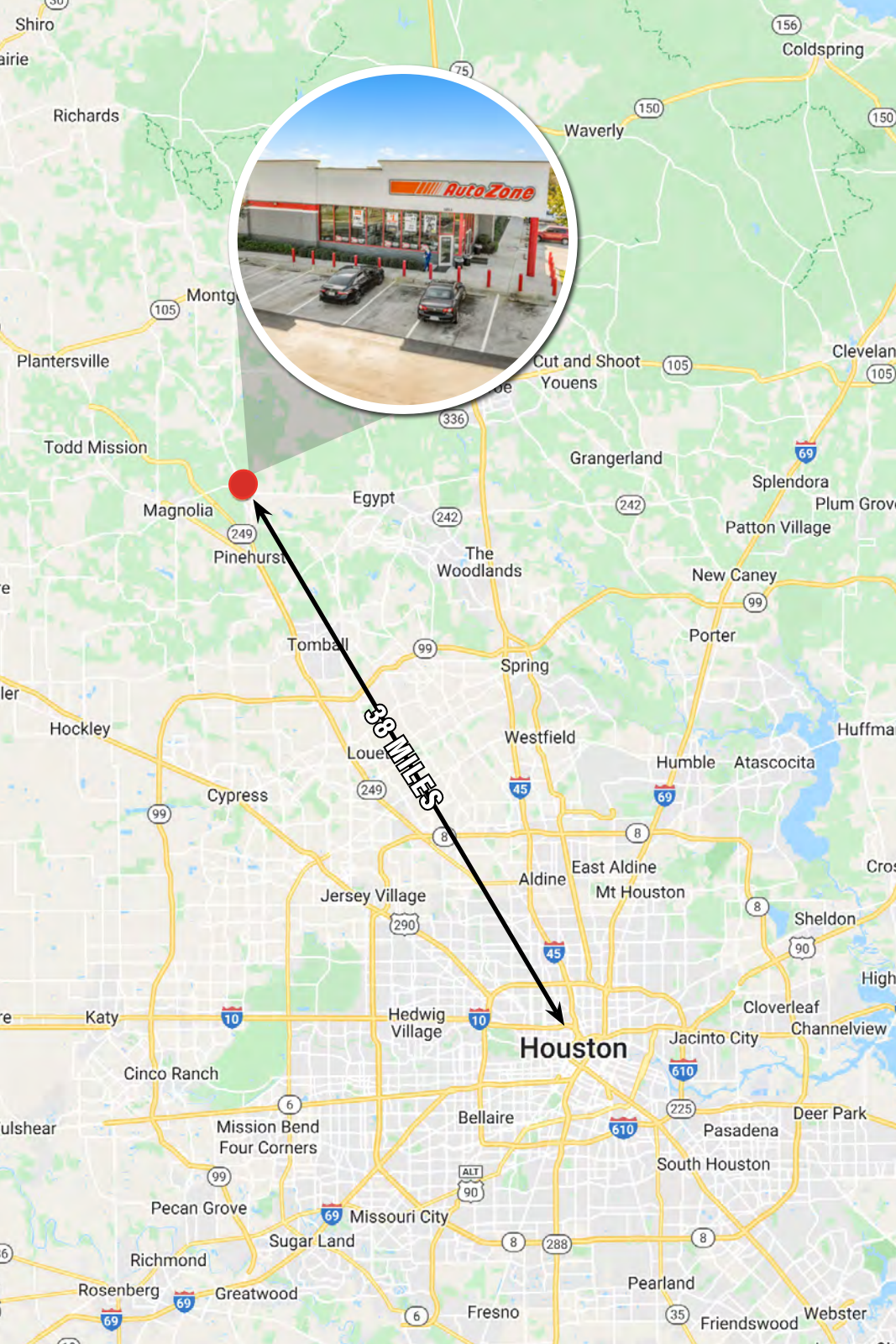
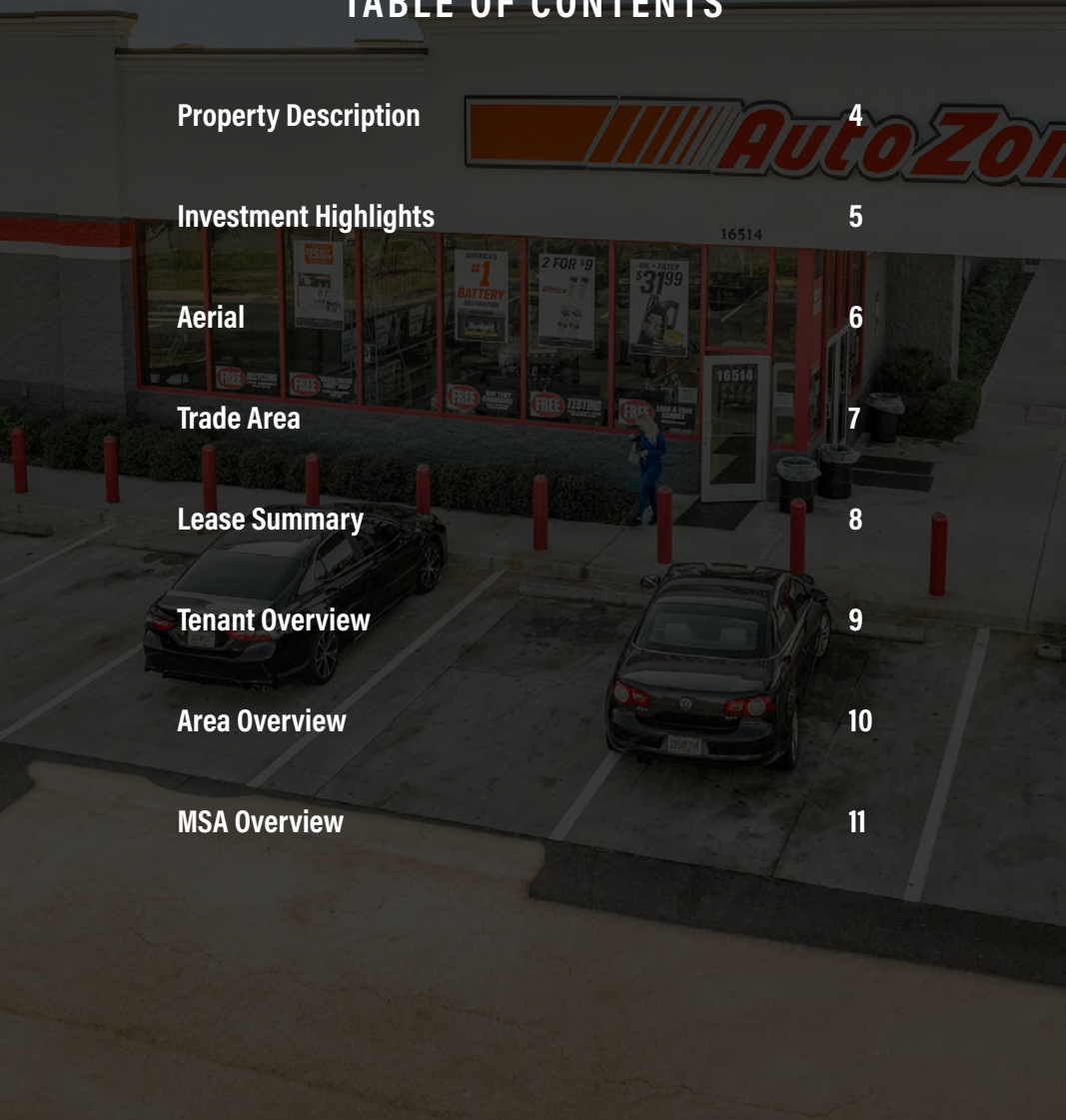


