

# Habit Burger

EXCLUSIVE NET-LEASE OFFERING



*Representative Photo*

# OFFERING MEMORANDUM



185 Ridgedale Ave, Florham Park, NJ 07932

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# Investment Highlights

PRICE: \$3,888,889 | CAP: 4.50% | RENT: \$175,000



## About the Investment

- ✓ Long-Term, 20-Year Absolute Triple Net (NNN) Lease
- ✓ New Development | Will be Developed in 2018 | Estimated Completion Late 2018
- ✓ Two (2), Five (5)-Year Tenant Renewal Options, Bringing the Potential Lease Term to 30 Years
- ✓ Corporate Tenant | The Habit Restaurants, LLC

## About the Location

- ✓ Dense Retail Corridor | Trader Joe's, Walgreens, CVS, Dress Barn, Chase Bank, Bank of America, McDonald's, Starbucks, Panera Bread, Dunkin Donuts, and Many More
- ✓ Robust Demographics | Population Exceeds 147,264 Individuals Within a Five-Mile Radius | Median Income of \$120,215 Within a Five-Mile Radius
- ✓ Compelling Location Fundamentals | Two Miles from Morristown Municipal Airport (MMU) | Approximately 200 Aircraft Based | Over 72,000 Aircraft Operations Per Year
- ✓ Strong Academic Presence | Within 10 Miles of Eight Different College or Universities | Over 29,000 Students Enrolled
- ✓ Strong Traffic Counts | Located at Intersection of Ridgedale Ave and Columbia Turnpike | Approximately 16,062 and 30,355 Vehicles Per Day Respectively
- ✓ Less than Five Miles from The Atlantic Health Jets Training Center | Training Facility for New York Jets

## About the Tenant / Brand

- ✓ The Habit Burger Grill is a Fast-Casual Restaurant Chain that Specializes in Preparing Fresh, Made-to-Order Charbroiled Hamburgers and Other Typical Fast-Casual Fare
- ✓ One of the Fastest-Growing Fast Food Chains in the United States
- ✓ KarpReilly, a Private Equity Firm, Acquired an Equity Interest in 2007 | Brought the Habit Burger Grill from 17 Locations to Over 200 from 2007 to Present
- ✓ The Habit Burger Grill has Locations in 11 States and Two Countries | Plans to Expand into the United Kingdom with 30 Restaurants
- ✓ Publicly Traded on the NASDAQ Stock Exchange Under the Ticker Symbol 'HABT'
- ✓ In 2014 The Habit Burger Grill's "Charburger" Was Named the Best Burger in America by Consumer Reports | One of America's Leading Consumer Magazines







# Financial Analysis

PRICE: \$3,888,889 | CAP: 4.50% | RENT: \$175,000



## Property Description

Property	Habit Burger
Property Address	185 Ridgedale Ave
City, State, ZIP	Florham Park, NJ 07932
Year Built / Renovated	2018
Building Size	2,680 Sq Ft
Lot Size	+/- 0.59 Acres
Type of Ownership	Fee Simple

## The Offering

Purchase Price	\$3,888,889
CAP Rate	4.50%
Annual Rent	\$175,000

## Lease Summary

Property Type	Net Leased Restaurant
Tenant	The Habit Restaurants, LLC
Ownership Type	Public (NASDAQ: HABT)
Original Lease Term	20 Years
Lease Commencement	11/1/2018
Lease Expiration	11/30/2038
Lease Term Remaining	20 Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Options to Renew	Two, Five-Year Options

Option Increases	Fair Market Rental Value of Property at Exercise of Option, 3% Annual Increases Thereafter
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Glen Kunofsky and Judson Kauffman, Exclusive Listing Agents, are also Principals of this property. They are licensed real estate salespersons for Marcus and Millichap in the state of New York.

## RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 1	\$175,000	\$14,583.33	-
Year 2	\$175,000	\$14,583.33	-
Year 3	\$175,000	\$14,583.33	-
Year 4	\$175,000	\$14,583.33	-
Year 5	\$175,000	\$14,583.33	-
Year 6	\$192,500	\$16,041.67	10%
Year 7	\$192,500	\$16,041.67	-
Year 8	\$192,500	\$16,041.67	-
Year 9	\$192,500	\$16,041.67	-
Year 10	\$192,500	\$16,041.67	-
Year 11	\$211,750	\$17,645.83	10%
Year 12	\$211,750	\$17,645.83	-
Year 13	\$211,750	\$17,645.83	-
Year 14	\$211,750	\$17,645.83	-
Year 15	\$211,750	\$17,645.83	-
Year 16	\$232,925	\$19,410.42	10%
Year 17	\$232,925	\$19,410.42	-
Year 18	\$232,925	\$19,410.42	-
Year 19	\$232,925	\$19,410.42	-
Year 20	\$232,925	\$19,410.42	-

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Habit Burger Grill located at 185 Ridgedale Avenue in Florham Park, New Jersey. The site which is currently being developed, consists of roughly 2,680 rentable square feet of building space on estimated 0.59 acre parcel of land.

The Habit Burger Grill is subject to a brand new, 20-year triple-net (NNN) lease, which is estimated to commence on November 1, 2018. The annual rent is \$175,000. There are Two (2), five (5)-year tenant renewal options, extending the total possible lease term to 30 years.



# Tenant Overview



## General Information

Address	185 Ridgedale Ave, Florham Park, NJ 07932
Website	www.habitburger.com

## Company Financial Highlights

Store Count (as of 8/31/2017)	209
TTM Sales	\$331,700,000
Stock Ticker	HABT
Average Store Size	2,000 – 2,800 Square Feet

The Habit Burger Grill is a burger-centric, fast casual restaurant chain that specializes in making fresh, made-to-order char-grilled burgers and sandwiches. Their ingredients feature USDA choice tri-tip steak, grilled chicken, and sushi-grade tuna cooked over an open flame. They also feature fresh, made-to-order salads and a large selection of sides, shakes and malts. The Habit Burger Grill has generated tremendous consumer response, with their “Charburger” being named the “best tasting burger in America” in July 2014 by Consumer Reports, one of America’s leading consumer magazines. They operate in the approximately \$47 billion fast casual restaurant segment, which has helped them to create significant recent disruption in the restaurant industry and allowed them to gain market share from adjacent restaurant segments. This has resulted in significant growth opportunities for The Habit Burger Grill and other restaurant concepts, alike.

The first Habit Burger Grill location was opened in Santa Barbara, California in 1969. The Habit Burger Grill’s mission is built around creating a distinctive and diverse menu, consisting of fresh, char-grilled burgers and sandwiches made-to-order over an open flame and topped with fresh ingredients. In 2007, a private equity firm called KarpReilly acquired an equity interest in the Habit Burger Grill. At the time of KarpReilly’s investment, the Habit Burger Grill only had 17 locations. Since then, The Habit Burger Grill has grown their brand on a disciplined basis. As of the end of 2017, they have expanded to 209 locations, opening 38 of them in 2017. To increase comparable restaurant sales, The Habit Burger Grill intends to continue delivering superior execution, by focusing on customer frequency, attracting new customers and improving the amount spent by each customer.



The Habit Burger Grill consists of four pillars that form the foundation of their brand: *quality, environment, hospitality and value.*

Beginning with their food, The Habit Burger Grill has a company-wide commitment to quality. Their restaurants feature abundant natural light, hardwood, polished stone countertops, and a spacious dining area. Their open kitchen displays their made-to-order preparation, demonstrating their commitment to freshness. They aim to exceed their customers’ expectations for service and deliver genuine hospitality, beginning with their employees. Lastly, the combination of high-quality ingredients, a welcoming environment and genuine hospitality, all delivered at a low price, strengthens the value proposition for Habit customers. The price of the original “Charburger” ranges from \$3.79 to \$4.59 at company-operated locations, which is cheaper than similar items on the menus of the majority of competing fast casual restaurants.

