

Pizza Hut Sale-Leaseback

1502 Western Blvd, Tarboro, NC 27886



Representative Photo

OFFERING MEMORANDUM

EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap



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1502 Western Blvd, Tarboro, NC 27886

PRICE: \$878,182 | 5.50% CAP | RENT: \$48,300**PROPERTY DESCRIPTION**

Property	Pizza Hut
Property Address	1502 Western Blvd
City, State, ZIP	Tarboro, NC 27886
Building Size (SF)	2,000
Lot Size (Acres)	+/- 0.61

THE OFFERING

Net Operating Income (NOI)	\$48,300
CAP Rate	5.50%
Purchase Price	\$878,182
Price / SF	\$439
Rent / SF	\$24.15

LEASE SUMMARY

Property Name	Pizza Hut
Property Type	Net-Leased Restaurant
Ownership	Private
Tenant / Guarantor	SDS Restaurant Group
Lease Term	15 Years
Estimated Rent Commencement	Close of Escrow
Lease Expiration	15 Years From Close of Escrow
Lease Term Remaining	15 Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	10% Every Five Years
Options to Renew	Four (4), Five (5) Option Periods
Rental Increases in Options	10% Every Five Years

HIGHLIGHTS

- Brand New 15-Year Triple-Net (NNN) Sale Leaseback | No Landlord Obligations
- Rent Escalations | 10% Every Five Years | Strong Hedge Against Inflation Risk
- SDS Group | Experienced Operator With Proven Track Record | Growing 60-Unit Operator
- Four (4), Five (5) - Year Option Periods



INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Pizza Hut located in Tarboro, North Carolina. The property consists of approximately 2,000 square feet of building space and is situated on approximately 0.61 acres of land. The property is subject to a 15-year Triple-Net (NNN) sale-leaseback with 15 years remaining. The base rent will be \$48,300 with 10% rental increases every five years. The increases will continue through the four, five-year tenant renewal options.

TENANT SUMMARY

SDS Restaurant Group was formed in 2012 with the purchase of 32 restaurants in Eastern North Carolina.

SDS currently has a 60-restaurant portfolio. Since 2012 SDS has become one of the fastest growing franchisees in the company and has plans to continue that success. The Company has a long term goal of operating 200 restaurants which would include other Brands within the Yum portfolio (KFC, Taco Bell).

The Operating Partner, has over 28 years of experience with the Brand to include Company and Franchise experience. SDS has a tenured Executive team with another 50 years of Pizza Hut experience. The company is well capitalized and positioned for future growth.



FINANCIAL OVERVIEW

ANNUALIZED OPERATING DATA

Current Annual Rent \$48,300

Base Term Rental Escalations 10% Every Five Years

RENT SCHEDULE		
Lease Year	Annual Rent	Monthly Rent
Year 1	\$48,300	\$4,025
Year 2	\$48,300	\$4,025
Year 3	\$48,300	\$4,025
Year 4	\$48,300	\$4,025
Year 5	\$48,300	\$4,025
Year 6	\$53,130	\$4,428
Year 7	\$53,130	\$4,428
Year 8	\$53,130	\$4,428
Year 9	\$53,130	\$4,428
Year 10	\$53,130	\$4,428
Year 11	\$58,443	\$4,870
Year 12	\$58,443	\$4,870
Year 13	\$58,443	\$4,870
Year 14	\$58,443	\$4,870
Year 15	\$58,443	\$4,870

CAP Rate 5.50%

Purchase Price \$878,182

TENANT SUMMARY

Pizza Hut is an American restaurant chain and international franchise, known for pizza and side dishes. It is now corporately known as Pizza Hut, Inc. and is a subsidiary of Yum! Brands, Inc., the world's largest restaurant company.

The first Pizza Hut restaurant was opened in 1958 in Wichita, Kansas, and within a year, the first franchise unit was opened. Today, Pizza Hut is the largest restaurant chain in the world specializing in the sale of ready-to-eat pizza products. Pizza Hut operates in 103 countries and territories throughout the world. As of year end 2016, Pizza Hut had 16,409 units. 97 percent of the Pizza Hut units are franchised.

