

CONFIDENTIAL OFFERING MEMORANDUM

# Tom Thumb express

GROUND LEASE

2720 LIVE OAK STREET  
DALLAS, TEXAS 75204

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CONFIDENTIAL OFFERING MEMORANDUM

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# TOM THUMB EXPRESS GROUND LEASE

LOCATION

2720 LIVE OAK STREET  
DALLAS, TEXAS 75204

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OFFERED BY

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**The Gabriella**  
14 Stories  
370 Units Multifamily  
Anticipated Opening Late  
Summer 2020

**Tom Thumb**

**Tom Thumb Grocery Store**  
Anticipated Opening Q3 2020  
55,000 SF



## EXECUTIVE SUMMARY

### INVESTMENT OVERVIEW

- 15-Year Corporate Tom Thumb (Safeway, Inc.) Ground Lease with Zero Landlord Responsibilities
- Below Market Rent of \$138,000 Annually While Two (2) Nearby Recent Gas Station Leases Recently Commenced over \$300,000 Annually
- Urban Infill, Hard Corner Location Seconds from Deep Ellum & Adjacent to Downtown Dallas
- 55,000 SF Tom Thumb Supermarket Anticipated Opening Q3 2020 Directly Across Live Oak Street on Ground Floor of 14-Story High Rise Apartment (370 Units)
- Future Covered Land Play with Rectangular Corner Site Priced at \$130.06 PSF to the Land
- Next Rent Bump in 2023 (Rent Escalations Every 5 Years Including Renewal Periods)
- Walking Distance from Uber HQ at Deep Ellum Epic Development; Phase 1 Planned to House 700 Employees & Phase 2 to have 3,000+ Total Employees
- Population Exceeds 411,100 Persons within a 5-Mile Radius of the Property

Tom Thumb (Safeway, Inc.) signed a 15-year ground lease for a 2018 construction convenience and fuel location adjacent to Downtown Dallas and the iconic Deep Ellum entertainment and office district. Positioned at a gateway urban infill hard corner, the Property sits immediately across Live Oak Street from the Gabriella, Phase II of Greystar's CityLights development featuring a 55,000 square foot street level Tom Thumb supermarket estimated to open 3rd quarter of 2020 and 370 luxury apartment units in a 14-story high rise structure. Residents are anticipated to begin moving into the Gabriella in late summer 2020. Tom Thumb Express Ground Lease features annual ground rent of \$138,000 with a lease that commenced in June 2018 which many might consider to be below market given two (2) recent gas station leases within a 1-mile radius of the Property commenced in late 2019 and early 2020 with annual rents in excess of \$300,000\*. Tom Thumb Ground Lease has a rent bump coming in 2023 and increases every 5 years thereafter including renewal periods. Tom Thumb Express Ground Lease's favorable location near Deep Ellum allows quick access to more than 2,000 additional existing or under construction apartment units, the state-of-the-art Epic mixed use development, over 60 restaurants, 30 retail shops and 20 music venues. In light of recently completed and ongoing construction, Deep Ellum and the surrounding area are proving up to be a high rise submarket. With long term residual value created by a rectangular, hard corner site in a highly desirable neighborhood and pricing at \$130.60 PSF to the land, the Property also represents a potential future covered land play.

Tom Thumb Express Ground Lease is situated moments from Deep Ellum, a premier entertainment district and one of the most desirable live-work-play neighborhoods in North Texas. The Epic, a transformative mixed use development located just two minutes away, boasts 250,000 square feet of Class A office GLA with the majority leased to Uber Technologies and is estimated

to deliver a 164-room boutique luxury hotel, a 310-unit high rise apartment complex and over 50,000 square feet of restaurant and retail space in 2020. Phase II plans to add a 470,000 square foot office tower with the new Uber headquarters occupying approximately 450,000 square feet by 2022. Uber has already begun moving employees into 168,000 square feet of the existing office tower and ultimately plans to have approximately 700 employees in the existing tower and more than 3,000 employees total at the Epic with average salaries above \$100,000 by 2023. Uber's new office would be the company's second largest office and the largest new employer in the downtown area since AT&T moved its headquarters to Dallas in 2008\*\*. Located moments east of the Property is Baylor University Medical Center, which employs a staff of more than 4,800 and cares for 300,000 patients each year. A new 300,000 square foot Baylor office campus is being built minutes from Tom Thumb Express Ground at Elm Street and North Washington Avenue which will add an anticipated 1,800 full-time administrative employees by the end of 2020 with capacity to hold up to 2,500.

