



MARKET  STREET

retail advisors

SOUTHFORKE PLAZA
2631 FRITZ STREET
CLEVELAND, TN
(CHATTANOOGA, MSA)

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OFFERING SUMMARY

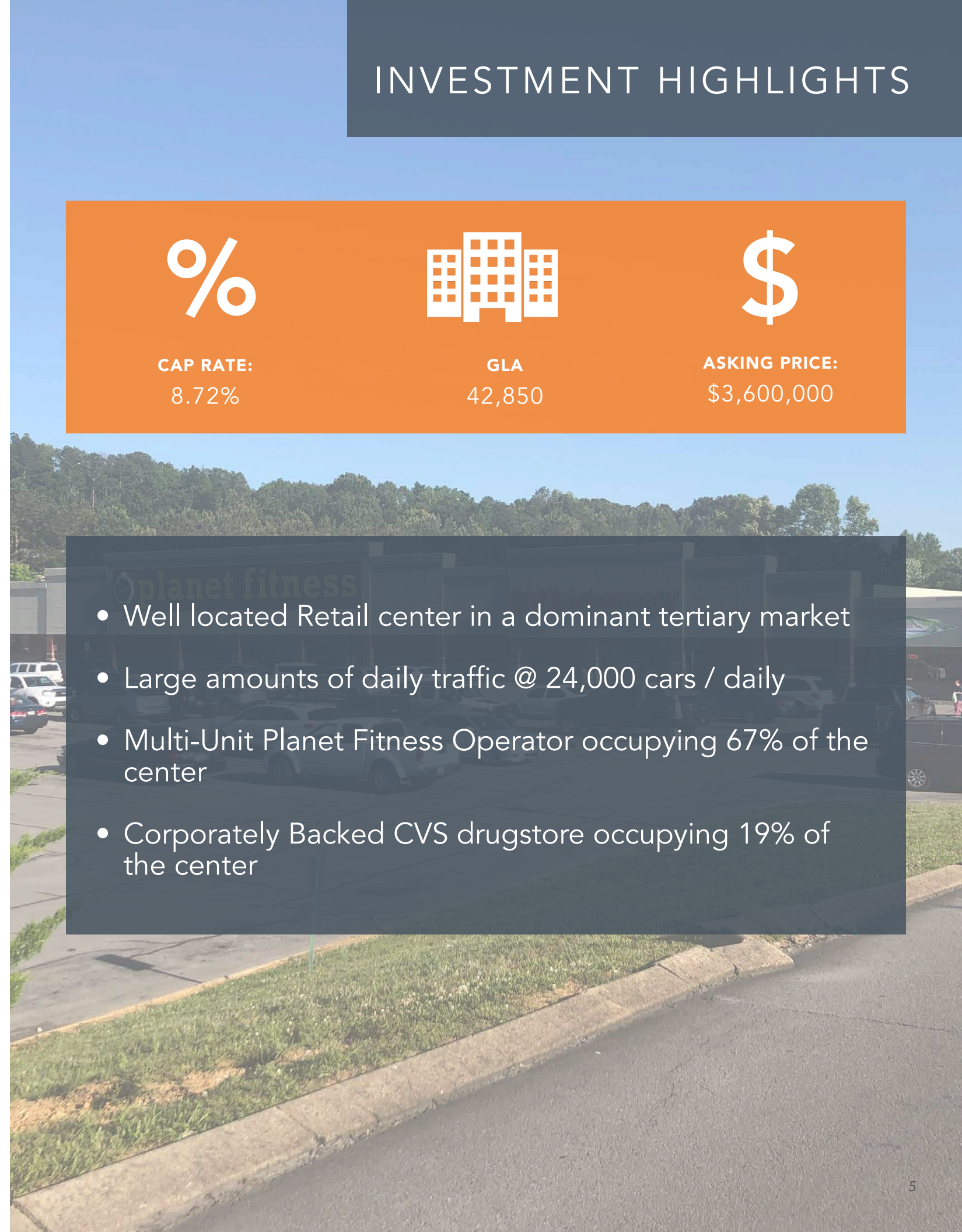
INVESTMENT HIGHLIGHTS

THE OFFERING	
Shopping Center Name	Southforke Plaza
Rentable Square Feet	42,850
Year Built	1992
Parcel ID	065E F 016.02
Address	2631 Fritz Street

