

WENDY'S GROUND LEASE

4210 State Hwy K, O'Fallon, MO



Marcus & Millichap

WENDY'S

A 3,511 SQUARE-FOOT WENDY'S IN O'FALLON, MISSOURI



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FINANCIAL OVERVIEW



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4210 State Hwy K O'Fallon, Missouri 63368

Price	\$1,269,231
Gross Leaseable Area (GLA)	3,551 SF
Price/ SF	\$357.43
Cap Rate	6.50%
Net Operating Income	\$82,500
Year Built/Renovated	2008
Lot Size	~0.933 Acres
Type of Ownership	Ground Lease

Lease Summary

Lease Type	Ground Lease
Roof & Structure	Tenant Responsible
Lease Term	10 Years
Rent Commencement	2009
Lease Expiration	December 31, 2019
Term Remaining	2 Years
Increases	10% Every Five Years
Options	Five, Five-Year
Option to Terminate	None
Option to Purchase	None
Right of First Refusal	None

Annualized Operating Data

Term	Annual Rent	Monthly Rent
Years 1 - 5	\$75,000	\$6,250.00
Years 6 – 10	\$82,500	\$6,875.00
Option 1: Years 11 – 15	\$90,750	\$7,562.50
Option 2: Years 16 – 20	\$99,825	\$8,318.75
Option 3: Years 21-25	\$109,807	\$9,150.58
Option 4: Years 26 - 30	\$120,788	\$10,065.67
Option 5: Years 31 - 35	\$132,867	\$11,072.25
Base Rent (\$23.23/SF)		\$82,500
NET OPERATING INCOME		\$82,500
TOTAL RETURN		6.50% / \$82,500





WENDY’S

Wendy’s is an American international fast food restaurant chain founded by Dave Thomas on November 15, 1969 in Columbus, Ohio. The company moved its headquarters to Dublin, Ohio in 2006. As of 2016, Wendy’s was the world’s 3rd largest hamburger fast food chain with 6,500 locations (following Burger King & McDonald’s. On April 24, 2008, the company announced a merger with Triarc Companies Inc., a publicly traded company and the parent company of Arby’s. Despite new ownership, Wendy’s headquarters remained in Dublin. Previously, Wendy’s

had rejected more than 2 buyout offers from Triarc. Following the merger, Triarc became known as Wendy’s/Arby’s Group, and later as The Wendy’s Company. As of January 2, 2017, there were a total of 6,537 locations, including 330 that are company-owned. 6,207 restaurants are franchised, and 77% of them are located in North America. While Wendy’s sets standards for exterior store appearance, food quality, and menu, individual owners have control over hours of operations, interior décor, pricing and staff uniforms and wages.

Wendy’s menu consists primarily of hamburgers, chicken sandwiches, French fries, and beverages like the signature Frosty. The chain is known for its “old fashioned” square hamburgers, which was inspired by Dave Thomas’s trips to Kewpee Hamburgers in his home town of Kalamazoo, Michigan. The Kewpee sold square hamburgers and thick malt shakes, much like the well-known restaurant that Thomas eventually founded in Columbus, Ohio in 1969. The square patties had corners that stuck out so that customers could easily see the quality of the meat.

Outside of North America, Wendy’s operates locations in Asia (United Arab Emirates, India, Indonesia, Japan, Kuwait, Malaysia, and Philippines), Oceania (Guam, and New Zealand), and South America (Argentina, Brazil, Chile, Ecuador, and Venezuela).

Bridgeman Foods, Inc. | Wendy’s 2nd Largest Franchisee

Headquartered in Louisville, KY, Bridgeman Foods, Inc. operates as a franchisee for Wendy’s restaurants in the United States. It operates stores in Wisconsin, Illinois, Tennessee, and Florida. The company was founded in 1988 and is based in Oak Creek, Wisconsin. Currently, they operate 240 Wendy’s and 125 Chili’s with 2014 revenues of over \$759 million.

