



EXCLUSIVELY LISTED INVESTMENT OFFERING  
WALGREENS INVESTMENT OPPORTUNITY



8966 BRECKSVILLE ROAD | BRECKSVILLE, OH 44141

*Walgreens*



Exclusively Listed By

**JASON STUART PONGRIKUL**  
MANAGING PRINCIPAL

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## Property Overview



**8966 BRECKSVILLE ROAD  
BRECKSVILLE, OH 44141**

**Year Built:** 1985

**Lot Size:** ±47,788 Square Feet

**Building Size:** 12,500 Square Feet

## Investment Highlights

### RECENT LEASE EXTENSION

Landlord and Tenant agreed in October 2012 to extend the term of the lease for an additional twenty-five years from June 30, 2015 to June 30, 2040.

### TRIPLE NET LEASE WITH RENT INCREASES

Absolute net lease with no landlord responsibilities. There are rental increases every five years in the four remaining options. Current Rent is \$287,500, rent in 2020 will increase to \$309,062.50, in 2025 it will be to \$332,242.19, in 2030 it will be \$357,160.35, and in 2035 it will be \$383,947.38. Please see rent schedule on Page 4.

### AFFLUENT LOCATION

The subject property is located in a highly affluent suburb of Cleveland with household incomes averaging approximately \$90,000 annually.

### COMPETING DRUGSTORES

There are no competing Walgreens or Rite Aid stores in Brecksville. Nearest Rite Aid is located in Broadview Heights over 5 miles away. There is one competing CVS directly across the street in-line with other store and no drive-thru pharmacy.

### BUILDING CONSTRUCTION

Stand alone building with ample parking. Building is brick construction matching the surrounding buildings in the area.

### RETAIL CORRIDOR

On the opposite corner from subject property is the Brecksville Shopping Center anchored by Marc's Stores, CVS Pharmacy, Key Bank, Great Clips, H & D Medical and the Courtyard Café. Directly across the street from the Brecksville Shopping Center is the Creekview Commons with key tenants Heinen's Grocery Store, Starbucks, Panera Bread, GNC, Fitness Together, Burger Fresh, Austin's Wood Fire Grille, Hallmark, Charter One Bank and Massage Envy Spa. There is a McDonalds right next door the the subject property along with a Shell Gas Station directly across the street.

### DEMOGRAPHICS

Above average household income of \$88,228 in a one mile radius, \$92,895 in a three mile radius, and \$81,376 in a five mile radius. Total one mile population count is 2,958 residents, 22,659 residents in a three mile radius, and there are over 72,818 residents in a five mile radius.





# Property Overview





## Lease Overview

**Tenant:**  
**WALGREENS** (NYSE: WAG)

**Landlord Income:**  
**CORPORATE GUARANTEE**

**Credit Rating:**  
**INVESTMENT GRADE, BBB (S&P)**

**Lease Type:**  
**ABSOLUTE NET LEASE**  
No landlord responsibilities whatsoever.

**Lease Term:**  
**4 YEARS REMAINING WITH FOUR 5 YEAR  
OPTIONS WITH INCREASES TO FOLLOW**

**Next Option Begins:**  
**JULY 1, 2020**

## Pricing

**Asking Price: \$4,323,308**

**CAP Rate: 6.65%**

**Monthly Income: \$23,958**

**Annual Income: \$287,500**

## Building

**Building Square Footage: 12,500**

**Land Square Footage: 47,788**

**Rent/Square Foot: \$23.00**

**Year Built: 1985**

## Rent Schedule

TERM	DATES	YEARS	RENT
1st Option	7/1/15 - 6/30/20	1-5	\$287,500.00
2nd Option	7/1/20 - 6/30/25	6-10	\$309,062.50
3rd Option	7/1/25 - 6/30/30	11-15	\$332,242.19
4th Option	7/1/30 - 6/30/35	16-20	\$357,160.35
5th Option	7/1/35 - 6/30/40	21-25	\$383,947.38

## Location Overview

**B**recksville is a city in Cuyahoga County, Ohio, and is an affluent suburb of Cleveland in the Northeast Ohio Region with a population of about 13,656 residents according to the 2010 census. The city covers 19.54 square miles and is approximately fifteen miles south of the City of Cleveland. Brecksville is located near a number of highways that provide access to neighboring communities with its major thoroughfares being State Route 21 (Brecksville Road) north and south. I-77 provides Brecksville with direct access to Cleveland and Akron and as far south as Columbia, South Carolina.

