



# Kmart - Sanford, NC

2515 S. HORNER BOULEVARD :: SANFORD, NC 27332

Capital Markets | National Retail Investment Group

Atlanta :: Boston :: Charlotte :: Chicago :: Dallas :: Miami :: Newport Beach :: Washington, D.C.

**CBRE**





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## EXECUTIVE SUMMARY

### THE OFFERING

CBRE's National Retail Investment Group is pleased to offer for sale a free standing 87,543 square foot Kmart located in Sanford, North Carolina. The property consists of 8.25 acres located at the intersection of South Horner Boulevard and East Main Street. Kmart has strong and growing sales at the site with a very low occupancy cost.

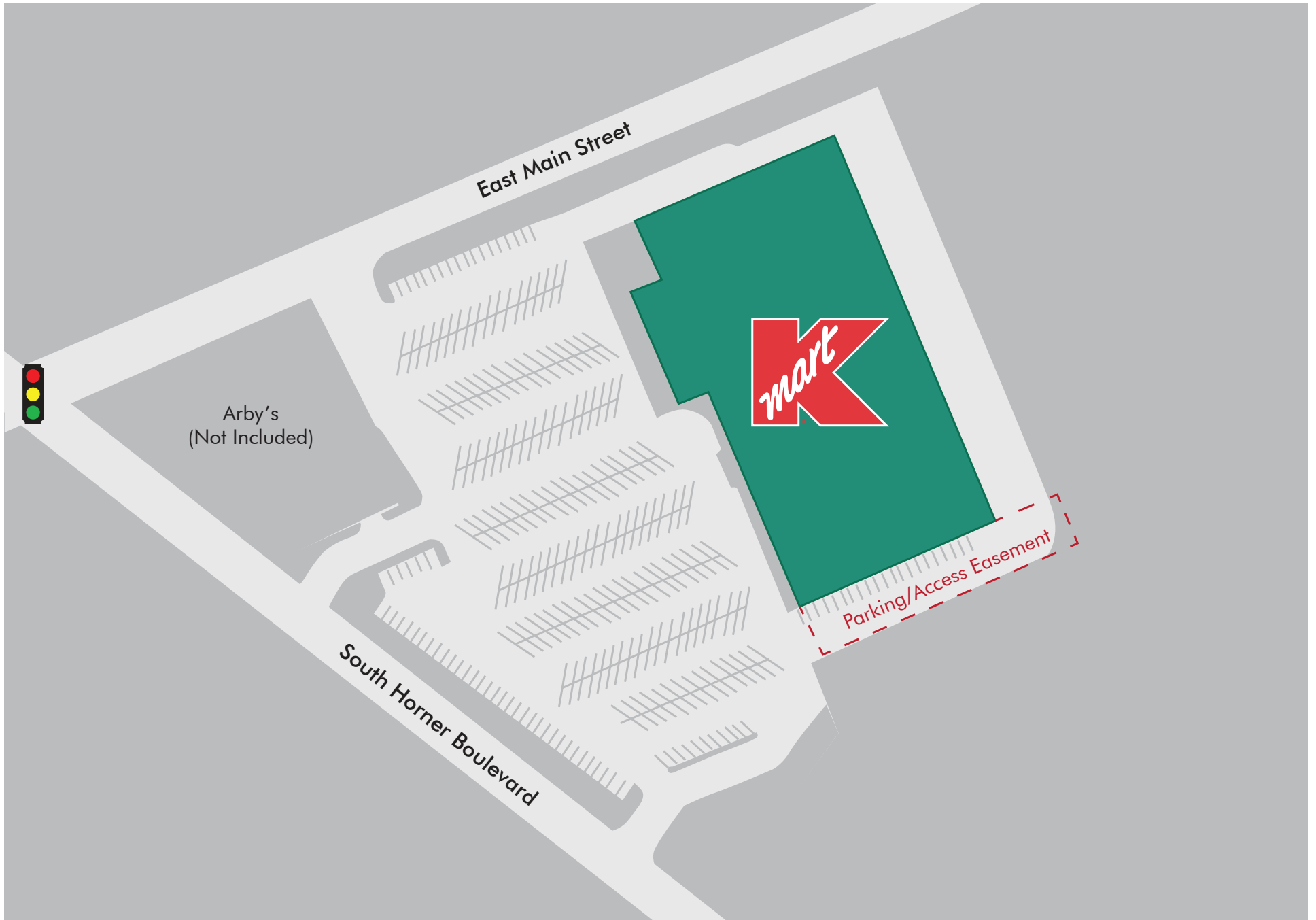
### INVESTMENT HIGHLIGHTS

- **Main & Main Location:** The property is located at one of the primary intersections in the heart of Sanford's growing retail market. Nearby retailers include Lowe's Home Improvement, Food Lion, Walmart Supercenter, Piggly Wiggly, Tractor Supply, Big Lots, Walgreens and Burkes Outlet.
- **Strong Kmart Sales:** Kmart has a history of strong sales performance at the location with 2012 sales of \$11,584,436. This represents an 17% increase since 2008.
- **Prominent Frontage:** The property has 549 feet of frontage and two entry points on South Horner Boulevard and 632 feet of frontage and one entry point on East Main Street.
