



# PETCO

FRIDLEY, MN

OFFERING MEMORANDUM

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Your receipt of this Memorandum constitutes your acknowledgement that (i) it is a confidential Memorandum solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property, (ii) you will hold it in the strictest confidence, (iii) you will not disclose it or its contents to any third party without the prior written authorization of the owner of the Property ("Owner") or CBRE, Inc., and (iv) you will not use any part of this Memorandum in any manner detrimental to the Owner or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return it to CBRE, Inc.

This Memorandum contains select information pertaining to the Property and the Owner, and does not purport to be all-inclusive or contain all or part of

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Medtronic

141,000 VEHICLES

28,500 VEHICLES



Fantastic Sams HAIR SALONS

PawnAmerica



11,500 VEHICLES



# INVESTMENT SUMMARY

## PETCO | FRIDLEY, MN

### PRICE

**\$3,935,000**  
**8.50% CAP RATE**

#### ADDRESS

753 53rd Ave NE  
Fridley, MN 55421

#### APN

23-30-24-44-0009

#### NET OPERATING INCOME

\$334,469

#### BUILDING/LOT SIZE

15,240 SF / 1.97 Acres

#### LEASE TYPE

NN

#### YEAR BUILT

2005

#### LEASE TERM REMAINING

5 Years

#### TYPE OF OWNERSHIP

Fee Simple

### OVERVIEW

CBRE is pleased to offer for sale the Petco in Fridley, Minnesota. The property consists of a 15,240 square foot building on 1.97 acres located at the intersection of Interstate 694 and Central Avenue (Highway 65). This intersection carries combined traffic counts of more than 160,000 vehicles every day. Super Target anchors this Petco, which also benefits from its proximity to Medtronic's operational headquarters which are located just on the other side of I-694. This adjacent Target location was one of twenty-eight Twin Cities sites identified by Target Corporation for a major store remodel, indicating the organization's confidence in the strength of this retail trade corridor (learn more about how Target decided which locations merited a remodel, [here](#)). This Target location offers expanded grocery selections and pharmacy services.

Petco originally signed a lease for fourteen years and extended early in 2012 for an additional four years and eight months. The lease is double net requiring minimal landlord responsibilities and has healthy 10 percent rental increases in each of their two remaining options. Petco currently has over 1,400 locations and is considered to be one of the leading pet supply retailers in the country. Additionally, with the recent drop in interest rates, at an eight percent capitalization rate, this Petco offers well-above market leveraged cash yields.

The City of Fridley is conveniently located just ten miles north of Minneapolis. Fridley is home to over 27,000 residents and enjoys the presence of many corporate campuses and manufacturing facilities including Medtronic, Cummins, and BAE Systems.

### HIGHLIGHTS

- + Above Market Yield
- + Petco Executed Early Lease Extension in 2012
  - Indicates Future/Further Commitment to this Site
- + High Visibility
  - Located on Major Interchange Between I-694 and Highway 65 (160,000+ VPD)
- + Local Traffic Drivers
  - Shadow Anchored by Target
- + 10 Percent Rental Increases in Options
- + NN Lease
  - Minimal Landlord Responsibilities

# INVESTMENT SUMMARY

## PETCO | FRIDLEY, MN

### RENT SCHEDULE

Rent State Date	Rent End Date	Annual Rent	Per SF
2/1/2016	1/31/2020*	\$318,537	\$20.90
2/1/2020	9/30/2024	\$334,469	\$21.95
First Option		\$367,911	\$24.14
Second Option		\$404,707	\$26.56

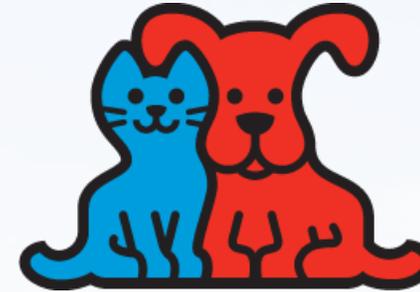
\*Seller will credit the difference in rent monthly from the close of escrow to the rent increase that occurs 2/1/2020

### LEASE SUMMARY

Tenant	Petco
Lease Commencement	January 27, 2006
Lease Expiration	September 24, 2024
Gross Leasable Area (SF)	15,240
Lease Term Remaining	5 Years
Renewal Options	Two 5-Year Options

# TENANT SUMMARY

## PETCO | FRIDLEY, MN



### TENANT SUMMARY

Ownership	Private
Tenant	Petco
Sales Volume	\$4.2 Billion
Lease Guarantor	Corporate Guarantee
No. of Locations	1,500
Headquartered	San Diego, CA
Years in the Business	54
Website	<a href="http://www.petco.com">www.petco.com</a>

Petco Animal Supplies, Inc. retails premium pet food, supplies, services and companion animals. It offers biscuits and treats, chews, crates, kennels and carriers, flea and tick, dog toys, bowls, feeders and fountains, beds, apparel, steps and ramps, and skin and coat care services.

