



EMBREE
CAPITAL MARKETS

Petco

2450 W Cumberland St. Dunn, NC 28334

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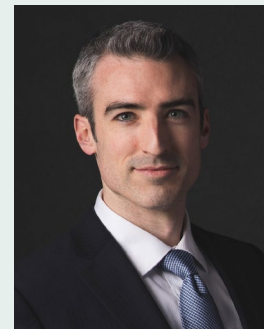


KLINTON LEWIS

DIRECTOR OF BROKERAGE

📞 512.819.4729 📠 512.630.9758

KLewis@EmbreeGroup.com



JOSIAH BYRNES

PRESIDENT

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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 Dunn, NC. 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

\$4,750,000



CAP RATE

6.00%



ANNUAL RENT*

\$284,887



LEASE TYPE

ABSOLUTE NNN

THE OFFERING

Address	2450 W Cumberland St. Dunn, NC 28334
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. 1.67 Acres

INVESTMENT SUMMARY

Asset Class	Single-Tenant Retail
Ownership Interest	Fee Simple
Monthly Rent	\$23,331
Rent Commencement**	08.23.2023
Lease Expiration	08.23.2038
Lease Term	15-Years
Renewal Options	Five, 5-Year
Lease Escalations	8.5% Every 5-Years
ROFR	None
Estoppel	30-Day Turnaround

*Rent Subject to Reconciliation Upon Construction Completion

**Substantial Completion Scheduled to take place on 7/14/2023, Store Opening is Scheduled to Take Place 8/23/2023, Dates are Subject to Change. Rent Commencement to Take Place the Earlier of 1.) Store Opening Date or 2.) 30-Days After Substantial Completion

AREA OVERVIEW

Dunn, NC

Dunn, North Carolina is a city located in the central part of the state. It is situated in Harnett County and has a population of approximately 9,000 residents. Dunn is known for its rich history and charming small-town atmosphere. The city of Dunn is conveniently located along Interstate 95, which makes it easily accessible for travelers passing through the area. It is about 40 miles south of Raleigh, the state capital, and about 65 miles east of Fayetteville.

One notable aspect of Dunn is its historic downtown district. The downtown area is lined with well-preserved buildings that date back to the late 19th and early 20th centuries. Visitors can stroll along the streets and admire the architectural beauty of these structures, which now house a variety of local businesses, restaurants, and shops. The city is surrounded by the picturesque landscapes of rural North Carolina, characterized by rolling hills, farmland, and forests.

Dunn also hosts various community events throughout the year, including festivals, parades, and concerts. In terms of amenities, Dunn offers a range of services and facilities, including schools, healthcare centers, shopping centers, and dining options. Overall, Dunn, NC is a charming city that combines a rich historical heritage with a friendly community atmosphere. It is a place where residents can enjoy a relaxed lifestyle while still having access to essential services and nearby natural beauty.



COMPANY OVERVIEW

petco



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.