- **Growing Demographic Base:** Sanford's population is expanding due to its affordability and proximity to Raleigh and Fayetteville. The population in a seven mile radius expanded by more than 22% from 2000 to 2013 and is expected to grow an additional 6% by 2018.

### INVESTMENT SUMMARY

|                              |  |
|------------------------------|--|
| <b>Asking Price:</b>         | <b>\$2,350,000</b>                                 |
| <b>Property:</b>             | <b>Kmart</b>                                       |
| <b>Location:</b>             | <b>2515 South Horner Boulevard<br/>Sanford, NC</b> |
| <b>GLA:</b>                  | <b>87,543 SF</b>                                   |
| <b>Occupancy:</b>            | <b>100%</b>  |
| <b>Year Built:</b>           | <b>1979, Expanded 1991</b>                         |
| <b>Site Size:</b>            | <b>± 8.25 acres</b>                                |
| <b>Parking Spaces:</b>       | <b>± 374 Spaces<br/>4.27 per 1,000 sf GLA</b>      |
| <b>Existing Debt:</b>        | <b>None</b>  |
| <b>Lease Expiration:</b>     | <b>May 31, 2015</b>                                |
| <b>Base Rent:</b>            | <b>\$224,394</b>                                   |
| <b>Option Periods:</b>       | <b>Eight 5-Year Options</b>                        |
| <b>Option Base Rent:</b>     | <b>\$224,394</b>                                   |
| <b>Net Operating Income:</b> | <b>\$233,629</b>                                   |