		
CAP RATE: 8.72%	GLA 42,850	ASKING PRICE: \$3,600,000

OFFERING SUMMARY	
Sales Price	\$3,600,000
Price Per Square Foot	\$84.01
Capitalization Rate	8.72%
Net Operating Income	\$313,996
Cash After Debt	\$113,364
Leveraged 10-Year IRR	21.66%

CONSTRUCTION & UTILITIES	
Exterior	Brick / Stucco
Roof	Flat
Parking Surface	Asphalt
Electricity	Cleveland Utilities
Water & Sewer	Cleveland Utilities

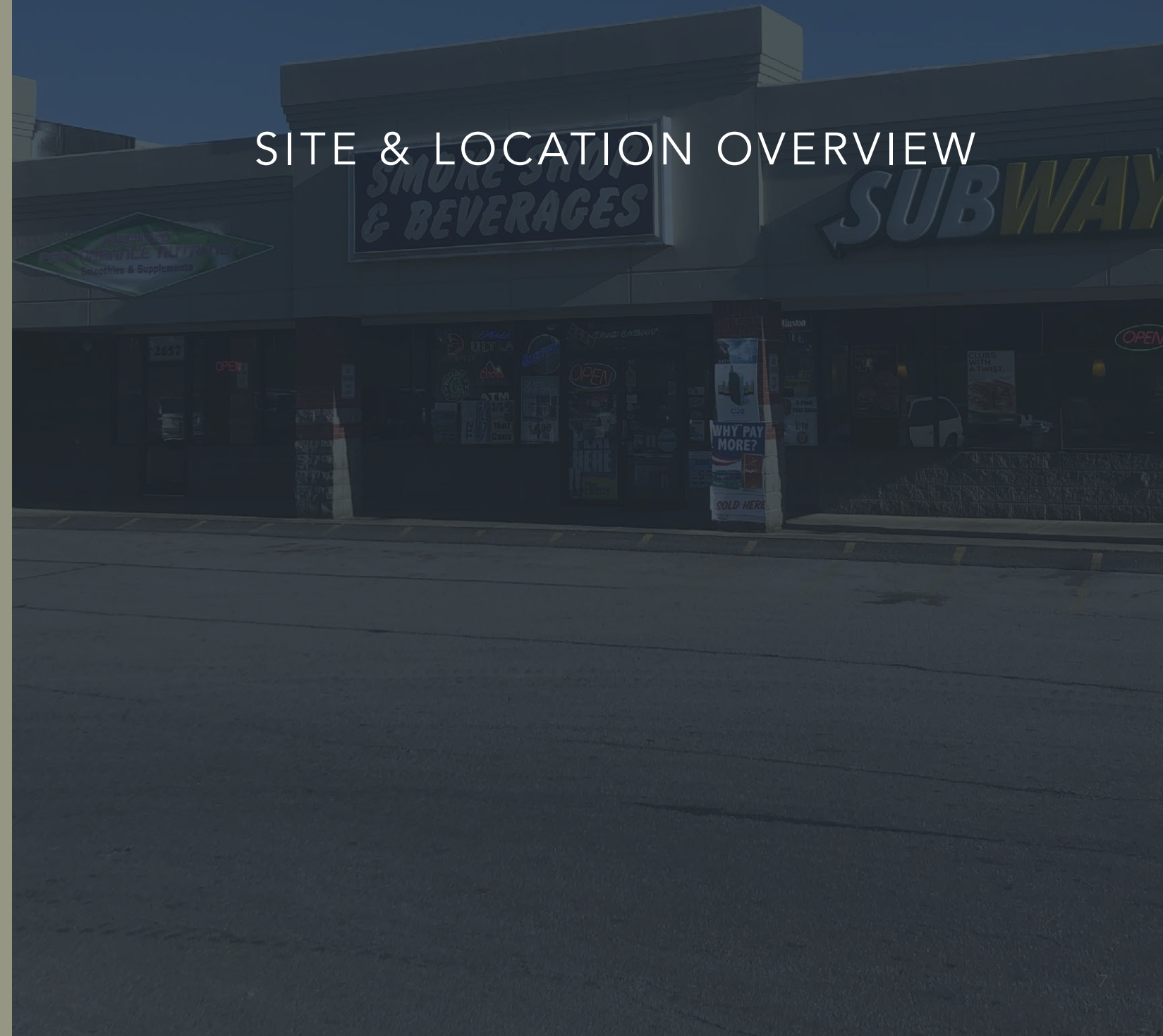


- Well located Retail center in a dominant tertiary market
- Large amounts of daily traffic @ 24,000 cars / daily
- Multi-Unit Planet Fitness Operator occupying 67% of the center
- Corporately Backed CVS drugstore occupying 19% of the center



