

Actual Site



DAIRY QUEEN GRILL & CHILL | ABSOLUTE NNN

3226 Brandon Avenue SW | Roanoke, Virginia 24018

PRESENTED BY

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## UNIQUE INVESTMENT OVERVIEW

This Dairy Queen Grill & Chill store is strategically located on U.S. Highway 11 a/k/a Brandon Avenue, a major traffic artery which connects Downtown Roanoke, VA & Interstate Hwy. 581 to the east and Downtown Salem, VA & Interstate Hwy. 81 to the west. In addition the property is surrounded by a strong demographic mix of major medical centers, multifamily and single family residential subdivisions, industrial parks and retail users. Substantial remodeling and upgrades at a cost of approximately \$400,000 were spent on this property in 2017.

This investment opportunity includes not only the Absolute NNN rental income generated by the Dairy Queen Grill & Chill store, but also the net rental income generated from the adjacent commercial property ("Adjacent Property"). This Adjacent Rental Property can be owned with minimal landlord responsibilities by utilizing an experienced local management company. Additionally, this investment opportunity includes the option to purchase an ongoing and successful business as a Franchisee of the Dairy Queen concept.

The strategy of the owner is to coordinate the sale of the entire real property with the sale of the franchised store operations for the total price of \$2,350,000. Although there is no obligation to purchase the franchised store operations, any sale of the real property, separately, will be contingent upon the owner selling the business to another Franchisee (the "Tenant") whom will be financially and operationally qualified by the Franchisor.

Accordingly in the event the property is purchased separately, then at Closing, the Tenant (successor Franchisee) will deliver the new Absolute NNN lease, providing for an initial term of 15 Years, with Six 5-Year Options, containing 10% Rental Bumps every Five Years of the entire Lease and as further described by this Offering Memorandum.

- Established Dairy Queen Grill & Chill Location Since 2000
- Substantial Remodel in 2017 of \$400,000
- Located on US Hwy. 11 – Major Arterial Connector Road
- Strong Residential, Industrial, Medical & Retail Trade Area
- Excellent Visibility and Access
- Additional Revenues From Adjacent Rental Property

## INVESTMENT OVERVIEW





## ABOUT DAIRY QUEEN

## TENANT SUMMARY

### A History of Sweet Success: A Smile And A Story®

For more than 70 years, the DQ® system's recipe for success has been simple. It's been a combination of hardworking people who own and operate restaurants, and great-tasting food and tempting treats served in our establishments.

Our phenomenal story began with the 10-cent sale of a then unnamed product on August 4, 1938, in Kankakee, Illinois. A father and son partnership in Green River, Illinois, had been experimenting with a soft frozen dairy product for some time. They contacted Sherb Noble, a good friend and customer, who agreed to run the "all you can eat" trial sale at his walk-in ice cream store. Within two hours, he dished out more than 1,600 servings of the new dessert.

Back then, food franchising was all but unheard of, but the new product's potential made it a natural for such a system. When the United States entered World War II in December 1941, there were fewer than 10 Dairy Queen® stores. However, shortly after the war, the system took off at a pace virtually unrivaled before or since. With only 100 stores in 1947, it grew to 1,446 in 1950 and then to 2,600 in 1955. Today, the DQ® system is one of the largest fast food systems in the world, with more than 6,000 restaurants in the United States, Canada and 18 other countries.

Although much has changed in the world and in the DQ® system through the years, one constant has remained: DQ® restaurants are still, and always have been, the place to find kids' sports teams celebrating a victory, business people on their lunch break and families taking time out to enjoy great food and soft serve treats. And success for the DQ® system is as simple today as it was in 1940. Satisfied customers lead to successful restaurants. Each owner of our independently owned and operated establishments worldwide is committed to nothing less than the "Fan Food not Fast Food™" slogan.

