



FRITO-LAY DISTRIBUTION BUILDING

Single-Tenant Net Lease Investment

31 Kipper Street, Rio Rico (Nogales), AZ

\$2,571,022



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DEAL SUMMARY



Address

31 Kipper Street
Rio Rico, AZ 85648

Asking Price

\$2,571,022

Cap Rate

6.75%

Annual Rent

\$173,544

Lease Term

10 Years

Building Type

Industrial, Cold Storage

Year Built/Renovated

2001/2023



PROPERTY SUMMARY



Address	31 Kipper Street, Rio Rico, AZ 85648
Building Construction	Concrete Block - Office Pre-Engineered Metal - Warehouse
Building Area	10,290 SF
Land Area	2.04 AC
Office Area	4,200 SF; Two Stories
Warehouse Area	Temperature-Controlled Distribution Space
Clear Height	20 Feet
Dock Doors	4-48" Dock High Doors (For Trailers) 2-28" Dock High Doors (For Vans)
Drive-in Doors	1
Vehicle Parking	17 Spaces
Roof	2 Ply TPO: Office Pre-Engineered Metal: Warehouse
HVAC	Heating/Air Conditioning throughout Office & Warehouse
Year Built	2001
Site Remodel	2023



LEASE SUMMARY



Tenant Name	PepsiCo Global Real Estate, Inc.
Annual Rent	\$173,544
Rent Increases	2.00% Annually
Lease Commencement	March 2023
Lease Expiration	March 2033
Taxes & Insurance	Tenant shall reimburse Landlord for the cost of property taxes and property insurance. Tenant to procure their own liability insurance.
Tenant Maintenance Obligations	Maintenance and repair of all portions of the Premise including HVAC, roof, and drains, paved areas, landscaping, and systems serving the Premises.
Landlord Maintenance Obligations	Structural components of the Premise, including roof and HVAC replacement, capital repairs (i.e. cost to repair exceeds 50% of replacements), and utilities lines and building services to the exterior of the buliding.
Renewal Options	None

Lease Year	Annual Rent	CAP Rate
Year 1	\$173,544.00	6.75%
Year 2	\$177,014.88	6.89%
Year 3	\$180,555.18	7.02%
Year 4	\$184,166.28	7.16%
Year 5	\$187,849.61	7.31%
Year 6	\$191,606.60	7.45%
Year 7	\$195,438.73	7.60%
Year 8	\$199,347.51	7.75%
Year 9	\$203,334.46	7.91%
Year 10	\$207,401.15	8.07%



INVESTMENT HIGHLIGHTS



▶ Attractive Return Fundamentals | 7.39% Average Blended CAP

At a going-in cap rate of 6.75%, the current owner would see an 8.07% CAP return by year 10 of the lease and an average cap rate of approximately 7.40% making this an appealing long-term investment.

▶ Recent Capital Improvements | Expandable Site

The subject property underwent extensive renovations to accommodate Frito-Lay's exact specifications including a complete expansion of the existing building, brand new concrete ramps, dock high doors, chain-link fencing, and sliding gates along with updated drainage, lighting, and railing. The tenant has the ability to expand its existing footprint by an additional 8,000 SF offering potential up-side for an investor.

▶ Investment Grade Parent Company | Market Leader

Frito-Lay is #1 in terms of market share in the U.S. snack food industry and is wholly owned by PepsiCo, Inc. (NASDAQ: PEP), the largest food & beverage company in North America with revenues in excess of \$91B (2022) and an A+ S&P global rating.

▶ Favorable Lease Structure | Annual Rental Increases

Offering features annual rental bumps for the initial term creating sustained returns for the prospective investor with no Tenant renewal options to extend the lease, providing future potential up-side.

▶ I-19 Corridor | Robust Border Economy

Nogales/Rio Rico has seen a significant shift in on-shoring making it one of the more active manufacturing and logistics markets along the U.S.-Mexico border. The property sits conveniently right along the I-19 which connects the U.S./Mexico border all the way up to Tucson creating greater accessibility and a competitive advantage for its distribution network.

▶ Critical Location | Last Mile Distribution Facility

The 10,000+ SF building is part of Frito Lay's recent initiative to invest in their real estate footprint with facilities that line key highway systems and serve grocers, convenience stores, and other food-related retailers spread throughout the surrounding area. The building features 6,090 SF of warehouse space and 20' ceiling heights fit for cold storage. Property sits on a 2+ AC parcel with 6 docks, 1 GL roll-up door, and 4,200 SF of office space on two floors.

▶ Strategic Initiative Facility | Highway Proximity

The subject property operates as a last mile distribution facility for Frito-Lay. This specific type of facility was chosen as part of an initiative to revamp their distribution network and invest in better real estate to create efficiencies within their network. Its proximity to the I-19 provides ease of access and ability to service all routes throughout Southern Arizona. This facility will receive and distribute packaged food products, typically salty snacks, with convenient vehicular parking and delivery truck traffic 24 hours each day to and from the site.



TENANT PROFILE - PepsiCo, Inc.