### BRECKSVILLE, OH



## Subject Property Retail Neighbors

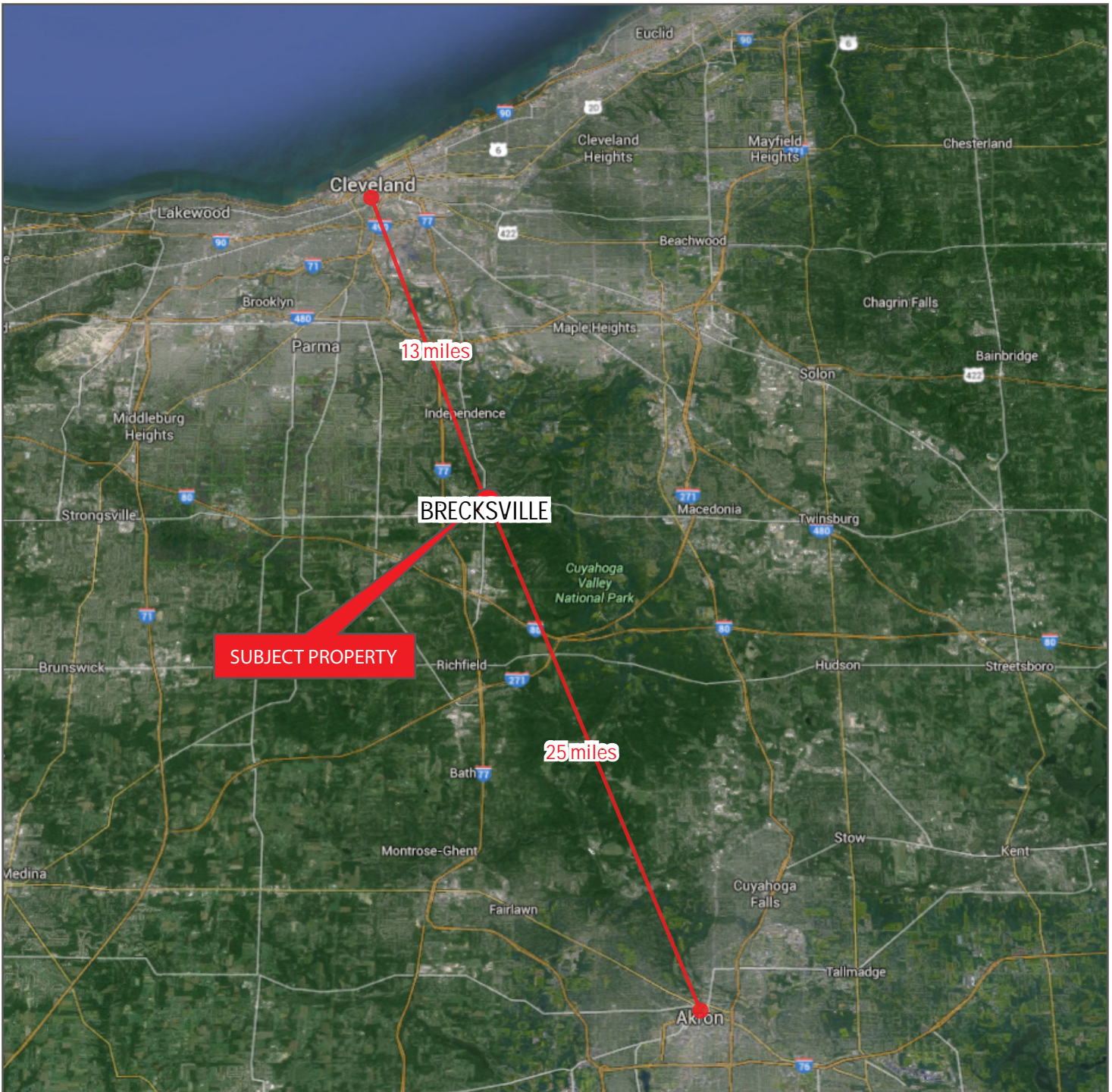


### AREA DESCRIPTION

Subject property is located in an affluent suburb of Cleveland, OH, with an estimated average household income of \$88,228 within a one mile radius. Just fifteen miles south of downtown Cleveland, Brecksville is conveniently located just off Interstate 77, west of the Cuyahoga Valley National Park with easy access to Interstates 80 and 271.



