

# PIZZA HUT SALE-LEASEBACK

EXCLUSIVE NET-LEASE OFFERING



# OFFERING MEMORANDUM



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# Investment Highlights

PRICE: \$2,207,285 | CAP: 5.25% | RENT: \$115,882



## About the Investment

- ✓ Long-Term, 20-Year Absolute Triple Net (NNN) Sale-Leaseback
- ✓ Lease Commencement Upon Close of Escrow
- ✓ Two Percent (2.00%) Rental Increases Annually Starting Year Six (6)
- ✓ Four (4), Five (5)-Year Tenant Renewal Options, Bringing the Potential Lease Term to 40 Years

## About the Location

- ✓ Dense Retail Corridor | Publix, CVS Pharmacy, AutoZone, Burger King, Applebee's, McDonald's, and Many Others
- ✓ Compelling Location Fundamentals | Within a Three Mile Radius of Florida Institute of Technology | Over 5,500 Students Enrolled
- ✓ Strong Demographics | Population Exceeds 125,760 Individuals Within a Five-Mile Radius
- ✓ Positive Real Estate Fundamentals | Approximately an Hour Drive from Orlando, FL | Orlando International Airport Serves Approximately 44,000,000 Passengers Annually
- ✓ Strong Traffic Counts | Over 31,360 and 47,890 Vehicles Per Day Along Babcock Street NE and Palm Bay Road NE
- ✓ Florida | Income Tax Free State

## About the Tenant / Brand

- ✓ Globally Recognized Brand – Pizza Hut Continues to Be the Top Pizza Brand in the Country in Terms of Unit Count and Revenue
- ✓ Dedicated, Drive and Experienced Operators within the Restaurant Industry and Florida Markets
- ✓ Proven Track Record with Strong Operational History Across its 16,976 Locations Throughout the United States and in 103 Other Countries
- ✓ Celebration Restaurant Group, LLC is One of the Largest Yum! Brands Domestic Franchisees – They Operate Under the Brands of Pizza Hut (132), Taco Bell (37) and KFC (4)
- ✓ CFL Pizza, LLC - Formed in December 2009 With the Acquisition of the Pizza Hut Restaurants in Central Florida – Today They Operate 132 Pizza Huts Throughout Several States



Representative Photo



# Financial Analysis

PRICE: \$2,207,285 | CAP: 5.25% | RENT: \$115,882



## PROPERTY DESCRIPTION

Property	Pizza Hut
Property Address	4850 Babcock Street NE
City, State, ZIP	Palm Bay, FL, 32905
Estimated Building Size	4,868
Estimated Lot Size	+/- 0.69 Acres
Type of Ownership	Fee Simple

## THE OFFERING

Purchase Price	\$2,207,285
CAP Rate	5.25%
Annual Rent	\$115,882
Rent / SF	\$23.80

## LEASE SUMMARY

Property Type	Net Leased Quick Service Restaurant
Tenant / Guarantor	CFL Pizza, LLC (132-Units)
Original Lease Term	20 Years
Lease Commencement	Close of Escrow
Lease Expiration	20 Years From COE
Lease Term Remaining	20 Years
Lease Type	Absolute Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	2.00% Annually Starting Year Six (6)
Options to Renew	Four (4) Periods of Five (5) Years Each

## RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 1	\$115,882	\$9,657	-
Year 2	\$115,882	\$9,657	-
Year 3	\$115,882	\$9,657	-
Year 4	\$115,882	\$9,657	-
Year 5	\$115,882	\$9,657	-
Year 6	\$118,200	\$9,850	2.00%
Year 7	\$120,564	\$10,047	2.00%
Year 8	\$122,975	\$10,248	2.00%
Year 9	\$125,435	\$10,453	2.00%
Year 10	\$127,944	\$10,662	2.00%
Year 11	\$130,502	\$10,875	2.00%
Year 12	\$133,113	\$11,093	2.00%
Year 13	\$135,775	\$11,315	2.00%
Year 14	\$138,490	\$11,541	2.00%
Year 15	\$141,260	\$11,772	2.00%
Year 16	\$144,085	\$12,007	2.00%
Year 17	\$146,967	\$12,247	2.00%
Year 18	\$149,906	\$12,492	2.00%
Year 19	\$152,904	\$12,742	2.00%
Year 20	\$155,963	\$12,997	2.00%