Safeway, Inc. is a subsidiary of Albertsons Companies, Inc., one of the largest food and drug retailers in the United States with more than 2,200 retail stores. For the 12 months ending September 2019, Albertsons Companies reported \$60.8 billion in sales and served 34 million customers per week in the same timeframe.

The Property benefits from strong demographics in which the population exceeds 411,100 in a 5 mile radius. Average household income exceeds \$101,300, \$99,100 and \$102,500 within 1, 3 and 5 mile radii, respectively. Overall, Tom Thumb Express Ground Lease represents a 2018 construction, urban infill hard corner location on a 15-year primary term corporate lease with zero landlord management and well below market rent just moments from Deep Ellum in the high growth East Dallas submarket.

# EXECUTIVE SUMMARY

## LEASE ABSTRACT

Offering Price:	\$3,584,000
Cap Rate:	3.85%
Tenant:	Tom Thumb
Guarantor:	Safeway, Inc. (Corporate)
Location:	2720 Live Oak Street Dallas, Texas 75204
Land Area:	+/-27,560 SF
Building Square Feet:	2,500 SF
Land PSF:	\$130.06
Rent Commencement:	June 7, 2018
Lease Expiration:	June 30, 2033
Base Lease Term:	15 Years
Renewal Options:	Eleven, 5-Year Options
Rent Increases:	5% Every 5 Years & Renewal Periods
Lease Type:	Ground Lease
Year Built:	2018
Roof & Structure:	Tenant's Responsibility



### Rent Schedule:

Years	Annual Rent	Monthly Rent
Current - June 30, 2023	\$138,000	\$11,500
July 1, 2023 - June 30, 2028	\$144,900	\$12,075
July 1, 2028 - June 30, 2033	\$152,145	\$12,679
July 1, 2033 - June 30, 2038 (Renewal Option #1)	\$159,752	\$13,313
July 1, 2038 - June 30, 2043 (Renewal Option #2)	\$167,740	\$13,978
July 1, 2043 - June 30, 2048 (Renewal Option #3)	\$176,127	\$14,677
July 1, 2048 - June 30, 2053 (Renewal Option #4)	\$184,933	\$15,411
July 1, 2053 - June 30, 2058 (Renewal Option #5)	\$194,180	\$16,182
July 1, 2058 - June 30, 2063 (Renewal Option #6)	\$203,889	\$16,991
July 1, 2063 - June 30, 2068 (Renewal Option #7)	\$214,083	\$17,840
July 1, 2068 - June 30, 2073 (Renewal Option #8)	\$224,787	\$18,732
July 1, 2073 - June 30, 2078 (Renewal Option #9)	\$236,027	\$19,669
July 1, 2078 - June 30, 2083 (Renewal Option #10)	\$247,828	\$20,652
July 1, 2083 - June 30, 2088 (Renewal Option #11)	\$260,220	\$21,685

## EXECUTIVE SUMMARY

# TENANT PROFILE



Tom Thumb is a chain of supermarkets with over 55 locations in the Dallas/Fort Worth Metroplex. In 2015, Tom Thumb's parent company, Albertsons Companies, completed a merger with Safeway Inc. (NYSE: SWY) which now operates over 2,200 stores nationwide under the brands Albertsons, Safeway, Vons, Jewel-Osco, Shaw's, ACME, Tom Thumb, Randalls, United Supermarkets, Pavilions, Star Market, and Carrs.