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SITE & LOCATION OVERVIEW





WHIRLPOOL CORPORATION
4 miles | 1,417 employees;
largest employer in Bradley County



DOLLAR GENERAL

Hardee's

FAMILY DOLLAR

KFC

Advance Auto Parts

Walgreens

ZAXBY'S

DOLLAR TREE

DALTON PIKE: 12,405 VPD

FOOD CITY

Wendy's

Little Caesars

REGIONS

Walmart

McDonald's

GameStop
POWER TO THE PLAYERS
CAFO
Great Clips
verizon

Bojangles

O'Reilly AUTO PARTS

CAPTAIN D'S

APPALACHIAN HWY: 24,899 VPD



TACO BELL

SUBWAY

DOLLAR GENERAL

● **SUBJECT PROPERTY**





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FINANCIAL ANALYSIS



RENT ROLL

Tenant	Lease Data					Monthly Rent	
	Suite	SF	ProRata	Start Date	End Date	Base Rent	Reimb.
Pizza Hut of America	1	1,800	4.20%	8/1/1993	11/30/2023	\$1,921	\$314
Planet Fitness	2	29,000	67.68%	11/14/2014	12/31/2025	\$15,708	\$5,061
CVS	3	8,450	19.72%	7/1/1991	2/28/2023	\$5,739	\$1,475
Inspired Performance Nutrition	4	1,200	2.80%	4/1/2019	3/31/2022	\$1,475	\$209
The Smoke Shop	5	1,200	2.80%	10/1/2004	9/30/2022	\$1,445	\$209
Subway	6	1,200	2.80%	8/1/1992	12/31/2019	\$1,658	\$209
Sign Brokers LLC (Billboard Sign)				4/30/2008	4/30/2028	\$500	\$0
SubTotals	6	42,850	100.00%			\$28,446	\$7,477

Annual Rent		Total Rent			Option Terms		
Base Rent	Reimb.	Gross Rent	Base (PSF)	Reimb. (PSF)	Start Date	Monthly Rent	Notes
\$23,052	\$3,768	\$26,820	\$12.81	\$2.09	12/1/2019	\$1,969	Increase
					12/1/2020	\$2,019	Increase
					12/1/2021	\$2,069	Increase
					12/1/2022	\$2,121	Increase
					12/1/2023	\$2,121	5-Yr. Option - 2.5% inc. per year
\$188,496	\$60,732	\$249,228	\$6.50	\$2.09	1/1/2020	\$16,917	Increase
					1/1/2025	\$19,333	5-Yr. Option
					1/1/2030	Market	5-Yr. Option
\$68,868	\$17,700	\$86,568	\$8.15	\$2.09			
\$17,700	\$2,508	\$20,208	\$14.75	\$2.09			
\$17,340	\$2,508	\$19,848	\$14.45	\$2.09	10/1/2019	\$1,465	Increase
					10/1/2020	\$1,485	Increase
					10/1/2021	\$1,505	Increase
\$19,896	\$2,508	\$22,404	\$16.58	\$2.09	1/1/2020	\$1,658	10-Yr. Option - 3% ann. inc. in 2 yr steps
\$6,000	\$0	\$6,000					
\$341,352	\$89,724	\$431,076	\$12.21	\$2.09			

