



Wawa[®]
FREDERICKSBURG, VA

klnb Capital
Markets
OFFERING MEMORANDUM

CHRIS BURNHAM

Senior Managing Director - Net Lease Division

O: 443-632-2044

C: 410-458-3052

cburnham@klNb.com

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BALTIMORE OFFICE

100 West Road, Suite 505
Baltimore, MD 21204

TYSONS OFFICE

8065 Leesburg Pike, Suite 700
Tysons, VA 22182

COLUMBIA OFFICE

9881 Broken Land Parkway, Suite 300
Columbia, MD 21046

WASHINGTON, D.C. OFFICE

1130 Connecticut Avenue, NW, Suite 600
Washington, D.C. 20036

klNb



860 RICHMOND HIGHWAY, FREDERICKSBURG, VA 22405


BUILDING AREA
6,049 SF


LAND AREA
2.95 Acres


YEAR BUILT
2023


LEASE TYPE
NNN Ground Lease

INVESTMENT HIGHLIGHTS

- Long-Term 20-Year Absolute Triple Net (NNN) Ground Lease with 10% increases every 5 years, including in their six, five-year options.
- New construction Wawa, grand opening just occurred June 2023.
- Located within the DC Metro Area with high residual value as the site sits on an oversized 2.95 AC parcel.
- Positioned in a dense corridor with 4.8M SF of proposed and under construction industrial product within 3-miles - including Capital 95 Logistics Park, a 630,000 SF Class A building and 650,000 SF build-to-suit Amazon Warehouse, complementing their already existing 201,000 SF Warehouse built in 2021.
- Excellent visibility and access off of Richmond Highway (Route-1) with the signalized intersection offering two points of ingress/egress.
- Close proximity to I-95 (133,000 VPD) via north and southbound Exit 136 to Centreport Parkway, located just north of the subject property.
- Route 1 is a primary north south thoroughfare connecting Fredericksburg to Stafford, Virginia which sees a heavy traffic volume of 26,000 vehicles per day.
- Accessible via Route 1 are major economic drivers including Marine Base Quantico with \$5.88 billion of annual economic impact, and the University of Mary Washington, located in Fredericksburg, with 4,000 + students.
- Ideal retail use in commuter's corridor with future roadway improvements scheduled for intersection across Richmond Highway - widening Enon Road and providing dedicated turn lanes.
- Numerous submarket drivers and strong demand for both residential and commercial development; across the street from Stafford High School providing a committed consumer base to the location and driver of additional traffic.
- Excellent demographics with 24,485 residents with an average household income of \$126,636 within a 3-mile radius. Population growth of 30.9% since 2010, continuing 1.1% per year through 2027.

THE OFFERING

PRICE:	\$5,483,000	LEASE COMM:	6/6/2023
CAP RATE:	4.65%	LEASE EXP:	6/30/2043
GLA:	6,049 SF	TERM REMAINING:	20 Years
LOT SIZE:	2.95 acres	INCREASES:	10%/5 Years
YEAR BUILT:	2023	OPTIONS:	Six; Five-Year Terms
LEASE TYPE:	NNN Ground Lease	GUARANTOR:	Wawa, Inc.

RENT SCHEDULE

LEASE YEAR	DATE	ANNUAL RENT	% INCREASE
Base Rent	Years 1-5	\$255,000	-
	Years 6-10	\$280,500	10.00%
	Years 11-15	\$308,550	10.00%
	Years 16-20	\$339,405	10.00%
Option Terms	Option 1 (Years 21-25)	\$373,346	10.00%
	Option 2 (Years 26-30)	\$410,680	10.00%
	Option 3 (Years 31-35)	\$451,748	10.00%
	Option 4 (Years 36-40)	\$496,923	10.00%
	Option 5 (Years 41-45)	\$546,615	10.00%
	Option 6 (Years 46-50)	\$601,277	10.00%

BIRDS EYE - NORTH



BIRDS EYE - EAST



TENANT OVERVIEW



Wawa is a convenience store chain located in the United States and founded in 1964 in Folsom, Pennsylvania by Grahame Wood. The company started as a dairy farm as early as 1803, and in 1968, opened its first convenience store. Today, Wawa operates over 900 stores in the mid-Atlantic region of the United States, primarily in Pennsylvania, New Jersey, Delaware, Maryland, Virginia, and Florida. Ranging from 3,000 SF in their earlier stores now up to 7,000 SF for their new prototype, the company is steadily expanding their market share in high traffic commuter thoroughfares as well as urban and suburban locations.