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Pizza Hut located at 4850 Babcock Street NE in Palm Bay, FL. The site will consist of roughly 4,868 rentable square feet of building space on estimated 0.69-acre parcel of land. The Pizza Hut is subject to a 20-year absolute triple-net (NNN) sale-leaseback, which will commence upon close of escrow. The initial annual rent will be \$115,882 and is scheduled to increase by two percent (2.00%) annually starting year six (6) throughout the base term and in each of the four (4), five (5)-year renewal options.





# Concept Overview



## About Pizza Hut

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 2018, Pizza Hut had 16,796 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.

As of November, 2014 Pizza Hut revamped their menu, adding five new toppings, six sauces, 10 crust flavors (like "honey Sriracha" and "ginger boom boom"), and even health-conscious "Skinny Slice" pizzas.

## About Celebration Restaurant Group

Celebration Restaurant Group, LLC is one of the largest Yum! Brands domestic franchisees. They proudly own and operate 171 restaurants in the southeastern and midwestern US and employ approximately 4,000 team members. They own 132 dine-in and delivery Pizza Huts in central Florida, including metro Orlando, Ocala, Gainesville, and Brevard and Volusia counties; as well as in metro Cincinnati, including nearby Indiana and Kentucky. These Pizza Huts operate under the CFL Pizza, LLC subsidiary. Their 37 Taco Bells are located in metro Orlando and Savannah. The Taco Bells operate under our Bravo Foods, LLC subsidiary. Their four KFC restaurants are all located in central Florida and operate under our FLG Chicken, LLC subsidiary.

CFL Pizza, LLC was formed in December 2009 with the acquisition of the Pizza Hut restaurants in central Florida, including metro Orlando, Ocala, and Brevard and Volusia counties. In March 2012, the company acquired the Pizza Hut restaurants in and around Gainesville, FL. In January 2015, they purchased the majority of the Pizza Huts in metro Cincinnati, including nearby Indiana and Kentucky. Today they operate 132 Pizza Huts offering dine-in, carry out and delivery service.

## General Information

Founded	1958
Website	<a href="http://www.pizzahut.com">www.pizzahut.com</a>
Number of Locations	16,796

