

OFFERING  
MEMORANDUM



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Chase Bank  
Casa Grande, AZ  
ACT ID Z0080635

Marcus & Millichap

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Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

2812 NORTH PINAL AVENUE, CASA GRANDE, AZ 85122

# CHASE BANK

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# EXECUTIVE SUMMARY

2812 NORTH PINAL AVENUE, CASA GRANDE, AZ 85122

# CHASE BANK

## INVESTMENT OVERVIEW

- **Hard Corner Pad, Anchored by Fry’s Marketplace**
- **Landlord Has Zero Responsibility – Tenant is Responsible for All Maintenance, Repairs and Replacement**
- **Chase Bank is one of The Big Four Banks of the United States.**
- **Corporate NNN Lease – 10% Increases ever 5-Years and Two 5-Year Options to Renew**

Marcus & Millichap is pleased to present for sale this Chase Bank located in Casa Grande, Arizona. The tenant, Chase has over 9.5 years remaining on an absolute NNN corporate lease with zero landlord responsibilities. The Lease features 10% rental increases every five years and two, five-year option periods. The property is exceptionally well located on the corner of McCartney Road and Pinal Avenue, a strong retail corridor that averages 27,000 vehicles per day. Chase has prominent visibility placed on a cornered intersection. The bank is Anchored by Fry’s Marketplace which also includes McDonald’s, Ace Hardware, Subway, Taco Bell and many others.

Casa Grande, the second largest community in Pinal County, was founded in 1879 and incorporated in 1915, is named for the famous Hohokam Indian ruins 20 miles to the northeast. Known as a “community first” hometown, Casa Grande is a forward-looking city yet one that has retained its small-town charm.

Casa Grande, with a population of more than 45,000 full-time residents and about 20,000 part-time, winter residents, is located in the center of the megapolitan corridor. It is a 45-minute drive from Phoenix to the north and an hour from Tucson to the south, and at the intersection of two major interstates, I-10 and I-8. However, most residents feel that they can find whatever they need locally, without having to travel outside of the Casa Grande area.

Casa Grande is also known for its commercial and residential growth, retail and accommodation options, stable local economy, dedicated City and County governments, wide range of services including excellent schools, outstanding medical care, employment opportunities, affordable housing, and much more.

You will find a wide variety of shopping and dining experiences, historic sites, attractions, golf, movies, museums, community theatre, as well as many unique festivals and events, all which make our area uniquely prepared to celebrate Casa Grande’s exceptional appeal.

### MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES *
BANNER RESEARCH INSTITUTE	625
Walmart	540
Abbott Nutrition	325
UPS	321
Frito-Lay	300
At Home Solutions LLC	276
Casa Grande Clinic	264
City of Casa Grande	219
Casa Grande Union High School	200
Casa Verde High School	200
Home Depot The	200
McDonalds	188

### DEMOGRAPHICS

	1-Miles	3-Miles	5-Miles
2017 Estimate Pop	3,545	24,164	53,521
2010 Census Pop	3,367	22,924	51,037
2017 Estimate HH	1,140	8,390	18,782
2010 Census HH	1,105	8,086	18,254
Median HH Income	\$51,696	\$49,089	\$46,057
Per Capita Income	\$19,365	\$21,543	\$20,616
Average HH Income	\$60,204	\$61,857	\$58,549

\* # of Employees based on 5 mile radius

2812 NORTH PINAL AVENUE, CASA GRANDE, AZ 85122

# CHASE BANK

## ABOUT CHASE BANK

JPMorgan Chase (NYSE: JPM) is one of the oldest financial institutions in the United States. With a history dating back over 200 years, here's where they stand today:

- They are a leading global financial services firm with assets of \$2.6 trillion.
- They have a presence in over 100 markets.
- They have over 250,000 employees.
- They serve millions of consumers, small businesses and many of the world's most prominent corporate, institutional and government clients.
- They are a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing and asset management.
- Their stock is a component of the Dow Jones Industrial Average.



