

# BURGER KING

*Subject Property*



# OFFERING MEMORANDUM

**BURGER KING**

1720 Airline Hwy, Hollister, CA 95023

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**BURGER KING**



# Investment Highlights

## LOCATION

### REAL ESTATE FUNDAMENTALS

- ✓ Strategic Positioning | Outparcel to a Large Shopping Center
- ✓ 21 Years of Operational History at Site
- ✓ San Benito High School | Located Less Than One Mile From the Subject Property | Total Enrollment of Nearly 3,000 Students
- ✓ Recently Remodeled in 2012
- ✓ Affluent Surrounding Area | Average Household Income Within a Three-Mile Radius of Approximately \$87,000

## LEASE

### LEASE STRUCTURE

- ✓ 18.5 Years Remaining on the Initial 20-Year Lease Term
- ✓ Triple Net (NNN) Lease with Zero Landlord Responsibilities
- ✓ Attractive Rental Increases | Strong Hedge Against Inflation | 1.75% Annual Rental Increases Starting in Year Seven
- ✓ Four (4), Five (5)-Year Tenant Renewal Option Periods

## TENANT

### TENANT / GUARANTOR

- ✓ Burger King is the 4th Largest Franchised Concept Across All Industries
- ✓ The Burger King System Includes More Than 15,700 Units
- ✓ Ishar Investments, Inc | Seasoned 17-Unit Operator
- ✓ Quikserve Enterprises, Inc | 65-Unit Strong Guarantor



# Financial Analysis & Investment Summary

PURCHASE PRICE: \$4,207,222 | CAP RATE: 4.50% | RENT: \$189,325

## THE OFFERING

Purchase Price	\$4,207,222
CAP Rate	4.50%
Annual Rent	\$189,325
Price / SF	\$1,274
Rent / SF	\$57.32

## PROPERTY DESCRIPTION

Property	Burger King
Property Address	1720 Airline Hwy
City, State ZIP	Hollister, CA 95023
Building Size (SF)	3,303
Lot Size (Acres)	+/- 0.71 Acres
Type of Ownership	Fee Simple

## LEASE SUMMARY

Property Type	Net-Leased Restaurant
Tenant / Guarantor	Ishar Investments, Inc. / Quikserve Enterprises, Inc.
Lease Term	20 Years
Lease Commencement	September 21, 2017
Lease Expiration	September 20, 2037
Lease Term Remaining	18.5 Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Options to Renew	Four (4), Five (5)-Year Options
Rental Increases	1.75% Annually Starting Year 7

## RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation
Current Rent	\$189,325	\$15,777	-
Year 3	\$189,325	\$15,777	-
Year 4	\$189,325	\$15,777	-
Year 5	\$189,325	\$15,777	-
Year 6	\$189,325	\$15,777	-
Year 7	\$192,638	\$16,053	1.75%
Year 8	\$196,009	\$16,334	1.75%
Year 9	\$199,440	\$16,620	1.75%
Year 10	\$202,930	\$16,911	1.75%
Year 11	\$206,481	\$17,207	1.75%
Year 12	\$210,094	\$17,508	1.75%
Year 13	\$213,771	\$17,814	1.75%
Year 14	\$217,512	\$18,126	1.75%
Year 15	\$221,319	\$18,443	1.75%
Year 16	\$225,192	\$18,766	1.75%
Year 17	\$229,132	\$19,094	1.75%
Year 18	\$233,142	\$19,429	1.75%
Year 19	\$237,222	\$19,769	1.75%
Year 20	\$241,374	\$20,114	1.75%

## Investment Summary

Marcus & Millichap is pleased to present the exclusive listing for a Burger King located at 1720 Airline Highway in Hollister, CA. The property consists of 3,303 square feet of building space and is situated on roughly 0.71 acres of land. The Burger King is subject to a 20-year absolute triple net (NNN) lease, with 18.5 years remaining on the base term. The base rent is \$189,325 and will increase by 1.75% percent annually starting in year seven and continuing throughout the base term and into each of the four (4), five (5)-year tenant renewal option periods.

