

FedEx Ground

1401 Kelland Drive - CHESAPEAKE, VIRGINIA 23320

offering memorandum



ACTUAL PROPERTY

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Marcus & Millichap

Investment Overview

1401 Kelland Drive - CHESAPEAKE, VIRGINIA 23320



Marcus & Millichap is pleased to present this 92,611-square foot FedEx Ground Distribution Center in Chesapeake, which is the third most populated city in Virginia. FedEx recently exercised their second, five-year extension option early, which will commence December 1st, 2017. Upon commencement of this second five-year extension option, rent will increase 5 percent. One, five-year extension option remains with a 6 percent rent increase. The lease is backed by a corporate guaranty from FedEx Corporation, a \$50-Billion Dollar Company in 2016 that ranked number 58 on the June 2017 Fortune 500 List.

FedEx has demonstrated strong commitment to this location. The tenant has been operating here since 2000, and has invested significant capital into the asset. In 2007, the tenant exercised an expansion option to add an additional 13,475 square feet to the distribution facility. Additionally, in 2014 the tenant performed a \$500,000 renovation.

The subject property is situated on a nine-acre lot on Kelland Drive, which is just off South Military Road. South Military Road provides direct access to Interstate-464, which sees more than 58,000 vehicles daily. Additionally, the asset is less than one mile from Interstate-64, which sees more than 111,000 vehicles per day.

- **FedEx Ground Distribution Facility in Chesapeake, Virginia | Third Most Populous City in Virginia**
- **Tenant Exercised Second, Five-Year Extension Option Early | One, Five-Year Extension Option Remaining With 6 Percent Rent Increase**
- **Rent Escalation in December 2017 | Rent Will Increase More Than 5 Percent**
- **Corporate Guaranty | FedEx Corporation | New York Stock Exchange (NYSE): FDX | Standard & Poor (S&P): BBB | Ranked Number 58 on June 2017 Fortune 500 List**
- **Tenant Demonstrates Strong Commitment | More Than 15-Year Operating History | Exercised 13,475-Square Foot Expansion Option in 2007**
- **Tenant Invested Significant Capital | \$500,000 Improvement Project in 2014**
- **Strategically Located Less Than One Mile from Intersection of Two Major Interstates | Interstate-464 Sees More Than 58,800 Vehicles Per Day | Interstate-64 Sees More Than 111,800 Vehicles Per Day**
- **Blue-Chip Tenant | FedEx Increased Market Share from 14 Percent in 2002 to 33 Percent in 2015 | Posted 6 Percent Revenue Growth from 2015 to 2016 (\$50 Billion in Sales)**
- **FedEx Capitalizing on E-Commerce Trend | One of Three Enterprises that Delivers 95 Percent of All Orders in the United States**

Financial Overview

1401 Kelland Drive - CHESAPEAKE, VIRGINIA 23320

Offering Summary

PRICE	\$11,300,000
CAP RATE	6.71%
NOI	\$758,443
PRICE PER SQUARE FOOT	\$122.02
RENT PER SQUARE FOOT	\$8.19
YEAR BUILT	2000
APPROXIMATE LOT SIZE	9.5 Acres
GROSS LEASEABLE AREA	92,611
TYPE OF OWNERSHIP	Fee Simple
LEASE GUARANTOR	Corporate Guaranty
LEASE TYPE	Double-Net (NN)
ROOF AND STRUCTURE	Landlord Responsible

Lease Summary

LEASE COMMENCEMENT DATE	8/1/2000
LEASE EXPIRATION DATE	11/30/2022
LEASE TERM	10 Years
TERM REMAINING	5 Years
INCREASES	Every 5 Years
OPTIONS TO RENEW	One, Five-Year
OPTIONS TO TERMINATE	None
OPTIONS TO PURCHASE	None
FIRST RIGHT OF REFUSAL	None

*NOI is based on 12/1/2017 Rent Increase



ACTUAL PROPERTY

ANNUALIZED OPERATING DATA

	BASE RENT	ANNUAL RENT	MONTHLY RENT	
CURRENT	11/30/2017	\$721,768.08	\$60,147.34	
12/1/2017	11/30/2022	\$758,442.72	\$63,203.56	5.08%