CASH FLOW REPORT

Forecast	Year 1	Year 2	Year 3	Year 4	Year 5
For the Years Ending	Aug-2020	Aug-2021	Aug-2022	Aug-2023	Aug-2024
Rental Revenue					
Potential Base Rent	336,012	346,505	353,198	356,300	360,506
Absorption & Turnover Vacancy	0	0	0	0	0
Total Rental Revenue	336,012	346,505	353,198	356,300	360,506
Other Tenant Revenue					
Total Expense Recoveries	89,743	105,809	107,235	108,810	110,589
Total Other Tenant Revenue	89,743	105,809	107,235	108,810	110,589
Total Tenant Revenue	425,755	452,315	460,433	465,110	471,095
Other Revenue					
Billboard Rent	6,000	6,000	6,000	6,000	6,000
Total Other Revenue	6,000	6,000	6,000	6,000	6,000
Potential Gross Revenue	431,755	458,315	466,433	471,110	477,095
Vacancy & Credit Loss					
Vacancy Allowance	-21,588	-22,916	-23,322	-23,556	-23,855
Total Vacancy & Credit Loss	-21,588	-22,916	-23,322	-23,556	-23,855
Effective Gross Revenue	410,167	435,399	443,111	447,555	453,240
Operating Expenses					
Real Estate Taxes	39,700	54,265	54,265	54,265	54,265
Management Fee	17,825	18,360	18,911	19,478	20,062
Insurance	7,407	7,629	7,858	8,094	8,337
Common Area Maintenance	24,811	25,555	26,322	27,112	27,925
Capital Reserves	6,428	6,428	6,428	6,428	6,428
Total Operating Expenses	96,171	112,237	113,783	115,376	117,016
Net Operating Income	313,996	323,162	329,328	332,179	336,224
Total TI & LC	0	0	0	0	0
Cash Flow Before Debt Service	313,996	323,162	329,328	332,179	336,224
Debt Service					
Total Interest	113,057	109,262	105,302	101,171	96,860
Total Principal	87,575	91,370	95,330	99,461	103,772
Total Debt Service	200,632	200,632	200,632	200,632	200,632
Cash Flow After Debt Service	113,364	122,530	128,696	131,547	135,592

CASH FLOW REPORT

Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Total
Aug-2025	Aug-2026	Aug-2027	Aug-2028	Aug-2029	Aug-2030	
364,709	388,987	404,218	408,983	414,007	419,467	4,152,893
0	0	0	0	0	0	0
364,709	388,987	404,218	408,983	414,007	419,467	4,152,893
119,089	120,830	122,622	124,469	134,036	106,954	1,250,185
119,089	120,830	122,622	124,469	134,036	106,954	1,250,185
483,798	509,817	526,840	533,452	548,043	526,421	5,403,078
6,000	6,000	6,000	6,000	6,000	6,000	66,000
6,000	6,000	6,000	6,000	6,000	6,000	66,000
489,798	515,817	532,840	539,452	554,043	561,462	5,498,120
-24,490	-25,791	-26,642	-26,973	-27,702	-28,073	-274,906
-24,490	-25,791	-26,642	-26,973	-27,702	-28,073	-274,906
465,308	490,026	506,198	512,479	526,341	533,389	5,223,214
61,076	61,076	61,076	61,076	68,741	68,741	638,545
20,664	21,284	21,923	22,580	23,258	23,955	228,299
8,587	8,844	9,110	9,383	9,664	9,954	94,867
28,763	29,626	30,514	31,430	32,373	33,344	317,774
6,428	6,428	6,428	6,428	6,428	6,428	70,703
125,517	127,257	129,050	130,896	140,463	142,422	1,350,188
339,791	362,769	377,149	381,583	385,878	390,967	3,873,026
0	0	0	0	0	0	0
339,791	362,769	377,149	381,583	385,878	390,967	3,873,026
92,363	87,671	82,776	77,668	72,339	0	938,469
108,269	112,961	117,856	122,964	128,293	0	1,067,851
200,632	200,632	200,632	200,632	200,632	0	2,006,320
139,159	162,137	176,517	180,951	185,246	390,967	1,866,706

*ARGUS file available upon request

ASSUMPTIONS

GENERAL	
Begin Date	Aug/2019
End Date	Jul/2029
Term	10 Years
Building Square Footage	42,850 SF
Vacancy Loss	5%
Cost of Sale	6%
Exit Cap Rate	8.70%

GROWTH RATES	
Market Rent	3%
Operating Expenses	3%
Property Taxes	3%
Capital Reserves	\$0.15 / 0%

VACANT SPACE LEASING	
Total Vacant Space	0 SF
Start Date	N/A
Lease Term	5 Years
Abatement	None
Initial Annual Market Rent	N/A
Expense Recovery Type	NNN
Rent Adjustment	0% Annual Increase
Tenant Improvements	\$10.00 PSF
Commission	4%

SECOND GENERATION LEASING		
	Shops	Anchors
Size	< 15,000 SF	> 15,000 SF
Lease Term	5 Years	10 Years
Initial Annual Market Rent	\$14.50	\$7.00
Rent Adjustment	3% Annual Increase	0% Annual Increase
Expense Recovery Type	NNN	NNN
Initial Tenant Improvements		
New	\$10.00 PSF	\$10.00 PSF
Renewal	\$0.00 PSF	\$0.00 PSF
Commissions		
New	4%	4%
Renewal	0%	0%
Downtime	6 Months	12 Months

