



CBRE

503 CLIFTON RD
BETHEL PARK, PENNSYLVANIA

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I. Executive Summary

The Offering

Bill O'Connor from CBRE Southfield is pleased to offer the fee simple interest in a freestanding Rite Aid in Bethel Park, Pennsylvania. The property is strategically located on the corner of two heavily traveled thoroughfares; McMurray Rd and Clifton Rd. The building is on a 1.32-acre parcel of land and is improved with a 11,115-square foot retail pharmacy which includes a drive through.

This building was constructed in 2018, and Rite Aid signed a 20 Year lease in September of 2018. With 19.25 Years of initial term remaining, and an additional six (6) five (5) year options to renew, this is a steady investment with passive cash flow for an investor.

The lease is Double Net (NN) with the tenant being responsible for repairs and maintenance, taxes, insurance. The Landlord's sole responsibility being the maintenance of the exterior of the building and the roof.

Investment Highlights

- 1) \$5,833,000 / \$525 / 6% Cap Rate
- 2) 20 – Year Corporate Backed Lease with 19.25 Guaranteed Years Remaining
- 3) Long Term Lease with a National Credit Tenant – Rite Aid (Moody's Credit Rating B2)
- 4) Offered Free and Clear of Existing Debt
- 5) Rent escalates 10% every ten (10) years of term and continues to escalate during renewal periods.
- 6) New 2018 High-Quality Brick Construction



Property Facts

PROPERTY ADDRESS	503 Clifton Rd Bethel Park, PA 15102
YEAR BUILT	2018
TOTAL BUILDING AREA	11,115 SF

Location Overview

The subject property is situated on the corner of McMurray Rd and Clifton Rd. Bethel Park, PA is located approximately 7 miles southwest of Pittsburgh. This suburb of Pittsburgh is home to 33,556 people and the median income for a family is \$64,390. This Rite Aid is surrounded by local suburban neighborhoods and is located directly adjacent to Highfield Crossing, a 124-unit apartment building with 96% occupancy. This Rite Aid is minutes away from South Hills Village, a strong retail shopping mall with neighboring national tenants such as:

- Whole Foods
- Target
- Bonefish Grill
- TGI Friday's
- Dick's Sporting Goods
- The Home Depot
- FedEx Office
- Petco
- LA Fitness
- Best Buy

Location Highlights

- 1) Corner Location on Two High Traffic Roads
- 2) Located just minutes from Downtown Pittsburgh
- 3) Multiple access points to the property (1 off McMurray Rd, 2 off of Clifton Rd)
- 4) Property is surrounded by Densely Populated Residential Neighborhoods, as well as a nearly fully occupied apartment complex.



Lease Abstract

PROPERTY ADDRESS	503 Clifton Rd, Bethel Park, Pennsylvania 15102
TENANT	Rite Aid
GUARANTOR	CORPORATELY GUARANTEED BY RITE AID (NYSE: RAD)
LEASE TYPE	Double Net (NN) (LL responsible for some exterior maintenance)
RENT COMMENCEMENT DATE	September 1, 2018
EXPIRATION DATE	August 31, 2038
LEASE TERM	Twenty Years (20)
YEAR ONE RENT	\$350,000.00
RENTAL ESCALATIONS	Rent escalates 10% every 10 years (Rental Rates for renewal periods 4 and 5 will be based on FMV)
RENTAL ABATEMENTS	None
PERCENTAGE RENT	N/A
RENEWAL OPTIONS	Six (6) five (5) year renewal periods
OPTION TO PURCHASE	None
EARLY TERMINATION OPTION	None

Lease Abstract

RIGHT OF FIRST REFUSAL

None

ASSIGNMENT RIGHTS

Tenant may assign this Lease or sublet the whole or any part of the Leased Premises. If Tenant does so assign, it shall remain primarily liable to Landlord for the full payment and performance of Tenant's obligations to the LL.

OPERATING COSTS

Real Estate Taxes:

Tenant shall pay all real estate taxes, assessments and other governmental charges and levies, and all water and sewer rents and charges

Tenant Insurance:

Tenant agrees to maintain in force and effect a commercial general liability insurance policy with limits of at least (\$2,000,000). Tenant shall also keep the Leased Premises improvements insured against damage or destruction by fire, and such other perils as are, from time to time, included in standard fire insurance policy.

Landlord Insurance

N/A

Utilities:

Tenant covenants and agrees to promptly pay for any and all water, light, power and/or other utility services incurred in or about the Leased Premises during the term of this Lease or any extension there of.

TENANT REPAIR, MAINTENANCE & REPLACEMENT RESPONSIBILITIES

Tenant, at its sole cost and expense, during the term of this Lease or any extension thereof, shall repair and maintain the Leased Premises, including but not limited to gutters, downspouts, exterior painting, ext lighting, glass windows and doors, all mechanical and electrical equip. (including HVAC equip.), etc.