Headquarters	Dublin, Ohio
Stock Symbol	NASDAQ: WEN
Credit Rating	“B2” Moody’s
Credit Rating	“B” S&P
Locations	6,500
Website	www.wendys.com

Common Area Maintenance	Tenant pays and handles all CAM directly
Real Estate Taxes	Tenant Pays Directly to Taxing Authority
Insurance	Tenant pays for and maintains policy
Utilities	Tenant directly responsible for the payment of utilities.
Capital Expenditures	Tenant is responsible for the building and leased premises
Parking Areas	Tenant shall keep the sidewalks, parking areas and drives on or about the Leased premises in a clean, slightly, and sanitary condition, free of ice and snow and repair and fill any potholes.
HVAC	Tenant is responsible for repair and replacement of HVAC
Estoppel	Tenant shall have 15 Days to provide an executed Estoppel

INVESTMENT OVERVIEW



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Investment Highlights

- Wendy's Absolute NNN Ground Lease
- Strategically-Located off Interstate 64, along Highway K with Exposure to 90,000 VPD
- O'Fallon is located within the St. Louis MSA
- St. Louis is the 20th Largest MSA in United States with \$2.8+ Million Residents
- Located Adjacent to Citi Mortgage's 518,000 square foot Progress Point Facility
- 5-Mile Population: 104,687
- 3-Mile Average HH Income: \$109,027

Marcus & Millichap is pleased to exclusively present this single-tenant net-leased Wendy's sitting on nearly 1 acre on Highway K in O'Fallon, Missouri. The subject property currently has less than 2 years remaining on the Absolute NNN Ground Lease. The lease calls for the current annual base rent of \$82,500. Wendy's has five, five-year options to renew with 10% rental increases at each new term.

Located in St. Louis' most populated suburb of O'Fallon, just off of Interstate 64, this asset offers tremendous visibility to approximately 90,000 vehicles per day. The improvement is located just West of the Progress West Hospital, Persimmon Woods Golf Club, and employers like CitiMortgage at their 518,000-square-foot CITI Progress Point facility, providing plenty of mouths to feed. The site boasts excellent demographics with 114,090 residents within a 5-mile radius of the property and an average household income of \$85,421. With a growing population and high average household income, O'Fallon provides the ideal backdrop for Wendy's.

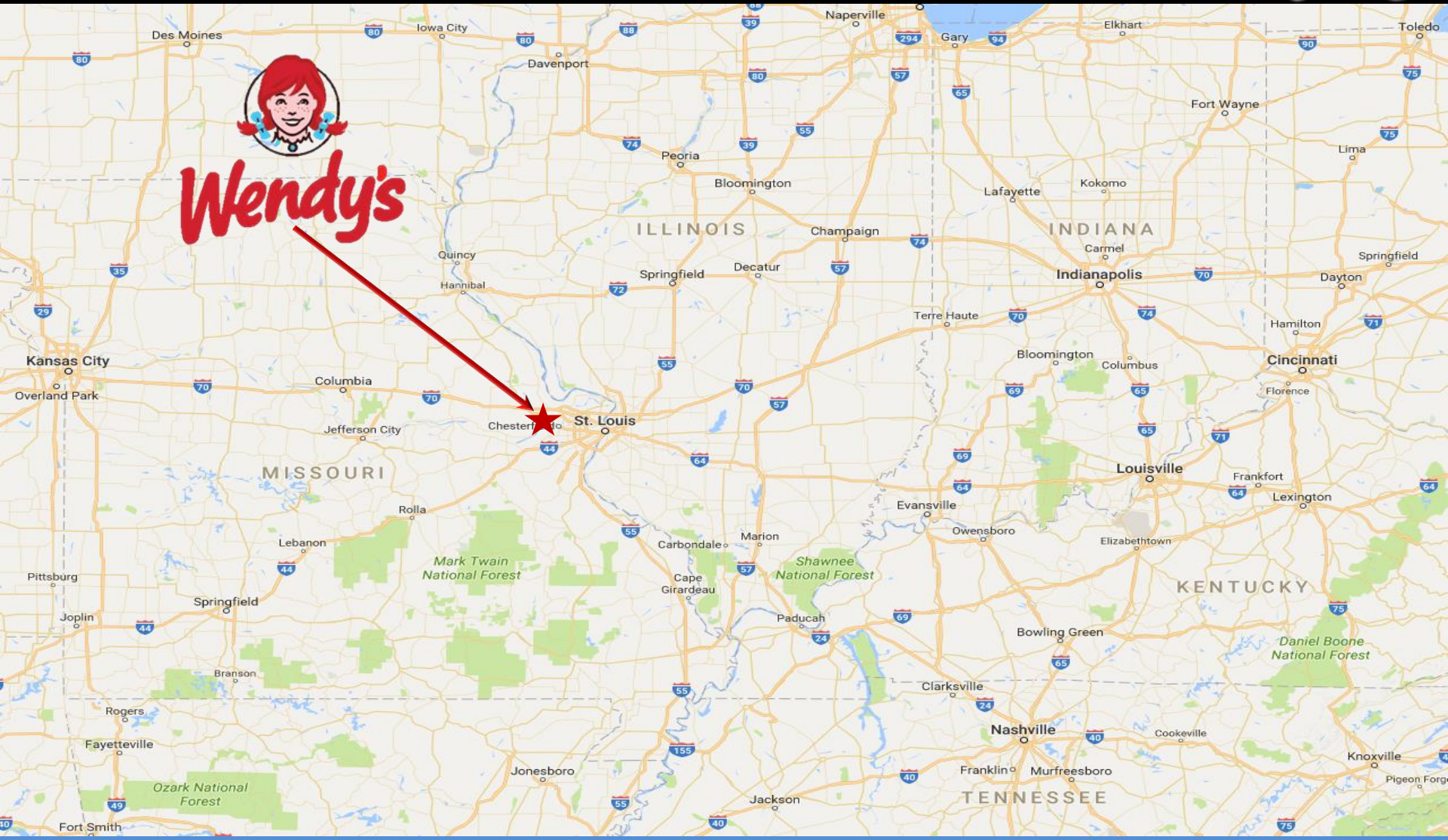
This year, O'Fallon was named a top ten city to live in by two separate periodicals for their dedication to high-performing schools, safe neighborhoods, and low unemployment.

