

# 45-73 W. CHELTEN AVENUE

Philadelphia, PA

OFFERING MEMORANDUM



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## EXECUTIVE SUMMARY

### 45-73 W. CHELTEN AVENUE

Philadelphia, PA 19144

#### THE OFFERING

Price	\$1,600,000
Net Operating Income	\$61,214
Price/SF	\$72.35
Total GLA	24,114 SF
Occupancy	44.64%
Zone	CMX2.5
Year Built	1960

DEMOGRAPHICS	1-MILES	2-MILES	3-MILES
Population	43,899	147,638	343,847
Households	19,272	60,864	138,042
Average HH Income	\$50,000	\$53,623	\$52,801
Median HH Income	\$30,498	\$34,751	\$35,648
Per Capita Income	\$22,512	\$22,573	\$21,511
Traffic Counts		22,000 VPD	



Marcus and Millichap, on behalf of ownership, is pleased to present this 22,000 square-foot Cheltenham Avenue neighborhood retail strip center in the Germantown Section of Philadelphia, Pennsylvania. The offering is a true value add opportunity at \$72 per square foot with below-market rental rates in place. The center is currently 45% occupied by three tenants with five vacant suites. Presently, there is a 2,800 square-foot space on a modified gross lease at \$10.64 per square-foot coming up for renewal in 2018. The current vacancy and lease structure represents significant upside in cash flow with current market rents for similar unanchored retail at \$13-15 per square foot NNN.

The Subject Property is well-located along Cheltenham Avenue just off of Germantown Avenue with prominent frontage and visibility. The property is situated in a highly dense, infill location with high barriers to entry and continued population growth year-over-year. Currently there are 344,000 people within a three-mile radius of the center with an average household income level of \$56,000. The property benefits from strong traffic counts, which exceed 26,000 cars per day, and proximity to national retailers in the submarket, notably Burger King, Wendy's, Popeye's, Rite Aid and Planet Fitness.



## INVESTMENT HIGHLIGHTS

- Significant Value Add Neighborhood Retail Strip Center
- \$72 Price Per Square Foot with a Pro Forma 11% Cap Rate
- Major Upside in Lease Renewals and Lease Up
- Greater Northeast Section of Philadelphia Location; Over 344,000 People within 3-Mile Radius
- Located along Cheltenham Avenue Just Off Germantown Avenue: Traffic Counts of 26,000 VPD
- Dense, Urban Infill Location with High Barrier to Entry

# RENT ROLL

SUITE #	TENANT	SF	GLA %	LEASE START	LEASE EXPIRE	BASE RENT	RENT/SF	OPTIONS	LEASE TYPE
45	Vacant (Fmr. Game Stop)	1,465	6.58%			-			
47	Choi Cleaners	3,000	13.48%	9/1/2008	8/31/2018	\$32,778	\$10.93		NNN
49	Vacant (Fmr. Tax Service)	1,125	5.06%			-			
	Common Area Est	550	2.47%			-			
59	TS Telecommunications	2,842	12.77%	7/30/2015	9/30/2018	\$30,240	\$10.64	1x3 yr.	Gross
61-63	Dental Dream	4,092	18.39%	8/18/2010	3/31/2021	\$42,240	\$10.32	2x5 yr.	NNN
65	Vacant (Fmr. Jewelry Store)	1,050	4.72%			-			
67	Vacant (Fmr. Grocer)	1,434	6.44%			-			
69-73	Vacant (Fmr. Eckerd)	6,696	30.09%			-			
Total		22,254				\$105,258			



## CURRENT INCOME

<u>Income</u>	
Base Rent	\$105,259
<hr/>	
Expense Reimbursement	
Real Estate Taxes	\$8,428
Philadelphia BU&O Tax	\$0
Special Service Tax	\$1,316
Insurance	\$4,249
Repairs and Maintenance	\$0
Total Expense Reimbursement	<u>\$13,992</u>
<b>EFFECTIVE GROSS INCOME</b>	<b>\$119,250</b>
<hr/>	
<u>Expenses</u>	
Real Estate Taxes	\$22,004
Philadelphia BU&O Tax	\$0
Special Service Tax	\$2,586
Insurance	\$11,786
Utilities	\$0
Repairs and Maintenance	\$12,468
Management Fee	\$4,770
Reserves	\$4,423
Trash	<u>\$0</u>
<b>Total Expenses</b>	<b>\$58,036</b>
<b>NOI</b>	<b>\$61,214</b>

