

# MICHIGAN AVENUE MIXED-USE BUILDING

38110 MICHIGAN AVENUE | WAYNE, MICHIGAN



OFFERING MEMORANDUM

CAPITAL MARKETS | INVESTMENT PROPERTIES



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# EXECUTIVE SUMMARY

## INVESTMENT HIGHLIGHTS



### VALUE-ADD OPPORTUNITY

The property is currently 70% occupied, providing excellent upside potential. Additionally, please note that the landlord just signed a brand new three-year lease, for 14% of the property.



### ZERO LEASE UP YEAR ONE

Although the asset has a vacancy of 30% (3,702 SF), the analysis has applied zero lease up of the vacant space in the first year of the analysis. The pricing is based on "As Is" income only.



### GREAT LOCATION

38110 Michigan Avenue has direct access to I-275 via Michigan Avenue.



### EXCELLENT RETAIL CORRIDOR

This location is in close proximity to AutoZone, Bank of America, CVS, McDonald's, Rite-Aid and many other national retailers, as well as being strategically located near multiple Ford plants (page 17) servicing over 4,200+ employees.



### GREAT DEMOGRAPHICS

This area benefits from a steady population of 192,000+ people within a five-mile radius and average household incomes of \$63,000+ within a one-mile radius.



### PROPERTY HAS EXCELLENT VISIBILITY AND SIGNAGE

The Michigan Avenue property enjoys traffic counts of 33,000+ VPD along Michigan Avenue.



### EXISTING TENANTS, RECENT EXTENSION

SVS Vision recently extended their lease through October, 2021 and Great Expressions Dental, through March, 2020.

AS IS CAP RATE (ZERO LEASE UP OF VACANT SPACE)	PRICE PER SQUARE FOOT
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ASKING PRICE \$965,000	12.09%	\$77.50
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## THE OFFERING

CBRE, Inc. has been retained by the owner as the exclusive marketing advisor for the disposition of the multi tenant mixed-use building located at 38110 Michigan Avenue in Wayne, Michigan 48184.

## INVESTMENT OVERVIEW

The subject property consists of 12,451 square feet on a 0.81-acre parcel. The property is currently 70% occupied by two tenants. The remaining 30% (3,702 square feet) is vacant space within one suite with 3,702 square feet available on the first floor. The landlord just inked a new three-year lease with Hollister Health Wayne in which the lease and rent is scheduled to commence March 1, 2016.

The largest tenant, Great Expressions Dental has been a tenant since 2005 and recently extended their lease through March, 2020. Great Expressions Dental Centers were founded in 1982 and are known as one of the largest networks of dental care providers in the United States with more than 200 practices in nine states. SVS Vision occupies 17% of the property through October, 2021. SVS Vision Optical Centers is the largest retail optical chain based in Michigan. Founded in 1974, with headquarters in Mt. Clemens, MI, SVS Vision has 63 vision centers in eight states and has one of the largest eyeglass manufacturing laboratories in the Midwest.

Both Great Expressions and SVS are on triple net (NNN) leases in which they are responsible for reimbursing the landlord for their pro rata share of real estate taxes, property insurance and common area maintenance (CAM). SVS Vision is also responsible for paying an administrative fee of 10% on top of their CAM charges. The landlord is responsible for procuring and paying for all operating expenses as well as repairs, maintenance and replacement to the roof and structure.

The subject property provides excellent visibility and accessibility giving it a great presence in the Wayne market. This is a true value-add opportunity, which would benefit from an experienced, knowledgeable investor who can find the right tenant to fit the submarket.

## FREE AND CLEAR OF EXISTING FINANCING

This asset is being offered free and clear of existing financing. This marketing package proposes the financing option of an all cash transaction.

38110 MICHIGAN AVENUE | WAYNE, MICHIGAN 48184

PROPERTY OVERVIEW

PARCEL NUMBER	55-009-99-0006-701
ZONING	Commercial
NUMBER OF TENANTS	Two
PROPERTY TYPE	Mixed-Use Retail and Office Building
TYPE OF OWNERSHIP	Fee Simple
PARKING	49 Striped Parking Spaces (3.92 / 1,000)
FRONTAGE	Along Michigan Avenue
EXTERIOR WALLS	Brick Veneer
ROOF	Rubber Membrane
FOUNDATION	Poured Concrete
FIRE PROTECTION	To Code
HVAC	Roof Mounted Units

AS IS CAP RATE (ZERO LEASE UP OF VACANT SPACE)      PRICE PER SQUARE FOOT

ASKING PRICE \$965,000	12.09%	\$77.50
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WAYNE COUNTY



