

Taco Cabana (Dark)

411 E Loop 281 Suite A, Longview, Texas



Subject Property Photo

OFFERING MEMORANDUM
EXCLUSIVE NET-LEASE OFFERING

Marcus & Millichap

411 E Loop 281 Suite A, Longview, Texas

PRICE: \$1,850,000 | 5.95% CAP | NOI: \$110,000**PROPERTY DESCRIPTION**

Property	Taco Cabana (Dark)
Property Address	411 E Loop 281 Suite A,
City, State, ZIP	Longview, Texas 75605
Building Size (SF)	2,350 (SF)
Lot Size (Acres)	0.914 Acres
Year Built	2017

THE OFFERING

Rent	\$110,000
CAP Rate	5.95%
Purchase Price	\$1,850,000
Price / SF	\$787.23
Rent / SF	\$46.81

LEASE SUMMARY

Property Name	Taco Cabana (Dark)
Property Type	Net-Leased Restaurant
Tenant / Guarantor	Texas Taco Cabana, L.P.
Lease Term	20 Years
Rent Commencement	June 26, 2017
Lease Expiration	June 30, 2037
Lease Term Remaining	18.25 Years
Lease Type	Triple-Net (NNN) Ground Lease
Roof & Structure	Tenant Responsible
Option Period	Five, Five Year Renewal Option
Rent Increases	10% Rental Escalations Every Five Years

HIGHLIGHTS

- Brand New State of the Art Construction with 18+ Years Remaining on the Triple Net Ground Lease
- The Tenant is Required to Pay Over \$2.3M of Rent Over the Next 18 Years
- The Property is an Ideal Size for a Quick-Service Restaurant on Nearly an Acre of Land
- The Property Contains a Drive-Thru | Critical for Future Re-Leasing of the Property
- The Property is Situated as an Outparcel to a Home Depot with over 32,000 Vehicles Per Day That Drive by the Site



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INVESTMENT SUMMARY

The subject property is a dark Taco Cabana ground lease located in Longview, Texas. The 2,350 square foot buildings sits on a prime 0.91 acres of land at an entrance to a busy Home Depot.

This Taco Cabana has approximately 18+ years remaining on the original 20-year ground lease, which commenced in 2017. The property is subject to a true triple net (NNN) ground lease with absolutely zero landlord responsibilities. Despite being dark, the tenant is paying rent on time and covering all of the triple net expenses. The rent is presently \$110,000, however it is subject to 10 percent rental escalations every five years.

TENANT SUMMARY

Taco Cabana pioneered the Mexican patio cafe concept with its first restaurant in San Antonio, Texas in 1978. Their restaurants serve fresh, Mexican-inspired food, including tacos, flame-grilled steak and chicken fajitas served on sizzling iron skillets, quesadillas, hand-rolled flautas, enchiladas, burritos, fresh-made flour tortillas, customizable salads served in a Cabana Bowl®, and their popular breakfast tacos.

Taco Cabana operates 170 restaurants throughout the United States with nearly \$300M of annual revenue. The company is headquartered in San Antonio, Texas and has over 4,000 employees. Each year over 46 million guests in Texas, Oklahoma, and New Mexico are patrons of a Taco Cabana restaurant.

Taco Cabana's parent company, Fiesta Restaurant Group, Inc., owns, operates and franchises the Pollo Tropical® and Taco Cabana® restaurant brands. The company is publicly traded, has a combined 339 system-wide restaurants, and annual revenue of approximately \$670M.

TENANT & FINANCIAL OVERVIEW

ANNUALIZED OPERATING DATA

Initial Annual Rent	\$110,000
Rental Escalations	10% Every Five Years

RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent
Years 1 – Years 5	\$110,000	\$9,166.67
Years 6 – Years 10	\$140,250	\$10,083.33
Years 11 – Years 15	\$154,275	\$11,091.67
Years 16 – Years 20	\$169,703	\$12,200.83

CAP Rate	5.95%
Purchase Price	\$1,850,000



Subject Property	Property Address	Property City	Property State	Year Built	Bldg SF	Land Area AC	Rent	Rent Per Foot (building)	Rent Per Foot (land)
Dark Taco Cabana	411 East Loop 281	Longview	Texas	2017	2,350	.91	\$110,000	\$46.81	\$2.77