### ABOUT THE TENANT

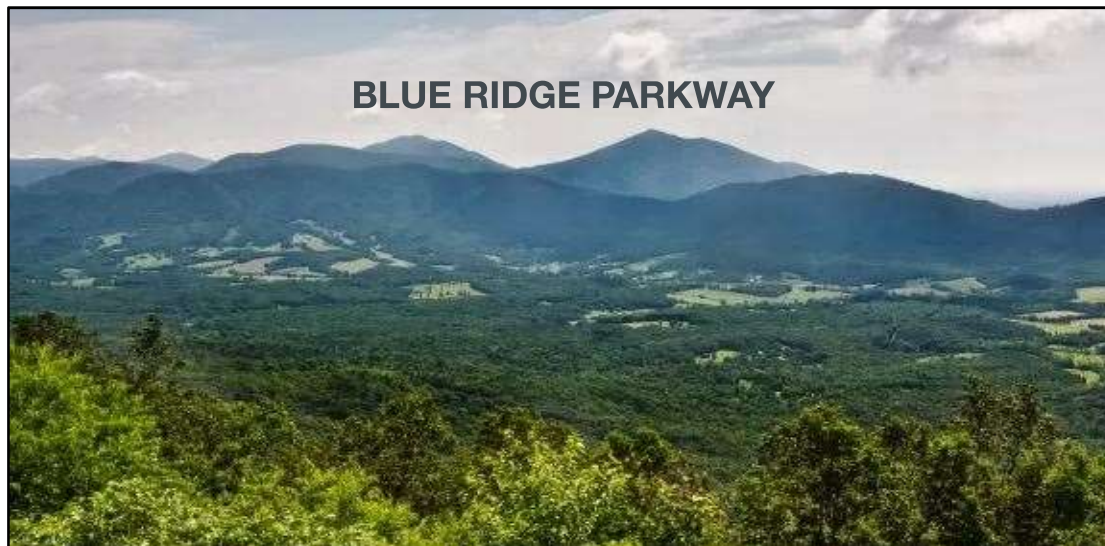
The owner is an experienced Franchisee who has grown sales at this location since originally opening in 2000. Substantial improvements in the approximate amount of \$400,000 were subsequently made in 2017. This location was identified by the owner and approved by Dairy Queen of Virginia ("Territory Owner") and International Dairy Queen, Inc., ("Franchisor"), because of its demographics, including daytime business and nighttime residential population, and for being situated on U.S. Highway 11, a major connector arterial road. Today, this location is considered a high sales volume store in the greater Roanoke MSA. The owner intends to sell the franchised business to another Franchisee who will be financially and operationally qualified by the Territory Owner and Franchisor, thereby assuring a continuation of the successful operations of this location.



## ROANOKE, VIRGINIA

Roanoke is a city in the Blue Ridge Mountains of southwest Virginia. It's known for the Roanoke Star, also known as the Mill Mountain Star, a neon landmark overlooking the city from the summit of Mill Mountain. The surrounding park area is home to trails, picnic areas and the Mill Mountain Zoo. Downtown, the Taubman Museum of Art highlights work by American artists like Thomas Eakins and John Singer Sargent.

Roanoke is the largest municipality in Southwest Virginia and is the principal municipality of the Roanoke Metropolitan Statistical Area (MSA), which had a 2017 population of 315,000. The median age is 42.5 Years. The Median Household Income of over \$51,000. It is composed of the independent cities of Roanoke and Salem, Botetourt, Craig, Franklin, and Roanoke counties. Bisected by the Roanoke River, Roanoke is the commercial and cultural hub of much of Southwest Virginia and portions of Southern West Virginia. Roanoke is home to Virginia Western Community College, American National University, Roanoke College, Jefferson College of Health Sciences and Ferrum College.