70% CURRENT OCCUPANCY



1959 YEAR BUILT



1999 YEAR RENOVATED



0.81 ACRES TOTAL LAND AREA

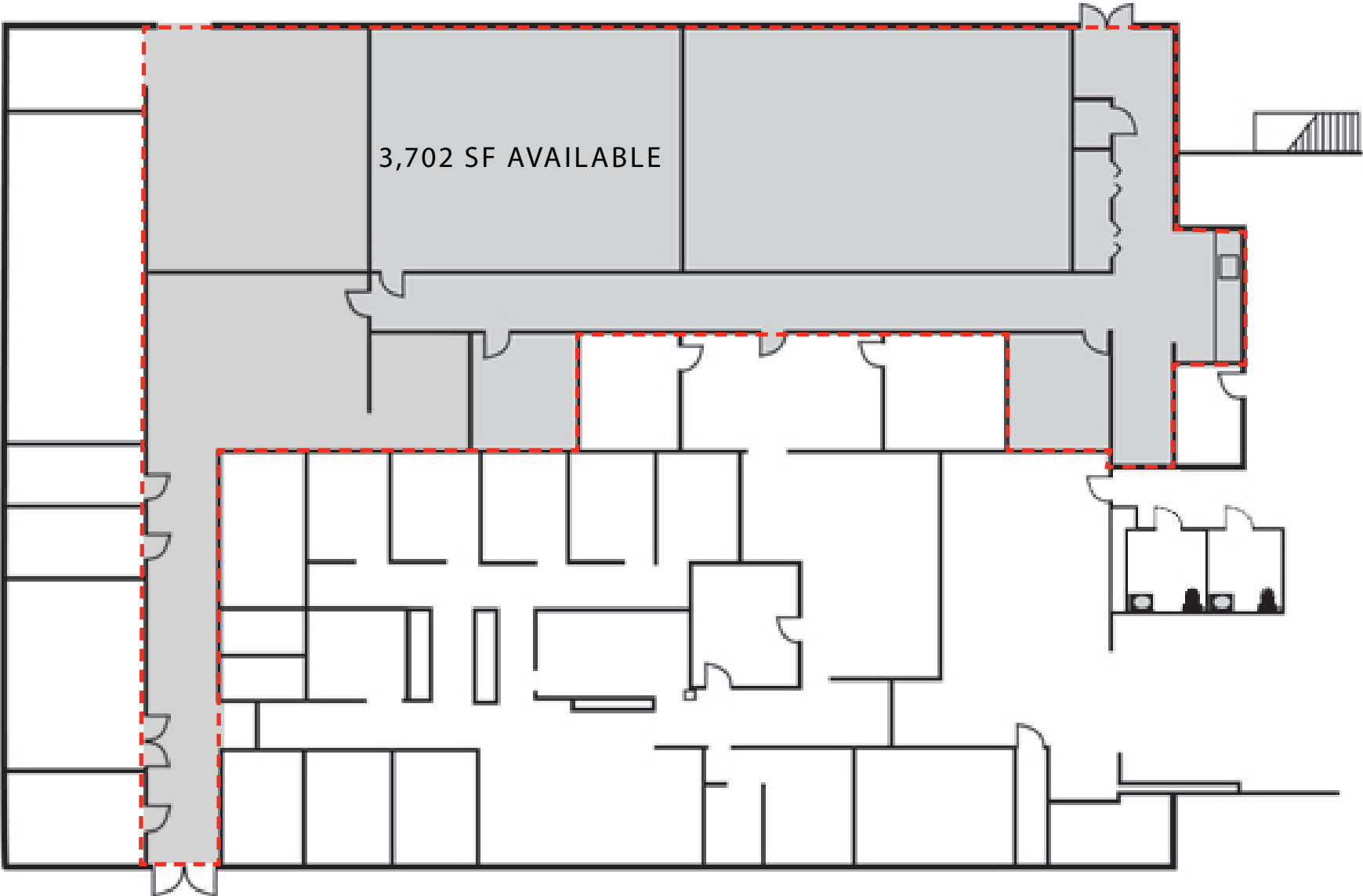


12,451 SF NET RENTABLE AREA



1 TOTAL BUILDINGS

FLOOR PLAN - FIRST FLOOR







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# FINANCIAL OVERVIEW

**AS IS CAP RATE (ZERO LEASE UP OF VACANT SPACE CAP RATE) PRICE PER SQUARE FOOT**

**ASKING PRICE  
\$965,000**

12.09%

\$77.50

**INCOME ESTIMATES**

**SCHEDULED BASE RENT AS IS**

The year one income is based on the current rental income (plus any potential rental escalations) for the first year of ownership for 3/2016 - 2/2017. The base rent does not include any lease-up of the vacant space in the first year of the analysis. Please note that the tenants initial rental rate is \$20,400 for the first year of their lease; however, our underwriting has assumed their second year of rental income at the \$31,200. Any difference in funds will be escrowed by the seller at the closing.