Wawa offers a variety of products and services, including gasoline, snacks, beverages, made-to-order hoagies, sandwiches, and salads, as well as various other convenience store items. The company is known for its friendly service, clean stores, and quality food products while offering gasoline and diesel fuel in a majority of their locations.

Privately owned and not traded on any stock exchange, the current CEO is Chris Gheysens - who has been with the firm since 1997 and has substantial intent to rapidly expand Wawa stores with the goal of doubling their store base in the next 10 years. Of the primary locations along the Eastern Seaboard, Wawa is expanding both locally in their core markets and into new locations in the United States.

As of 2022, Wawa's revenue was reported to be around \$14.9 billion, with a net income of approximately \$98 million As of 2020, Wawa was ranked as the #1 convenience store chain in the US by market research firm, Market Force Information. Its headquarters are located in Wawa, Pennsylvania.



NO. OF LOCATIONS:
900+



NO. OF EMPLOYEES:
35,000+



YEAR FOUNDED:
1964



2022 REVENUE:
\$14.9 Billion

LEASE ABSTRACT



TENANT	Wawa
GUARANTOR	Wawa, Inc.
NOTIFICATION PERIOD TO EXERCISE OPTIONS	180 Days
LANDLORD OBLIGATIONS	None
TENANT OBLIGATIONS	Tenant shall maintain the demised premises
ASSIGNMENT & SUBLETTING	<p>Tenant may assign this Lease (in whole or in part and whether by operation of law or otherwise), mortgage or otherwise encumber this Lease (in whole or in part), or sublease all or any part of the Leased Premises without requiring Landlord's consent. Tenant shall give Landlord written notice of the assignment or sublease within thirty (30) days thereafter, together with the name and address of the assignee or subtenant. Upon such assignment or subletting, Tenant's obligations under this Lease shall remain in full force and effect, and Tenant shall not be released and relieved from further liability hereunder, except as set forth below. Tenant shall have the right to assign its interest in this Lease to any entity which succeeds to the business now carried on by Tenant, provided that in any such instance, (i) the successor entity has a net worth, in accordance with generally accepted accounting principles, at least equal to One hundred Million Dollars (\$100,000,000.00) which shall be verified by Landlord's chosen representatives, with all costs associated with said verification being paid by Landlord and (ii) Tenant shall give Landlord an executed assumption agreement whereby the successor shall assume and agree with Landlord to pay the Rent and to perform all other terms, covenants and conditions under this Lease. Tenant shall be released and relieved from liability upon any assignment in accordance with this subsection.</p>
TAXES	<p>Beginning on the Rent Commencement Date, Tenant shall pay to the applicable taxing authority all real estate taxes that may be levied, assessed or charged against the Leased Premises by any governmental authority.</p>
UTILITIES	<p>Beginning on the Rent Commencement Date, Tenant shall pay all rents and charges for water and sewer services and all costs and charges for gas, heat, light, electricity, power, telephone and any other utility or service used or consumed in or servicing the Leased Premises.</p>

INSURANCE

Beginning on the Rent Commencement Date, Tenant shall maintain and keep in effect throughout the term of this Lease insurance on an occurrence basis against claims for personal injury (including death) and property damage arising from occurrences on or in the Leased Premises, with broad form contractual liability coverage, under a policy or policies of commercial general liability insurance, with such limits as may be reasonably determined by Tenant from time to time, naming Landlord as an additional insured, but not less than Two Million Dollars (\$2,000,000) per occurrence. Landlord shall maintain and keep in effect, or cause its contractor to maintain and keep in effect, insurance on an occurrence basis against claims for personal injury (including death) and property damage arising from occurrences on or in the Leased Premises, with broad form contractual liability coverage, under a policy or policies of commercial general liability insurance, with such limits as may be reasonably determined by Landlord from time to time, naming Tenant as an additional insured, but not less than Five Million Dollars (\$5,000,000) per occurrence.