LANDLORD REPAIR,
MAINTENANCE & REPLACEMENT
RESPONSIBILITIES

Landlord, shall be responsible for: masonry walls, foundation, floor slab and structural members; utility lines leading to or from the Building; plumbing, pipes, tubes, and other conduits and utility lines embedded into the structure of the Leased Premises, and all storm sewer lines and facilities, sanitary sewer lines, and water lines, including all easements relating thereto, whether shared or individually serving the leased premises. LL shall also be responsible for the repair, maintenance and replacement of the roof over the Building and the roof membrane.

ESTOPPEL

Twenty-one (21) days.

Tenant Overview

Rite Aid Corporation is one of the top drugstore chains in the United States. The company ranked No. 94 in the 2018 Fortune 500 list of the largest United States corporations by total revenue. It is headquartered in Camp Hill, East Pennsboro Township, Cumberland County, Pennsylvania, near Harrisburg. Rite Aid is the largest drugstore chain on the East Coast and the third largest in the U.S with approximately 2,500 stores in 19 states.

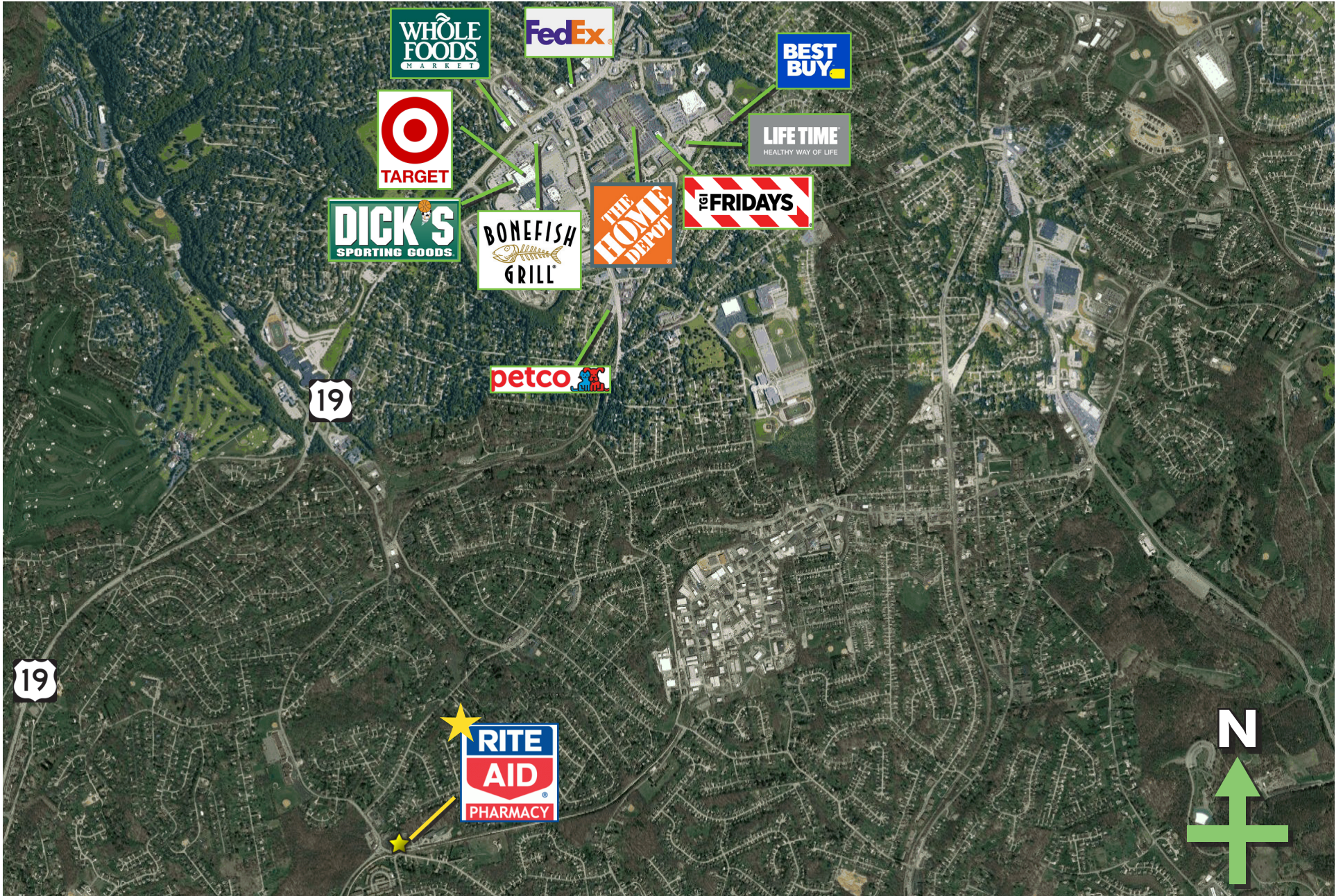
PROPERTY NAME	Rite Aid
PARENT COMPANY	Publicly Traded
TENANT	Rite Aid of Pennsylvania Inc.
REVENUES	\$21.53 Billion (2019)
NET WORTH	\$2.3 Billion
S&P RATING	B
NYSE	RAD