**SCHEDULED BASE RENT PRO FORMA**

The Pro Forma income is based on the current rental income (plus any potential rental escalations) for the first year of ownership or 12/2015 - 11/2016 and plus assumes lease-up of the vacant space of \$10.00 per square foot on a gross basis.

**EXPENSE REIMBURSEMENT**

The analysis has included expense reimbursement revenue from the tenants per their reimbursement method as noted in their lease.

**VACANT SPACE**

The property is currently 70% occupied with 3,702 square feet available.

**EXPENSE ESTIMATES**

**REAL ESTATE TAXES**

Real estate taxes have been estimated based on the 2015 SEV of \$3,027,880 (same as the 2015 Taxable value) and the 2014 non-homestead millage rate of 58.3826.

**COMMON AREA MAINTENANCE**

The expenses have been estimated based on the owners' 2013-2014 income and expense statements and adjusted by 2.0% to account for 2015 expense estimates.

**INSURANCE**

The insurance expense has been estimated at \$0.25 per square foot based on market expense comparables.

**MANAGEMENT FEE**

The management fee has been estimated at 5.0% of effective gross revenue.

**VACANCY AND COLLECTION LOSS**

A vacancy factor has not been applied due to current vacancy in the property of 30%. The submarket has a vacancy rate of 8.4%.

**REPLACEMENT RESERVES**

The analysis has assumed replacement reserves of \$0.25 per square foot above the NOI line.

**PROPOSED FINANCING TERMS**

**PROPOSED FINANCING**

All cash transaction

**EXISTING FINANCING**

This asset is being offered free and clear of existing financing.

## YEAR ONE CASH FLOW ESTIMATES

### As Is Analysis, Assumes All Cash Transaction

	Price		\$965,000				
	Rentable Square Feet		12,451				
	Price per Square Foot		\$77.50				
	CAP Rate		12.09%				
				Year One			
				12/2015 - 11/2016	Per SF	Pro Forma	Per SF
Income							
Base Rent							
Occupied Space	70%	8,749 SF		\$141,631	\$16.19	\$141,631	\$16.19
Vacant Space	30%	3,702 SF		\$0	\$0.00	\$37,020	\$10.00
Total Base Rent				\$141,631	\$11.38	\$178,651	\$14.35
Scheduled Base Rental Revenue				\$141,631	\$11.38	\$178,651	\$14.35
Expense Reimbursement Revenue							
Common Area Maintenance				\$2,683	\$0.22	\$2,683	\$0.22
Insurance				\$1,746	\$0.14	\$1,746	\$0.14
Real Estate Taxes				\$14,406	\$1.16	\$14,406	\$1.16
Management Fee				\$0	\$0.00	\$0	\$0.00
Total Expense Reimbursement Revenue				\$18,835	\$1.51	\$18,835	\$1.51
Gross Potential Income				\$160,466	\$12.89	\$197,486	\$15.86
Vacancy/Collection Allowance		0%		\$0	\$0.00	5% (\$9,874)	(\$0.79)
Effective Gross Income				\$160,466	\$12.89	\$187,612	\$15.07
Operating Expense Estimates							
Common Area Maintenance				\$3,819	\$0.31	\$3,819	\$0.31
Insurance				\$3,113	\$0.25	\$3,113	\$0.25
Real Estate Taxes				\$25,683	\$2.06	\$25,683	\$2.06
Total Common Area Expenses (Estimates)				\$32,615	\$2.62	\$32,615	\$2.62
Management Fee	5.0%			\$8,023	\$0.64	\$9,381	\$0.75
Replacement Reserve	\$0.25			\$3,113	\$0.25	\$3,113	\$0.25
Total Expenses				\$43,751	\$3.51	\$45,108	\$3.62
<b>Net Operating Income</b>				<b>\$116,715</b>	<b>\$9.37</b>	<b>\$142,504</b>	<b>\$11.45</b>

