

Malcolm Avenue Strip Center Portfolio Newport, Arkansas



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Offering Memorandum

Goodman Real Estate Services Group LLC
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Malcolm Avenue Strip Center Portfolio

Newport, Arkansas

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Malcolm Avenue Strip Center Portfolio

Newport, Arkansas

The Property - Investment Summary

Property	The Newport Center 1409 Malcolm Avenue
	Rent One Plaza 2100 Malcolm Avenue
City/State/Zip	Newport, Arkansas 72112
Type	Strip Centers
Tenants	The Newport Center Bratcher Real Estate AT&T Newport Advance Physical Therapy
	Rent One Plaza Rent One Beautiful Nails Gateway Marketing, Inc.
Gross Leasable Area	The Newport Center: 7,200 SF Rent One Plaza: 10,000 SF
Total Lot Size	0.98 Acres
Lease Type	Gross
Net Operating Income	\$88,291.51
CAP Rate	10%
Price	\$882,915
Price Per Square Foot	\$51.33



Malcolm Avenue Strip Center Portfolio

Newport, Arkansas

The Property - Property Description

Investment Highlights

- Well-Positioned Strip Centers with High Occupancy
- Low In-Place Rents Offers Upside Potential and Hedge Against Future Market Shifts
- Gross Leases Offer Investor Future Upside in Converting to Triple-Net Leases
- Property Package Being Offered at \$51.33 Per Square Foot, Considerably Below its Current Replacement Cost
- Located on Malcom Avenue, the Major Retail Traffic Artery Serving Newport Customers

Property Description

For sale to qualified investors is the fee-simple interest in two well-positioned retail strip centers in Newport, Arkansas. Located along the heavily-trafficked Malcolm Avenue, the properties offer a diverse mix of local and regional tenants along with future upside potential. The properties are being offered at an aggressive 10% cap rate, which will provide an investor with a return not often seen in today's market. Because current leases have a gross rental structure and low rental rates, future upside exists in converting tenants to triple-net leases and increasing rental rates. Rent One Plaza is located adjacent to Kroger grocery store, driving traffic to the site daily, while The Newport Center is located just west on Malcolm Avenue and is surrounded by retailers including Firestone, Hardee's, Citgo, and others. Notable tenants sharing the corridor with these properties include Kroger, Walgreens, McDonalds, KFC, Dollar General, Long John Silver's, and more. The properties are being offered at a price of only \$51.33 per square foot, which is considerably below the current replacement cost.

Newport, Arkansas

Newport is a city in Jackson County, Arkansas, located 84 miles northeast of Little Rock on the White River. The population was 7,879 people as of the 2010 census. The city is the county seat of Jackson County and has such houses the county's main buildings and administrative functions. Newport is home to a campus of the Arkansas State University system, with particular focus on training in transportation careers. Newport is known as the town in which Sam Walton owned a Ben Franklin store prior to starting Wal-Mart.



Six Fortune 500 companies are based in Arkansas, including the world's #1 retailer, Walmart. While only approximately 3% of the population is employed in the agricultural sector, it remains a major part of the state's economy, ranking 13th in the nation in the value of products sold. The state is the U.S.'s largest producer of rice and turkeys, and ranks in the top three for cotton, pullets, and aquaculture (catfish). Its industrial outputs are food processing, electric equipment, fabricated metal products, machinery, and paper products. Mines in Arkansas produce natural gas, oil, crushed stone, bromine, and vanadium. According to CNBC, Arkansas currently ranks as the 20th best state for business (while it is the 32nd most populous), with the 2nd-lowest cost of doing business, 5th-lowest cost of living, 11th best workforce and 20th-best economic climate. Arkansas has gained twelve spots in the best state for business rankings since 2011. As of 2014, Arkansas was found to be the most affordable US state to live in.

