



RETAIL CENTER INVESTMENT OPPORTUNITY  
OFFERING SALES PRICE: \$3,200,000

# FORT KNOX PLAZA - Retail Strip Center

1932-1956 EAST UNIVERSITY DRIVE | TEMPE, ARIZONA

OFFERING MEMORANDUM

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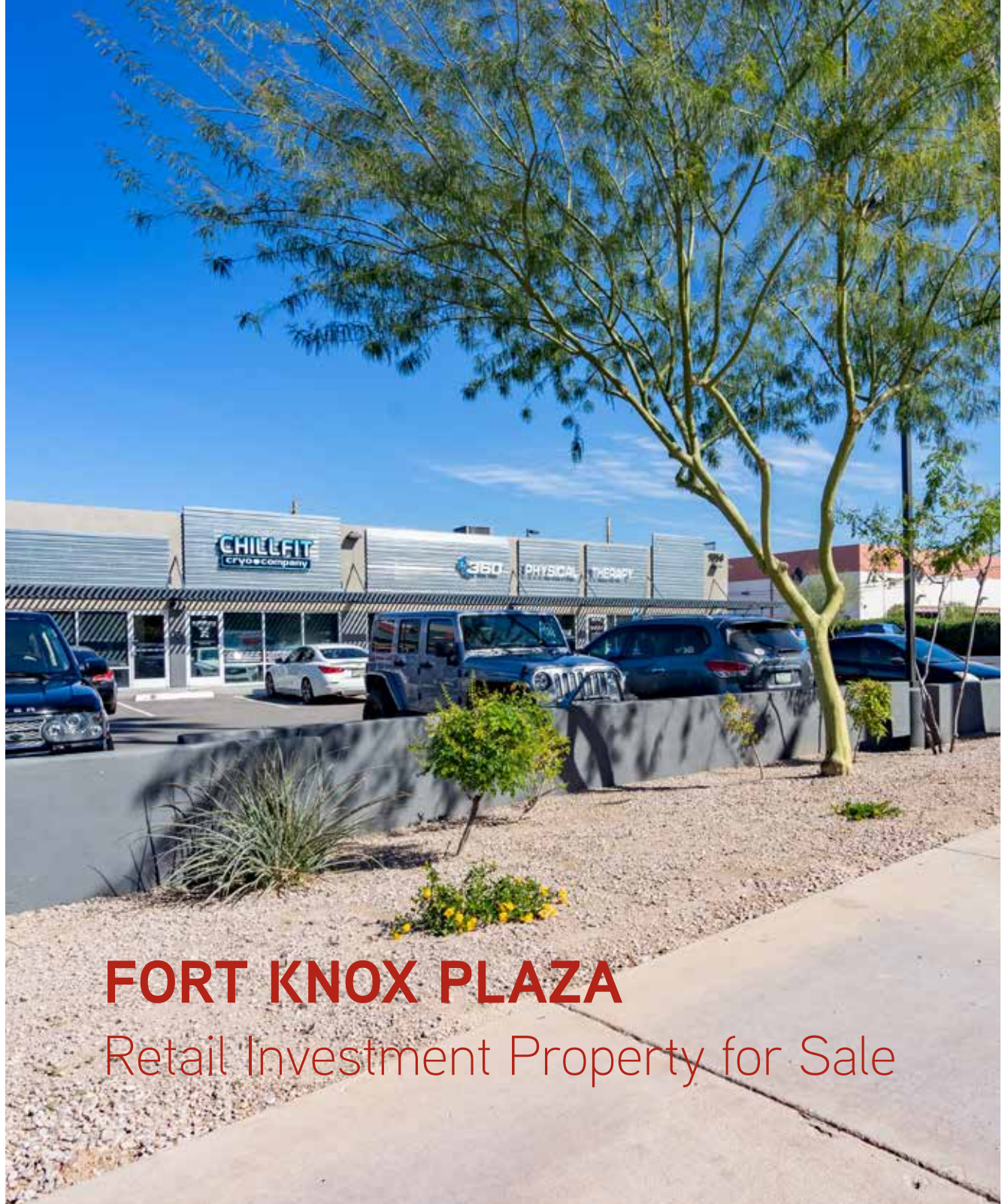
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# FORT KNOX PLAZA

