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 **STAPLES**
951 VIEWMONT DR.
SCRANTON, PA 18519

CBRE | OFFERING
MEMORANDUM

EXCLUSIVELY LISTED BY:

IAN SCHROEDER

Senior Vice President
Investment Properties
Lic. 01497897
+1 949 438 1002
ian.schroeder@cbre.com

MELISSA LEY

Associate
Investment Properties
Lic. 01984445
+1 949 725 8617
melissa.ley@cbre.com

WILL PIKE

Vice Chairman & MD
Net Lease Properties
Lic. 276560
+1 404 923 1381
will.pike@cbre.com

CHRIS BOSWORTH

Vice Chairman & MD
Net Lease Properties
Lic. 24832
+1 404 923 1486
chris.bosworth@cbre.com

BRIAN PFOHL

Senior Vice President
Lic. 349355
+1 404 504 7893
brian.pfohl@cbre.com





TABLE OF CONTENTS

- Investment Highlights 4
- Tenant Overview 5
- Property Overview 6
- Area Overview 10
- Demographics 15

INVESTMENT HIGHLIGHTS

- The lease structure is **double net (NN), with minimal landlord responsibilities.** Tenant is responsible for HVAC, maintaining CAM and parking, and payment of all taxes, utilities, and insurances.
- There are **nine (9) years remaining on the lease term, plus two (2), five (5) year options.**
- The lease provides for a **5.92% rental increase at Option 1, and a 5.59% rental increase at Option 2.**
- There are **136,012 residents located in the five (5) mile demographic ring.**
- The average household income in the five (5) mile demographic ring is **\$65,561.**
- Staples is located directly adjacent to the 689,000-square foot Viewmont Mall, which houses many nationally-recognized tenants such as **Old Navy, Bath & Body Works, Express, JC Penney, Dick’s Sporting Goods, Macy’s, Forever 21 and Home Goods.**
- The subject property is surrounded by a critical mass of big box retailers, which help drive traffic to the store. Nearby stores include **Walmart Supercenter, Target, Sam’s Club, Hobby Lobby, Kohl’s, Best Buy, Mattress Firm and Gander Outdoors, among many others.**
- The next closest Staples is 24 Miles away in Wilkes-Barre Township. **This location is the only one serving the city of Scranton.**
- Staples has strong frontage on Viewmont Dr. and excellent visibility on I-81, **which reports traffic counts of 62,000 cars per day.**
- Scranton is the sixth-largest city in the Commonwealth of Pennsylvania. **It is the county seat and largest city of Lackawanna County.**

INVESTMENT SUMMARY

| | |
|--------------------------|-------------|
| Offering Price | \$4,340,571 |
| Cap Rate..... | 7.00% |
| Price/SF | \$180.86 |
| Lease Structure | NN |
| Current Annual Rent..... | \$303,840 |
| Building GLA | 24,000 SF |
| Lot Size..... | 2.64 acres |
| Ownership..... | Fee Simple |



TENANT OVERVIEW

About Staples

Staples is the world's largest office products company and second largest internet retailer. Staples has helped the world work better with work solutions that deliver industry-leading products, services and expertise across office supplies, facilities, breakroom, furniture, technology, promotional products, and print & marketing services. The company supports businesses of all sizes from solopreneurs to the Fortune 100 and everything in between. They meet customers where they are with everyday low prices across multiple channels, including direct sales, eCommerce, mobile, AI-powered "conversational commerce" and retail.

Staples was co-founded in 1986 by Leo Kahn and Thomas G. Stemberg, who were former rivals in the New England retail supermarket industry. The idea for the company stemmed from a frustration with the reliance on small stores for critical supplies. In September 2017, Staples was acquired by Sycamore Partners for \$6.9 Billion. Sycamore Partners is a private equity firm based in New York specializing in consumer and retail investments. The firm has more than \$15 billion in capital under management.

In 2019 Staples introduced a new coworking concept, called Staples Studio, focused on the needs of small business customers. Staples Studio was established to foster an environment where businesses can focus on creating, collaborating and connecting in shared workspaces and private or shared offices. Great perks like unlimited coffee, tea and meeting room use give members the tools they need to feel accomplished. Staples Studio is conveniently located inside Staples retail stores to give members access to everything they may need to succeed, all in one convenient location.