- \* Tenants are billed directly for BU&O Tax
- \* RE Tax is based on county records
- \* Special Service Tax expense is based on previous 2 year average
- \* Insurance expense is based on previous 2 year average
- \* Tenants are billed directly for Utilities
- \* Repairs and Maintenance cost is based on previous 2 year average
- \* Management fee is based on market rate of 4% of EGI
- \* Reserves is based on a \$.20 PSF cost
- \* Tenants are billed directly for trash

## PROFORMA INCOME

<u>Income</u>	
Base Rent	\$228,033
<hr/>	
Expense Reimbursement	
Real Estate Taxes	\$19,770
Philadelphia BU&O Tax	\$0
Special Service Tax	\$4,398
Insurance	\$10,589
Repairs and Maintenance	\$12,156
Total Expense Reimbursement	<u>\$46,913</u>
<b>GROSS RENT</b>	<b>\$274,946</b>
Vacancy Factor (5% Vacancy Factor)	<u>\$13,747</u>
<b>EFFECTIVE GROSS INCOME</b>	<b>\$261,199</b>
<hr/>	
<u>Expenses</u>	
Real Estate Taxes	\$22,664
Philadelphia BU&O Tax	\$0
Special Service Tax	\$5,042
Insurance	\$12,140
Utilities	\$200
repairs and maintenance	\$24,313
Management Fee (4% of EGI)	\$10,448
Reserves (\$0.20 PSF)	\$4,423
Trash	<u>\$0</u>
<b>Total Expenses</b>	<b>\$79,229</b>
<b>NOI</b>	<b>\$181,970</b>

Rental Notes:

- \* Base Rent is based on a conservative \$11 psf rental rate.
  - \* Market rate for this area is \$13-15 psf NNN.
  - \* Property is currently being marketed at \$15 psf NNN by leasing agent
- Expense Reimbursement Notes:
- \* Expense Reimbursement for RE Tax, Special Service tax, and Insurance is based on the assumption leases are NNN except for TS communication which is already gross
  - \* Tenants are billed directly for BU&O Tax
  - \* Expense Reimbursement for Repairs and Maintenance based on a conservative 50% Reimbursement

Expense Notes:

- \* RE Tax expense inflated by 3%
- \* Tenants are billed directly for BU&O Tax
- \* Special Service Tax number inflated by 95%
- \* Insurance Expense is inflated by 3%
- \* Added \$200 for Utilities Expense due the 500SF Common Area
- \* Repairs and Maintenance number inflated by 95%
- \* Tenants are billed directly for trash



The Offering

The Offering





45-73 W. CHELTEN AVENUE.

Upsal Station  
SEPTA

Germantown Station  
SEPTA

Advance Auto Parts

LASALLE UNIVERSITY

AutoZone

Wister Station  
SEPTA

45-73 W. CHELTEN AVE.

Walgreens

Logan Station  
SEPTA

Tulpehocken Station  
SEPTA

planet fitness  
DUNKIN' DONUTS  
DOLLAR GENERAL

RITE AID  
FAMILY DOLLAR  
PNC

GREENE ST.

WISSAHICKON AVE.

Chelten Ave. Station  
SEPTA

Save a lot food stores  
DOLLAR TREE

Wayne Junction Station  
SEPTA

1

Queen Lane Station  
SEPTA

William Penn Charter School

DREXEL UNIVERSITY  
College of Medicine

Bakers Centre  
ShopRite planet fitness  
ROSS DRESS FOR LESS

1

N BROAD ST.

