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Embree affiliates have an ownership interest in the subject property.

Exclusively Offered By



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EXECUTIVE SUMMARY

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PROPERTY & LEASE DETAILS

Offering Overview

Embree Capital Markets Group is pleased to present a build-to-suit Petco locate in Ionia, MI. This is an opportunity for an investor to acquire a well-located Petco retail store with an attractive 15-year absolute NNN lease that features 8.5% rental increases every five years.



PURCHASE PRICE

\$4,696,000



CAP RATE

6.25%



ANNUAL RENT

\$293,529



LEASE TYPE

ABSOLUTE NNN

THE OFFERING

Address

2731 S State Rd.
Ionia, MI 48846

Tenant

Petco Animal Supplies Stores, Inc.

Guarantor

Petco Animal Supplies Stores, Inc.

SITE DESCRIPTION

Year Built

2023

Building SF

Approx. 10,900 SQFT

Lot Size

Approx. 1.44 Acres

INVESTMENT SUMMARY

Asset Class

Single-Tenant Retail

Ownership Interest

Fee Simple

Monthly Rent

\$24,461

Rent Commencement

07.07.2023

Lease Expiration

07.31.2038

Lease Term

15-Years

Renewal Options

Five, 5-Year

Lease Escalations

8.5% Every 5-Years

ROFR

None

EstoppeL

30-Day Turnaround

- 13,000+ Vehicle Traffic Counts Per Day
- Strong Retail Location (Farm Depot, Walmart Supercenter, Meijer, & More)
- 38,000+ Population Within 10-Miles

AREA OVERVIEW

Ionia, MI.

Ionia is a charming city located in the western part of Michigan, United States. Situated in Ionia County, it serves as the county seat and is approximately 34 miles west of the state capital, Lansing. The city is situated along the banks of the Grand River, which flows through the city, providing scenic views and recreational opportunities. The city is surrounded by rolling hills, fertile farmland, and natural beauty, creating a picturesque backdrop. The population of Ionia was around 11,400 people in 2021. It is a relatively small city, known for its tight-knit community and friendly atmosphere.

Ionia's economy is diverse and includes sectors such as manufacturing, healthcare, education, and agriculture. The city is home to several industrial and manufacturing facilities, which contribute to local employment opportunities.

Outdoor enthusiasts can explore the Ionia State Recreation Area, located just south of the city. The recreation area encompasses over 4,500 acres and offers activities such as camping, hiking, fishing, hunting, and boating. There are also parks and trails within the city limits, providing residents with ample opportunities to enjoy nature and stay active.



COMPANY OVERVIEW



Investment Summary

Company Type	(NYSE: WOOF)
2021 Revenue	\$5.8+ Billion
YoY Revenue Growth	\$18%
2021 Adjusted EBITDA	\$591 Million
YoY Adjusted EBITDA	22%
Store Count	1,500+
Employees	28,000+
Total Active Customers	24.1+ Million
Website	www.Petco.com