The Wendy's Company (NASDAQ: WEN) is the world's third largest quick-service restaurant company in the hamburger sandwich segment. Wendy's is primarily engaged in the business of operating, developing, and franchising a system of distinctive quick-service restaurants serving high quality food. As of May 26, 2015, its restaurant system included approximately 6,500 franchised and company-operated restaurants worldwide.









MARKET OVERVIEW



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ST. LOUIS OVERVIEW

The St. Louis metro encompasses the city of St. Louis; the Missouri counties of St. Charles, Jefferson, Franklin, St. Louis, Lincoln, Warren and Washington; and the Illinois counties of Madison, St. Clair, Macoupin, Clinton, Monroe, Jersey, Bond and Calhoun. The metro is near the geographic center of the United States, within 500 miles of one-third of the U.S. population, and has more than 2.8 million residents. St. Louis is the most populous county with 1 million people. The city of St. Louis, which is located at the confluence of the Mississippi and Missouri rivers, is the only city in the metro with a population of more than 300,000 citizens.

METRO HIGHLIGHTS



CENTRAL LOCATION

The central U.S. location and Mississippi River accessibility allow for fast access to markets both domestically and internationally.



EXCELLENT TRANSPORTATION SYSTEM

The St. Louis metro has extensive freight, rail and sea transportation systems, providing shipping and distribution of goods worldwide.



AFFORDABLE COST OF LIVING

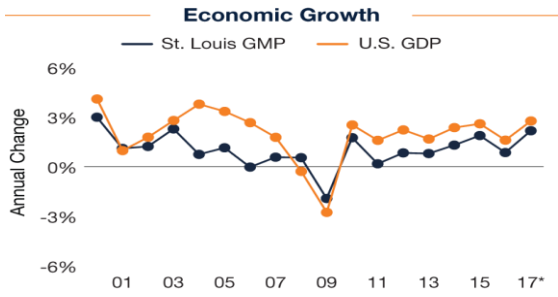
Home prices are well below other large markets in Midwestern states and the U.S. overall.