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PROPERTY DESCRIPTION



NOI
\$84,000



CAP RATE
3.85%



PRICE
\$2,182,000

PROPERTY SUMMARY

ADDRESS:	17703 FM 1488 Road, Magnolia, TX 77354
TENANT:	AutoZone Parts, Inc.
GUARANTOR:	AutoZone, Inc.
BUILDING SIZE:	7424 Square Feet
PARCEL SIZE:	0.91 Acres
PARKING:	47 Spaces
YEAR BUILT:	2005

DEMOGRAPHICS

	3 mile radius	5 mile radius	10 mile radius
POPULATION:	9,615	25,568	100,289
AVERAGE HOUSEHOLD INCOME:	\$102,041	\$116,963	\$126,836



INVESTMENT HIGHLIGHTS



INVESTMENT-GRADE TENANT

AutoZone, Inc. (NYSE: AZO, S&P: BBB) is the nation's leading retailer and distributor of automotive replacement parts. AutoZone opened its first store in Forrest City, Arkansas on July 4, 1979. The company reported TTM net sales of \$15.14B, TTM net income of \$2.28B and total assets of \$14.46B (as of 11/20/2021). As of November 2021, the company had 6,066 stores in the U.S., 666 in Mexico and 53 in Brazil with a total store count of 6,785.