Malcolm Avenue Strip Center Portfolio

Newport, Arkansas

The Property - Property Photos



Malcolm Avenue Strip Center Portfolio

Newport, Arkansas

The Property - Property Photos



Malcolm Avenue Strip Center Portfolio

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Performance and Tenancy - NOI Budget

Rent One Plaza - 2100 Malcolm Avenue

INCOME

Occupancy: 100%

Base Rental Income

Tenant	Size (SF)	Annual Rent	PSF
Gateway Marketing, Inc.	2,000	\$18,000.00	\$9.00
SKC Enterprises (Rent One)	7,000	\$42,000.00	\$6.00
Beautiful Nails	1,000	\$7,200.00	\$10.71
Total	10,000	\$67,200.00	

Reimbursed Expenses

Property Taxes	\$0.00
Insurance	\$0.00
Water	822.26
Common Area Maintenance	\$0.00
Management/Admin	\$0.00
Total	\$822.86

Effective Gross Income \$68,022.86

OPERATING EXPENSES

Property Taxes	\$5,425.91
Insurance (\$0.25 PSF)	\$2,500.00
Cam - Snow Removal	\$345.50
Cam - Landscaping	\$951.85
Cam - General Repairs	\$366.00
Water	\$914.29
Other Utilities	\$136.27
Management (4% EGI)	\$2,720.91
Capital Reserves (\$0.20 psf)	\$2,000.00
Total	\$15,360.73

Total Operating Expenses \$15,360.73
Net Operating Income (NOI) \$52,662.13
Price at 10% Cap Rate \$526,621.27

The Newport Center - 1409 Malcolm Avenue

INCOME

Occupancy: 79%

Base Rental Income

Tenant	Size (SF)	Annual Rent	PSF
Vacant	1,500	\$0.00	\$0.00
Bratcher Real Estate	1,200	\$10,680.00	\$8.90
New Wave AT&T	1,500	\$11,880.00	\$7.92
Newport Advance PT	3,000	\$22,860.00	\$7.62
Total	7,200	\$45,420.00	

Reimbursed Expenses

Property Taxes	\$0.00
Insurance	\$0.00
Water	\$0.00
Common Area Maintenance	\$0.00
Management/Admin	\$0.00
Total	\$0.00

Effective Gross Income \$45,420.00

OPERATING EXPENSES

Property Taxes	\$2,077.74
Insurance (\$0.25 PSF)	\$1,800.00
Cam - Snow Removal	\$320.50
Cam - Landscaping	\$951.90
Cam - General Repairs	\$862.93
HVAC Repairs	\$384.52
Other Utilities	\$136.23
Management (4% EGI)	\$1,816.80
Capital Reserves (\$0.20 psf)	\$1,440.00
Total	\$9,790.62

Total Operating Expenses \$9,790.62
Net Operating Income (NOI) \$35,629.38
Price at 10% Cap Rate \$356,923.80

Malcolm Avenue Strip Center Portfolio

Newport, Arkansas

Performance & Tenancy - Rent Roll

2100 Malcolm Avenue									
Tenant Name	Square Feet	Pro-rata	Lease Term		Current	Rental Rates		Recovery	
Tenant Name	Feet	Pro-rata	Begin	End	Begin	Annually	PSF	Type	Comments/Options
Gateway Marketing, Inc.	2,000	20%	June-2001	5/31/2018	Current	\$18,000.00	\$9.00	Gross	Tenant responsible for all mechanical repairs and replacement within the premises. Options: None
SKC Enterprises (Rent One)	7,000	70%	May-2010	8/31/2018	Current	\$42,000.00	\$6.00	Gross	Tenant responsible for all mechanicals up to 500.00 per year. Thereafter, landlord is responsible for all cost of repairs and replacement. Options: 9/1/18-8/31/21 \$45,000 annually, 9/1/21 –8/31/25 \$48,000 annually
Beautiful Nails	1,000	10%	Sep-2012	Nov - 2025	Month to Month	\$7,200.00	\$7.20	Gross	Tenant responsible for all mechanicals up to 500.00 per year. Thereafter, Landlord is responsible for all cost of repairs and replacement. Options: None
1409 Malcolm Avenue									
Tenant Name	Square Feet	Pro-rata	Lease Term		Current	Rental Rates		Recovery	
Tenant Name	Feet	Pro-rata	Begin	End	Begin	Annually	PSF	Type	Comments/Options
Vacant	1,500	20.83%	NA	NA	NA	NA	NA	NA	Vacant
Bratcher Real Estate	1,200	16.66%	Sep-2004	Month to Month	Current	\$10,680.00	\$8.90	Gross	Tenant responsible for all mechanicals up to \$500.00 per year. Thereafter, Landlord is responsible for all cost of repairs and replacement. Options: None
New Wave AT&T	1,500	20.83%	July-2004	Month to Month	Current	\$11,880.00	\$7.92	Gross	Tenant responsible for all mechanicals up to \$500.00 per year. Thereafter, Landlord is responsible for all cost of repairs and replacement. Tenant responsible for all utilities except for water. Options: None
Newport Advance PT	3,000	41.66%	Nov-2007	5/31/2018	Current	22,860.00	\$7.62	Gross	Tenant responsible for all mechanicals up to \$500.00 per year. Thereafter, Landlord is responsible for all cost of repairs and replacement. Options: None