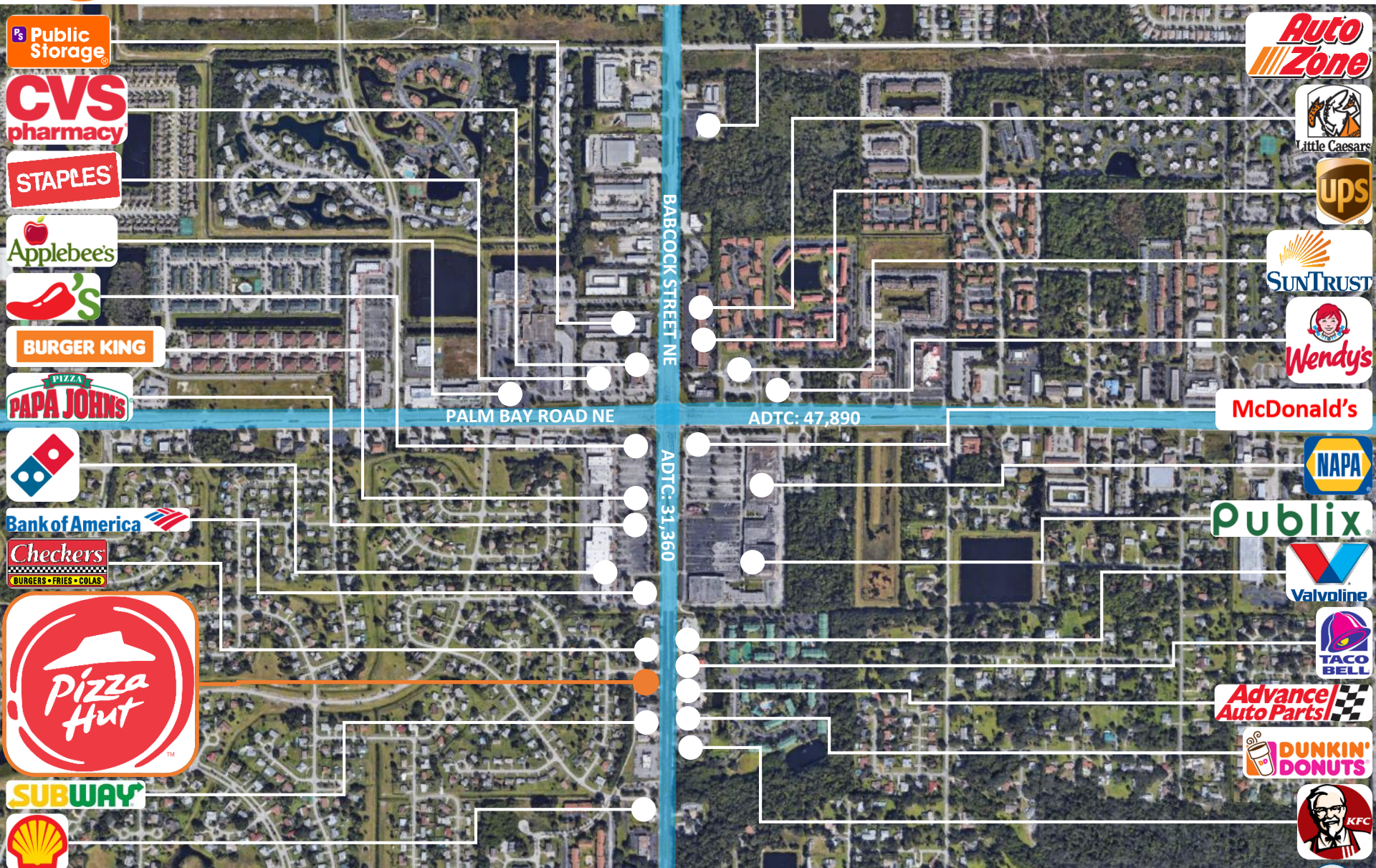






# Surrounding Area

Property Address: 4850 Babcock Street NE - Palm Bay, FL 32905







# Location Overview

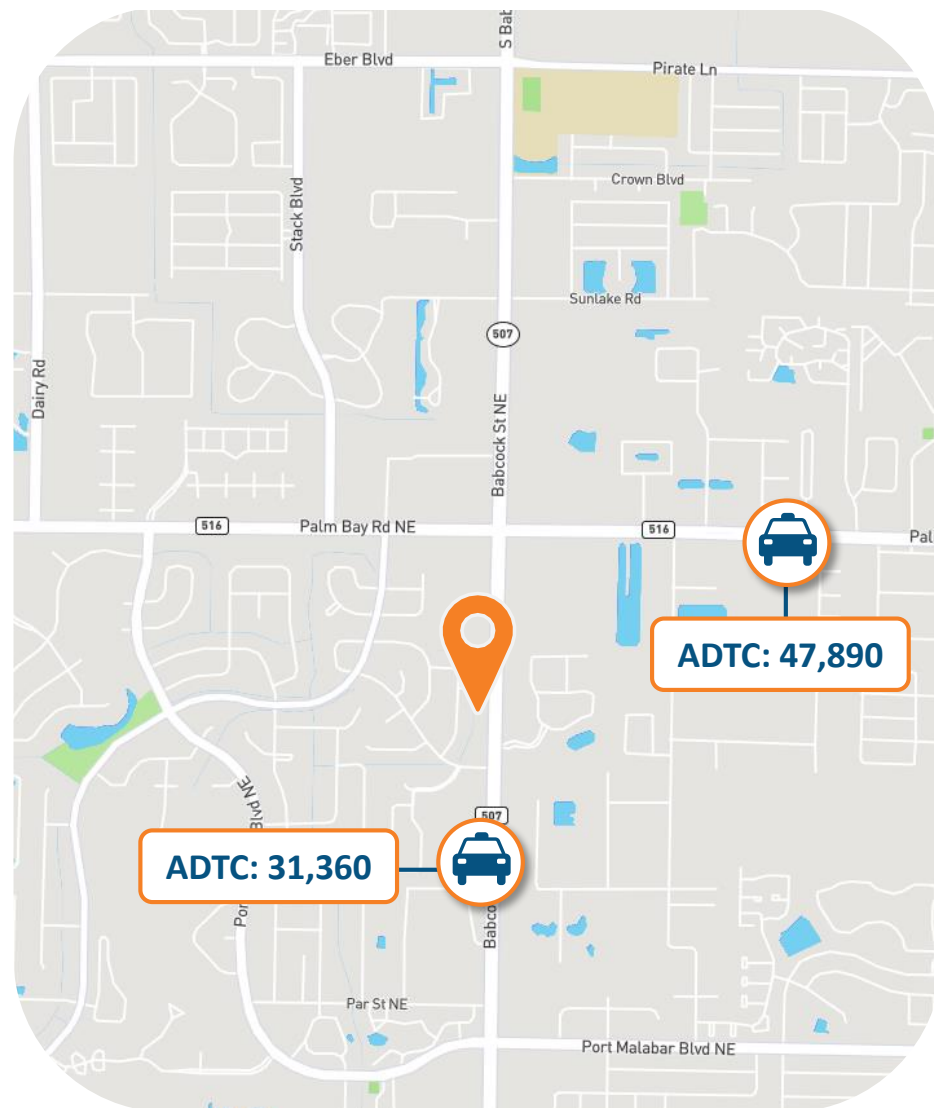
Property Address: 4850 Babcock Street NE - Palm Bay, FL 32905



The Pizza Hut property is situated on Babcock Street NE, which boasts average daily traffic counts of 31,360 vehicles respectively. Babcock Street NE intersects with Palm Bay Road NE, which brings an additional 47,890 vehicles into the immediate area on average daily. There are more than 65,240 individuals residing within a three-mile radius of the property and more than 125,760 individuals within a five-mile radius.

The subject property benefits from being well-positioned in a dense urban infill consisting of national and local tenants, shopping centers and academic institutions all within close proximity of this property. Major national tenants in the area include: Publix, CVS Pharmacy, AutoZone, Burger King, Applebee's, McDonald's, as well as many others. This Pizza Hut also benefits from its close proximity to several academic institutions. Most notable is Florida Institute of Technology, which has a total enrollment exceeding 5,500 students and is located within three miles of the subject property. Holmes Regional Medical Center, a 500+ bed, general medical and surgical facility, is located within a five mile radius of the Pizza Hut property. Orlando International Airport, the 13<sup>th</sup> busiest airport in the United States, serves approximately 44,000,000 passengers annually and is located within an hour drive from the subject property.

Palm Bay, a city in Brevard County, FL is perfectly located on Florida's east central coast, midway between Jacksonville and Miami. The four-mile stretch of Palm Bay is the gateway to the city and provides residents with many surprises, including elegant dining, scenic waterfront views and unique shopping experiences. Palm Bay is highly regarded for its numerous and diverse parks sporting themes from cyclocross and paintball wars to nature preserves and kayaking through the pristine waters of the Turkey Creek Sanctuary. Palm Bay is located less than 60 miles southeast from the bustling city of Orlando. Located in Central Florida, Orlando is the center of the Orlando metropolitan area, which has a population of 2,509,800. These figures make it the 23rd-largest metropolitan area in the United States, the sixth-largest metropolitan area in the Southern United States, and the third-largest metropolitan area in Florida. Orlando is the 73rd-largest city in the United States, the fourth-largest city in Florida, and the state's largest inland city. As one of the world's most visited tourist destinations, Orlando's famous attractions form the backbone of its tourism industry. Today, Orlando is a global leader in the 21st century innovation economy.