RESTRICTIVE COVENANT

Landlord covenants not to permit any property that it may now own or hereafter acquire within a one (1) mile radius of the Leased Premises to be occupied or used for a convenience food store, coffee store, doughnut store, sandwich store, smoothie store, quick service restaurant, drug store, fuel dispensing facility, electric vehicle charging station, or any combination of such uses. During the term of this Lease, Landlord covenants not to permit any property that it may now own or hereafter acquire within a three (3) mile radius of the Leased Premises to be occupied or used for a fuel dispensing facility operated by any warehouse discount club, wholesale club or grocery store, including but not limited to, the type of fuel dispensing facility operated by Costco, Sam's Club, BJ's Wholesale Club, Walmart, Giant, Kroger, Safeway or Martins. The term ""convenience food store"" means any store generally recognized by the retail food industry as being a convenience food store, including but not limited to, the type of store operated by Tenant, Sheetz, 7-Eleven, Turkey Hill, Hess, Speedway, Cumberland Farms, QuickChek, Royal Farms, Circle K, Exxon-Mobil (On the Run), Race Trac, Gate, Thomtons, Hess Express, Murphy USA, Murphy Express or Sunoco A-Plus. The term ""coffee store"" means a store primarily engaged in the sale of coffee and related coffee drinks, including without limitation, Starbucks, Seattle's Best, Einstein's, Caribou Cafe, Bucks County Coffee or Bamie's Coffee and Tea Company.

LOCATION OVERVIEW

DEVELOPMENT IN THE ROUTE-1 CORRIDOR

Kickstarting a welcomed increase of development in the Richmond Highway Corridor, there are significant proposed and under construction developments in the immediate area for which Wawa will be the closest convenience store. In a three mile radius of the site, there is 4.8 million SF of proposed and under construction industrial product including Capital 95 Logistics Park, scheduled to deliver late 2023. The 934,000 SF Class A building is under development just south of the Stafford Airport and will span 230 acres at completion. Adjacent to Capital 95 is a 630,000 SF build-to-suit Amazon warehouse, a FedEx distribution center, and the Nova Gateway Logistics Distribution Center, all of which will have access to the subject property via Centreport Parkway and I-95.

CLICK HERE FOR ADDITIONAL INFO
ON AMAZON'S DEVELOPMENT

amazon

WELL POSITIONED BETWEEN STAFFORD AND FREDERICKSBURG



The asset is centrally located between the two Washington DC suburbs of Stafford and Fredericksburg, Virginia – both positioned in Stafford County, the 19th wealthiest county in the United States. Stafford is known for its proximity to Marine Corps Base Quantico – a Marine installation located in Quantico, VA that is home to the Marine Corps Officer Candidate School, among numerous other military training facilities. The Marine Corps Base supports 46,000 direct and indirect jobs with total economic impact of \$5.88 Billion annually, and has been a major economic catalyst in the submarket since the early 1900's. To the south of Wawa is Fredericksburg, a major bedroom and retail centric community located 45 miles south of Washington DC. Fredericksburg has population of 30,000 + and is home to the University of Mary Washington - a public university with 4,000+ students that draws in students from 33 states and 21 countries, making it an internationally recognized university.

LOCATION OVERVIEW

STAFFORD COUNTY

As part of the greater Washington metropolitan area, Stafford County sits approximately 40 miles to the southwest of Washington, D.C. and stretches to the border of Fredericksburg to the south. The county is one of the wealthiest and fastest growing communities in the country. As of the 2020 census, the population sits at 156,927 with \$112,247 median household income, making it the 19th wealthiest county in the United States. The county's residential base is also highly educated with over 42% of the population holding a bachelor's or graduate degree. Attracting an influx of capital, development, and residents, the county has seen a 21.7% rise in population since 2010 which speaks to both the county's attractiveness to new residents and strong county wide infrastructure.