Pizza Hut operates in the delivery, carryout and casual dining segments around the world. Outside of the U.S., Pizza Hut often uses unique branding to differentiate these segments. Additionally, a growing percentage of Pizza Hut's customer orders are being generated digitally.



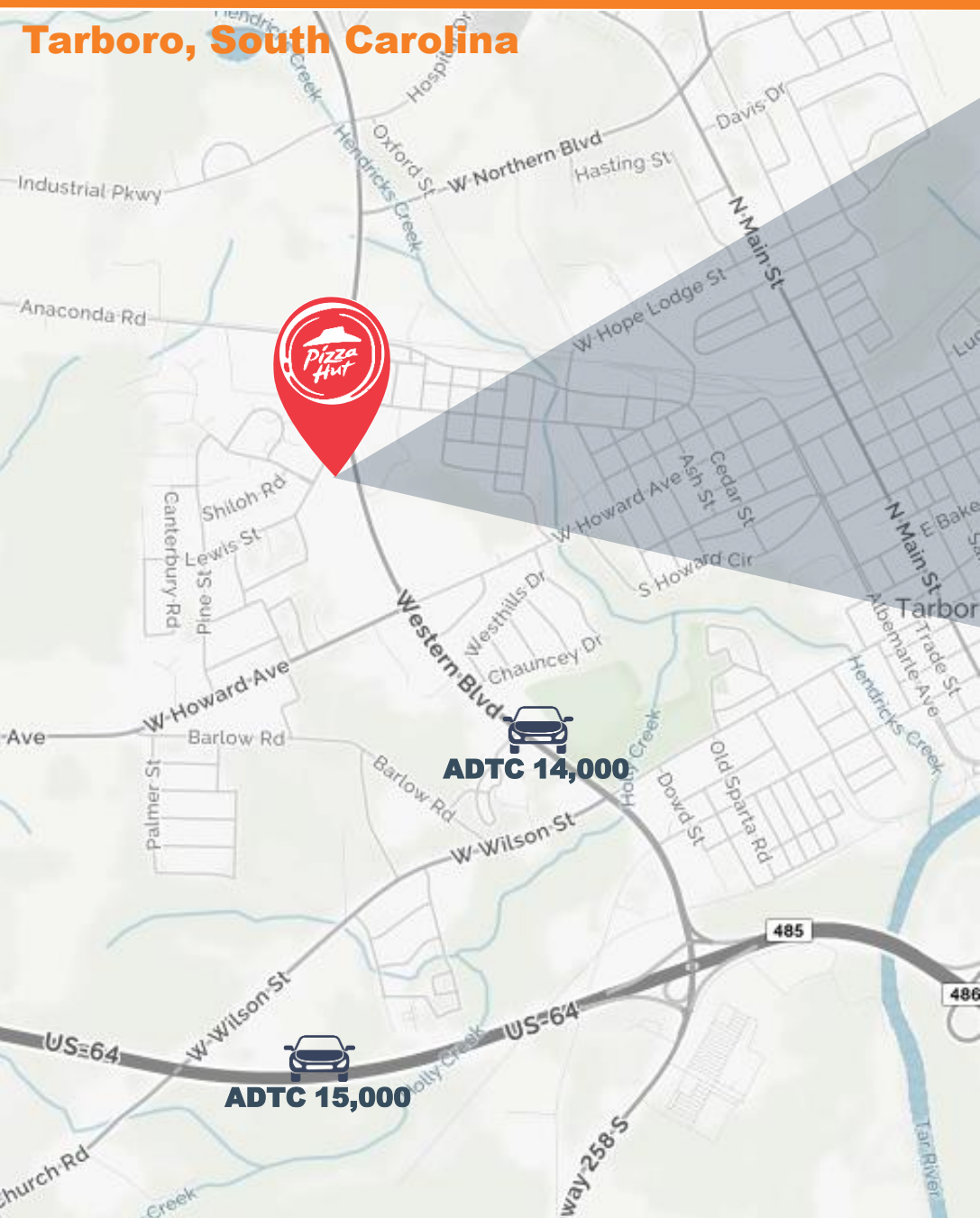
Pizza Hut

SDS Restaurant Group was formed in 2012 with the purchase of 32 restaurants in Eastern North Carolina.



