

# BURGER KING

*Subject Property*



# OFFERING MEMORANDUM

**BURGER KING**

41 South Sanborn Rd, Salinas, CA 93905

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**BURGER KING**



# Investment Highlights

## LOCATION

### REAL ESTATE FUNDAMENTALS

- ✓ Large National Retail Presence | Tenants Include: Bank of America, McDonald's, Chase, KFC, Wells Fargo, Taco Bell, Starbucks, Dairy Queen
- ✓ Dense Residential Area | 137,000 People Living Within Three Miles of the Subject Property
- ✓ Growing Market | Salinas is Known as the Emerging AgTech Capital of the Nation
- ✓ Operational History At Site Since 1998
- ✓ Close Proximity to a Point of Ingress & Egress to CA-101 | Average Daily Traffic Count of 66,000 Vehicles
- ✓ Remodeled in 2009

## 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: \$4,627,489 | CAP RATE: 4.50% | RENT: \$208,237

## THE OFFERING

Purchase Price	\$4,627,489
CAP Rate	4.50%
Annual Rent	\$208,237
Price / SF	\$1,364
Rent / SF	\$61.39

## PROPERTY DESCRIPTION

Property	Burger King
Property Address	41 South Sanborn Rd
City, State ZIP	Salinas, CA 93905
Building Size (SF)	3,392
Lot Size (Acres)	+/- 0.65 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
Year 2	\$208,237	\$17,353	-
Year 3	\$208,237	\$17,353	-
Year 4	\$208,237	\$17,353	-
Year 5	\$208,237	\$17,353	-
Year 6	\$208,237	\$17,353	-
Year 7	\$211,881	\$17,657	1.75%
Year 8	\$215,589	\$17,966	1.75%
Year 9	\$219,362	\$18,280	1.75%
Year 10	\$223,201	\$18,600	1.75%
Year 11	\$227,107	\$18,926	1.75%
Year 12	\$231,081	\$19,257	1.75%
Year 13	\$235,125	\$19,594	1.75%
Year 14	\$239,240	\$19,937	1.75%
Year 15	\$243,426	\$20,286	1.75%
Year 16	\$247,686	\$20,641	1.75%
Year 17	\$252,021	\$21,002	1.75%
Year 18	\$256,431	\$21,369	1.75%
Year 19	\$260,919	\$21,743	1.75%
Year 20	\$265,485	\$22,124	1.75%

## Investment Summary

Marcus & Millichap is pleased to present the exclusive listing for a Burger King located at 41 South Sanborn Road in Salinas, CA. The property consists of 3,392 square feet of building space and is situated on roughly 0.65 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 \$208,237 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.