SITE PLAN





AERIAL VIEW



www.SkySiteAerial.com



AERIAL VIEW TO THE EAST





AERIAL VIEW TO THE WEST





## PROPERTY DESCRIPTION

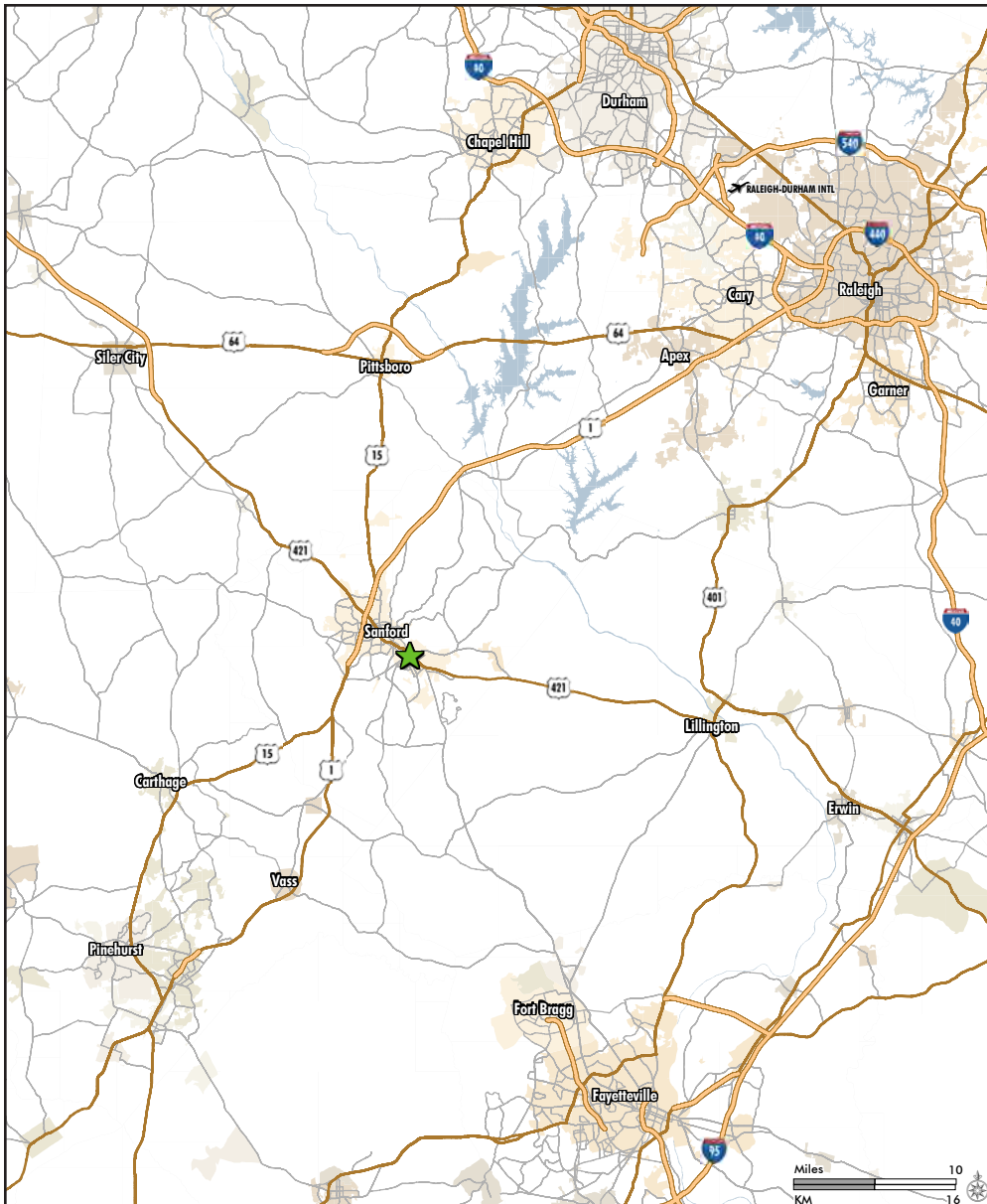
|                             |   |
|-----------------------------|---|
| <b>Location:</b>            | The property is located at the northeast corner of South Horner Boulevard (NC Hwy 421) and East Main Street in Sanford, NC  |
| <b>Address:</b>             | 2515 South Horner Blvd<br>Sanford, NC 27332<br>(Lee County)   |
| <b>Parking:</b>             | 343 regular spaces<br>10 handicapped spaces<br>21 regular spaces in easement area   |
| <b>Property ID Number:</b>  | 9652-72-3231  |
| <b>Site Size:</b>           | ±8.25 acres / ±358,499 square feet  |
| <b>Shape:</b>               | The site is irregular in shape  |
| <b>Topography:</b>          | The site is gently sloping to the south and east  |
| <b>Frontage/Visibility:</b> | The site has ±549 feet of frontage along NC Highway 421 and ±632 feet of frontage along East Main Street  |
| <b>Access:</b>              | There are a total of two access points to the shopping center off South Horner Boulevard and one from East Main Street. In addition cross easements enable access through the Arby's parcel. The intersection of South Horner Boulevard and East Main Street is fully signalized. |



|                       |  |
|-----------------------|--|
| <b>Flood Plain:</b>   | According to maps published by the Federal Emergency Management Agency (FEMA), the subject property lies within Zone X as indicated on FEMA Community Map Panel No. 3710965200J, dated September 6, 2006. Zone X is an area of minimal flooding; properties located in this zone are not required to have flood insurance. |
| <b>Zoning:</b>        | The property is zoned C-2  |
| <b>Year Built:</b>    | 1979   |
| <b>Year Expanded:</b> | 1991   |



## MARKET OVERVIEW



## Sanford, North Carolina (Columbia MSA)

The Sanford Area includes the City of Sanford, the Town of Broadway, and Lee County. With about 30,000 residents, Sanford is Lee County's largest community and the seat of government. The Sanford Area preserves the beauty and charm of its days as a small southern railway town and blends it with a modern and diverse economic base.

Sanford is fortuitously located in the geographic heart of North Carolina, with convenient access to the amenities of Raleigh and the world-renowned Research Triangle to the north, and the equally renowned golf courses and resorts of Pinehurst and Southern Pines to the south. While the moderate climate and four distinct seasons make life a pleasure year-round, for those who like even more variety, Sanford is a mere two hours from the shores of the Atlantic and just three hours from the Blue Ridge Mountains.