PARENT COMPANY - PEPSICO, INC.

PepsiCo Global Real Estate, Inc., a Delaware corporation is a subsidiary of PepsiCo, Inc. **PepsiCo is a global leader in convenient foods and beverages.** Their products are enjoyed by consumers more than **one billion times a day in more than 200 countries and territories around the world.** PepsiCo generated more than **\$91 million** in net revenue in 2023, driven by a complementary beverage and convenient foods portfolio that includes Lay's, Dorito's, Cheetos, Gatorade, Pepsi-Cola, Mountain Dew, Quaker, and SodaStream. PepsiCo's product portfolio includes a wide range of enjoyable foods and beverages, including many iconic brands that generate more than **\$1 billion each in estimated annual retail sales.** **PepsiCo is the largest food and beverage company in North America and the second largest in the world.**

Subway®, one of the world's largest restaurant brands recently announced a 10-year agreement with PepsiCo to supply beverages in U.S. restaurants beginning January 1, 2025 to become the **exclusive provider of beverages at all Subway sandwich shops in the U.S.** Subway's longstanding partnership with Frito-Lay® will also be extended through 2030, bringing the brand's U.S. snack and beverage portfolio together under one supplier and driving more efficiency across the system. To learn more about the partnership, [click here.](#)



PEPSICO



STOCK TICKER
NASDAQ: PEP



Q4 2023 REVENUE
\$27.85 Billion



EMPLOYEES
315,000+



LOCATED IN
200+ Countries

TENANT PROFILE - Frito-Lay



OVERVIEW

Frito-Lay North America is the \$23 billion convenient foods division of PepsiCo, Inc. (NASDAQ: PEP), which is headquartered in Purchase, N.Y. Frito-Lay makes some of the most popular and high-quality snacks available in the marketplace today. These include Lay's and Ruffles potato chips, Doritos tortilla chips, Cheetos snacks, Tostitos tortilla chips and branded dips, SunChips multigrain snacks and Fritos corn chips.

CUSTOMERS SERVED

Frito-Lay is known for its "Direct Store Delivery" system - the largest DSD system in North America. We deliver our chips directly to stores to ensure freshness and merchandize them ourselves, which gives us a tremendous competitive advantage in the marketplace. Our go-to-market system also includes warehouse distribution, giving us additional flexibility that helps drive our strong partnerships with our customers. Frito-Lay has nearly 15,000 routes that make over 500,000 weekly service calls on approximately 315,000 customers.



KEY BRANDS



WEBSITE	www.fritolay.com
# OF VEHICLES	23,000 Vehicles
# OF CUSTOMERS	315,000+ Customers



NO. OF FACILITIES
30+ Manufacturing Facilities



TOTAL REVENUE
\$15.8B in 2023



HEADQUARTERS
Plano, TX



NO. OF FACILITIES
200 Distribution Centers in U.S.

FRITO-LAY SITE PLAN



10,290 SF BUILDING

***POTENTIAL BUILDING
EXPANSION***

EXTRA TRAILER/VAN PARKING

PROPERTY AERIAL



Higueral Produce

FRESH FARMS

molex

H.M. DISTRIBUTORS, INC

PDG PRODUCE

MALENA

Farmer's Best

Tricar

AZ REPACK INNOVATIVE SERVICES LLC

Higueral Produce

FritoLay

GP PRODUCE

GreenPoint

Kipper Street

INTERSTATE 19

I-19 - 27,064 VPD

INDUSTRIAL TRADE AREA MAP



DEMOGRAPHICS - Rio Rico/Nogales, AZ



Population Trends	3 Miles	5 Miles	10 Miles
2023 Population	35,350	44,444	83,398
Household Trends			
Average Household Income	\$113,476	\$112,506	\$113,695
2023 Annual Spending			
Total Consumer Spending	\$301.6M	\$383.4	\$734.4

