

Marcus & Millichap

BROWN RETAIL GROUP

SEATTLE | PORTLAND | SPOKANE | BOISE

# HOBBY LOBBY

*1871 14th Ave SE, Albany, OR 97322*

**9+ YEAR NNN CORPORATE GUARANTEED HOBBY LOBBY FEATURING  
BELOW MARKET RENT LOCATED AT THE HERITAGE MALL (3.3M  
ANNUAL VISITORS) IN THE DYNAMIC ALBANY, OR TRADE AREA**



**HOBBY LOBBY**

ACTUAL PROPERTY PHOTO



# THE OFFERING

*1871 14th Ave SE, Albany, OR 97322*

Marcus & Millichap's Brown Retail Group has been selected to exclusively market for sale an **AAA Location Corporate Hobby Lobby** featuring below-market rent and 10 years of term located in Albany, OR. The Property is located in the central Albany, OR trade area and situated on an endcap of the Heritage Mall which receives over 3.3 million visitors annually and provides strong visibility, ample parking and multiple access points. The Property benefits from paying well below market rents with achievable anchor rents in the sub-market being in the \$13-\$15 range providing for long-term stability and upside. The Property features \$0.50/SF rent increases every 5 years (7.5% rent increase in 5 years) with \$0.75/SF rent increases starting in the 2nd option period. The cap rate increases to 6.98% with the 1st scheduled rent increase. The Property features 9+ years of remaining lease term and is corporately guaranteed by Hobby Lobby Stores, Inc. The NNN Lease features minimal landlord management and repair responsibilities (landlord responsible for roof & structure) and zero mall common area maintenance responsibility. The Property is located in the Albany retail trade area which boasts high barriers-to-entry with no new retail development under construction or delivered over the past 12 months and well-below market vacancy rates at 0.9%. Within a 5-mile radius of the Property, the population grew by over 15% in the last decade with average household incomes exceeding \$88,000.

**PRICE: \$6,450,000**  
**CAP RATE: 6.50%**  
**2029 CAP RATE: 6.98%**  
**PRICE/SF: \$104**



ACTUAL PROPERTY PHOTO

# THE PROPERTY

Price	<b>\$6,450,000</b>
Cap Rate	<b>6.50%</b>
Price/SF	<b>\$104</b>
2029 Cap Rate	<b>6.98%</b>
Gross Leasable Area	<b>62,100 SF</b>
Lot Size (Acres)	<b>1.71 Acres</b>
Type of Ownership	<b>Fee Simple</b>
Year Built / Renovated	<b>1988 / 2006 / 2024</b>

## LEASE SUMMARY

Tenant	<b>Hobby Lobby</b>
Rent Increases	<b>\$0.50/SF Every 5 Years</b>
Guarantor	<b>Corporate Guarantee</b>
Lease Type	<b>Triple Net (NNN)</b>
Lease Commencement	<b>7/01/2014</b>
Lease Expiration	<b>6/30/2034</b>
Renewal Options	<b>3, 5-Year Options</b>
Term Remaining	<b>9.8 Years</b>
Landlord Responsibility	<b>Roof* &amp; Structure</b>
Tenant Responsibility	<b>Taxes, Insurance, Repairs &amp; Maintenance</b>

## RENT SCHEDULE

YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF
<b>Current - 6/30/2029</b>	<b>\$419,175</b>	<b>\$34,931</b>	<b>\$6.75</b>
7/1/2029 - 6/30/2034	\$450,225	\$37,519	\$7.25
<b>OPTIONS</b>			
Option 1: 7/1/2034 - 6/30/2039	\$481,275	\$40,106	\$7.75
Option 2: 7/1/2039 - 6/30/2044	\$527,850	\$43,988	\$8.50
Option 3: 7/1/2044 - 6/30/2049	\$558,900	\$46,575	\$9.00

## ACQUISITION FINANCING

FOR CURRENTLY AVAILABLE LOAN PROGRAMS PLEASE CONTACT:  
MARCUS & MILLICHAP CAPITAL CORPORATION

**Ray Allen** | SVP, MMCC  
(206) 826-5678  
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\* Roof has a 10-year transferable warranty through 6/20/2034

# SITE PLAN



## THE HIGHLIGHTS

### RECENT 10-YEAR EXTENSION AND STRONG HISTORICAL OCCUPANCY

Hobby Lobby has occupied the property since 2014 and recently extended their lease term by 10 years showing strong commitment to the site. This location was Hobby Lobby's first store in the state of Oregon.

### SCHEDULED RENT INCREASES

The Property features \$0.50/SF rent increases every 5 years (a 7.50% rent increase in 2029) and \$0.75/SF rent increases starting in the 2nd option period, providing an investor with a hedge against inflation.