OPTIONS

12/1/2022	11/30/2027	\$803,949.24	\$66,995.77	6.00%
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Tenant Overview - FedEx Ground

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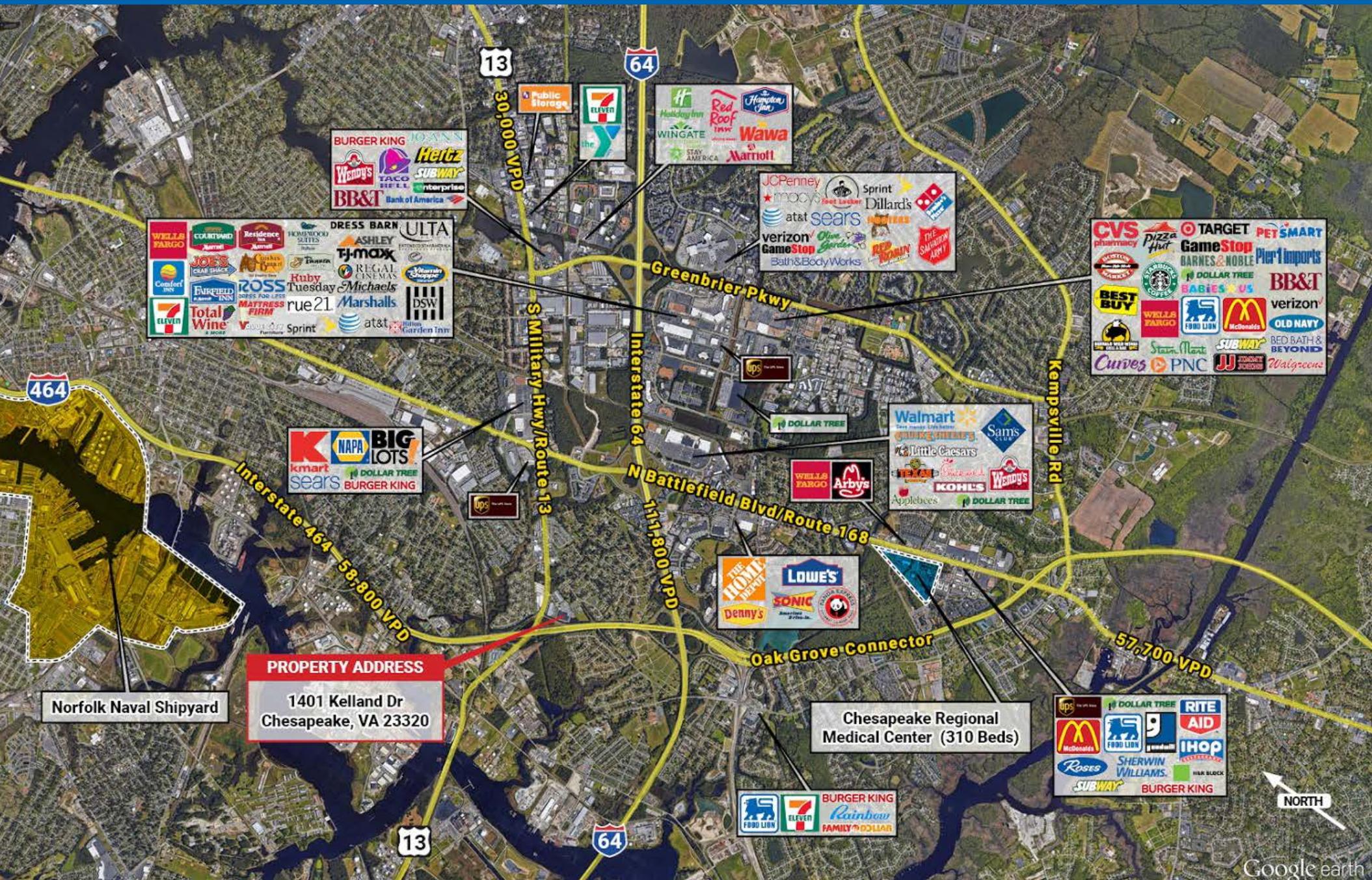
With an eye on the future, Federal Express expanded its express delivery service to create a more diversified corporation of different but related businesses. Originally called FDX Corporation, FedEx Corporation was formed in January 1998 when it acquired Caliber System Incorporated. With 95 percent of world consumers living outside the United States borders, FedEx has worked to make international shipping as easy as possible for customers who want to connect with opportunity in global markets.