II. Location Overview

Aerial Map



Proximity Map



Pittsburgh, PA
12 Miles

Cleveland, OH
144 Miles

Columbus, OH
172 Miles

Toledo, OH
243 Miles

Detroit, MI
297 Miles



III. Financial Analysis

Year One Cash Flow Estimates

Price	\$5,833,000
Down Payment	\$1,458,250
Rentable Square Feet	11,115
Price per Square Foot	\$525
CAP Rate	6.00%

	Year One Oct 2019 - Sept 2020	Monthly	Per SF
Base Rent			
<i>Rite Aid</i> <i>Sept 2018 - Aug 2038</i> <i>Twenty Years (20)</i>			
	\$350,000.00	\$29,166.67	\$31.49
Total Base Rent	\$350,000.00	\$29,166.67	\$31.49
Scheduled Base Rental Revenue	\$350,000.00	\$29,166.67	\$31.49
Expense Reimbursement Revenue			
Insurance	--	--	--
Common Area Maintenance	--	--	--
Real Estate Taxes	--	--	--
Total Expense Reimbursement Revenue	--	--	--
Gross Potential Income	\$350,000.00	\$29,166.67	\$31.49
Effective Gross Income	\$350,000.00	\$29,166.67	\$31.49
Operating Expense Estimates			
Insurance	--	--	--
Common Area Maintenance	--	--	--
Real Estate Taxes	--	--	--
Total Common Area Expenses	--	--	--
Management Fee	--	--	--
Replacement Reserve	--	--	--
Total Expenses	--	--	--
NET OPERATING INCOME	\$350,000.00	\$29,166.67	\$31.49

You are solely responsible for independently verifying the information in this Memorandum. ANY RELIANCE ON IT IS SOLELY AT YOUR OWN RISK.



IV. Sales Comparables

TENANT NAME AND ADDRESS	YEAR BUILT	BUILDING SIZE (SF)	SALE DATE	SALES PRICE	PRICE/SF	CAP RATE	NOI	NOI/SF	TERM REMAINING (YEARS)	COMMENTS
Rite Aid 503 Clifton Rd Bethel Park, Pennsylvania	2018	11,115	Subject Property	\$5,833,000	\$524.79	6.00%	\$350,000	\$31.49	19.25	The subject is a 11,115 square foot building that is 100% occupied by Rite Aid (20-year term commenced September 2018, with 19.25 years remaining). The lease is on a NN basis as according to the lease, the landlord is responsible for some exterior maintenance and the roof.
Rite-Aid 6150 Old College Dr Suffolk, VA	2016	11,115	8/21/2018	\$5,495,000	\$494	6.29%	\$345,635.50	\$31.10	18.0	On August 21st, 2018, the 11,115 square foot retail building at 6150 Old College Dr in Suffolk, VA sold for \$5,495,000 or \$494 per square foot. At the time of sale, the property was fully leased to Rite-Aid. Rite-Aid has a 20 year NNN lease that expires in approximately 18 years. The property was generating \$346,150 in net operating income, translating to a 6.29% cap rate.
Rite-Aid 900 Sunrise Ave Roseville, CA	2003	17,700	1/23/2018	\$8,850,000	\$500	5.35%	\$473,475.00	\$26.75	11.0	"Seller confirmed the sale price, building SF and that this property traded with a cap rate of 5.35%. He also disclosed that Rite Aid is on a NNN lease, with 11 years remaining. They have 5, 5-year options. We made multiple attempts to reach Ann Moriarty (true buyer); however, we were unable to reach her in order to confirm additional information on this deal."
Rite-Aid 1180 N State St San Jacinto, CA	2008	17,272	11/13/2017	\$6,900,000	399.49	6.39%	\$440,910.00	\$25.53	10.5	"This is a net leased Rite Aid with a corporate guarantee featuring Rite Aid's full-service business model. The initial lease has ten and a half years remaining with four five year options to renew with rental increases. The property is 2008 construction with dual queuing drive through. A net operating income of \$440,750 was reported yielding a cap rate of 6.39%.
Rite-Aid 2938 W Rosamond Blvd Rosamond, CA	2016	17,277	3/8/2017	\$7,604,000	440.12	5.20%	\$395,408.00	\$22.89	20.0	Comp information was confirmed by the sellers broker and the buyer. This was part of a 1031 exchange for the buyer. 20-year lease.
Rite-Aid 210 Main St Waterville, ME	2009	14,673	3/1/2017	\$11,650,000	793.98	6.17%	\$718,805.00	\$48.99	20.0	Charterhouse Development Corporation sold 210 Main Street in Waterville to a private investor on March 1 2017 for \$11,650,000, approximately \$793.98 per square foot. Androscoggin Savings Bank financed \$10 million for the purchaser. Rite Aid is the tenant occupying the entire 14,673 square foot single-tenant building. They have a 20 year initial lease and have six-five year options to exercise. The listing broker and seller reported an in-place cap rate of 6.17% which equates to a \$718,805 NOI and a 5.75% pro forma cap rate.

