

# OFFERING MEMORANDUM.



## Mattress Firm Pensacola, FL

TheMaffiaTeam

**\$4,093,000**  
**6.50% CAP Rate**

- ♦ New 11 Year Corporate Net Lease
  - ♦ 10% Rental Escalations Every Five Years
  - ♦ Recent Moody's Upgrade to "B1" Rating with Stable Outlook
  - ♦ #1 Mattress Firm Retailer in US with Approximately \$1.3 Billion in Annual Revenue
- ♦ New 2015 Construction
- ♦ Hard Corner Location in Densely Populated Retail Corridor
- ♦ Located at Heavily Trafficked Intersection - Combined 65,000 AADT



**Newmark  
Cornish & Carey**  
Leased Investment Group

This property is listed in conjunction with Florida-licensed real estate broker Newmark Southern Region, LLC.

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



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Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

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# Property Information

## Location

The property is located at 901 Airport Boulevard in Pensacola, Florida.

## Lot Size

Approximately 0.63 acres, or 27,250 square feet.

## Improvements

Construction was completed in August 2015 of an approximately 7,000 square foot retail building for Mattress Firm. There is ample parking on site.

## Lease

Leased to **Mattress Firm, Inc.** for 11 years from September 2015 to September 2026 at an initial annual net rent of \$266,000. There are three five-year options to renew the lease. The rent increases by 10% every five years throughout the initial term and option periods. The lease is net, with the tenant responsible for taxes, insurance, maintenance, and its pro rata share of common area maintenance expenses. Tenant is responsible for the costs of all landlord's repair obligations that are not capital in nature along with an administrative fee of 10% of the cost of such reimbursable landlord's repair obligations. The landlord is responsible for capital repairs and replacement of the roof, structure and foundation.

While the remaining parcels have yet to be developed, the tenant will be responsible for the annual pro rata share of assessment fees to Airport & Davis Commercial Center Owners Association, Inc. Such assessments shall not exceed \$5,000. Every five years the assessment cap shall be increased in accordance with the CPI.

## Annual Rent

Year	Rent	Return
1-5	\$266,000	6.50%
6-10	\$292,600	7.15%
11	\$321,860	7.86%
12-16 (Option 1)	\$321,860	7.86%
17-21 (Option 2)	\$354,046	8.65%
22-26 (Option 3)	\$389,451	9.52%

**Price: \$4,093,000 (6.50% Return)**

## Financing

The property will be delivered free and clear of permanent financing.



## Tenant Information



Since its founding in 1986, **Mattress Firm** has grown to become the largest and most successful specialty bedding company in the United States. The company operates and franchises approximately 2,000 stores primarily under the Mattress Firm name across 37 states.

As of September 4, 2014 Mattress Firm agreed to buy Sleep Train Inc. for \$425 million; the purchase gives Mattress Firm over 310 retail locations throughout the West Coast.

**Mattress Firm, Inc.** is an operating subsidiary of the parent company **Mattress Firm Holding Corporation**; the tenant had its initial public offering on November 23, 2011, and is now traded on the Nasdaq stock exchange under the ticker symbol "MFRM." The offering generated net proceeds of approximately \$110 million, after deducting the underwriting discount and estimated offering-related costs. The company used the majority of the net proceeds to repay portions of its outstanding debt. Furthermore, in connection with the offering, portions of the company's outstanding debt were converted into shares of common stock at the \$19 per share offering price. As a result of the IPO, the Company reduced its outstanding debt, and related interest accrued thereon, in the aggregate amount of \$188.0 million. The IPO was very well received; shares were initially offered at \$19 per share and are currently trading at \$57.27 per share (as of September 1, 2015).

For the quarter ended May 5, 2015, Mattress Firm Holding Corporation reported revenue of \$563.669 million. Net income was \$5.478 million and total stockholder equity was \$328.492 million. Mattress Firm Holding Corporation currently has a Standard & Poor's rating of "B". On July 13, 2015, Moody's Investor Service upgraded Mattress Firm Holding Corp's Corporate Family Rating to "B1" from "B2" with a stable outlook.

For more information, visit [www.mattressfirm.com](http://www.mattressfirm.com).