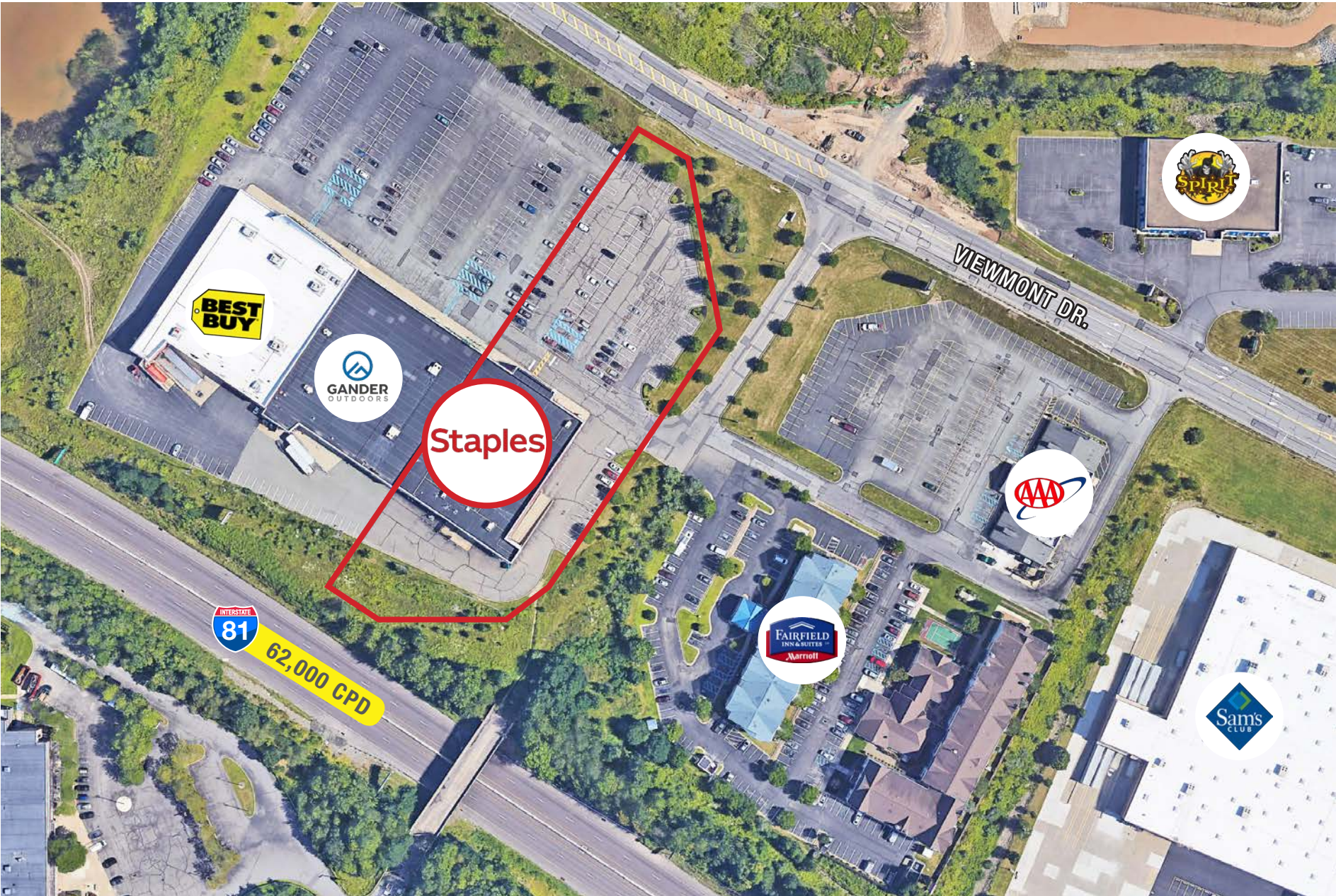
Staples is separated into three business segments: North American Commercial, North American Stores & Online and International Operations. They now operate over 1,220 stores in North America and more than 1,900 worldwide.