## RENT ROLL AS OF OCTOBER 2015

Tenant Name	SqFt Pro Rata Share	Amount per SF	Changes On	Changes To	Reimbursement Method	
1 Great Expressions Dental Feb-2005 to Mar-2020	4,852 38.97%	\$81,884	\$16.88	May-2016 May-2017 May-2018 May-2019	\$17.05 \$17.22 \$17.39 \$17.74	NNN
2 SVS Vision Oct-2008 to Oct-2021	2,132 17.12%	\$27,737	\$13.01	Nov-2016 Nov-2017 Nov-2018 Nov-2019 Nov-2020	\$13.27 \$13.54 \$13.81 \$14.08 \$14.36	NNN + 10% Admin on top of CAM
3 Vacant - First Floor	3,702 29.73%					
4 Holistic Heath Wayne, Inc. Feb-2016 to Jan-2019	1,765 14.18%	\$31,200	\$17.68	Feb-2016 Feb-2017 Feb-2018	\$11.56 \$17.68 \$18.36	Gross + CAM
<p>**Please note that the tenants initial rental rate is \$20,400 for the first year of their lease; however, our underwriting has assumed their second year of rental income at the \$31,200. Any difference in funds will be escrowed by the seller at the closing.**</p>						
Total Occupied	8,749	70%	Total Year One Rent			
Total Vacant	3,702	30%	\$140,821			
Total Center	12,451					



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# MARKET OVERVIEW

## LOCATION OVERVIEW

### AREA OVERVIEW

38110 Michigan Avenue is located on the north side of Michigan Avenue/US 12, east of I-275, between Detroit and Ann Arbor. The building benefits from traffic counts of over 33,000 vehicles per day along Michigan Avenue. Directly to the south, across Michigan Avenue, is the Michigan Assembly Plant. The Michigan Assembly Plant is a Ford Motor Company plant consisting of three main buildings with 2,900,000 square feet of factory floor space. In 2010, Ford had completed a \$550 million renovation, enabling the plant to change production between various models reducing downtime and to produce gas-powered cars as well as battery electric, hybrid and plug-in hybrid variations.

Just south of the Ford Motor Company buildings is the Wayne Stamping and Assembly Plant, a 3,500,000 square foot Ford manufacturing plant which produces the Ford Focus and Ford C-Max vehicles.

Wayne is located in the heart of Wayne County, Michigan, just 20 miles west of Detroit. The subject property is located just to the west of downtown Wayne with a community of 17,000 residents and a small-town feel.

### WAYNE COUNTY, MICHIGAN

Wayne County is the most populous county in the state of Michigan. The estimated population in 2014 was approximately 1,765,000 making Wayne County the 19th most populous county in the United States. Wayne County provides an abundance of transportation routes with I-75 connecting eastern Wayne County to Toledo to the south and Flint to the north, I-94 running east-west through the central parts of Wayne County, US 12 starting in Detroit and continuing west, and many other easily accessed routes.



MACRO AERIAL




MICRO AERIAL

38110  
MICHIGAN AVENUE  
WAYNE | MICHIGAN

\*The Michigan Assembly Plant, formerly known as Michigan Truck Plant, is a Ford Motor Company assembly plant that employs approximately 1,200 people and is comprised of three main buildings.