Regional Demographics

Nogales, AZ & Rio Rico, AZ Combined Population Approximately **44,321**

Nogales, MX Population Approximately **299,000**

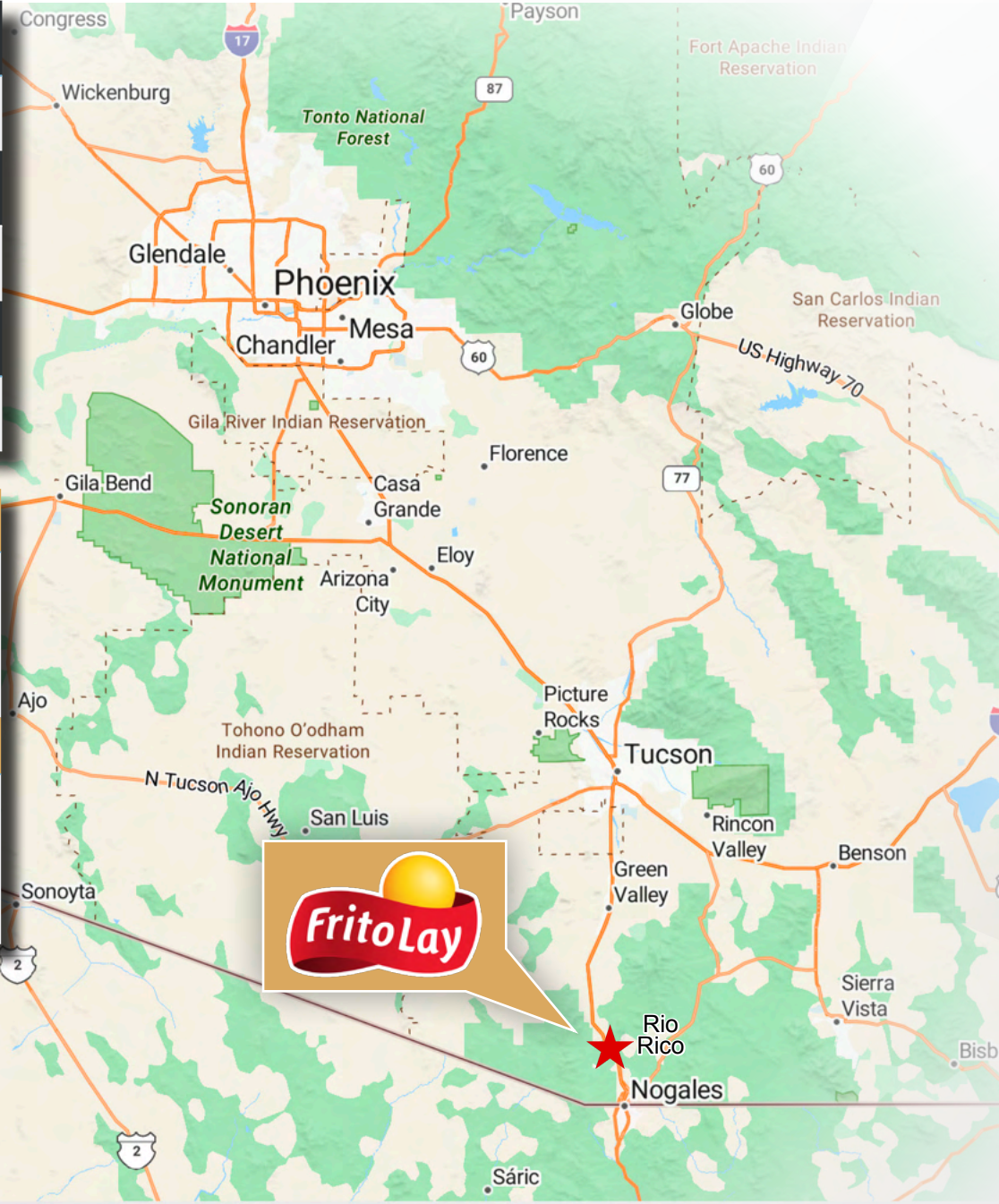
Sahuarita/Patagonia/Green Valley/Rio Rico/Tubac Population - Approx. **78,221**

Nogales Border Traffic Trends

10,000,000+ Mexican shoppers cross the border annually

52-55% of Nogales' Taxable Sales attributed to Mexican Nationals

Over 22M personal vehicle passengers and pedestrian crossings in 2022



LOCATION OVERVIEW - Nogales, AZ

WHY NOGALES?

Arizona is ranked first in the nation in projected job growth and economic growth prospects, and Nogales is the #1 Port of Entry in the entire Southwestern United States. It's no wonder Nogales is a great place to do business. Nogales is Arizona's International Gateway and the county seat and economic heartbeat of Santa Cruz County. Nogales is safe, friendly, accessible, and open for business.

ECONOMIC DEVELOPMENT - RETAIL

Nogales, Arizona is a major retail destination for thousands of Mexican shoppers looking to buy quality, affordable American apparel and products. Literally thousands of the emerging middle class Mexican consumers cross the border every day to buy everything from milk, cheese, and eggs to clothing, television, computers, shoes, hardware, auto parts, and so much more. Retail volumes are often high at Nogales retail stores, with total sales within the City limits hovering around half a billion dollars annually.

MARIPOSA PORT OF ENTRY (Nogales, AZ)

In 2014 the \$244M expansion and modernization to the Mariposa Land Port of Entry was completed. Everything in the port was designed to increase the speed and accuracy of processing and to minimize delays at the fourth-busiest land of entry into the United States. The Mariposa Port has the shortest wait times on the U.S.-Mexico border. State-of-the-art infrastructure and more personnel mean cost savings and decreased expenses. Efficiencies in moving trucks across the border result in savings in fuel, product quality and time. Nogales is the best location for just-in-time delivery for Mexico's West Coast supply chain. Nogales is the only place where the U.S. I-10/I-19 corridor meets the ever-growing commerce on Mexico's Highway 15.



#4

Busiest Port of Entry into the U.S.



\$30B

Worth of International Trade into AZ & the U.S. Per Year



22M+

Personal Vehicle Passengers & Pedestrian Border Crossings



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