### STRONG CORPORATE GUARANTEE / NATIONAL TENANT

The Lease is guaranteed by Hobby Lobby Stores Inc. Hobby Lobby is the largest privately-owned crafts retailer in America, with annual revenue in excess of \$5.3 billion.

### HIGH BARRIER TO ENTRY SUB-MARKET WITH 0.9% VACANCY RATE

Retail vacancy rates in Albany are currently 0.9% with 11% rent growth over the past three years, per CoStar. With no new retail development under construction and no new supply delivered in the past 12 months, the development lull creates an incredibly high barrier to entry as demand for space remains high.



### SIGNIFICANTLY BELOW MARKET RENT

Hobby Lobby is currently paying \$6.75/SF + NNN with market rents achievable in the \$13.00 - \$15.00/SF + NNN range.

### MINIMAL LANDLORD RESPONSIBILITIES

The NNN Lease features minimal landlord management or repair responsibilities (landlord responsible for roof/structure) and zero mall common area maintenance responsibility.

### TRANSFERABLE ROOF WARRANTY

The roof is in excellent condition and features a 10-year, transferable roof warranty (through 6/20/2034).

### AAA LOCATION IN THE DYNAMIC ALBANY, OR TRADE AREA

The Property benefits from its central location in the Albany trade area and is located on an endcap of the Heritage Mall (over 3.3 million visitors per year). The mall includes large national retail tenants such as Target, Ross, and Old Navy. The property features strong visibility, ample parking and multiple access points.

### STRONG, AFFLUENT DEMOGRAPHICS WITH STRONG POPULATION GROWTH

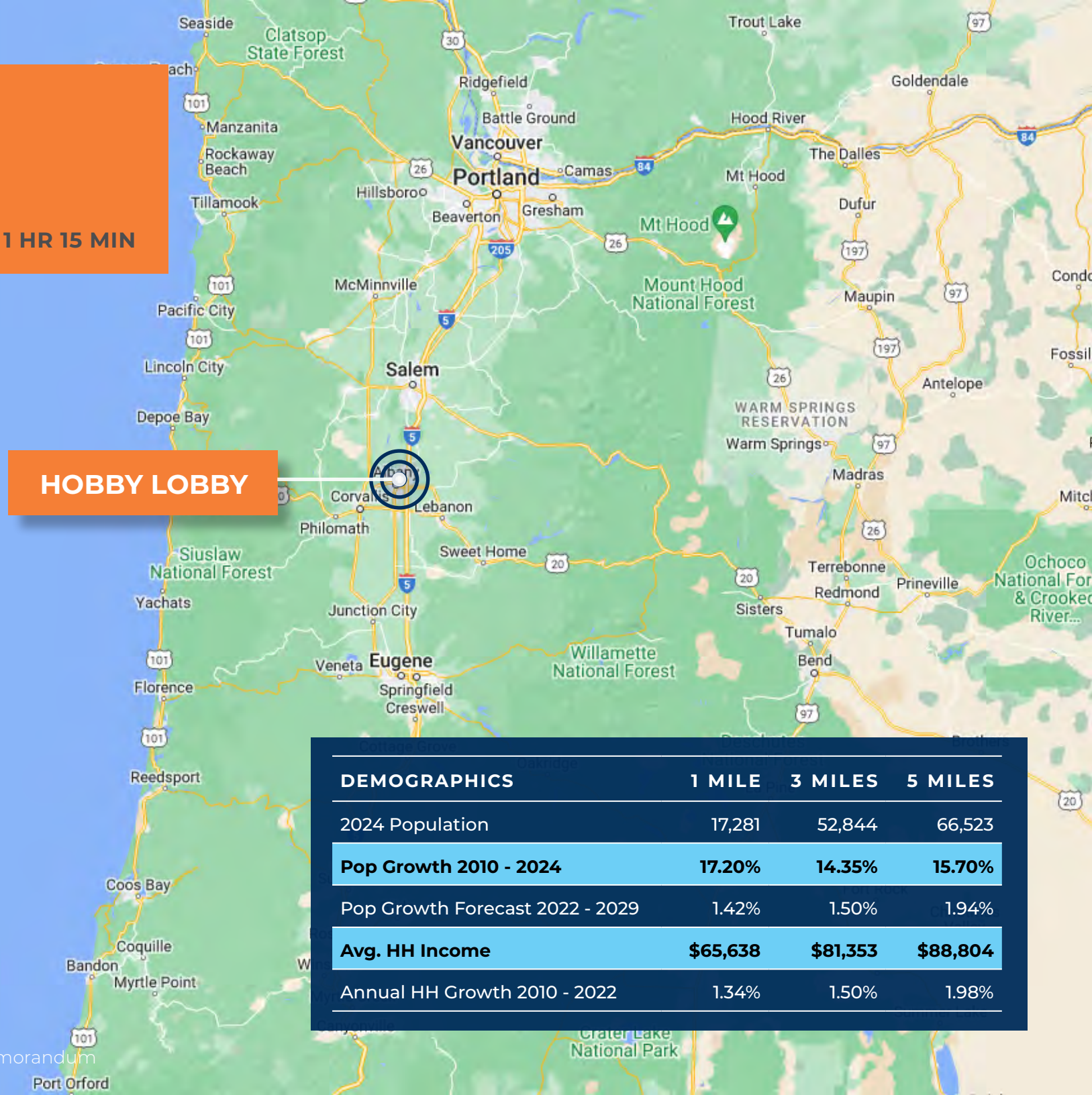
Within a 5-mile radius of the property, the population grew by over 15% in the last decade with average household incomes are over \$88,000.

