



Absolute NNN Ground Lease Chick-fil-A Investment Opportunity

5617 W Saginaw Highway, Lansing, MI

Confidential Offering Memorandum

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T.J. maxx

BARNES & NOBLE
BOOKSELLERS

Higher Standards
meijer
Lower Prices



Burlington

**BIG
LOTS!**

Chick-fil-A

Cheddar's
SCRATCH KITCHEN

Summary

Executive Summary

Chick-fil-A | Lansing, Michigan





*Achieve
Ambitions*

12.5-Year Chick-fil-A Ground Lease Lansing, Michigan

The Offering

JLL is pleased to offer for sale the fee-simple interest in a corporate NNN Ground Lease Chick-fil-A (the “Property” or “Asset”) located in Lansing, Michigan. As the first stand-alone Chick-fil-A in the state, investors have the unique opportunity to purchase a recently constructed property positioned directly across from the 830,000 SF Lansing Mall. The Asset provides investors with long-term cash flow from a top global QSR tenant, featuring attractive rental increases designed to hedge against inflation.

Investment Highlights

12.5-YEARS OF ABSOLUTE NNN GROUND
LEASE TERM REMAINING WITH RENT
GROWTH

OUTPARCEL TO BIG LOTS, BURLINGTON
COAT FACTORY, & ALDI; ADJACENT TO
TARGET AND ACROSS FROM THE LANSING
MALL

TENANTED BY THE QSR LEADER IN SALES
PER UNIT, AVERAGING \$4.1 MILLION +

FIRST STAND-ALONE CHICK-FIL-A IN THE
STATE OF MICHIGAN

EXCELLENT EASE OF ACCESS & VISIBILITY
DUE TO PRIME FRONTAGE ON W
SAGINAW HIGHWAY (+28,000 VPD) &
SERVICE ROAD CONNECTION TO +20
IMMEDIATELY PROXIMATE BUSINESSES
ENDING AT MEIJER

12.5-YEAR ABSOLUTE NNN GROUND LEASE

- The Asset was delivered in 2016 featuring a 15-year absolute NNN ground lease with zero landlord responsibilities
- The lease features in-place rental escalations of 16.7% in year 6 of the lease, and 10.0% increases every 5 years after, including all 8 of the option periods

HIGHLY-SOUGHT MARKET LEADING TENANT

- The Property is the first stand-alone Chick-fil-A in the state of Michigan, detailed information on the specific site can be found at: www.cfaLansing.com
- Chick-fil-A leads all QSR tenants in average unit sales, with each restaurant averaging over \$4.1 million in revenues annually

DESIRABLE FRONTAGE & VISIBILITY IN LANSING

- West Saginaw Highway (M-43) is a main east-west thoroughfare that connects Lansing and Interstates 69 & 96
- The Asset has frontage and visibility to over 28,800 vehicles per day. Additionally, the Chick-fil-A is benefited by a service road connecting the Property to customers from the +20 surrounding businesses and ending at Meijer.
- Lansing, MI is the capital of the state and is located about 90 miles west of Detroit. Over 44,000 residents live within a 3-mile radius of the Asset with an average household income of over \$71,000.

TERRIFIC RETAIL-CENTRIC LOCATION

- The Asset is an outparcel to a Big Lots, Burlington Coat Factory, & Aldi grocery store. Adjacent to the Asset is a Target, Ashley HomeStore and ABC Warehouse.
- Across from the Asset is the Lansing Mall with over 830,000 SF of retail space, and home to national retailers JCPenney, Best Buy, Barnes & Noble, Regal Cinemas, TJ Maxx, and many more.
- This retail corridor has over 4.1 million SF of retail space, with a market vacancy rate of 4.2%, and is the major retail trade area of Lansing. Other national retailers that call this area home include Meijer, Kroger, Kohl's, Hobby Lobby, Walmart, Lowe's, Michaels, Menard's, PetSmart and others.



Property & Lease Overview

Price	\$2,300,000
Cap Rate	4.30%
Tenant	CHICK-FIL-A, Inc.
Address	5617 W Saginaw Highway (M-43) Lansing, MI 48917
Building Size	4,971 SF
Parcel Size	0.93 Acres
Ownership Interest	Ground
Year Built	2016
Lease Term Expiration	15 Years 10/31/2031
Lease Term Remaining	12.6 Years*
Lease Structure	NNN Ground Lease
Landlord Responsibilities	None
Net Operating Income	\$99,000
Increases	16.7% in year 6 (11/2021) and 10.0% every 5 years after including option periods
Renewal Options	8 x 5 Years
Drive-Thru	Yes