Property Name	Property Address	Property City	Property State	Year Built	Bldg SF	Land Area AC	Rent	Rent Per Foot (building)	Rent Per Foot (land)
Freddy's Frozen Custard	7707 S Broadway Ave	Tyler	Texas	2018	3,926	.86	\$165,025	\$42	\$4.41
Freddy's Frozen Custard	1370 Fm 148	Terrell	Texas	2017	3,680	1.04	\$149,999	\$41	\$3
Taco Bueno	1380 FM 148	Terrell	Texas	2016	2,850	.89	\$107,000	\$38	\$2.76
Taco Cabana	7105 I-30 Frontage Rd	Greenville	Texas	2017	2,450	1.17	\$92,550	\$38	\$2
Jack in the Box	516 US Highway 271 S	Gilmer	Texas	2003	1,985	.87	\$87,291	\$44	\$2.30
Taco Bell	216 S Timberland Dr	Lufkin	Texas	2002	2,283	.52	\$128,744	\$56	\$6
Sonic	2128 US Highway 79 S	Henderson	Texas	2006	1,526	1.10	\$112,000	\$73	\$2.34
Jack in the Box	490 East Loop 281	Longview	Texas	2017	2,280	.50	\$121,620	\$53	\$6
Wendy's	2215 S Loop 256	Palestine	Texas	2017	2,990	.69	\$114,147	\$38	\$3.80
Sonic	217 North Henderson Boulevard	Kilgore	Texas	2008	1,761	.85	\$126,660	\$72	\$3
Chili's	TX - 256 Loop and Old Elkhart Road	Palestine	Texas	2017	4,500	1.04	\$72,500	\$16	\$1.60
Applebee's	2225 South Loop 256	Palestine	Texas	1999	4,242	1.01	\$210,119	\$50	\$5
Red Lobster	3515 McCann Rd	Longview	Texas	2012	6,380	1.27	\$347,779	\$55	\$6.29
Starbucks	3073 North Eastman Road	Longview	Texas	2008	1,750	1.20	\$78,070	\$45	\$1
Wendy's	427 W Front St	Tyler	Texas	2018	2,304	.61	\$125,000	\$54	\$5
Burger King	530 S Southwest Loop 323	Tyler	Texas	1985	3,606	.62	\$130,466	\$36	\$5
Popeyes	3820 W Elm St	Tyler	Texas	2012	2,222	.47	\$86,595	\$39	\$4.23
Slim Chickens	3922 Troup Hwy	Tyler	Texas	2016	2,952	.69	\$137,484	\$47	\$5
Red Lobster	1500 West Southwest Loop 323	Tyler	Texas	2012	7,468	N/A	\$317,027	\$42	\$1.74





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This former Taco Cabana property is located at 411 East Loop 281, Suite A in Longview, Texas. Longview is a city in Gregg and Harrison counties, but most of the city is located in Gregg County. Longview is an easy two hour drive east of Dallas and only 60 miles west of Shreveport, Louisiana, which is the third most populated city in the state.

Surrounding Retail and Points of Interest

The subject property is well-positioned in a strong retail corridor benefitting from its proximity to Longview Mall. The mall contains over 70 stores and restaurants including JCPenny, Dillard's, Bealls, Dick's Sporting Goods and many more. There has been a lot of new development along Loop 281, including a new Red Robin, Slim Chickens, Bubba's 33, Excel ER, a Sprint/Pot Belly, and an On The Border Mexican Grill. Other nationally recognized brands in the area include McDonald's, Chick Fil A, Panera, Texas Roadhouse, Starbucks, Cheddar's, Wendy's, Burger King, BJ's Brewhouse, Saltgrass Steakhouse, T.J. Maxx, Bed Bath & Beyond, Best Buy, Lowe's, Ross, Home Depot, Walmart, Sam's Club, Burlington Coat Factory, and Target just to name a few.