## Regional Aerial



### REGIONAL AREA DESCRIPTION

The subject property is located just 13 miles south of downtown Cleveland, Ohio in the highly affluent suburb of Brecksville, in the county of Cuyahoga, and is part of the Cleveland-Akron-Canton Combined Statistical Area with a population of approximately 3,515,646 residents. Brecksville is also located just 25 miles north of Akron, Ohio.





# Property Photos







## Property Photos

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PARKING AREA TO THE SOUTH OF SUBJECT PROPERTY



NORTH ENTRY TO THE REAR OF THE SUBJECT PROPERTY





## *Walgreens* Company Summary\*

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### **Tenant History**

Walgreens is the largest drug retailing chain in the United States and has grown primarily through organic growth versus how its largest competitor, CVS, has grown through chain acquisitions. Walgreens built out its national platform through its corporate real estate department heavily during the 90's continuing through around 2008. By 2007, Walgreens had opened its 6,000th store and by 2009 they became the only national pharmacy to operate in 50 states including Puerto Rico.

In 2012, Walgreens made a bold move by purchasing a 45% interest in Alliance Boots and subsequently in 2014 exercised its option to purchase the remaining 55% of the Switzerland based Alliance Boots to merge and create a new holding company named Walgreens Boots Alliance. After the initial acquisition in 2012, Walgreens credit rating was lowered from A down to BBB due to debt it incurred during the purchase; however, Walgreens remains investment grade and property values have not been adversely affected by the lower credit rating. Walgreens stock price has actually more than doubled since its acquisition of Alliance Boots.

### **Notable Acquisitions**

In 2010, Walgreens announced its largest acquisition ever of Duane Reade for \$1.075 billion and established an irreplaceable footprint in the New York metropolitan area. In 2011, Walgreens made a move to purchase Drugstore.com to establish an online presence.