# Property Photo







# Surrounding Area Photos

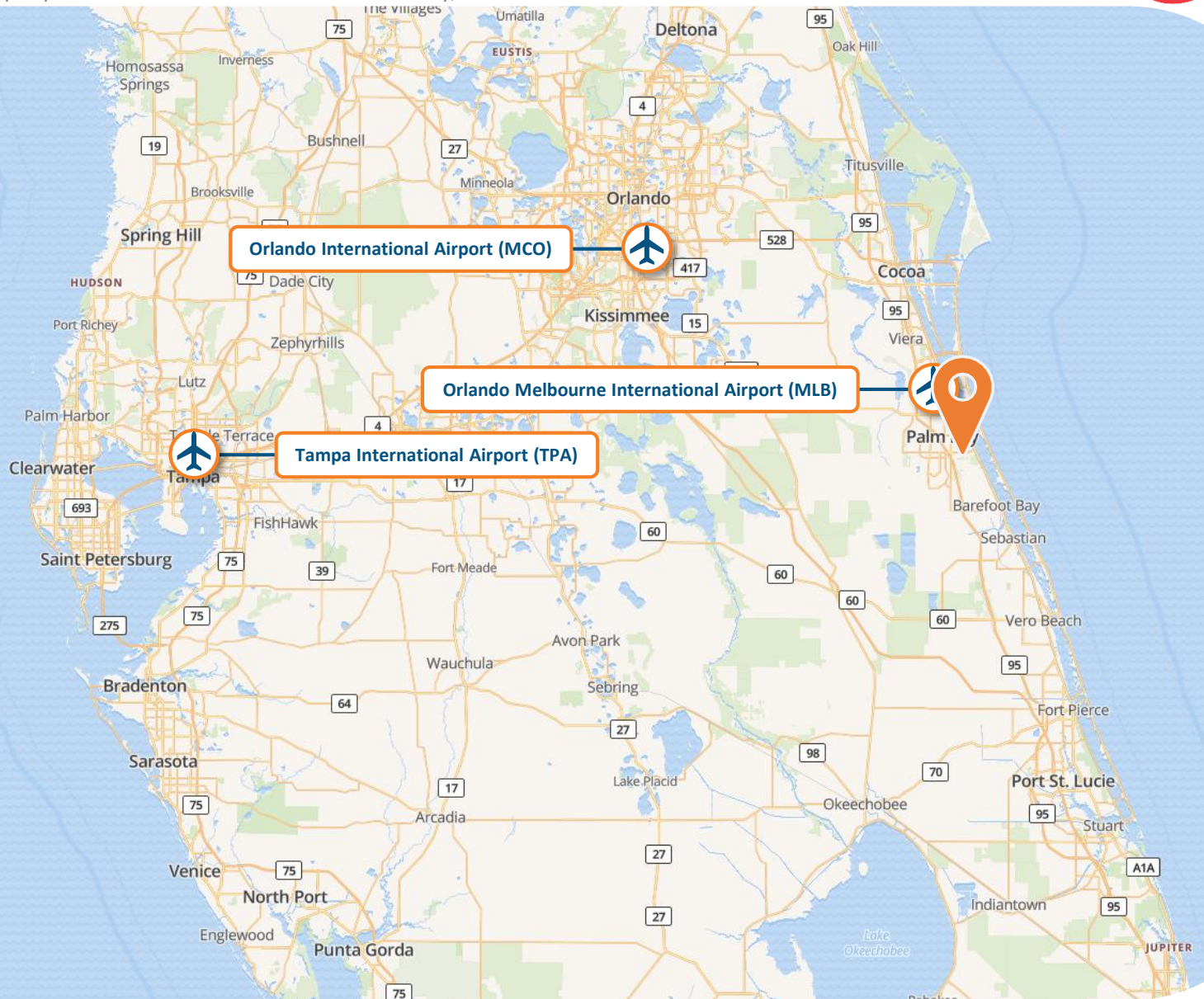






# Local Map

Property Address: 4850 Babcock Street NE - Palm Bay, FL 32905

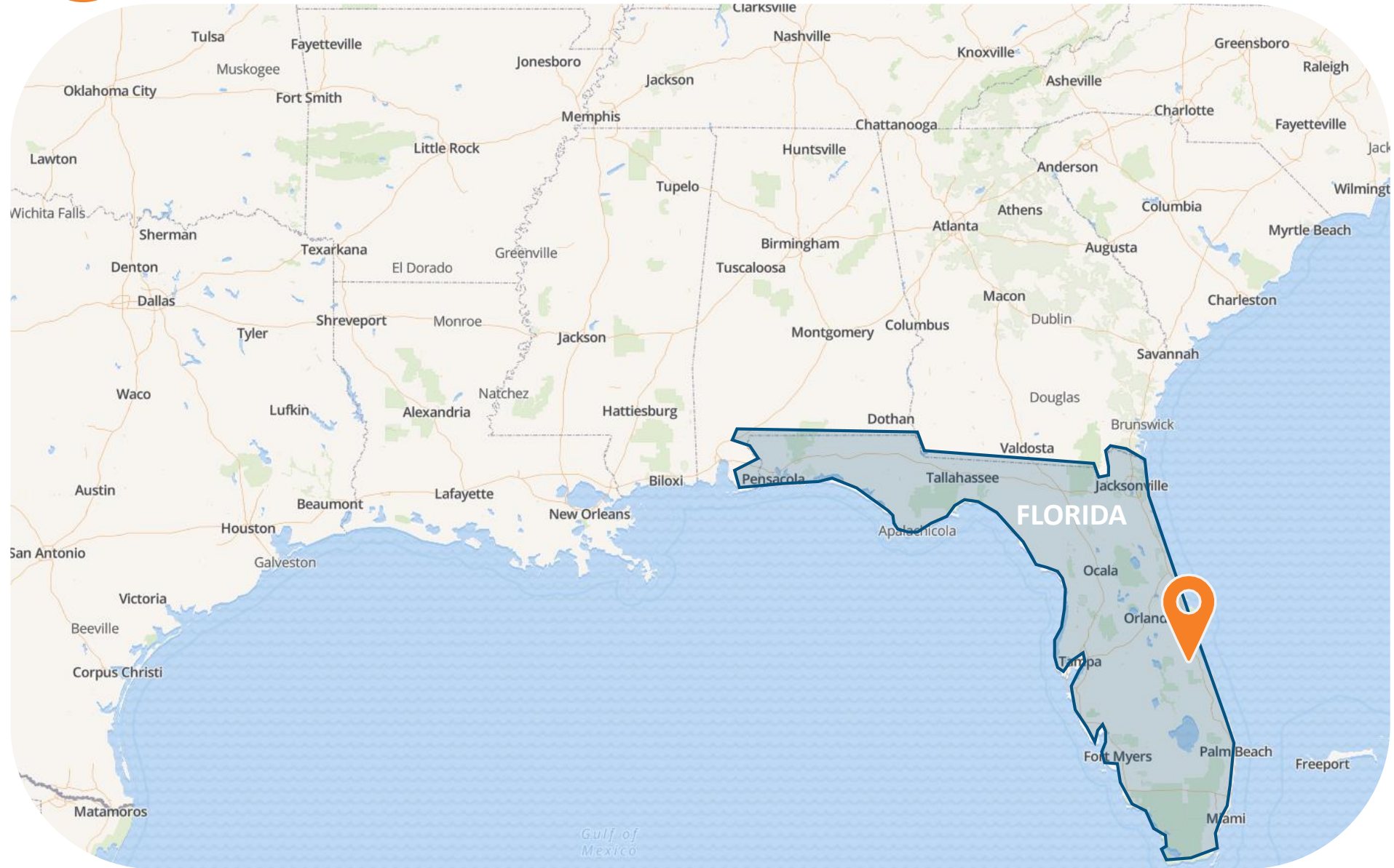




