

# ROYAL FARMS

LEXINGTON PARK, MARYLAND

klnb Capital Markets

OFFERING MEMORANDUM



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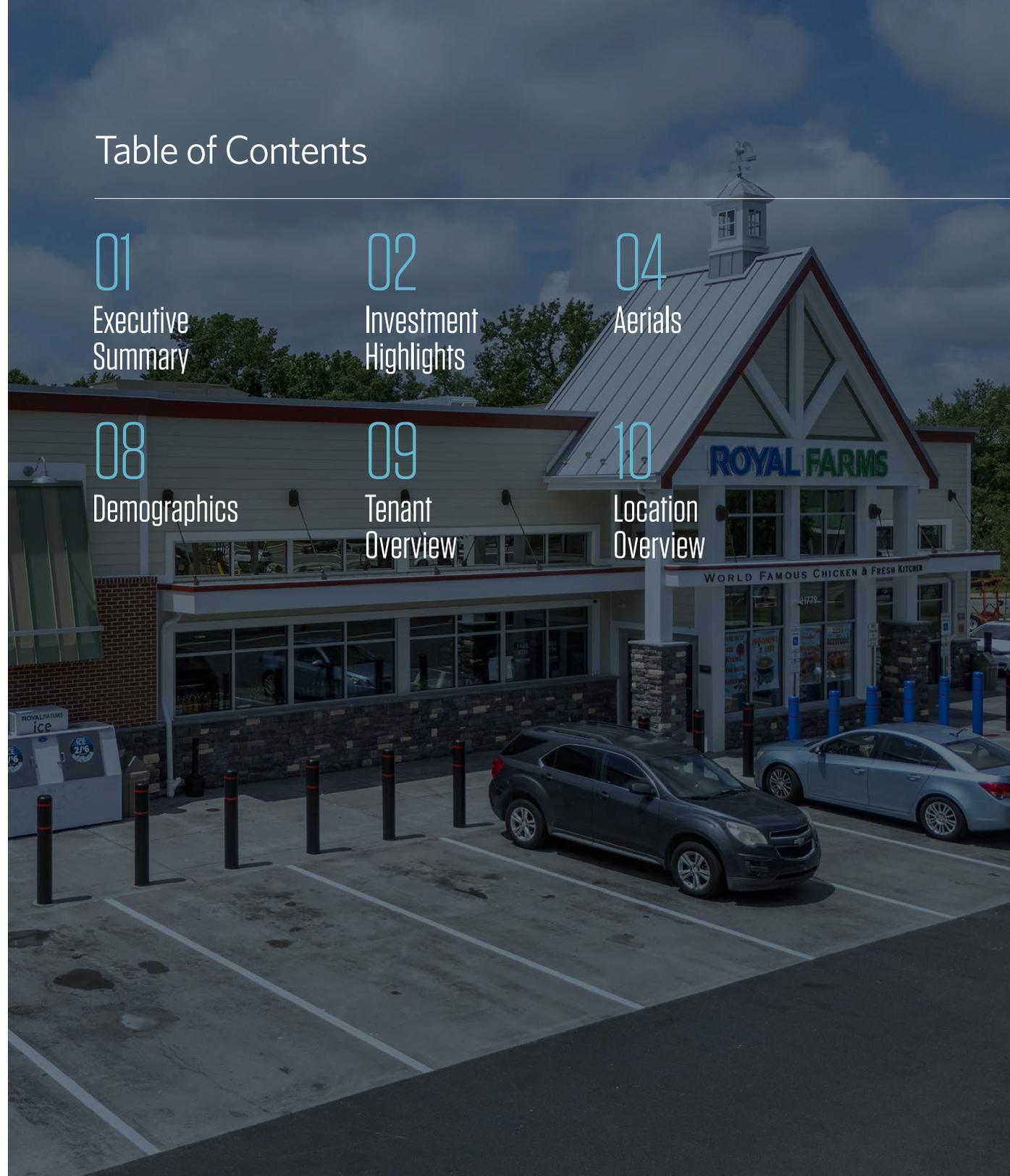
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# ROYAL FARMS

21779 Tulagi Place  
Lexington Park, MD 20653

PRICE  
**\$5,200,000**

CAP RATE  
**5.00%**

LOT SIZE  
**1 Parcel: 1.83 Acres**

YEAR BUILT  
**2024/2025**  
(Under Construction)