RECENTLY-EXTENDED LEASE - SIGNALING CONTINUED COMMITMENT TO THIS LOCATION

AutoZone's net lease has been extended twice. Once in 2015 for 5.5 additional years and again in 2022 for 11 years. The lease now features ±14.75 years of term remaining with four 5-year renewal options.



RENT INCREASES THROUGHOUT LEASE TERM

This lease includes a 3% rent increase in January 2026 and 7% rent increases in each renewal option.



TOP PERFORMING STORE

According to Placer.ai, this AutoZone location ranks among the top 15% AutoZone of stores in the country and in the top 11% of AutoZone stores in Texas over the last 12 months.



IDEAL LOCATION

Located approximately 1 mile northwest of Magnolia's preeminent intersection, the property is positioned with excellent access and visibility along FM Road 1488 (21,000 VPD), just 2 miles from the on-ramp to TX-249 which provides direct access to Houston (37,460 VPD). AutoZone is also surrounded by a number of major retailers including Jack in the Box, DaVita, Family Dollar,, Dollar Tree, KFC/Taco Bell, Pizza Hut, Whataburger, Burger King, McDonald's, Sonic Drive-In, Walgreens and Brookshire Brothers.



HUB FOR NEW DEVELOPMENT

The area immediately surrounding the site is experiencing a surge of new residential development highlighted by significant communities being constructed by Lennar, KB Home, David Weekley Homes, and M/I Homes. Other developments in the works include the The Signorelli Company's 665-acre master planned community that will include 1,900 homes at build-out and a 5,700-acre master planned community being led by Airia Development Company.



DYNAMIC DEMOGRAPHICS

AutoZone benefits from dynamic demographics with a population of 25,568 and an average household income of \$116,963 within a 5-mile radius.



MONTGOMERY COUNTY, TX ADVANTAGE

Magnolia, Texas is located in southwest Montgomery County, at the junction of FM 1774 and FM 1488, approximately 45 miles northwest of Houston and 25 miles southwest of Conroe. Montgomery County is nationally ranked as 7th in growth among U.S. counties with an estimated 30 percent population growth by 2040 and is home to one of the top public school districts in Texas.

