



CVS/PHARMACY **CVS** SAUGUS, MA

OFFERING MEMORANDUM

INVESTMENT OVERVIEW

Marcus and Millichap is pleased to present this 24-hour CVS/pharmacy located in Saugus, Massachusetts, only 13 miles north of Boston. This CVS is equipped with a drive-thru, and has 16 years remaining on a double net (NN) lease. Landlord's responsibility is limited to the roof and structure. This asset has six, five-year renewal options with a 10 percent rent increase in the first renewal option and 5 percent increases in the remaining options. The lease is guaranteed by CVS Corp, who registered more than \$177-billion in revenue and recorded a net worth of more than \$36-billion in 2016. CVS Health ranked number seven on the 2017 Fortune 500 list.

This highly visible CVS is located along Broadway, a major thoroughfare with traffic counts that exceed 108,000 vehicles per day. The asset is located three miles from Melrose-Wakefield Hospital, which was home to the world's first cochlear implant. This 250-bed facility had 50,986 emergency room visits; 10,781 admissions; and physicians performed 1,359 inpatient surgeries and 3,967 outpatient surgeries in 2016.

Broadway features more than 1.6-million square feet of retail space, anchored by national tenants such as HomeGoods, Walmart, Home Depot, Stop & Shop, and Dick's Sporting Goods. Saugus boasts strong demographics. There are more than 110,000 residents with an average household income greater than \$97,000 in the three-mile radius.

The Broadway corridor is a growing market with several major development projects. The \$90-million Avalon Saugus development will feature 280 residential units and 24,000 square feet of ground floor retail. The \$23-million Essex Landing project will feature a 280-room hotel and 265 residential units. Also within three miles of this asset is the Collins Place mixed-use development, which is a \$250-million project featuring two hotels, three apartment buildings, and two restaurants.

Additional Tenants in the vicinity include: Bank of America, Hooters, Buffalo Wild Wings, Taco Bell, KFC, Rite Aid, Walgreens, Bed, Bath, & Beyond, and many more.



- CVS/pharmacy in Saugus, Massachusetts | 24-Hour Location | 13 Miles North of Boston
- More Than 16 Years Remaining on a Double-Net (NN) Lease | Six, Five-Year Renewal Options With Rent Increases
- Corporate Guaranty | New York Stock Exchange (NYSE): CVS | Standard & Poor (S&P): BBB+ | Number Seven in Fortune 500 (2017)
- Ideally Located Three Miles East of Melrose-Wakefield Hospital | 250-Bed Facility With More Than 10,000 Admissions Annually
- Highly Visible Location Along Broadway | Major Thoroughfare in Saugus | More Than 108,000 Vehicles Per Day
- Dense Retail Corridor | More Than 1.6-Million Square Feet of Retail | Anchored By Strong National Tenants | HomeGoods, Walmart, Home Depot, Stop & Shop, and Dick's Sporting Goods
- Strong Demographics | More Than 110,000 Residents With an Average Household Income Greater Than \$97,000 in Three Miles
- Booming Submarket | Major Redevelopment Projects Along Broadway | More Than \$300-Million in Active Permits Calling for More Than 540 Residential Units, Ground Floor Retail, Restaurants, and a 280-Room Hotel
- Additional Tenants in the Vicinity Include: Bank of America, Hooters, Buffalo Wild Wings, Taco Bell, KFC, Rite Aid, Walgreens, Bed, Bath, & Beyond, and many more.

FINANCIAL OVERVIEW

| | |
|----------------------------------|----------------------|
| PRICE | \$11,600,000 |
| CAP RATE | 5.43% |
| NOI | \$629,391 |
| DEBT SERVICE | \$326,648 |
| NET CASH FLOW AFTER DEBT SERVICE | \$302,743 |
| CASH ON CASH RETURN | 8.27% |
| PRICE PER SQUARE FOOT | \$899.22 |
| RENT PER SQUARE FOOT | \$48.79 |
| YEAR BUILT | 2008 |
| APPROXIMATE LOT SIZE | 1.27 Acres |
| GROSS LEASEABLE AREA | 12,900 |
| TYPE OF OWNERSHIP | Fee Simple |
| LEASE GUARANTOR | Corporate Guaranty |
| LEASE TYPE | Double Net |
| ROOF AND STRUCTURE | Landlord Responsible |



EASE SUMMARY

| | |
|-------------------------|----------------------------------|
| LEASE COMMENCEMENT DATE | 8/4/2008 |
| LEASE EXPIRATION DATE | 8/3/2033 |
| LEASE TERM | 25 Years |
| TERM REMAINING | 16 Years |
| INCREASES | 5 Percent-10 Percent in Options* |
| OPTIONS TO RENEW | Six, Five-Year Options |
| OPTIONS TO TERMINATE | None |
| OPTIONS TO PURCHASE | None |
| FIRST RIGHT OF REFUSAL | None |

*10 Percent in first options, 5 Percent in Options Two Through Six

| ASSUMABLE LOAN | |
|------------------------------------|---------------|
| LOAN BALANCE | \$7,940,000 |
| MATURITY DATE | 2/5/2024 |
| AMORTIZATION | Interest Only |
| INTEREST RATE | 4.11% |
| PREPAYMENT PENALTY | Defeasance |
| DOWN PAYMENT/EQUITY REQUIRED (32%) | \$3,660,000 |



TENANT OVERVIEW - CVS/PHARMACY

CVS Health Corporation, together with its subsidiaries, is a pharmacy innovation company helping people on their path to better health. At the forefront of a changing health care landscape, the Company has an unmatched suite of capabilities and the expertise needed to drive innovations that will help shape the future of health care.