LEASE TYPE  
**Absolute NNN**  
**Ground Lease**

## THE OFFERING

Tenant	Royal Farms	Rent Commencement	09/01/2024
Net Operating Income	\$260,000	Lease Expiration	08/31/2044
GLA	4,659 SF	Term	20 Years
Occupancy	100%	Term Remaining	20 Years
Zoning	DMX	Increases	10% / 5 Year, Starting Year 11
Lease Commencement	01/01/2024	Options	4x5 Years

## RENT SCHEDULE

	Date	Annual Rent	Monthly Rent	% Increase
	Years 1-10	\$260,000	\$21,667	-
	Years 11-15	\$286,000	\$23,833	10%
	Years 16-20	\$314,600	\$26,217	10%
<b>Option Periods</b>	Years 21-25	\$346,060	\$28,838	10%
	Years 26-30	\$380,666	\$31,722	10%
	Years 31-35	\$418,733	\$34,894	10%
	Years 36-40	\$460,606	\$38,384	10%





### PRIME LOCATION ON SIGNALIZED HARD CORNER AT THE GATEWAY TO PATUXENT RIVER NAVAL AIR STATION

- » Royal Farms is strategically located at the primary access point to the Patuxent River Naval Air Station (NAS), a major economic anchor since the 1940's with approximately 20,000 employees in the area.
- » Patuxent River NAS buoys the region, supporting a roster of Fortune 500 defense contractors including Lockheed Martin and Northrop Grumman.
- » Ideally positioned at the signalized intersection of Great Mills Road and Three Notch Road (Rt. 235), the highest trafficked intersection in the submarket with a combined 40,000 vehicles per day (VPD).
- » Clear visibility and access to both major roadways with multiple points of ingress and egress.



### NEW CONSTRUCTION, LONG-TERM ABSOLUTE TRIPLE NET (NNN) GROUND LEASE

- » Brand-new Royal Farms now open, creating a prototypical convenience store and gas station.
- » 20-year lease structure with zero landlord responsibilities, offering stable, hands-off income for investors.
- » 10% rental increases twice during the initial lease term, and in each of the four, 5-year renewal options, ensuring consistent cash flow growth and hedge against inflation.
- » Established regional brand with strong market presence, operated by Two Farms, Inc., the parent company of Royal Farms, a trusted and well-known brand in the Mid-Atlantic with over 300+ locations.





### DESTINATION CORRIDOR IN AFFLUENT AND GROWING SUBMARKET

- » Positioned directly across from the Pax River Village Center, 25-acre grocery-anchored retail project under renovation, with an influx of national retailers to the submarket, including AMC Theatres, Aldi, Dollar Tree, Jersey Mike's, Bank of America, and Starbucks which cultivates a destination retail environment.
- » Affluent consumer base in a high-quality of living location: 29,000 residents earning \$113,000 average household income within a 3-mile radius with projected population and income growth through 2029.
- » Tremendous employment corridor with daytime population increasing to 35,500 within 3-miles radius.



**PATUXENT RIVER NAVAL AIR STATION:**

Commissioned in 1943  
6,000+ Acres  
20,000+ Active Military and Civilian Employees  
Largest Employer in the County  
Future \$40M housing facility for enlisted service members  
Directly Supporting Lockheed Martin & Northrop Grumman

**GATE OF THE PATUXENT RIVER NAVAL AIR STATION**



**MOST TRAFFICATED INTERSECTION  
IN THE SUBMARKET**



**DEPARTMENT OF SOCIAL SERVICES**

**THREE NOTCH ROAD (RT. 235)**

**GREAT MILLS ROAD**

**ROYAL FARMS**

**TULAGI PLACE**

**S CORAL DRIVE**

Aerials

Market Aerial

SAINT MARY'S SQUARE SHOPPING CENTER: 101,000 SF



LEXINGTON PARK ELEMENTARY SCHOOL



UNITED STATES POSTAL SERVICE

ROYAL FARMS



PAX RIVER VILLAGE CENTER REDEVELOPMENT  
Facade Renovation, Multiple New Pad Sites  
Multi-family Project

FUTURE RETAILERS:



SOUTH CORAL DRIVE

GREAT MILLS ROAD

TULAGI PLACE

THREE NOTCH ROAD (RT. 235)