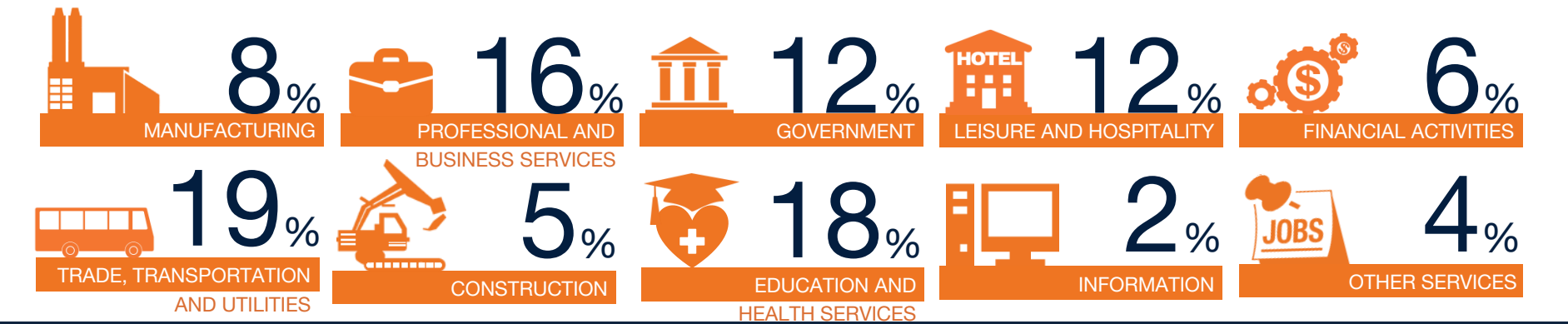
ECONOMY

- St. Louis is highly ranked for its logistics infrastructure, bolstered by its central geographic location and easy access to major waterways. It is a significant inland port.
- The region is emerging as a large financial services center, with Jones Financial locally headquartered and Reinsurance Group-America as a major employer in the area.
- Government entities pursue business development and provide resources for startups, along with incubators with guidance and inexpensive office and lab space.

MAJOR AREA EMPLOYERS	
BJC Healthcare	
The Boeing Co.	
Scott Air Force Base	
Washington University in St. Louis	
Wal-Mart	
SSM Healthcare	
St. Louis University	



SHARE OF 2016 TOTAL EMPLOYMENT



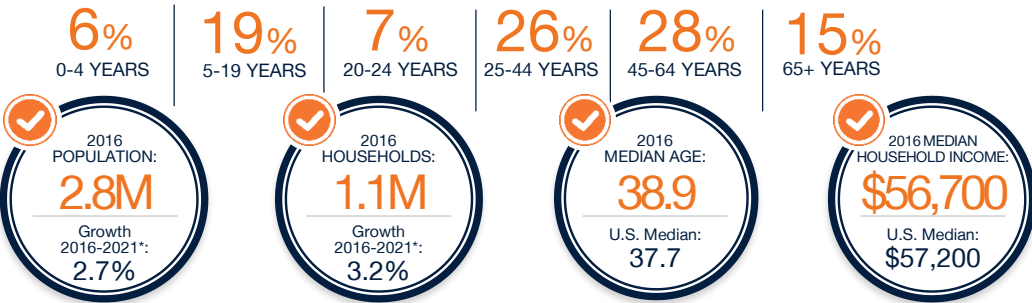
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DEMOGRAPHICS

- The metro is expected to add nearly 80,000 people through 2021, which will result in the formation of approximately 40,000 households.
- A median home price below the national level has produced a homeownership rate of 70 percent, which is well above the national rate of 64 percent.
- Roughly 31 percent of people age 25 and older hold bachelor's degrees; among those residents, 12 percent also have earned a graduate or professional degree.

2016 Population by Age



QUALITY OF LIFE

The metro boasts numerous public and private golf courses, more than 100 parks, 200 miles of trails and the Gateway Arch. Many of St. Louis' premier attractions, including the St. Louis Zoo, the St. Louis Art Museum, the Missouri History Museum and the Municipal Opera, are located in Forest Park. The park features golf courses and athletic fields. For sports fans, the area houses the St. Louis Cardinals, St. Louis Rams and the St. Louis Blues. Nearby is the Lake of the Ozarks, offering destinations for hunting, fishing, camping, hiking and spelunking. There are more than 40 colleges, universities and technical schools in the metro, enrolling around 200,000 students a year.



SPORTS



EDUCATION



ARTS & ENTERTAINMENT





Population

In 2016, the population in your selected geography is 7,044. The population has changed by 60.49% since 2000. It is estimated that the population in your area will be 8,320.00 five years from now, which represents a change of 18.11% from the current year. The current population is 48.88% male and 51.12% female. The median age of the population in your area is 36.14, compare this to the US average which is 37.68. The population density in your area is 2,239.64 people per square mile.



Households

There are currently 2,453 households in your selected geography. The number of households has changed by 72.50% since 2000. It is estimated that the number of households in your area will be 2,947 five years from now, which represents a change of 20.14% from the current year. The average household size in your area is 2.86 persons.



Income

In 2016, the median household income for your selected geography is \$95,352, compare this to the US average which is currently \$54,505. The median household income for your area has changed by 24.89% since 2000. It is estimated that the median household income in your area will be \$111,553 five years from now, which represents a change of 16.99% from the current year.

The current year per capita income in your area is \$41,421, compare this to the US average, which is \$29,962. The current year average household income in your area is \$118,904, compare this to the US average which is \$78,425.