*\*Glen Kunofsky and other member of the selling entity, Exclusive Listing Agents, are part fee owners of this property. They are licensed real estate salespeople for Marcus and Millichap in the State of New York.*





# Concept Overview



## About Burger King

Founded in 1954, Burger King® is the second largest fast food hamburger chain in the world. The original Home of the Whopper, the Burger King® system operates in approximately 14,000 locations serving more than 11 million guests daily in 100 countries and territories worldwide. Approximately 100 percent of Burger King® restaurants are owned and operated by independent franchisees, many of them family-owned operations that have been in business for decades.

## Tenant Overview

Ishar Investments, Inc. ("Ishar") is a long-time developer and operator of Burger King locations. The company operates a total of 17 Burger King restaurants. Ishar has consistently followed a conservative and disciplined development thesis by selecting high quality locations with tremendous upside potential. The guarantor is Quikserve Enterprises, Inc., a 65-unit Burger King entity which has been one of the top performing operators within the Burger King System.

## Great Food Comes First

Every day, more than 11 million guests visit BURGER KING® restaurants around the world. And they do so because our restaurants are known for serving high-quality, great-tasting, and affordable food. Founded in 1954, BURGER KING® is the second largest fast food hamburger chain in the world. The original HOME OF THE WHOPPER®, our commitment to premium ingredients, signature recipes, and family-friendly dining experiences is what has defined our brand for more than 50 successful years.

## #2 Fast Food Hamburger Chain, Globally

- More than \$16 billion in annual system-wide sales, and nearly 350,000 team members, worldwide. The concept has a market capitalization of roughly \$10 billion.

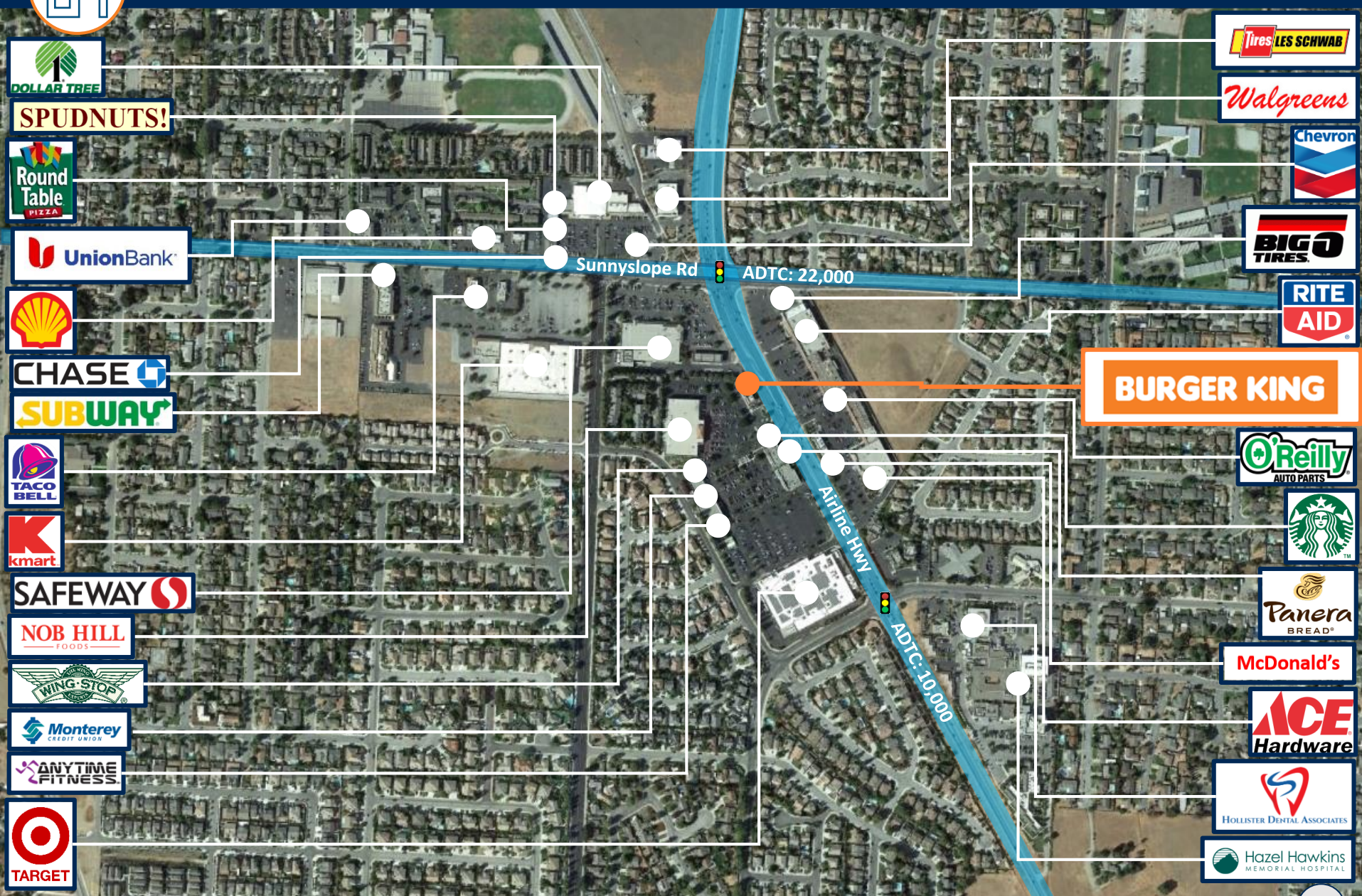
## Global Brand Presence | Fully – Franchised Business Model