# Regional Map



Property Address: 4850 Babcock Street NE - Palm Bay, FL 32905

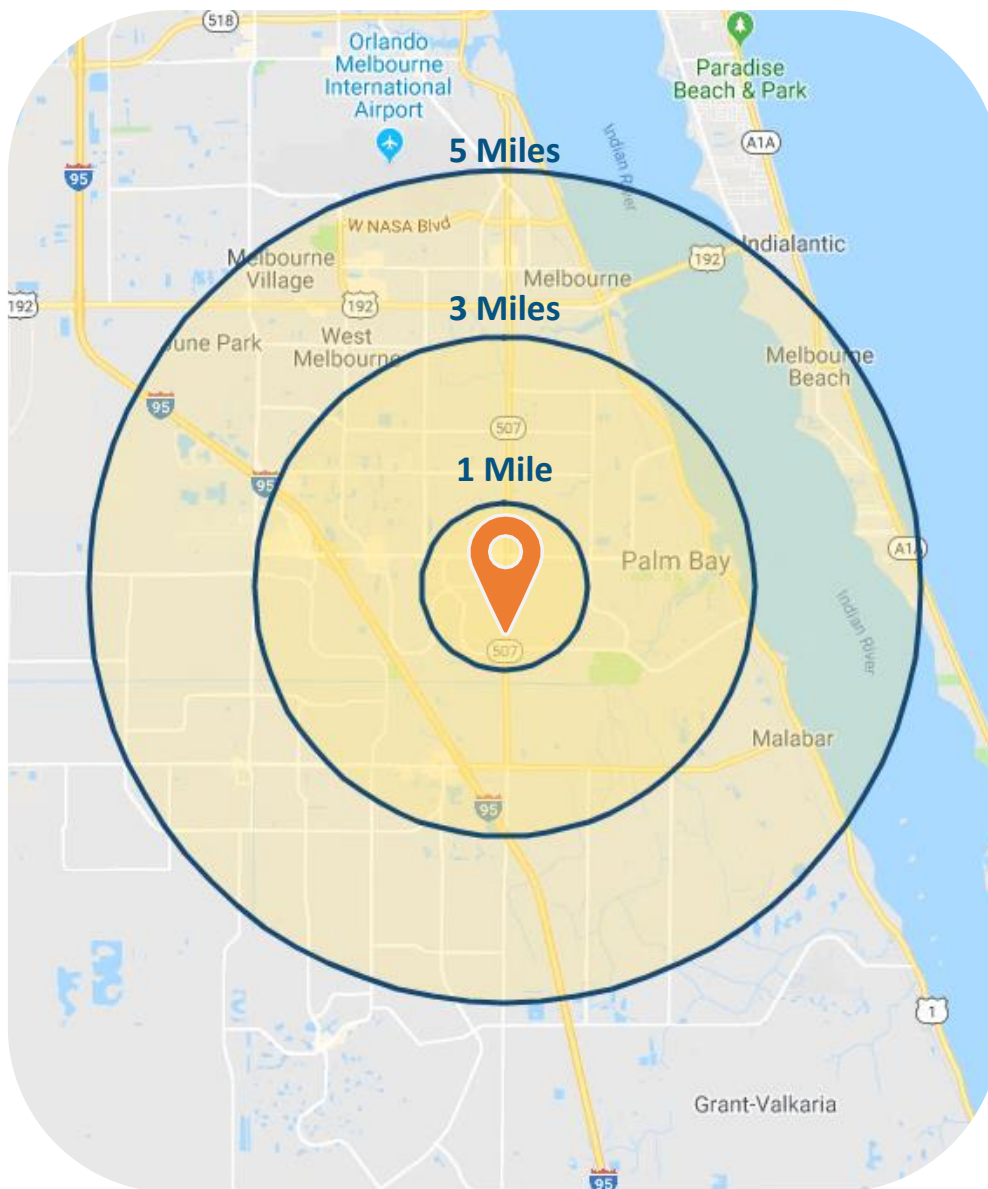






# Demographics

Property Address: 4850 Babcock Street NE - Palm Bay, FL 32905



## POPULATION

	1 Mile	3 Miles	5 Miles
2022 Projection	9,569	69,808	135,388
2017 Estimate	8,983	65,241	125,764
2010 Census	8,673	62,673	119,943
2000 Census	8,169	53,833	101,878