### ECONOMIC DEVELOPMENT - THRIVING IN LEE COUNTY

Some of the nation's best-known companies thrive in Lee County. Worldwide leaders like Moen, Wyeth, Coty, Tyson and Caterpillar all have local manufacturing or distribution facilities. Two home grown companies Frontier Spinning and Static Control Components are worldwide industry leaders created in Lee County. Static began as an entrepreneurial startup, operating out of a basement workshop. It now employs well over a thousand people in laser cartridge remanufacturing. Lee County offers worldwide access, through its solid transportation network. A world-class workforce, supported by outstanding industrial training and prepared to produce results. And an exceptional quality of life, offering the conveniences of small town life with quick and easy access to Raleigh, Durham and the rest of this famed Research Triangle region.



## MARKET OVERVIEW

### HIGHWAY ACCESS

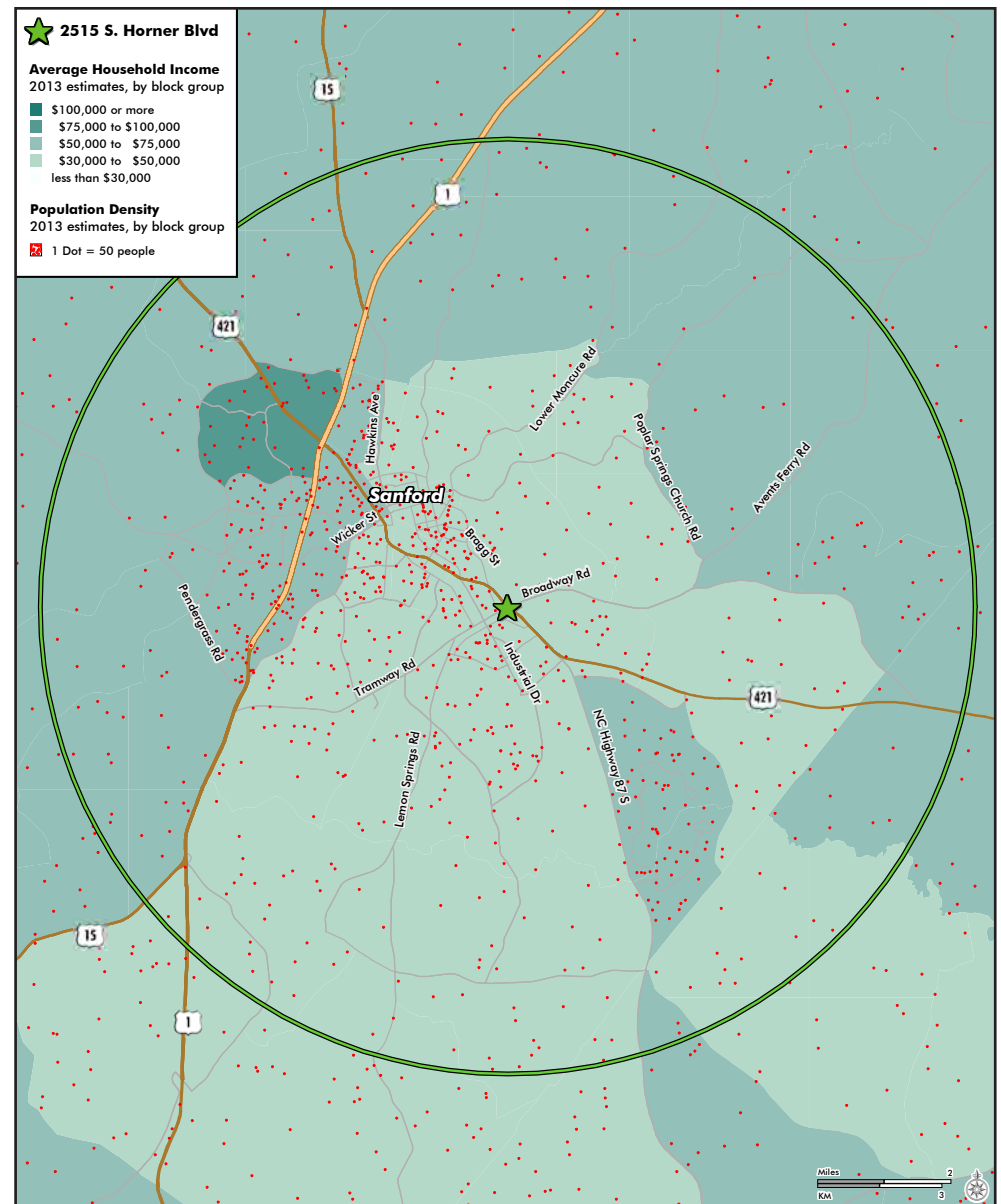
Four-lane highways move people and goods in and out of Lee County in many directions. U.S. 1, running north and south, offers quick access to Raleigh, Southern Pines and other points across the Southeast. The major thoroughfare also intersects in Sanford with U.S. Highway 421 and N.C. Highway 87, leading to Greensboro and Fayetteville. Interstates 40, 85 and 95 are a short distance away.