Retail Investment Property for Sale



FORT KNOX PLAZA  
TEMPE, ARIZONA

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## Executive Summary

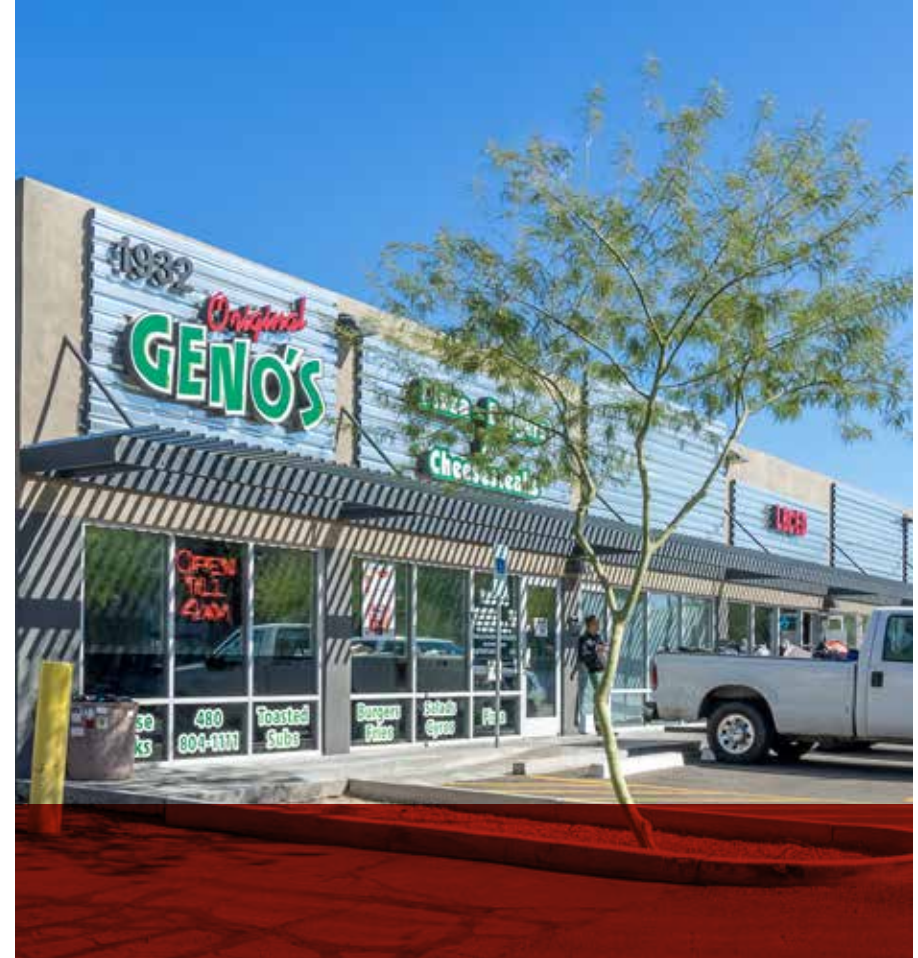


## THE OFFERING

Fort Knox Plaza is an approximately 16,336 SF retail strip center zoned C-2, for retail, food, medical or office in Tempe, Arizona. This great store-front strip center is adjacent to the Loop 202, Loop 101, ASU, Tempe Marketplace. It is located minutes from Sky Harbor International Airport and Old Town Scottsdale.

## FORT KNOX PLAZA

<b>LOCATION</b>	1932-1956 East University Drive Tempe, Arizona 85281
<b>BUILDING SIZE</b>	±16,336 SF
<b>LAND SIZE</b>	55,513 square feet (1.274 acres)
<b>PARKING</b>	68 regular uncovered spaces + 3 handicap spaces
<b>ZONING</b>	C-2, City of Tempe
<b>YEAR BUILT</b>	1970, renovated in 2013
<b>OCCUPANCY</b>	78.57% actual Pending leases results in 100% occupancy
<b>ASKING PRICE</b>	\$3,200,000
<b>1ST YEAR NOI</b>	Actual - \$231,646 Proforma NOI - \$250,318
<b>CAP RATE</b>	7.24% Cap Rate (1st year actual) 7.82% proforma Cap Rate