**AutoZone**

**Walgreens**

**45-73 W. CHELTEN AVE.**

**GERMANTOWN AVE.**

**GREENE ST.**

**W. CHELTEN AVE.**

**planet fitness**

**DUNKIN' DONUTS**

**DOLLAR GENERAL**

**FAMILY DOLLAR**

**PNC**

**KFC**

**BURGER KING**

**RITE AID**

**Wendy's**

**WAYNE AVE.**

**Save a lot**  
food stores

**DOLLAR TREE**

# DEMOGRAPHIC SUMMARY

POPULATION	1 MILES	2 MILES	3 MILES
2020 Projection	43,512	146,207	341,659
2015 Estimate	43,899	147,638	343,847
2010 Census	42,719	144,156	336,179
2000 Census	44,633	155,823	358,161
Current Daytime Population	34,050	125,501	270,170

POPULATION PROFILE	1 MILES	2 MILES	3 MILES
<u>Population By Age</u>			
2015 Estimate Total Population	43,899	147,638	343,847
Under 20	24.08%	24.88%	25.04%
20 to 34 Years	24.35%	23.04%	24.11%
35 to 39 Years	5.49%	5.48%	5.64%
40 to 49 Years	12.82%	12.47%	12.47%
50 to 64 Years	19.65%	19.94%	19.53%
Age 65+	13.61%	14.18%	13.22%
Median Age	36.35	36.83	35.71
<u>Population 25+ by Education Level</u>			
2015 Estimate Population Age 25+	29,678	99,282	230,179
Elementary (0-8)	2.57%	2.87%	4.01%
Some High School (9-11)	11.88%	12.53%	13.32%
High School Graduate (12)	31.59%	33.61%	35.10%
Some College (13-15)	18.51%	19.36%	18.53%
Associate Degree Only	5.15%	4.90%	4.60%
Bachelors Degree Only	15.26%	13.65%	12.52%
Graduate Degree	13.98%	11.79%	10.26%

HOUSEHOLDS	1 MILES	2 MILES	3 MILES
2020 Projection	19,286	60,927	138,563
2015 Estimate	19,272	60,864	138,042
2010 Census	18,737	59,322	134,636
2000 Census	18,475	60,203	136,006

INCOME	1 MILES	2 MILES	3 MILES
<u>2015 Housing Income</u>			
\$150,000 or More	3.48%	3.65%	3.44%
\$100,000 - \$149,000	7.19%	7.85%	7.60%
\$75,000 - \$99,999	7.35%	8.64%	8.64%
\$50,000 - \$74,999	13.18%	14.86%	15.70%
\$35,000 - \$49,999	12.47%	13.85%	14.53%
Under \$35,000	55.46%	50.28%	49.30%
Average Household Income	\$50,000	\$53,623	\$52,801
Median Household Income	\$30,498	\$34,751	\$35,648
Per Capita Income	\$22,512	\$22,573	\$21,511

Geography: 5 Miles



## Population

In 2016, the population is 43,899. The population has changed by -1.64% since 2000. It is estimated that the population will be 43,512.00 five years from now, which represents a change of -0.88% from the current year. The current population is 44.39% male and 55.61% female. The median age of the population is 36.35, compared to the US average, which is 37.55. The population density is 13,952.57 people per square mile.



## Households

There are currently 19,272 households in your selected geography. The number of households has changed by 4.31% since 2000. It is estimated that the number of households will be 19,286 five years from now, which represents a change of 0.07% from the current year. The average household size is 2.19 persons.



## Income

In 2016, the median household income is \$30,498, compared to the US average, which is currently \$54,148. The median household income has changed by 9.66% since 2000. It is estimated that the median household income will be \$36,257 five years from now, which represents a change of 18.88% from the current year.

The current year per capita income is \$22,512, compared to the US average, which is \$29,638. The current year average household income is \$50,000, compared to the US average, which is \$77,468.



## Race and Ethnicity

The current year racial makeup is as follows: 16.96% White, 76.72% Black, 0.03% Native American and 1.61% Asian/Pacific Islander. Compare these to US averages, which are: 70.98% White, 12.77% Black, 0.19% Native American and 5.25% Asian/Pacific Islander. People of Hispanic origin are counted independently of race and make up 3.75% of the current year population. Compare this to the US average of 17.53%.



## Housing

The median housing value was \$132,232 in 2016, compared to the US average of \$185,104. In 2000, there were 7,703 owner occupied housing units and there were 10,773 renter occupied housing units. The median rent at the time was \$472/month.