STAPLES CORPORATE OVERVIEW

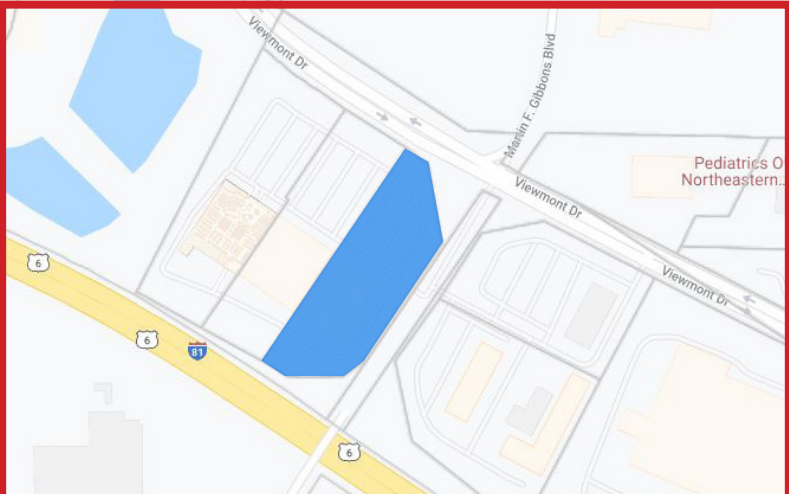
| | |
|-------------------------|---------------------|
| Type: | Subsidiary |
| Parent Company: | Sycamore Partners |
| Industry: | Office Supplies |
| Locations: | 1,900+ |
| Employees: | 77,000+ |
| Revenue: | \$16 Billion (2018) |
| Corporate Headquarters: | Framingham, MA |

PROPERTY OVERVIEW





PROPERTY OVERVIEW



PROPERTY SUMMARY

| | |
|----------------|--|
| Price: | \$4,340,571 |
| Cap Rate: | 7.00% |
| Address: | 951 Viewmont Dr. Scranton, PA 18379 |
| Ownership: | Fee Simple |
| Building GLA: | 24,000 SF |
| Lot Size: | 2.64 acres |
| Parking: | 126 spaces |
| Year Built: | 1997 |
| Parcel Number: | 1240104000304 |

LEASE SUMMARY

| | |
|----------------------|--|
| Tenant: | Staples the Office Superstore East, Inc. as successor in interest to Staples, Inc. |
| Date of Lease: | June 27, 1997 |
| Rent Commencement: | December 1, 1998 |
| Lease Expiration: | July 31, 2028 |
| Lease Term: | Original lease term was 15 years. Term has been extended via various lease amendments. |
| Term Remaining: | 9.0 years (as of 08/2019) |
| Renewal Options: | 2 - 5 year options |
| Current Annual Rent: | \$303,840 |
| Rental Increases: | \$0.75/SF at each option |
| Percentage Rent: | None |

LEASE SUMMARY CONTINUED

| | |
|-------------------------------------|--|
| Lease Structure: | NN - Some Landlord Responsibility |
| Roof: | LANDLORD - Landlord responsible for maintainance of the foundation, floors, structural supports, roof (including membrane) and roof structures. |
| Structure: | |
| HVAC: | TENANT - Tenant to make all necessary repairs and replacements to HVAC. |
| Common Area: | TENANT - Tenant to reimburse Landlord for Tenant's Share (100%) of the Common Facilities Costs. Landlord is responsible for snow removal in the parking lot, the cost of which is billed to and reimbursed by Staples and the tenants/landlords that share the parking lot with Staples. |
| Parking: | |
| Property Taxes: | TENANT - Tenant to reimburse Landlord for Tenant's Share of the property taxes for each tax year. |
| Utilities: | TENANT - Tenant to pay direct. |
| Insurance: | TENANT - Tenant to reimburse Landlord for Tenant's Share of required insurance. |
| Other: | The adjacent Viewmont Mall maintains a road which circles the mall property and provides access to all the retail tenants, including to the Staples parcel. The cost of this maintenance is billed back to the mall tenants and outparcel landlords on a prorata basis. The Staples parcel's portion of the total is 4.23%, and is typically billed at the end of February each year. The majority of the costs are for Snow Removal, and the prorata portion attributed to this parcel typically runs \$2,800 which is billed back to the Tenant (Staples) as a Common Facilities Cost. |
| Assignment & Subletting: | No assignment shall relieve Tenant from its obligations under the lease. |
| ROFR: | Tenant does not have a ROFR. |