**J.P. Morgan Chase Bank, N.A.**, doing business as **Chase Bank**, is a national bank headquartered in Manhattan, New York City, that constitutes the consumer and commercial banking subsidiary of the U.S. multinational banking and financial services holding company, JPMorgan Chase & Co. The bank was known as Chase Manhattan Bank until it merged with J.P. Morgan & Co. in 2000. Chase Manhattan Bank was formed by the merger of the Chase National Bank and The Manhattan Company in 1955. The bank has been headquartered in Columbus, Ohio since its merger with Bank One Corporation in 2004. The bank acquired the deposits and most assets of Washington Mutual.

Chase offers more than 5,100 branches and 16,000 ATMs nationwide. JPMorgan Chase & Co. has 250,355 employees (as of 2016) and operates in more than 100 countries. JPMorgan Chase & Co. had their assets of \$2.49 trillion in 2016.

JPMorgan Chase, through its Chase subsidiary, is one of the Big Four banks of the United States.

2812 NORTH PINAL AVENUE, CASA GRANDE, AZ 85122

CHASE BANK

ABOUT ARIZONA



Arizona is composed of 15 counties. These counties together contain 91 Cities and towns. Current population is 6,932,017. Phoenix is the capital of the state of Arizona, located in Southwestern United States adjacent to the states of California, Nevada, Utah, Colorado (at “4 corners”), and New Mexico. Arizona shares a vibrant border with Mexico that facilitates trade between the U.S. and Latin America. The U.S. Census Bureau estimates that by 2030 the population of Phoenix will grow to 2.2 million, and the population of the metro area will reach 6.3 million. The Phoenix-Casa Grande-Tucson corridor has been and is expected to be one of the fastest growing areas in the U.S. in the next decades. Greater Phoenix offers the best business climate and is already home to several powerhouses like Intel, Go Daddy and PetSmart. Many other major companies have chosen to operate in the region – and the list keeps growing. Arizona’s manufacturing revenues are generated from high tech products like computers, electronic equipment, and aerospace vehicles. Agriculture and mining are also important in Arizona. Arizona is the nation’s leading producer of copper. Community, business, and personal services (private health care, hotels and resorts, law firms, repair shops) generate more revenue than any other service sector. Arizona’s hotels and resorts receive significant business from tourists during the winter. The finance, insurance, and real estate group ranks second in the services sector. Real estate (office buildings, resorts) is the most important.





# FINANCIAL OVERVIEW

2812 NORTH PINAL AVENUE, CASA GRANDE, AZ 85122

# CHASE BANK

PRICING ANALYSIS

## OFFERING SUMMARY

Property	Chase
Property Address	2812 North Pinal Avenue Casa Grande, AZ 85122
Price	\$3,025,000
Capitalization Rate	5.00%
Price/SF	\$692.38

## PROPERTY DESCRIPTION

Year Built / Renovated	2008
Gross Leasable Area	4,369 SF
Type of Ownership	Fee Simple
Lot Size	1.34 Acres

## LEASE SUMMARY

Property Subtype	Net Leased Bank
Tenant	Chase
Rent Increases	10% Every 5-Years
Guarantor	Corporate Guarantee
Lease Type	NNN
Lease Commencement	March 31, 2008
Lease Expiration	March 31, 2028
Lease Term	20
Term Remaining on Lease	9.5 Years
Renewal Options	Two 5-Year
Landlord Responsibility	None
Tenant Responsibility	Yes
Right of First Refusal	No

## ANNUALIZED OPERATING INFORMATION

<b>INCOME</b>	\$151,250
Net Operating Income	

## RENT SCHEDULE

YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF
Current	\$151,250	\$12,604	\$34.62
Years 16 – 20	\$166,375	\$13,865	\$38.08
Option 1	\$183,012	\$15,251	\$41.89
Option 2	\$201,313	\$16,776	\$46.08





