



403 W Mile Rd NW | Kalkaska, MI 49646

Retail
Investment Opportunity
Offering Memorandum



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PROPERTY OVERVIEW

Advance Auto Parts
403 W Mile Rd NW Kalkaska, MI 49646



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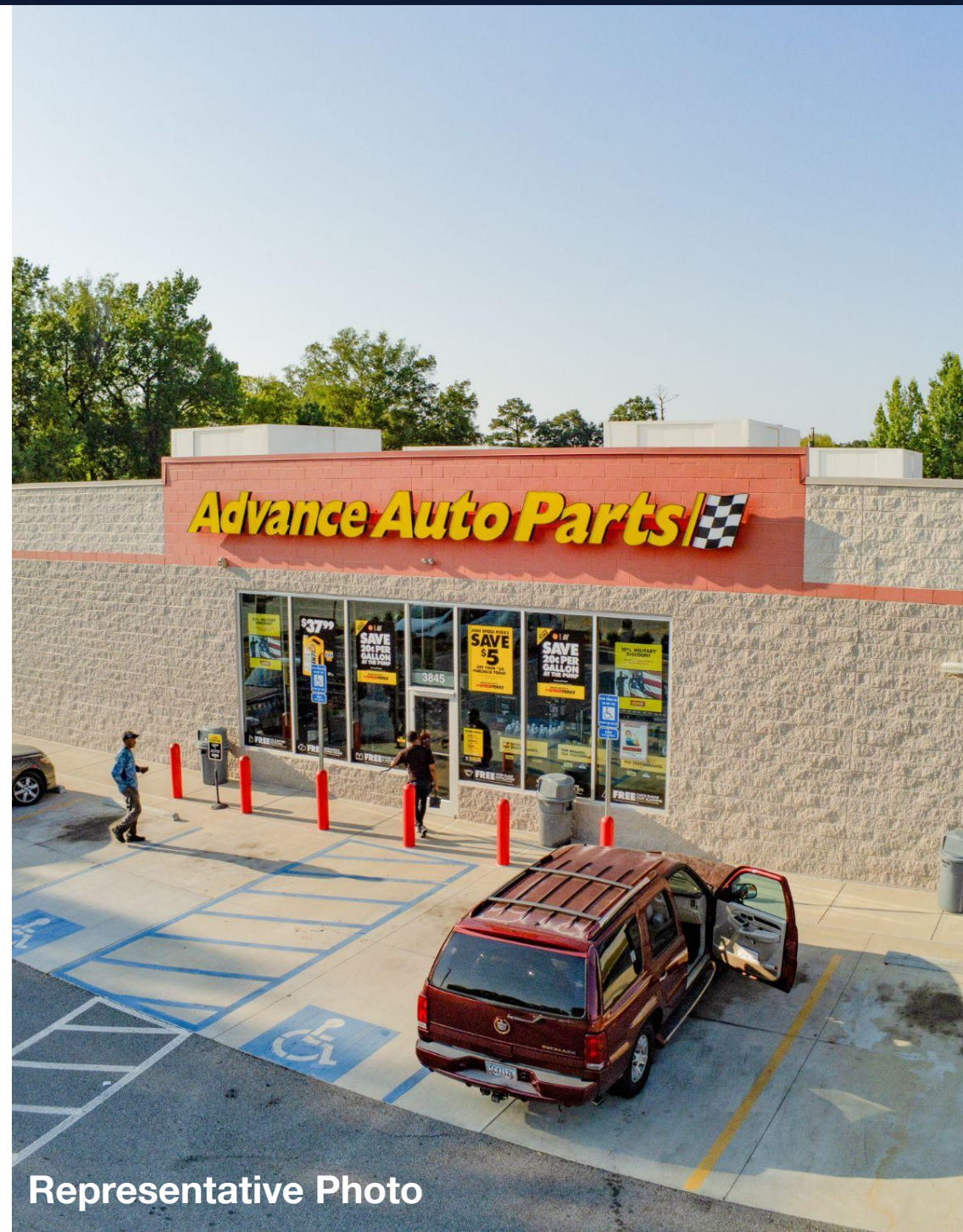
INVESTMENT HIGHLIGHTS