AERIAL



TOP PERFORMING AUTOZONE STORE WITH EXPANSIVE TRADE AREA



#1

AUTOZONE WITHIN A 15-MILE RADIUS



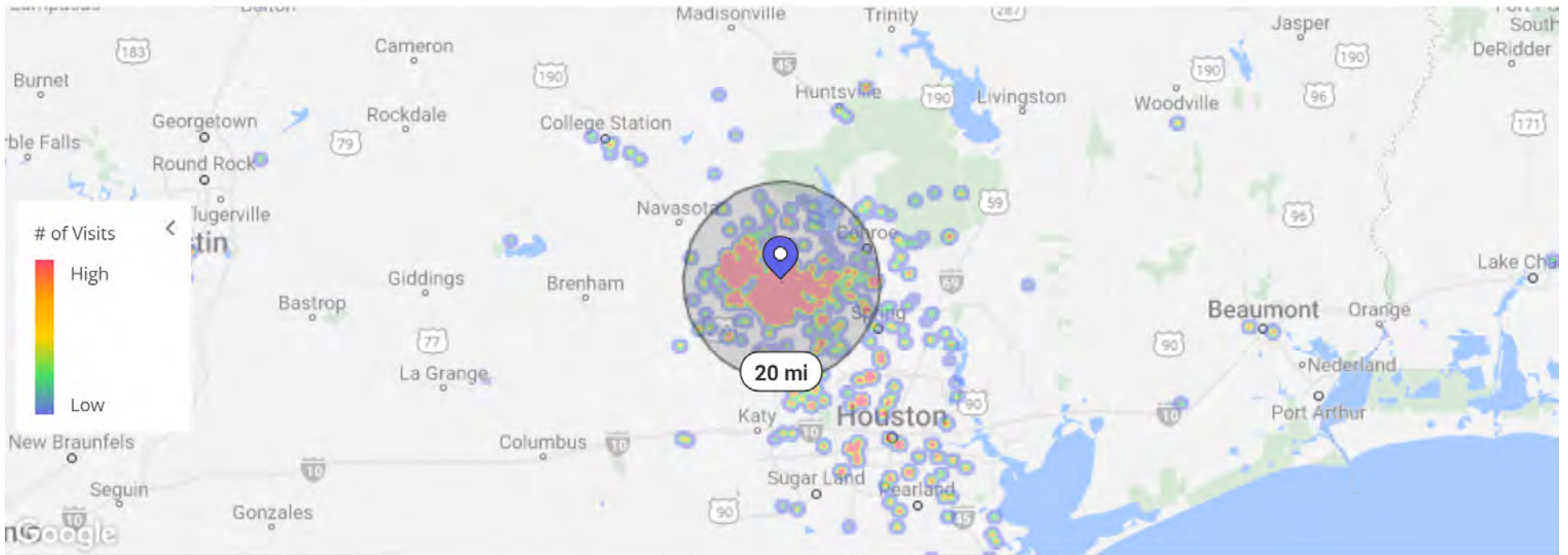
TOP 11%

OF AUTOZONES IN THE STATE OF TEXAS



TOP 15%

OF AUTOZONES ACROSS THE U.S.



Mar 1st, 2021 - Feb 28th, 2022

Data provided by Placer Labs Inc. (www.placer.ai)



LEASE SUMMARY

TENANT:	AutoZone Parts, Inc.
GUARANTOR:	AutoZone, Inc.
LEASE EXPIRATION:	December 31, 2036
TERM REMAINING:	±14.8 years
LEASE TYPE:	NN
CURRENT RENT:	\$84,000 January 1, 2026 through December 31, 2036: \$86,520 (Return Increases to 3.97%)
RENT ESCALATIONS:	3% Rent Increase in January 2026
RENEWAL OPTIONS:	Four 5-Year Options
OPTION RENT:	Option 1: \$92,580 (Return Increases to 4.24%) Option 2: \$99,060 (Return Increases to 4.54%) Option 3: \$105,996 (Return Increases to 4.86%) Option 4: \$113,412 (Return Increases to 5.20%)
OPTION RENT INCREASES:	70% Rent Increases in Each Option
TAXES:	Tenant shall pay all real estate and personal property taxes assessed solely against the Demised Premises during The Term prior to delinquency.
INSURANCE:	<p>Tenant shall maintain commercial general liability insurance for injury to person (including death) or damage to property occurring within the building arising out of the use and occupancy thereof by Tenant, its licensees, employees, invitees, agents and customers. Such insurance shall be with single minimum limits of \$2 million for personal injury, death or property damage.</p> <p>Landlord shall maintain commercial general liability insurance for injury to person (including death) or damage to property arising out of the acts or omissions of Landlord arising out of the use of the parts of the Demised Premises located outside of the building by Tenant, its licensees, employees, invitees, agents and customers. Such insurance shall be with single minimum limits of \$2 million for personal injury, death or property damage.</p> <p>Landlord agrees to keep in effect on the Demised Premises fire insurance with extended coverage endorsement on the improvements to the Demised Premises of the full replacement value of the buildings and improvements thereon.</p> <p>Landlord shall maintain all risk insurance on the building on the Demised Premises. Tenant shall reimburse Landlord, as Additional Rent, for the cost of such insurance Premiums.</p>
REPAIRS & MAINTENANCE:	<p>Landlord shall maintain the exterior portions of the building on the Demised Premises including the roof, roof structures and supports, walls (except for interior painting), exterior doors, floors (except floor covering) and mechanical equipment and conduits embedded in the floors, gutters, downspouts, streets, parking lot, curbs, and sidewalks. In addition, Landlord shall also maintain in good order and repair the utility lines servicing the Demised Premises and to the extent not maintained by public utility companies, and the electrical, sprinkler, plumbing, sewer systems and other mechanical maintenance facilities that are installed in the building. If the building has a sprinkler system, the Landlord, at Landlord's costs, shall cause such sprinkler system to be constantly monitored. Tenant shall make and pay for all necessary maintenance to the HVAC system installed in the building, provide, however, that all maintenance, repairs and replacements in excess of the sum of \$500 per calendar year, shall be the responsibility of Landlord. A new roof with a 15-year warranty was installed at the property in 2021.</p> <p>Subject to Landlord's obligations, Tenant shall make and pay for all ordinary non-structural repairs to the interior of the building located on the Demised Premises arising from Tenant's operation of business therein. Tenant agrees at its own expense to maintain throughout the term the Parking Area located on the Demised Premises, but Landlord is responsible for replacement of the Parking Area.</p>



TENANT OVERVIEW

AutoZone, Inc. (NYSE: AZO, S&P: BBB) is the nation's leading retailer and distributor of automotive replacement parts. AutoZone opened its first store in Forrest City, Arkansas on July 4, 1979. As of November 2021, the company had 6,066 stores in the U.S., 666 in Mexico and 53 in Brazil with a total store count of 6,785.