**CHECKING**



**CREDIT CARDS**



**MORTGAGE**



**CAR BUYING & LOANS**



**PROPERTY  
DESCRIPTION**

2812 NORTH PINAL AVENUE, CASA GRANDE, AZ 85122

# CHASE BANK

ANCHORED SHOPPING CENTER

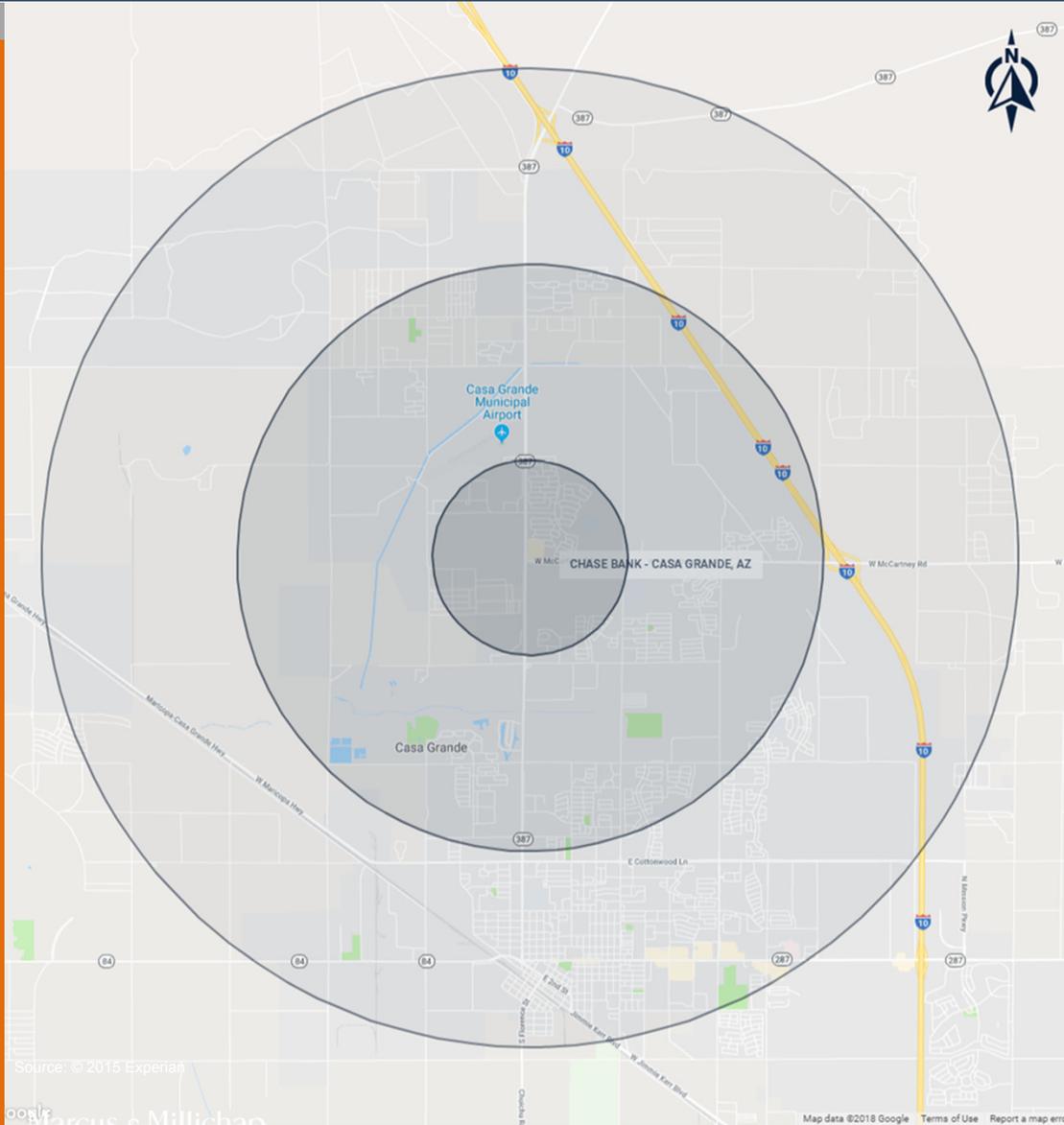




2812 NORTH PINAL AVENUE, CASA GRANDE, AZ 85122

# CHASE BANK

## DEMOGRAPHICS



CREATED ON OCTOBER 8, 2018



### POPULATION

	1 Miles	3 Miles	5 Miles
2022 Projection	4,280	29,174	62,240
2017 Estimate	3,545	24,164	53,521
2010 Census	3,367	22,924	51,037
2000 Census	1,641	10,806	29,017