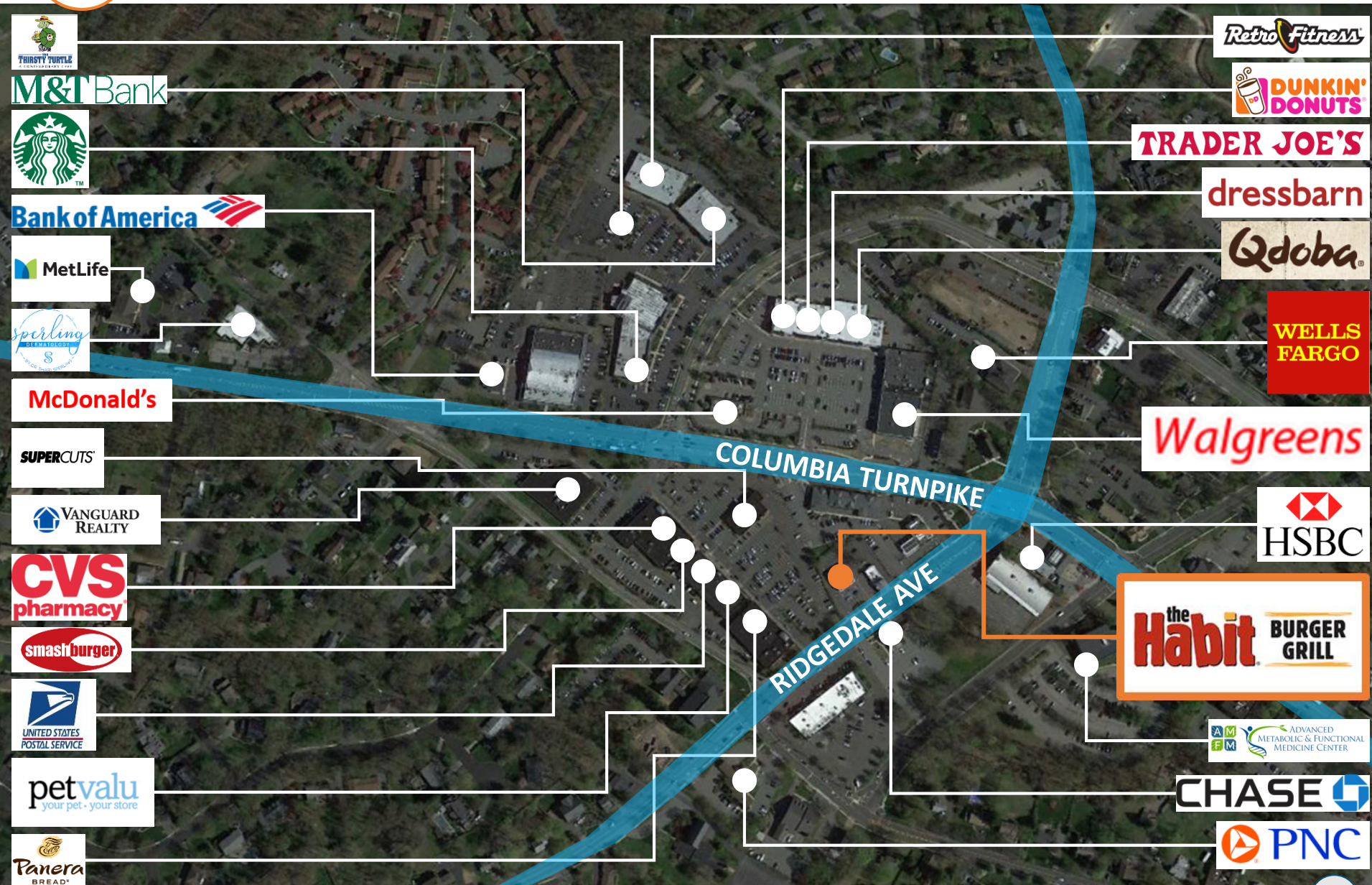




# Surrounding Area

Property Address: 185 Ridgedale Ave - Florham Park, NJ 07932

**the Habit** BURGER GRILL





# Location Overview

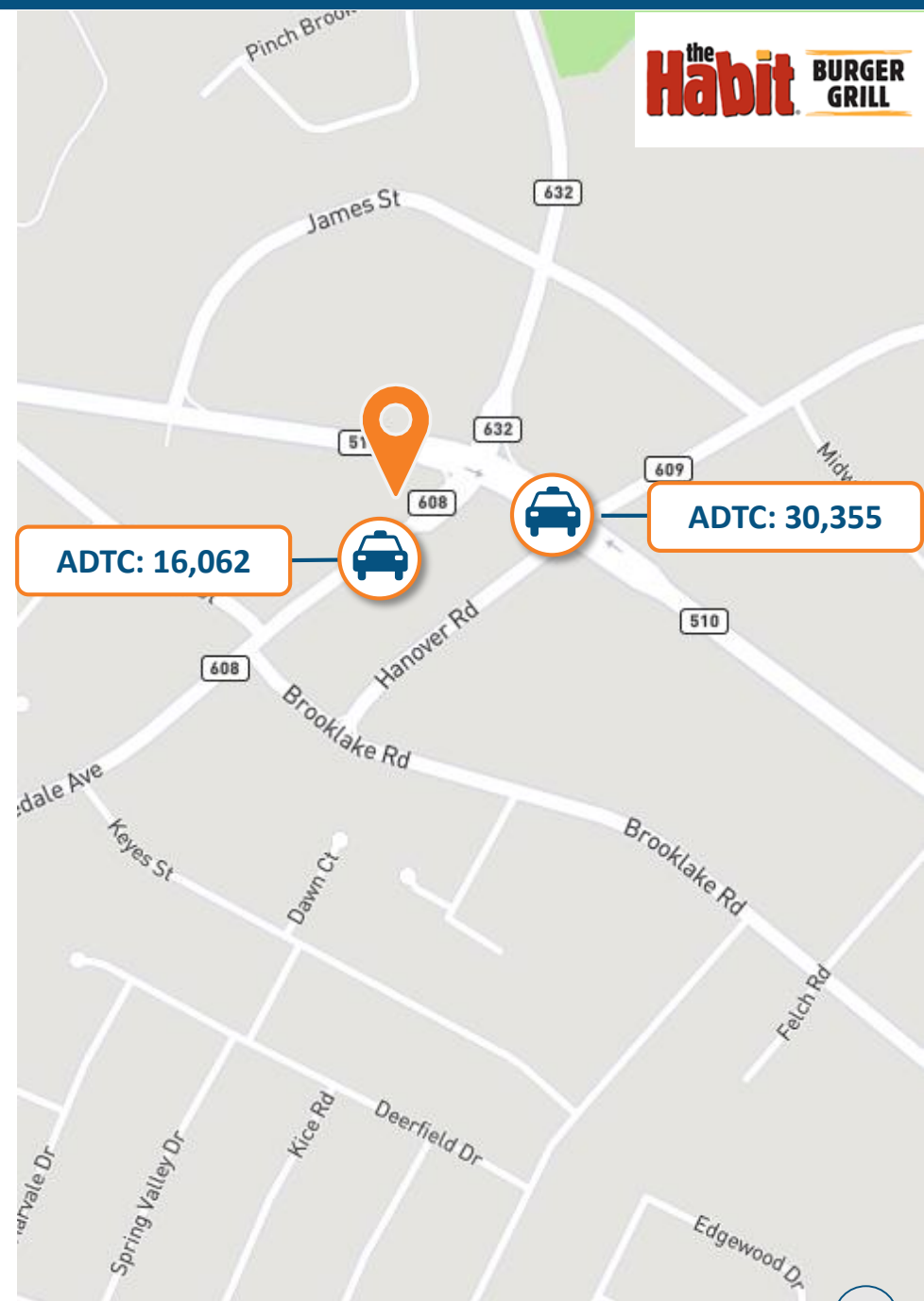
Property Address: 185 Ridgedale Ave - Florham Park, NJ 07932



The subject investment property is situated at the intersection of Ridgedale Avenue and Columbia Turnpike, which boasts average daily traffic counts of 16,062 and 30,335 vehicles per day, respectively. There are more than 147,264 individuals residing within a five-mile radius of the property and more than 844,235 individuals within a 10-mile radius.

The subject property benefits from being well-positioned in a highly dense retail corridor consisting of national and local tenants, shopping centers, and universities all within close proximity of this property. Major national tenants include: Trader Joe's, Walgreens, CVS, Dress Barn, Chase Bank, Bank of America, McDonald's, Starbucks, Panera Bread, Dunkin Donuts, and many more. This Habit Burger benefits from being situated within a 10-mile radius of several academic institutions. These include: College of Saint Elizabeth, Drew University, Fairleigh Dickinson University College at Florham, Rabbinical College of America, Caldwell College, Seton Hall University, and Union County College, which have a combined total enrollment exceeding 29,000 students. Morristown Medical Center, a nationally ranked, 687-licensed bed hospital, is less than five miles away from this property. The facility specializes in cardiology and heart surgery, geriatrics, gynecology, orthopedics and pulmonology. Morristown Municipal Airport (MMU) has approximately 200 based aircraft and over 72,000 aircraft operations per year, and is located only two miles away.