Malcolm Avenue Strip Center Portfolio

Newport, Arkansas

Performance & Tenancy - Tenant Information



Rent One is one of the leading rent-to-own chains in the United States offering customers a wide variety of furniture, electronics, smartphones and appliances. The regional company has grown to over 70 stores in 9 states.



NewWave Link has been providing wireless communications since 1990. With 82 stores, NewWave Link is one of the nation's largest AT&T Authorized Retailers, with locations in Arkansas, Kentucky, Mississippi, North Carolina, Tennessee, Texas, and Virginia, with future plans of expansion.

NEWPORT ADVANCED PHYSICAL THERAPY

Newport Advanced Physical Therapy is leading physical therapy clinic in Jackson County, Arkansas, using treatment techniques and technology to promote mobility, function, and quality of life.

Malcolm Avenue Strip Center Portfolio

Newport, Arkansas

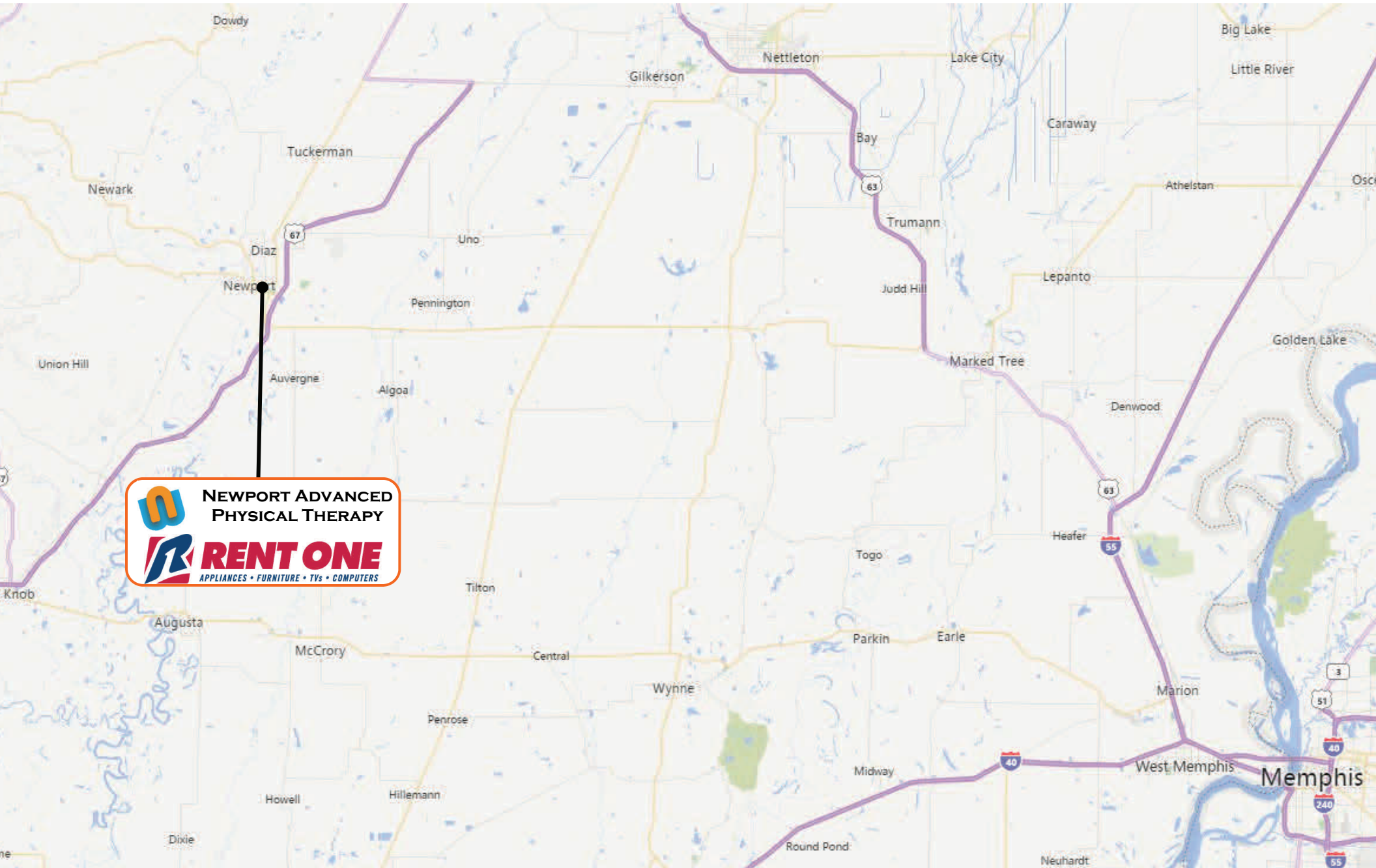
Market Overview - Market Aerial



Malcolm Avenue Strip Center Portfolio

Newport, Arkansas

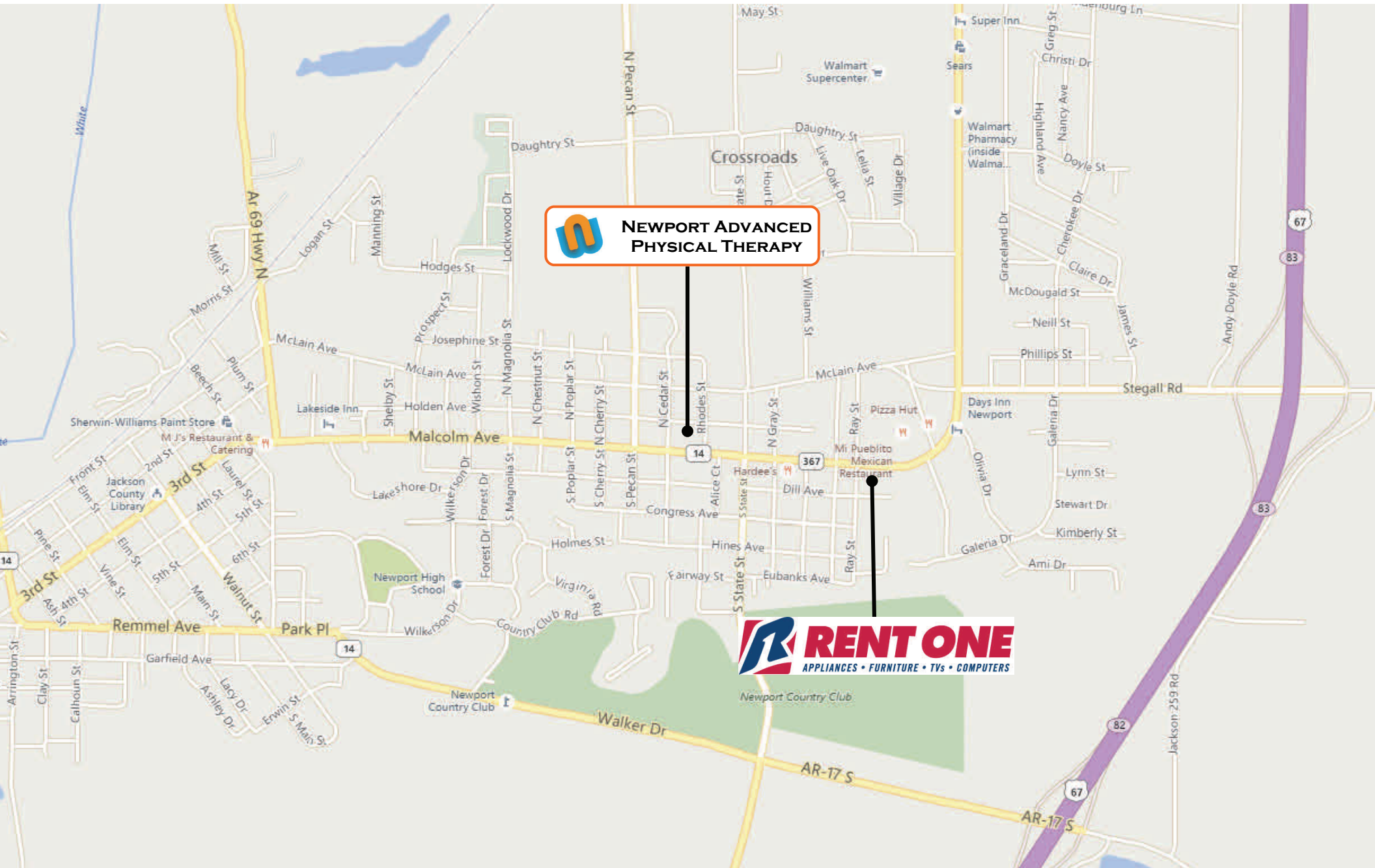
Market Overview - Regional Map