14,711 VPD

25,770 VPD



# Aerials

# Market Aerial

**PAX RIVER VILLAGE CENTER REDEVELOPMENT**  
 25 Acre redevelopment by Atlantic Realty  
 Phase 1: \$45M development of 192,000 SF  
 Facade Renovation, Multiple New Pad Sites

**FUTURE RETAILERS:**

**PHASE 2**  
 100 workforce housing units  
 daycare

**ST. MARY'S COUNTY REGIONAL AIRPORT**  
 6.6 Miles (13 Minutes) Away

**HOME 2 SUITES BY HILTON**  
 100 Keys

**NEX**  
 Navy Exchange

**VALLEY DRIVE ESTATES**  
 38 Units

**NAS CHILD DEVELOPMENT CENTER**  
 Built in 2013  
 \$13.1M

**PATUXENT RIVER NAVAL AIR STATION**  
 20,000 Employees

**boost mobile**

**Comfort**

**verizon**

**SHERWIN-WILLIAMS**

**DQ**

**MR.TIRE**  
 AUTO SERVICE CENTERS

**DEPARTMENT OF SOCIAL SERVICES**

**JACKSON HEWITT**  
 TAX SERVICE

**GREAT MILLS ROAD**

**THREE NOTCH ROAD (RT. 295)**

14,711 VPD

**MOST TRAFFICKED INTERSECTION IN THE SUBMARKET**

**ROYAL FARMS**

**8 FUEL PUMPS**



25,770 VPD

**SOUTH CORAL DRIVE**

**TULAGI PLACE**



**3-MILE DEMOGRAPHIC HIGHLIGHTS**

- 29,015 RESIDENTS
- \$113,061 AVERAGE HOUSEHOLD INCOME
- 2024 - 2029 ANNUAL GROWTH RATE 0.26%

PATUXENT RIVER NAVAL AIR STATION

CEDAR POINT FEDERAL CREDIT UNION

NAS PATUXENT OFFICE

THREE NOTCH ROAD (RT. 235)  
25,770 VPD

ROYAL FARMS

TULAGI PLACE

8 FUEL PUMPS

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DEPARTMENT OF SOCIAL SERVICES