After twelve years in operation, the company joined the New York Stock Exchange and earned a spot in the Fortune 500. The company offers various products including new and remanufactured automotive hard parts, maintenance items, accessories, and nonautomotive products. AutoZone also provides a commercial sales program which offers credit and the delivery of parts and other products to local, regional, and national repair garages, dealers, service stations, and public sector accounts. In addition, it sells automotive diagnostic and repair software under the ALLDATA brand name through the alldata.com website; and automotive hard parts, maintenance items, accessories, and nonautomotive products through the AutoZone.com website. AutoZone also offers a Loan-A-Tool program which gives customers the ability to rent common and unique tools for their do-it-yourself projects. In order to build brand loyalty, AutoZone provides a variety of free services including check engine light readings, battery charging, and other services to help customers maintain their vehicles.

Net sales for the quarter ended November 20, 2021 increased \$514.6 million to \$3.7 billion, or 16.3% over net sales of \$3.2 billion for the comparable prior year period. Total auto parts sales increased by 16.2%, primarily driven by an increase in domestic same store sales of 13.6% and net sales of \$68.7 million from new stores. Domestic commercial sales increased \$204.6 million to \$899.9 million, or 29.4%, over the comparable prior year period. The company reported TTM net sales of \$15.14B, TTM net income of \$2.28B and total assets of \$14.46B (as of 11/20/2021).

NUMBER OF STORES:	6,785 stores in U.S., Canada & Brazil
NUMBER OF EMPLOYEES:	±100,000
TTM NET SALES:	\$15.14B (as of November 20, 2021)
TTM NET INCOME:	\$2.28B (as of November 20, 2021)
TOTAL ASSETS:	\$14.46B (as of November 20, 2021)
2021 FORTUNE RANKING:	#238
CREDIT RATING:	S&P: BBB
HEADQUARTERS:	Memphis, TN



AREA OVERVIEW

MAGNOLIA & MONTGOMERY COUNTY, TX

Magnolia, Texas is located in southwest Montgomery County, at the junction of FM 1774 and FM 1488, approximately 45 miles northwest of Houston and 25 miles southwest of Conroe. The city is also approximately 20 miles from both IH45 and US290 - two of Houston's main highway systems. Montgomery County is nationally ranked as 7th in growth among U.S. counties with an estimated 30 percent population growth by 2040 and is home to one of the top public school districts in Texas. Due to its proximity to Houston, Magnolia is poised for expansion with the arrival of the State Highway 249 Toll Way and major corporations like ExxonMobil moving into the area. TxDOT constructed a \$23.4MM railroad overpass at the FM 1488 and FM 1774 intersection along with plans to widen FM 1488 to a four-lane divided roadway to support this area's growth. Magnolia also hosts the Texas Renaissance Festival, which attracts approximately 700,000 attendees each year.

Quality of Life

Magnolia reflects the friendliness of a small town yet it is a growing City with easy access to Houston, Conroe and The Woodlands. Quality families are the cornerstone of the City and as such family values permeate throughout the community making it an excellent place to start a family and raise children of all ages. Homeowners have a variety of living options to choose from - conventional subdivisions, farm and ranch living, or custom designed homes on sprawling acreage. Leisure and recreation opportunities also abound for golfers, equestrians, nature lovers, and cycling enthusiasts alike.

Business-Friendly Environment

The greater Magnolia area has experienced a boom in the number of new businesses to open in the area in recent years, including national retailers and eateries. This is proof that Magnolia is growing and this has initiated new initiatives to aggressively market Magnolia as "open for business". The greater Magnolia area spans approximately 12 miles in all directions with an estimated population of more than 138,000, providing businesses of all types with a significant talent pool from which to draw from for their operations.



Education

The Magnolia Independent School District is the second fastest growing district in the state and has enjoyed a more than 10% growth for each year during the past decade. Covering almost 150 square miles, the district is home to more than 12,000 students receiving quality instruction in eight elementary schools, two sixth grade campuses, two junior high schools and two high schools.