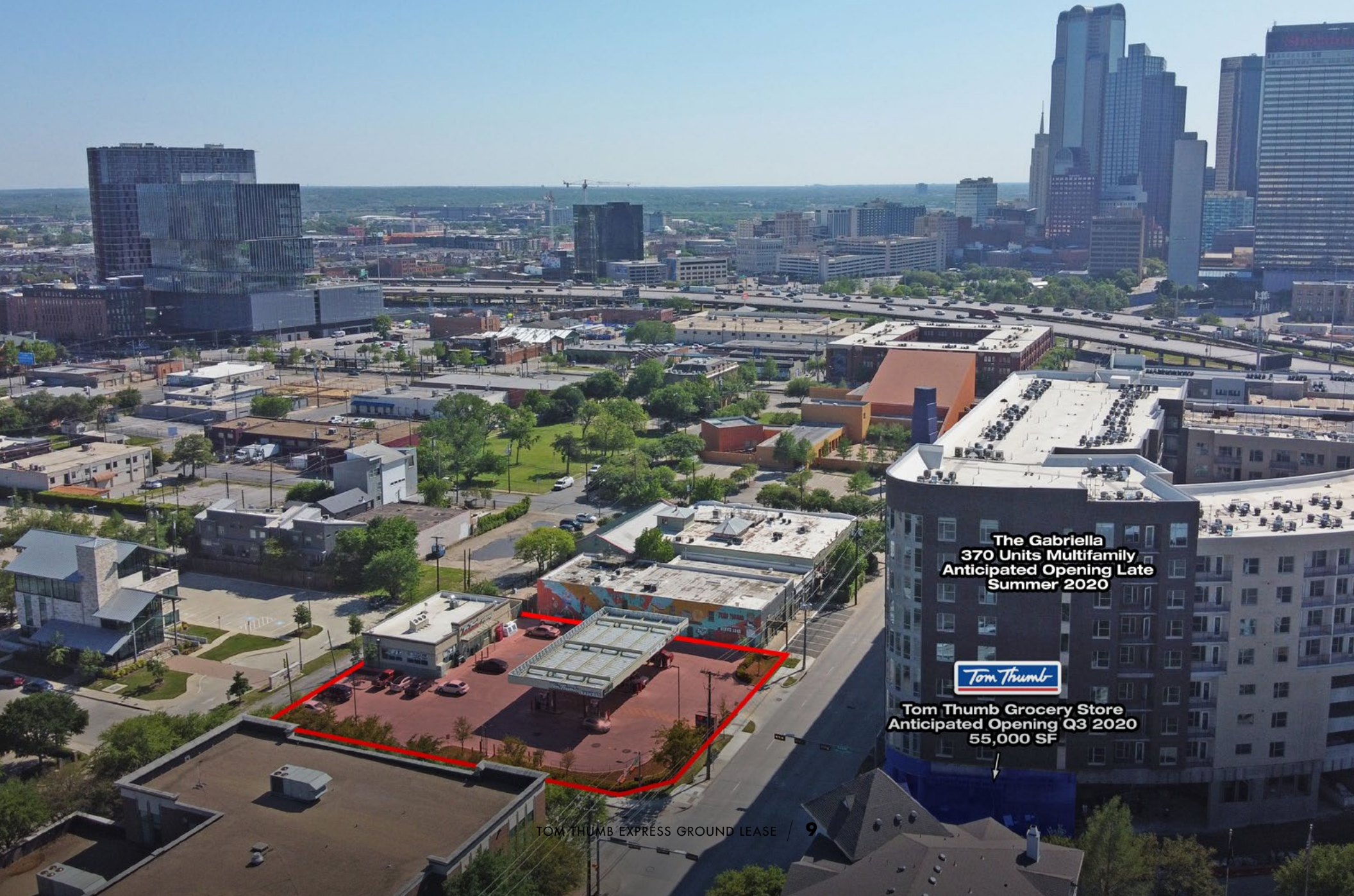
Tom Thumb Express is a new convenience store concept. In-store offerings include fresh food from an already operating Tom Thumb supermarket such as sandwiches, cut fruit, salads and hot food to take home. Beverage options include coffee, f'real milkshakes, smoothies and ICEE drinks.