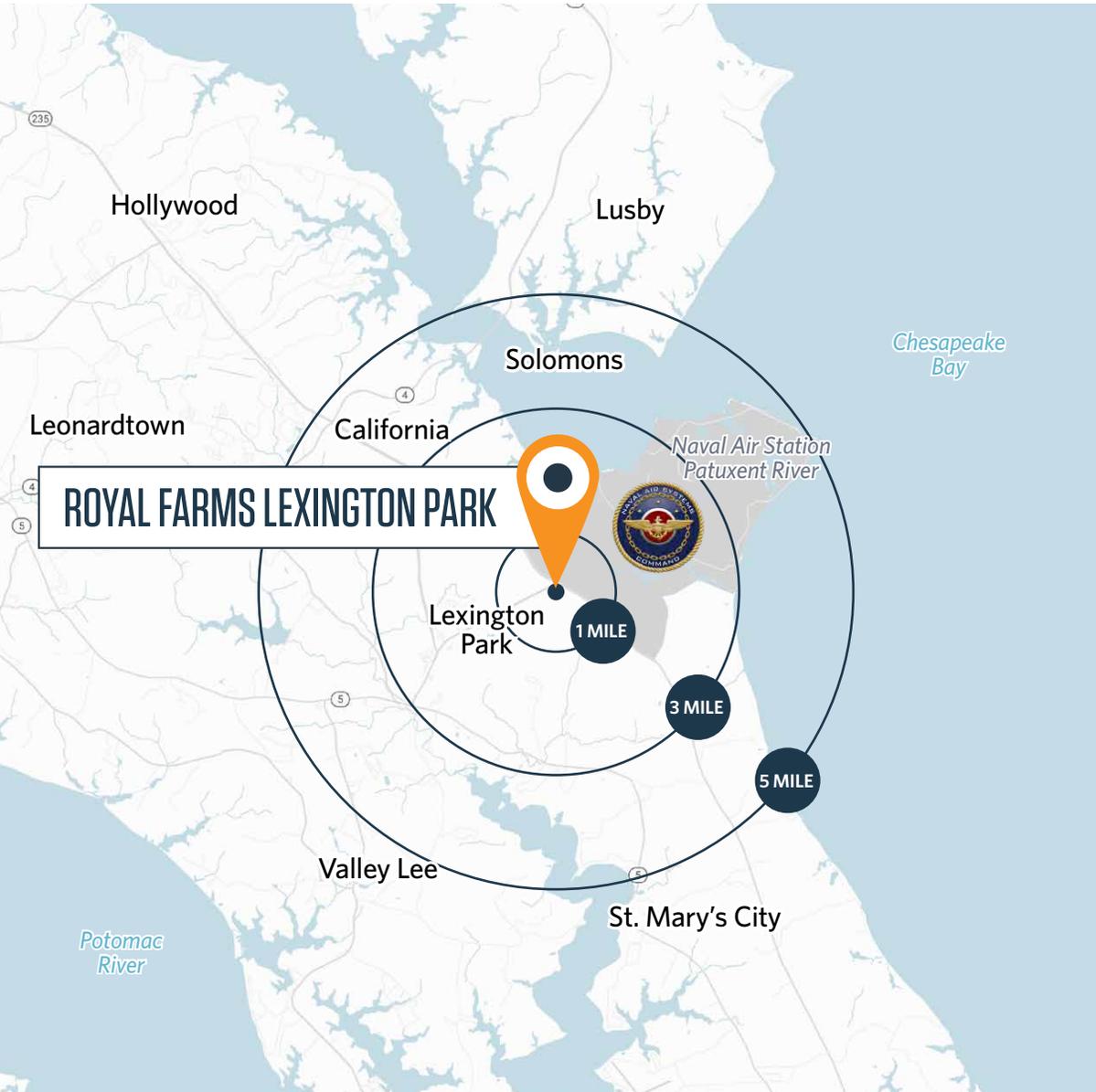
GREAT MILLS ROAD

14,711 VPD

SOUTH CORAL DRIVE



# Demographics



## 2024 Demographic Summary

	1 MILE	3 MILE	5 MILE
 Total Population	4,413	29,015	45,172
 Average Household Income	\$77,685	\$113,061	\$124,236
 Households	1,566	11,515	17,915
 Daytime Population	5,033	35,543	52,961

## 2024 - 2029 Projected Annual Growth Summary

 Population	0.61%	0.26%	0.40%
 Average Household Income	2.08%	2.55%	2.50%

## Tenant Overview

Established in 1959, Royal Farms is a privately owned chain of gas station convenience stores. Headquartered in Baltimore, Maryland, the company has grown to 300+ locations throughout Maryland, Virginia, Pennsylvania, New Jersey, Delaware, West Virginia, and North Carolina. In constant pursuit to meet the needs of their consumer base, Royal Farms now provides year-round, 24/7 service to accommodate all convenience and fueling needs. Forbes ranked Royal Farms #308 as America's Best Midsize Employers, conveying the success Royal Farms has experienced throughout the Mid-Atlantic. Per GLOBE NEWSWIRE, Royal Farms was named "Best Gas Station for Food" by USA Today's 10 Best Awards, displaying the company's goal to serve customers with exceptional service and food offerings.

# ROYAL FARMS

[royalfarms.com](http://royalfarms.com)

NO. OF LOCATIONS:

300+

YEAR FOUNDED:

1959

NO. OF EMPLOYEES:

3,000

2023 REVENUE

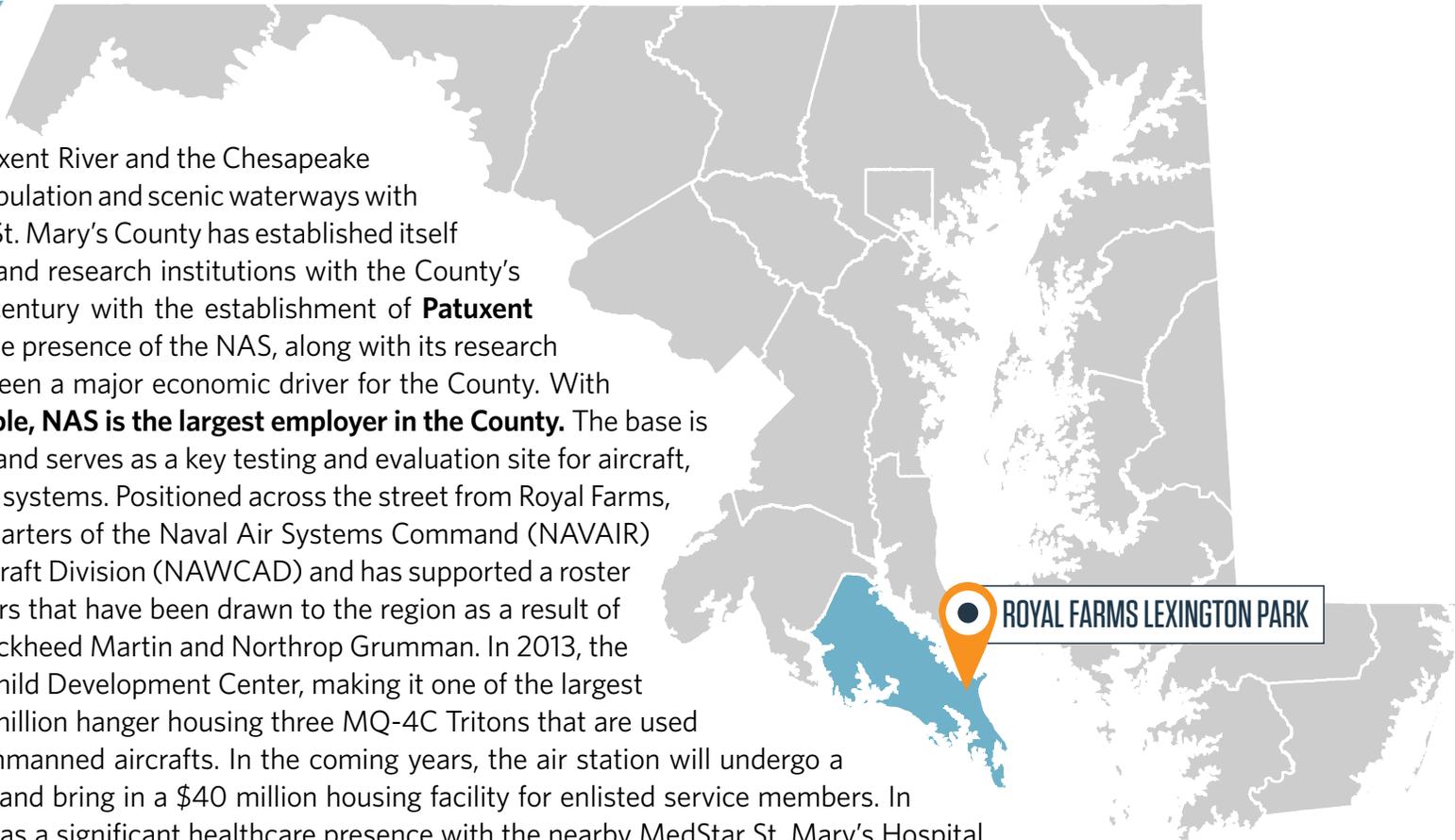
\$974M



## ST. MARY'S COUNTY

St. Mary's County is situated between the Potomac and Patuxent River and the Chesapeake Bay, boasting strong residential population and scenic waterways with a thriving metropolitan economy. St. Mary's County has established itself as a hub for high-tech industries and research institutions with the County's transformation in the mid-20th century with the establishment of **Patuxent River Naval Air Station (NAS)**. The presence of the NAS, along with its research and development activities, has been a major economic driver for the County. With **employment of over 20,000 people, NAS is the largest employer in the County.** The base is a critical center for naval aviation and serves as a key testing and evaluation site for aircraft, unmanned systems, and weapons systems. Positioned across the street from Royal Farms, NAS Putuxent River is the headquarters of the Naval Air Systems Command (NAVAIR) and Naval Air Warfare Center Aircraft Division (NAWCAD) and has supported a roster of Fortune 500 defense contractors that have been drawn to the region as a result of its national influence, including Lockheed Martin and Northrop Grumman. In 2013, the NAS constructed a \$13.1 million Child Development Center, making it one of the largest in the Navy, and also built a \$33 million hanger housing three MQ-4C Tritons that are used to train personnel to use these unmanned aircrafts. In the coming years, the air station will undergo a multi-million-dollar rehabilitation and bring in a \$40 million housing facility for enlisted service members. In addition to the NAS, the County has a significant healthcare presence with the nearby MedStar St. Mary's Hospital being a major employer.