ACTUAL PROPERTY PHOTO

**TRAVEL TIMES**

- SALEM - 30 MIN
- EUGENE - 45 MIN
- PORTLAND - 1 HR
- VANCOUVER, WA - 1 HR 15 MIN

**HOBBY LOBBY**



DEMOGRAPHICS	1 MILE	3 MILES	5 MILES
2024 Population	17,281	52,844	66,523
<b>Pop Growth 2010 - 2024</b>	<b>17.20%</b>	<b>14.35%</b>	<b>15.70%</b>
Pop Growth Forecast 2022 - 2029	1.42%	1.50%	1.94%
<b>Avg. HH Income</b>	<b>\$65,638</b>	<b>\$81,353</b>	<b>\$88,804</b>
Annual HH Growth 2010 - 2022	1.34%	1.50%	1.98%

# HOBBY LOBBY

Hobby Lobby Stores Inc. is a chain of about 900 crafts superstores located in 47 states; it is the country's largest privately-owned crafts retailer and third overall behind Michaels and Jo-Ann's stores. The chain specializes in selling products and supplies for arts and crafts, hobbies, picture framing, jewelry making, fashion fabrics, florals, cards and party, baskets, wearable art, home accents, and holiday goods.

While Hobby Lobby is not currently rated, they are universally regarded as a strong company and a great tenant. The company has excellent corporate financial fundamentals and is consistently listed on Forbes list of America's Largest Private Companies. Generally, Hobby Lobby stores are located in a prime location in a dense and dynamic retail corridor.

OVER  
**43,000**  
EMPLOYEES

REVENUE  
**\$5.3+**  
BILLION



ACTUAL PROPERTY PHOTO



REPRESENTATIVE INTERIOR PHOTO

# ALBANY, OR

Albany is the county seat of Linn County, and the 11th largest city in the U.S. state of Oregon. Albany is located in the Willamette Valley at the confluence of the Calapooia River and the Willamette River in both Linn and Benton counties, just east of Corvallis and south of Salem. Known as the “Rare Metals Capital of the World” and the “Grass Seed Capital of the World”. Albany is also the home to Linn-Benton Community College, which offers certificates and associate degrees and has many transfer and dual enrollment programs with OSU.

Areas of interest include the Thomas and Walter Monteith House (on the National Register of Historic Places), Whitespires Church (another historically registered building), the Albany Regional Museum, Downtown Albany is a National Historic District, and the Albany Civic Theater.

## ECONOMY

- Lower land costs than other West Coast metros, a skilled labor pool and affordable, abundant power attract companies to the region. The favorable tax structure, with no state income taxes in Washington and no sales tax in Oregon, also lures businesses.
- Albany calls itself the “Rare Metals Capital of the World”, producing zirconium, hafnium and titanium. One of the major producers of these metals in Albany is ATI Specialty Alloys and Components (formerly ATI Wah Chang) which has a 110-acre site that primarily focuses on the production of zirconium.
- Albany and the surrounding communities are major exporters of grass seed. Other crops produced include corn, beans, mint, strawberries, and hazelnuts. Linn County is also referred to as the “Grass Seed Capital of the World”.

# A ROBUST ECONOMY ANCHORED BY THE NATION'S LEADING RESEARCH



## TECHNOLOGY

Segments important to the local economy include government, aerospace manufacturing and technology. Additionally, several colleges and universities in the region support the growing need for a skilled workforce.



## ALBANY RESEARCH CENTER

Albany Research Center is part of National Energy Technology Laboratory (NETL). They employ a staff of 120. The laboratory specializes in life cycle research starting with the formulation, characterization, and/or melting of most metals, alloys, and ceramics; casting and fabrication, prototype development; and the recycle and remediation of waste streams associated with these processes.



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Marcus & Millichap is offering a cooperative brokerage commission by Seller to brokers who represent purchasers that were not directly contacted via phone or e-mail by the listing brokers and who successfully close on the property at terms acceptable to Seller.

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