RENT SCHEDULE

| Lease Term | Lease Years | Monthly Rent | Annual Rent | Rent/SF | Increase (%) |
|------------------|--------------------|--------------|--------------|---------|--------------|
| Current: | 12/1/14 - 7/31/28: | \$25,320.00 | \$303,840.00 | \$12.66 | |
| Option 1: | 8/1/28 - 7/31/33: | \$26,820.00 | \$321,840.00 | \$13.41 | 5.92% |
| Option 2: | 8/1/33 - 7/31/38: | \$28,320.00 | \$339,840.00 | \$14.16 | 5.59% |



AREA OVERVIEW

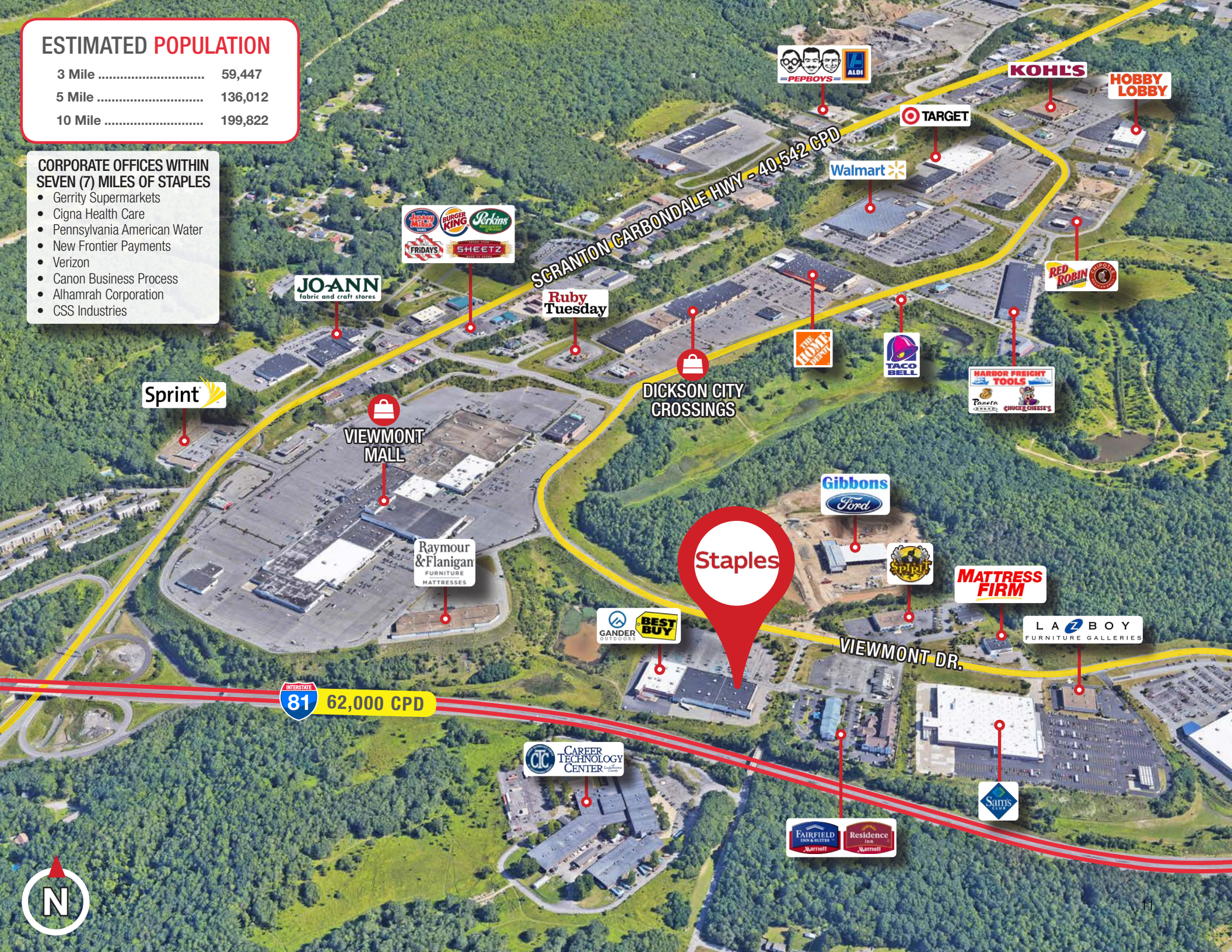


ESTIMATED POPULATION

| | |
|---------------|---------|
| 3 Mile | 59,447 |
| 5 Mile | 136,012 |
| 10 Mile | 199,822 |