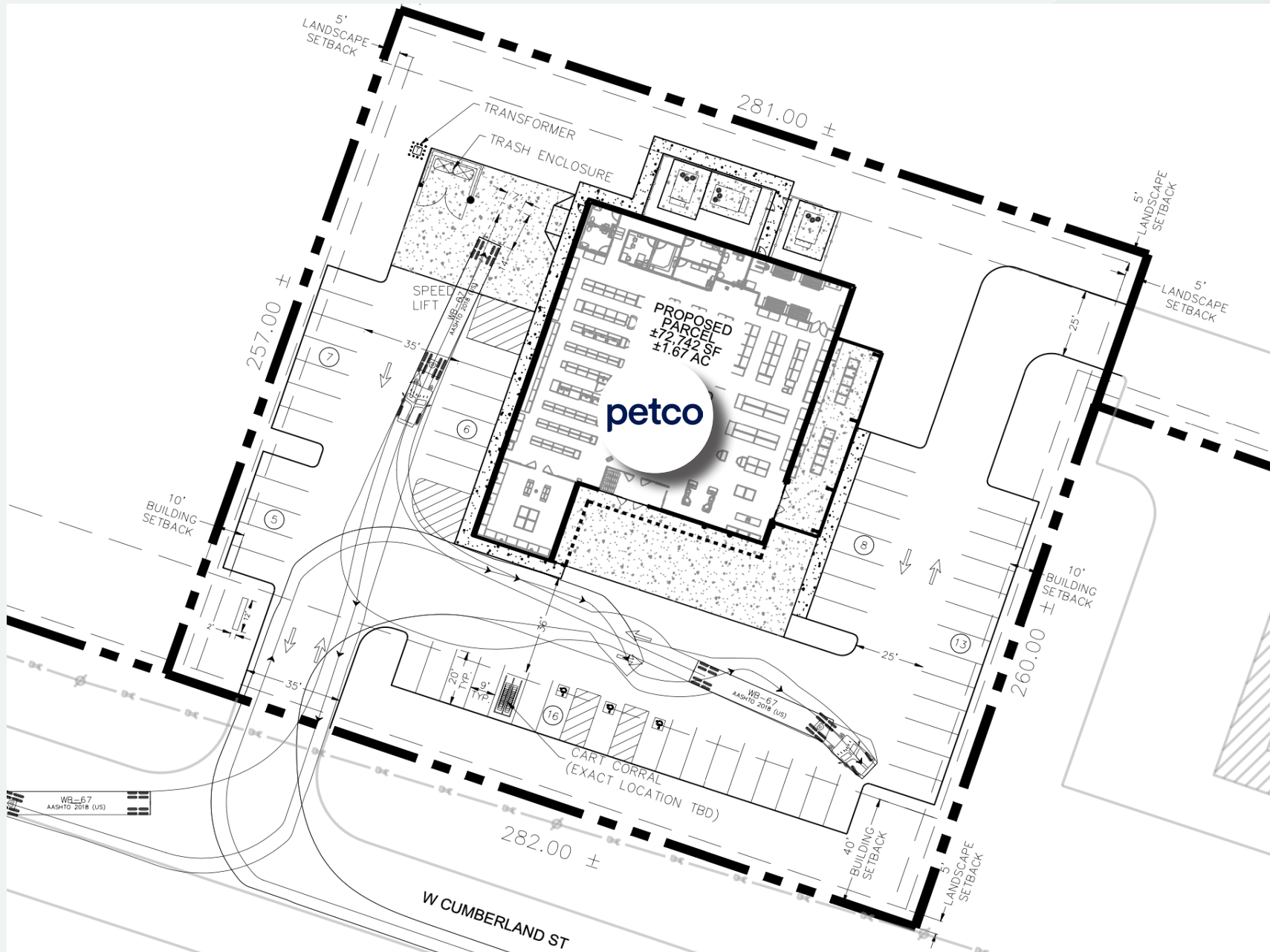
- Comparing fiscal 2021 and fiscal 2020, Petco achieved the following results: (1) an increase in net sales from \$4.92 billion to \$5.81 billion, representing period-over-period growth of 18.0%; (2) comparable sales growth of 18.9%; (3) an increase in operating income from \$194.4 million to \$266.1 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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MAPS & AERIALS

