



MARKET  STREET
retail advisors

FOOD CITY - GROUND LEASE
820 MISSION RIDGE ROAD
ROSSVILLE, GA

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OFFERING SUMMARY

Market Street Retail Advisors is pleased to present this Offering Memorandum for 820 Mission Ridge Road Rossville, GA. The offering includes the fee simple interest in 4.37 acres and a 38,000-square foot building which is 100% ground leased to Food City. The following pages provide a detailed analysis of the property offering.

THE OFFERING	
Tenant Name	Food City
Rentable Square Feet	38,000
Year Built	2018
Acreage	4.37
Parcel #	0124005

OFFERING SUMMARY	
Offering Price	\$1,545,455
Cap Rate	5.50%
Initial Lease Term	30-Year Ground Lease
Increases	15% - Yr. 16
Lease Expires	November 9, 2046
Landlord Responsibilities	None
Options Remaining	5 5-Yr Options
Percentage Rent (through 2031)	0.5% in excess of \$17.00M
Percentage Rent (through 2046)	0.5% in excess of \$19.55M

CONSTRUCTION & UTILITIES	
Exterior	Brick / Metal
Roof	Flat
Parking Surface	Asphalt
Electricity	Electric Power Board
Water & Sewer	Tennessee American Water Service
Gas	Chattanooga Gas Company



INVESTMENT HIGHLIGHTS

- 30-Year Ground Lease
- New Construction - Store Opened Q4 2018
- \$8M Store Cost
- Food City has Committed \$60M in Chattanooga / N. Georgia
- Store Services Rossville, Chickamauga, Fort Oglethorpe, & Fairview
- Location has been a Grocery Store for 47 years
- \$85,000 / year (\$7,083.34 / month)
- Lease Commenced 11/10/2016
- Lease Expires 11/9/2046
- 15% rental increase 11/10/2031 (\$97,750)
- Corporate Guaranteed Lease (K-VA-T Food Stores)



OFFERING PRICE AND FINANCIAL ANALYSIS



OFFERING PRICE

FINANCIAL ANALYSIS

FOOD CITY - GROUND LEASE

820 MISSION RIDGE ROAD | ROSSVILLE, GA

Pricing Summary	
Offering Price	\$1,545,455
Price per Square Foot	\$40.67
Capitalization Rate	5.50%

Income Summary		From	To	Monthly	Yearly	PSF
Term						
	yr. 1	Nov 10, 2016	Nov 09, 2017	\$7,083.33	\$85,000	\$2.24
	yr. 2	Nov 10, 2017	Nov 09, 2018	\$7,083.33	\$85,000	\$2.24
	yr. 3	Nov 10, 2018	Nov 09, 2019	\$7,083.33	\$85,000	\$2.24
	yr. 4	Nov 10, 2019	Nov 09, 2020	\$7,083.33	\$85,000	\$2.24
	yr. 5	Nov 10, 2020	Nov 09, 2021	\$7,083.33	\$85,000	\$2.24
	yr. 6	Nov 10, 2021	Nov 09, 2022	\$7,083.33	\$85,000	\$2.24
	yr. 7	Nov 10, 2022	Nov 09, 2023	\$7,083.33	\$85,000	\$2.24
	yr. 8	Nov 10, 2023	Nov 09, 2024	\$7,083.33	\$85,000	\$2.24
	yr. 9	Nov 10, 2024	Nov 09, 2025	\$7,083.33	\$85,000	\$2.24
	yr. 10	Nov 10, 2025	Nov 09, 2026	\$7,083.33	\$85,000	\$2.24
	yr. 11	Nov 10, 2026	Nov 09, 2027	\$7,083.33	\$85,000	\$2.24
	yr. 12	Nov 10, 2027	Nov 09, 2028	\$7,083.33	\$85,000	\$2.24
	yr. 13	Nov 10, 2028	Nov 09, 2029	\$7,083.33	\$85,000	\$2.24
	yr. 14	Nov 10, 2029	Nov 09, 2030	\$7,083.33	\$85,000	\$2.24
	yr. 15	Nov 10, 2030	Nov 09, 2031	\$7,083.33	\$85,000	\$2.24
	yr. 16-30	Nov 10, 2031	Nov 09, 2046	\$8,145.83	\$97,750	\$2.57
Opt 1	31-35	Nov 10, 2046	Nov 09, 2051	\$9,367.71	\$112,413	\$2.96
Opt 2	36-40	Nov 10, 2051	Nov 09, 2056	\$9,836.09	\$118,033	\$3.11
Opt 3	41-45	Nov 10, 2056	Nov 09, 2061	\$10,327.90	\$123,935	\$3.26
Opt 4	46-50	Nov 10, 2061	Nov 09, 2066	\$10,844.29	\$130,132	\$3.42
Opt 5	51-55	Nov 10, 2066	Nov 09, 2071	\$11,386.51	\$136,638	\$3.60