Property Highlights

- Constructed in 2011 as a built-to-suit for Advance Auto Parts.
- Tenant recently executed an early 10-year lease extension through October 2036—reflecting long-term operational commitment.
- Approximately ± 11 years remaining on the extended term of a NNN lease.
- Kalkaska is a gateway to Lake Michigan, and provides opportunity for outdoor activities in all seasons such as camping, ATVs, snowmobiles, and mountain biking.
- Healthy average household income of \$73,945 in a 5-mile radius.
- Nearby national tenants include Arby's, Burger King, Taco Bell, McDonalds, Dollar General, Ace Hardware, and more.
- Advance Auto Parts adjusted the rent commencing in the extended term, boosting store profitability and ensuring long-term success at this location.

Tenant Highlights

- Advance Auto Parts (NYSE: AAP) is one of the nation's largest automotive aftermarket parts providers, serving both professional installers and do-it-yourself customers.
- Lease is corporate guaranteed by Advance Stores Company, Inc. (S&P Rated BB)
- Considered an essential retailer, Advance Auto Parts has maintained consistent operations and rent payments, including throughout the COVID-19 pandemic.



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W Mile Rd ±11,600 VPD



±13,700 VPD



E Dresden St



Island Lake Rd



Google Earth

403 W Mile Rd NW
Kalkaska, MI 49646

±6,124 SF
GLA

2011
Year Built

±25,300
Vehicles Per Day (Intersection)

NNN
Lease Type

±0.60 AC
Lot Size



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FINANCIAL OVERVIEW

Advance Auto Parts
403 W Mile Rd NW Kalkaska, MI 49646



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FINANCIAL SUMMARY

\$980,000

List Price

7.50%

Cap Rate

NNN

Lease Type

±11 Years

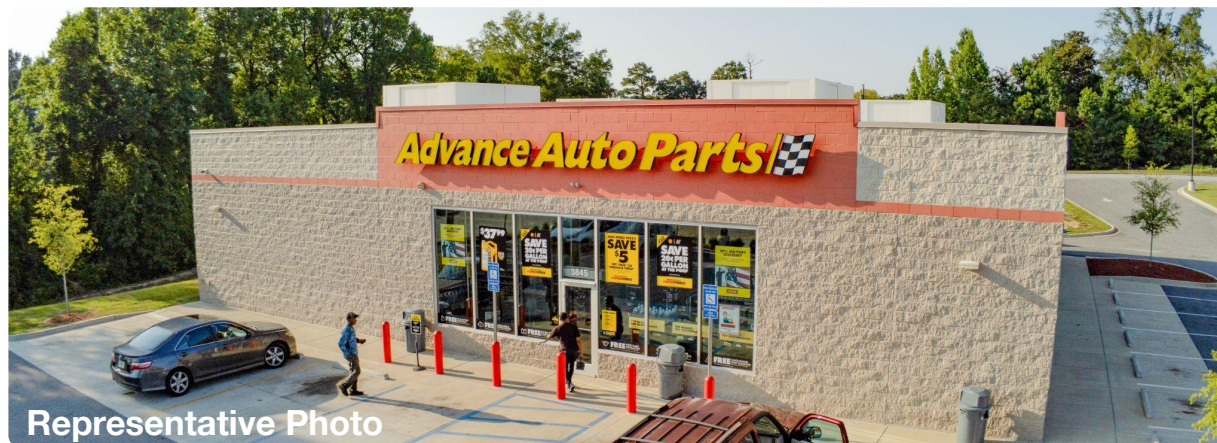
Remaining Term

Property Details

Tenant Trade Name	Advance Auto Parts
Type of Ownership	Fee Simple
Lease Guarantor	Corporate
Lease Type	NNN
Roof, HVAC, Parking Lot	Tenant Responsibility
Structure	Landlord Responsibility
Original Lease Term	10 Years
Rent Commencement Date	10/17/2011
Lease Expiration Date	10/31/2036
Term Remaining on Lease	±11 Years
Increases	See AOD
Options	Two, 5-Year