Malcolm Avenue Strip Center Portfolio

Newport, Arkansas

Market Overview - Local Map



Malcolm Avenue Strip Center Portfolio

Newport, Arkansas

Market Overview - Demographics

2100 Malcolm Avenue		3 Miles	5 Miles	7 Miles	10 Miles
Newport, Arkansas					
POPULATION	2015 Estimated Population	7,343	10,553	11,117	13,732
	2020 Projected Population	7,404	10,590	11,149	13,777
	2010 Census Population	7,217	10,418	10,981	13,651
	2000 Census Population	7,725	10,668	11,286	14,054
	Projected Annual Growth 2015 to 2020	0.2%	0.1%	0.1%	0.1%
	Historical Annual Growth 2000 to 2015	-0.3%	-0.1%	-0.1%	-0.2%
HOUSEHOLDS	2015 Estimated Households	3,197	3,985	4,209	5,300
	2020 Projected Households	3,275	4,063	4,289	5,403
	2010 Census Households	3,050	3,824	4,042	5,123
	2000 Census Households	3,149	3,944	4,188	5,336
	Projected Annual Growth 2015 to 2020	0.5%	0.4%	0.4%	0.4%
	Historical Annual Growth 2000 to 2015	0.1%	0.1%	-	-
AGE	2015 Est. Population Under 10 Years	13.3%	11.5%	11.4%	11.6%
	2015 Est. Population 10 to 19 Years	11.9%	10.6%	10.7%	11.0%
	2015 Est. Population 20 to 29 Years	12.1%	14.2%	14.1%	13.7%