- Nearly 14,000 restaurants in 100+ countries. QSR industry-leading EBITDA margins





# Surrounding Area







# Location Overview

This Burger King Property is located at 1720 Airline Highway in Hollister, CA. Hollister is the largest city in, and the county seat of, San Benito County.

## SURROUNDING RETAIL & POINTS OF INTEREST

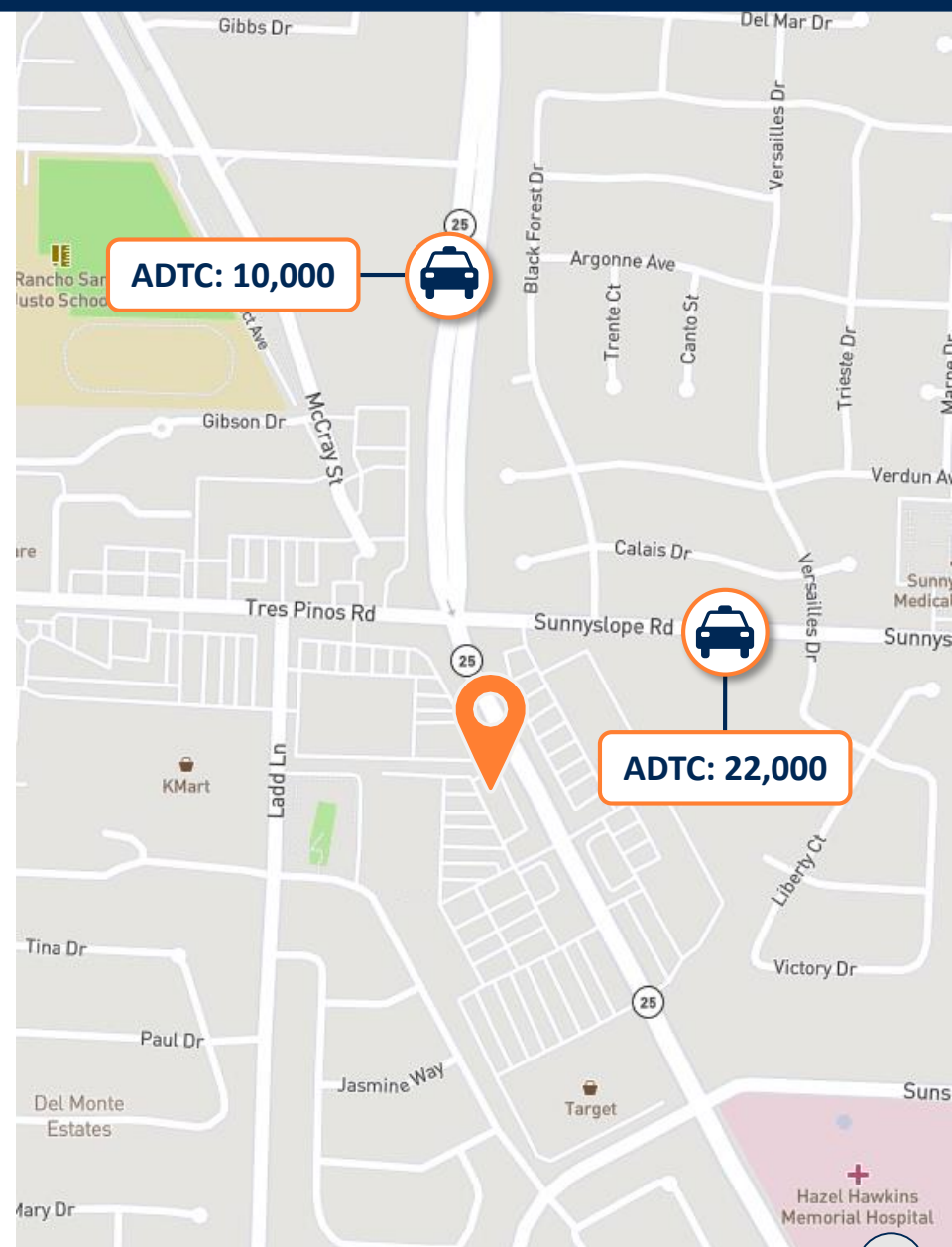
This Burger King is strategically positioned as an outparcel to a shopping center and situated in a dense retail corridor consisting of major retail and restaurant tenants. Major tenants in the area include: Chase, Shell, Subway, Taco Bell, Kmart, Safeway, Nob Hill Foods, Wing Stop, Target, Walgreens, Chevron, Rite Aid, Starbucks, Panera Bread, Ace Hardware, and McDonald's. In addition to these major retail and restaurant concepts, the subject property benefits from being located just down the street from Hazel Hawkins Memorial Hospital. This state-of-the-art medical center offers services that range from emergency services and primary care to orthopedics and physical therapy & rehabilitation services. Another attraction the area is San Benito High School, which is located just west of the subject property and has a total enrollment of nearly 3,000 students.