### Top Mattress Specialty Retailers <sup>(1)</sup>

(\$ in millions)

Rank	Company	2014 Stores	2014 Sales	YoY Growth	Market Share <sup>(2)</sup>
1	Mattress Firm	2,208	\$1,933	39.4%	13.6%
2	Sleep Number	463	1,120	21.4%	7.9%
3	Sleepy's	1,024	1,085	8.5%	7.6%
4	America's Mattress	405	326	3.8%	2.3%
5	Sit 'n Sleep	32	114	14.9%	0.8%
6	Innovative Mattress Solutions	155	102	6.3%	0.7%
7	Mattress Warehouse	179	100	9.9%	0.7%
8	American Mattress	95	68	1.5%	0.5%
Top 8		4,561	\$4,848	21.9%	34.1%

### Annual Net Sales Performance

(\$ in millions)

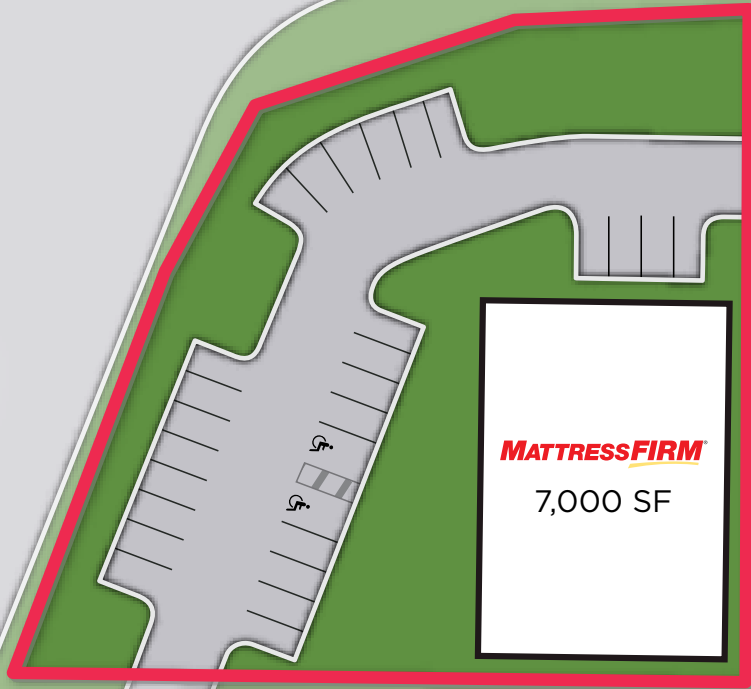


# Site Plan



AIRPORT BLVD

N DAVIS HWY



**MATTRESSFIRM**

7,000 SF

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Aerial | Close Up View



Airport Blvd (32,500 AADT)

N Davis Hwy (32,500 AADT)



# Aerial | East View

Pensacola  
International Airport

CORDOVA MALL



Pensacola  
State College



Sacred Heart  
Health System

Washington  
High School

Workman  
Middle School

Holm  
Elementary



Airport Blvd (32,500 AADT)



N Davis Hwy (32,500 AADT)



**TJ-maxx**  
**HomeGoods**  
**MATTRESSFIRM**  
**DOLLAR GENERAL**

**jcpenny** **sears**  
**ToysRUs**  
**Academy**  
**Burlington**  
**coat Factory**  
**Meat**

**West Florida  
Hospital**

**Pensacola Coca-Cola  
Bottling Company**

**PENSACOLA SQUARE**

**HOBBY  
LOBBY**  
**BAM!**  
**BOOKS-A-MILLION**  
**Garley's**

**VILLAGE OAKS**

**planet fitness**  
**PETSMART**  
**CATO**  
**Look Smart. Buy Smart.**  
**PartyCity** **BEALLS**

**ROOMS  
TO GO**

**ALFHOUSE**  
**RESTAURANT**

**DAVID'S BRIDAL**

**Airport Blvd (32,500 AADT)**

**N Davis Hwy (32,500 AADT)**

**MATTRESSFIRM**



# Aerial | Southwest View





Pensacola is the westernmost city in the Florida Panhandle and the county of Escambia County, with a population of 52,703. As of 2013, Escambia county enjoys a population of 305,817 and continues to experience extensive growth as the suburbs of Pensacola and other cities have developed. Pensacola is also the principal city of the Pensacola metropolitan area, which had an estimated 461,227 residents in 2012. Many people flock to live in Pensacola due to its warm climate, as it is surrounded by over 50 miles of coastline. Pensacola Beach was recently ranked #5 of the 25 best beaches in the nation in the 2015 Travelers' Choice Awards by TripAdvisor. Furthermore, the abundance of resources and low cost of living benefit the residents. The city was ranked #71 for the cost of doing Business by Forbes. The more than 40 primary and secondary schools boast some of the highest standardized test scores in the state. Area hospitals and retirement homes have won numerous awards and continuously rank among the best in the state.

