

Highland Plaza - Stabilized Mixed Use with Upside Highland Heights, Ohio



Exclusive Offering By:

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Offering Memorandum

Goodman Real Estate Services Group LLC
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The Property - Investment Summary

Property	Highland Plaza
Address	5559 Wilson Mills Road Highland Heights, OH 44143
Major Tenants	<ul style="list-style-type: none">• Zeppe's Pizza• Biagio's Deli• Mill Tavern• Fast Tract Title Services
Deal Type	Stabilized with Value-Add Component
Property Type	Mixed Use Retail and Office
Market	Cleveland, Ohio MSA
GLA	16,832 Square Feet
Occupancy	80%
Lot Size	1.5 Acres
Additional Land	1.2 Acres Additional Land Available for \$45,000
Average Gross Rent	\$9.98 Per Square Foot
Net Operating Income	\$74,890
Cap Rate	8.33%
Price	\$899,000
Price Per Square Foot	\$53.41



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The Property - Property Description

Investment Highlights

- Well-Positioned Stabilized Mixed Use Center with Upside
- Currently 80% Leased to Quality Regional and Local Tenants, Many of Which have Longevity in the Property
- Average Gross Rental Rate Only \$9.98 Per Square Foot
- Surrounded by Households and Located on Busy Wilson Mills Road, a Short Distance From Interstate 271
- Opportunity Exists to Acquire Additional Land Adjacent to the Property for Future Expansion or Other Use
- Low Price Per Square Foot Far Below Current Replacement Cost

Property Description

For sale to qualified investors is the 100% fee-simple interest in Highland Plaza, a stabilized mixed-use building with upside in Cleveland's eastern suburbs. Located at the busy intersection of Wilson Mills and Bishop Road in Highland Heights, Ohio, the property is currently 80% leased to quality regional and local tenants, many of which have been tenants for many years and have recently renewed. The building presents an investor with a unique opportunity to acquire a stable investment with ability to add additional income through lease-up of vacant space. With mostly retail on the ground level and offices above, the property has an excellent mix of retail, restaurant, and service tenants. These include Zeppe's Pizza, Biagio's Deli, McNulty Roofing, Fast Tract Title Services, hair salon, nail salon, watch repair, and others. For years, the location has allowed tenant to service a wide geographic area including Highland Heights, Richmond Heights, Mayfield Heights, South Euclid, and others. Additionally, 1.2 acres of land is also available for an additional \$45,000 adjacent to the property, allowing an investor room for future expansion or other development. Within close proximity to the site are many national retailers including Walgreens, CVS, Regal Cinemas, Fitworks, Kohl's, Home Depot, Chipotle, Dave's Grocery Store, and many others.

Cleveland Regional Highlights

- The Cleveland Clinic consistently ranks in the Top 5 for Best Hospitals in the U.S., with 5.1 million patient visits per year.
- In the 2015 Fortune 500 ranking of the largest U.S. corporations, 7 companies are based in Northeast Ohio.
- According to the 2015 Census Estimate, the Cleveland-Akron-Canton CSA has a population of 3,515,646 people. The area is also home to NBA, NFL, and MLB professional franchises.



- The RNC (Republican National Convention) was held in Cleveland at the end of July 2016, and was estimated to have generated over \$200 Million in direct spending.
- Case Western Reserve University & Cleveland State University reside in the heart of downtown Cleveland. Combined enrollment is over 28,000 students.
- During 2016, developers rolled out over 1,500 apartment suites in Cleveland's central business district. In 2015 the average was 750 apartments units, resulting in a 100% increase from the previous year.