### EDUCATION

Lee Early College offers high school students a diploma and college associate degree in five years for free, and two public high schools provide career-oriented Huskins courses along with a full range of academic programs. Lee Christian and Grace Christian schools add to the diverse educational choices.

With its main campus in Sanford, Central Carolina Community College offers a wide array of two-year academic degrees, certificates and individual courses for more than 12,000 students enrolled in curriculum and continuing education programs. Offerings include custom-designed business and industrial training, much of it provided free of charge to companies.

The region is also home to exceptional universities, some of them among the world's best. Within about an hour's drive of Sanford are The University of North Carolina at Chapel Hill, North Carolina State University, Duke University, North Carolina Central University, Campbell University and Fayetteville State University.





## DEMOGRAPHICS

| Population                         | 3 Miles  | 5 Miles   | 7 Miles   |
|------------------------------------|----------|-----------|-----------|
| 2013 Estimated Population          | 20,173   | 39,507    | 50,898    |
| 2018 Projected Population          | 21,088   | 41,817    | 53,847    |
| 2010 Census Population             | 19,651   | 38,119    | 49,128    |
| 2000 Census Population             | 17,408   | 31,747    | 41,675    |
| Growth 2010-2013                   | 2.66%    | 3.64%     | 3.60%     |
| Growth 2013-2018                   | 4.53%    | 5.85%     | 5.79%     |
| 2013 Estimated Median Age          | 32.81    | 36.25     | 37.13     |
| 2013 Estimated Average Age         | 35.20    | 37.68     | 38.01     |
| Households                         |          |           |           |
| 2013 Estimated Households          | 7,103    | 15,087    | 19,553    |
| 2018 Projected Households          | 7,467    | 16,029    | 20,765    |
| 2010 Census Households             | 6,885    | 14,511    | 18,810    |
| 2000 Census Households             | 6,164    | 11,964    | 15,778    |
| Growth 2010-2013                   | 3.18%    | 3.97%     | 3.95%     |
| Growth 2013-2018                   | 5.12%    | 6.24%     | 6.20%     |
| 2013 Est. Average Household Size   | 2.70     | 2.55      | 2.56      |
| Income                             |          |           |           |
| 2013 Est. Median Household Income  | \$30,889 | \$39,586  | \$41,252  |
| 2018 Prj. Median Household Income  | \$30,004 | \$38,326  | \$40,028  |
| 2010 Cen. Median Household Income  | \$28,080 | \$36,287  | \$38,278  |
| 2013 Est. Average Household Income | \$40,117 | \$49,817  | \$51,757  |
| 2013 Estimated Per Capita Income   | \$14,126 | \$19,025  | \$19,883  |
| Housing                            |          |           |           |
| 2013 Estimated Housing Units       | 7,811    | 16,545    | 21,432    |
| 2013 Estimated Occupied Units      | 7,103    | 15,087    | 19,553    |
| 2013 Estimated Vacant Units        | 707      | 1,458     | 1,879     |
| 2013 Est. Owner Occupied Units     | 3,618    | 9,133     | 12,600    |
| 2013 Est. Renter Occupied Units    | 3,486    | 5,954     | 6,953     |
| 2013 Est. Median Housing Value     | \$84,592 | \$105,448 | \$106,618 |
| 2013 Est. Average Housing Value    | \$99,034 | \$127,668 | \$129,693 |