ASSUMPTIONS

FINANCING SUMMARY				
Proposed Loan Amount	Interest Rate	Years of Amortization	Term Length	Monthly payment
\$2,700,000 (75% LTV)	4.25%	20	10	(\$16,719)

TAX SUMMARY				
Tax Reappraisal Schedule	Last Reassessment Year	Next Reassessment Year	Assessment Ratio	Total Millage Rate
Every 4 Years	2017	2021	40%	\$3.7684 per \$100 of assessed value

Time Period	Parcel ID	Appraised Value	Assessed Value	Bradley Co. millage rate	Cleveland millage rate	Real Estate Taxes
2018	065E F 016.02	\$2,633,700	\$1,053,480	\$1.7084	\$2.0600	\$39,700

ADDITIONAL NOTES
1. Subway is assumed to use the option.
2. The expenses are from the Feb-19 T9 financials.
3. Commission & Professional Expenses have been removed from this analysis. The Building R&M line item is assumed to be a new roof expense and has been removed.
4. The follow expenses are included in the CAM expense: Utilities, R&M CAM, and Management Fee CAM
5. Capital Reserves of \$0.15 PSF have been added to this analysis.



Planet Fitness

Planet Fitness was founded in 1992 in Dover, New Hampshire by brothers, Marc and Michael Grondahl. Planet Fitness differentiates itself from its competitors by offering low cost memberships, tailored for occasional and first-time health club users. Planet Fitness is known for its “Judgement Free Zone” which creates a non-intimidating environment for members. The company has grown to include more than, 1,700 fitness clubs across the United States, Canada, Dominican Republic, Panama and Mexico. In 2018, Planet Fitness ranked 3rd on America’s Best Franchises to Buy (High Investment) by Forbes.

PF Growth (Franchisee)

PF Growth, founded by Victor Brick and Lynne Brick, is a franchisee group of Planet Fitness located in Timonium, Maryland. In 2008, the Bricks purchased their first Planet Fitness in Maryland, and formed Planet Fitness Growth Partners. In 2014, they obtained \$35 million in financing from Alaris Royalty Corp., a Canadian private equity firm, and, in 2015, a \$58.75-million credit facility via GE Capital’s Franchise Finance business. The group has recently received another \$60.2M in funding from Alaris Royalty Corp. for further growth. They currently operate 63 fitness clubs in Maryland, Tennessee, Florida, Washington D.C., Washington State, and California with plans to have more than 95 clubs by then end of 2024.

Square Footage	29,000
% of GLA	67.68%
Base Rent Per SF	\$6.50
Store Count	1,700



CVS

CVS Health, founded in 1963, is an American retail pharmacy with more than 9,800 locations across the United States. CVS offers customers health and beauty products as well access to the largest pharmacy chain in the United States. In 2018, CVS Health was ranked 7th on Forbes Fortune 500 List and 17th on Forbes Global Fortune 500 List, with revenues north of \$184 billion. The company currently employs 295,000 people and is headquartered in Woonsocket, Rhode Island.

CVS has a percentage rent clause in the lease with the breakpoint at \$3,443,370. In 2017, CVS had sales of \$3,827,134 and had to pay \$7,675.29 in percentage rent (2%). In 2018, CVS had sales of \$3,961,621 and had to pay \$10,365.02 in percentage rent (2%).

Square Footage	8,450
% of GLA	19.72%
Base Rent Per SF	\$8.15
Store Count	9,800





Pizza Hut

Pizza Hut was founded in Wichita, Kansas in 1958 by Dan and Frank Carney. Pizza Hut is the largest pizza chain in the world in terms of locations, with more than 18,400 restaurants worldwide and 7,496 stores in the United States. Of those stores in the United States, only 96 are corporate operating stores (1.28%). Pizza Hut is also a subsidiary of Yum! Brands, one of the largest restaurant companies in the world. Pizza Hut is known for its pizza and pasta as well as its side dishes and desserts. The company employs more than 350,000 people and is headquartered in Plano, Texas.