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The Property - Property Photos



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Performance & Tenancy - NOI Budget

In-Place Income and 2016 Actual Expenses

Base Rental Income				Operating Expenses		
Tenant	Size (SF)	Annual Rent	Gross Rent PSF			
Rack Transport, LLC	480	\$3,780.00	\$7.88	Parking Lot Maintenance		\$2,018.26
Rudy's Watch Repair	200	\$2,400.00	\$12.00	HVAC		\$290.00
Velocity Church	962	\$7,200.00	\$7.48	Trash Removal		\$1,098.90
Schirmer Construction LLC	652	\$5,400.00	\$8.28	Cleaning and Janitorial		\$1,703.68
Diane B. Lees	675	\$6,600.00	\$9.78	Cleaning Supplies and Materials		\$121.78
Available	644	\$0.00	\$0.00	Building Repair and Maintenance		\$2,687.80
Available	675	\$0.00	\$0.00	Landscaping		\$2,419.20
Available	644	\$0.00	\$0.00	Snow and Ice Removal		\$7,225.20
Available	390	\$0.00	\$0.00	Insurance		\$3,647.83
Available	810	\$0.00	\$0.00	Property Tax		\$25,071.34
Mill Tavern	1,800	\$19,200.00	\$10.67	Electric - Common Area		\$3,527.86
McNulty Roofing Company	1,500	\$15,000.00	\$10.00	Electric - Vacant Units		\$1,268.70
Montgomery Hair Studio	1,600	\$27,012.00	\$16.88	Gas - Common Area		\$1,153.87
Fast Tract Title Services	1,400	\$10,800.00	\$7.71	Gas - Vacant Units		\$30.24
Biagio's Deli	2,200	\$18,900.00	\$8.59	Water and Sewer		\$8,568.60
B&M Staff LLC (Zeppe's)	2,000	\$21,000.00	\$10.50	Reserve Fund (\$0.20 PSF)		\$3,366.40
Available Office	200	\$0.00	\$0.00	Management (4%)		\$5,795.41
Total	16,832	\$137,292.00		Total		\$69,995.07
Reimbursed						
		Water and Sewer	\$7,593.30			
		Total	\$7,593.30			
		Gross Income	\$144,885.30		Total Operating Expenses	\$69,995.07
					Net Operating Income (NOI)	\$74,890.23
					Price - 8.33% Cap Rate	\$899,042.35

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Performance & Tenancy - Rent Roll

Tenant Name	Square		Lease Term		Rental Rates			Recovery		Comments/Options
	Feet	Pro-rata	Begin	End	Begin	Annually	PSF	Type		
Mill Tavern	1,800	10.69%	1-1-10	12-31-22	Current	\$19,200	\$10.67	Gross	Tenant reimburses Landlord for its pro rata share of water and sewer and pays its own utilities for its premises. Options: One 3-year option	
McNulty Roofing Company	1,500	8.91%	12-1-10	12-31-19	Current	\$15,000	\$10.00	Gross	Tenant reimburses Landlord for its pro rata share of water and sewer and pays its own utilities for its premises. Options: None	
Montgomery Hair Studio	1,600	9.5%	3-1-10	4-30-19	Current	\$27,008	\$16.88	Gross	Tenant reimburses Landlord for its pro rata share of water and sewer and pays its own utilities for its premises. Options: None	
Fast Tract Title Services	1,400	8.32%	11-1-96	8-31-17	Current	\$10,794	\$7.71	Gross	Tenant reimburses Landlord for its pro rata share of water and sewer and pays its own utilities for its premises. Options: One 2-year option. Option 1 = \$11,400 annually	
Biagio's Deli	2,200	13.07%	7-1-09	6-30-20	Current	\$18,898	\$8.59	Gross	Tenant reimburses Landlord for its pro rata share of water and sewer and pays its own utilities for its premises. Options: One 5-year option.	
Zeppe's Pizza	2,000	11.88%	3-22-17	3-31-22	Current 4-1-19	\$21,000 \$22,200	\$10.50 \$11.10	Gross	Tenant reimburses Landlord for its pro rata share of water and sewer and pays its own utilities for its premises. Options: One 5-year option.	