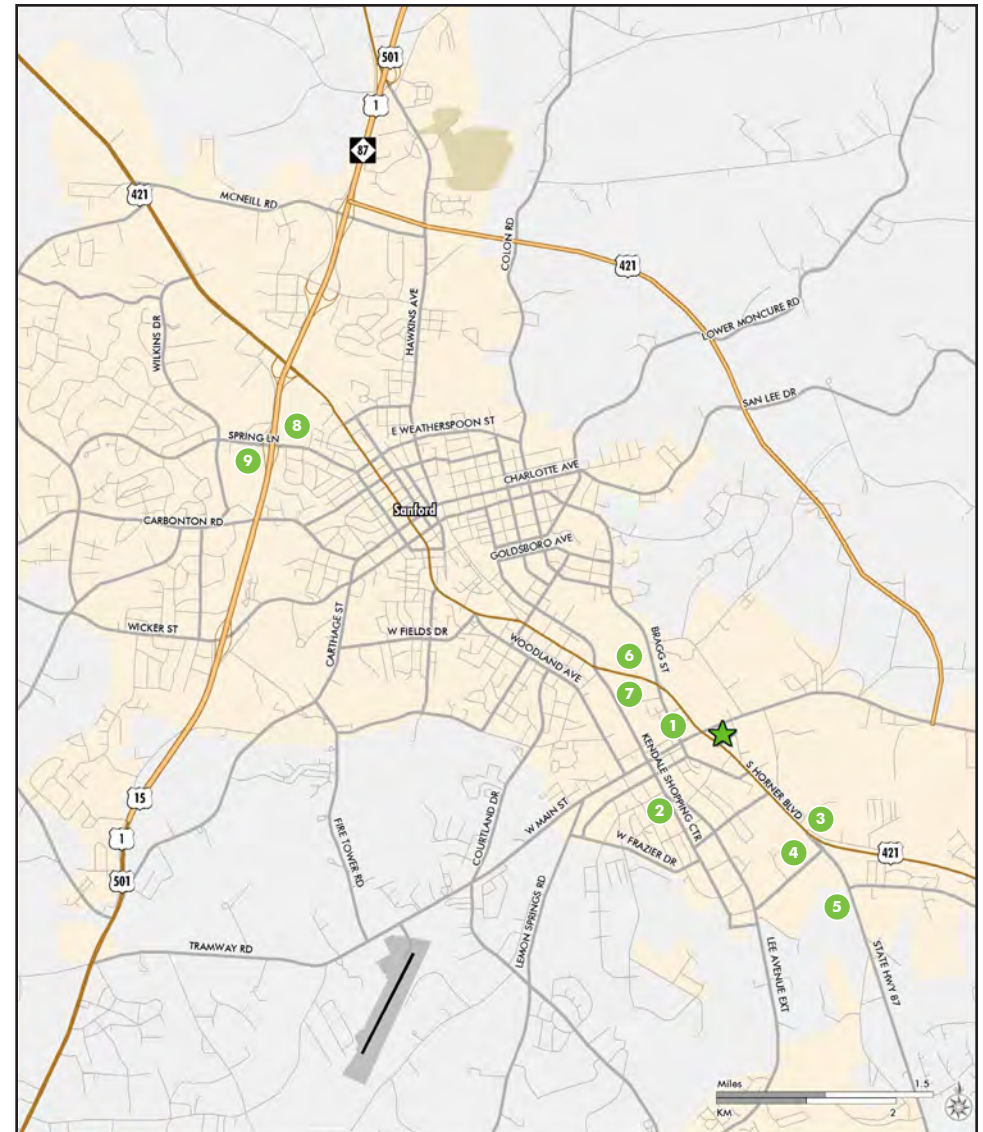
Sources: Claritas 2013





# RETAIL ALIGNMENT

| MAP NO. | Center   | Anchor Tenants   | Approx. Distance | Property Type | SF      |
|---------|--|--|------------------|---------------|---------|
| ★       | Kmart<br>2515 S Horner Blvd<br>Sanford, NC 27332                   | Kmart  | n/a              | Free Standing | 74,454  |
| 1       | Cameron Center<br>2412 S Horner Blvd<br>Sanford, NC 27332          | Piggly Wiggly  | 0.1              | Neighborhood  | 49,118  |
| 2       | Kendale Plaza<br>2570 Lee Ave<br>Sanford, NC 27332                 | Save-A-Lot, Family Dollar, Dollar General, Aarons, Goody's | 0.3              | Free Standing | 178,000 |
| 3       | Lowe's Home Improvement<br>3015 S Horner Blvd<br>Sanford, NC 27332 | Lowe's Home Improvement                                    | 0.7              | Free Standing | 115,000 |
| 4       | Southside Plaza<br>2900 S Horner Blvd<br>Sanford, NC 27332         | Food Lion, Big Lots, Tractor Supply                        | 0.7              | Community     | 172,293 |
| 5       | Shoppes at Sanford<br>Wilson Rd & Hwy 87<br>Sanford, NC 27237      | Walmart Supercenter, Burke's Outlet                        | 1.2              | Community     | 261,459 |
| 6       | Sanford Square<br>1931 S Horner Blvd<br>Sanford, NC 27330          | Food Lion, Family Dollar                                   | 0.8              | Neighborhood  | 49,450  |
| 7       | Sanford Crossing<br>1946 S Horner Blvd<br>Sanford, NC 27330        | Badcock Furniture  | 0.8              | Neighborhood  | 60,054  |
| 8       | Spring Lane Galleria<br>804 Spring Lane<br>Sanford, NC 27330       | Lowe's Foods, OfficeMax, Dollar Tree                       | 3.5              | Neighborhood  | 145,851 |
| 9       | Riverbitch Corner<br>1011 Spring Lane<br>Sanford, NC 27330         | Belk, JC Penney, Rite Aid                                  | 3.5              | Community     | 207,902 |