Traffic Counts and Demographics

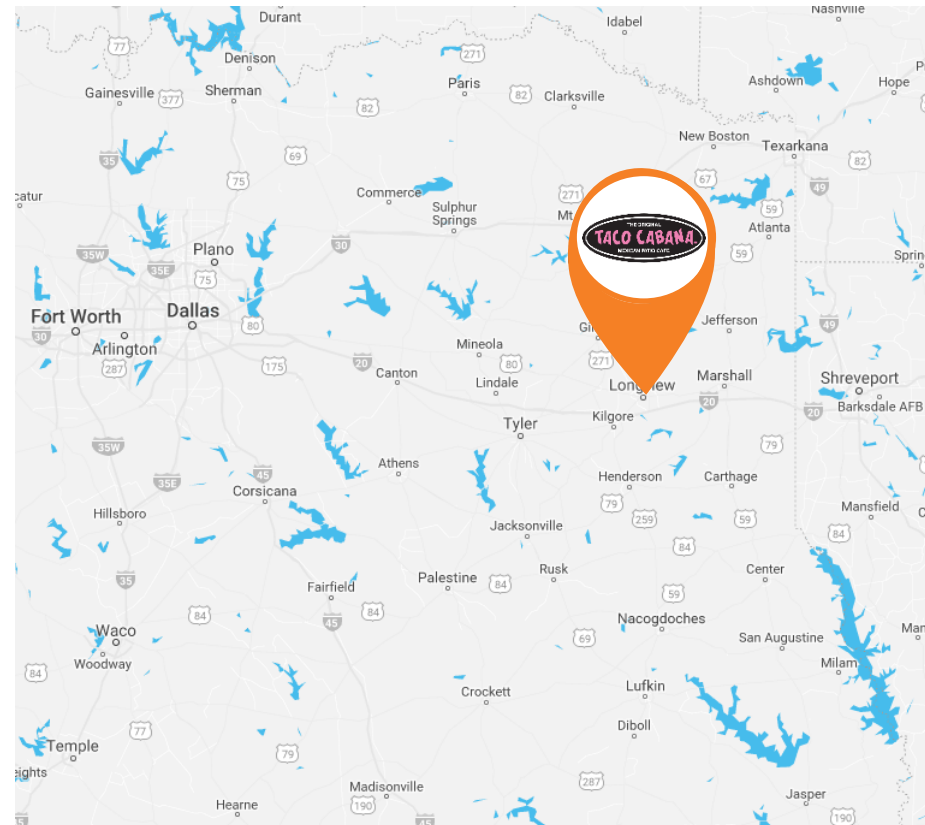
Furthermore, the surrounding area has a robust population with nearly 35,000 people residing within a three-mile radius of the property and approximately 80,000 people within a five-mile radius. This property is located directly off of Loop 281, which experiences an average daily traffic counts of 32,466 and is only a short drive from Route 259, which experiences about 23,000 vehicles per day.

About the Area

In 2014, Forbes magazine ranked Longview as the **sixth fastest-growing small city in the United States**. Longview, known as the "Balloon Capital of Texas", is home to the Great Texas Balloon Race, which takes place every July. Other annual festivals held in the city include the Boat and RV show in January, T-Bone Walker Blues Festival in June, and the Fourth of July Freedom and Fireworks celebration. The town is a regional hub for entertainment and offers a variety performance theaters. Companies with significant presence in Longview include Eastman Chemical and Trinity Rail Group; communities stimulating the city and metro area are LeTourneau University, Kilgore College, and the University of Texas at Tyler's Longview University Center. Longview has been growing, and home prices continue to rise. Some major sectors of the Longview economy include the East Texas Oil Field, services, technology, and manufacturing. The addition of Kohl's, two Starbucks, a new Target, a third Walmart supercenter on the south side, and a handful of hotels means Longview is becoming a regional hub for shopping. Keeping shoppers in Longview and away from Tyler, Dallas, and Shreveport has been an important and successful strategy for the city.

HIGHLIGHTS

- Abundance of New Development Along Loop 281 in Longview Including a New Red Robin, Slim Chickens, On the Border, Pot Belly and Many More
- Close Proximity to the Longview Mall | 70+ Stores Anchored by JC Penny, Dillard's, Dick's Sporting Goods, and Bealls
- Strong Tourism From Annual Festivals | Great Texas Balloon Race, T-Bone Walker Blues Festival, Boat & RV Show
- Forbes Listed Longview as the Sixth Fastest-Growing Small City in the U.S.



