

# 4576

South Power Road

GILBERT | AZ

## Offering Memorandum



**UPT**  
SAN DIEGO  
est. 1989

San Diego - Central  
4350 La Jolla Village Drive | Suite 500  
San Diego, CA 92122  
Main: +1 858 455 1515

**Bill Shrader**  
Senior Vice President  
+1 858 677 5324  
bill.shrader@colliers.com  
Lic. No. 01033317

**Nick Ault**  
Associate Vice President  
+1 602 222 5091  
nick.ault@colliers.com  
Lic. No. SA638432000

**Daniel Ortega**  
Vice President  
+1 602 222 5015  
daniel.ortega@colliers.com  
Lic. No. BR541835000

## INVESTMENT HIGHLIGHTS

- **Stable Credit/Income Stream** - The asset has the ideal combination of a credit tenant with a history of consistent, stable income stream in the midst of the phenomenal growth in Phoenix.
- **Demographic Base** - One of the most affluent and rapidly expanding suburban submarkets in the greater Phoenix area.
- **Financing Opportunity** - The asset will be delivered unencumbered, allowing a buyer to customize a financing package in today's low interest rate environment.
- **Lease Structure** - Corporate guarantee on 11 year Base Term Lease with two (2) five-year option periods.
- **Strong Retail Trade Area** - Numerous national tenants in close proximity to the site including Target, Michaels, Cost Plus World Market and more.

## LOCATION

4576 S Power Road is located in the Phoenix Metropolitan Area with over 4,600,000 residents making it the 12th largest Metropolitan Area in the nation by population. It is also one of the fastest growing major metropolitan areas, gaining nearly 400,000 residents from 2010 to 2015, and more than 1.3 million since 2000.

Located southeast of Phoenix, the Gilbert retail marketplace is one of the most attractive and active retail submarkets in the western United States. The Loop 202 / Power Road intersection is one of the dominant hubs of retail in the submarket. Gilbert Gateway (owned by Vestar) is a 700,000 SF power center on the southwest corner of the intersection that includes SuperTarget, Wal-Mart Supercenter, Ross Dress for Less, Michael's, Cost Plus World Market, Pier One Imports and PetSmart.

The site is also located only minutes east of San Tan Village (a regional mall owned by Macerich) which is more than 1.1 million square feet, including Dillard's, Macy's, Harkins Theaters, Dick's Sporting Goods, and Best Buy as well as more than 1.5 million square feet of additional power center developments.

The asset's location is just north of a full-diamond interchange at Loop 202/Power Road and has full left-in, left-out, and right-in, right-out access on Power Road via a controlled traffic signal at Nunnelle Road. The site has excellent visibility to Power Road, one of the strongest north-south arterials in the Southeast Valley, traversing the market north to Superstition Springs Mall and south down to Gilbert Gateway Airport and the explosive residential growth in the San Tan Valley. Power Road carries more than 30,000 cars per day and the Loop 202 carries more than 55,000 cars daily.

Encompassing 72.6 square miles, just southeast of Phoenix, Gilbert has transformed from an agricultural community into a contemporary, urban community with a relaxed but vibrant atmosphere.

Gilbert is home to six golf courses, five major parks, four community pools, four community recreation centers, three theatres, and an indoor ice arena. Throughout the year, Gilbert is host to numerous festivals, youth and amateur sporting events, academic conferences, sports tournaments, an art walk, and farmers markets.

## THE OFFERING

Colliers International Urban Property Team is pleased to offer the recently constructed 10,000 square-foot single-tenant Mattress Firm net leased investment in Gilbert, Arizona. The asset is located in the eastern portion of Gilbert, one of the most affluent and rapidly expanding submarkets in the greater Phoenix area. The freestanding property is essentially an outparcel adjacent to the 580,000 SF American Furniture Warehouse. Mattress Firm signed an eleven year corporate backed, double net lease featuring two 5-year option terms. With more than 3,500 company-operated and franchised stores across 49 states, Mattress Firm has the largest geographic footprint in the United States among multi-brand mattress retailers. It is a wholly owned subsidiary of Steinhoff International, a global retailer with over 40 local brands in 30 countries.

