

1513 WALNUT

INVESTMENT SUMMARY

*A WORLD-CLASS RETAIL
INVESTMENT OPPORTUNITY*



CBRE

INVESTMENT SUMMARY

1513

WALNUT



THE OFFERING

CBRE Inc. has been retained as the exclusive agent of the Owner (“Owner”) to effect the disposition of 1513 Walnut Street (“1513 Walnut” or “Property”), a newly renovated, Core-Quality, High Street retail opportunity located on Rittenhouse Row, Philadelphia’s premier retail corridor. 1513 Walnut is a 4 level, 14,100 SF building that was completely renovated in 2012.

The Property’s Tenant is Brooks Brothers, the United States’ oldest men’s wear retailer. Brooks Brothers has 11 years of remaining lease term and has been a tenant in this location since 1996. In 2012, Brooks Brothers completed a complete renovation of the building at a cost in excess of \$5.5 Million, demonstrating tremendous commitment to this location. Brooks Brother’s current lease payment is \$650,000 NNN annually, with a scheduled increase in 2021 to \$700,000. At a current rent of less than \$50 per SF, 1513 Walnut Street has a rental rate that is significantly under market, with rental rates as high as \$225 per SF being achieved in nearby properties.

Located in the 1500 block of Walnut Street, considered to be one of the best retail blocks in Center City, 1513 Walnut is part of Rittenhouse Row, Philadelphia’s premium retail corridor. Rittenhouse Row stretches along Walnut Street from Broad Street to 18th Street and Rittenhouse Square.

Benefiting from its location amongst the city’s best residential and office locations in the CBD, this area of Walnut Street consistently attains the highest retail rents in the region.

As testament to its premier location, nearby retailers on Walnut Street include Apple, Deisel, North Face, Luluman Athletica, True Religion, Lucky Brand, Urban Outfitters, and Cole Haan. With 38 feet of frontage along Walnut Street, 1513 Walnut is one of only a handful of retail spaces of more than 10,000 SF on Rittenhouse Row. Overall, this offering represents an extremely rare opportunity to acquire a jewel-box retail asset in the best and most desirable retail destination in the City of Philadelphia, occupied by an internationally renown retailer on a NNN basis with 11 years of remaining term, at a significant discount to its intrinsic value due its tenant’s demonstrably below market rental rate.



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PROPERTY SUMMARY

Property	1513 Walnut Street, Philadelphia, PA
SF	14,100 SF
Stories	2 stories plus mezzanine and basement
Year Built/Renovated	1927/2012
% Leased	100%
Tenant	Brooks Brothers
Lease Term	10 years (thru August 2026)
Financing	Free & Clear of existing debt
Year 1 NOI	\$650,000



INVESTMENT HIGHLIGHTS

Core Urban Retail

Unique opportunity to control a 14,100 SF block of retail space on Walnut Street with a top retailer in place for the next 11 years. With 100% of 1513 Walnut Street's Income provided by the Brooks Brothers' NNN lease, 1513 Walnut Street is a Core urban retail investment opportunity.

Irreplaceable Location

Rittenhouse Row is the best retail location in the region. It has immediate access to over 25 Million SF of office and a dense and affluent residential population with an average pedestrian count of over 2,000 people per hour. Rental rates as high as \$225 per SF have been achieved in this 4 block corridor.

Best of Breed Tenant

Brooks Brothers is America's best known men's clothing retailer. Founded in 1818, Brooks Brothers is one of America's oldest retailers. The private company is headquartered in Manhattan and owned by Retail Brand Alliance. As of 2012, there were 210 Brooks Brothers stores in the United States and 70 in other countries.



Located At The Epicenter Of Center City Philadelphia's On Going Residential Resurgence

In 2014, 974 new units have been completed with another 2,421 new housing units under construction, along with another 6,000+ units in planned development. 1513 Walnut Street is at the heart of this wave of development. Three of the most noteworthy recent completions that stabilized quickly are 1616 Walnut Street, a residential conversion one block west on Walnut Street of 206 units, The Sansom at 1605 Sansom Street, one block from the Property, which is 104 units of new residential construction and 2116 Chestnut Street, a 321 unit development, a few blocks West of the Property. New residential projects are leasing-up quickly while achieving record-setting rental rates, indicating both the desire to live in Center City and the excellent demographics of residents in the area.

The core of Center City Philadelphia has a population of 61,896 organized into 37,184 households, with an average household income of \$107,510. The core of Center City's population increased by 16.3% between 2000 and 2010 with forecasted population growth expected to accelerate due to new residential projects delivered and under construction.

Scarcity

Investment opportunities are rare on the premier blocks of Walnut Street. 1513 Walnut Street will represent one of the very few offerings on Philadelphia's most prestigious street in 2015.

Free and Clear of Existing Financing

The Property is being offered free and clear of existing financing, allowing a buyer to take advantage of the current extremely aggressive lending options in the debt market.

Excellent Remaining Lease Term

1513 Walnut Street is leased until August 2026. Brooks Brothers has demonstrated tremendous commitment to this location, occupying the space continuously since 1996, and completing a complete \$5.5 Million+ renovation in 2012.

Imbedded Long Term Value

Brooks Brothers's lease rate of approximately \$50 per SF is significantly below market, by at least 30%. Acquiring 1513 Walnut Street will create outstanding long term value, as eventually the owner will be able to roll Brooks Brothers to market or re-tenant the Property. Additionally, 1513 Walnut Street is zoned CMX-5, Philadelphia's densest zoning classification, allowing 1200% to 1600% FAR by right. Long term, redevelopment of the Property including further vertical development could add additional value.

RITTENHOUSE ROW

Rittenhouse Row is Philadelphia's premier retail destination. This stretch of Walnut Street is named for world famous Rittenhouse Square, which forms Rittenhouse Row's western boundary. Rittenhouse Row contains four prime retail blocks from 18th Street to Broad Street. Key tenants on this stretch in addition to Brooks Brothers include Apple, H&M, Zara, Ann Taylor, Ulta, Urban Outfitters, Anthropologie, Steve Madden, Armani, Guess, Lululemon Athletica, Cole Haan, Kenneth Cole, Puma, The North Face and other top retailers. There is fine dining such as Del Frisco's, the Palm, and Butcher and Singer; and casual fare such as Chipotle Grill, Qdoba and Le Pain Quotidien. The strength of the retail environment is illustrated by the redevelopment of the southeast corner of 15th and Walnut, currently under construction, which will house a new three story retail building with The Cheesecake Factory taking a second floor space, as well as multiple first floor tenants including Verizon at a reported rental rate of \$225 NNN PSF.

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