SDS currently has a 60-restaurant portfolio. Since 2012 SDS has become one of the fastest growing franchisees in the company and has plans to continue that success. The Company has a long term goal of operating 200 restaurants which would include other Brands within the Yum portfolio (KFC, Taco Bell).

Jimmy Sutton, the Operating Partner, has over 28 years of experience with the Brand to include Company and Franchise experience. SDS has a tenured Executive team with another 50 years of Pizza Hut experience. The company is well capitalized and positioned for future growth.



HIGHLIGHTS

- Major Retailers in the Surrounding Area Include: Food Lion, McDonald’s, Burger King, Taco Bell, Subway, Domino’s and Advance Auto Parts
- Strong Traffic Counts in the Area: Western Blvd and U.S. Highway 64 | 14,000 and 15,000 Vehicles per Day Respectively
- Compelling Location Fundamentals | Subject Property Located Across from Tarboro High School and Tarboro Recreation Center
- Vidant Edgecombe Hospital | One Mile From Subject Property | 117 Bed Facility

MAJOR EMPLOYERS

EMPLOYER	# OF EMPLOYEES *
Sara Lee Bakery Outlet	1,100
Keihin Carolina Sys Tech LLC	468
VIDANT MEDICAL CENTER	460
Carolina Tele & Telg Co LLC	421
Titus	380
County of Edgecombe	317
General Foam Plastics Corp	300
Walmart	300
Beverly Healthcare	210
Dept of Social Service	200
Lowes	158
Edgecombe Community	150

* # of Employees based on 5 mile radius





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FCD 24 Freestanding

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This Pizza Hut property is located at 1502 Western Blvd, Tarboro, North Carolina. Tarboro is located in Edgecombe County and is currently its county seat. It is part of the Rocky Mount, North Carolina Metropolitan Statistical Area. Tarboro is located near the western edge of North Carolina's coastal plain.

Surrounding Retail and Points of Interest

The subject property is located in a strong retail corridor benefiting from its proximity to various local tenants and public buildings. Major national tenants in the area include Food Lion, McDonald's, Burger King, Taco Bell, Subway, Domino's and Advance Auto Parts. The subject property is located across the street from Tarboro High School, which currently enrolls approximately 600 students. Edgecombe County's first K-12 public charter school is roughly one mile from the subject property and currently enrolls over 800 students. Vidant Edgecombe Hospital is a 117-bed general and acute-care medical hospital one mile that serves Edgecombe County's nine towns.

Traffic Counts and Demographics

There are approximately 13,000 individuals residing within a three-mile radius of the property and just over 17,000 individuals within a five-mile radius. The subject property is on Western Boulevard, which experiences an average daily traffic count of 14,000 vehicles. Western Boulevard is near U.S. Highway 64, which has an average daily traffic count of 15,000 vehicles.