## PROPERTY SUMMARY

Price	\$5,7385,000
Gross Leaseable Area	10,000 SF
Lot Size	60,408 SF (1.39 AC)
APN	304-39-958
Parking	51 spaces, including 4 handicap spaces
NOI	\$350,000
CAP Rate	6.5%

## OPERATING DATA

Lease Term	Annual Rent
4/1/16 - 3/31/21	\$350,000
4/1/21 - 3/31/27	\$385,000
Option Term 1 4/1/27 - 3/31/32	\$420,000
Option Term 2 4/1/32 - 3/31/37	\$445,000

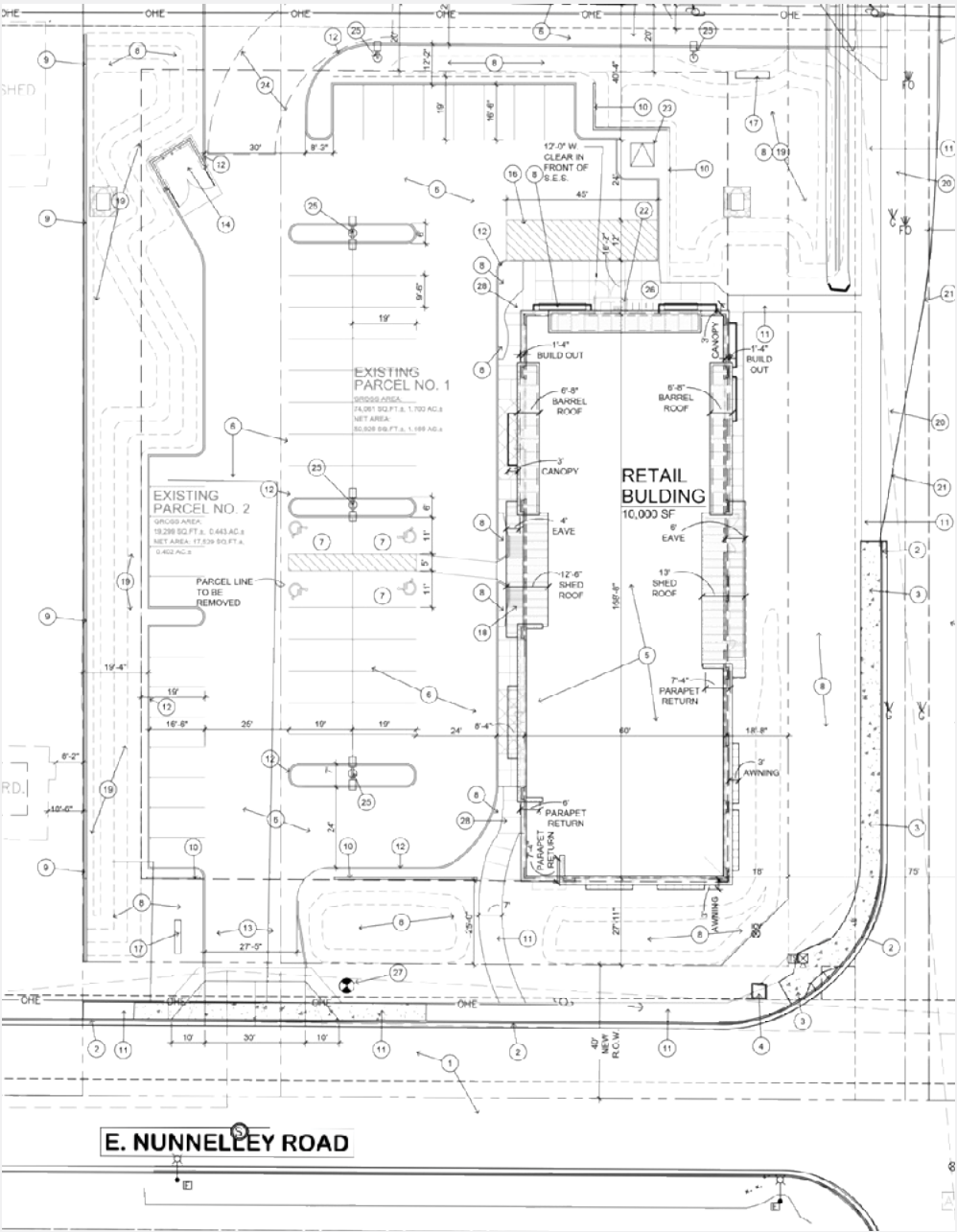
\* The Seller reserves the right to sell the property at anytime during the marketing period without prior notice. The property will be sold on an "as-is" basis.