[www.tomthumb.com](http://www.tomthumb.com)

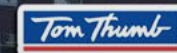
[www.safeway.com](http://www.safeway.com)







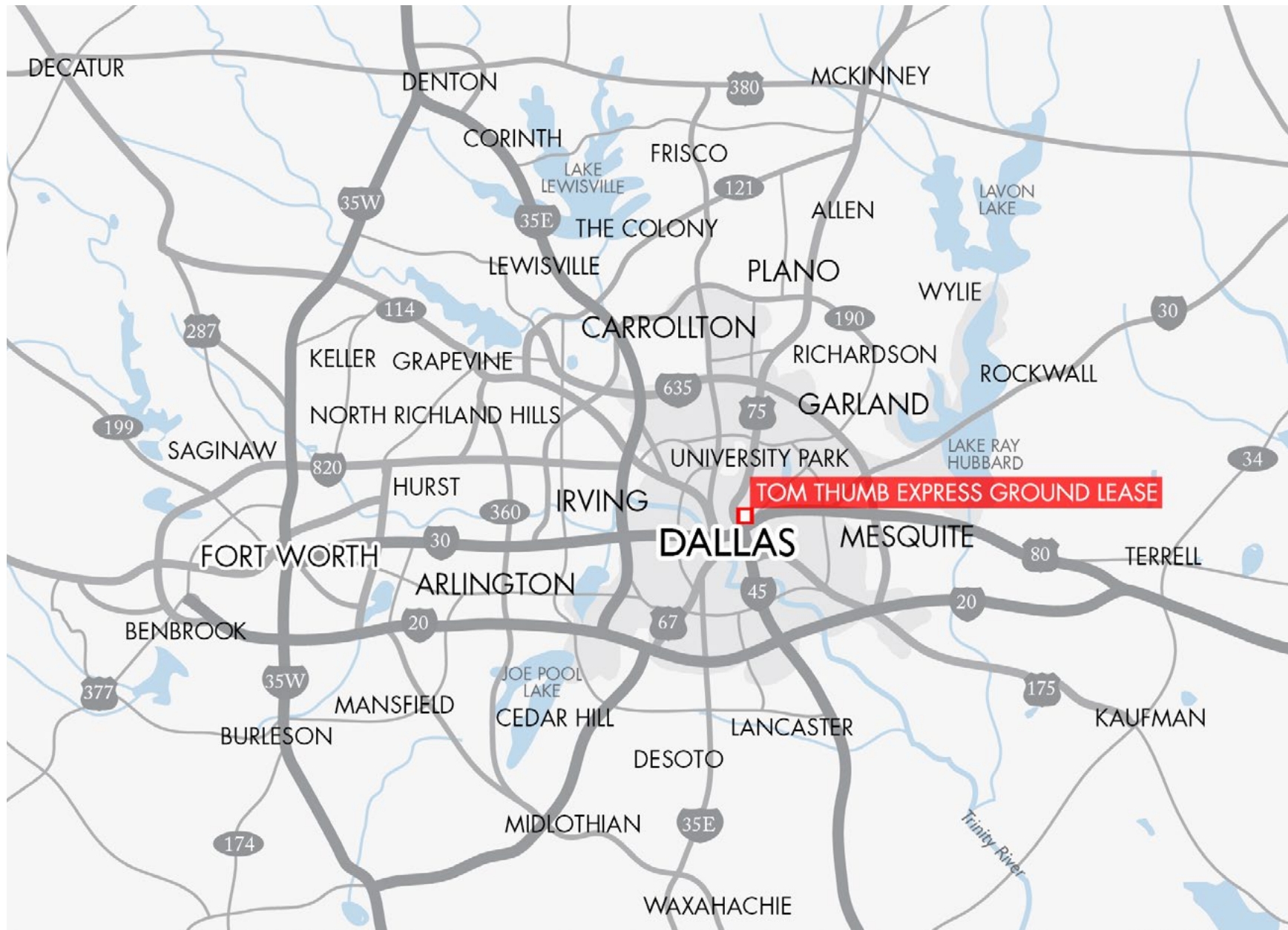
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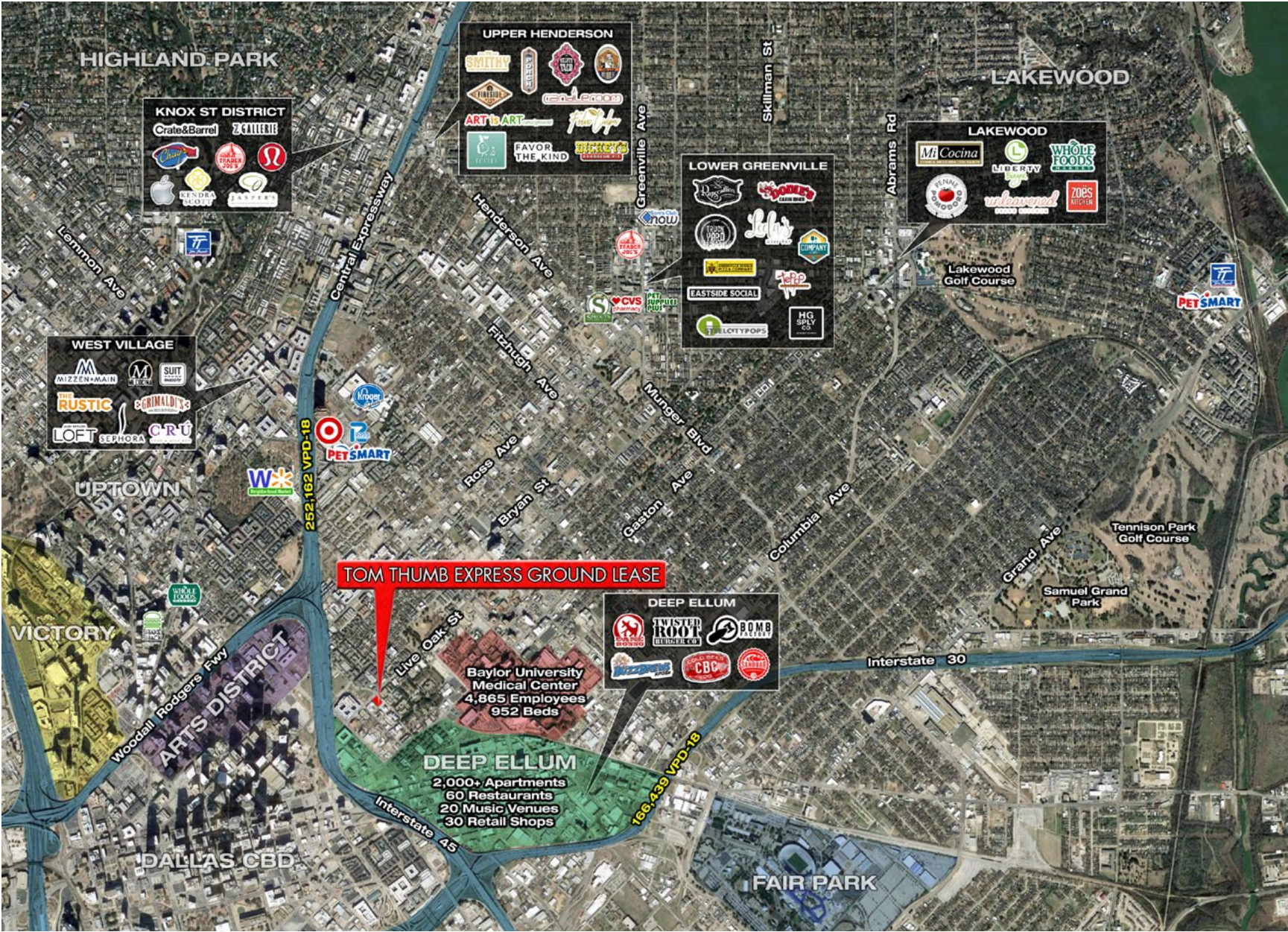