  
Jack Demmer  
Ford Dealership

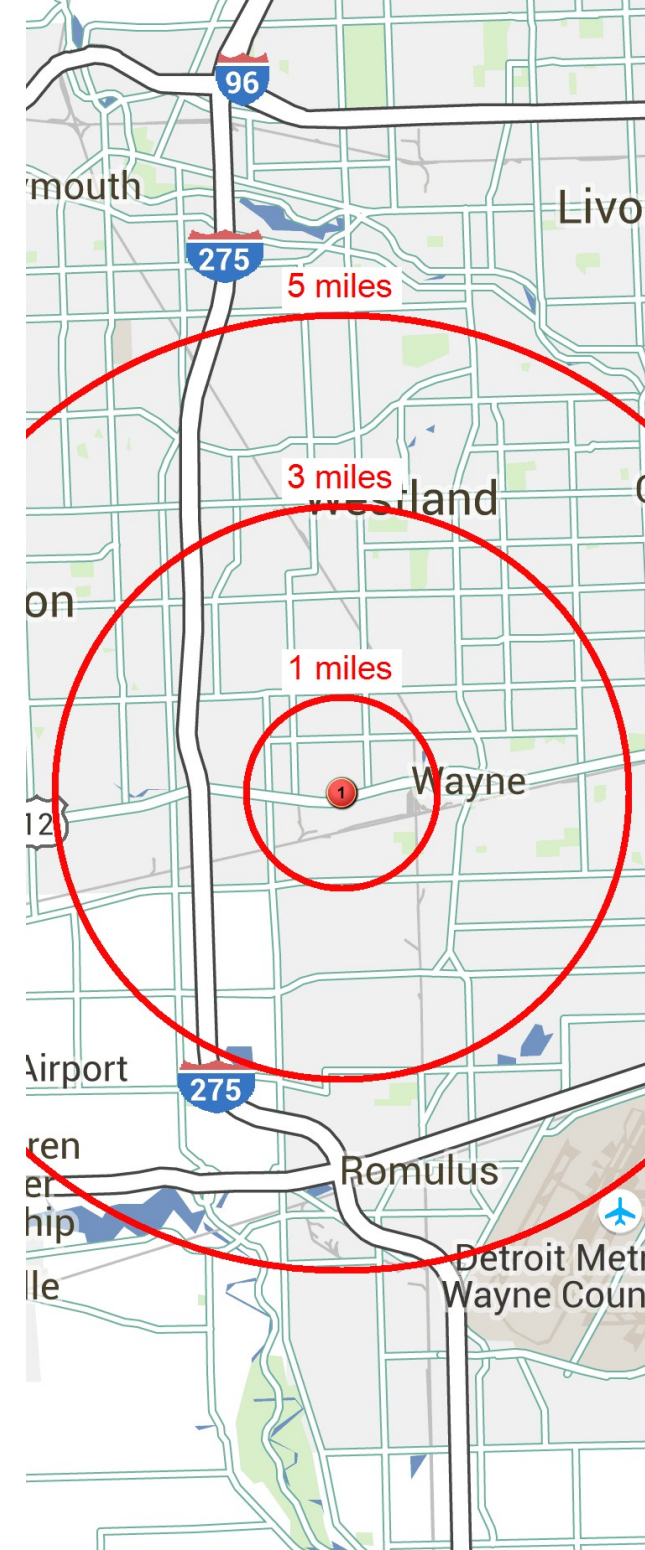
**MICHIGAN ASSEMBLY PLANT\***  
1,200 Employees  
2,900,000 SQ FT

**FORD-WAYNE STAMPING & ASSEMBLY**  
3,000+ Employees  
3,500,000 SQ FT



## AREA DEMOGRAPHICS

	1 Mile	3 Miles	5 Miles
<b>POPULATION</b>			
2015 Population	5,107	70,302	192,006
2020 Population	5,015	69,878	190,380
2010 Population	5,228	70,962	194,457
2000 Population	5,337	68,981	191,101
Percent Pop Change: 2010 to 2015	-2.3%	-0.9%	-1.3%
Percent Pop Change: 2015 to 2020	-1.8%	-0.6%	-0.9%
<b>AGE</b>			
2015 Median Age	41.2	37.5	38.1
2015 Average Age	40.2	37.7	38.4
<b>HOUSEHOLDS</b>			
2015 Households	2,038	27,315	77,194
2020 Households	2,019	27,290	76,893
2010 Households	2,056	27,320	77,547
2000 Households	2,087	26,073	75,097
Percent HH Change: 2010 to 2015	-0.9%	0.0%	-0.5%
Percent HH Change: 2015 to 2020	-0.9%	-0.1%	-0.4%
Average Household Size	2.5	2.5	2.5
<b>INCOME</b>			
2015 Median Household Income	\$58,222	\$47,097	\$48,577
2015 Average Household Income	\$63,428	\$57,604	\$60,412
2015 Per Capita Income	\$25,314	\$22,382	\$24,288
<b>HOUSING UNITS</b>			
2015 Housing Units	2,174	29,791	85,597
Occupied Units	2,038	27,315	77,194
Vacant Housing Units	136	2,476	8,403
2015 Owner-Occupied Housing Units	1,491	18,349	49,794
2015 Renter-Occupied Housing Units	547	8,967	27,400
<b>EDUCATION</b>			
2015 Population Age 25 and Over	3,561	46,812	129,289
High School thru Associates	2,431 68.3%	31,459 67.2%	84,723 65.5%
Bachelor's Degree	579 16.3%	6,390 13.7%	19,875 15.4%
Graduate Degree	260 7.3%	3,201 6.8%	9,803 7.6%
<b>PLACE OF WORK</b>			
Total Businesses	200	2,006	6,751
Daytime Employment (Total Employees)	4,455	31,030	87,738



PLEASE CONTACT

BILL O'CONNOR

SENIOR VICE PRESIDENT

+1 248 351 2045

BILL.OCONNOR@CBRE.COM

DAVID HESANO

VICE PRESIDENT

+1 248 351 2014

DAVID.HESANO@CBRE.COM

EDWARD WUJEK

SENIOR VICE PRESIDENT

+1 248 351 2058

EDWARD.WUJEK@CBRE.COM