Florham Park is a borough in Morris County, New Jersey. In 2008, the National Football League's New York Jets relocated their main headquarters to the Atlantic Health Jets Training Center in Florham Park. Florham Park is located just 20 miles from Newark, the largest city by population in the U.S. state of New Jersey, and the county seat of Essex County. One of the major air, shipping, and rail hubs, the city has a population of roughly 280,000, making it the nation's 67th most populous municipality. Several leading companies have their headquarters in Newark, including Prudential, Panasonic, Audible.com, and PSEG. The U.S. District Court for the district of New Jersey holds court in the city. Local cultural venues include the New Jersey Performing Arts Center, Newark Symphony Hall, The Prudential Center, The Newark Museum, and the Bears and Eagles Riverfront Stadium. The New Jersey Devils of the NHL play their home games at The Prudential Center. More than 100,000 people commute to Newark each workday, making it the state's largest employment center. The city offers many jobs in insurance, finance, import-export, health-care, and government. Newark is also a "college town" with nearly 50,000 students attending the city's universities and medical and law schools.







# Local Map

Property Address: 185 Ridgedale Ave - Florham Park, NJ 07932

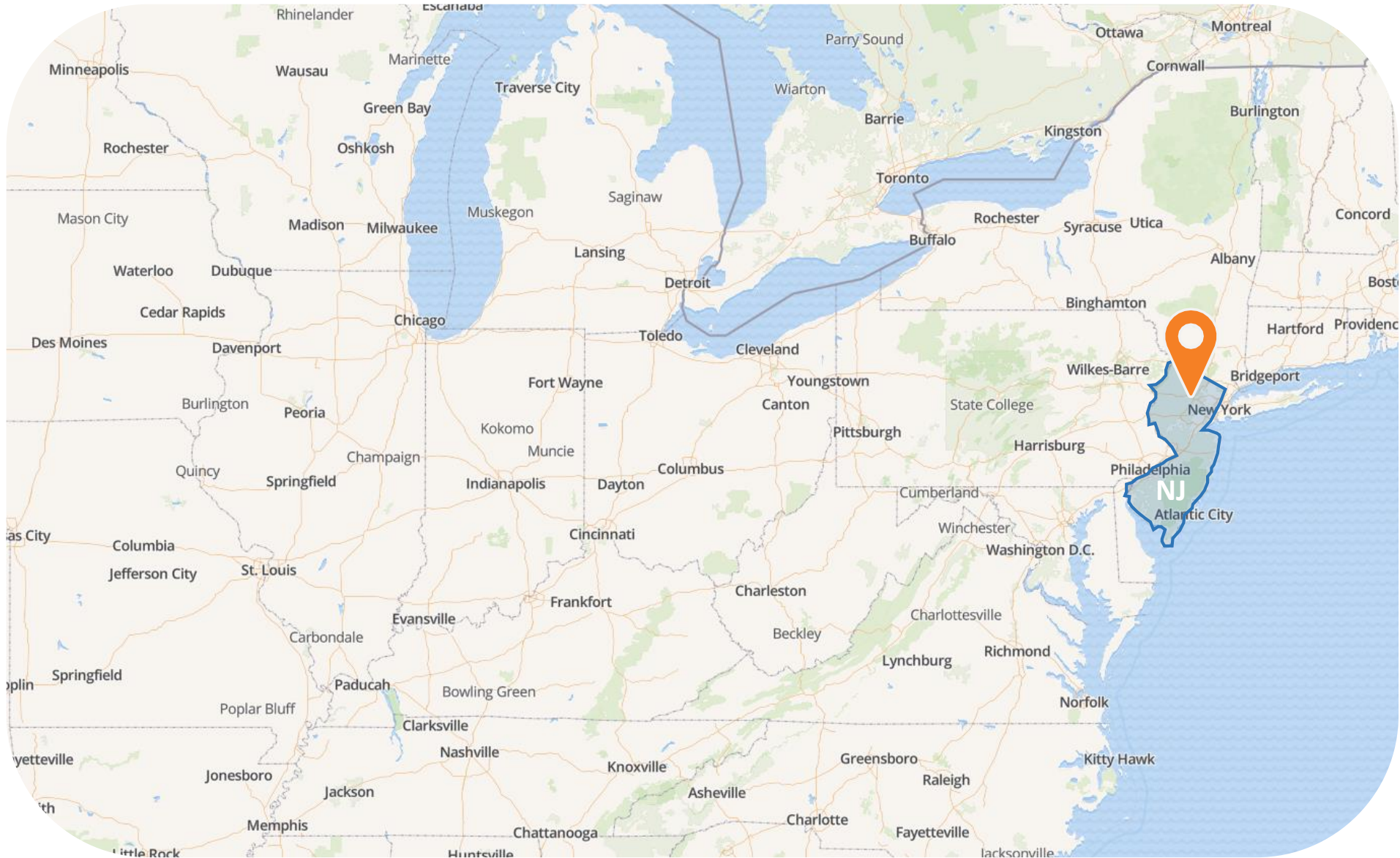






# Regional Map

Property Address: 185 Ridgedale Ave - Florham Park, NJ 07932







# Demographics

Property Address: 185 Ridgedale Ave - Florham Park, NJ 07932



## POPULATION

	3 Miles	5 Miles	10 Miles
2022 Projection	49,742	150,369	847,468
2017 Estimate	48,321	147,265	844,236
2010 Census	47,720	144,029	821,093
2000 Census	44,220	134,610	824,103

## INCOME

	3 Miles	5 Miles	10 Miles
Average	\$170,148	\$180,905	\$139,888
Median	\$121,228	\$120,215	\$89,363
Per Capita	\$61,780	\$66,347	\$51,975

## HOUSEHOLDS

	3 Miles	5 Miles	10 Miles
2022 Projection	18,010	55,269	316,224
2017 Estimate	17,248	53,591	312,162
2010 Census	16,963	52,199	302,135
2000 Census	15,604	48,739	301,503

## HOUSING

	3 Miles	5 Miles	10 Miles
2017	\$561,054	\$555,258	\$446,318

## EMPLOYMENT

	3 Miles	5 Miles	10 Miles
2017 Daytime Population	89,221	235,567	934,710
2017 Unemployment	5.88%	4.20%	5.13%
2017 Median Time Traveled	31 Mins	31 Mins	34 Mins

## RACE & ETHNICITY

	3 Miles	5 Miles	10 Miles
White	81.39%	76.40%	59.05%
Native American	0.02%	0.02%	0.03%
African American	3.21%	4.26%	25.18%
Asian/Pacific Islander	11.55%	14.12%	9.38%



# Market Overview

City: Florham Park | County: Morris | State: New Jersey