Medical

Montgomery County have access to several top-ranked hospitals in the immediate surrounding communities of Tomball, The Woodlands, and Conroe. Also nearby is the Houston Medical Center, which represents the largest medical district in the world with 45 health care facilities, 21 renowned hospitals, and three medical schools.

Retail Growth

The myriad of real estate construction and new home communities has brought with it a heightened interest from retail establishments and professional service establishments. Magnolia residents have everything they need within a quick walk or drive - from financial services to restaurants, to grocery stores, to major shopping centers.



MSA OVERVIEW

HOUSTON, TX MSA

With a population of 72 million across the 9-county Metropolitan Statistical Area, Houston is the fifth-largest metro area within the United States. Houston's population has grown by 49% since 2000, and future projections expect the city to add an additional 2.46 million people by 2030.

Economy

Home to 24 Fortune 500 companies, Houston also houses 63 of the world's largest foreign corporations. Only New York City is home to more large public companies than Houston. Among the world's Top 100 non-U.S. based corporations, more than half have non-retail operations in the city. Houston's talented workforce can be largely attributed to the 40 colleges, universities, and higher-education institutions within the area. This workforce is a critical component of the Houston economy and serves to elevate Houston's energy, aeronautics and technology sectors. Known as the "Energy Capital of the World," Houston serves as home base for 39 of the nation's 138 publicly-traded oil and gas exploration companies. Houston's global energy industry employs over 237,000 individuals. Additionally, the Port of Houston ranks first in the U.S. in terms of international waterborne tonnage handled and second in terms of total cargo tonnage handled.

Houston offers many cultural institutions and exhibits which attract more than 7 million visitors annually to the Houston Museum District. Long-term, above-average population growth and expansion in energy, housing and distribution will help propel above-average gains for the metro area. Among the 12 largest metropolitan areas in the country, Houston ranked third in terms of jobs added throughout the year and the annual job growth rate. Houston has gained more than 130,000 jobs over the year, with employment growing by 4.5 percent.



HOUSTON'S TOP EMPLOYERS

WALMART	37,000
MEMORIAL HERMANN HEALTH SYSTEM	24,108
H-E-B	23,732
THE UNIVERSITY OF TEXAS MD ANDERSON CANCER CENTER	21,086
MCDONALD'S CORP.	20,918
HOUSTON METHODIST	20,000
KROGER	16,000
UNITED AIRLINES	14,941
SCHLUMBERGER	12,069
SHELL OIL CO.	11,507

Source: Houston Newcomer Guides (2020)

MSA OVERVIEW (CONTINUED)

Houston Airport System

The Houston Airport System is the fourth-largest multi-airport system in the United States. Its three facilities (George Bush International Airport, William P. Hobby Airport and Ellington Airport) serve more than 60 million passengers annually, including over 11 million international travelers. According to the most recent economic impact study, the three airports collectively contributed more than \$36.4 billion to the local economy and were directly responsible for more than 190,000 jobs. A primary international passenger and cargo gateway to Latin America, Houston boasts the highest number of weekly nonstop flights to Mexico from the U.S. Houston's facilities combine to create one of the world's most efficient airport systems and, as a result of Houston's strategic location, provide an ideal distribution hub for both domestic and international markets. Substantial investment from corporations as well as the city's multi-faceted manufacturing, logistics and healthcare systems make Houston a global destination for local and foreign businesses.

Education

Five separate and distinct state universities are located within Houston's metropolitan area. The University of Houston is a nationally recognized Tier One research university and is the flagship institution of the University of Houston System. The third-largest university in Texas, the University of Houston has ±46,000 students enrolled on its 667-acre campus in southeast Houston. The metropolitan area is also home to Texas Southern University and Prairie View A&M University.

Texas Medical Center

The city is also home to the 1,345-acre Texas Medical Center, which is the world's largest premier medical center. The Texas Medical Center has an economic impact in excess of \$10 billion and welcomes ±10 million patients annually into its 21-million-square-foot facility. Member institutions include 21 renowned hospitals, three public health organizations, seven acute care wards, six pediatric care wards, eight specialty care wards, two universities, three medical schools, eight academic and research institutions, and 13 support organizations. Furthermore, the Texas Medical Center supports the eighth-largest business district in the United States and employs more than 106,000 individuals.





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