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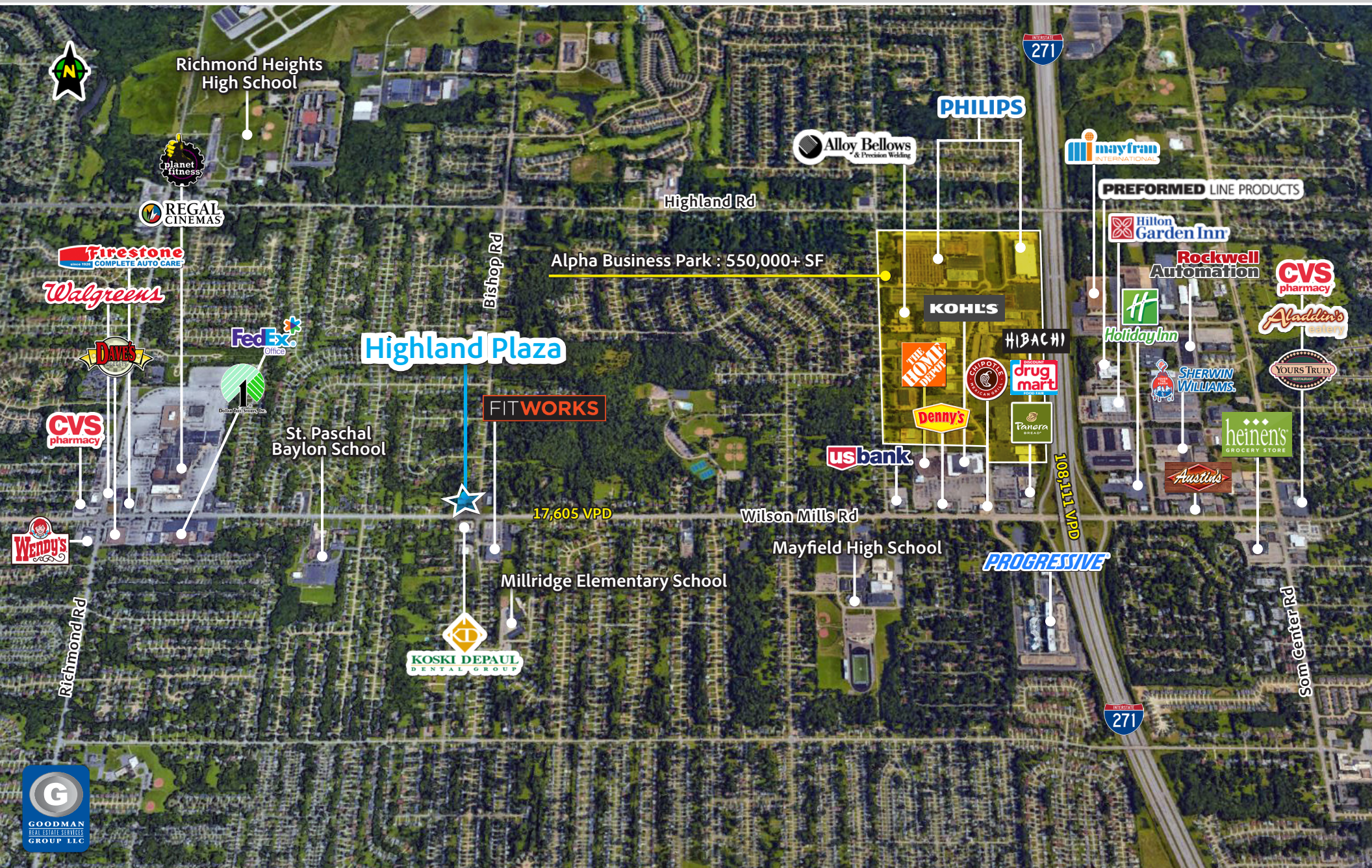
Performance & Tenancy - Rent Roll

Tenant Name	Square		Lease Term		Rental Rates			Recovery		Comments/Options
	Feet	Pro-rata	Begin	End	Begin	Annually	PSF	Type		
Rack Transport LLC	480	2.85%	6-1-11	9-30-18	Current	\$3,782.40	\$7.88	Gross	Tenant reimburses Landlord for its pro rata share of water and sewer and pays its own utilities for its premises. Options: None	
Rudy's Watch Repair	200	1.19%	9-1-06	MTM	Current	\$2,400	\$12.00	Gross	Tenant reimburses Landlord for its pro rata share of water and sewer and pays its own utilities for its premises. Options: None - Tenant has paid timely month-to-month for 10 years.	
Velocity Church	962	5.72%	8-12-15	8-31-17	Current	\$7,200	\$7.48	Gross	Tenant reimburses Landlord for its pro rata share of water and sewer and pays its own utilities for its premises. Options: None	
Schirmer Construction LLC	652	3.87%	12-1-16	9-30-17	Current	\$5,398.56	\$8.28	Gross	Tenant reimburses Landlord for its pro rata share of water and sewer and pays its own utilities for its premises. Options: None	
Diane B. Lees (Yoga Studio)	675	4.01%	2-1-13	1-31-17 (MTM)	Current	\$6,600	\$9.78	Gross	Tenant reimburses Landlord for its pro rata share of water and sewer and pays its own utilities for its premises. Options: None	
Vacant	644	3.83%								
Vacant	675	4.01%								
Vacant	644	3.83%								
Vacant	390	2.32%								
Vacant	810	4.81%								
Vacant	200	1.19%								