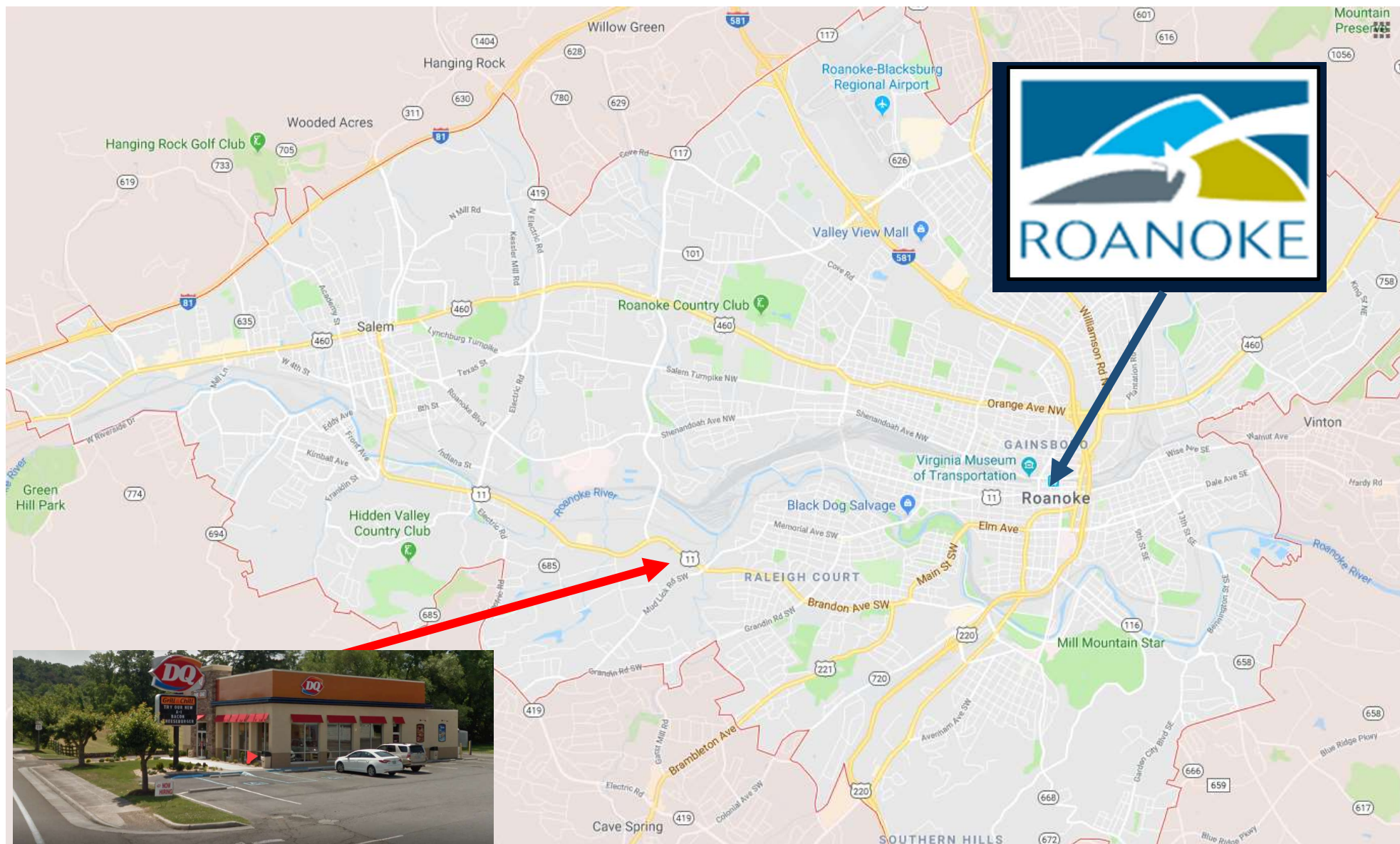


## ROANOKE, VIRGINIA





3226 Brandon Ave SW, Roanoke, VA 24018









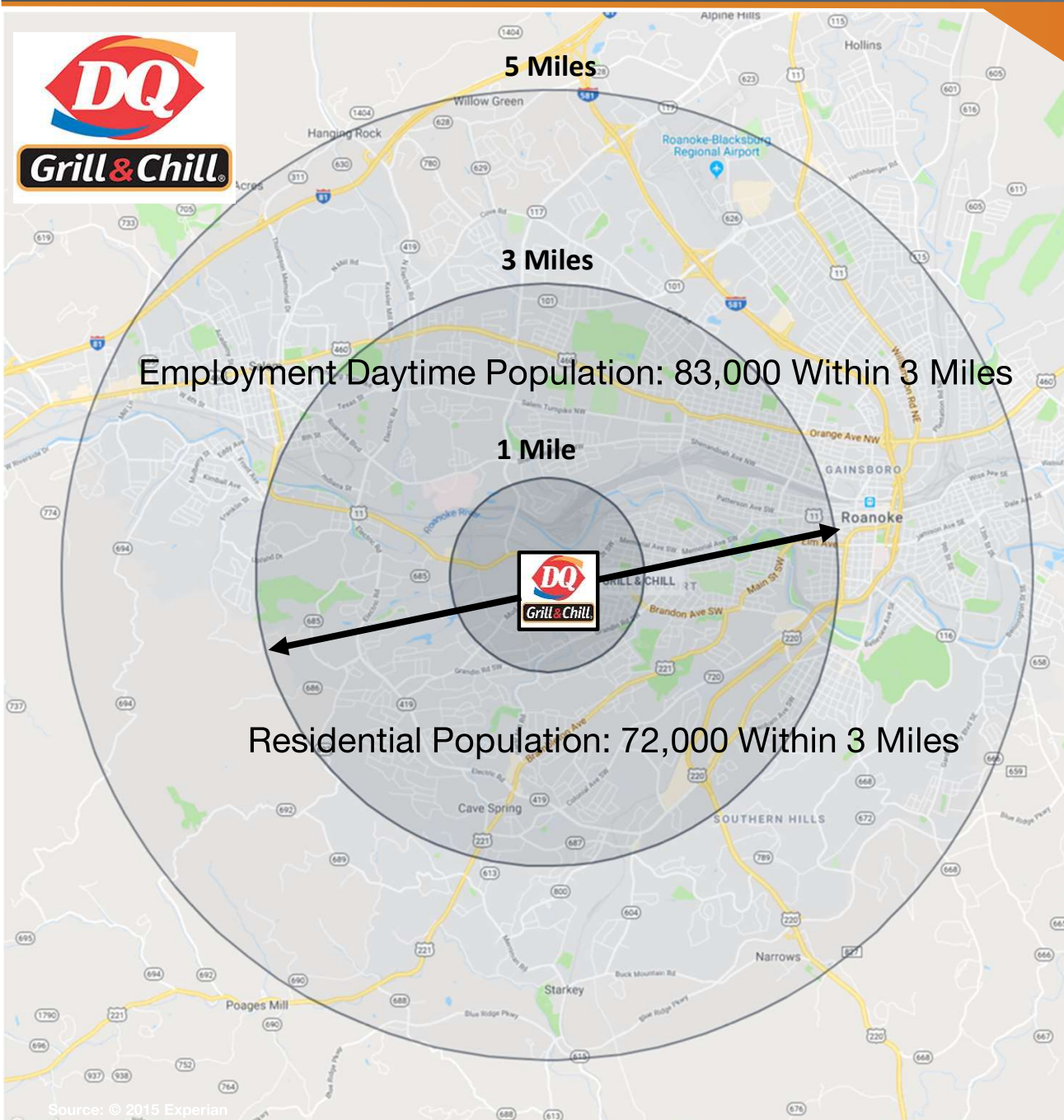


Aerial is Prior to the 2017  
Building Remodel









CREATED ON SEPTEMBER 7, 2018

	1 Miles	3 Miles	5 Miles
<b>POPULATION</b>			
2022 Projection	7,157	71,905	149,909
2017 Estimate	7,207	71,891	148,943
2010 Census	7,041	69,838	144,446
2000 Census	7,138	70,605	141,678
<b>INCOME</b>			
Average	\$70,659	\$69,285	\$71,031
Median	\$51,467	\$48,892	\$50,225
Per Capita	\$32,728	\$31,293	\$30,842
<b>HOUSEHOLDS</b>			
2022 Projection	3,317	32,657	65,120
2017 Estimate	3,327	32,203	63,824
2010 Census	3,240	31,280	61,964
2000 Census	3,347	31,453	60,978
<b>HOUSING</b>			
2017	\$177,942	\$174,342	\$171,797
<b>EMPLOYMENT</b>			
2017 Daytime Population	6,938	82,752	192,150
2017 Unemployment	3.15%	4.07%	4.18%
2017 Median Time Traveled	21	21	21
<b>RACE &amp; ETHNICITY</b>			
White	84.28%	67.81%	70.72%
Native American	0.18%	0.05%	0.05%
African American	8.58%	24.08%	21.04%
Asian/Pacific Islander	2.98%	3.28%	3.15%



## PROPERTY SUMMARY

## THE OFFERING

Property	DQ Grill & Chill
Property Address	3226 Brandon Avenue SW Roanoke, Virginia 24018
Price	\$1,338,462
Capitalization Rate	6.50%
Price/SF	\$373.98

## PROPERTY DESCRIPTION

Year Built / Renovated	2000 / 2017
Gross Leasable Area	3,579 SF
Zoning	Commercial / Industrial / Office
Type of Ownership	Fee Simple
Lot Size	1.18 Acres