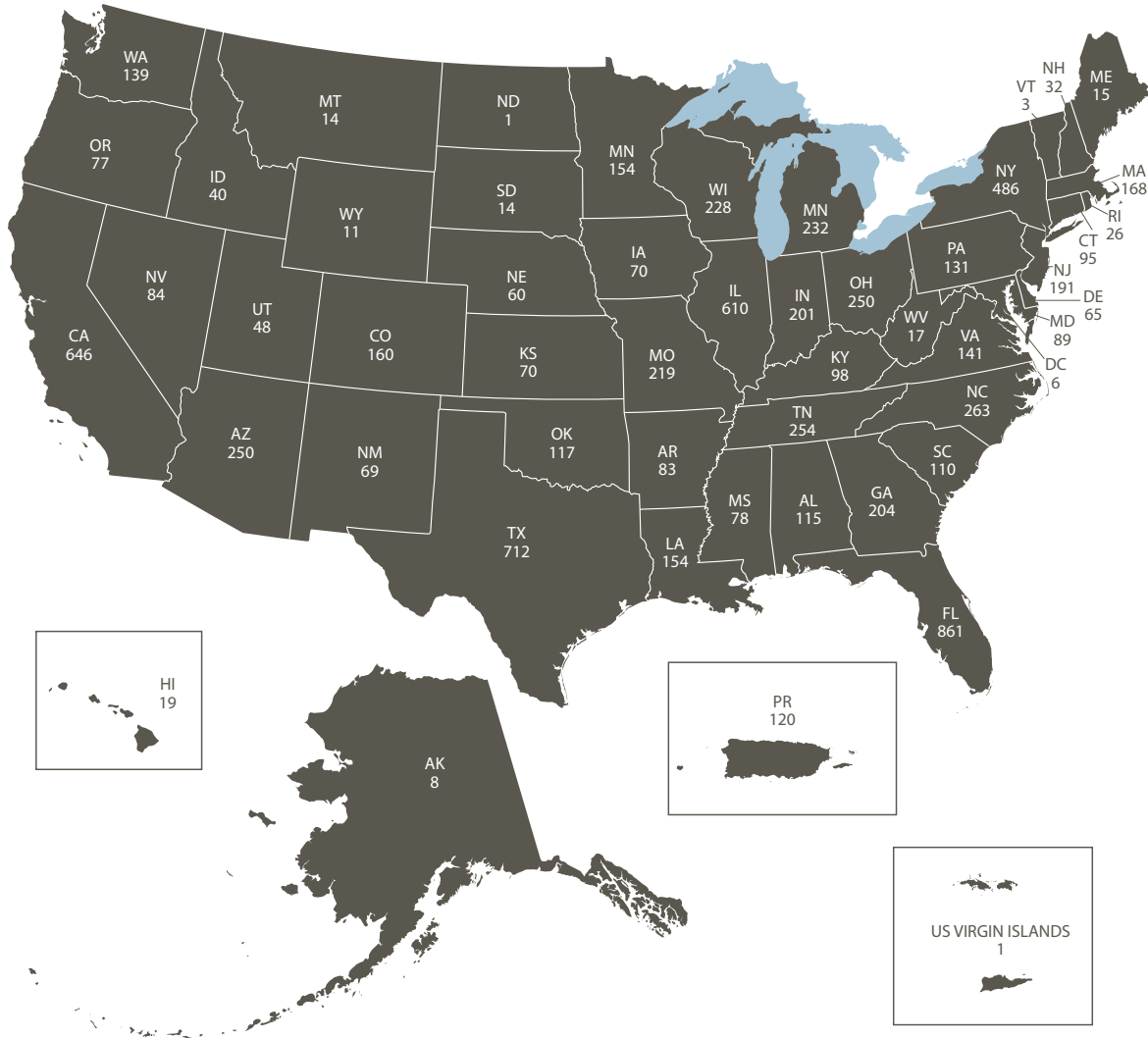
In 2012, Walgreens purchased a mid-south drugstore chain operating under USA Drug, Super D Drug, Mays Drug, Med-X and Drug Warehouse banners which had 144 locations collectively throughout Arkansas, Kansas, Mississippi, Missouri, New Jersey, Oklahoma and Tennessee.

Walgreens most recent acquisition was in September 2013 for Kerr Drug's who operated 76 drugstores throughout North Carolina.

*\*Walgreens company information received from Walgreens investor relations.*



# Walgreens Locations by State



Alabama	113	Idaho	39	Mississippi	77	Oklahoma	116	West Virginia	16
Alaska	12	Illinois	593	Missouri	215	Oregon	77	Wisconsin	225
Arizona	244	Indiana	196	Montana	13	Pennsylvania	123	Wyoming	10
Arkansas	81	Iowa	70	Nebraska	57	Rhode Island	25	Puerto Rico	121
California	629	Kansas	69	Nevada	84	South Carolina	113	US Virgin Islands	1
Colorado	158	Kentucky	93	New Hampshire	31	South Dakota	14		
Connecticut	92	Louisiana	157	New Jersey	191	Tennessee	253		
Delaware	64	Maine	14	New Mexico	72	Texas	715		
Washington DC	7	Maryland	85	New York	470	Utah	47		
Florida	840	Massachusetts	163	North Carolina	263	Vermont	3		
Georgia	203	Michigan	225	North Dakota	1	Virginia	141		
Hawaii	20	Minnesota	152	Ohio	246	Washington	134		

**Total 8,173\***

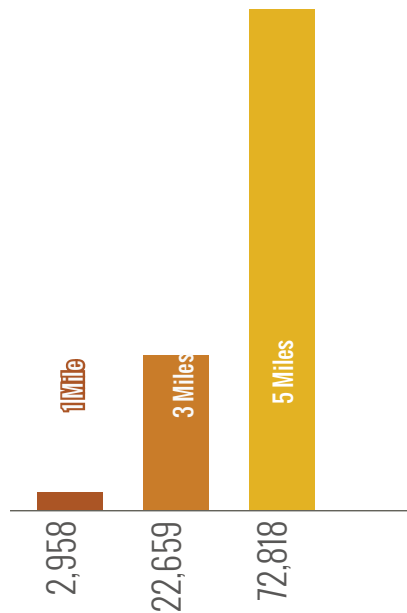
\*Nationwide locations as of August 31, 2015

Note: Walgreens also operates specialty and institutional pharmacies. WalgreensTake Care Health Systems subsidiary manages more than 400 Healthcare Clinics at select Walgreens drugstores.