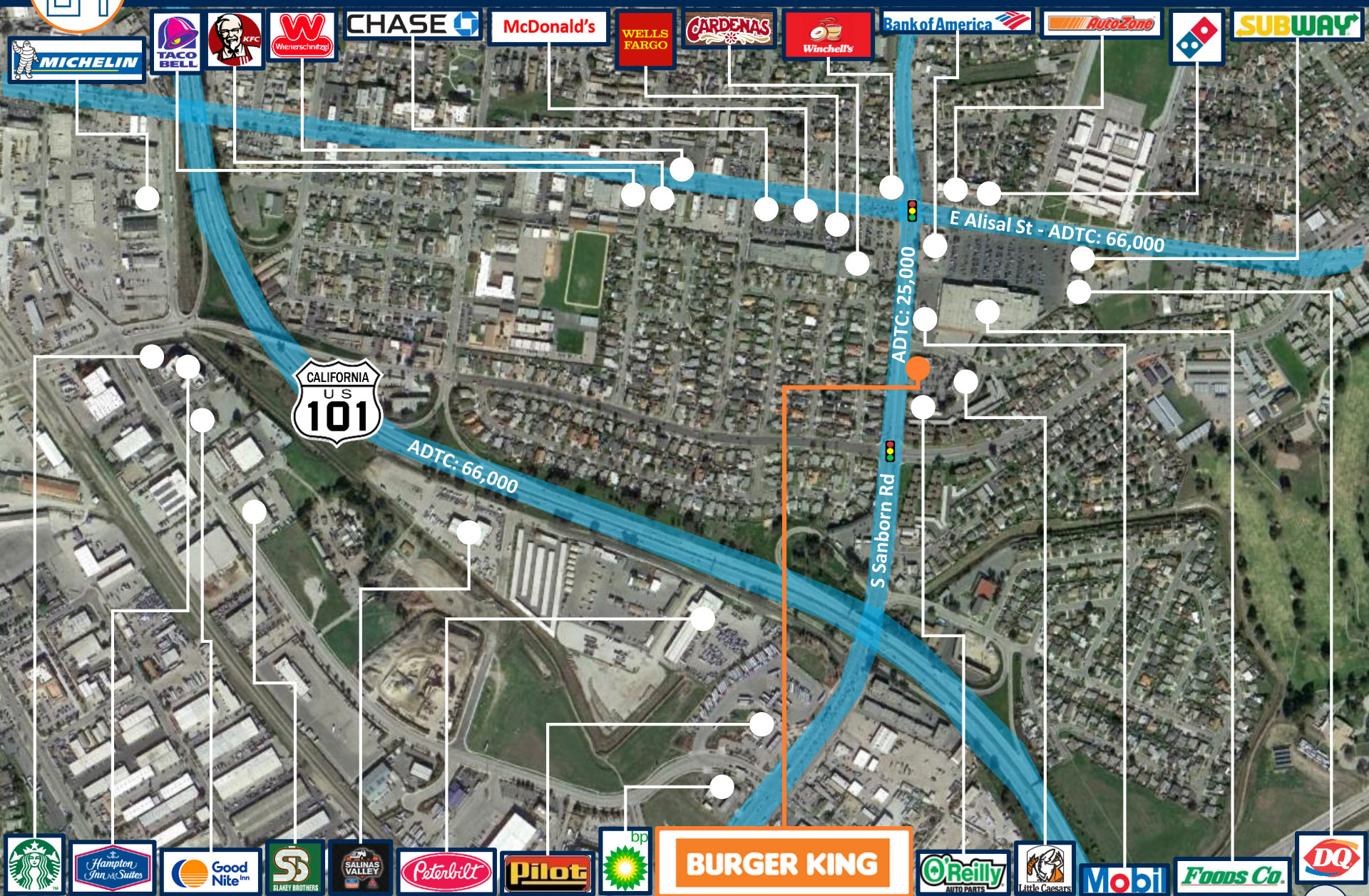
## Global Brand Presence | Fully – Franchised Business Model

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





# Surrounding Area







# Location Overview

This Burger King property is located at 41 South Sanborn Road in Salinas, CA. Salinas is the county seat of, as well as the largest city in, Monterey County.