Pensacola, a sea port on Pensacola Bay, is protected by the barrier island of Santa Rosa and connects to the Gulf of Mexico. The largest and first United States Naval Air Station is located southwest of Pensacola; it serves as the base of the Blue Angels flight demonstration team and National Naval Aviation Museum. Additionally, Pensacola is home to the main campus of the University of West Florida, which is situated north of the city center. Due to the growing development in the city, on April 9th, 2015, Studer Community Investments proposed a 55,000 square foot building that would house the University of West Florida's Center for Entrepreneurship, which fronts Main Street.



## About the Area

**MATTRESSFIRM**

## Site Information

The subject property is located in a dense retail corridor at the southeast intersection of Airport Boulevard and North Davis Highway approximately five miles north of downtown Pensacola. Collectively, Airport Boulevard and North David Highway experience an annual average daily traffic count of approximately 65,000 vehicles near the site. Convenient access to Interstate 110 (76,500 AADT) is less than half a mile west of the property.

The property enjoys excellent visibility and accessibility, as it is situated at the hard corner of the intersection. The Rooms to Go Plaza occupies the northwest parcel at the intersection and is tenanted by national companies such as Red Wings Shoes and David's Bridal. Local tenants within the plaza include Shark Fin and Pensacola Ale House, which are popular restaurants in the area. Less than half a mile from the subject property is a retail center occupied by hhgregg, Gander Mountain and Barnes & Noble. Adjacent to this retail center is Sam's Club with Panda Express and TGI Fridays outparcel. Directly south of Sam's Club across Airport Boulevard is Lowe's Home Improvement. Approximately one mile east at the intersection of Airport Boulevard and North 9th Avenue is Cordova Commons, a 169,486 square foot retail center anchored by Stein Mart, Marshalls and The Fresh Market. Other national credit tenants within the center include DSW, Petco and ULTA. The southwest parcel of this intersection is occupied by the 861,000 square foot Cordova Mall. It is the largest shopping center on the northwest Gulf Coast of Florida, with over 140 stores and services. According to the Simon Property Group website, Cordova Mall is the third most popular tourist destination in the Florida Panhandle, and serves eight million shoppers a year. The mall's anchors include Ross Dress for Less, Best Buy, Bed Bath & Beyond, Cost Plus World Market, Dillard's and Belk. Less than half a mile south of the subject property at the north west intersection of North Davis Highway and Brent Lane is Home Depot. Other major retailers in the immediate area include Publix Super Market, Target, Winn-Dixie, Starbucks, Office Depot and Bank of America, among others.

In addition to retail, the area benefits from medical and educational institutions, transportation hubs, and residential complexes. The hub of Sacred Heart Health Systems, Sacred Heart Hospital, is located less than half a mile southeast of the subject property along North 9th Avenue. It is a 566-bed hospital that includes the region's only Children's Hospital. One block south of Sacred Heart Hospital is Courtyard Apartments at Cordova, a 144 unit residential complex. East of the subject property along Airport Boulevard is Pensacola International Airport, a public use airport owned by the city of Pensacola. This airport is one of only four major airports in North Florida.



# Demographics



Airport Blvd & N Davis Hwy, Pensacola, FL 32503

	1 Mile	3 Miles	5 Miles
<b>Population Summary</b>			
2010 Total Population	8,942	59,754	149,820
2015 Total Population	9,308	60,817	152,804
2020 Total Population	9,480	62,285	156,780
2015-2020 Annual Rate	0.37%	0.47%	0.52%
<b>Average Household Income</b>			
2015	\$44,387	\$50,009	\$52,872
2020	\$50,646	\$56,451	\$59,719
<b>Median Home Value</b>			
2015	\$128,222	\$128,393	\$132,957
2020	\$165,240	\$163,622	\$169,708
<b>Per Capita Income</b>			
2015	\$19,301	\$21,093	\$22,480
2020	\$21,306	\$23,727	\$25,400

Top Employers - Greater Pensacola	# of Employees
Baptist Health Care	4,494
Navy Federal Credit Union	3,845
Sacred Heart Health Systems	3,483
Gulf Power Company	1,774
West Florida Healthcare	1,300
Ascend Performance Materials	800
West Corporation	800
Medical Center Clinic	500
Santa Rosa Medical Center	498
International Paper	450





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