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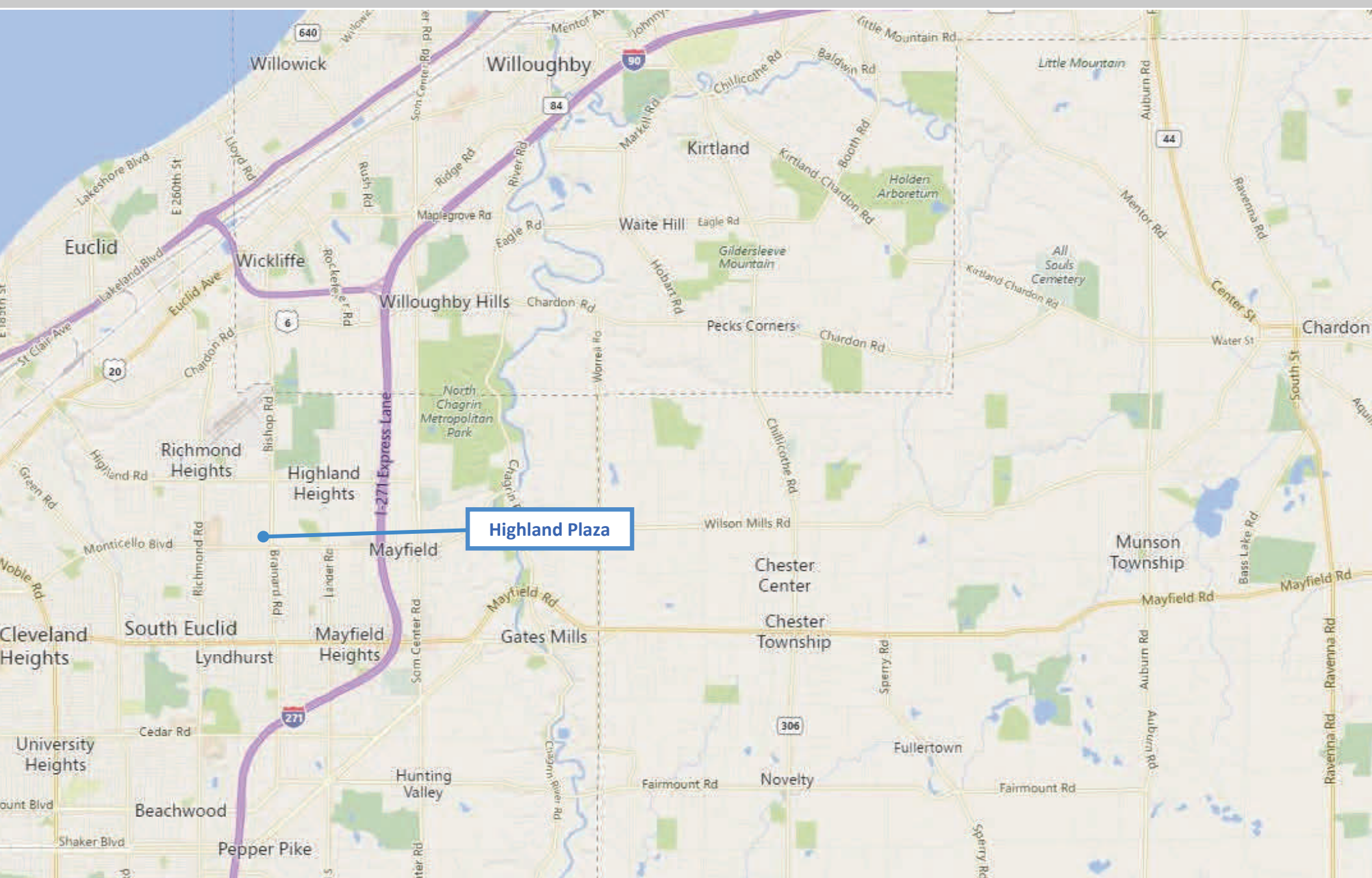
Market Overview - Market Aerial