The firm also provides dog training, grooming, affordable vaccinations, pet photography, pet insurance, and online pet first aid services. The company was founded by Walter Evans in 1965 and is headquartered in San Diego, CA.

*“Petco recently became the first and only major retailer of pet food and treats to take a stand against artificial ingredients by announcing it will not sell food or treats containing artificial colors, flavors and preservatives\* for dogs and cats by May 2019.”*

“Petco and Champion Petfoods team up to bring better nutrition options to more pets”, [www.petco.com](http://www.petco.com), January 17, 2019

# ADJACENT SUPER TARGET REMODEL

PETCO | FRIDLEY, MN



# ADJACENT SUPER TARGET REMODEL

PETCO | FRIDLEY, MN



# PROPERTY PHOTOS

PETCO | FRIDLEY, MN



# AERIAL - SOUTHEAST FACING PETCO | FRIDLEY, MN



MENARDS  
Applebee's  
Starbucks COFFEE  
at&t  
Jonsey Mike's SUBS  
DISCOUNT TIRE  
usbank  
LivINN HOTELS  
tcf  
noodles company  
Pizza Hut  
CHIPOTLE MEXICAN  
Rita's Ice Zone  
planet fitness  
White Castle  
Dennis QuickFix  
metro PCS

Medtronic



# AERIAL - NORTH FACING PETCO | FRIDLEY, MN



Medtronic

141,000 VEHICLES

28,500 VEHICLES

Fantastic Sams  
HAIR SALONS

PawnAmerica

MINNESOTA  
65

11,500 VEHICLES



# MARKET SUMMARY

## PETCO | FRIDLEY, MN

### A MINNEAPOLIS SUBURB, A TECHNOLOGICAL HUB

As a member of the Twin Cities metropolitan area, Fridley, Minnesota is an inner ring suburb on the north side of Minneapolis. As an immediately adjacent suburb, Fridley is a convenient choice for commuters into either Minneapolis, St. Paul, or the other surrounding suburbs. The city enjoys a robust range of transportation options thanks to major Interstate 694 and Minnesota State Highway 47 and 65. The Northstar Commuter Rail also offers a station in Fridley with service into and out of the heart of Minneapolis.

In 2001, the world's largest medical device company, Medtronic, opened its world headquarters in Fridley. Today, the campus remains as the company's operational headquarters. Other major employers in the city include BAE Systems, Cummins, Minco Products, Inc., and a Target retail distribution center, among others.



# DEMOGRAPHICS

## PETCO | FRIDLEY, MN

	1 Mile	3 Miles	5 Miles
<b>POPULATION</b>			
2018 Population - Current Year Estimate	13,236	101,262	269,320
2023 Population - Five Year Projection	13,623	104,627	279,866
2018-2023 Annual Population Growth Rate Projection	0.58%	0.66%	0.77%
<b>GENERATIONS</b>			
Generation Z (Born 1999-2016)	21.8%	21.7%	22.7%
Millennials (Born 1981-1998)	23.9%	25.2%	26.6%
Generation X (Born 1965-1980)	20.4%	19.5%	19.4%
Baby Boomers (Born 1946-1964)	21.8%	21.5%	20.7%
<b>HOUSEHOLD INCOME</b>			
2018 Average Household Income	\$72,578	\$76,627	\$75,907
2023 Average Household Income	\$85,346	\$89,011	\$87,596
<b>EDUCATION</b>			
High School Diploma	25.3%	22.2%	21.0%
Some College - No Degree	22.0%	20.9%	21.7%
Associate's Degree	11.9%	11.0%	10.5%
Bachelor's Degree	15.7%	21.1%	22.1%
Graduate or Professional Degree	5.7%	10.7%	10.6%
<b>EMPLOYMENT</b>			
2018 Employed Civilian Population (16+)	94.9%	95.5%	94.9%
2018 Unemployed Population (16+)	5.1%	4.5%	5.1%