Race and Ethnicity

The current year racial makeup of your selected area is as follows: 85.27% White, 5.88% Black, 0.03% Native American and 6.19% Asian/Pacific Islander. Compare these to US averages which are: 70.77% White, 12.80% Black, 0.19% Native American and 5.36% Asian/Pacific Islander. People of Hispanic origin are counted independently of race.

People of Hispanic origin make up 2.77% of the current year population in your selected area. Compare this to the US average of 17.65%.



Employment

In 2016, there are 27,789 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 75.32% of employees are employed in white-collar occupations in this geography, and 25.18% are employed in blue-collar occupations. In 2016, unemployment in this area is 4.02%. In 2000, the average time traveled to work was 28.00 minutes.



POPULATION	1 Miles	5 Miles	10 Miles
■ 2021 Projection			
Total Population	8,320	120,606	368,468
■ 2016 Estimate			
Total Population	7,044	109,488	341,691
■ 2010 Census			
Total Population	6,557	101,262	320,389
■ 2000 Census			
Total Population	4,389	75,189	263,119
■ Current Daytime Population			
2016 Estimate	7,145	87,076	308,119
HOUSEHOLDS	1 Miles	5 Miles	10 Miles
■ 2021 Projection			
Total Households	2,947	42,014	137,286
■ 2016 Estimate			
Total Households	2,453	37,688	126,269
Average (Mean) Household Size	2.86	2.88	2.69
■ 2010 Census			
Total Households	2,284	34,787	118,225
■ 2000 Census			
Total Households	1,422	23,917	91,643
■ Occupied Units			
2021 Projection	2,947	42,014	137,286
2016 Estimate	2,530	38,988	131,281
HOUSEHOLDS BY INCOME	1 Miles	5 Miles	10 Miles
■ 2016 Estimate			
\$150,000 or More	16.56%	13.36%	12.89%
\$100,000 - \$149,000	25.65%	24.01%	21.55%
\$75,000 - \$99,999	20.83%	19.49%	17.66%
\$50,000 - \$74,999	15.76%	18.11%	18.34%
\$35,000 - \$49,999	6.11%	9.36%	10.58%
Under \$35,000	10.97%	12.89%	15.79%
Average Household Income	\$118,904	\$104,906	\$104,787
Median Household Income	\$95,352	\$87,098	\$82,289
Per Capita Income	\$41,421	\$36,150	\$38,778

HOUSEHOLDS BY EXPENDITURE	1 Miles	5 Miles	10 Miles
Total Average Household Retail Expenditure	\$75,863	\$73,670	\$71,178
■ Consumer Expenditure Top 10 Categories			
Housing	\$20,208	\$19,421	\$18,872
Transportation	\$13,117	\$12,682	\$12,217
Shelter	\$10,685	\$10,202	\$9,986
Food	\$8,641	\$8,360	\$8,073
Personal Insurance and Pensions	\$7,974	\$7,272	\$6,768
Health Care	\$5,976	\$6,016	\$5,971
Utilities	\$4,741	\$4,644	\$4,542
Entertainment	\$3,591	\$3,418	\$3,303
Household Furnishings and Equipment	\$2,629	\$2,489	\$2,325
Cash Contributions	\$2,019	\$2,216	\$2,174
POPULATION PROFILE	1 Miles	5 Miles	10 Miles
■ Population By Age			
2016 Estimate Total Population	7,044	109,488	341,691
Under 20	31.76%	30.14%	27.02%
20 to 34 Years	16.81%	16.17%	17.55%
35 to 39 Years	6.62%	6.99%	6.28%
40 to 49 Years	16.40%	15.76%	14.17%
50 to 64 Years	20.07%	19.79%	21.68%
Age 65+	8.35%	11.15%	13.28%
Median Age	36.14	37.73	39.33
■ Population 25+ by Education Level			
2016 Estimate Population Age 25+	4,397	70,682	230,282
Elementary (0-8)	0.41%	0.64%	1.17%
Some High School (9-11)	2.34%	3.77%	3.93%
High School Graduate (12)	18.39%	22.93%	23.14%
Some College (13-15)	22.25%	22.78%	21.90%
Associate Degree Only	6.65%	8.99%	8.35%
Bachelors Degree Only	30.05%	26.40%	26.53%
Graduate Degree	19.30%	14.17%	14.58%

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WENDY'S | O'FALLON, MO

exclusive offering

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