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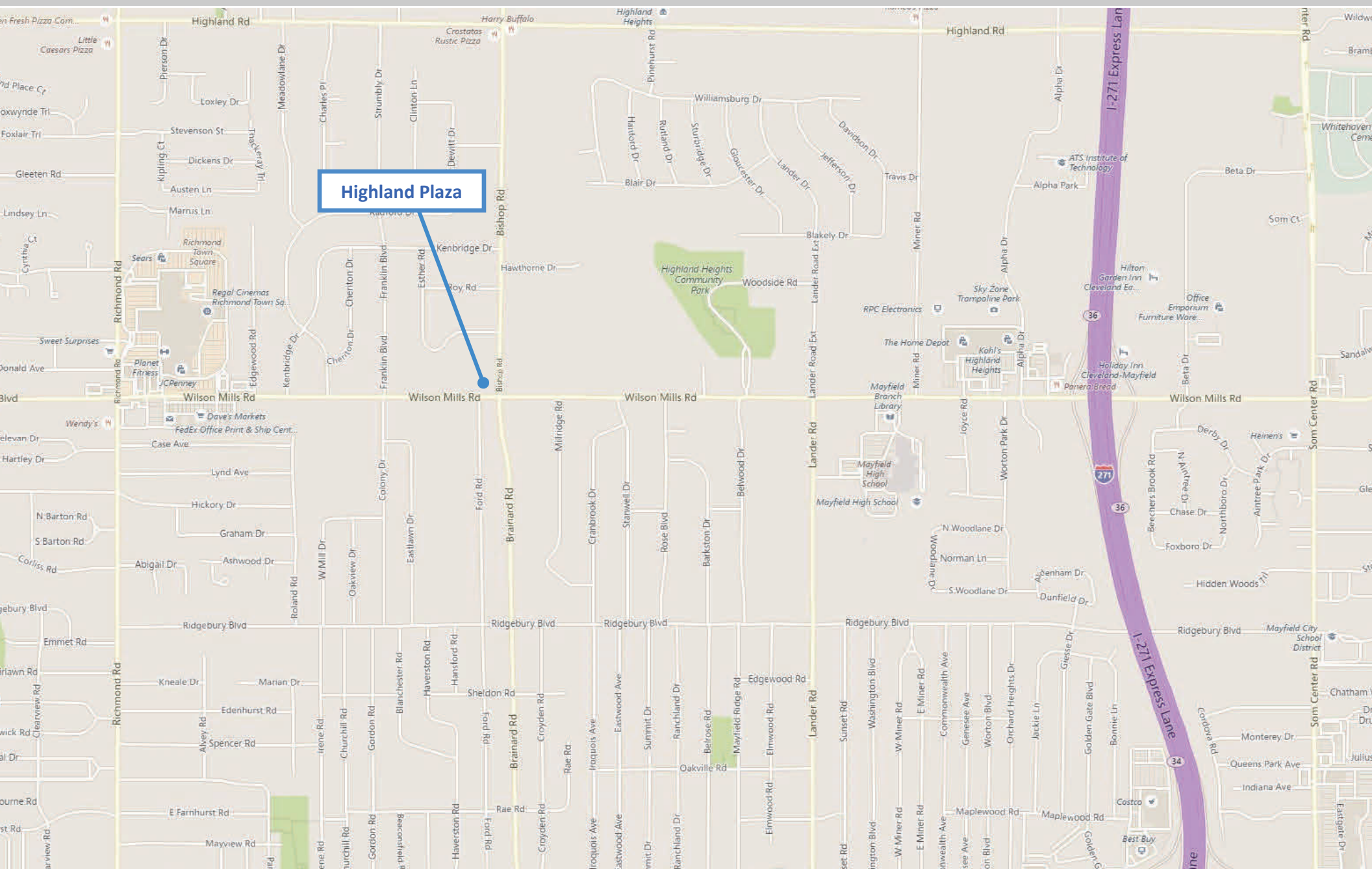
Market Overview - Regional Map