CORPORATE OFFICES WITHIN SEVEN (7) MILES OF STAPLES

- Gerrity Supermarkets
- Cigna Health Care
- Pennsylvania American Water
- New Frontier Payments
- Verizon
- Canon Business Process
- Alhamrah Corporation
- CSS Industries



Sprint

JOANN
Fabric and craft stores

JOHNNY MARCO'S
BURGER KING
PERKINS
FRIDAYS
SHEETZ

Ruby Tuesday

VIEWMONT MALL

Raymour & Flanigan
FURNITURE
MATTRESSES

DICKSON CITY CROSSINGS

Gibbons
Ford

Staples

SPRINT

MATTRESS FIRM

GANDER OUTDOORS
BEST BUY

LA BOY
FURNITURE GALLERIES

INTERSTATE 81
62,000 CPD

VIEWMONT DR.

CTC CAREER TECHNOLOGY CENTER

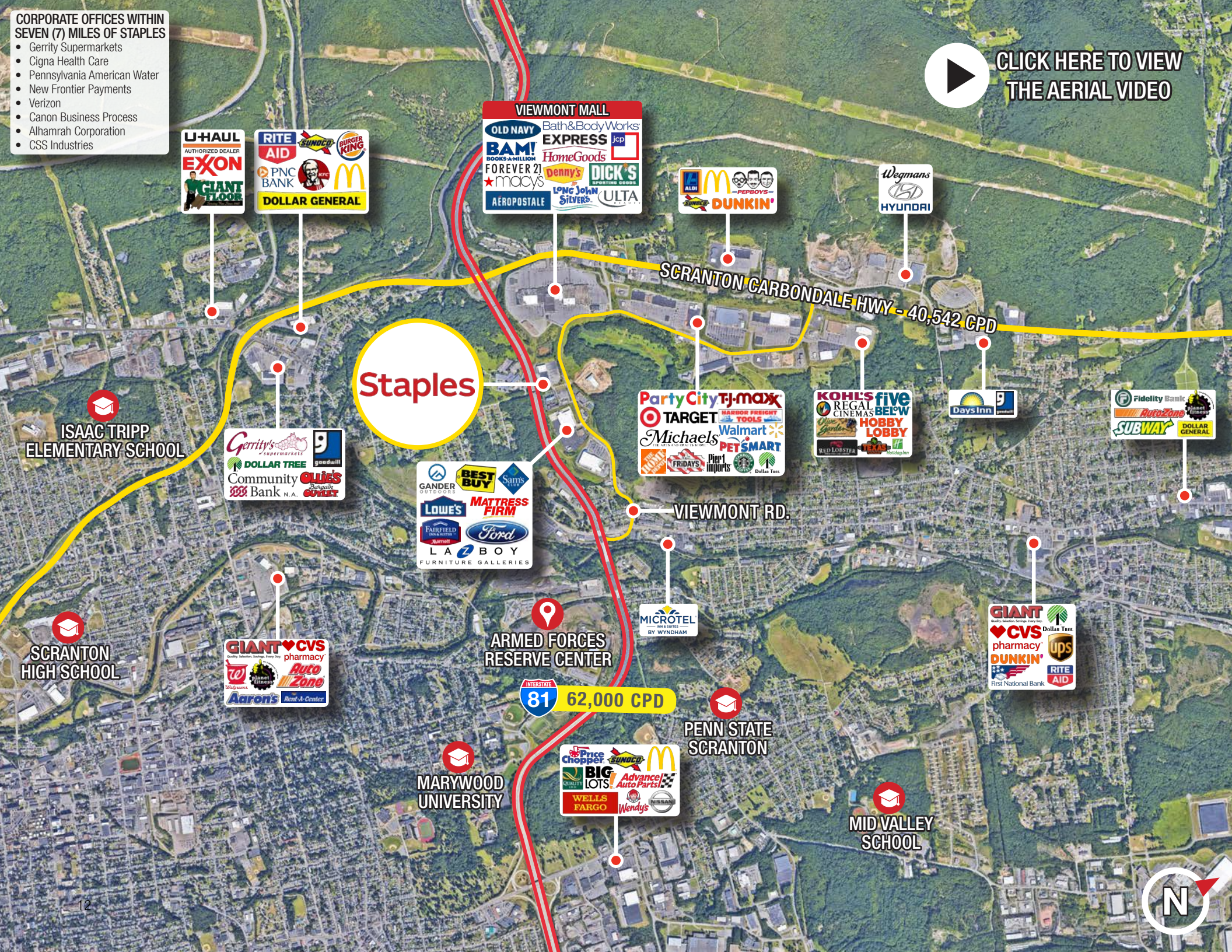
FAIRFIELD
Residence Inn
Marriott

Sams



- CORPORATE OFFICES WITHIN SEVEN (7) MILES OF STAPLES**
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Staples

SCRANTON CARBONDALE HWY - 40,542 CPD

VIEWMONT RD.