**Florham Park** is a New Jersey borough located approximately 40 miles outside of Manhattan, New York. With an estimated 2017 population of 8,622,698 distributed over a land area of about 302.6 square miles, New York City is the most densely populated major city in the United States. Located at the southern tip of the state of New York, the city is the center of the New York metropolitan area, the largest metropolitan area in the world by urban landmass and one of the world's most populous megacities. A global power city, New York City has been described as the cultural, financial, and media capital of the world, and exerts a significant impact upon commerce, entertainment, research, technology, education, politics, tourism, and sports. Home to the headquarters of the United Nations, New York is an important center for international diplomacy. Situated on one of the world's largest natural harbors, New York City consists of five boroughs, each of which is a separate county of the State of New York. The five boroughs – Brooklyn, Queens, Manhattan, The Bronx, and Staten Island – were consolidated into a single city in 1898. As many as 800 languages are spoken in New York, making it the most linguistically diverse city in the world.

Many districts and landmarks in New York City are well known, and the city received a record 62.8 million tourists in 2017. Several sources have ranked New York the most photographed city in the world. Times Square, iconic as the world's "heart" and its "Crossroads", is the brightly illuminated hub of the Broadway Theater District, one of the world's busiest pedestrian intersections, and a major center of the world's entertainment industry. Anchored by Wall Street in the Financial District of Lower Manhattan, New York City has been called both the most economically powerful city and the leading financial center of the world, and the city is home to the world's two largest stock exchanges by total market capitalization, the New York Stock Exchange and NASDAQ. Providing continuous 24/7 service, the New York City Subway is one of the most extensive metro systems worldwide, with 472 stations in operation. Over 120 colleges and universities are located in New York City, including Columbia University, New York University, and Rockefeller University, which have been ranked among the top universities in the world.

## Major Employers

Employer	Estimated # of Employees
AT&T Technologies Inc	108,000
ADP Atlantic Inc	60,000
Collabera Technologies	12,000
Briad Main Street Inc	7,000
Energy Capital Partners II LLC	5,701
Verizon Wireless	4,743
ADP	4,725
NPS	4,600
Boeing	4,518
Morristown Memorial Hospital	4,244
G C I	4,200





Marcus & Millichap

## EXCLUSIVE NET LEASE OFFERING

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