## Employment

In 2016, there are 11,970 employees, this is also known as the daytime population. The 2000 Census revealed that 63.07% of employees are employed in white-collar occupations, and 36.67% are employed in blue-collar occupations. In 2016, unemployment is 8.89%. In 2000, the average time traveled to work was 38.00 minutes.

# PHILADELPHIA, PA

## METRO

The Philadelphia metro contains more than 6 million residents, covers nearly 5,000 square miles, and spans Philadelphia, Delaware, Bucks, Chester and Montgomery counties in Pennsylvania; Gloucester, Burlington, Camden and Salem counties in New Jersey; New Castle County in Delaware; and Cecil County in Maryland. Although the metro has more than 360 municipalities, few have more than 25,000 citizens.

## ECONOMY

- Philadelphia is home to nine Fortune 500 companies that operate across a broad spectrum of industries, including finance, petroleum, communications and packaging materials.
- The local economy is also increasingly supported by high-growth sectors such as life sciences and healthcare. The region is now an important pharmaceutical hub, and its rapidly expanding biotechnology segment will drive much of Philadelphia's economic gains over the next 10 years.
- Philadelphia is the home of the Federal Reserve's third district, which, along with the U.S. Mint, the Philadelphia Stock Exchange and companies such as Lincoln Financial Group and Vanguard, helps shape a formidable financial sector.
- Other drivers of the region's economy include education, warehouse and transportation logistics, advanced manufacturing and telecommunications.
- Philadelphia's gross metropolitan product (GMP), retail sales and employment are all trending positively. Job gains will contribute to annual GMP growth of 3.5 percent this year. The metro's retail sales are also rising, with a jump of 6.8 percent expected this year.

MAJOR EMPLOYERS (As of 2014)	SECTOR	COUNTY	# OF EMPLOYEES
Jefferson Health System, Inc.	Healthcare and Social Assistance	Philadelphia	18,740
University of Pennsylvania	Educational Services	Philadelphia	16,160
University of Pennsylvania Health System	Healthcare and Social Assistance	Philadelphia	14,941
Temple University	State Related Institution of Higher Learning	Philadelphia	14,000
Comcast Corp.	Media and Technology	Philadelphia	12,858
Christiana Care Health System	Hospital and Outpatient	New Castle	10,500
UPS	Air Freight Express Services	Philadelphia	10,261
Main Line Health	Healthcare	Montgomery	10,075
Bank of America Corp.	Finance and Insurance	Multiple	10,000

## DEMOGRAPHICS

- Population growth in the Philadelphia metro remains below the national average, with increases of just 0.4 percent annually expected over the next five years. The strongest population gain is occurring in the northwest, where residents are more willing to swap shorter commutes for affordable housing.
- The metro's population is just slightly older than the nation, as the median age is 38.4 years compared with 37.5 years for the country. This trend will continue, as strong population gains are anticipated in the senior population as the baby boomer generation ages.
- Education is the strong suit of Philadelphia's workforce; 33.5 percent of the area's population age 25 or older have at least a bachelor's degree, with more than 13 percent holding a graduate degree. Education attainment translates into higher salaries, as evidenced by a median annual household income of \$66,900 per year, or \$10,800 more than the U.S. median.
- High incomes have afforded nearly 65 percent of households to own their home, compared with 64 percent for the nation. The median home price in Philadelphia is currently around \$227,800.
- Over the next five years, household incomes are expected to increase at a slightly faster pace than home prices, which should increase homeownership rates.



## AIRPORT

- Philadelphia International Airport
- Northeast Philadelphia Airport

## MAJOR ROADWAYS

- Interstates 76, 95, 276, 295, 476 and 495

## RAIL

- Freight - CSX, Norfolk Southern
- Passenger - Amtrak
- Commuter - PATCO Speedline, New Jersey Transit, SEPTA

## PORT

- Port of Philadelphia

## PHILADELPHIA METRO IS:

- 100 miles from New York City
- 150 miles from Washington, D.C.
- 300 miles from Pittsburgh
- 300 miles from Boston



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Philadelphia, PA

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