With the value of global trade now at more than \$18 trillion, FedEx has continued transforming its business to better align with projected worldwide population and economic growth. One key to that has been the acquisition of numerous transportation companies that allows FedEx to directly serve specific markets and provide better service to our customers. FedEx Trade Networks is now one of North America's largest-volume customs entry filers and a leader in international ocean and air freight forwarding and trade facilitation.

TENANT PROFILE	
TENANT TRADE NAME	FedEx Corporation
OWNERSHIP	Public
TENANT	Corporate Store
LEASE GUARANTOR	Corporate Guarantee
NUMBER OF LOCATIONS	5,500
HEADQUARTERED	Memphis, Tennessee
WEB SITE	www.fedex.com
SALES VOLUME	\$50.4 Billion (2016)
NET WORTH	\$13.7 Billion (2016)
STOCK SYMBOL	FDX
BOARD	NYSE
CREDIT RATING	BBB
RATING AGENCY	Standard & Poor (S&P)

Aerial Overview

1401 Kelland Drive - CHESAPEAKE, VIRGINIA 23320

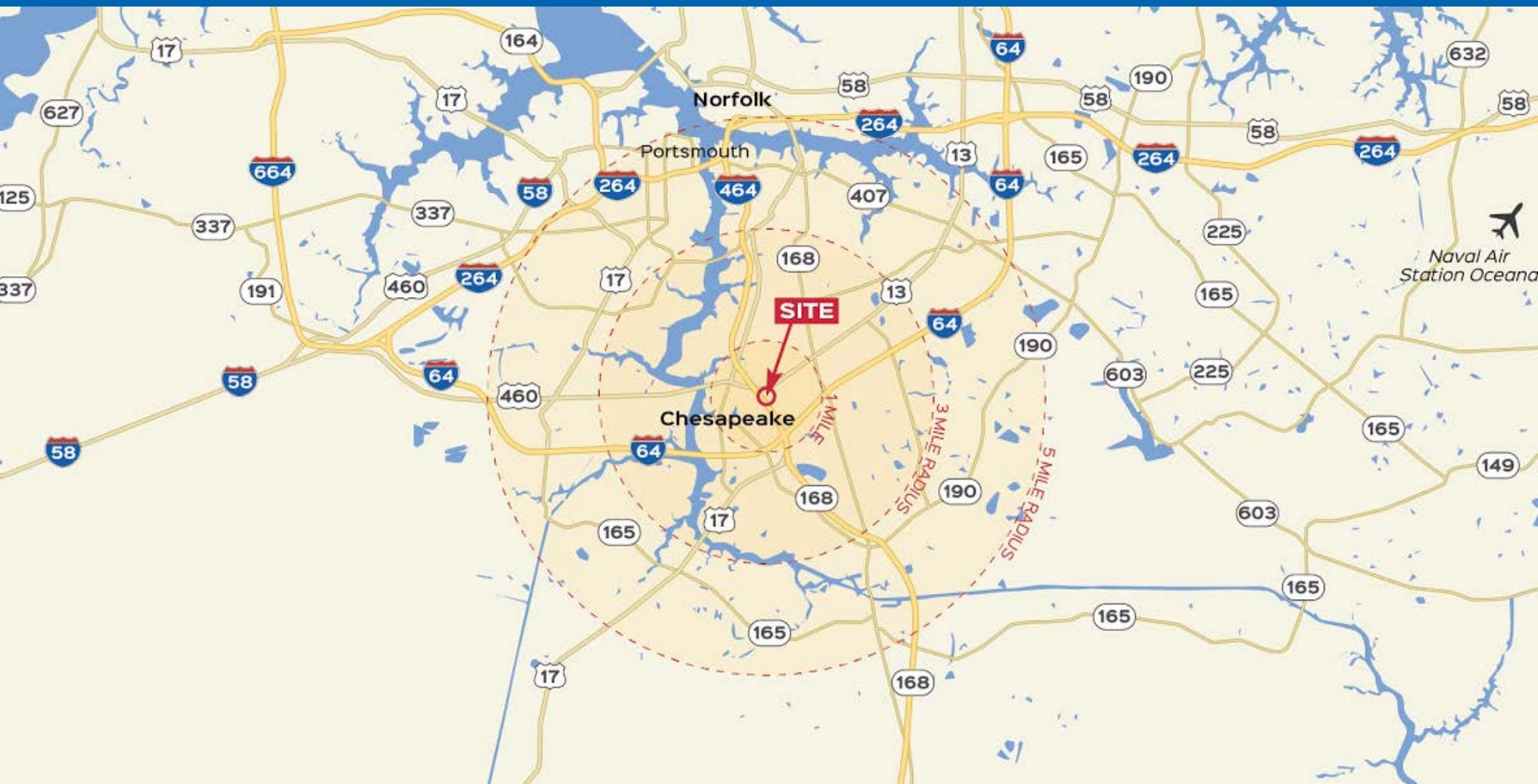


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Area Overview & Demographics

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	1-Mile	3-Mile	5-Mile
Population			
2000 Population	6,887	52,039	187,281
2010 Population	8,560	59,366	200,994
2016 Population	8,839	63,574	214,864
2021 Population	9,242	66,797	224,195
Daytime Employment	2,500	32,479	14,743

	1-Mile	3-Mile	5-Mile
Households			
2000 Households	2,600	20,377	68,763
2010 Households	3,249	23,052	74,723
2016 Households	3,355	24,740	79,979
2021 Households	3,512	26,053	83,542

	1-Mile	3-Mile	5-Mile
Household (HH) Incomes			
2016 Average HH Income	\$59,583	\$64,089	\$66,032
2016 Median HH Income	\$53,453	\$55,416	\$55,424
2016 Per Capita Income	\$22,616	\$24,940	\$24,579

Market Overview - Chesapeake, Virginia