## TENANTS

Geno's Pizza

Mediterranean Food

Ha Yoga

Cryotherapy/Chillfit

U.S. Vapor Outlet

360 Physical Therapy



FORT KNOX PLAZA  
TEMPE, ARIZONA

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## Property Information



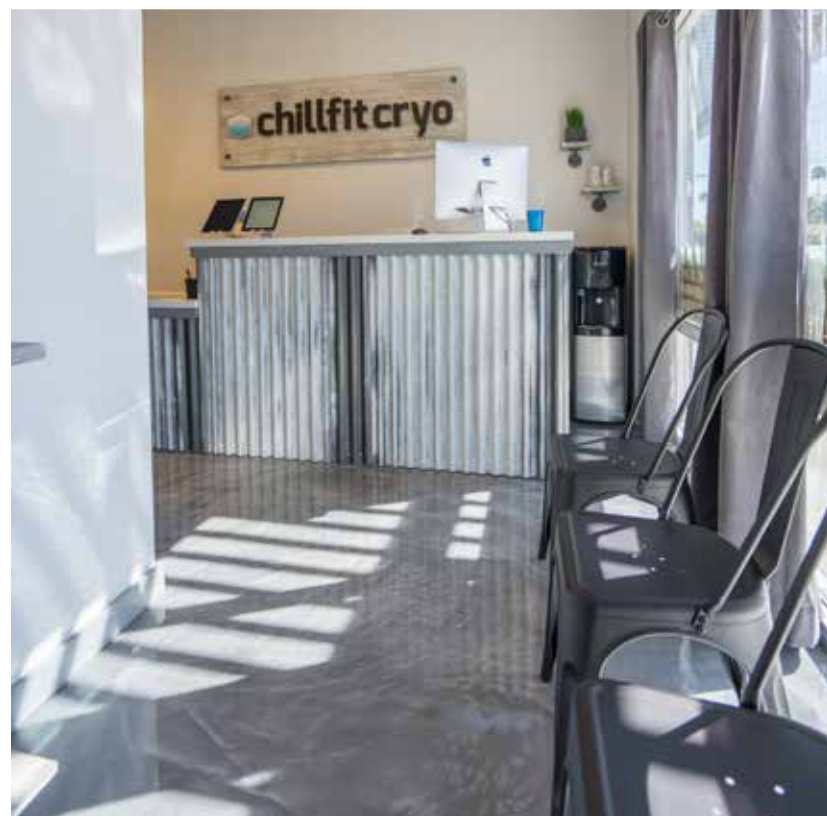
























# SITE PLAN



 GENO'S PIZZA & CHEESESTEAKS  Suite 1932-1934 ±3,167 SF	V A C A N T	BARBER SHOP  Suite 1938 ±1,167 SF	HAYOGA  Suite 1940 ±1,167 SF	US VAPOR OUTLET  Suite 1942-1944 ±2,234 SF	MEDITERRANEAN FOOD  Suite 1946-1948 ±2,334 SF	CRYO- THERAPY  Suite 1950 ±1,200 SF	 360 PHYSICAL THERAPY  Suite 1952-1956 ±3,800 SF
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Suite 1936  
±1,167 SF





FORT KNOX PLAZA  
TEMPE, ARIZONA

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Area Overview





## Tempe, Arizona

### Tempe Economic and Employment Overview

The city of Tempe is centrally located in the Phoenix-Mesa-Glendale metro area. The city is immediately east of Phoenix Sky Harbor International Airport and is easily accessible by way of the Loop 101, Loop 202, and Interstate 10. Tempe is also one of the most active areas in the Phoenix metro area for light rail ridership. The Phoenix metro area's light rail system has nearly tripled its ridership since 2009 - with more than 14 million riders in 2014 - and Tempe has nine light rail stops. This will be a source of additional growth in the city of Tempe as the Valley's light rail mileage is expected to nearly double over the next decade, making Tempe increasingly accessible from a greater number of spots in the Phoenix metro area.

Tempe is a growing area in Greater Phoenix. Population in the city is nearly 173,000 residents, making Tempe the 8<sup>th</sup> most populous city in all of Arizona. The population in Tempe has expanded by nearly 6.5 percent since 2010, outpacing neighboring cities of Phoenix, Scottsdale and Mesa, but growing at a more modest rate than other East Valley cities of Chandler and Gilbert.

Tempe is home to several large employers from a variety of segments of the economy. The largest entity in the city is Arizona State University, which with an enrollment of approximately 82,000 students is one of the largest universities in the United States. The university is also the largest employer in Tempe, with more than 11,000 faculty and staff. Other prominent employers in the city include SRP (4,300 workers), Safeway (4,000), Honeywell (3,000) and Chase (2,400).

Tempe is also home to several of the largest recent economic expansions in Arizona. Chief among these is State Farm's 2.1 million square foot regional headquarters overlooking Tempe Town Lake. The facility, which began opening in phases the second half of 2015 and was completed in early 2017, will have space and parking for 8,000-10,000 State Farm employees.