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Market Overview - Local Map



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Market Overview - Demographics

	1 mi	3 mi	5 mi	7 mi
Population				
2016 Estimated Population	6,653	51,451	137,088	305,933
2021 Projected Population	6,816	51,550	135,795	300,348
2010 Census Population	6,227	50,283	134,846	305,987
2000 Census Population	6,231	51,638	140,471	330,727
Projected Annual Growth 2016-2021	2.46%	0.19%	-0.94%	-1.83%
Historical Annual Growth 2000-2016	6.77%	-0.36%	-2.41%	-7.50%
Households				
2016 Estimated Households	3,113	23,600	60,269	134,019
2021 Projected Households	3,192	23,662	59,724	131,535
2010 Census Households	2,890	22,969	59,227	134,116
2000 Census Households	2,792	22,614	60,468	140,926
Projected Annual Growth 2016-2021	2.55%	0.26%	-0.91%	-1.85%
Historical Annual Growth 2000-2016	11.47%	4.36%	-0.33%	-4.90%
Age (2016)				
Est. Population Under 10 Years	10.5%	10.6%	11.0%	11.2%
Est. Population 10-19	10.8%	11.2%	12.4%	12.9%
Est. Population 20-30	10.7%	9.8%	11.1%	11.6%
Est. Population 30-44	19.3%	17.9%	17.1%	16.9%
Est. Population 45-59	20.1%	20.3%	20.1%	20.3%
Est. Population 60-74	17.4%	19.1%	18.4%	18.2%
Est. Population 75 Years or Over	11.1%	11.2%	9.9%	8.9%
Income (2016)				
Est. HH Inc \$200,000 or more	4.5%	4.9%	4.2%	3.7%
Est. HH Inc \$150,000 to \$199,999	4.4%	6.0%	6.6%	5.8%
Est. HH Inc \$100,000 to \$149,999	15.4%	16.0%	14.1%	11.7%
Est. HH Inc \$75,000 to \$99,999	15.3%	13.5%	13.0%	11.4%
Est. HH Inc \$50,000 to \$74,999	16.6%	17.6%	18.1%	17.8%
Est. HH Inc \$35,000 to \$49,999	15.2%	14.1%	13.2%	13.7%
Est. HH Inc \$25,000 to \$34,999	11.6%	9.8%	10.0%	10.5%
Est. HH Inc \$15,000 to \$24,999	8.7%	10.3%	10.2%	11.5%
Est. HH Inc Under \$15,000	8.3%	7.8%	10.5%	13.8%
Est. Average Household Income	\$ 77,682	\$ 80,584	\$ 80,450	\$ 73,731
Est. Median Household Income	\$ 59,922	\$ 60,783	\$ 57,884	\$ 50,554
Est. Per Capita Income	\$ 36,343	\$ 36,963	\$ 35,369	\$ 32,299

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Market Overview - Demographics