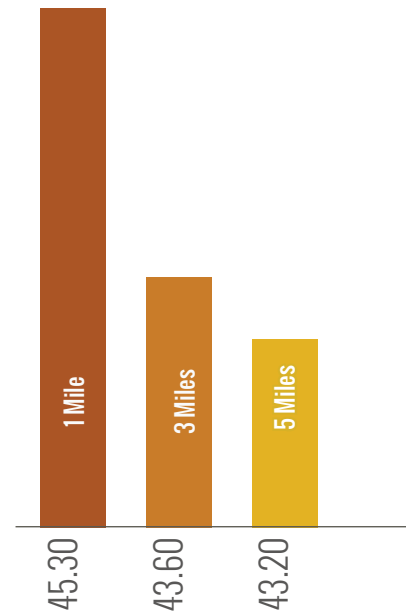


## Demographic Snapshot

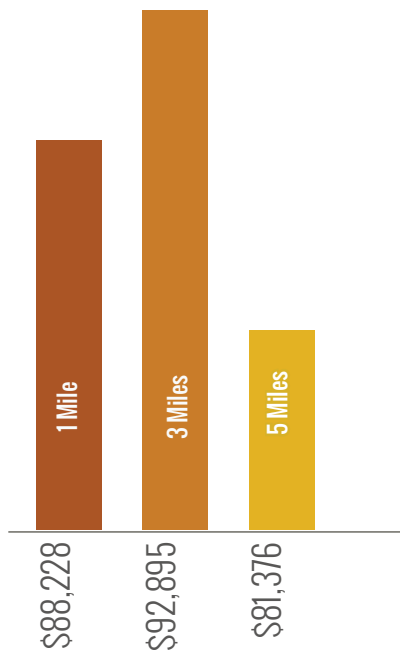
### 2015 Total Population



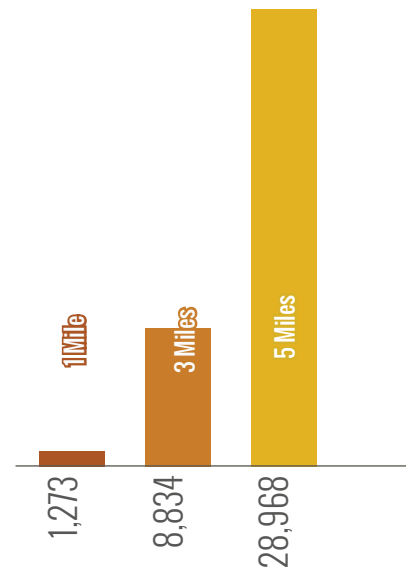
### Average Age



### Median Household Inc



### 2015 Total Households



*Disclaimer: This information has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage, age, distances, lot size, store opening dates, demographic information, aerial information, tenant information & store operating information are approximate.*

*Buyer and their representatives understands that Walgreens tenant information was gathered by sources deemed to be reliable including Walgreens public quarterly and annual reports. Demographic information was provided by Nielsen Information Systems.*

*By accepting this package, buyer and their representatives must verify the information and bears all risk for any inaccuracies. © 2016 Pharma Property Group.*





## Investment Property Recap



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**Total Lot Size:** 47,788 Square Feet  
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## Pricing

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## Lease Overview

**Tenant:**  
*Walgreens (NYSE: WAG)*

**Landlord Income:**  
*Corporate Guarantee*

**Credit Rating:**  
*Investment Grade, BBB (S&P)*

**Lease Type:**  
*Absolute NET Lease*  
**No landlord responsibilities whatsoever.**

**Lease Term:**  
*4 years remaining with  
4 (5 year) options to follow*

**Next Option Begins:**  
*July 1, 2020*



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