

Offering
Memorandum

US Bank Ground Lease Investment

Rio Rancho, NM (Albuquerque MSA)



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Investment Highlights

Investment Property Advisors is pleased to offer for sale a US Bank Absolute NNN Ground Lease in the Albuquerque Metropolitan Area. The bank is part of Southern & Unser Plaza, which is located at a major intersection of Rio Rancho, NM where Unser Blvd intersects Southern Blvd. This busy trade area encompasses substantial daily traffic counts, while also servicing a dense residential and employment population.

US Bank occupies an approximately 5,200 square foot building on a parcel of approximately 1.06 acres. US Bank is about 8 years into a 20-year ground lease with 4, 5 year renewal options, and annual rental increases based on CPI (5% annual cap) running throughout the base term and option periods. The lease is absolute NNN with no landlord responsibilities.

The location benefits from visibility to high traffic counts and direct access on major north/south and east/west roadways of Unser Blvd and Southern Blvd, respectively; the intersection boasts over 55,800 vehicles per day. The property has strong demographics with a population of 137,276 people within a five mile radius. Neighboring tenants include Walmart, Walgreens, McDonald's, Sonic, Chili's, Discount Tire, Starbucks, Burger King, Five Guys, etc.

- Absolute NNN ground lease with zero landlord responsibilities
- 20 year base (almost 12 years remaining), with 4 - 5 year renewal options
- Annual rental increases based on CPI
- Located in a ±14 acre shopping center development anchored by a 14-screen Premiere Cinemas across the street from Walmart
- Over 55,800 vehicles per day at the lighted intersection of Unser Blvd & Southern Blvd
- Pad site location on a major thoroughfare in a densely populated and growing community
- Unser Blvd is the highest traveled north/south thoroughfare on the west side of Rio Rancho

Offering Summary	
Purchase Price	\$1,672,000
Net Operating Income	\$83,545*
Cap Rate	5.0%
Lease Type	Absolute NNN Ground Lease

*Based on projected CPI increase effective November 1, 2014

Tenant Highlights

U.S. Bancorp (“US Bancorp”) is a multi-state financial services holding company headquartered in Minneapolis, Minnesota. US Bancorp was incorporated in Delaware in 1929 and operates as a financial holding company and a bank holding company under the Bank Holding Company Act of 1956. US Bancorp provides a full range of financial services, including lending and depository services, cash management, capital markets, and trust and investment management services. It also engages in credit card services, merchant and ATM processing, mortgage banking, insurance, brokerage and leasing.

US Bancorp’s banking subsidiary, U.S. Bank National Association (“US Bank”), is engaged in the general banking business, principally in domestic markets. US Bank provides a wide range of products and services to individuals, businesses, institutional organizations, government entities and other financial institutions. Commercial and consumer lending services are principally offered to customers within US Bancorp’s domestic markets, to domestic customers with foreign operations and to large national customers operating in specific industries targeted by US Bancorp.

US Bancorp operates under the second-oldest continuous national charter, originally Charter #24, granted during Abraham Lincoln’s administration in 1863 following the passage of the National Banking Act.

As of December 31, 2013, US Bancorp and its subsidiaries employed, on a full-time equivalent basis, approximately 65,565 people. US Bancorp has an S&P rating of A+ and is traded under the symbol “USB” on the NYSE.



Company	US Bank, Inc.
Bank Branches	3,174 (US)
ATMs	5,005
Customers	17.9 Million
Stock Symbol	USB
Credit Rating S&P	A+
Exchange	NYSE
Total Deposits	\$276 Billion
Total Assets	\$389 Billion
Total Revenue	\$19.22 Billion
Market Capitalization	\$81.34 Billion
Enterprise Value	1962
Date Incorporated	Bentonville, AR
Headquarters	Minneapolis, MN
Website	www.usbank.com

Lease Summary

Location	SWQ of Unser Blvd. & Southern Blvd, Rio Rancho, NM 87124
Tenant	US Bank NA
Land Size	±46,185 SF
Rent Commencement	September 1, 2006
Base Lease Term	Twenty (20) Years
Renewal Options	Four (4), Five (5) Year Options
Rental Increases	Annually Based on CPI (5% Annual Cap)
Annual Rent	\$83,545*
Lease Type	Absolute NNN Ground Lease

*Based on projected CPI increase effective November 1, 2014





Albuquerque



Centrally located at the intersection of I-25 and I-40, Albuquerque is the most populated city in New Mexico with an estimated metropolitan population of 908,125 in 2012. The city serves as a southwestern commercial hub, with BNSF Railroads rail service, air cargo shipped from the Albuquerque International Sunport, as well as the commuter train, the Rail Runner, spanning from Belen to Santa Fe.

Albuquerque's economic environment is experiencing growth due in part to the city being the center of the New Mexico Technology Corridor. Numerous high-tech, private companies as well as government institutions have recently expanded into the Rio Grande Valley. The largest employers located in Albuquerque include Kirtland Air Force Base, the University of New Mexico, and Sandia National Laboratories. Recent economic news includes the expansion of Eclipse Aviation's operation in Albuquerque to add 100 more jobs by the end of 2015; Canon USA announced October 2013 the company would be opening a new customer support center in Albuquerque, with a projected commencement date in early 2014; ZTEC Instruments, a homegrown company that develops testing equipment for wireless electronics, was sold to LitePoint Corp. and plans further expansion; Lowes Home Improvement opened a \$15 million customer support center in 2012. Because of business developments such as these and Albuquerque's great quality of life, The Atlantic Magazine named the city one of the places Where Millennials Can Make It Now.

Forbes Magazine has also ranked Albuquerque as one of America's Engineering Capitals in 2013. For more information, visit www.abq.org.