The county has a diverse economy, with a mix of industries including government, healthcare, education, and retail. As of 2021, there were approximately 4,040 businesses operating in Stafford County, providing employment to over 58,000 workers. The county's economic influence extends beyond its borders, with a Gross Domestic Product (GDP) of \$6.2 billion as of 2021. The County's convenient location in the suburbs of Washington has made it the home of many of the nation's leading technology and defense contracting firms. Holding a relatively low unemployment rate of 3.1% as of 2021, compared to the state's unemployment rate of 4.2% - the county's convenient location in the suburbs of Washington has made it home to significant public employers and many of the nation's leading technology and defense contracting firms.

Major employers in the county include Geico – which has a significant presence in the area and employs over 4,000 workers in the area, Intuit Software, Northrop Grumman, CACI International, Booz Allen Hamilton, General Dynamics, and the Logistics Management Institute. One of the largest employers in Stafford County is the United States Marine Corps Base Quantico, which provides jobs to thousands of military personnel, civilians, and contractors. Additional employers include the Dept. of Defense, FBI, and The Stafford Hospital – which was completed in 2009 with 100-beds and over 500 employees.

The commitment from Stafford County leaders toward savvy and sound fiscal management has left the county in excellent financial shape, maintaining AAA bond ratings from Moody's Investors Services, Standard & Poor's and Fitch Ratings in 2022.



TOTAL
POPULATION
156,927



MEDIAN
HH INCOME
\$112,247

MAJOR EMPLOYERS

GEICO

**NORTHROP
GRUMMAN**

INTUIT

CACI
EVER VIGILANT

Booz | Allen | Hamilton*

GENERAL DYNAMICS
Information Technology

LMI

COMPLEX PROBLEMS. PRACTICAL SOLUTIONS.