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Rite Aid 503 Clifton Rd Bethel Park, Pennsylvania	2018	11,115	Subject Property	\$5,833,000	\$524.79	6.00%	\$350,000	\$31.49	19.25	The subject is a 11,115 square foot building that is 100% occupied by Rite Aid (20-year term commenced September 2018, with 19.25 years remaining). The lease is on a NN basis as according to the lease, the landlord is responsible for some exterior maintenance and the roof.
Rite-Aid 8230 Cazenovia Rd Manlius, NY	2006	12,795	9/30/2016	\$3,800,000	296.99	6.47%	\$245,860.00	\$19.22	10.0	"This transfer represents the sale of the 12,795 square foot Rite Aid located at 8230 Cazenovia Road in Manlius, New York, which sold September 30, 2016. The information in this sale comparable has been verified with a source deemed reliable on the seller side of the transaction. The property sold for a confirmed price of \$3.8 million, or approximately \$297 per square foot. There was a cap rate of 6.47% at the time of close. The price reflects a 1031 exchange and NNN investment. Rite Aid currently has more than ten years remaining on their lease, which expires in February 2027."
Rite-Aid 501 N Harper St Laurens, SC	2011	10,908	9/19/2016	\$3,375,000	\$309.41	6.62%	\$223,425.00	\$20.48	12.0	"The 10,908 SF retail building located at 501 N Harper St. in Laurens, SC was listed on the market in June of 2015 for \$3,411,000. The property sold on September 19, 2016 for \$3,375,000 as an investment. The transaction was financed, and the deal was in escrow for 60 days. At the time of sale, Rite Aid had 12 years remaining on their lease."
Rite-Aid 4111 William Penn Hwy Monroeville, PA	2010	12,738	2/19/2016	\$6,185,000	\$486	7.20%	\$445,320.00	\$34.96	10.0	"Net-leased Rite Aid with about 10 years remaining on lease selling for \$6.185 million, or \$485.56 per foot for this 12,738 SF location. The price represents an in-place cap rate of 7.198% (rounded to 7.2% based off trailing NOI of \$445,200. The lease agreement includes five, 5-year options with 10% bumps every 10 years. The location is the closest pharmacy to UPMC East Hospital and Miracle Line SC is across the street."
COMPARABLE AVERAGES					\$465	6.21%	\$411,105	\$28.74	13.9	



V. Market & Area Overview

Market & Area Overview

City of Bethel Park

Bethel Park, referring to itself as the Municipality of Bethel Park, is a borough with home rule status in Allegheny County, Pennsylvania, and is part of the Pittsburgh Metro Area, approximately 7 miles (13 km) southwest of Pittsburgh. The population was 32,313 at the 2010 census. Bethel Park has seven borders, including Castle Shannon to the north, Whitehall to the north-northeast, Baldwin to the northeast, South Park to the east and southeast, Peters Township in Washington County to the south, Upper St. Clair to the west, and Mt. Lebanon to the north-northwest.

Allegheny County

Allegheny County is a county in the southwest of the U.S. state of Pennsylvania. As of 2017 the population was 1,223,048, making it the state's second-most populous county, following Philadelphia County. The county seat is Pittsburgh. Allegheny County is included in the Pittsburgh, PA Metropolitan Statistical Area, and in the Pittsburgh Designated Market Area.

Allegheny was Pennsylvania's first county to bear a Native American name, being named after the Allegheny River. The word "Allegheny" is of Lenape origin, with uncertain meaning. It is usually said to mean "fine river", but sometimes said to refer to an ancient mythical tribe called "Allegewi" that lived along the river before being destroyed by the Lenape.

Three major rivers traverse Allegheny County: the Allegheny River and the Monongahela River converge at Downtown Pittsburgh to form the Ohio River. The Youghiogheny River flows into the Monongahela River at McKeesport, 10 miles (16 km) southeast. There are several islands in these courses. The rivers drain into the Gulf of Mexico via the Mississippi River. Although the county's industrial growth caused the clearcutting of the area's forests, a significant woodland remains.





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