## LEASE ABSTRACT

### LEASE ABSTRACT - KMART CORPORATION

|                           |  |
|---------------------------|--|
| Date of Lease             | June 27, 1978  |
| Rent Commencement         | May 24, 1979   |
| Demised Premises          | Approximately 8.25 acres   |
| Building SF               | Originally 74,454 SF expanded by Tenant to 87,543 SF   |
| Permitted Use             | Any lawful purpose   |
| Original Lease Term       | Twenty (20) years  |
| Current Lease Term        | June 1, 2010 - May 31, 2015  |
| Lease Extensions          | Eight (8) remaining options of five (5) years each exercisable with not less than six (6) months notice  |
| Annual Minimum Rent       | \$224,394  |
| Option Rent               | \$224,394 through all option periods   |
| Reimbursements            | <p>Tenant shall pay all ad valorem real estate taxes and assessments which shall be levied against the taxable premises during the lease term.</p> <p>The amount, if any, by which the ad valorem real estate taxes and assessments payable hereunder exceed TWENTY NINE THOUSAND DOLLARS (\$ 29,000.00) during any lease year, shall be hereinafter referred to as an "excess tax payment". All excess tax payments shall be deductible by Tenant from Additional Rent.</p> <p>Tenant shall pay all real estate taxes and assessments assessed against any future expansion of the building. The excess tax credit provided for in Article 5 of the Lease shall not include any real estate taxes attributable to the expanded portion of the building.</p> |
| Repairs and Maintenance   | <p>Landlord is responsible for:</p> <ul style="list-style-type: none"><li>(a) All maintenance, replacement and repair to the roof, outer walls and structural portion of the building.</li><li>(b) All repairs, maintenance or replacement of underground utility installations and underground electrical conduit and wire.</li><li>(c) All repairs and replacement (exclusive of sweeping, striping and snow and ice removal) necessary to maintain all driveways, sidewalks, street and parking areas.</li><li>(a) Landlord is responsible for insurance of the common areas consisting of sidewalks, service drives, parking areas, driveways, streets, curbs, directional signs (not Tenant's pylon) and related improvements.</li></ul>                |
| Additional Rent           | <p>1% of gross sales between \$7,800,000 and \$13,000,000 plus, 0.5% of gross sales between \$13,000,000 and \$16,250,000</p> <p>For the purposes of Additional Rent, gross sales from the Tenant's expansion area are excluded.</p>   |
| Parking                   | Landlord must provide 440 parking stalls. If Tenant expands, LL is not obligated to furnish additional parking in substitution of areas thereby built over and the number of spaces required shall be reduced by the number of spaces covered by such additional buildings or structures.  |
| First Refusal to Purchase | Landlord at any time during the term of this lease receives one or more bona fide offers from third parties to purchase the demised premises or property of which the demised premises are a part, and if any such offer is acceptable to the Landlord, then Landlord agrees to notify Tenant in writing, giving the name and address of the offeror, and the price, terms and conditions of such offer, and Tenant shall have thirty (30) days from and after the receipt of such notice from Landlord in which to elect to purchase the property for the consideration contained in the bona fide offer.   |