INTERSTATE 81 62,000 CPD

ISAAC TRIPP ELEMENTARY SCHOOL

SCRANTON HIGH SCHOOL

ARMED FORCES RESERVE CENTER

PENN STATE SCRANTON

MID VALLEY SCHOOL

MARYWOOD UNIVERSITY

AREA OVERVIEW

SCRANTON, PENNSYLVANIA

HISTORY

- Scranton is the sixth-largest city in the Commonwealth of Pennsylvania. It is the county seat and largest city of Lackawanna County in Northeastern Pennsylvania's Wyoming Valley and hosts a federal court building for the United States District Court for the Middle District of Pennsylvania. With a population of 76,512, it is the largest city in the Scranton–Wilkes-Barre–Hazleton, PA Metropolitan Statistical Area, which has a population of about 570,000.
- Scranton may be the sixth-largest metropolitan area in Pennsylvania, but the close-knit neighborhoods that surround the vibrant downtown give Scranton its small-town appeal. The metro area owes its name to the Scranton family, who helped establish the region as an iron and steel capital back in the 19th and 20th centuries. The city's nickname "Electric City" began when electric lights were introduced in 1880 at the Dickson Manufacturing Company. Six years later, the United States first streetcars powered only by electricity began operating in the city.



ECONOMY

- Once a one-industry town, Scranton has transformed itself into a dominant economic engine rooted in manufacturing and retail trade, primarily in the nondurable goods sector for companies such as Proctor & Gamble and Techneglas. However, between 1995 and 2000, major financial and professional services corporations such as AT&T, Fleet Financial Group, Cigna Health Care, and Alliance Fund Services opened large offices locally. Since that time, there has also been a marked increase in the number of people employed in the health, education, and social services industry—close to 25 percent of Scranton's employed population. Defense contractors also play an important role in the region's diversified economy, and construction, utilities, retail trade, and government make up a large part of the economic base. Tourism is also a growing industry. Compared to the rest of the country, Scranton's cost of living is 19.30% lower than the U.S. average.

RETAIL ACTIVITY

- Scranton supports a thriving retail economy and is currently home to 8.67 million square feet of retail space and 20 major retail centers. The largest centers in the city include the 689,000-square foot Viewmont Mall, the 563,000-square foot Marketplace at Steamtown, and the 236,000-square foot Taylor Commons.

EDUCATION

- The University of Scranton is a private Catholic and Jesuit university that enrolls over 5,500 students annually. U.S. News & World Report's Best Colleges has ranked The University of Scranton among the 10 top master's universities in the North for 25 consecutive years; in the 2019 edition, Scranton placed sixth. The University is located just 5 miles (12 minutes) from the subject property.
- Marywood University is a scenic 115-acre campus located just 2 miles (9 minutes) from the subject property. The University enrolls more than 3,000 students.

AREA OVERVIEW

AIRPORTS

- Wilkes-Barre/Scranton International Airport (AVP) sits just south of Scranton on Interstate 81. American Airlines, Delta Air Lines, United Airlines and Regional Sky offer flights to major hubs like Chicago, Atlanta, Philadelphia and Newark, New Jersey. The Airport is located just 13 miles (18 minutes) from the subject property and flew 532,000 passengers last year.
- Scranton's proximity to Northeast Corridor markets is enhanced by an excellent transportation network. Five major interstate highways are accessible within 30 miles of the city's center, and both Manhattan and Philadelphia are a two-hour drive from Scranton.