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SITE PLAN



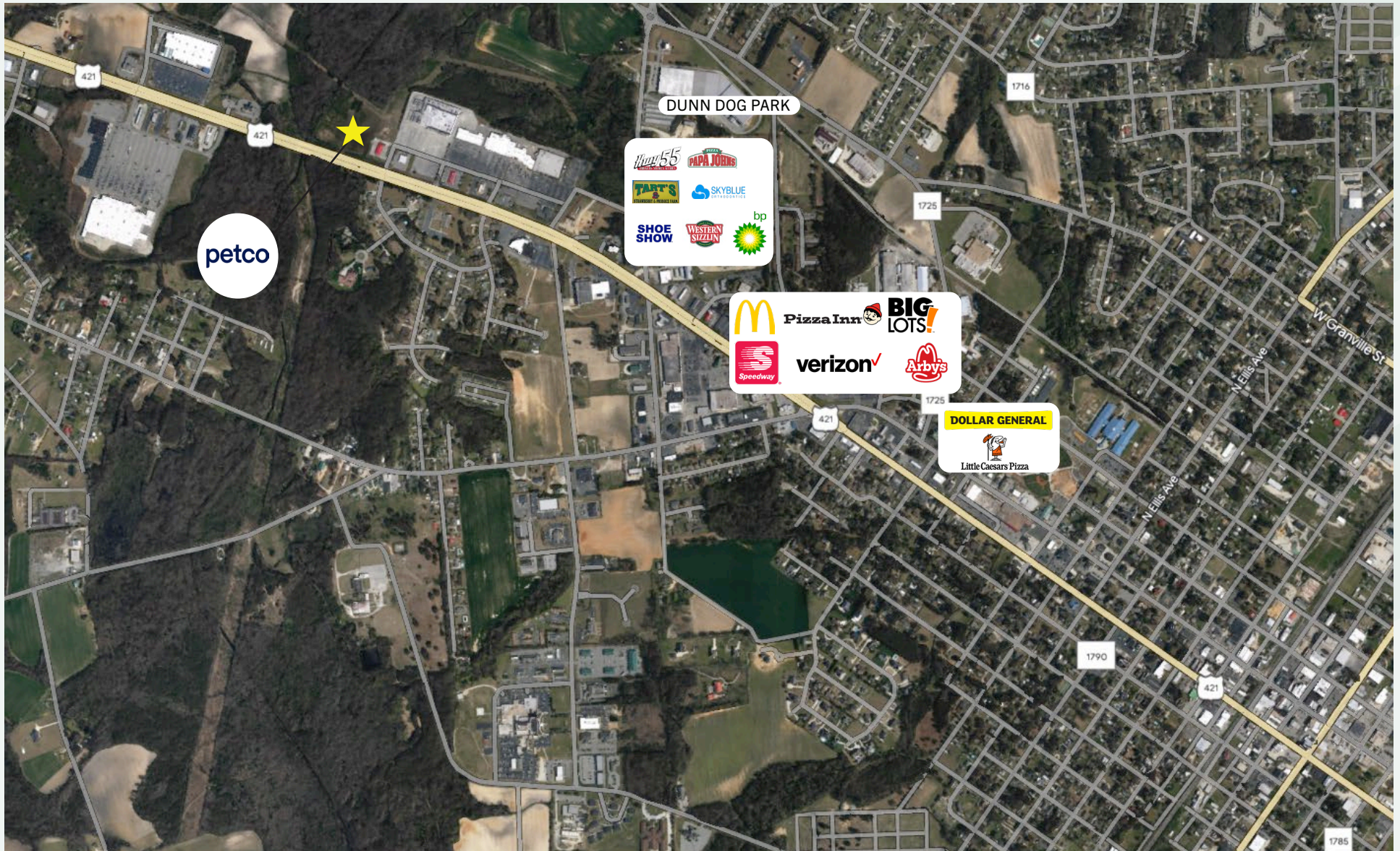
SITE AERIAL



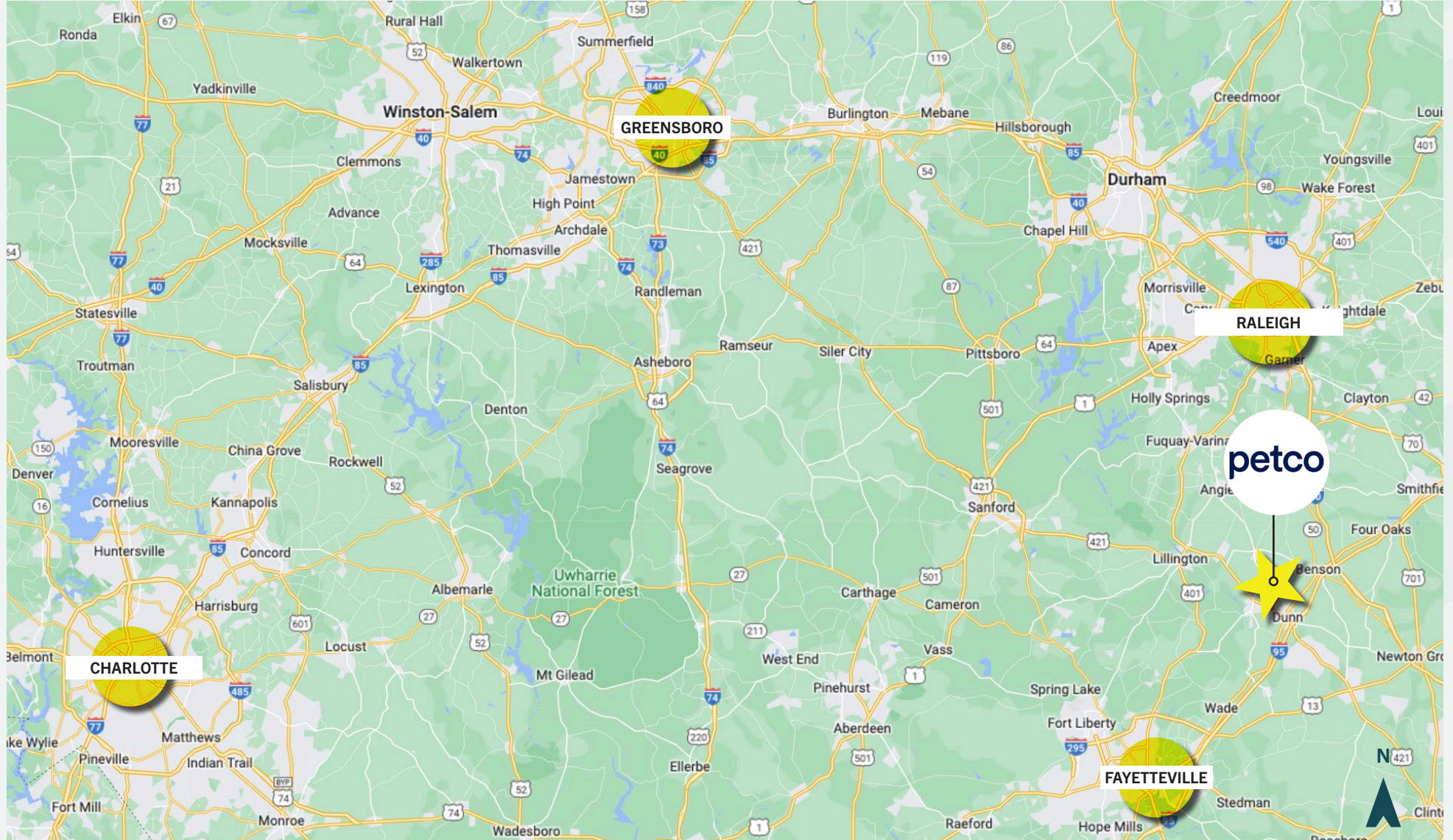
SURROUNDING AERIAL



LOCATION



LOCAL CONTEXT



FAYETTEVILLE (30 MILES) RALEIGH (40 MILES), GREENSBORO (95 MILES), CHARLOTTE (180 MILES)

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ANALYTICS

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DEMOGRAPHIC ANALYSIS



POPULATION	3 MILE	5 MILES	10 MILES
2028 Projection	15,332	20,553	56,637
2023 Estimate	15,651	20,997	56,313



HOUSEHOLDS			
2028 Projection	6,387	8,471	21,658
2023 Estimate	6,517	8,648	21,499



AVG. HOUSEHOLD INCOME			
Average Household Income	\$50,560	\$52,249	\$57,570
Less than \$25,000	2,323	3,006	6,422
\$25,000 - \$50,000	1,741	2,255	6,010
\$50,000 - \$75,000	1,126	1,494	3,640
\$75,000 - \$100,000	563	774	2,106
\$100,000 - \$125,000	356	548	1,507
\$125,000 - \$150,000	160	213	780
\$150,000 - \$200,000	183	259	570
More than \$200,000	67	100	463

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 Phoenix, AZ and the Dallas-Fort Worth area. Over the past 43 years, Embree's executive team has developed, built, or transacted more than 15,000 assets in all 50 states, Puerto Rico, and Canada with a total market value in excess of \$14 billion.

Contact Details

For more information about this listing, please contact:

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O 512.819.4729 M 512.630.9758



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