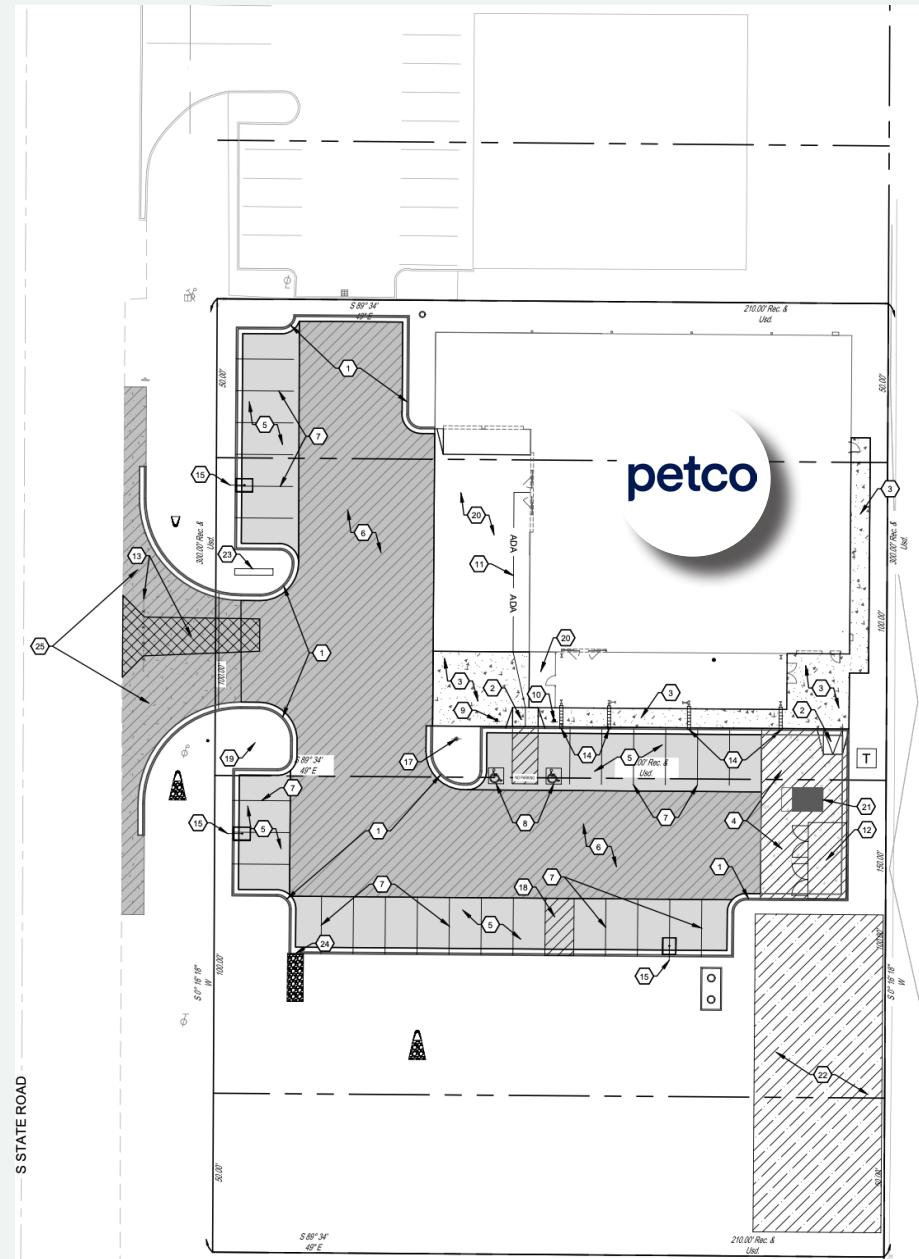
- The significant work Petco has done over the last four years to retool Petco positioned us well in 2021, delivering 18% revenue growth for the year with overall share gains in food, in digital and in veterinary services.
- More than 54% of pet parents are looking for a one-stop-shop for their pet's needs.
- The total pet merchandise category is \$72 billion, projected to grow at a 7% CAGR to 2025.
- In 2021, Petco added millions of net new customers, bringing their total active customer count to 24.1 million at the end of fiscal 2021. 2021 revenue grew 18% to \$5.8 billion, the highest in company history. For the fourth quarter of 2021, revenue grew 13% with comparable sales up 14%, or 30% on a 2-year stack with strength in transactions and average basket trends. Adjusted EBITDA¹ outpaced revenue growth for the year, up 22% to \$591 million.
- This year Petco saved nearly 400,000 pet lives, and in partnership with Merck, Petco distributed over half a million free vaccines to under-resourced communities as part of their 1 million free vaccines commitment.
- More than 1,500 pet care centers in the U.S., Mexico and Puerto Rico, their digital channel, and their flexible fulfillment options.
- As of January 29, 2022, Petco operated 197 full service veterinary hospitals with planned expansion to approximately 900 hospitals over time.
- The U.S. pet care industry is large and growing, serving millions of households with pets, and represented a total addressable market of \$119 billion in 2021.
- Petco Love, formerly the Petco Foundation, is a nonprofit organization that is changing lives by making communities and pet families healthier, stronger, and closer. It is a separately incorporated 501(c)(3) nonprofit organization supported both by contributions from us and contributions from Petco customers and community partners.
- Comparing fiscal 2021 and fiscal 2020, Petco achieved the following results: (1) an increase in net sales from \$4.92 billion to \$5.81 billion, representing period-over-period growth of 18.0%; (2) comparable sales growth of 18.9%; (3) an increase in operating income from \$194.4 million to \$266.1 million, representing period-over-period growth of 36.9%; (4) an improvement in net cash flows provided by operating activities from \$268.6 million in fiscal 2020 to \$358.2 million in fiscal 2021.
- Net sales increased \$886.9 million, or 18.0%, to \$5.81 billion in fiscal 2021 compared to net sales of \$4.92 billion in fiscal 2020, driven by a 18.9% increase in their comparable sales.
- In fiscal 2021, pet care center merchandise delivered growth of 15.4% with higher retail traffic and strong growth in all major categories, including consumables, supplies, and companion animals. Their e-commerce and digital sales increased 21.1% from fiscal 2020 to fiscal 2021, reflecting their expanded brand assortment, enhanced personalization and extended fulfillment options.
- Petco Health and Wellness Company, Inc. (together with its consolidated subsidiaries, the "Company") is a category-defining health and wellness company focused on improving the lives of pets, pet parents, and its own partners with 1,433 pet care centers in 50 states, the District of Columbia and Puerto Rico as of January 29, 2022.