Square Footage	1,800
% of GLA	4.20%
Base Rent Per SF	\$12.81
Store Count	18,400



Subway

Subway Sandwiches, known for its fresh, affordable, made to order sandwiches, was founded in 1965 in Bridgeport, Connecticut. Since then, the company has grown to include more than 42,000 locations in 112 countries. Subway began franchising their restaurants in 1974 and in 2015, Subway was recognized as the fastest growing franchise by Entrepreneur. Subway is headquartered in Milford, Connecticut with regional offices across the globe.

MC Enterprises (Franchisee)

MC Enterprises is a Subway Franchisee, operating 6 Subway restaurants in the Cleveland MSA. The company is headquartered in Knoxville, TN and is managed by Jeff McCoy & Gary McCline.

Square Footage	1,200
% of GLA	2.80%
Base Rent Per SF	\$16.58
Store Count	42,000



DEMOGRAPHICS

Description	3 Miles	5 Miles	7 Miles
POPULATION BY YEAR			
Population (4/1/1990)	4,426	24,397	40,969
Population (4/1/2000)	3,828	27,562	46,127
Population (4/1/2010)	4,702	28,393	51,152
Population (1/1/2018)	5,067	30,272	54,911
Population (1/1/2023)	5,217	31,131	56,524
Percent Growth (2018/2010)	7.76	6.62	7.35
Percent Forecast (2023/2018)	2.96	2.84	2.94
HOUSEHOLDS BY YEAR			
Households (4/1/1990)	1,711	9,525	16,057
Households (4/1/2000)	1,583	10,937	18,541
Households (4/1/2010)	1,710	10,766	19,760
Households (1/1/2018)	1,851	11,535	21,276
Households (1/1/2023)	1,913	11,904	21,964
Percent Growth (2018/2010)	8.25	7.14	7.67
Percent Forecast (2023/2018)	3.35	3.2	3.23
GENERAL POPULATION CHARACTERISTICS			
Median Age	34.1	33	35.2
Male	2,365	13,655	24,654
Female	2,337	14,738	26,498
Density	2,174.80	1,104.00	611.6
Urban	4,702	26,742	44,316
Rural	0	1,651	6,836
GENERAL HOUSEHOLD CHARACTERISTICS			
Households (4/1/2010)	1,710	10,766	19,760
Families	1,125	6,775	12,928
Non-Family Households	585	3,991	6,832
Average Size of Household	2.53	2.43	2.46
Median Age of Householder	49.1	49.4	49.8
Median Value Owner Occupied (\$)	101,950	101,296	120,572
Median Rent (\$)	443	439	487
Median Vehicles Per Household	2.1	2.1	2.2
GENERAL HOUSING CHARACTERISTICS			
Housing, Units	1,890	12,045	21,859
Housing, Owner Occupied	891	5,552	11,126
Housing, Renter Occupied	819	5,214	8,634
Housing, Vacant	180	1,279	2,099
POPULATION BY RACE			
White Alone	4,102	24,195	44,793
Black Alone	290	2,002	2,872
Asian Alone	28	206	428
American Indian and Alaska Native Alone	18	156	217
Other Race Alone	131	1,088	1,703
Two or More Races	133	746	1,139
POPULATION BY ETHNICITY			
Hispanic	291	1,962	3,100
White Non-Hispanic	3,979	23,551	43,759
GENERAL INCOME CHARACTERISTICS			
Total Personal Income (\$)	66,812,475	483,881,741	1,058,400,401
Total Household Income (\$)	63,547,900	465,126,546	1,028,547,142
Median Household Income (\$)	30,859	31,122	36,942
Average Household Income (\$)	37,163	43,203	52,052
Per Capita Income (\$)	14,209	17,042	20,691