TENANT OVERVIEW

FOOD CITY

Food City, owned by K-VA-T Food Stores, Inc., is a supermarket chain with a presence in Georgia, Kentucky, Tennessee and Virginia. The first Food City opened its doors in 1918 and the company has since grown to operate 123 locations around the Southeast. Food City has grown immensely through the acquisition of several Piggy Wiggly and Winn Dixie operations. Food City differentiates itself by offering customers private label choices to ensure the best produce at the best prices. Food City also owns a 1.1 million square-foot distribution center in Abingdon, Virginia. Food City employs roughly 16,000 people and is headquartered in Abingdon, Virginia.

Headquartered (U.S)	Abingdon, VA
Number of Locations	123
Areas of Operation	4 States
Website	www.foodcity.com



DEMOGRAPHICS

Description	3 Miles	5 Miles	7 Miles
POPULATION BY YEAR			
Population (4/1/1990)	17,298	36,652	84,101
Population (4/1/2000)	17,783	37,619	85,652
Population (4/1/2010)	19,607	40,924	92,856
Population (1/1/2018)	19,767	41,332	96,103
Population (1/1/2023)	19,994	41,891	98,301
Percent Growth (2018/2010)	0.82	1	3.5
Percent Forecast (2023/2018)	1.15	1.35	2.29
HOUSEHOLDS BY YEAR			
Households (4/1/1990)	6,298	14,200	32,747
Households (4/1/2000)	6,797	15,088	34,184
Households (4/1/2010)	7,604	16,247	36,847
Households (1/1/2018)	7,653	16,381	38,219
Households (1/1/2023)	7,763	16,647	39,286
Percent Growth (2018/2010)	0.64	0.82	3.72
Percent Forecast (2023/2018)	1.44	1.62	2.79
GENERAL POPULATION CHARACTERISTICS			
Median Age	39.5	38.9	38.1
Male	9,565	19,680	44,415
Female	10,042	21,244	48,441
Density	555.8	656.4	584.6
Urban	17,582	37,727	81,558
Rural	2,025	3,197	11,298
GENERAL HOUSEHOLD CHARACTERISTICS			
Households (4/1/2010)	7,604	16,247	36,847
Families	5,539	11,139	24,509
Non-Family Households	2,065	5,108	12,338
Average Size of Household	2.56	2.5	2.48
Median Age of Householder	52.5	52.1	52.1
Median Value Owner Occupied (\$)	110,281	102,351	111,126
Median Rent (\$)	442	444	496
Median Vehicles Per Household	2.3	2.2	2.2
GENERAL HOUSING CHARACTERISTICS			
Housing, Units	8,508	18,360	41,368
Housing, Owner Occupied	5,901	11,165	24,083
Housing, Renter Occupied	1,703	5,082	12,764
Housing, Vacant	904	2,113	4,521
POPULATION BY RACE			
White Alone	18,384	37,818	77,109
Black Alone	669	1,541	10,731
Asian Alone	92	283	900
American Indian and Alaska Native Alone	48	125	345
Other Race Alone	103	367	1,940
Two or More Races	311	790	1,831
POPULATION BY ETHNICITY			
Hispanic	283	837	3,747
White Non-Hispanic	18,236	37,439	75,701
GENERAL INCOME CHARACTERISTICS			
Total Personal Income (\$)	391,708,624	850,100,759	2,024,086,947
Total Household Income (\$)	388,965,078	838,309,032	1,995,814,514
Median Household Income (\$)	41,488	38,560	38,830
Average Household Income (\$)	51,153	51,598	54,165
Per Capita Income (\$)	19,978	20,773	21,798