St. Mary's County has a population of approximately 115,000 residents as of 2022, seeing **consistent growth over the past 10 years with a 9.5% increase since 2013.** With projected growth of another 3,000 residents by 2027, the County is well positioned for the future. The 58,000 resident workforce sits at a 2.0% unemployment rate (2023) and is largely comprised of Professional, Scientific, and Technical services with 9,700 jobs and an additional 6,855 in Public Administration and 4,700 in the Health Care and Social Services industries. Significantly higher than the United States, **St. Mary's County residents have a \$97,600 median household income while being the 2nd most cost-effective place to work in the country by US News.**



# Regional Location

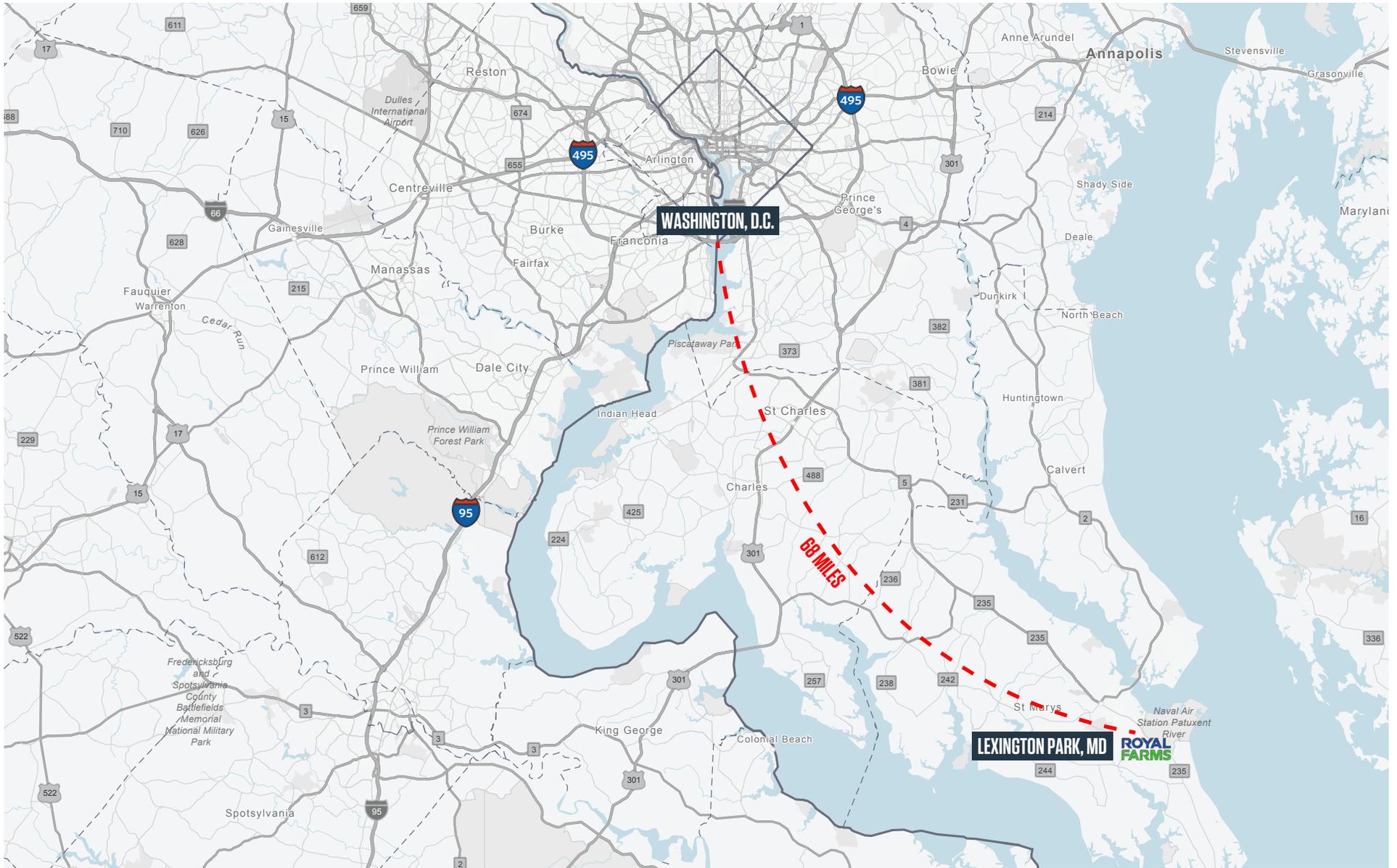


Photo Gallery



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