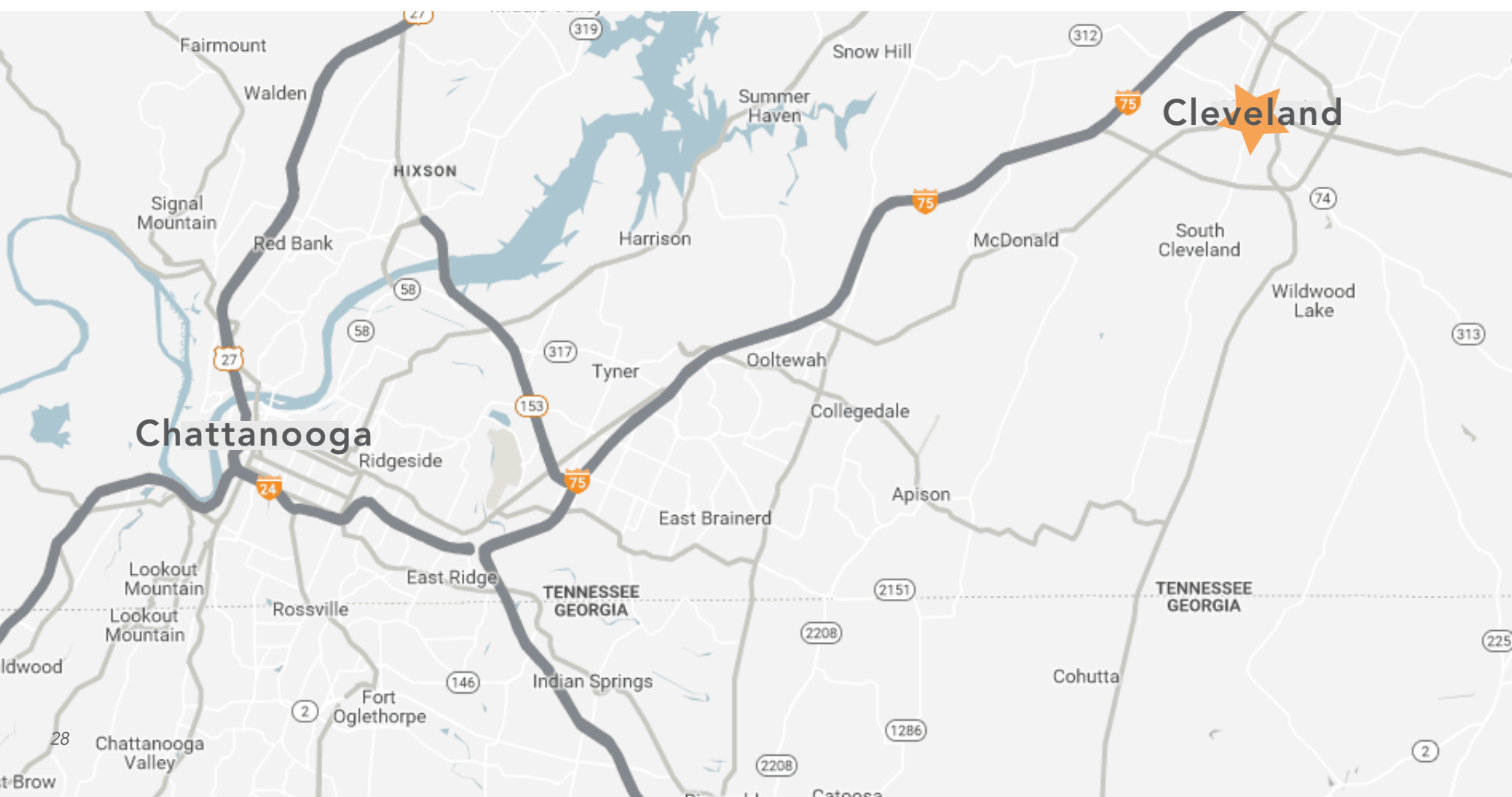


Location: Southforke Plaza
 Address: 2631 Fritz Street
 Latitude: 35° : 07' : 48"
 Longitude: -84° : 52' : 31"

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.

CLEVELAND, TN: 35 MINUTES FROM CHATTANOOGA, TN



Cleveland is the fifteenth largest city in Tennessee and the county seat of Bradley County, with a population of approximately 44,483 people. The population has increased by 8% since 2010. Cleveland is the fifth largest city industrially in Tennessee and boasts twelve Fortune 500 manufacturers. The largest employers in the Cleveland area are the Whirlpool Corporation, which has (1,417 jobs), Bradley County Schools (1,200 jobs), Tennova Healthcare—Cleveland (1,157 jobs), Amazon (1,143 jobs), Peyton’s Southeastern (950 jobs), Lee University (815 jobs), Jackson Furniture (800 jobs). The median household income is \$41,570.

Lee University is a private liberal arts college that is affiliated with the Church of God. There are just under 6,000 students and 815 employees of the school. The university offers 55 on-campus undergraduate majors in 121 programs of study. Lee University is listed as 24th in “Americas 100 Best College Buys” according to U.S. News and World Report’s. The school also boasts a very strong athletic program where they compete at the Division II level in the Gulf-South Conference. In 2014, both the men and women’s soccer team won the NCAA National Championship.

