



SYRACUSE, NEW YORK

OFFERING MEMORANDUM



515 STEWART DRIVE | NORTH SYRACUSE | NEW YORK | 13212

INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present this Kinney's Drugstore wholesale site located in North Syracuse, New York on Stewart Drive. Kinney Drugs is backed by a double-net (NN) corporate guaranteed lease (Kinney Drugs, Incorporated) with more than eight and a half years remaining. There are 10 percent increases every five years in the base rent and option periods with the next escalation to occur in 2022.

The subject property is an industrial facility used by Kinney Drugs for their wholesale prescription drug distribution program. The facility's primary clients are the New York Correctional Facility as well as senior living facilities throughout upstate New York and Vermont. The facility benefits from close proximity to interstate 81 providing easy commute and distribution access. There are currently 90 employees who work full time at the facility who live primarily in Syracuse and its adjacent suburbs.

The building was constructed in 2006 and is located on Stewart Drive West in the southeast outer Onondaga County Submarket. Traffic counts were over 19,000 vehicles per day (VPD) in front of the property in 2016. Neighboring retailers include: U-Haul, Best Buy, FedEx, Tarson Pools and Spas, and the Wynyit Distribution Center.



FINANCIAL OVERVIEW

PRICE	\$2,477,600
CAP RATE	7.25%
NOI	\$179,625
PRICE PER SQUARE FOOT	\$190.58
RENT PER SQUARE FOOT	\$13.82
YEAR BUILT RENOVATED	1986 2006
LOT SIZE	2.41 Acres
GROSS LEASEABLE AREA	13,000
TYPE OF OWNERSHIP	Fee Simple
LEASE GURANTOR	KPH Health Care Services, Incorporated (f.k.a Kinney Drugs)
LEASE TYPE	Double-Net (NN)
ROOF AND STRUCTURE	Landlord Responsible



LEASE SUMMARY

LEASE COMMENCEMENT DATE February 22, 2007

LEASE EXPIRATION DATE February 21, 2027

LEASE TERM 20 Years

TERM REMAINING 8.5+ Years

INCREASES 10 % Every 5 Years

OPTIONS TO RENEW 4, 5-Year Options

OPTIONS TO TERMINATE None

OPTIONS TO PURCHASE None

FIRST RIGHT OF REFUSAL Yes



TENANT OVERVIEW - KINNEY DRUGS

Founded by Burt Orrin Kinney, who opened the company's first drugstore in 1903, Kinney Drugs has grown to number about 100 stores in central and northern New York and Vermont. Most of the company's stores are free standing units, with pharmacies, one-hour photo developing services, and a growing selection of convenience foods. The 100 percent employee-owned company maintains its own distribution warehouse and offers about 800 different products, including Kinney-branded over-the-counter medicines. Pharmacy accounts for 75 percent of sales. Besides retail stores, the firm operates ProAct prescription benefit management firm, HealthDirect institutional pharmacy services, and HealthDirect mail order pharmacy services.



TENANT PROFILE	
TENANT TRADE NAME	KPH Health Care Services, Inc. (f.k.a Kinney Drugs)
OWNERSHIP	Private
TENANT	Corporate Store
LEASE GUARANTOR	Corporate Guarantee
NUMBER OF LOCATIONS	100+
SALES VOLUME	\$845M (2015)
NET WORTH	\$13.2M (2015)
YEARS IN BUSINESS	110
OTHER CONCEPTS	Kinney Drugs, ProAct, HealthDirect

ABOUT SYRACUSE

Syracuse is the fifth most populous city in the state of New York. Located in the center of state on the southern shore of Lake Ontario, the city of Syracuse is the region's major metropolitan center. The city has functioned as a major crossroads over the last two centuries, first between the Erie Canal and its branch canals, then from its railway network. Today, Syracuse is located at the intersection of Interstates 81 and 90, and its airport is the largest in the region. Syracuse is home to Syracuse University, a major research university, as well as Le Moyne College, a nationally recognized liberal arts college. In 2010, Forbes rated Syracuse fourth in the top 10 places in the United States to raise a family.

More than 150 motor carriers and small package carriers service the Syracuse area. Air and rail terminals are just 15 minutes from downtown. Seven major airlines, along with affiliated commuter service, offer approximately 250 daily arrivals and departures. Over two-million travelers pass through Hancock International Airport each year. The region is also serviced by six major air cargo carriers. CSX operates an intermodal center in Dewitt/Manlius for transfer of trailers and containers between railcars and trucks with storage available for 345 trailers or containers. Amtrak services rail passenger needs.

Syracuse's top employers are primarily in education and the service industry. University Hill is Syracuse's fastest growing neighborhood, fueled by expansions in Syracuse University and Upstate Medical University, as well as dozens of small medical office complexes.



SYRACUSE TOP EMPLOYERS

No.	Business Name
1	State University of New York Upstate Medical University: 6,400
2	Syracuse University: 5,925
3	Wegmans Food Markets: 3,760
4	St. Joseph's Hospital Health Center: 3,150
5	Crouse Hospital: 2,400
6	Lockheed Martin Corp.: 2,350
7	National Grid USA: 1,860
8	Loretto : 1,825





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