CVS is currently the only integrated pharmacy health care company with the ability to impact consumers, payors, and providers with innovative, channel-agnostic solutions. They have a deep understanding of their diverse needs through their unique integrated model, and are bringing them innovative solutions that help increase access to quality care, deliver better health outcomes and lower overall health care costs.

Through nearly 9,700 retail locations, more than 1,100 walk-in health care clinics, a leading pharmacy benefits manager with nearly 90 million plan members, a dedicated senior pharmacy care business serving more than one million patients per year, expanding specialty pharmacy services and a leading stand-alone Medicare Part D prescription drug plan, CVS enables people, businesses, and communities to manage health in more affordable, effective ways. They are delivering break-through products and services, from advising patients on their medications at their CVS Pharmacy locations, to introducing unique programs to help control costs for their clients at CVS Caremark, to innovating how care is delivered to their patients with complex conditions through CVS Specialty, to improving pharmacy care for the senior community through Omnicare, or by expanding access to high-quality, low-cost care at CVS MinuteClinic.

TENANT PROFILE

| | |
|----------------------------|-------------------------------------|
| TENANT TRADE NAME | CVS Health |
| OWNERSHIP | Public |
| TENANT | Corporate Store |
| LEASE GUARANTOR | Corporate Guarantee |
| NUMBER OF LOCATIONS | 9,700+ |
| SALES VOLUME | \$177.5 Billion (2016) |
| NET WORTH | \$36.8 Billion (2016) |
| CREDIT RATING | BBB+ |
| RATING AGENCY | Standard & Poor (S&P) |
| RANK | Number 7 in Fortune 500 (June 2017) |



The map illustrates the 1-mile and 3-mile catchment areas for Saugus, Massachusetts. The 1-mile area is a blue circle centered on Saugus, and the 3-mile area is a larger blue circle concentric with the 1-mile area. The map shows the following features:

- 1-MILE CATCHMENT AREA:** A blue circle centered on Saugus, covering the immediate surrounding area.
- 3-MILE CATCHMENT AREA:** A larger blue circle concentric with the 1-mile area, covering a broader region including parts of Lynn, Everett, Revere, Chelsea, and Winthrop.
- Towns and Locations:** Burlington, Woburn, Winchester, Lexington, Arlington, Medford, Somerville, Cambridge, Lynn, Everett, Revere, Chelsea, Winthrop, Lynn Woods, Rumney Marsh Reservation, Middlesex Fells Reservation, and Boston Logan International Airport.
- Water Bodies:** Nahant Bay and Broad Sound.
- Reservations:** Middlesex Fells Reservation, Lynn Woods, and Rumney Marsh Reservation.
- Major Roads:** I-95, I-93, Route 1, Route 3, Route 129, Route 60, Route 16, Route 99, Route 107, Route 129A, and Route 1A.
- Closures:** Winter Flounder Spawning Closure Area in the Broad Sound.

| | 1-Mile | 3-Mile | 5-Mile | |
|-----------------|--------|---------|---------|---------|
| POPULATION | | | | HOUSING |
| 2000 Population | 6,040 | 100,985 | 238,066 | 2000 H |
| 2010 Population | 6,047 | 111,527 | 277,027 | 2010 H |
| 2017 Population | 6,720 | 115,544 | 285,221 | 2017 H |
| 2022 Population | 6,837 | 116,093 | 286,245 | 2022 H |

| | 1-Mile | 3-Mile | 5-Mile |
|--------------|--------|--------|--------|
| HOLDS | | | |
| Households | 1,858 | 29,674 | 71,320 |
| Households | 1,976 | 35,719 | 87,620 |
| Households | 2,203 | 36,950 | 90,000 |
| Households | 2,243 | 37,113 | 90,320 |

| | 1-Mile | 3-Mile | 5-Mile |
|-------------------------------|----------|----------|----------|
| HOUSEHOLD (HH) INCOMES | | | |
| 2017 Average HH Income | \$71,650 | \$59,190 | \$57,417 |
| 2017 Median HH Income | \$57,477 | \$45,419 | \$45,555 |
| 2017 Per Capita Income | \$23,489 | \$18,928 | \$18,139 |

ABOUT SAUGUS

The Town of Saugus, Massachusetts, is a family-friendly, historic neighborhood town located along the North Shore, 13 miles north of Boston. Settled in 1629, Saugus was officially incorporated in 1815. The Saugus Iron Works Site, in operation from 1646-1668, was the first integrated iron works in North America, and is now a National Historic Site. The Saugus Iron Works is located along the Saugus River, an environmental habitat for many species of fish as well as a home for the largest lobster fishing fleet in Massachusetts.

Saugus is home to historic sites, top-tier public services, and a thriving business community. Strong community support, a forward-thinking approach to town government, rich recreational opportunities, affordable choices, and easy access to all the amenities that Boston has to offer – all contribute to making Saugus a town, where businesses flourish and families make their home.

Saugus has been well endowed by nature with its incredible parks, camping grounds and river. The Breakheart Reservation State Park is an excellent place to go fishing, swimming, hiking and biking. One should also visit the Saugus Iron Works National Historic Site where one can see the reconstructed blast furnace, rolling mill, forge and also a restored 17th century building.



MAJOR DEVELOPMENTS UNDERWAY



AVALON SAUGUS

(\$90 M)

Will Feature 280 Residential Units and 24,000 Square Feet of Ground Floor Retail.



ESSEX LANDING

(\$23 M)

Project will Feature a 280-Room Hotel and 265-Residential Units.



COLLINS PLACE

Mixed-Use Development, Which is a \$250 Million Project Featuring Two Hotels, Three Apartment Buildings, and Two Restaurants



CVS / PHARMACY

CVS

SAUGUS, MA

1075 BROADWAY | SAUGUS, MASSACHUSETTS | 01906

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