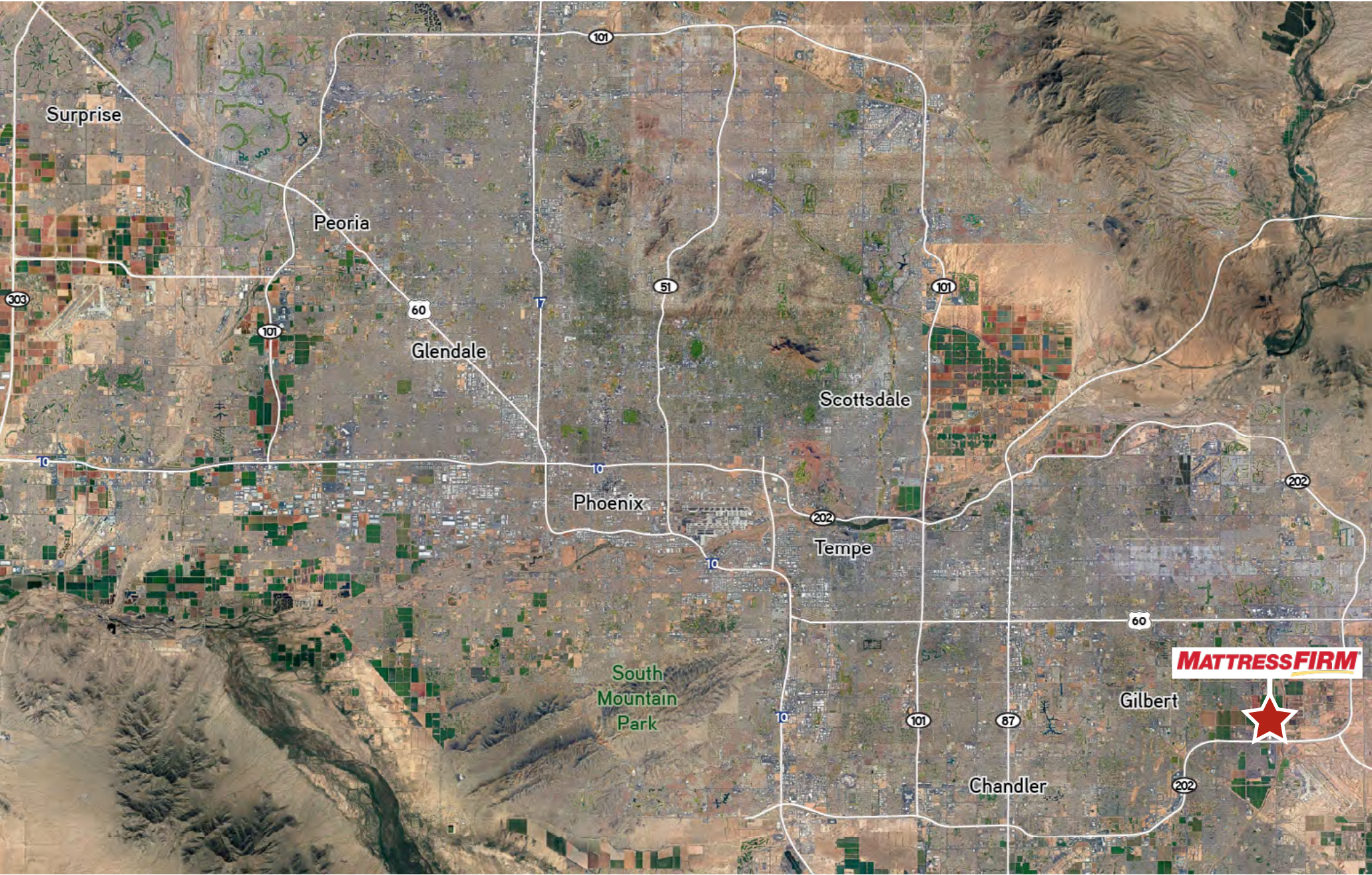
## TENANT SUMMARY

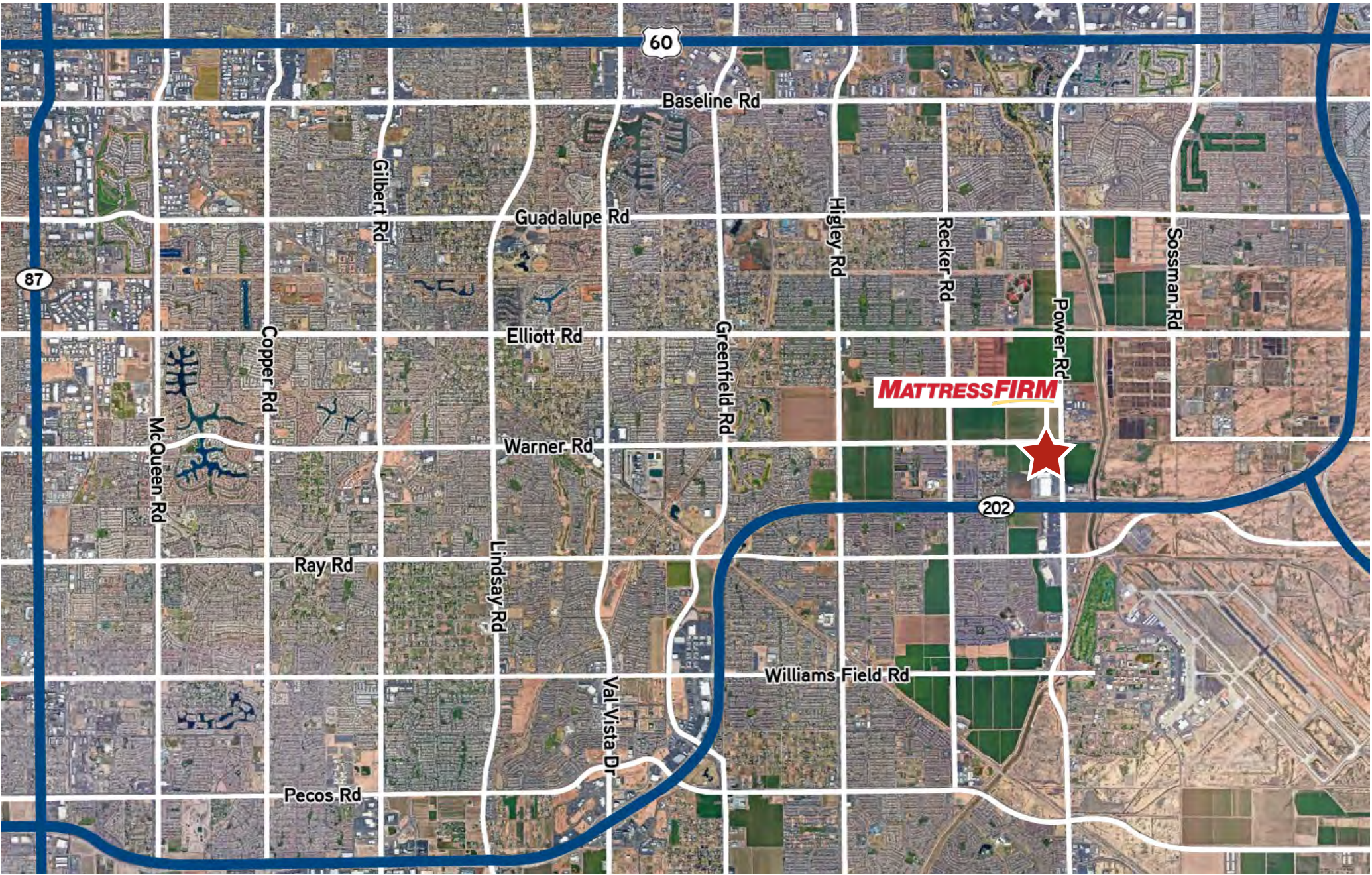
Tenant	Mattress Firm
Number of Locations	3,500+
Headquarters	Houston, TX
Website	<a href="http://www.mattressfirm.com">www.mattressfirm.com</a>
Ownership	Steinhoff International
Website	<a href="http://www.steinhoffinternational.com">www.steinhoffinternational.com</a>