SURROUNDING ACTIVITY

- Scranton is the geographic and cultural center of the Lackawanna River valley. Many of Scranton's attractions celebrate its heritage as an industrial center in iron and coal production as well as its ethnic diversity. The Scranton Iron Furnaces and Lackawanna Steel Company seek to preserve the history of steam locomotives and production. Other historical points of interest include the Electric City Trolley Museum, the Lackawanna Coal Mine Tour at McDade Park, the Everhart Museum in Nay Aug Park and the Houdini Museum. Scranton also hosts La Festa Italiana, a multiple day Italian festival, as well as their popular Saint Patrick's Day Parade, considered one of the largest of these celebrations in attendance in the nation.
- The Scranton area is gaining some ground as the gateway to the Pocono Mountains, which offers spectacular scenery and an abundance of outdoor recreational opportunities including downhill skiing. There are a number of parks, trails and historic landmarks that dot the metro area. For those who enjoy a nature trail atmosphere, the Lackawanna River Heritage Trail offers a nice environment for walking and biking and connects to other portions of Scranton's 70-mile trail system. Scranton's low crime rate and low cost of living make it a popular place for families, while the vital, healthy downtown is a magnet for millennials.

DEMOGRAPHICS

| POPULATION | 3 Mile | 5 Mile | 10 Mile |
|-----------------------------|--------|---------|---------|
| Estimated Population (2019) | 59,447 | 136,012 | 199,822 |
| Census Population (2010) | 58,872 | 135,004 | 197,636 |
| Projected Population (2024) | 59,853 | 136,731 | 201,089 |
| HISTORICAL ANNUAL GROWTH | | | |
| 2000-2010 | -0.07% | -0.02% | 0.02% |
| 2010-2019 | 0.11% | 0.08% | 0.12% |
| PROJECTED ANNUAL GROWTH | | | |
| 2019-2024 | 0.14% | 0.11% | 0.13% |
| HOUSEHOLDS | 3 Mile | 5 Mile | 10 Mile |
| Estimated Households (2019) | 24,339 | 55,223 | 81,236 |
| Census Households (2010) | 24,138 | 54,892 | 80,464 |
| Projected Households (2024) | 24,492 | 55,496 | 81,704 |
| HISTORICAL ANNUAL GROWTH | | | |
| 2000-2010 | -0.21% | -0.11% | 0.07% |
| 2010-2019 | 0.09% | 0.07% | 0.10% |
| PROJECTED ANNUAL GROWTH | | | |
| 2019-2024 | 0.13% | 0.10% | 0.11% |

| 2019 POPULATION BY RACE | 3 Mile | 5 Mile | 10 Mile |
|---------------------------|-----------|-----------|-----------|
| White | 82.0% | 79.9% | 83.1% |
| Hispanic | 9.0% | 10.1% | 8.7% |
| Black or African American | 4.3% | 4.4% | 3.6% |
| Asian | 3.2% | 4.3% | 3.4% |
| 2019 AGE BY GENDER | 3 Mile | 5 Mile | 10 Mile |
| MEDIAN AGE | | | |
| Male | 40.40 | 40.20 | 41.70 |
| Female | 44.50 | 44.30 | 45.40 |
| HOUSEHOLD INCOME | 3 Mile | 5 Mile | 10 Mile |
| 2019 Average | \$63,215 | \$65,561 | \$69,169 |
| 2019 Median | \$45,510 | \$46,015 | \$50,189 |
| VALUE OF HOUSING UNITS | 3 Mile | 5 Mile | 10 Mile |
| 2019 Average | \$175,169 | \$187,111 | \$203,780 |
| 2019 Median | \$148,681 | \$156,456 | \$167,428 |

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CONTACT US

Exclusively Listed By:

IAN SCHROEDER
Senior Vice President
Investment Properties
Lic. 01497897
+1 949 438 1002
ian.schroeder@cbre.com

MELISSA LEY
Associate
Investment Properties
Lic. 01984445
+1 949 725 8617
melissa.ley@cbre.com

WILL PIKE
Vice Chairman & MD
Net Lease Properties
Lic. 276560
+1 404 923 1381
will.pike@cbre.com

CHRIS BOSWORTH
Vice Chairman & MD
Net Lease Properties
Lic. 24832
+1 404 923 1486
chris.bosworth@cbre.com

BRIAN PFOHL
Senior Vice President
Lic. 349355
+1 404 504 7893
brian.pfohl@cbre.com

Brokers of Record:

MATTHEW GORMAN
CBRE - Conshohocken, PA
Lic. 287470

MICHAEL SHOVER
CBRE - Conshohocken, PA
Lic. 297116

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