## TRAFFIC COUNTS & DEMOGRAPHICS

The subject property has approximately 47,000 individuals residing within a three-mile radius and 49,000 individuals within a five-mile radius of the property. This Burger King is situated on Airline Highway, which has an average daily traffic count of 10,000 vehicles. The subject property also benefits from its close proximity to Sunnyslope Rd, which brings a total of 22,000 vehicles into the immediate area, on average, each day.

## SALINAS, CA

The city of Hollister is the largest city in the county of San Benito, as well as serving as its seat. Hollister sits roughly 15 miles east of Salinas, which is an urban area located just outside the southern portion of the Greater Day Area and 10 miles east of the mouth of the Salinas River. The city is located at the mouth of the Salinas Valley roughly eight miles from the Pacific Ocean and has a climate more influenced by the ocean than the hot-summer interior. The city serves as the main business, governmental, and industrial center of the region. The marine climate is ideal for the floral industry, grape vineyards, and vegetable growers. Salinas is known for its vibrant and large agriculture industry being nicknamed the "The Salad Bowl of the World". Salinas is known for its AgTech Industry, and is known as the emerging AgTech Capital of the nation and a global hub for agricultural technology. Its close proximity to Silicon Valley and large number of agricultural employers give forth to an ideal location for developing high tech agricultural innovations. Since 2015, Forbes has hosted the yearly Forbes AgTech Summit in Salinas. The event attracts AgTech entrepreneurs from around the world.