## PROPERTY OVERVIEW



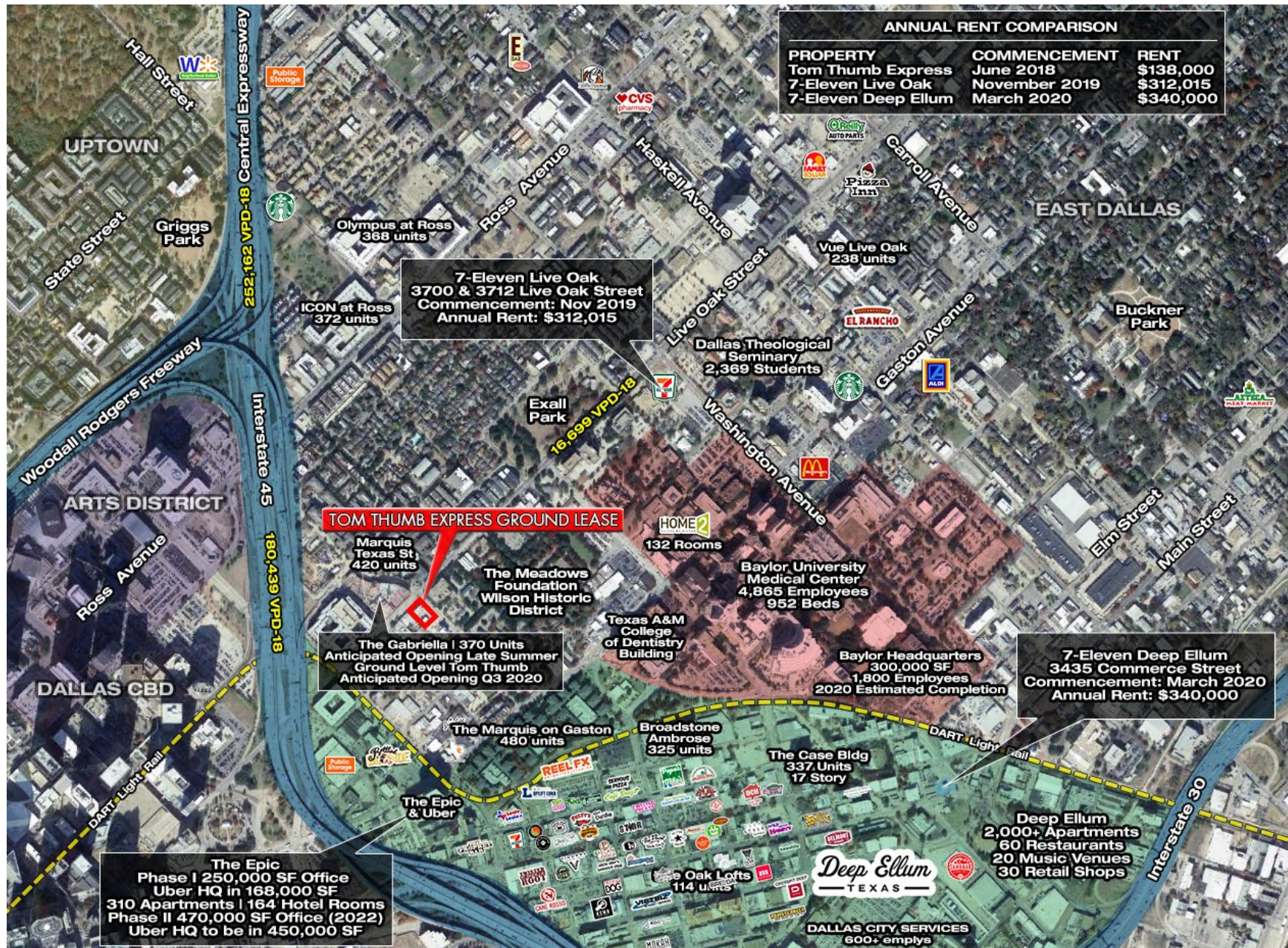


PROPERTY OVERVIEW



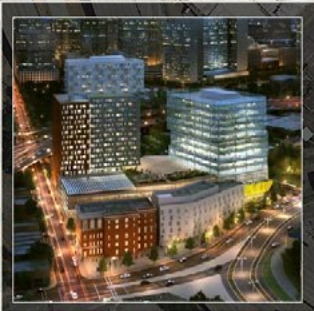


## PROPERTY OVERVIEW





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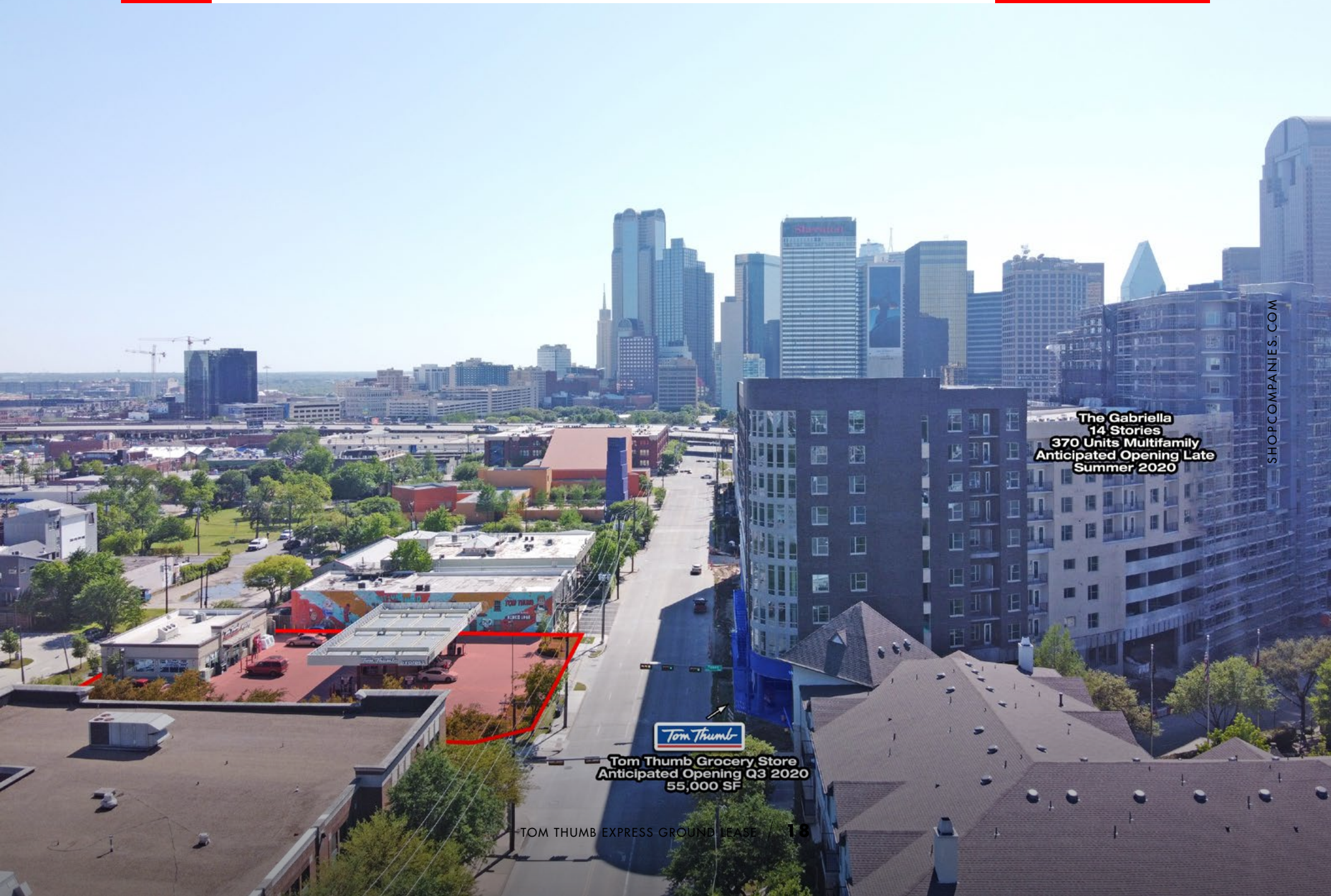
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# DALLAS/ FORT WORTH AREA OVERVIEW

DALLAS, TX



The Dallas/Fort Worth MSA has a population base in excess of 6,700,000 residents and is the largest MSA in the South and fourth in the nation. Also known as “DFW” and “the Metroplex”, the MSA is located in the plains of North Texas and encompasses 12 counties. As the nation’s fastest growing metropolitan area, DFW has led population growth over the last decade, adding 1,300,000 people, or a 25% increase. It is projected that by year 2030, the DFW population will increase by an additional 37% to over 9,200,000 people. The Dallas/Fort Worth area is 9,286 square miles making it larger in area than the states of Rhode Island and Connecticut combined. Dallas is the largest city in the MSA with a population over 1,300,000 residents. Suburban areas surround the MSA, most heavily to the north, with Arlington, Grand Prairie and Irving separating Dallas and Fort Worth by approximately 35 miles. Interstates 20, 30, 35 and 45 are its major arteries connecting it to all regions of the country. Superior growth along these routes has pushed the boundaries of the Dallas/Fort Worth MSA statistical area and allowed the metro area to be the preeminent distribution hub for the region. The region’s transportation network continues to evolve to meet the needs of a growing populace. Metro-area civic leaders are taking proactive steps to improve mobility. Additional tollway miles are planned, including the Trinity Parkway in Dallas