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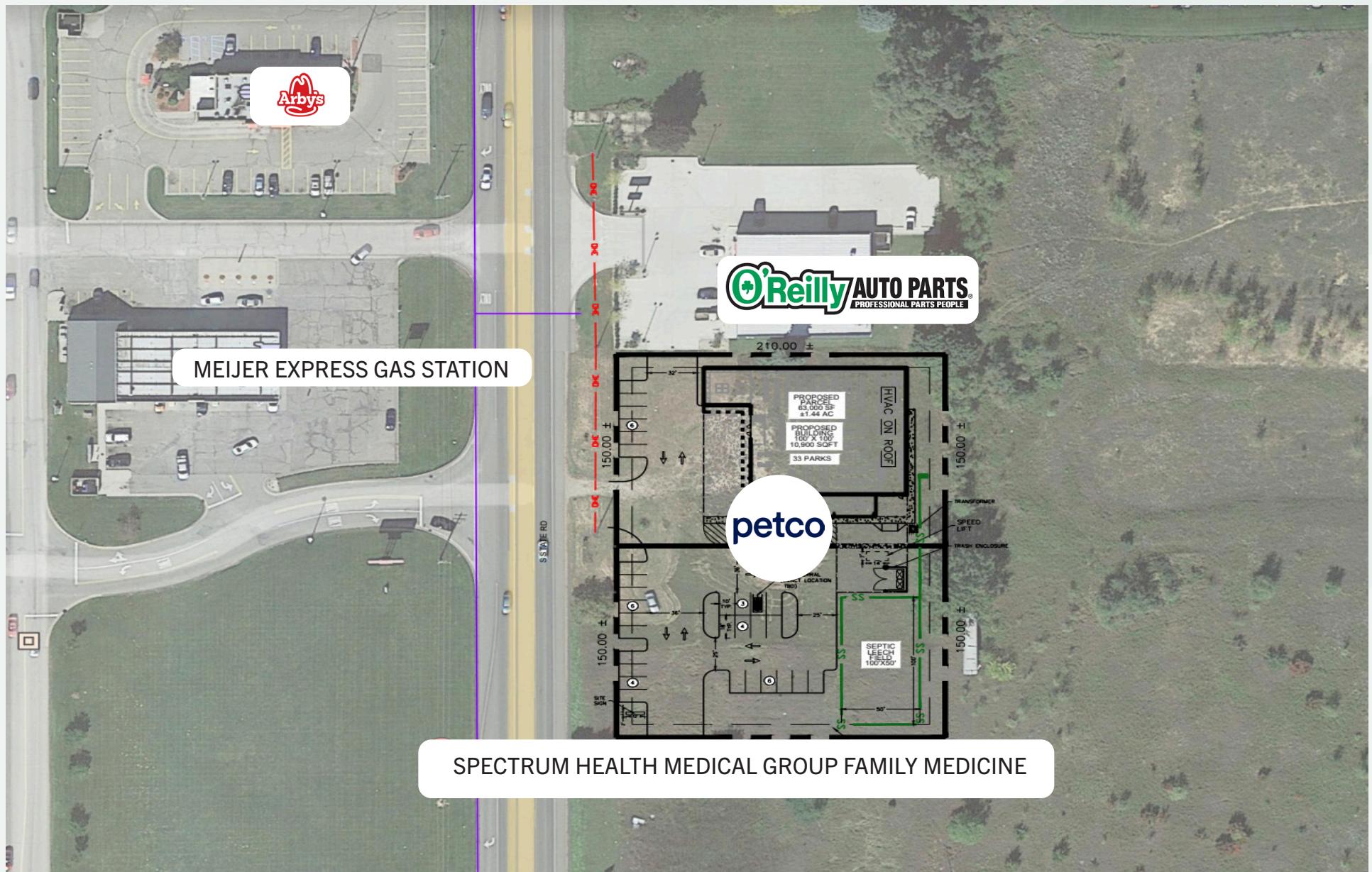
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SITE PLAN