## SURROUNDING RETAIL & POINTS OF INTEREST

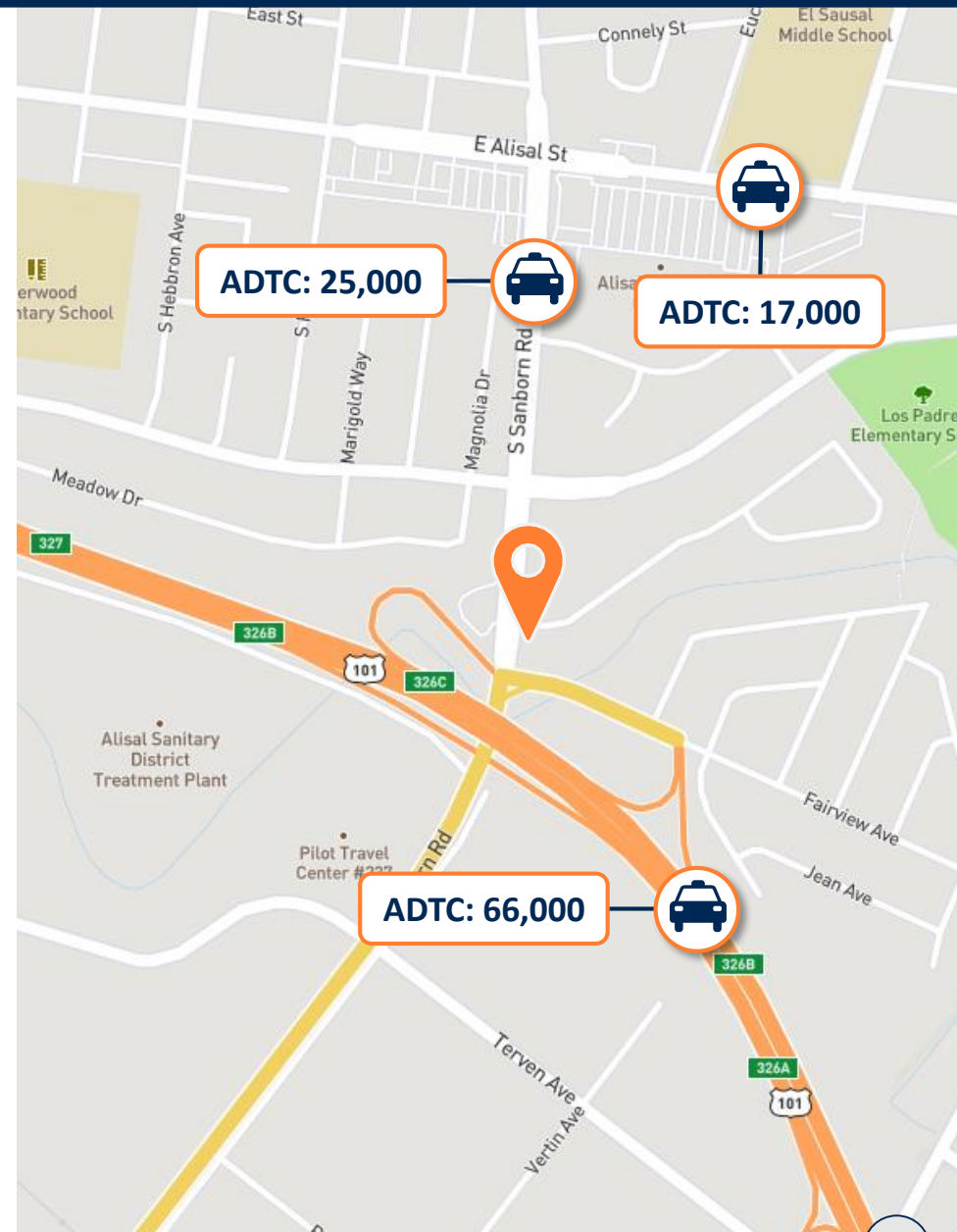
This Burger King is strategically located in a large retail corridor that is located just off of CA-101. The subject property benefits from its close proximity to numerous national retail and restaurant tenants including: Subway, Domino's, Bank of America, McDonald's, Chase, KFC, Wells Fargo, Taco Bell, Starbucks, BP, Mobil, Foods Co., and Dairy Queen. The subject property is also located close by to numerous industrial complexes with tenants including Peterbilt, Slakey Brothers, and Michelin. In addition to these concepts, the subject property benefits from its close proximity to the Salinas Municipal Airport and the Salinas Army Air Base, which is located just south of the subject property. The airport is a part of the larger National Plan of Integrated Airport Systems as a regional general aviation airport. Another attraction to the area is Alisal High School, which is situated to the northeast of the subject property and has a total enrollment of approximately 2,500 students.

## TRAFFIC COUNTS & DEMOGRAPHICS

The subject property has approximately 137,000 individuals residing within a three-mile radius and 168,000 individuals within a five-mile radius of the property. This Burger King is located on South Sanborn Road, which experiences an average daily traffic count of 25,000 vehicles. The subject property is also located just down the street from a point of ingress and egress to CA-101, which has an average daily traffic count 66,000 vehicles.