and the extension of the Airport Freeway in Tarrant County. Public transportation is gaining more popularity. DART is the fifth-largest light rail in the country. The DART light rail system is expected to extend further into suburban Dallas, and Collin and Tarrant counties. The business community has easy connections to major commercial centers around the globe via Dallas-Fort Worth International Airport, home to American Airlines, and Dallas Love Field, home to Southwest Airlines. Additionally, there are 13 smaller airports in the Metroplex and nine railroads. DFW is one of the few metro areas in the nation to host teams in all four major sports leagues. It is home to 14 four-year colleges and 15 two-year institutions. DFW continually ranks high as an affordable metro area, especially when compared to other large MSAs, with a cost of living index of 94.7. DFW has the 4th largest number of corporate headquarters in the nation and is home to 18 Fortune 500 companies, including 4 Global 500 companies, and 40 Fortune 1000 companies. The 18 Fortune 500 companies collectively brought in more than \$813 billion last year. DFW has capitalized on its central U.S. location, unparalleled transportation network, operating and living costs well below the national average, pro-business government, critical mass of existing corporate headquarters and offices, and favorable year-round climate.

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## TRADE AREA OVERVIEW

# DEMOGRAPHICS

Variable	1 mile	3 miles	5 miles
2019 Total Population	30,244	198,931	411,182
2024 Total Population (Esri)	37,174	226,049	456,892
2010 Total Population (Esri 2019)	19,134	146,476	328,443
2000 Total Population (U.S. Census)	11,682	145,440	340,800
2000-2010 Population Annual Compound Growth Rate (U.S. Census)	4.89%	0.04%	-0.39%
2019-2024 Population: Annual Growth Rate (Esri)	4.21%	2.59%	2.13%
2019 Total Daytime Population	124,653	345,908	596,834
2019 Median Age (Esri)	34.0	34.2	34.2
2019 Total Households (Esri)	17,632	94,966	174,417
2024 Total Households (Esri)	21,679	108,743	194,579
2010 Total Households (Esri 2019)	11,102	67,814	136,411
2000 Total Households (U.S. Census)	5,582	56,659	129,229
2010-2019 Families: Annual Growth Rate (Esri)	5.70%	3.53%	2.40%
2019 Average Household Income (Esri)	\$101,368	\$99,162	\$102,526
2019 Median Household Income (Esri)	\$76,296	\$66,656	\$62,738
2019 Per Capita Income (Esri)	\$59,365	\$47,562	\$43,768
2019 Education: Less than 9th Grade (Esri) (%)	3%	7%	9%
2019 Education: 9-12th Grade/No Diploma (Esri) (%)	3%	8%	9%
2019 Education: High School Diploma (Esri) (%)	9%	11%	13%
2019 Education: Some College/No Degree (Esri) (%)	14%	14%	15%
2019 Education: Associate's Degree (Esri) (%)	5%	4%	4%
2019 Education: Bachelor's Degree (Esri) (%)	39%	32%	29%
2019 Education: Graduate/Professional Degree (Esri) (%)	25%	20%	19%
2019 Total (SIC01-99) Businesses	5,011	16,494	24,895
2019 Total (SIC01-99) Employees	92,349	235,595	333,819



# INFORMATION ABOUT BROKERAGE SERVICES

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

## TYPES OF REAL ESTATE LICENSE HOLDERS:

- A BROKER is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker
- A SALES AGENT must be sponsored by a broker and works with clients on behalf of the broker.

## A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

## A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

**AS AGENT FOR OWNER (SELLER/LANDLORD):** The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

**AS AGENT FOR BUYER/TENANT:** The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

**AS AGENT FOR BOTH - INTERMEDIARY:** To act as an intermediary between the parties the broker must first obtain the written agreement of each party to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
  - that the owner will accept a price less than the written asking price;
  - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
  - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

**AS SUBAGENT:** A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

**TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:**

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

**LICENSE HOLDER CONTACT INFORMATION:** This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

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Buyer/Tenant/Seller/Landlord Initials

Date

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Regulated by the Texas Real Estate Commission



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