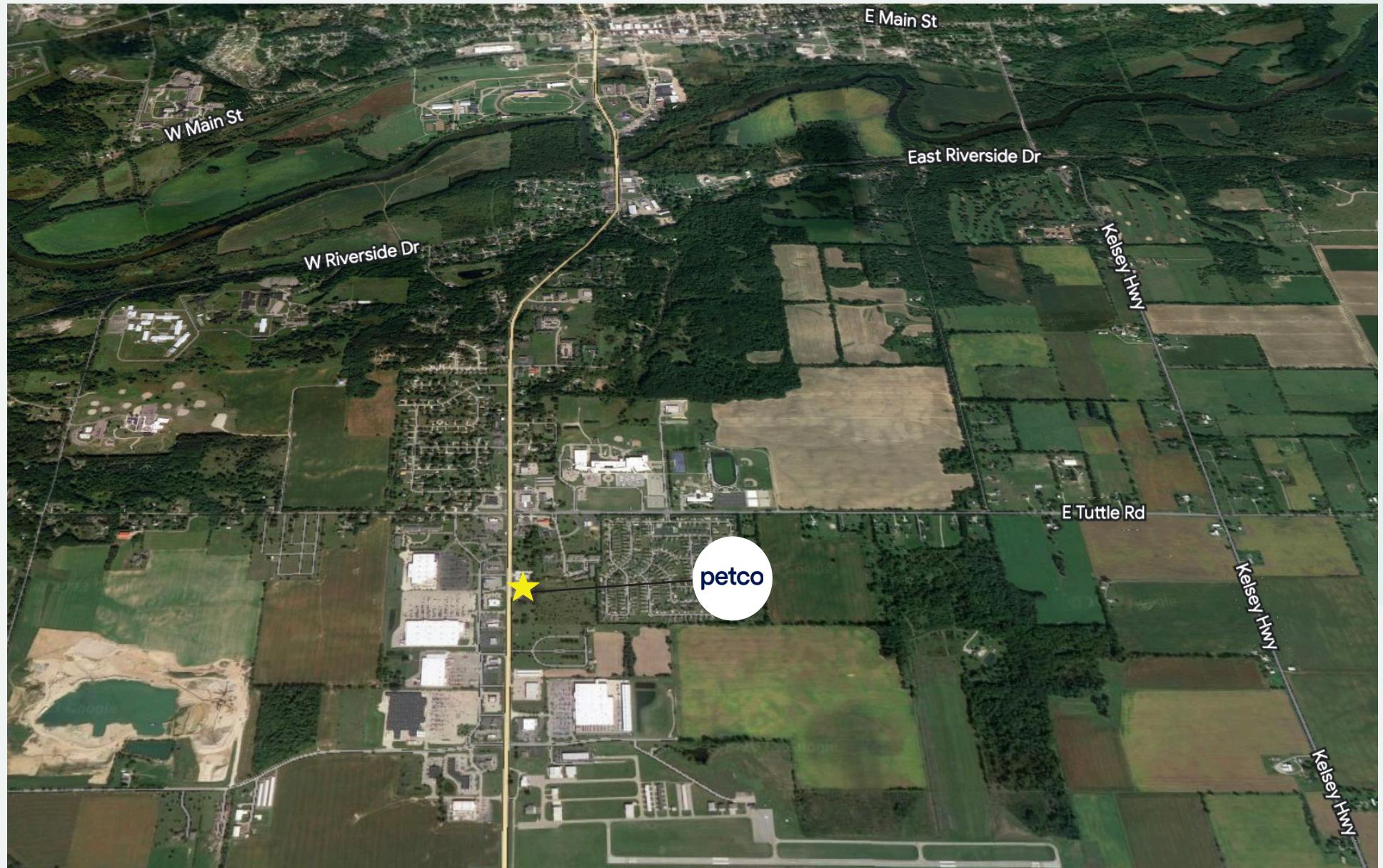
SITE AERIAL



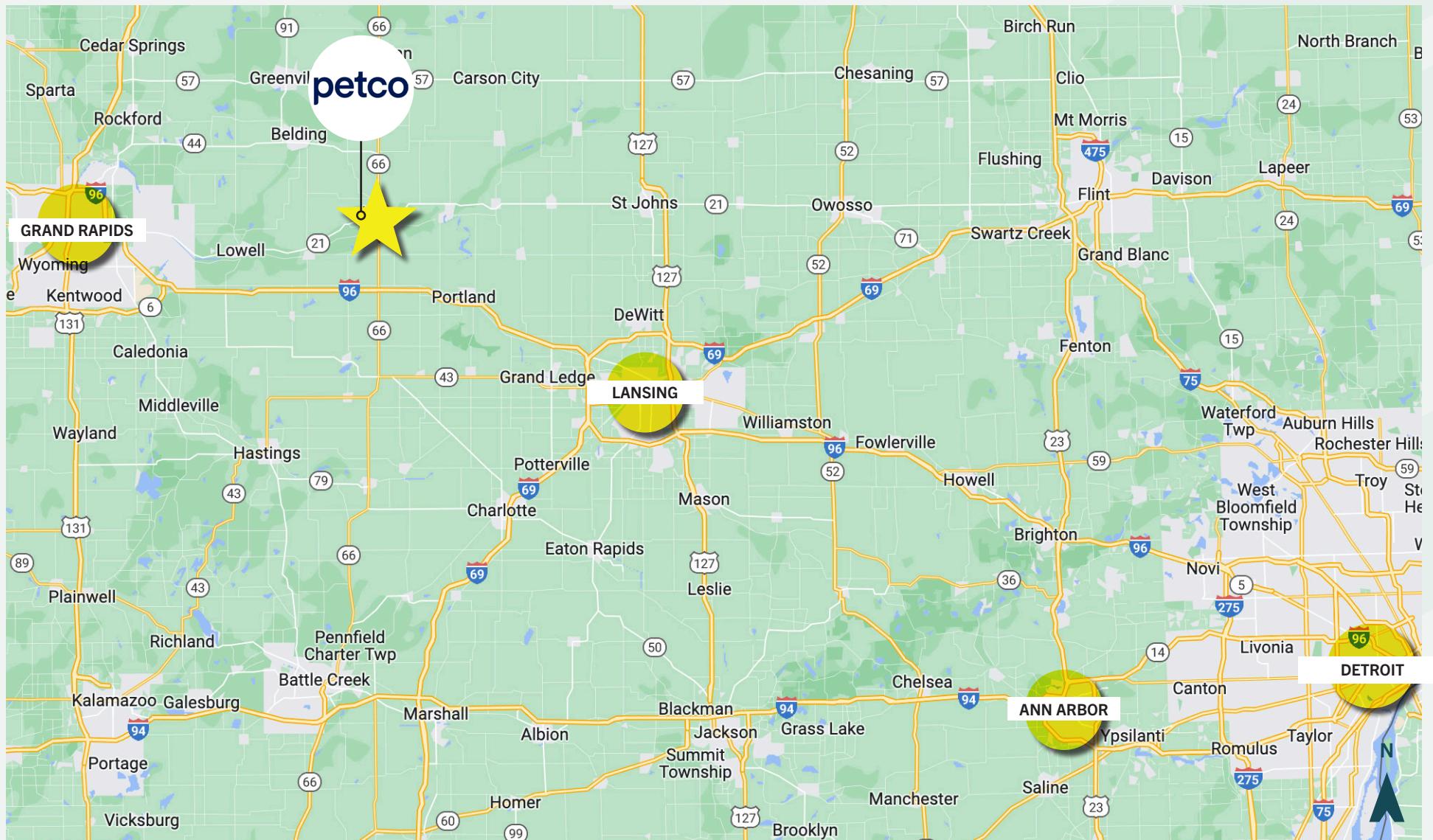
SURROUNDING AERIAL



LOCATION



LOCAL CONTEXT



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ANALYTICS

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DEMOGRAPHIC ANALYSIS



POPULATION	3 MILE	5 MILES	10 MILES
2028 Projection	14,994	20,539	40,033
2023 Estimate	14,508	19,822	38,497



HOUSEHOLDS

2028 Projection	3,929	6,014	13,321
2023 Estimate	3,753	5,750	12,750



AVG. HOUSEHOLD INCOME

Average Household Income	\$62,328	\$64,033	\$70,020
Less than \$25,000	878	1,237	2,159
\$25,000 - \$50,000	954	1,433	3,022
\$50,000 - \$75,000	754	1,186	2,707
\$75,000 - \$100,000	425	750	2,120
\$100,000 - \$125,000	405	620	1,276
\$125,000 - \$150,000	188	256	728
\$150,000 - \$200,000	129	236	584
More than \$200,000	20	33	153

ABOUT EMBREE GROUP

Embree Group provides nationwide turnkey real estate services, specializing in build-to-suit development, design/build, general construction, program management, and capital markets for specialty retail, financial, automotive, restaurant, healthcare and senior living facilities. Embree's fully integrated, in-house services allow us to become an extension of the client's organization. Since 1979, Embree's foundation has been built on developing tailored programs for 350+ national clients. The firm is headquartered near Austin, Texas, with regional offices located in the Dallas-Fort Worth area. Over the past 46 years, Embree's executive team has developed, built, or transacted more than 20,000 assets in all 50 states, Puerto Rico, and Canada with a total market value in excess of \$14 billion.

Contact Details

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CAPITAL MARKETS