### INCOME

	1 Miles	3 Miles	5 Miles
Average	\$60,204	\$61,857	\$58,549
Median	\$51,696	\$49,089	\$46,057
Per Capita	\$19,365	\$21,543	\$20,616

### HOUSEHOLDS

	1 Miles	3 Miles	5 Miles
2022 Projection	1,423	10,350	22,546
2017 Estimate	1,140	8,390	18,782
2010 Census	1,105	8,086	18,254
2000 Census	520	4,007	10,190

### HOUSING

	1 Miles	3 Miles	5 Miles
2017	\$145,970	\$148,627	\$145,851

### EMPLOYMENT

	1 Miles	3 Miles	5 Miles
2017 Daytime Population	2,585	19,816	54,818
2017 Unemployment	5.08%	5.28%	5.50%
2017 Median Time Traveled	26	25	23

### RACE & ETHNICITY

	1 Miles	3 Miles	5 Miles
White	69.10%	69.90%	66.69%
Native American	0.07%	0.07%	0.14%
African American	3.26%	4.24%	4.57%
Asian/Pacific Islander	1.85%	1.94%	1.77%



# NATIONAL REPORTS

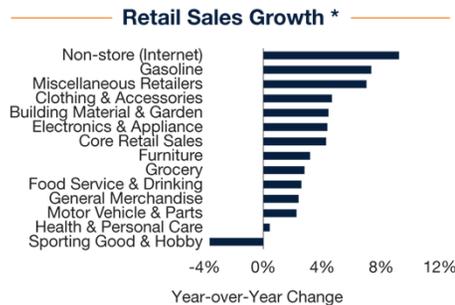
## Tight Labor Market, Enhanced Spending to Continue; Tenants Adapt by Combining Physical and Online Retail

Strengthening economy invigorating consumption. Retail sales will continue to grow this year as discretionary income ascends. Bolstered spending can be linked to advancing wages from a competitive employment market, along with increased take-home pay from the revised tax plan. In 2017, retail sales posted a 4.3 percent increase, with home furnishings playing a primary role in the jump. The category's strong showing can be attributed to the first hike in homeownership since 2009 for those under age 35. Roughly two-thirds of this cohort are first-time homebuyers, leading to more purchases required to fill residences. Electronics and appliances also reported a robust gain as the subset supported the largest increase in holiday retail sales since 2011. This year, retail spending is forecast to post a 4.5 percent advance, buoyed by the continued acceleration of e-commerce growth. Although online stores consistently expand their footprint, the e-commerce sector is just a small part of a much larger retail setting.

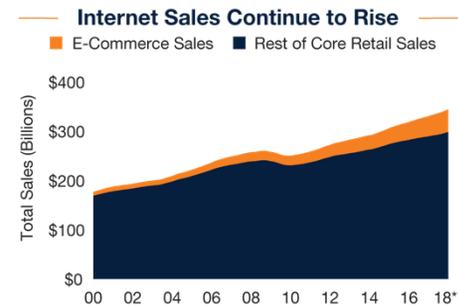
Brick-and-mortar personal service keeps online retail at bay. As e-commerce becomes an increasingly popular component of retail sales, brick-and-mortar stores have acclimated to the evolving environment. Physical locations still obtain high levels of personal service and in-store expertise, crucial advantages that Internet vendors simply cannot offer. Auto parts stores have effectively used these assets to their benefit and have proved to be relatively successful amid e-commerce's rising popularity. Even with the Internet's growing use within retail, overall sales among brick-and-mortar stores will continue to improve as consumers value personal service.

Growing competition from online stores tamed by modernized retail concepts. Despite the convenience factor brick-and-mortar stores offer, the digitally driven landscape prompts many retailers to transform business models to combine benefits of both in-store and nonstore retail. The showroom atmosphere, which integrates technology into the traditional shopping experience, provides customers the option to test the merchandise and have it delivered directly to their home. Many brick-and-mortar retailers have shifted to this reduced inventory strategy in an effort to adapt and improve sales. Best Buy has effectively adopted this strategy and exhibited an exemplary performance in combating the progressively widespread practice of purchasing goods on the Internet. In the coming months, more retailers are anticipated to couple these advantages, as well as create omni-channel business models to seamlessly connect sales platforms.