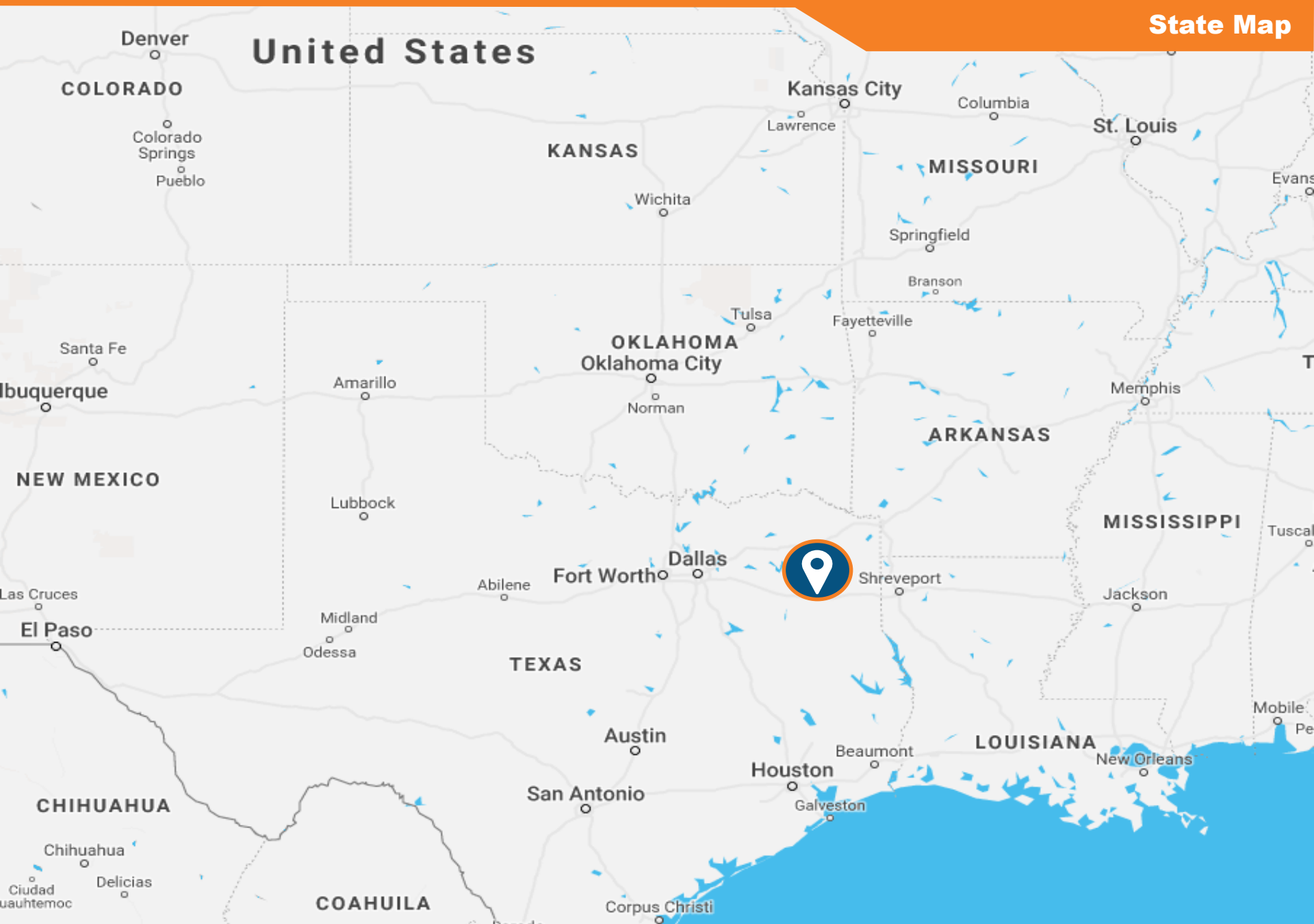


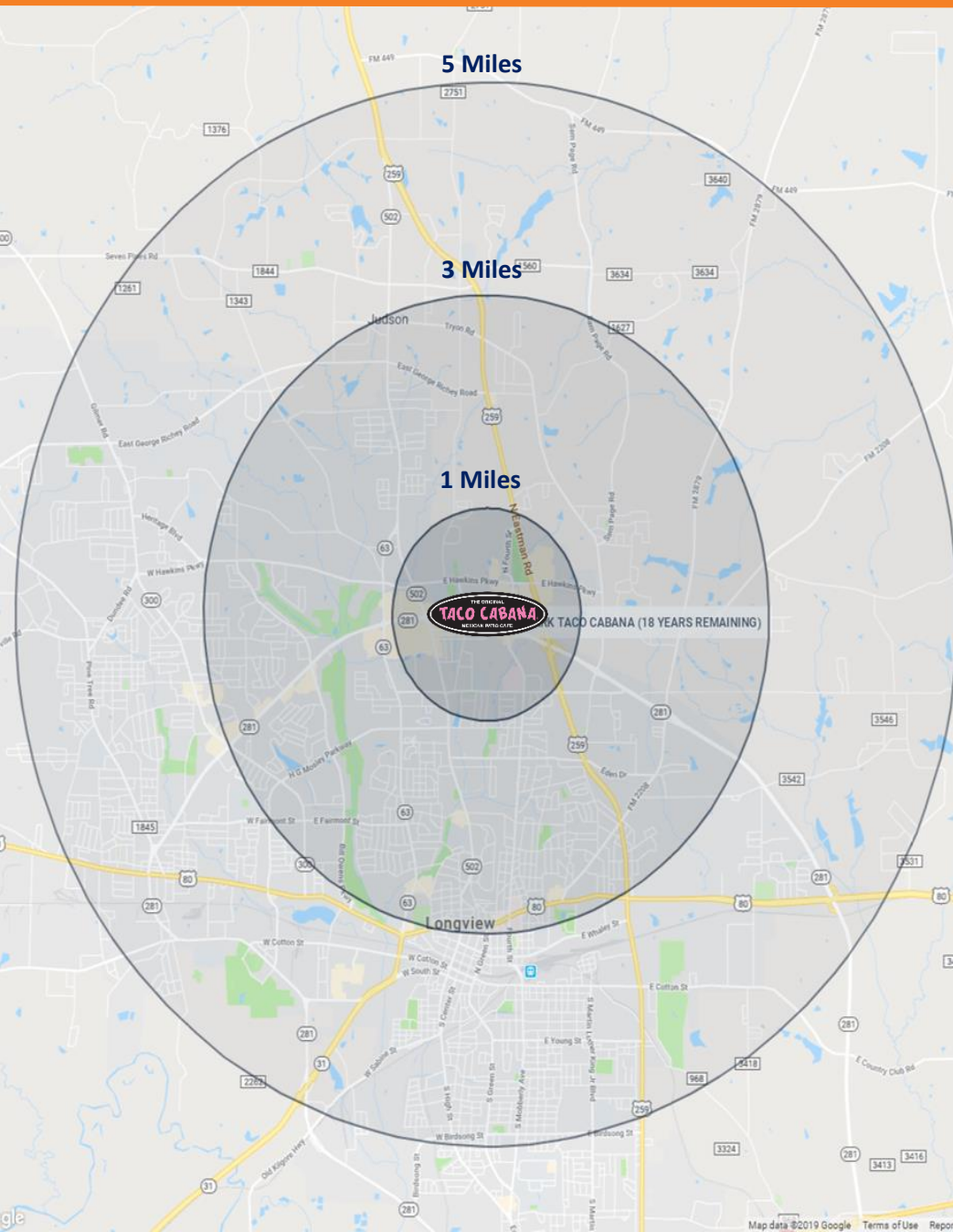
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POPULATION

	1 Mile	3 Miles	5 Miles
2023 Projection	3,528	35,598	81,001
2018 Estimate	3,372	34,841	79,761
2010 Census	3,169	33,373	77,447
2000 Census	3,389	30,582	70,706

INCOME

Average	\$57,180	\$74,063	\$67,969
Median	\$44,771	\$51,271	\$47,994
Per Capita	\$26,641	\$32,935	\$27,056

HOUSEHOLDS

2023 Projection	1,626	15,847	32,184
2018 Estimate	1,525	15,321	31,298
2010 Census	1,420	14,547	30,106
2000 Census	1,588	13,184	27,838

HOUSING

2018	\$138,598	\$161,295	\$146,483
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EMPLOYMENT

2018 Daytime Population	11,241	53,654	109,657
2018 Unemployment	4.66%	4.13%	4.86%
2018 Median Time Traveled	19	19	20

RACE & ETHNICITY

White	71.69%	72.56%	65.24%
Native American	0.02%	0.02%	0.05%
African American	17.40%	15.25%	19.62%
Asian/Pacific Islander	1.55%	2.47%	1.78%

confidentiality & disclaimer

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INFORMATION ABOUT BROKERAGE SERVICES



Information About Brokerage Services

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

TYPES OF REAL ESTATE LICENSE HOLDERS:

- A **BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- A **SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of *each party* to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - o that the owner will accept a price less than the written asking price;
 - o that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - o any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

<u>Marcus & Millichap</u>	<u>9002994</u>	<u>972.755.5200</u>
Licensed Broker / Broker Firm Name or Primary Assumed Business Name	License No.	Phone
<u>Tim Speck</u>	<u>432723</u>	<u>Tim.Speck@marcusmillichap.com</u>
Designated Broker of Firm	License No.	Phone
<u></u>	<u></u>	<u></u>
Licensed Supervisor of Sales Agent/ Associate	License No.	Phone
<u></u>	<u></u>	<u></u>
Sales Agent/Associate's Name	License No.	Phone
<u></u>	<u></u>	<u></u>

Buyer/Tenant/Seller/Landlord Initials

Date



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