## SALINAS, CA

The city of Salinas 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







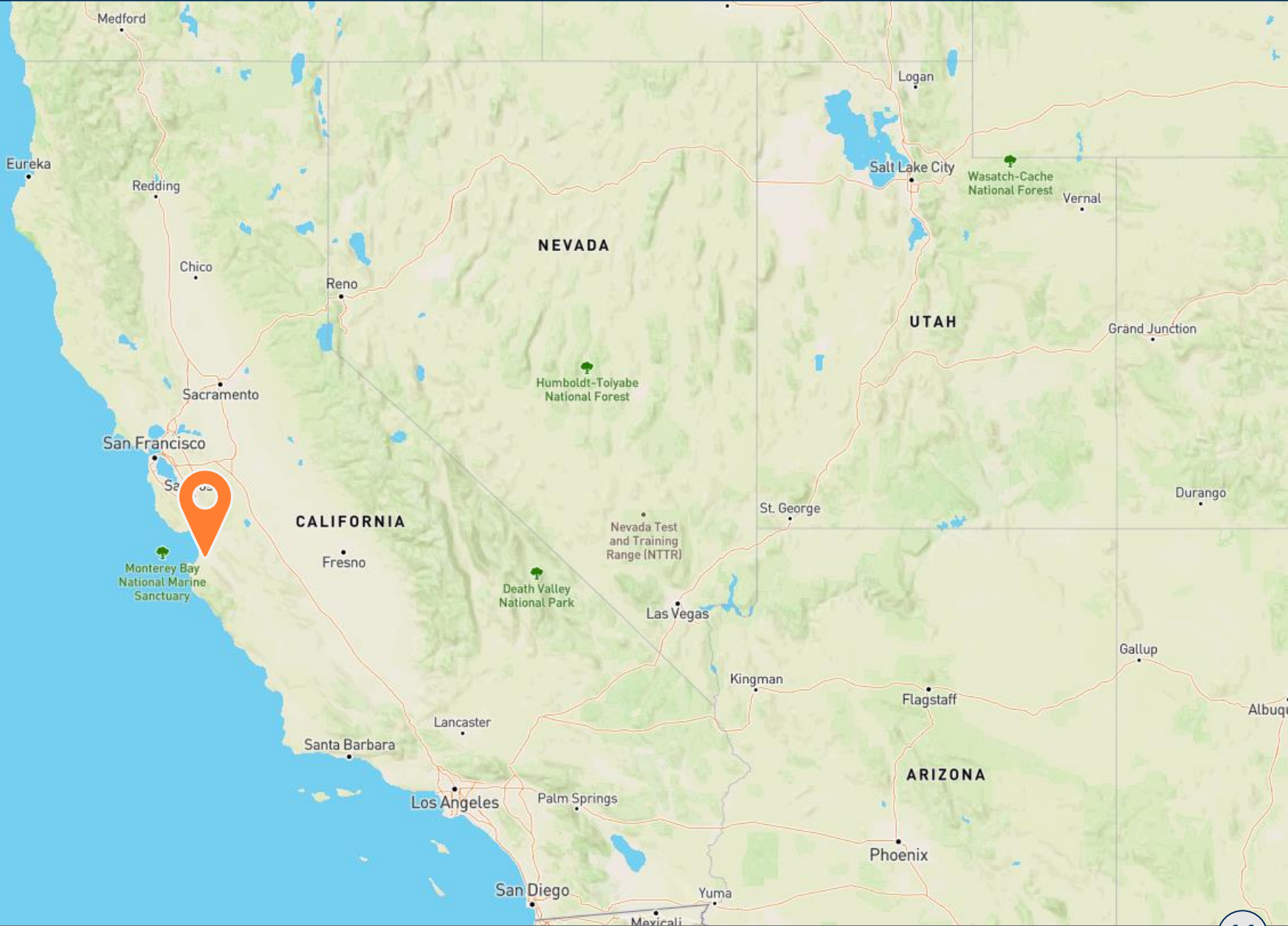
# Surrounding Area Photos





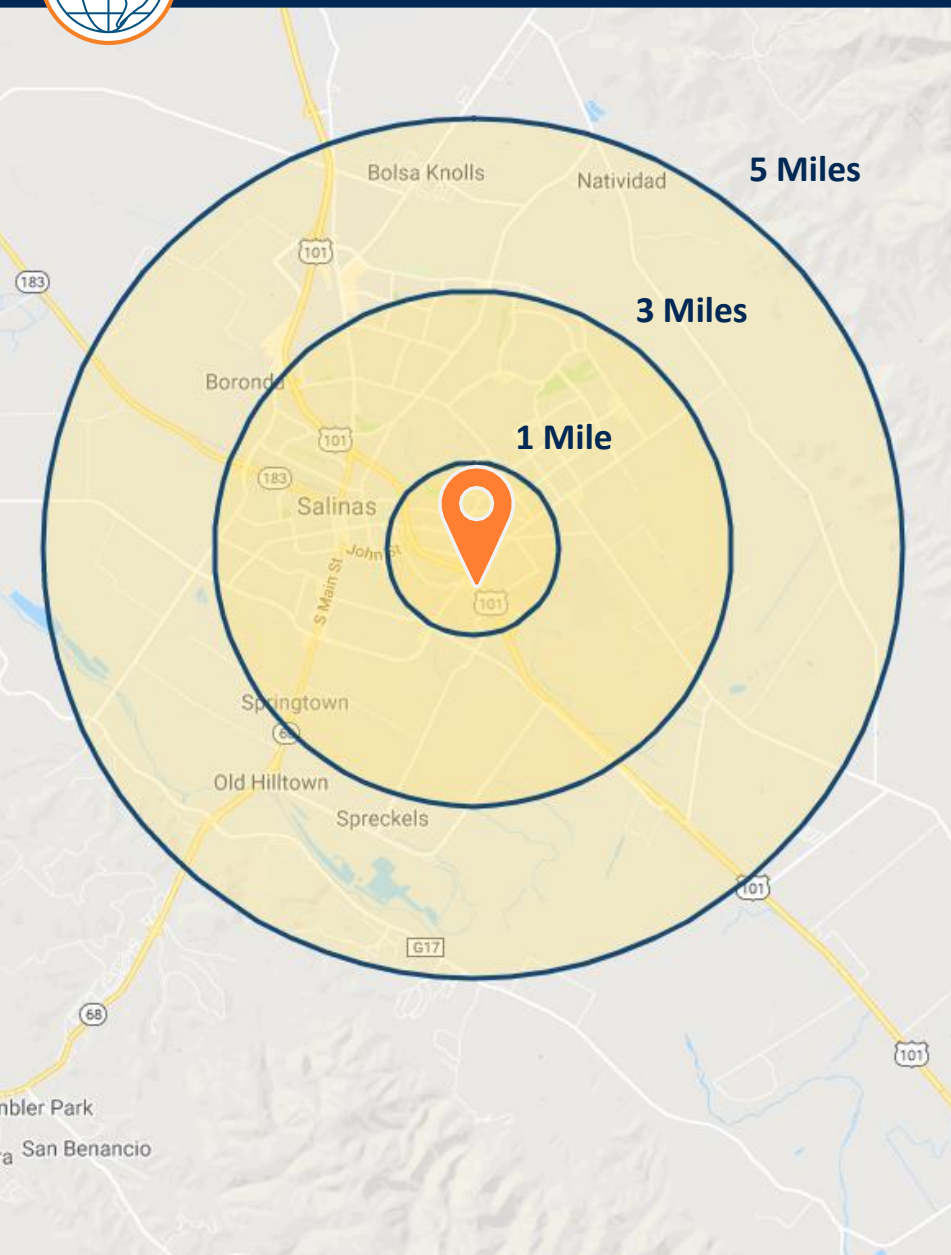


# Regional Map





# Demographics



## MAJOR EMPLOYERS

Employer	# of Employees
Taylor Farms	1,417
Caterpillar Authorized Dealer	1,080
Natividad Medical Center	707
OCCUPATIONAL MEDICINE	659
Organicgirl LLC	650
Department Social & Employment	600
Residency Prgram Natividad Hosp	600
Salinas Valley Memorial Hlthca	569
River Ranch Fresh Foods LLC	510
Red Blossom Farms	503
Hartnell College	491
Monterey County Sheriffs Dept	474

# of Employees based on 5 mile radius

## DEMOGRAPHICS

	1 Mile	3 Miles	5 Miles
<b>Population</b>			
2022 Projection	22,340	139,710	171,457
2017 Estimate	22,833	136,530	168,278
2010 Census	21,686	129,845	160,114
2000 Census	21,284	130,189	158,793
<b>Income</b>			
Average	\$49,551	\$68,775	\$71,274
Median	\$37,890	\$50,764	\$52,748
Per Capita	\$10,287	\$18,249	\$19,471
<b>Households</b>			
2022 Projection	4,680	37,125	47,184
2017 Estimate	4,703	35,638	45,386
2010 Census	4,540	34,021	43,311
2000 Census	4,420	31,780	40,667
<b>Employment</b>			
2017 Daytime Population	17,419	136,326	165,003
2017 Unemployment	13.16%	8.61%	8.13%
2017 Median Time Traveled	26	25	24



Marcus & Millichap

**EXCLUSIVE NET LEASE OFFERING**

**BURGER KING**

**CA BROKER OF RECORD:**

Steve Seligman

Marcus & Millichap

CA: 0011750