

Marcus & Millichap is pleased to present Advance Auto Parts in Houston, Texas. The tenant demonstrated their commitment by exercising an extension option early in August 2017. Advance has more than four and a half years remaining on a double-net (NN) lease with minimal landlord responsibilities. The lease features 10 percent rent increases in each of the three, five-year renewal options. The lease is backed by a corporate guaranty from Advance Stores Company, Incorporated (Inc), a \$9.6 Billion revenue company and number 292 on the June 2017 Fortune 500 list.

Demand for aftermarket auto parts is growing. In 2016, the Federal Highway Administration reported that the total number of vehicle miles traveled on United States (US) highways increased by 3 percent, and the average age for vehicles on the road is more than 11 years old.

The asset is situated on a hard corner parcel at the intersection of Jensen Drive and Hohl Street. Advance benefits from more than 150 feet of frontage along the four-lane Jensen Drive, which provides direct access to downtown Houston. Tenants are also demonstrating commitment to the Jensen / Eastex neighborhood. As of January 2018, Jensen / Eastex neighborhood has over \$9.8 million in active construction permits. Notable projects include McDonald's \$800,000 renovation, Family Dollar's \$1 million renovation, and Prosperity Bank's ground up develop project that will feature eight drive-thru lanes upon completion.

Additional tenants in the immediate vicinity include: Church's Chicken, Dollar General, Burger King, Home Depot, Walgreens, Ross Dress For Less, Office Depot, Chick-fil-A, Bank of America, and many more.







- Advance Auto Parts in Houston, Texas Income Tax Free State
- Tenant Demonstrates Commitmen
- More Than Four And A Half Years Remaining on Double-Net (NN) Lease With 10 Percent Rent Increases in the Three, Five-Year Renewal Options
- Corporate Guaranty | Advance Stores
  Company, Incorporated (Inc) | New York
  Stock Exchange (NYSE: AAP) | Standard &
  Poor (S&P): BBB- | Number 292 on Fortune
  500 (June 2017)
- Growing Demand for Aftermarket Auto Parts | Average Age of Vehicle On the Road is 11.6 Years Old | Total Number of Vehicle Miles Traveled on United States (US) Highways Increased by 3 Percent in 2016
- Hard Corner Parcel at Intersection of Jensen Drive and Hohl Street
- More Than 150 Feet of Frontage
   Along Jensen Drive | Major Four-Lane
   Thoroughfare Connecting to Downtown
   Houston
- Tenants Demonstrating Commitment to Eastex / Jensen Neighborhood | More Than \$9.8 Million in Active Construction Permits
- Dense Infill Location With High Barriers to Entry | More Than 318,000 People in Five Miles
- Additional Tenants in the Immediate
   Vicinity Include: Family Dollar, Church's
   Chicken, Dollar General, McDonald's,
   Burger King, Home Depot, Walgreens, Ross
   Dress For Less, Office Depot, Chick-fil-A,
   Bank of America, and Many More

PRICE	\$1,625,000
CAP RATE	8.61%
NOI	\$139,976
PRICE PER SQUARE FOOT	\$232.14
RENT PER SQUARE FOOT	\$20.00
YEAR BUILT	2007
APPROXIMATE LOT SIZE	0.68 Acres
GROSS LEASEABLE AREA	7,000
TYPE OF OWNERSHIP	Fee Simple
LEASE GUARANTOR	Advance Stores Company, Incorporated (Inc)
LEASE TYPE	Double-Net (NN)
ROOF AND STRUCTURE	Landlord Responsible



## LEASE SUMMARY

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LEASE COMMENCEMENT DATE	6/22/2007		
LEASE EXPIRATION DATE	7/31/2022		
LEASE TERM	15 Years		
TERM REMAINING	4+ Years		
INCREASES	5% in Each Renewal Option		
OPTIONS TO RENEW	3, 5-Year		

Annualized Operating Data					
BASE	RENT	ANNUAL RENT	MONTHLY RENT	INCREASES	
CURRENT	7/31/2022	\$139,976	\$11,665		
OPTIONS					
8/1/2022	7/31/2027	\$146,974	\$12,248	5%	
8/1/2027	7/31/2032	\$154,323	\$12,860	5%	
8/1/2032	7/31/2037	\$162,0 <mark>39</mark>	\$13,503	5%	