In addition, Northern Trust announced plans in 2015 to add 1,000 employees over the next three years in Tempe. Northern Trust is moving into new construction at the Discovery Business Campus at Elliot Road and the Loop 101. Looking ahead, Chase has announced plans to build a new 67 acre campus - also at the Discovery Business Campus - that will have space for 4,000 employees.

There are several reasons for the ongoing business expansions in Tempe, including the city's central location, accessibility from all parts of the Valley, top-tier office space, a number of amenities and a growing, pro-business climate. The primary draw, however, is a large, well-educated, available workforce, which is being continuously populated by Arizona State. This will continue to make Tempe an attractive option for expanding businesses and this job creation will attract future and current residents.

### Tempe Amenities Overview

Tempe is one of the most amenity rich cities in all of Greater Phoenix. Much of this development is relatively new and has been inspired at least in part by the Tempe Town Lake, which opened in 1999 as part of the Rio Salado Master Plan. Since the lake debuted, there has been substantial residential and commercial development in the surrounding area. State Farm's 2.1 million square foot Marina Heights project is the largest development, but there is also the 760,000 square foot Hayden Ferry Lakeside project. The Hayden Ferry Lakeside office project is home to some of the Valley's most prominent names, including KPMG, Silicon Valley Bank, MetLife and Microsoft.

To this point in the cycle, much of the development has occurred south of Tempe Town Lake, but Lincoln Property Group recently signed a deal to develop the next phase of a 3.2 million square foot mixed use development north and east of the lake. The Grand at

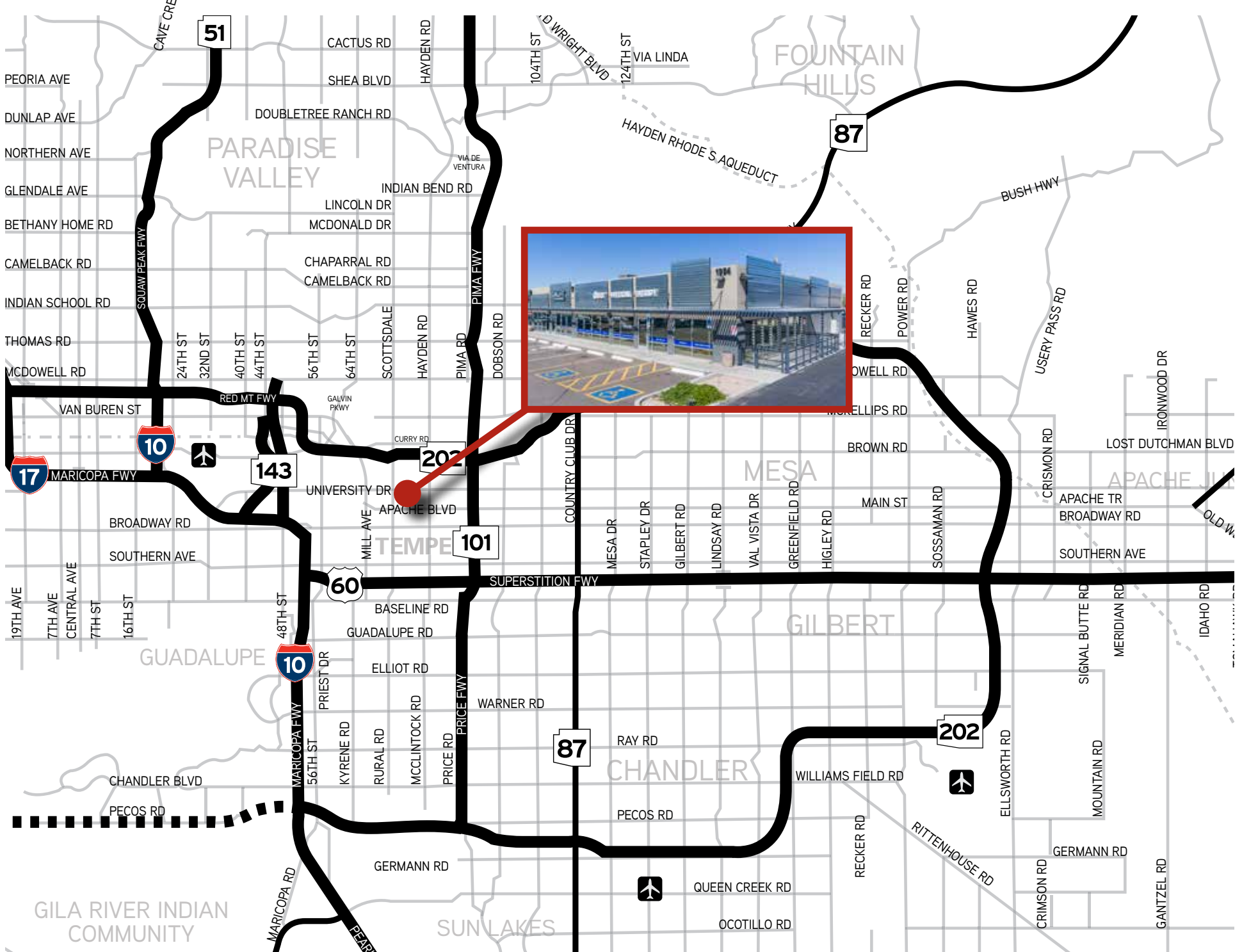
Papago Center will include 1.8 million square feet of office space and is expected to break ground in early 2016. Ultimately, the project is expected to be a full live-work-play development, with 800 apartments, two 600 room hotels, and surrounding retail, although the office buildings will be the first to deliver.