## LEASE SUMMARY

Tenant Trade Name	Mattress Firm
Initial Lease Term	11 years
Lease Type	NN
Guarantor	Corporate
Roof & Structure Responsibility	Landlord Responsible
Rent Commencement Date	4/1/16
Expiration Date	3/31/27
Increases	10%/5 years
Options	Two 5-year at continuing terms











GROWING AND  
RAPIDLY  
EXPANDING

## Gilbert | Economic Information

With attractive demographics, award-winning amenities, strategically identified business incentives and high-profile developments, Gilbert offers immediate, attainable economic opportunity for industry-leading companies. With a median age of 32.5 and 77.6% of the population under the age of 50, Gilbert provides an abundant pipeline of workers to support the growth of business and industry. Gilbert-based businesses have access to a specialized and educated workforce with over 255,000 residents. In addition, employers have access to a workforce of 1.6 million individuals within a 30 minute commute.

Gilbert boasts one of the highest median incomes in the state of Arizona at \$80,080 and a population of three persons per household. From 2009 to December 2014, Gilbert led the Phoenix Metro Area with 9,468 issued single family permits, making Gilbert the fastest growing city in Arizona and among the Nation's Fastest Growing Communities.

Gilbert has a focus on attracting, retaining and growing jobs within STEM occupations (Science, Technology, Engineers and Math). From 2010 – 2015, Gilbert has seen a 14% growth in STEM workforce, outpacing the Phoenix metropolitan area, as a whole.

## HISTORY OF GILBERT

The most recent estimates by Claritas state that Gilbert is a young, affluent community in central Arizona. Incorporated on July 6, 1920, Gilbert is a relatively new community that has seen tremendous growth during the past two decades. In 1902, the Arizona Eastern Railway asked for donations of right of way in order to establish a rail line between Phoenix and Florence. A rail siding was established on property owned by William “Bobby” Gilbert. The siding, and the town that sprung up around it, eventually became known as Gilbert. Gilbert was a prime farming community, fueled by the construction of the Roosevelt Dam and the Eastern and Consolidated Canals in 1911. It remained an agriculture town for many years, and was known as the “Hay Capital of the World” until the late 1920s. Gilbert began to take its current shape during the 1970s when the Town Council approved a strip annexation that encompassed 53 square miles of county land. Although the population was only 1,971 in 1970 the Council realized that Gilbert would eventually grow and develop much like the neighboring communities of Tempe, Mesa, and Chandler. This proved to be a farsighted decision as Gilbert positioned itself for growth in the 1980s and beyond.