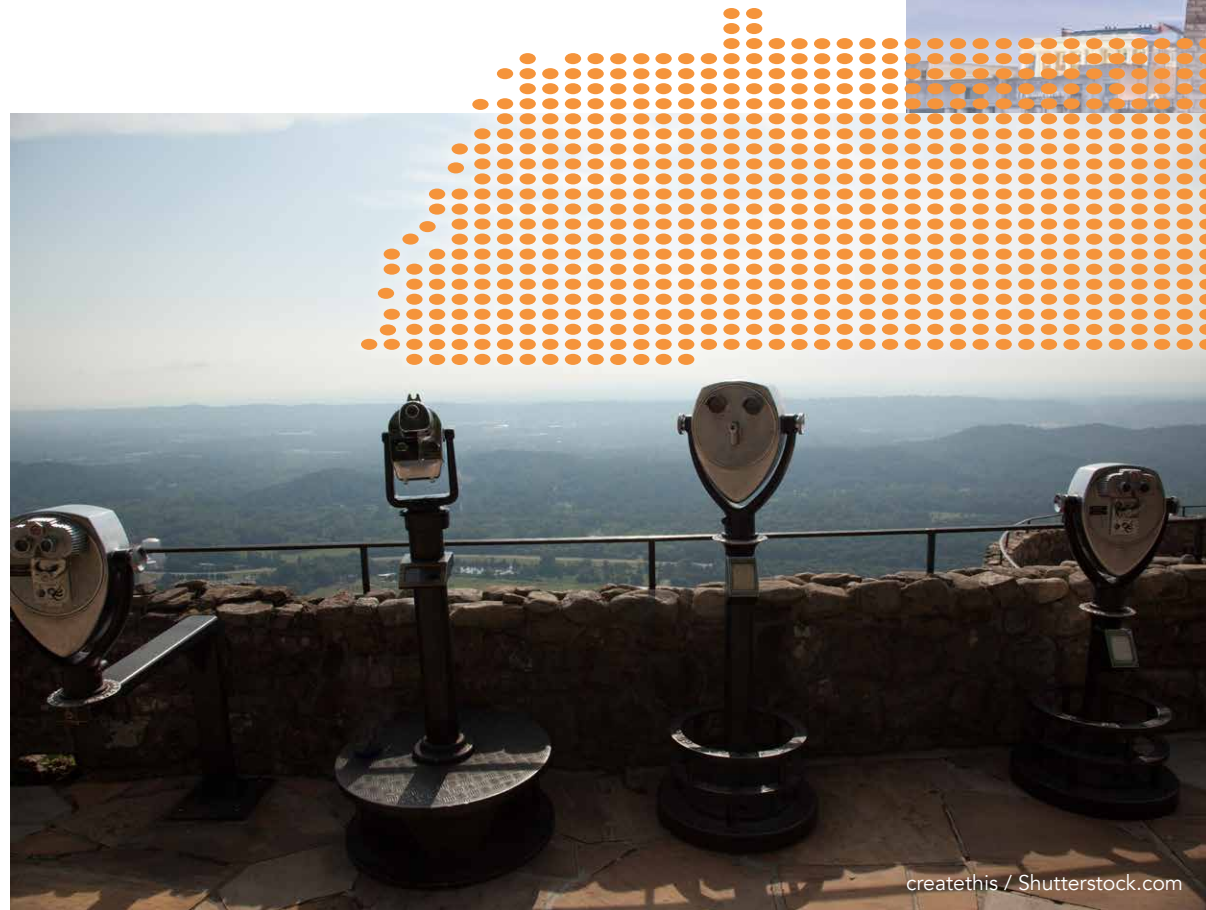
Tourism is a large part of Cleveland’s economy. The Cherokee National Forest is responsible for a significant portion of the city’s income. This forest has a vast amount of outdoor activities including zip lining and white-water rafting. The Ocoee and Hiwassee rivers flow through the forest. The Ocoee river hosted the canoe slalom in the 1996 Olympics. These two rivers are some of the most coveted in the world for white water rafting. Every year, thousands of people flock to the Cleveland area seeking the ultimate white-water rafting experience.

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.



1 Gigabyte per
Second Internet

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.



Top 50 Bike-Friendly Cities

- *Bicycling Magazine*



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.



SouthForke
Plaza

planet
fitness

CVS
pharmacy

SUBWAY

Pizza Hut