Mill Avenue is also going a bit of a redevelopment. A mixed-use development including a 15-story office building and a 16-story hotel, as well as retail space, is planned at the north end of Mill Avenue. The complex will replace one of the oldest restaurants on Mill Avenue.

Tempe is an active retail area, with more than 12 million square feet of retail in the city. The 1.2 million square foot Arizona Mills Mall was one of the earliest large retail properties in Tempe. This mall was built in 1997 at the interchange of the I-10 and U.S. Route 60, and includes several big-box retailers and a Harkins movie theater. The 1.3 million square foot Tempe Marketplace is a newer project, having delivered in 2007. This center is located at the intersection of the Loop 202 and the Loop 101 and is just minutes away from the large population centers serviced by these freeways.

The area received a tremendous economic boost in 2013, when the Chicago Cubs moved into the team's new Cactus League Spring Training Complex near the Tempe border in Mesa. Cubs Park draws more than 200,000 in attendance each spring, by far the most of any team in the Cactus League. Area retailers and hoteliers benefit from the traffic. There are more than 23 million square feet of existing retail space and more than 500,000 square feet of proposed retail space within a 5-mile radius of the Cubs ballpark.







FORT KNOX PLAZA  
TEMPE, ARIZONA

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Market Information





# Phoenix Retail Market Overview

## Robust Net Absorption to Start 2017

### Key Takeaways

- › The Greater Phoenix retail market began 2017 on an upswing, with net absorption outpacing expectations, vacancy creeping lower and asking rents ticking higher. The strong start brightens the outlook for the rest of 2017.
- › Net absorption topped 700,000 square feet to start 2017, and during the past 12 months, tenants have moved into a net of nearly 2 million square feet.
- › While asking rent trends are mixed at the submarket level, rents are rising at the metro level. Asking rents in Greater Phoenix reached \$13.98 per square foot in the first quarter, 1.7 percent higher than one year ago.
- › Sales of shopping centers were steady from the fourth quarter of last year to the first quarter of 2017. The median price dipped to \$102 per square foot, and cap rates rose to an average of 8.2 percent. The mix of assets that sold during the quarter influenced price and cap rate trends.

### Greater Phoenix Retail Market

The Greater Phoenix retail market got off to a strong start to 2017. Net absorption totaled more than 700,000 square feet in the first three months of the year, the strongest quarter of tenant move-ins in more than a year. Net absorption has averaged approximately 500,000 square feet per quarter over the past five years, and the first quarter has generally been the weakest period in each given year. This strengthening tenant demand is prompting new development. Construction topped 1.7 million square feet in 2016, and is forecast to reach approximately 1.4 million square feet this year. This development activity will likely slow the pace of vacancy improvement, even as tenants expand at a healthy pace. Vacancy is forecast to dip to approximately 9 percent by the end of 2017.

Market Indicators Relative to prior period	Market Q1 2017	Market Q1 2016
Vacancy	↓	↓
Net Absorption	↑	↑
Construction	↓	↑
Rental Rate	↑	↑

### First Quarter Employment Trends\*

Total Nonfarm Phoenix Metro	↓	↓
Retail Phoenix Metro	↓	↓
Total Nonfarm United States	↑	↓
Retail United States	↓	↑

\*Source: Bureau of Labor Statistics

### Summary Statistics

	Phoenix Market
Vacancy Rate	9.3%
Change from Q1 2016 (bps)	-10
Net Absorption (thousands SF)	705
New Construction (thousands SF)	306
Under Construction (thousands SF)	1,001
Asking Rents Per Square Foot Per Year	\$13.98
Change from Q1 2016	1.7%