	1 mi	3 mi	5 mi	7 mi
Education (2016)				
Est Pop Age 25+ by Educ Attain.	4,900	37,742	97,062	213,589
Less than 9th grade	2.1%	2.3%	2.2%	2.3%
Some High School, no diploma	3.4%	3.9%	4.4%	6.0%
High School Graduate (or GED)	24.1%	22.4%	23.2%	25.2%
Some College, no degree	17.0%	19.8%	20.9%	22.1%
Associate Degree	5.4%	6.3%	6.7%	7.1%
Bachelor's Degree	29.4%	27.3%	24.6%	20.9%
Graduate Degree	18.6%	18.0%	18.0%	16.3%
Housing (2016)				
Est. Total Housing Units	3,312	25,341	65,515	149,783
Est. Owner-Occupied	54.8%	65.0%	62.0%	57.4%
Est. Renter-Occupied	39.2%	28.1%	30.0%	32.1%
Est. Vacant Housing Units	6.0%	6.9%	8.0%	10.5%
Homes Built by Year (ACS)				
Homes Built 2005 Or Later	0.1%	0.4%	0.3%	0.3%
Homes Built 2000 To 2004	1.7%	5.0%	4.0%	2.8%
Homes Built 1990 To 1999	4.7%	6.7%	5.7%	3.9%
Homes Built 1980 To 1989	7.2%	8.7%	7.7%	5.6%
Homes Built 1970 To 1979	19.2%	13.7%	14.9%	11.5%
Homes Built 1960 To 1969	30.6%	22.5%	19.2%	15.6%
Homes Built 1950 To 1959	26.2%	29.4%	29.8%	27.7%
Homes Built 1940 To 1949	5.0%	8.0%	10.0%	12.3%
Homes Built 1939 Or Earlier	5.3%	5.6%	8.4%	20.2%
Housing (2016)				
Home Value \$1,000,000 or more	1%	1%	1%	1%
Home Value \$500,000 to \$999,999	3%	4%	5%	4%
Home Value \$400,000 to \$499,999	5%	5%	5%	4%
Home Value \$300,000 to \$399,999	11%	9%	9%	7%
Home Value \$200,000 to \$299,999	35%	24%	19%	16%
Home Value \$150,000 to \$199,999	20%	26%	21%	18%
Home Value \$100,000 to \$149,999	16%	22%	26%	26%
Home Value \$70,000 to \$99,999	4%	5%	8%	13%
Home Value \$50,000 to \$69,999	2%	1%	2%	4%
Home Value \$25,000 to \$49,999	1%	1%	1%	3%
Home Value Under \$25,000	2%	2%	2%	3%
Median Housing Unit Value	\$ 213,165	\$ 186,987	\$ 172,785	\$ 151,909

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Market Overview - Demographics

	1 mi	3 mi	5 mi	7 mi
Labor Force (2016)				
Est Pop Age 16+ by Employ. Status	5,575	42,918	113,035	250,822
Labor Force	66.3%	65.5%	65.7%	64.1%
In Armed Forces	0.0%	0.1%	0.0%	0.0%
Civilian, Employed	63.3%	62.9%	62.3%	60.0%
Civilian, Unemployed	3.0%	2.6%	3.3%	4.1%
Not in Labor Force	33.7%	34.5%	34.3%	35.9%
Occupation (2016)				
Agr, forest, fish & hunt., min and const.	4.0%	4.1%	4.0%	3.8%
Manufacturing	12.5%	11.3%	11.3%	11.5%
Wholesale & retail trade	18.9%	14.0%	12.6%	11.9%
Transp. and warehousing, and utilities	1.4%	2.3%	2.7%	3.2%
Information	1.9%	1.8%	1.7%	1.7%
Fin, ins., real estate, rental & leasing	12.9%	11.0%	9.7%	8.9%
Prof, sci, manag, admin, & waste ms	9.7%	11.0%	10.6%	10.7%
Educational, health and social services	24.6%	28.0%	30.8%	31.3%
Arts, enter., rec., accom. & food services	8.5%	8.5%	8.3%	8.1%
Other services (except pub admin.)	3.5%	5.1%	4.6%	4.9%
Public Administration	2.1%	2.9%	3.7%	4.2%
Travel Time (ACS)				
14 Minutes or Less	30.9%	29.3%	26.2%	24.8%
15 to 29 Minutes	40.0%	41.7%	43.6%	43.9%
30 to 59 Minutes	24.9%	26.2%	27.3%	27.8%
60 Or More Minutes	4.2%	2.8%	2.9%	3.5%
Weekly Per Capita Consumer Expenditures				
Market Basket	\$ 52.90	\$ 54.09	\$ 54.13	\$ 53.65
Apparel and services	\$ 12.98	\$ 13.44	\$ 13.37	\$ 13.00
Transportation	\$ 73.29	\$ 75.44	\$ 74.57	\$ 72.28
Health Care	\$ 36.05	\$ 37.15	\$ 36.41	\$ 35.27
Entertainment	\$ 19.94	\$ 20.60	\$ 20.42	\$ 19.88