### Within a 30-minute commute from Gilbert:

- 70% of the Phoenix Metro’s high tech workforce
- 60% of the Phoenix Metro’s healthcare workforce
- 73% of the Phoenix Metro’s engineering workforce
- 67% of the Phoenix Metro’s advanced business services workforce

### In addition, in Gilbert there are four top employers:

- The Gilbert Unified School District employs over 3,600 employees
- Banner Health - 2,800
- Wal-Mart / Sam’s Club - 1,350
- Dignity Health - 1,093



## AREA DEMOGRAPHICS



**Population**  
(2017)  
255,186



**Projected Population**  
(2022)  
293,341



**Average Household Income**  
(2017)  
\$105,444



**Households**  
(2017)  
82,526



**Projected Households**  
(2022)  
93,448

## GILBERT TOURISM

Make your way to Gilbert, Arizona. The welcoming town is just southeast of Phoenix and only a short drive away from the Phoenix-Mesa Gateway Airport. One of the best places to live in America, Gilbert boasts sunny weather, safe neighborhoods and an exceptional school system, as well as a wide array of outdoor and cultural attractions.

Once known as the “Hay Shipping Capital of the World,” Gilbert, Arizona has evolved into one of the fastest growing communities and the largest town in the United States. Encompassing 72.6 square miles, just southeast of Phoenix, Gilbert has transformed from an agricultural community into a contemporary, urban community with a relaxed but vibrant atmosphere.

The iconic water tower stands tall in downtown Gilbert in an area that once housed little more than the post office. Today, you will find the downtown bustling with shops, restaurants, a theater, and art galleries.

Gilbert offers several shopping venues from unique boutiques in the Heritage District to the SanTan Village Shopping Center. At SanTan Village, you can find everything from Macys, Dillards, Apple, and Coach to Sephora and Barnes & Noble, along with many delicious dining options to satisfy everyone’s taste.

Gilbert is home to six golf courses, five major parks, four community pools, three community recreation centers, one regional library, three theatres, and an indoor ice arena. Throughout the year, Gilbert is host to numerous festivals, youth and amateur sporting events, academic conferences, sports tournaments, an art walk, and farmers markets.



## CONFIDENTIALITY AGREEMENT

This Offering Memorandum contains select information pertaining to the business and affairs of Mattress Firm, Gilbert, AZ. It has been prepared by Colliers International. This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Colliers International. The material is based in part upon information supplied by the Seller and in part upon financial information obtained from sources it deems reliable. Owner, nor their officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness or this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence.

By acknowledging your receipt of this Offering Memorandum from Colliers, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Owner and Colliers International expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of Mattress Firm, Gilbert, AZ or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Colliers International or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.

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Colliers International hereby advises all prospective purchasers of Net Leased property as follows:

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Colliers International has not and will not verify any of this information, nor has Colliers International conducted any investigation regarding these matters. Colliers International makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided. As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Colliers International expressly denies any obligation to conduct a due diligence examination of this Property for Buyer. Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs. 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.

By accepting this Marketing Brochure you agree to release Colliers International and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

**FOR SALE** 4576 South Power Road // Gilbert // Arizona



**Bill Shrader**

Senior Vice President  
+1 858 677 5324  
bill.shrader@colliers.com  
Lic. No. 01033317

**Nick Ault**

Associate Vice President  
+1 602 222 5091  
nick.ault@colliers.com  
Lic. No. SA638432000

**Daniel Ortega**

Vice President  
+1 602 222 5015  
daniel.ortega@colliers.com  
Lic. No. BR541835000

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San Diego - Central  
4350 La Jolla Village Drive | Suite 500  
San Diego, CA 92122  
Main: +1 858 455 1515

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