Albuquerque temperatures are characteristic of high, arid areas. Midday temperatures average 50 degrees in the winter and 90 degrees in the summer. Warm summer days yield to cool nights, and an average relative humidity of only 42% allows residents the economy of evaporative coolers. Despite an average annual rainfall of eight inches, the city has an adequate water supply located in an aquifer beneath the Rio Grande and through a recent river diversion project. Regardless, water conservation is a continuing quest.

Albuquerque's MSA 2012 estimated median household income was \$47,009. The median age of its citizens stands at 36.7 years. Its civilian labor force stands at 310,131 (educational and health services - 17.2%; retail trade - 13.1%; professional and business services - 9.3%; public sector - 10.1%; construction, manufacturing and mining - 13.3%). Albuquerque's non-agricultural employment growth rate was 0.9% less than the previous year and the city's unemployment rate is 6.3%. The 2013, third quarter commercial space and vacancy rates were: Office - 19.6%; Retail - 8.0%; and Industrial 9.9%. Albuquerque's median sales price of single-family homes as of 2013 Q3 is \$182,000. The Bureau of Business and Economic Research, University of New Mexico, most recent reports building permits at \$33,375,255.

Location

Rio Rancho

The City of Rio Rancho is part of the Albuquerque Metropolitan Statistical Area (MSA Population: 914,190). Rio Rancho is the third largest city in the State, surpassing Santa Fe. Only 31-years-old, Rio Rancho is considered the fastest-growing city in New Mexico (80.6% growth from 2000-2014), and has an estimated 2014 population of 93,276. The City is strategically located in the northwest quadrant of the MSA and comprises over 100 square miles of land. The City is just 30 minutes from the Albuquerque International Sunport and 45 minutes from Santa Fe, the cultural center of the Southwest.

Rio Rancho's adjacency to Albuquerque allows it to draw from the largest labor pool in New Mexico – approximately 400,000 workers. The metro area offers a capable and quality workforce to prospective employers.

Rio Rancho boasts a business-friendly location characterized by low crime rates, an excellent public education system, diverse housing options, and a growing list of quality of life amenities such as new parks, a new main library, a university and community college campus, and an aquatics center. Just north of Rio Rancho is the Hyatt Regency Tamaya Resort and Spa, one of about three destination resorts within the metro area offering first-class spa and lodging for visitors.

The City has a strong existing business climate anchored by Intel Corporation and complemented by the back-office and manufacturing operations of Hewlett-Packard Company, Bank of America, U.S. Cotton, Lectrosonics, Alliance Data, Sprint PCS, Insight Lighting, Stainless Motors, and ClingZ, Inc. The RREDC and the City work together to aggressively attract new business and industry to the community.



Property Location



Aerial



1 - 3 - 5 Mile Demographics

	1 mile	3 mile	5 mile			
Summary	2014	2014	2014			
Population	11,128	70,742	137,276			
Households	3,802	26,085	51,585			
Families	2,867	18,449	36,252			
Average Household Size	2.93	2.70	2.63			
Owner Occupied Housing Units	3,057	19,649	38,400			
Renter Occupied Housing Units	744	6,435	13,186			
Median Age	33.3	35.2	35.9			
Trends: 2014 - 2019 Annual Rate	State	State	State			
Population	0.53%	0.53%	0.53%			
Households	0.59%	0.59%	0.59%			
Families	0.47%	0.47%	0.47%			
Owner HHs	0.62%	0.62%	0.62%			
Median Household Income	2.85%	2.85%	2.85%			
	2014	2014	2014			
Households by Income	Number	Percent	Number	Percent	Number	Percent
<\$15,000	297	7.8%	2,133	8.2%	3,754	7.3%
\$15,000 - \$24,999	306	8.0%	2,309	8.9%	4,167	8.1%
\$25,000 - \$34,999	405	10.7%	2,727	10.5%	4,738	9.2%
\$35,000 - \$49,999	607	16.0%	3,683	14.1%	6,724	13.0%
\$50,000 - \$74,999	953	25.1%	5,977	22.9%	11,296	21.9%
\$75,000 - \$99,999	611	16.1%	4,005	15.4%	7,996	15.5%
\$100,000 - \$149,999	492	12.9%	3,764	14.4%	8,305	16.1%
\$150,000 - \$199,999	71	1.9%	986	3.8%	2,964	5.7%
\$200,000+	60	1.6%	500	1.9%	1,642	3.2%
Median Household Income	\$55,220		\$56,732		\$61,581	
Average Household Income	\$65,600		\$69,023		\$76,598	
Per Capita Income	\$22,742		\$25,622		\$28,694	
	2014	2014	2014			
Population by Age	Number	Percent	Number	Percent	Number	Percent
0 - 4	897	8.1%	5,247	7.4%	9,832	7.2%
5 - 9	932	8.4%	5,354	7.6%	10,080	7.3%
10 - 14	937	8.4%	5,454	7.7%	10,309	7.5%
15 - 19	752	6.8%	4,626	6.5%	9,034	6.6%
20 - 24	633	5.7%	4,222	6.0%	8,341	6.1%
25 - 34	1,721	15.5%	10,302	14.6%	19,334	14.1%
35 - 44	1,605	14.4%	9,836	13.9%	19,249	14.0%
45 - 54	1,375	12.4%	9,315	13.2%	18,720	13.6%
55 - 64	1,266	11.4%	8,208	11.6%	16,338	11.9%
65 - 74	652	5.9%	4,780	6.8%	9,846	7.2%
75 - 84	261	2.3%	2,366	3.3%	4,344	3.2%
85+	95	0.9%	1,032	1.5%	1,849	1.3%