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Chesapeake is an independent city in the Commonwealth of Virginia. As of the 2010 census, the population was 222,209; in 2013, the population was estimated to be 232,977, making it the third-most populous city in Virginia. According to new projections from the University of Virginia, Chesapeake is expected to surpass Norfolk and become the second-most populous city in Virginia by 2020.

Chesapeake is included in the Virginia Beach–Norfolk–Newport News Metropolitan Statistical Area, and is also the second-largest city by land area in Virginia. Chesapeake is a diverse city with several urban areas but also has many square miles of protected farmland, forests, and wetlands, including a substantial portion of the Great Dismal Swamp National Wildlife Refuge. Extending from the rural border with North Carolina to the harbor area of Hampton Roads, Chesapeake is located on the Atlantic Intracoastal Waterway. It has miles of waterfront industrial, commercial and residential property. In 2011, Chesapeake was named the 21st best city in America by Bloomberg Businessweek.

Few locations offer as wide a variety of things to see and places to visit as the Hampton Roads metro area, and Chesapeake sits at the hub of the activity. The city is only 15 minutes from Norfolk, 20 minutes from the oceanfront, and 40 minutes from Colonial Williamsburg. Chesapeake has plenty of attractions: the Chesapeake Arboretum, Chesapeake City Park, Chesapeake Veteran's Memorial, Deep Creek Lock Park, Portlock Galleries at SoNo, and more.

Chesapeake is also home to the NALF Fentress, which is a military airport owned by the United States Navy and is under the operational control of Naval Air Station in Oceana, Virginia. The airfield primarily supports day and night Field Carrier Landing Practice (FCLP) operations by United States Navy and United States Marine Corps F/A-18 Hornet, and United States Navy F/A-18 Super Hornet, E-2 Hawkeye and C-2 Greyhound aircraft based in Virginia and the Carolinas.



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Broker of Record

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