# Property Photos







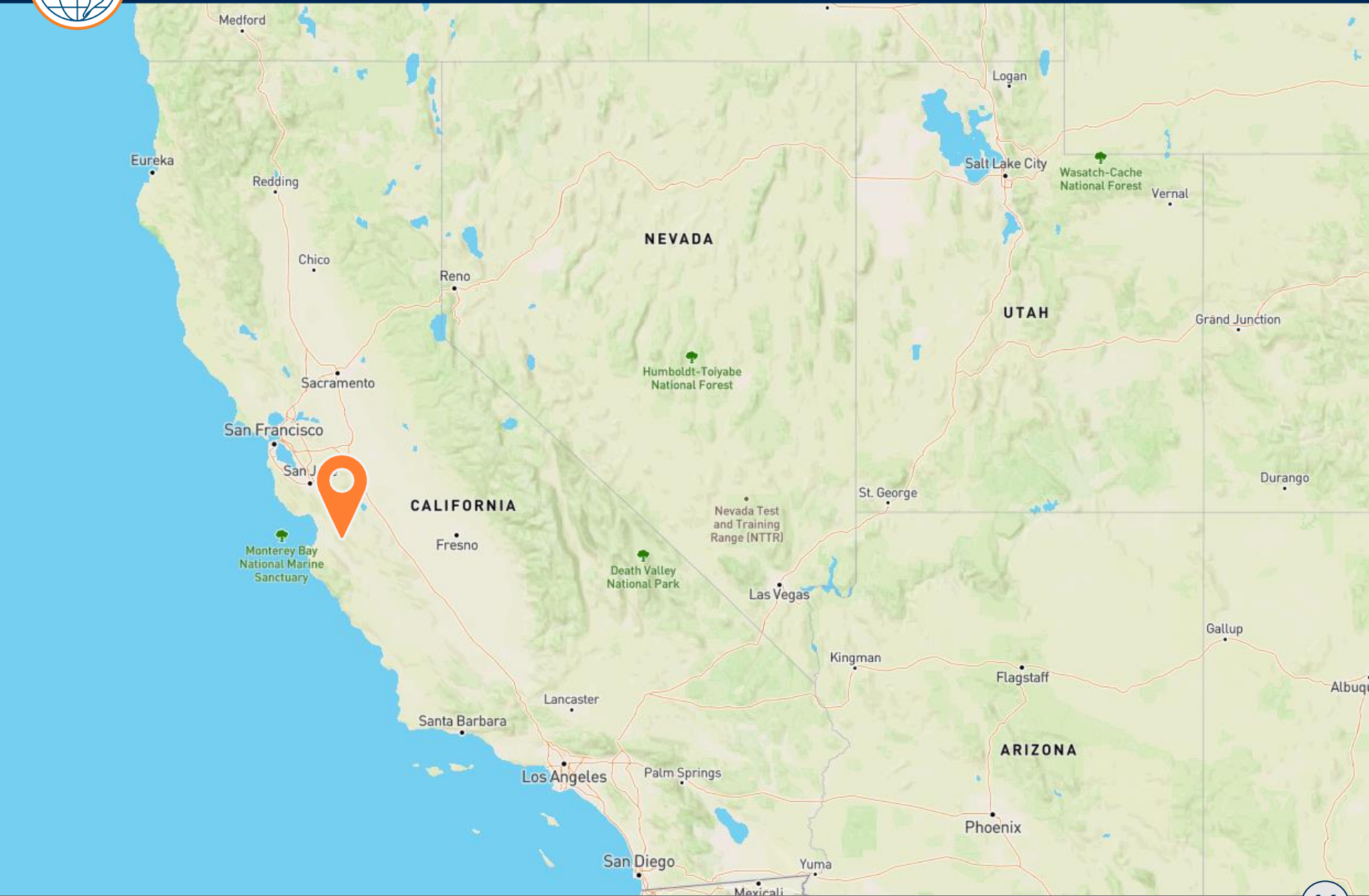
# Surrounding Area Photos





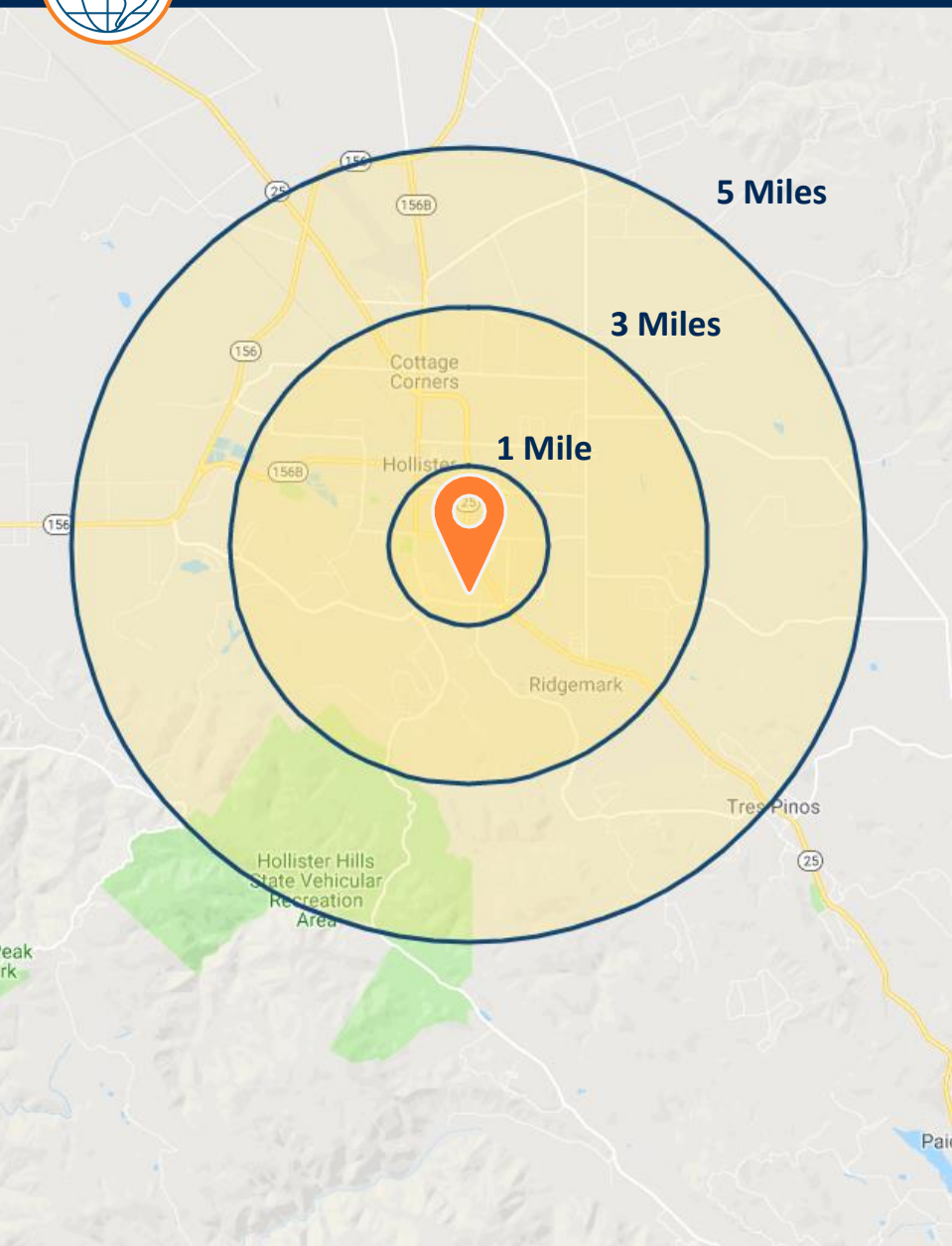


# Regional Map





# Demographics



## MAJOR EMPLOYERS

Employer	# of Employees
Mc Electronics LLC	399
Pacific Scientific	300
R and R Labor Inc	300
HAZEL HAWKINS MEMORIAL HOSPITA	270
Infinity Staffing Service	260
Lifesparc Inc	260
Peninsula Packaging LLC	180
Target	161
Milgard	160
Marich Confectionery Co Inc	150
Safeway	150
San Benito High School	150

# of Employees based on 5 mile radius

## DEMOGRAPHICS

	1 Mile	3 Miles	5 Miles
<b>Population</b>			
2022 Projection	17,658	46,987	49,644
2017 Estimate	17,077	46,232	48,881
2010 Census	15,952	43,467	45,800
2000 Census	15,155	41,669	43,885
<b>Income</b>			
Average	\$85,850	\$86,748	\$88,108
Median	\$68,392	\$68,730	\$69,474
Per Capita	\$26,500	\$25,724	\$26,414
<b>Households</b>			
2022 Projection	5,545	14,160	15,123
2017 Estimate	5,236	13,647	14,587
2010 Census	4,826	12,660	13,485
2000 Census	4,613	12,099	12,848
<b>Employment</b>			
2017 Daytime Population	12,568	35,755	38,650
2017 Unemployment	8.39%	8.56%	8.38%
2017 Median Time Traveled	31	32	32



# Marcus & Millichap

## EXCLUSIVE NET LEASE OFFERING

The Burger King logo, consisting of the words "BURGER KING" in white, bold, sans-serif capital letters, centered within an orange rectangular background. The logo is surrounded by a soft, white, glowing aura.

**BURGER KING**

CA BROKER OF RECORD:

Steve Seligman

Marcus & Millichap

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