	2015 Est. Population 30 to 44 Years	16.8%	20.7%	20.6%	20.1%
	2015 Est. Population 45 to 59 Years	19.7%	20.3%	20.4%	20.6%
	2015 Est. Population 60 to 74 Years	16.8%	15.1%	15.3%	15.5%
	2015 Est. Population 75 Years or Over	9.3%	7.6%	7.5%	7.4%
	2015 Est. Median Age	40.6	39.6	39.7	39.8
INCOME	2015 Est. HH Income \$200,000 or More	0.4%	0.3%	0.4%	0.4%
	2015 Est. HH Income \$150,000 to \$199,999	2.8%	2.8%	3.0%	2.8%
	2015 Est. HH Income \$100,000 to \$149,999	4.6%	4.6%	4.5%	3.9%
	2015 Est. HH Income \$75,000 to \$99,999	4.6%	5.3%	5.2%	5.2%
	2015 Est. HH Income \$50,000 to \$74,999	16.1%	14.4%	14.0%	14.3%
	2015 Est. HH Income \$35,000 to \$49,999	14.1%	15.6%	16.3%	17.3%
	2015 Est. HH Income \$25,000 to \$34,999	9.8%	11.0%	11.4%	11.4%
	2015 Est. HH Income \$15,000 to \$24,999	16.6%	17.6%	17.6%	17.9%
	2015 Est. HH Income Under \$15,000	30.9%	28.2%	27.6%	26.7%
	2015 Est. Average Household Income	\$39,031	\$39,727	\$40,265	\$39,802
	2015 Est. Median Household Income	\$31,388	\$31,381	\$31,391	\$31,246
	2015 Est. Per Capita Income	\$17,212	\$16,673	\$16,854	\$16,726