## INCOME

Average	\$44,865	\$53,031	\$57,569
Median	\$34,362	\$41,123	\$43,310
Per Capita	\$21,927	\$23,109	\$24,304

## HOUSEHOLDS

2022 Projection	4,679	30,591	57,329
2017 Estimate	4,341	28,081	52,560
2010 Census	4,185	26,940	50,149
2000 Census	3,851	22,716	42,025

## HOUSING

2017	\$116,217	\$120,811	\$135,000
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## EMPLOYMENT

2017 Daytime Population	9,309	69,419	146,244
2017 Unemployment	5.82%	7.07%	6.56%
2017 Median Time Traveled	21 Mins	22 Mins	23 Mins

## RACE & ETHNICITY

White	69.92%	72.53%	74.82%
Native American	0.07%	0.05%	0.05%



# Market Overview

City: Palm Bay | County: Brevard | State: Florida

*Orlando, FL*



**Orlando** is a city in the state of Florida and is the county seat of Orange County.

It is also the center of the Orlando metropolitan area, which had a population of 2,387,138, according to U.S. Census Bureau figures released in 2016. Orlando is one of the world's most visited tourist destinations, with over 68 million visitors in 2016. The two most significant tourist attractions include Walt Disney World and Universal Orlando Resort. Walt Disney World is the area's largest attraction with its many facets such as the Magic Kingdom, Epcot, Disney's Hollywood Studios, Disney's Animal Kingdom, Typhoon Lagoon, Blizzard Beach and Disney Springs. There are also many more tourist attractions located along International Drive, with one of these being the famous Orlando Eye. The city is also one of the busiest American cities for conferences and conventions, containing the Orange County Convention Center, the second-largest convention facility in the United States. According to a 2009 Pew Research Center study, Orlando ranks as the fourth-most popular American city based on where people want to live.

Orlando is also a prominent location for film, television and electronic gaming industries, aided by the presence of Universal Studios, Disney's Hollywood Studios, Full Sail University, UCF College of Arts and Humanities, the Florida Interactive Entertainment Academy, and other entertainment companies and schools. The U.S. modeling, simulation and training industry is also centered on the Orlando region, with a particularly strong presence in the Central Florida Research Park adjacent to University of Central Florida. There are also many golf courses that can be found throughout Orlando, including the Bay Hill Club and Lodge, which is home to the Arnold Palmer Invitational. Two major league professional sports teams reside in Orlando as well, including the Orlando Magic of the National Basketball Association, and the Orlando City Soccer Club of Major League Soccer. Orlando is home to two non-profit hospital systems including Orlando Health and Florida Hospital. Orlando Health's Orlando Regional Medical Center is home to Central Florida's only Level 1 trauma center, and Winnie Palmer Hospital for Women and Babies and Florida Hospital Orlando have the area's only Level III neonatal intensive care units.

## Major Employers

Employer	Estimated # of Employees
Government Aerospace Systems Div.	6,000
Holmes Regional Med Center Inc	2,494
Northrop Grumman Corporation	2,000
Northrop Grumman Systems Corp	1,726
West Melbourne Health Care Ctr	1,103
Rockwell Collins Division Comm Sys.	1,100
Palm Bay Hotel Venture LLC	1,014
Securitas Critical Infrastruct	1,002
Florida Tech	967
Melbourne Internal Medicine	915
Kindred Hospital Melbourne	777





Marcus & Millichap



## EXCLUSIVE NET LEASE OFFERING



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