Location: Food City
Address: 820 Mission Ridge Road
Latitude: 34° : 55' : 00"
Longitude: -85° : 18' : 41"

Footnotes:

Easy Analytic Software, Inc. (EASI) is the source of all updated estimates. All other data are derived from the US Census and other official government sources.

SITE PLAN







MARKET STREET

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LOCATION OVERVIEW



RELEVANT ARTICLES

The **38,000-square-foot** supermarket, which opened for business at 8 a.m. today, replaces a nearly 50-year-old store that Food City acquired when it purchased 29 Chattanooga area Bi-Lo units in 2015.

"I was sick of going to Fort Oglethorpe," said Beard, who with his daughter, Gracie, were among 150 people who took part in a ceremony Tuesday marking completion of the **new \$8 million Food City** on Mission Ridge Road in Rossville.

Rick Bishop, Food City's executive vice president for the Chattanooga region, said the old store was just 22,000 square feet in size. He **expects sales to increase sharply** from the older unit.

For example, he said, the new store has 150 frozen food doors compared to 50 in the old unit. Also, the new supermarket employs 125 people while the old one had about 50 workers, Bishop said.

Daryl Massey, Food City district manager for the Chattanooga-North Georgia area, said the modern store will help the company "keep up with the times." **"Food City has delivered,"** he said.

Among features in the new supermarket are an in-store bakery/deli, a hot food bar, and an expanded cafe and seating area. Also, it offers full-service meat and seafood departments with pre-marinated and seasoned oven-ready products, according to Food City. In addition, the new store has expanded grocery, frozen food and produce departments along with a pharmacy. Additionally, a Food City Gas N' Go was built adjacent to the store.

Steven C. Smith, Food City president and chief executive officer, said in a statement that the grocer is "excited to have the opportunity to provide them with a **new, larger, much improved Food City** to replace the former outdated facility."

Walker County Commissioner Shannon Whitfield cited the turnout on Tuesday, adding that it **"shows how much the community will support this store."** "It's a great opportunity to keep dollars local in Walker County," she said.

- Pare, Mike. "Food City Opens \$8 Million Store in Rossville, Georgia." Timesfreepress.com

RELEVANT ARTICLES

The new 38,000-square-foot store will replace a store that served the community for nearly 50 years. The store at 820 Mission Ridge Road had grown long in the tooth. Aside from the normal wear and tear, **the smaller store could not provide all that today's customers expect.**

Smith noted "good locations" have always been one of the greatest advantages of a Red Food/Bi-Lo and now a Food City store. To capitalize on their prime real estate, **Food City is committed to spending as much as \$60 million** on the Chattanooga and North Georgia area.

New and renovated stores are a boon to shoppers and at the same time, these newer facilities are cost-effective. "A store like this **uses about 40 percent less energy** than a conventional store, like the one it replaces," Smith said.

Having LED lighting, improved refrigeration, state-of-the-art heating and cooling systems and adding self-checkout lines in addition to five manned checkout lanes **helps the bottom line** in a highly competitive market.

At the same time the company decided to tear down its Mission Ridge store and rebuild, rather than remodel, no employees were pink-slipped. From managers to part-time workers, **all employees kept their jobs** at nearby stores and should be able to return to their Mission Ridge "home" sometime in June.

When those temporarily displaced employees return they will be joined by new hires as the larger newer store requires 50-70 more staff, meaning a total of about **125 full- and part-time workers** will be on payroll.