Malcolm Avenue Strip Center Portfolio

Newport, Arkansas

Market Overview - Demographics

2100 Malcolm Avenue		3 Miles	5 Miles	7 Miles	10 Miles
Newport, Arkansas					
EDUCATION (Adults 25 or Older)	2015 Est. Adult Population (25 Years or Over)	6,274	9,107	9,625	11,873
	2015 Est. Elementary (Grade Level 0 to 8)	12.6%	12.6%	12.6%	12.9%
	2015 Est. Some High School (Grade Level 9 to 11)	21.3%	22.0%	22.5%	22.7%
	2015 Est. High School Graduate	35.8%	36.8%	36.6%	36.4%
	2015 Est. Some College	13.7%	14.4%	14.3%	14.5%
	2015 Est. Associate Degree Only	4.1%	4.3%	4.2%	4.3%
	2015 Est. Bachelor Degree Only	6.6%	5.4%	5.3%	5.1%
	2015 Est. Graduate Degree	6.0%	4.5%	4.5%	4.1%
HOUSING	2015 Est. Total Housing Units	3,479	4,335	4,581	5,775
	2015 Est. Owner-Occupied	51.7%	54.8%	55.7%	57.9%
	2015 Est. Renter-Occupied	40.2%	37.1%	36.2%	33.9%
	2015 Est. Vacant Housing	8.1%	8.1%	8.1%	8.2%
HOMES BUILT BY YEAR	2010 Homes Built 2005 or later	3.3%	3.7%	3.7%	3.5%
	2010 Homes Built 2000 to 2004	4.1%	5.3%	5.4%	5.1%
	2010 Homes Built 1990 to 1999	13.4%	12.9%	13.0%	12.3%
	2010 Homes Built 1980 to 1989	13.0%	14.3%	14.2%	13.5%
	2010 Homes Built 1970 to 1979	26.2%	25.7%	25.5%	27.1%
	2010 Homes Built 1960 to 1969	16.0%	15.9%	16.0%	16.3%
	2010 Homes Built 1950 to 1959	15.5%	14.0%	13.7%	12.7%
	2010 Homes Built Before 1949	8.5%	8.3%	8.5%	9.5%
HOME VALUES	2010 Home Value \$1,000,000 or More	0.2%	0.3%	0.6%	0.7%
	2010 Home Value \$500,000 to \$999,999	0.9%	0.7%	0.7%	0.6%
	2010 Home Value \$400,000 to \$499,999	0.5%	0.4%	0.4%	0.4%
	2010 Home Value \$300,000 to \$399,999	1.3%	1.2%	1.3%	1.2%
	2010 Home Value \$200,000 to \$299,999	3.2%	3.2%	3.3%	3.0%
	2010 Home Value \$150,000 to \$199,999	9.7%	10.1%	9.9%	8.4%
	2010 Home Value \$100,000 to \$149,999	11.8%	11.3%	11.3%	10.9%
	2010 Home Value \$50,000 to \$99,999	46.2%	41.8%	40.8%	42.5%
	2010 Home Value \$25,000 to \$49,999	20.3%	23.2%	23.3%	24.2%
	2010 Home Value Under \$25,000	6.0%	7.8%	8.4%	8.0%
	2010 Median Home Value	\$73,480	\$70,625	\$69,937	\$67,526
2010 Median Rent	\$349	\$353	\$356	\$359	