## LEASE SUMMARY

Property Subtype	Net Leased Restaurant
Tenant	DQ Grill & Chill
Rent Increases	10% Each 5 Year Period
Guarantor	Franchisee Guarantee
Lease Type	Absolute Net
Lease Commencement	Close of Escrow
Initial Lease Term	15 Years From Close of Escrow
Renewable Options	6 - Five Year Options
Landlord Responsibility	None
Tenant Responsibility	Absolute NNN
Right of First Refusal/Offer	No

## OFFERING SUMMARY

## ANNUALIZED OPERATING INFORMATION

## INCOME

Net Operating Income	\$87,000
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## RENT SCHEDULE

YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF	CAP RATE
Current	\$87,000	\$7,250	\$24.31	6.50%
Years 1 to 5	\$87,000	\$7,250	\$24.31	6.50%
Years 5 to 10	\$95,700	\$7,975	\$26.74	7.15%
Years 10 to 15	\$105,270	\$8,773	\$29.41	7.87%
Option Years 16 - 20	\$115,797	\$9,650	\$32.35	8.65%
Option Years 21 - 25	\$127,377	\$10,615	\$35.59	9.52%
Option Years 26 - 30	\$140,114	\$11,676	\$39.15	10.47%
Option Years 31 - 35	\$154,126	\$12,844	\$43.06	11.52%
Option Years 36 - 40	\$169,538	\$14,128	\$47.37	12.67%
Option Years 41-45	\$186,492	\$15,541	\$52.11	13.93%



**Note 1:** Annual Gross Rental Income from Adjacent Property (Current: \$22,800 per year / Potential: \$32,400 per year) is not included in above Capitalization Rate.

**Note 2:** Above Price of \$1,338,462.00 is only for the property which includes the DQ Grill & Chill, land, building and improvements and the Adjacent Property. The above Price does not include the Business operations. The total price for all of the land, buildings, improvements and business is \$2,350,000.00.



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**Overview**

The Kinson | Russo, Net Lease Group, was formed by Doug Kinson, Joe Russo and staff and is committed to utilizing their combined 45 years of investment sales and development experience for the creation and preservation of wealth for their clients.

**Douglas T. Kinson, Director**

Doug Kinson is an experienced real estate executive with over 20 years of experience in brokerage, development, sales and leasing. Throughout his career, Doug has worked with owners and investors looking to maximize their returns through the application of proven real estate strategies. He has recently closed a variety of net lease transactions on behalf of both buyers and sellers that include Walgreens, Taco Bell, Burger King, Captain D's, Wells Fargo, and Starbucks.

Doug's focus at Marcus & Millichap is exclusively on assisting owners, investors and developers with net lease investments throughout the State of Florida and across the U.S. Prior to joining Marcus & Millichap, Doug served as Director of Net Lease Investments at Calkin Companies and Atlantic Retail Properties, where he successfully negotiated net lease transactions on behalf of his national clients. Doug is a graduate of the University of Wisconsin with both a Master's in Business Administration and Bachelor of Science degrees.

**Joseph F. Russo, Director**

Joe Russo is a Florida real estate professional with over 25 years of experience as a broker, developer, retailer and investor in commercial retail projects and NNN single tenant properties. Joe has closed deals involving more than 3 million square feet of retail projects, including life style/town centers, neighborhood community centers and NNN single tenant projects, having an aggregate value of \$275 million.

Joe prides himself on his collaborative approach and team building with other agents within and outside of the Marcus & Millichap platform in order to accomplish his clients' goals to create and preserve wealth. With degrees from the University of Texas (B.B.A., with honors) and the University of Houston College of Law (J.D.) and with his diverse investment sales and development background, Joe brings to Marcus & Millichap a wide range of vision, capabilities and expertise to service clients.



**THE KINSON | RUSSO TEAM**



**DOUGLAS T. KINSON**  
DIRECTOR, NET LEASED PROPERTIES GROUP



**JOSEPH F. RUSSO**  
DIRECTOR, NET LEASED PROPERTIES GROUP



**Andrew Jaworski**  
AGENT ASSOCIATE



**Dillion Wilson**  
AGENT ASSISTANT



**Garrett Fierstein**  
MARCUS & MILLICHAP CAPITAL CORPORATION  
DIRECTOR, DEBT & STRUCTURED FINANCING



**Ocea Huggins**  
OFFICE MANAGER

MARCUS & MILLICHAP MARKETING TEAM



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