Stafford Hospital

WASHINGTON, D.C. MSA

HIGHLIGHTS



6,294,486
TOTAL POPULATION
11.4% increase since 2010



6,620,699
2026 EXPECTED POPULATION
1.04% annual growth rate



\$106,156
MEDIAN HH INCOME
7.58% increase by 2026



\$144,743
AVERAGE HH INCOME
10.24% increase by 2026



51.4%
BACHELOR'S DEGREE OR HIGHER
U.S. Bachelor's Degree Rate: 33.1%



3.3%
UNEMPLOYMENT RATE
As of December 2021

MAJOR EMPLOYERS

amazon

Booz | Allen | Hamilton

Capital One

Fannie Mae

Freddie Mac

GENERAL DYNAMICS

NORTHROP GRUMMAN



Hilton

Marriott
INTERNATIONAL

LOCKHEED MARTIN

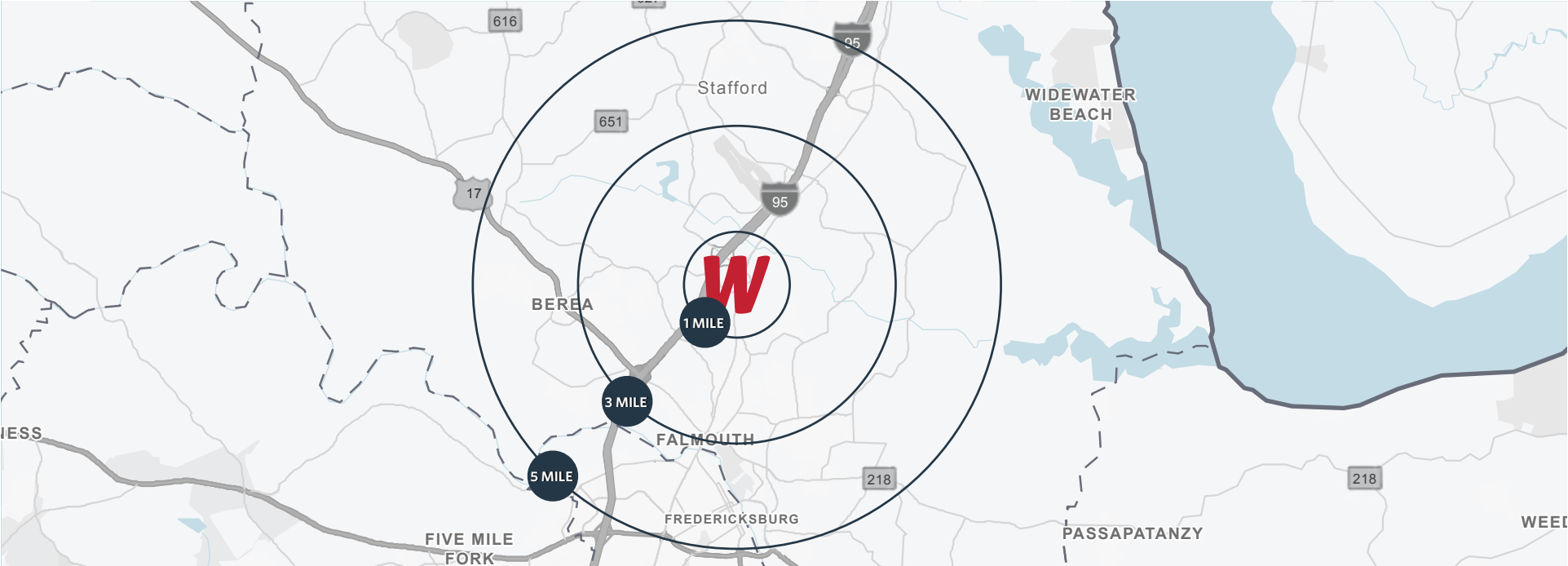
With a population of 6.3 Million - the Washington Metropolitan Statistical Area includes the District of Columbia, the seat of the United States Government, as well as numerous counties in Central Maryland, Northern Virginia, and West Virginia. The region is one of the best performing economies in the US, with a median household income of \$106,156- nearly 61% above the national average. This is largely fueled by being one of the most dynamic economies in the US, driven by a highly educated workforce, with more than 51% possessing a bachelor's degree or higher. This highly educated workforce is employed in several prevalent industries, including government, biotechnology, defense contracting, and tourism. The Greater Washington region has gained more than 330,000 jobs since 2000, one of the highest numbers of any metropolitan region in the country and has consistently maintained unemployment rates below the national average.

The largest city in the Washington MSA is Washington D.C. which also serves as an international tourist destination with approximately 23 million annual visitors that spend over \$7.5 Billion. Top annual attractions include the Lincoln Memorial, National Air & Space Museum, and National Museum of Natural History. The Washington D.C. MSA is also one of two metropolitan regions in the U.S. with three world-class airports: Washington Dulles International Airport (IAD), Baltimore/ Washington International Thurgood Marshall Airport (BWI), and Ronald Reagan Washington National Airport (DCA). The subject property is located 2 miles from Stafford Regional Airport, a tremendous asset for the growing neighborhood logistics and industrial infrastructure. The asset is also centrally located between Fredericksburg and Stafford, VA - providing two, large consumer bases.




REGIONAL LOCATION



DEMOGRAPHICS



2022 DEMOGRAPHIC SUMMARY

	 TOTAL POPULATION	 AVERAGE HOUSEHOLD INCOME	 HOUSEHOLDS
1 MILE	481	\$107,259	165
3 MILE	24,485	\$126,636	8,715
5 MILE	77,084	\$128,929	27,909

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Senior Managing Director - Net Lease Division

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BALTIMORE

100 West Road, Suite 505
Baltimore, MD 21204

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8065 Leesburg Pike, Suite 700
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9881 Broken Land Parkway, Suite 300
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2273 Research Boulevard, Suite 150
Rockville, MD 20850