Malcolm Avenue Strip Center Portfolio

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Market Overview - Demographics

2100 Malcolm Avenue		3 Miles	5 Miles	7 Miles	10 Miles
Newport, Arkansas					
LABOR FORCE	2015 Est. Labor Population Age 16 Years or Over	5,818	8,647	9,101	11,210
	2015 Est. Civilian Employed	41.9%	36.4%	36.2%	37.2%
	2015 Est. Civilian Unemployed	4.4%	3.7%	3.6%	3.3%
	2015 Est. in Armed Forces	-	-	-	-
	2015 Est. not in Labor Force	53.6%	59.9%	60.3%	59.6%
	2015 Labor Force Males	45.5%	48.2%	48.4%	48.6%
	2015 Labor Force Females	54.5%	51.8%	51.6%	51.4%
OCCUPATION	2010 Occupation: Population Age 16 Years or Over	2,673	3,282	3,518	4,537
	2010 Mgmt, Business, & Financial Operations	7.1%	7.4%	8.4%	10.0%
	2010 Professional, Related	17.5%	16.3%	15.8%	14.2%
	2010 Service	20.6%	20.0%	19.5%	19.3%
	2010 Sales, Office	23.7%	23.7%	23.6%	23.1%
	2010 Farming, Fishing, Forestry	2.1%	2.4%	2.6%	2.6%
	2010 Construction, Extraction, Maintenance	7.0%	7.5%	8.0%	8.4%
	2010 Production, Transport, Material Moving	22.1%	22.7%	22.0%	22.5%
	2010 White Collar Workers	48.3%	47.4%	47.8%	47.3%
2010 Blue Collar Workers	51.7%	52.6%	52.2%	52.7%	
TRAVEL TIME	2010 Travel to Work in 14 Minutes or Less	69.0%	65.3%	63.0%	55.5%
	2010 Travel to Work in 15 to 29 Minutes	14.4%	17.9%	19.7%	24.6%
	2010 Travel to Work in 30 to 59 Minutes	14.3%	14.3%	14.5%	16.9%
	2010 Travel to Work in 60 Minutes or More	2.4%	2.5%	2.8%	3.0%
	2010 Average Travel Time to Work	10.8	11.5	12.0	13.8
CONSUMER EXPENDITURE	2015 Est. Total Household Expenditure	\$119 M	\$150 M	\$160 M	\$200 M
	2015 Est. Apparel	\$4.10 M	\$5.16 M	\$5.50 M	\$6.87 M
	2015 Est. Contributions, Gifts	\$7.23 M	\$9.12 M	\$9.76 M	\$12.1 M
	2015 Est. Education, Reading	\$4.22 M	\$5.25 M	\$5.59 M	\$6.90 M
	2015 Est. Entertainment	\$6.45 M	\$8.14 M	\$8.67 M	\$10.8 M
	2015 Est. Food, Beverages, Tobacco	\$19.0 M	\$23.9 M	\$25.4 M	\$31.9 M
	2015 Est. Furnishings, Equipment	\$3.77 M	\$4.76 M	\$5.07 M	\$6.32 M
	2015 Est. Health Care, Insurance	\$11.1 M	\$14.0 M	\$14.9 M	\$18.7 M
	2015 Est. Household Operations, Shelter, Utilities	\$37.4 M	\$47.1 M	\$50.2 M	\$62.7 M
	2015 Est. Miscellaneous Expenses	\$1.83 M	\$2.30 M	\$2.44 M	\$3.05 M
	2015 Est. Personal Care	\$1.55 M	\$1.95 M	\$2.08 M	\$2.60 M
	2015 Est. Transportation	\$22.4 M	\$28.4 M	\$30.2 M	\$37.9 M