## TENANT OVERVIEW - ADVANCE AUTO PARTS

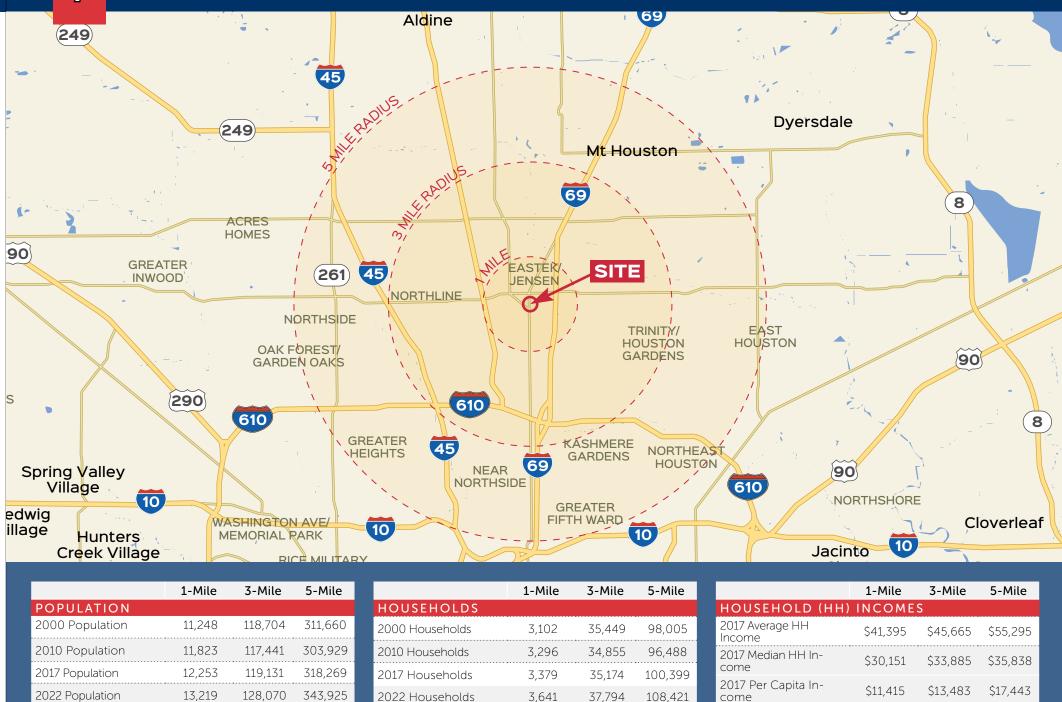
Advance Auto Parts was founded in 1929 as Advance Stores Company, Incorporated and operated as a retailer of general merchandise until the 1980s. During the 1980s, they began targeting the sale of automotive parts and accessories to do-it-yourself (DIY) customers. They began their commercial delivery program in 1996 and have steadily increased sales to Commercial customers since 2000. They have grown significantly as a result of comparable store sales growth, new store openings, and strategic acquisitions.

Advance Stores Company (ASC), wholesales and retails automotive parts and maintenance items. In the retail segment, ASC's stores offer a selection of brand name and proprietary automotive products for domestic and imported cars, and light trucks. These stores carry between 16,000 and 21,000 stock keeping units. The dealer stores consist of associate, sales center, and franchise dealers. ASC also provides services to the wholesale dealer network through various administrative and support functions, as negotiated by each independent location. The company competes with AutoZone, O'Reilly Automotive, The Pep Boys–Manny; Moe & Jack; Wal-Mart; Target; and K-Mart.





TENANT PROFILE		
TENANT TRADE NAME	Advance Auto Parts	
OWNERSHIP	Public	
TENANT	Corporate Store	
LEASE GUARANTOR	Corporate Guarantee	
NUMBER OF LOCATIONS	5,200+	
HEADQUARTERED	Roanoke, Virginia	
SALES VOLUME	\$9.6 Billion (2016)	
NET WORTH	\$2.9 Billion (2016)	
STOCK SYMBOL	AAP	
BOARD	NYSE	
CREDIT RATING	BBB-	
RATING AGENCY	Standard & Poor (S&P)	
RANK	Number 292 in Fortune 500 (June 2017)	



## ABOUT HOUSTON

and upscale restaurants.

Houston is a large metropolis in Texas, extending to Galveston Bay. Houston is the most populous Texas city and the fourth most populous city in the United States of America. The burgeoning port and railroad industry, combined with oil discovery in 1901 and Houston's replacement of Galveston as Texas's primary port has induced continual surges in the city's population. In the mid-20th century, Houston became the home of the Texas Medical Center—the world's largest concentration of healthcare and research institutions. It's closely linked with the Space Center Houston, the coastal visitor center at NASA's astronaut training and flight control complex. The city's relatively compact Downtown includes the Theater District, home to the renowned Houston Grand Opera,

Houston's economy has a broad industrial base in energy, manufacturing, aeronautics, and transportation. Leading in health care sectors and building oilfield equipment, Houston has the second most Fortune 500 headquarters of any United States (US) municipality within its city limits. The Port of Houston ranks first in the United States in international waterborne tonnage handled and second in total cargo tonnage handled. Nicknamed the "Space City", Houston is a global city, with strengths in business, international trade, entertainment, culture, media, fashion, science, sports, technology, education, medicine, and research. Houston is the most diverse city in Texas and most ethnically diverse major metropolis in the United States (US). It is home to many cultural institutions and exhibits, which attract more than seven million visitors a year to the Museum District. Houston has an active visual and performing arts scene in the Theater District and offers yearround resident companies in all major performing arts.



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