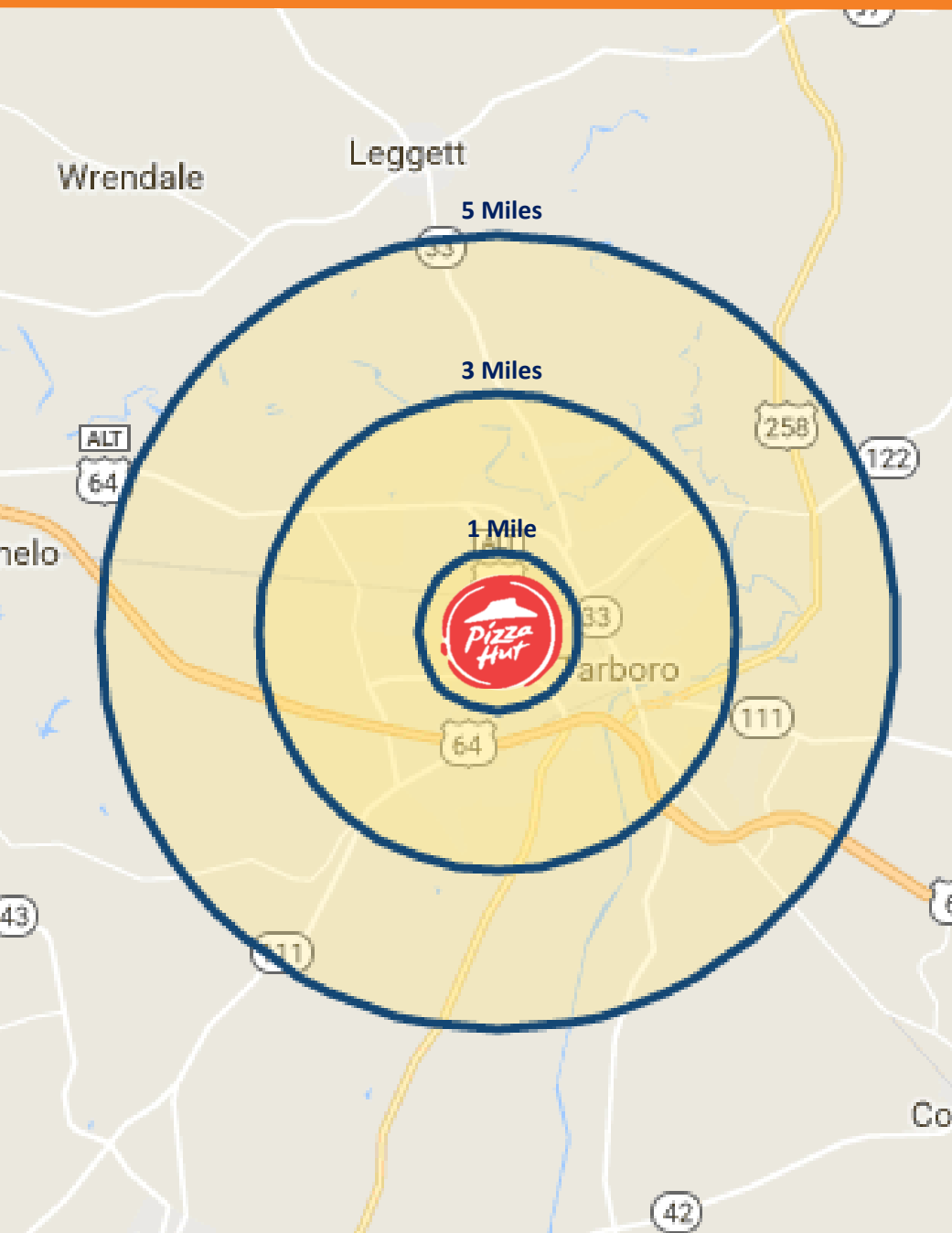
Tarboro, North Carolina

Tarboro offers a low cost of living, a strategic geographic location, a pro-business local government, and plentiful cultural and recreational amenities to nearby surrounding towns. Numerous opportunities for commercial development and its close proximity to Interstate 95 and U.S. Highway 64 make Tarboro a viable choice for new and expanding companies. The Tarboro Commerce Center is a certified industrial site with 125 acres of available space for new businesses, distribution centers or manufacturing warehouses.





	1 Miles	3 Miles	5 Miles
POPULATION			
2021 Projection	3,534	13,276	17,312
2016 Estimate	3,505	13,125	17,230
2010 Census	3,587	13,477	17,677
2000 Census	3,551	12,366	16,421
INCOME			
Average	\$51,439	\$47,474	\$47,054
Median	\$40,277	\$33,447	\$34,085
Per Capita	\$22,702	\$19,387	\$18,733
HOUSEHOLDS			
2021 Projection	1,501	5,301	6,775
2016 Estimate	1,473	5,190	6,683
2010 Census	1,501	5,315	6,843
2000 Census	1,450	4,758	6,177
HOUSING			
2016	\$104,875	\$88,345	\$81,554
EMPLOYMENT			
2016 Daytime Population	4,426	14,537	16,831
2016 Unemployment	5.99%	8.59%	8.53%
2016 Median Time Traveled	26	22	22
RACE & ETHNICITY			
White	53.84%	42.63%	41.39%
Native American	0.00%	0.13%	0.12%
African American	42.04%	51.92%	52.35%
Asian/Pacific Islander	0.66%	0.45%	0.38%



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