Annualized Operating Data

Date	Monthly Rent	Annual Rent	Increases	Cap Rate
Current - 10/31/2026	\$6,912.50	\$82,950.00	-	8.35%
11/1/2026 - 10/31/2036	\$6,125.00	\$73,500.00	-	7.40%
11/1/2036 - 10/31/2041 (Option 2)	\$7,258.13	\$87,097.56	18.50%	8.77%
11/1/2041 - 10/31/2046 (Option 3)	\$7,621.03	\$91,452.36	5.00%	9.21%



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TENANT SUMMARY

Year Founded
1932

Headquarters
Raleigh, NC

Ownership Status
Publicly Traded

Employees
±62,800

Locations
±4,700

Credit Rating
S&P: BB

Annual Revenue
\$9.09 Billion



Tenant Overview

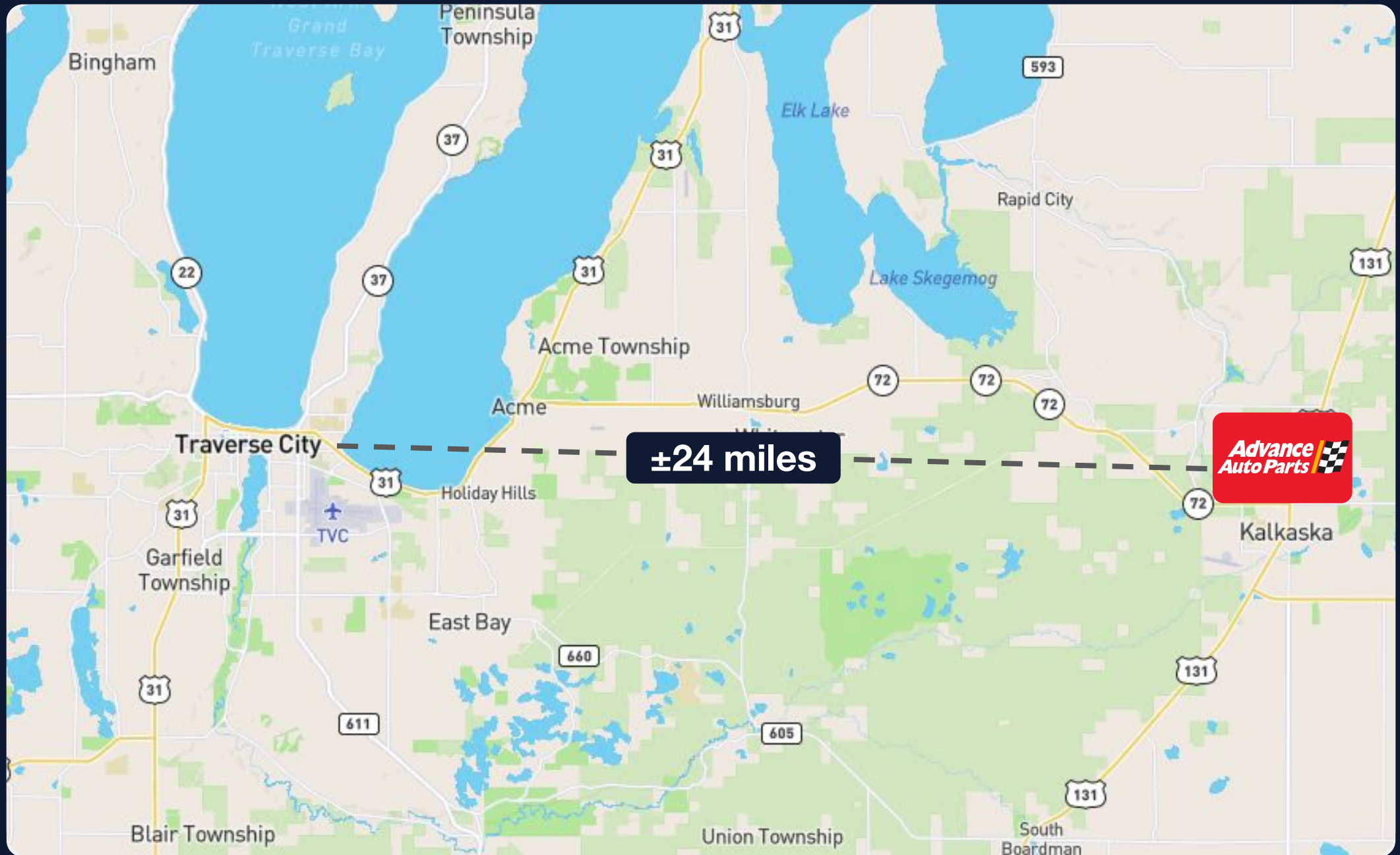
Advance Auto Parts operates over ±4,700 stores across North America. The lease is guaranteed by Advance Stores Company, Inc., currently rated BB with a stable outlook by S&P Global Ratings, underscoring strong liquidity and operational performance.