Promising retail metrics support renewed investor interest. Although news media often focus on the downfall of well-established retail brands, 2017 witnessed far more store openings than closures with a net figure of roughly 4,000 stores. Dollar stores continue to perform well due to their inexpensive convenience items crafted to serve low-income households. Grocery stores remain a highly sought-after asset as well, which can be largely attributed to the continued improvement of the overall experience. Dine-in options, wine and cheese bars, and more quality products keep foot traffic high and occupancy strong for owners of these assets. Necessity-based stores, like grocers, have proved to be relatively resistant to the rise of e-commerce.



\* Through February \*\* Through January

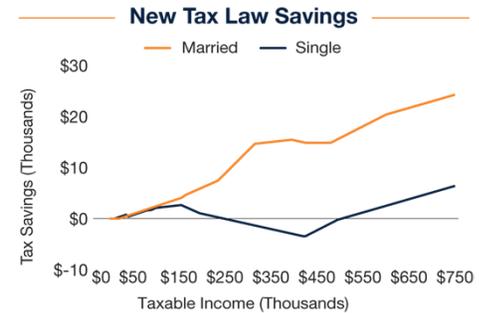


# CHASE BANK

## Tax Reform Boosting Real Estate Prospects; Deductions May Provide Tailwinds

**Recently passed tax reform to drive economic growth; corporate capital investment rising.** Following the passage of the Tax Cuts and Jobs Act in late 2017, business and consumer confidence rose considerably, boosting prospects for faster growth over the coming year. Numerous firms have committed to paying bonuses to their employees, while several large corporations have announced multibillion dollar investment plans as overseas earnings are repatriated. The combination of these factors, coupled with a national unemployment rate at the lowest level since 2000, will boost economic prospects in the months ahead. Incredibly tight labor markets nationally are beginning to have a significant impact on wage inflation, with average hourly earnings rising 2.7 percent over the past year in January, the fastest annual growth since June 2009.

**Key real estate tax provisions remain in place.** While early iterations of tax reform highlighted the potential for real estate-related provisions to receive higher levels of scrutiny from lawmakers on Capitol Hill, the final law left the vast majority of the key statutes in place, including the cornerstone tax-deferred 1031 exchange. Lease expenses for businesses also remain fully deductible under new tax provisions, while the deductibility of interest on debt is limited. This could lead to increased use of sale-leasebacks. The strategy aims to increase company profits by positioning expenses to areas that maximize deductibility. This will likely expand the inventory of net-leased assets coming to market. The new 20 percent pass-through deduction, on the other hand, could boost investor demand for these low-management investment options.



\* Forecast



# CHASE BANK

## Development Benign as Interest Rates Rise

**Rising construction costs prompt contracting pipeline.** As the retail marketplace has improved throughout the cycle, builders have largely responded by supplying build-to-suit product for net-leased tenants. As a result, single-tenant structures have routinely made up more than two-thirds of annual deliveries since the recovery began in 2009. Despite rising inventory availability due to several high-profile closings, net absorption has remained positive, generating robust growth in the average asking rent, which rose above 2008 levels for the first time in 2017. Elevated development costs that could be bolstered by the new metal tariffs may trigger further upside in asking rents as tenants vie for the limited space coming online.

**Interest rates remain on gradual path upward as growth and inflation rise.** Following the passage of tax reform, long-term interest rates have reached the highest yield since 2014 as banks expect a pickup in bond rates and inflation. As the yield curve steepens to reflect economic growth potential, investors will take a more measured approach to capital allocation. Moving forward, the Federal Reserve's intention to reduce its balance sheet will place additional upward pressure on long-term rates as well, while its stated goal of three rate hikes in 2018 will tighten overall liquidity in the marketplace. Nonetheless, cap rate spreads remain at historically positive levels, which may temper the overall effect of higher lending rates, particularly as net-lease transactions typically employ large cash components.