Not only will there be new employees, a new pharmacy and a place to buy gasoline and diesel fuel, the new store will have a broader selection of foods and services. And, much like the upgraded Food City near the intersection of Battlefield Parkway and U.S. Highway 27 in Fort Oglethorpe, Store Manager Cade Allison said the Mission Ridge location will have an in-store bakery/deli — complete with a hot food bar and sit-down cafe — the meat/seafood department will offer up-scale offerings and custom cut-to-order service.

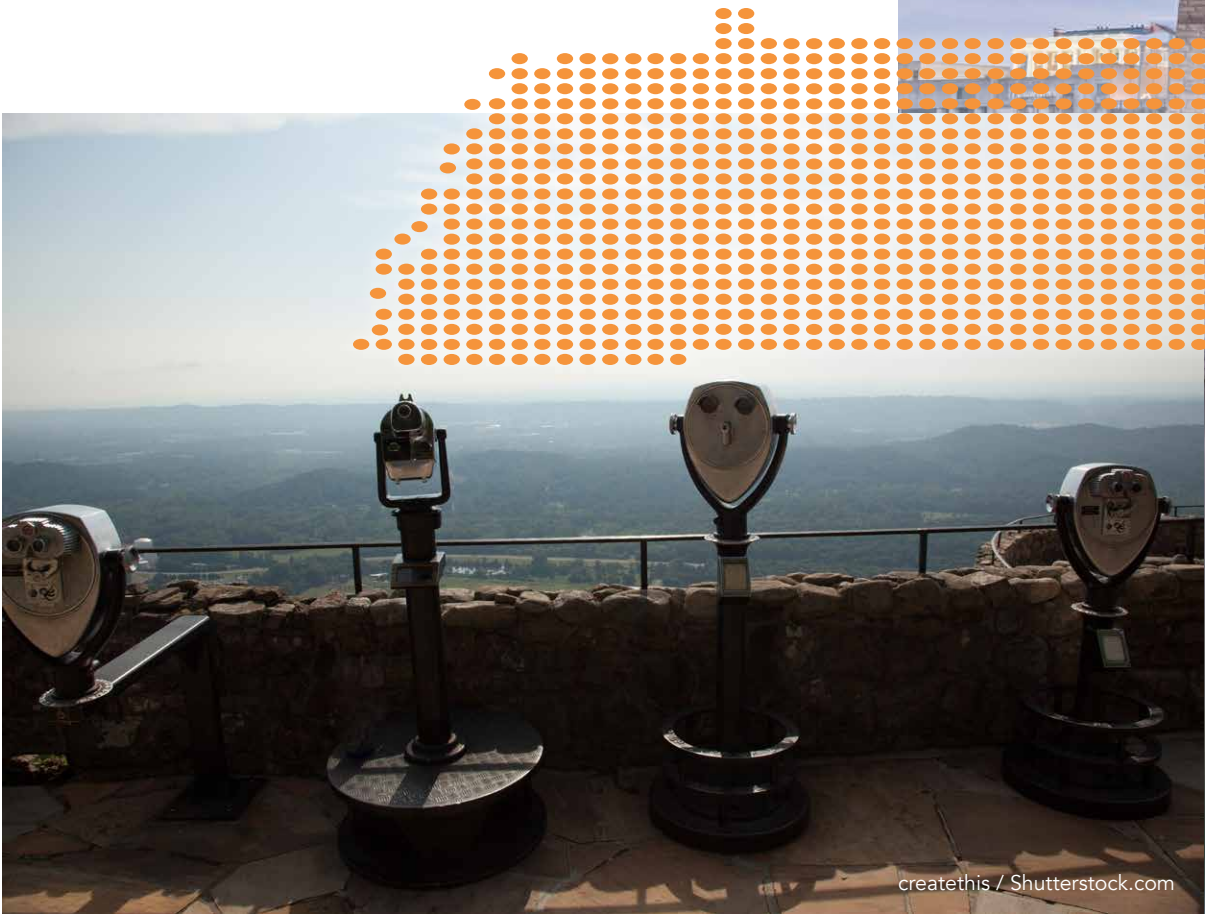
- O'Neal, Mike. "Food City Working to Open Mission Ridge Replacement in June." northwestgeorgianews.com