Why Invest in Advance Auto Parts?

- **Trusted National Brand:** A widely recognized name in the automotive aftermarket with over ±4,700 stores and an expansive network of Carquest and independent locations.
- **Stable Revenue and Market Demand:** Generates over \$9 billion in annual revenue, supported by resilient demand across DIY and professional customer segments
- **Operational Restructuring Underway:** A multi-year transformation plan—focused on store optimization, cost reduction, and supply chain consolidation—is expected to enhance margins and long-term profitability.
- **Strategic Refocus via Asset Sale:** The \$1.5 billion divestiture of its Worldpac unit strengthens the balance sheet and allows focus on core retail operations.
- **Credit Ratings with Upgrade Potential:** Currently rated BB (S&P) and Ba3 (Moody's) with stable liquidity and restructuring initiatives offering potential for future improvement.
- **Tailwinds from Aging Vehicle Fleet:** The increasing average vehicle age in the U.S. supports long-term demand for aftermarket parts and services.
- **Retail Adaptability:** Leveraging digital platforms, loyalty programs, and customer analytics to drive engagement and sales efficiency.

MARKET OVERVIEW

Advance Auto Parts
403 W Mile Rd NW Kalkaska, MI 49646



KALKASKA, MI

Local Market Overview

Located in the heart of northern Michigan, Kalkaska serves as the county seat of Kalkaska County and functions as a vital community hub within the region. While modest in size, the village benefits from its strategic positioning along well-trafficked highways, connecting it efficiently to larger nearby cities such as Traverse City and Cadillac. This accessibility enhances both commuter movement and commercial viability, positioning Kalkaska as a practical choice for residents seeking a balance between rural charm and regional connectivity.

Kalkaska presents a predominantly residential character, with homeownership forming the foundation of the local housing landscape. The community's demographic profile skews toward working-age adults and established households, supporting consistent demand for both ownership and rental housing. Housing in the area remains relatively affordable compared to urban markets, encouraging long-term residency and neighborhood stability.

The local economy reflects the dynamics of a small-town market, with a mix of employment in services, light industry, and seasonal tourism. The area's natural beauty and recreational access attract year-round visitors, contributing to local business activity and hospitality demand. Overall, Kalkaska maintains the appeal of a steady, value-oriented market with solid fundamentals and regional accessibility—attributes that support its position as a reliable setting for residential and mixed-use real estate investment.



Property Demographics

Population	3-Mile	5-Mile	10-Mile
Current Year Estimate	3,605	5,421	14,326
Households	3-Mile	5-Mile	10-Mile
Current Year Estimate	1,419	2,169	5,913
Income	3-Mile	5-Mile	10-Mile
Average Household Income	\$72,380	\$73,945	\$83,930

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3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner.

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