\* Forecast

2812 NORTH PINAL AVENUE, CASA GRANDE, AZ 85122

# CHASE BANK

NATIONAL NET-LEASED RETAIL REPORT

Brand	Locations
<b>Auto Parts</b>	
Bridgestone/Firestone	2,200
O'Reilly Auto Parts	4,984
AutoZone	6,023
Advance Auto Parts	5,203
Pep Boys	973
<b>Dollar Stores</b>	
Dollar General	14,321
Dollar Tree / Family Dollar	14,744
<b>General Retail</b>	
Wal-Mart	11,703
Sherwin-Williams	4,230
AT&T	16,000
Verizon Wireless	2,330
Mattress Firm	3,500
Office Depot/Max	1,404
<b>Pharmacies</b>	
CVS	10,014
Walgreens	8,201
Rite Aid	4,404
<b>Quick Service Restaurants</b>	
Dairy Queen	4,600
Starbucks	28,039
Chipotle	2,374
McDonald's	36,976
Yum Brands	44,352
Burger King	23,742
Wendy's	6,586
Carl's Jr./Hardee's	3,344
<b>Fast Casual</b>	
Chili's	1,682
Darden Restaurants	1,722
Red Lobster	705
Bloomin' Brands	1,491
Applebee's	2,016
Ruby Tuesday	541



Cap rates shown above are representative of transactions that closed in 2017. Actual yields will vary by locations, tenant, lease terms and other considerations. Locations sourced from CreditNtell for public companies and company websites for private companies.

\* For transactions closed in 2017  
Sources: CoStar Group, Inc.; CreditNtell; company sources



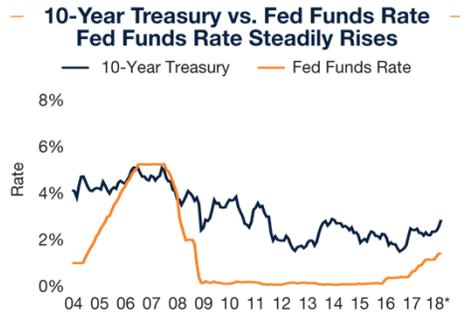
# CHASE BANK

## Capital Markets

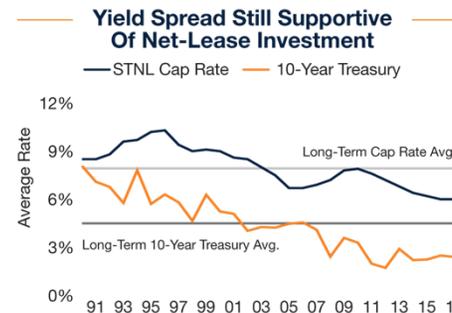
### Fed Normalization Signals Rising Interest Rates; Lenders Take Disciplined Approach

Fed carefully considers tighter policies as new chairman takes the helm. The Federal Reserve has hinted at three to four increases of the fed funds rate during 2018 as it hedges against inflation risk amid accelerated economic growth. The potential for higher inflation could prompt a more aggressive approach; however, the Fed will be cautious about pushing rates up too quickly as it does not want to stall the economy. Inflationary concerns and higher interest rates have driven a recent surge of volatility in the equity markets. Investors are worried that rising interest rates will reduce their stock market returns as the elevated costs of borrowing could cut into corporate profits. Additional uncertainty regarding the new untested leadership of Fed Chairman Jerome Powell contributed to the volatility. His policies have yet to be clarified, though he will likely continue reducing the balance sheet in an effort to move long-term rates higher. Despite increased concerns, the economy remains on strong footing and after several years of steady growth in equity markets, a correction was likely. Investors will remain cautious, however, realigning their strategies as necessary to meet their needs. Commercial real estate will offer some of these investors a compelling alternative with relatively less volatility and competitive yields.

Retail lending environment shifts amid sector uncertainty. National and regional banks have stepped in as key lenders for retail properties as CMBS lending eased amid heightened risk aversion in the sector that has persisted since 2016. In general, credit standards have held steady and the trend should continue into 2018 as lenders search for deals. Many originators are becoming increasingly selective about big-box retail deals as several national retailers have announced closures. Strip centers with grocery-anchored or service-oriented tenants may be favored opportunities moving forward. Construction lending will remain conservative and below-average completions will likely benefit vacancy as the retail landscape evolves.



\* Through February



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CHASE 

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