# DEMOGRAPHICS

PETCO | FRIDLEY, MN



# AERIAL - IMMEDIATE TRADE AREA

PETCO | FRIDLEY, MN

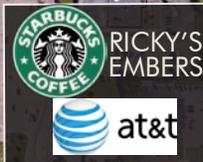


Medtronic



141,000 VEHICLES

28,500 VEHICLES



MENARDS

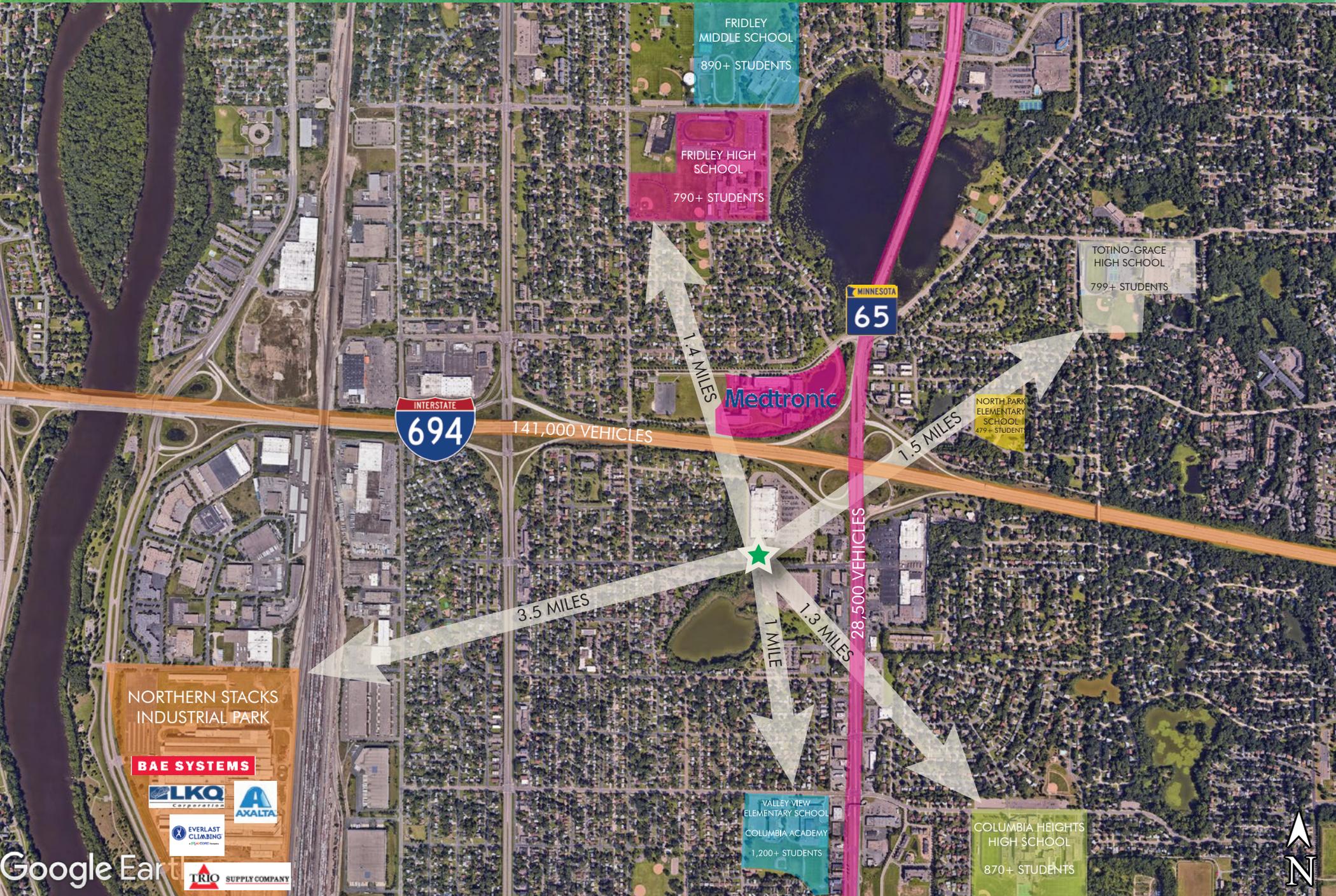
11,500 VEHICLES

Medtronic



# AERIAL - LOCAL TRADE AREA

PETCO | FRIDLEY, MN



# LOCAL CONSUMER BASE

PETCO | FRIDLEY, MN

## DOMINANT TAPESTRY SEGMENT

**16.8%** PARKS AND REC

- Practical suburbanites who have achieved home ownership
- Many are two-income married couples approaching retirement age, but do not plan on retiring anytime soon
- Appeal of kid-friendly neighborhoods is now attracting a new generation of younger couples

## OTHER TOP SEGMENTS

**12.9%** FRONT PORCHES

- Older, established neighborhoods, comprised of a blue-collar work force
- Single-parent families or singles living alone make up almost half of this population
- Price is more important than brand names or style

## DOMINANT LIFEMODE GROUP

**31.3%** GENXURBAN

- Gen X in middle age; families with fewer kids and a mortgage
- Invest wisely, well-insured, comfortable banking online or in person
- News junkies
- About a fifth of this segment is 65+; about a fourth of households have retirement income

## DOMINANT URBANIZATION GROUP

**38.4%** METRO CITIES

- Affordable city life including smaller metropolitan cities or satellite cities that feature a mix of single-family and multiunit housing
- Consumers include college students, affluent Gen X couples, and retirement communities
- Residents share an interest in city life and its amenities

**7.1%** BRIGHT YOUNG PROFESSIONALS

- Home to young, educated, working professionals
- Physically active and up on the latest technology
- Concerns about the environment impacts their decisions
- Own newer computers, iPods, and 2 or more televisions
- Enjoy a variety of sports and eat out often





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## CBRE

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