## TENANT SUMMARY

|                           | 2012 Actuals     |
|---------------------------|------------------|
| <b>INCOME</b>             |                  |
| Minimum Rent              | \$224,394        |
| Percentage Rent           | \$13,568         |
| Recoveries                | \$40,778         |
| <b>Total Gross Income</b> | <b>\$278,740</b> |
| <b>EXPENSES</b>           |                  |
| TICAM Expenses            |                  |
| Taxes                     | \$40,778         |
| Insurance                 | \$3,367          |
| Other CAM Expenses        | \$100            |
|                           | <b>\$44,245</b>  |
| One-Time Expenses [1]     |                  |
| Repairs & Maintenance     | \$17,875         |
| Parking Lot               | \$24,495         |
|                           | <b>\$42,370</b>  |
| Non-Operating Expenses    |                  |
| Miscellaneous             | \$865            |
| <b>Total Expenses</b>     | <b>\$45,110</b>  |
| <b>NOI</b>                | <b>\$233,629</b> |

[1] In 2012 the roof and parking lot were repaired. The cost of these expenses are considered one time and as such are not included in the NOI calculation.



Kmart, a wholly owned subsidiary of Sears Holdings Corporation (NASDAQ: SHLD), is a mass merchandising company that offers customers quality products through a portfolio of exclusive brands. Most Kmart stores are one-floor, freestanding units that carry a wide array of products across many merchandise categories, including consumer electronics, seasonal merchandise, outdoor living, toys, lawn and garden equipment, food and consumables and apparel, including products sold under such well-known labels as Jaclyn Smith and Joe Boxer, and certain proprietary Sears brand products (such as Kenmore, Craftsman, and DieHard) and services. Sears Holdings operates a total of 1,305 Kmart stores across 49 states, Guam, Puerto Rico, and the U.S. Virgin Islands. Kmart had 2012 sales of \$15.3 billion.

## HISTORICAL TENANT SALES

| Year | Gross Sales  | % Change | Sales PSF | Adjusted Gross Sales [1] | Percentage Rent [2] | Excess Tax Payment [3] | Percentage Rent Paid |
|------|--------------|----------|-----------|--------------------------|---------------------|------------------------|----------------------|
| 2012 | \$11,584,436 | (2.0%)   | \$132     | \$9,655,615              | \$18,556            | \$4,989                | \$13,568             |
| 2011 | \$11,816,904 | 7.1%     | \$135     | \$9,849,377              | \$20,494            | \$4,071                | \$16,422             |
| 2010 | \$11,031,683 | 5.6%     | \$126     | \$9,324,415              | \$15,244            | \$4,071                | \$11,173             |
| 2009 | \$10,445,222 | 5.5%     | \$119     | \$9,324,415              | \$15,244            | \$4,071                | \$11,173             |
| 2008 | \$9,900,910  | -        | \$113     | \$9,324,415              | \$15,244            | \$4,071                | \$11,173             |

[1] Calculated as the greater of \$9,324,415 or Total Gross Sales x (72,967 sf / 87,543 sf)

[2] 1% of gross sales between \$7,800,000 and \$13,000,000 plus 0.5% of gross sales between \$13,000,000 and \$16,250,000

[3] Tenant RE Tax obligation in excess of \$29,000

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This is a confidential Memorandum intended solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property.

This Memorandum contains selected information pertaining to the Property and does not purport to be a representation of the state of affairs of the Property or the owner of the Property (the "Owner"), to be all-inclusive or to contain all or part of the information which prospective investors may require to evaluate a purchase of real property. All financial projections and information are provided for general reference purposes only and are based on assumptions relating to the general economy, market conditions,

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The Owner expressly reserved the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions with any entity at any time with or without notice which may arise as a result of review of this Memorandum. The Owner shall have no legal commitment or obligation to any entity reviewing this Memorandum or making an offer to purchase the Property unless and until written agreement(s) for the purchase of the Property have been fully executed, delivered and approved by the Owner and any conditions to the Owner's obligations therein have been satisfied or waived.

By receipt of this Memorandum, you agree that this Memorandum and its contents are of a confidential nature, that you will hold and treat it in the strictest confidence and that you will not disclose this Memorandum or any

of its contents to any other entity without the prior written authorization of the Owner or CBRE, Inc. You also agree that you will not use this Memorandum or any of its contents in any manner detrimental to the interest of the Owner or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return this Memorandum to CBRE, Inc.

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A. Listing Agent through Mike Kaider, George Good, Bob Mahoney, Rich Frolik, Christian Williams, Derrick Almassy, Mike Burkard and Steve Shields are acting as Agent(s) of the Seller of the Property, and

B. Any information given by Prospective Purchaser to Listing Agent may be disclosed to the Seller.



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