CHATTANOOGA, TN

Location Overview

Chattanooga's strategic location in Southeast Tennessee makes the city a prime position in the southeastern and eastern half of the United States. Chattanooga sits at the junction of three interstates, I-24 (to Nashville), I-59 (to Birmingham), and I-75 (to Atlanta/Knoxville). The Chattanooga Airport supports several large airlines including Delta and US Airways and routinely sends flights to surrounding cities. The Chattanooga Area Regional Transportation Authority (ARTA), Chattanooga's public transportation system, services over 3 million passengers annually and is the first public transportation system to have free non-emissions electric vehicles.

Chattanooga is well known for its beautiful scenery, boasting over 75 parks, 3 rivers, and the national attraction Lookout Mountain. Some other major attractions in the city include the Tennessee Aquarium, Civil War battlefield sites, the African American Museum, and the Appalachian trail. Because of all of these attractions, Chattanooga is a two-time winner of Outside Magazine's 'Best Town' in America.



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EMPLOYMENT/ECONOMY



Some of Chattanooga's largest employers include:

- The Hamilton County Department of Education
- BlueCross BlueShield of Tennessee
- Tennessee Valley Authority
- Unum
- CIGNA HealthCare
- The University of Tennessee at Chattanooga
- Erlanger Health System

Over 30% of Chattanooga's businesses are categorized as Professional & Business Services while Retail and Education/Health Services account for another 20%.

Volkswagen Chattanooga recently invested \$600,000,000 in its Chattanooga site while creating 2,000 new jobs. Additionally, Amazon has built five distribution centers in Tennessee since 2011 and recently added 400 jobs to its Chattanooga operations.

POPULATION STATISTICS

Chattanooga is the fourth largest city in the state and has grown by over 10% in the past 15 years, according to the Chattanooga Chamber of Commerce. Chattanooga's metropolitan area, of which Kimball is a part, has grown to over 540,000 residents, and the city's cost of living sits well below the national average. Another sign of growth within Hamilton County is its increased retail sales, with sales increasing 6% between 2013 and 2014 from \$5.8 Million to \$6.2 Million. Hamilton County is home to more than 115 public and private schools, and its major hospitals combine for over 630 hospital beds. The Chattanooga Convention and Trade Center is one of the nation's top 10 'green' convention centers.



EDUCATION

Chattanooga is home to The University of Tennessee at Chattanooga (UTC), Chattanooga State Community College, Southern Adventist University, Covenant College, and Tennessee Temple University, with total enrollment over 26,000 students.

UTC, known for its Nursing and Physical Therapy Graduate Programs, is ranked in the Top 25 in Top Public Schools. The university also recently completed construction on a new \$48 million state-of-the-art library which opened in January 2015.

ROSSVILLE

Rossville is a city in the North West corner of Georgia and is part of Walker county. Rossville is five miles south of downtown Chattanooga and home to 4,027 people. The city ranks in the top 9% of the United States in cost of living. The median income is \$24,087 a year and the unemployment rate in Rossville is 3.8% (U.S. avg. is 3.9%). Recent job growth is positive with Rossville jobs increasing by 3.36% over the past year.

The major industries of Walker County are health, retail, and manufacturing. The major employers are Roper Corporation (1,600 jobs), Shaw Industries Group (350 jobs), Nissin Brake Georgia (235 jobs), Syntec Industries (180 jobs). In 2014 Nissan Brake Georgia invested \$33 million in its Walker County Expansion.

Walker county is known for its outdoor attractions, Rock City Gardens ranks as "one of America's Top 101 places to visit," according to National Geographic. Each year, more than half a million people from all over the world visit rock city gardens. Lake Winnie Amusement Park is another attraction of Rossville. In 2012 the park invested \$6 million to add a five-acre water park expansion. Lake Winne is recognized as one of America's top ten family amusement parks for all ages.