* From 3/31/2019

Rental Schedule

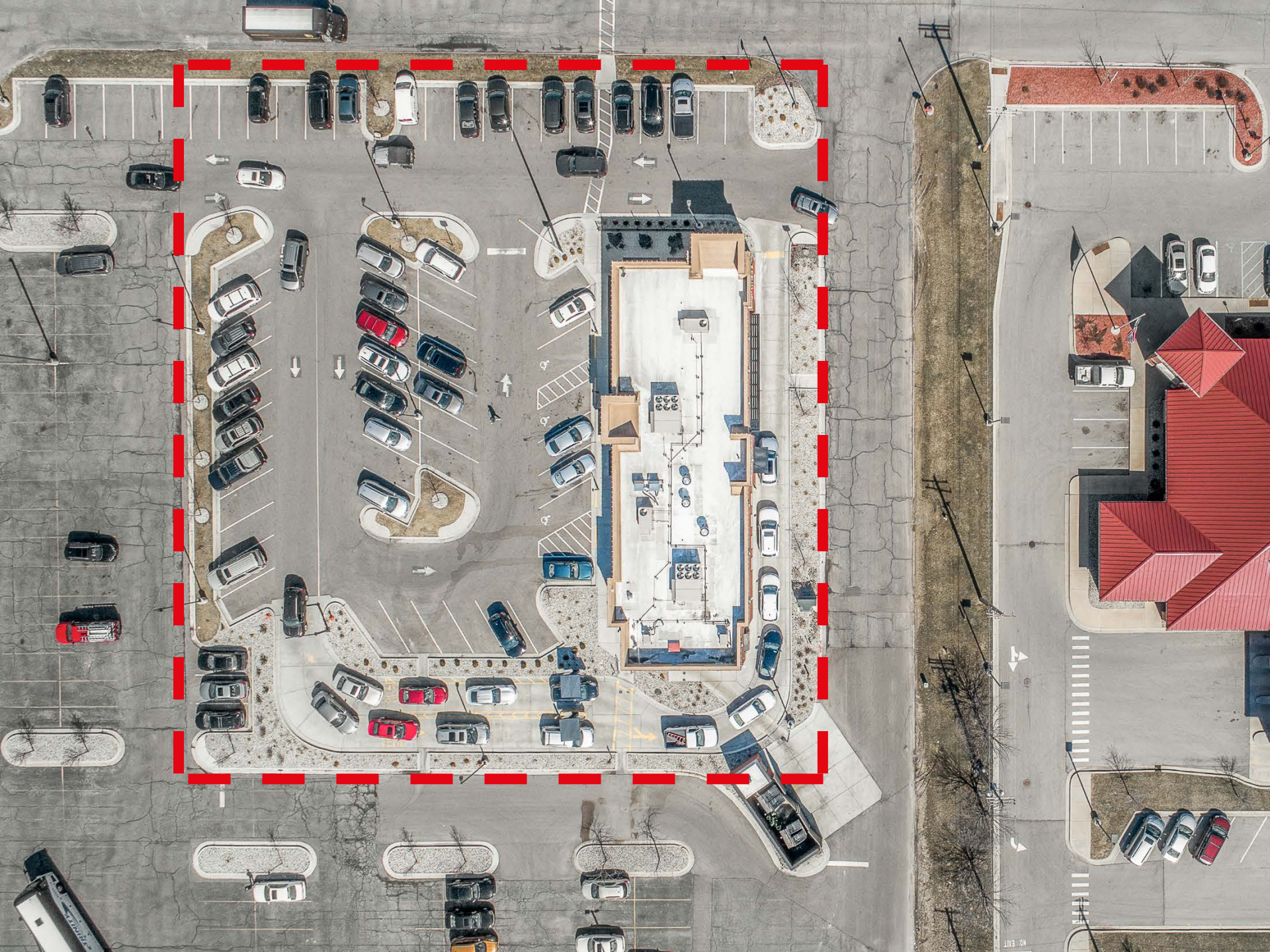
15-YEAR PRIMARY TERM

BEGIN	END	ANNUAL RENT	MONTHLY
10/13/2016	10/31/2021	\$99,000	\$8,250
11/1/2021	10/31/2026	\$115,500	\$9,625
11/1/2026	10/31/2031	\$127,050	\$10,588

OPTION PERIODS

8 Options	5 Years Each	10.0% Escalation per Option
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Tenant

Tenant Overview

Chick-fil-A





Chick-fil-A®

The Chick-fil-A logo is rendered in a vibrant red, cursive script. The letter 'C' is stylized with a large loop and a small dot, topped with five red oval shapes that resemble a chicken's comb. The text 'Chick-fil-A' follows in a fluid, handwritten style, with a registered trademark symbol (®) at the end. The logo is superimposed on a light gray world map that shows the continents of North and South America.



OUTSTANDING BRAND RECOGNITION

Founded in Georgia in 1946 as “Dwarf House”, Chick-Fil-A is one of America’s most iconic fast food restaurant brands with a famously dedicated following. Initially only a staple in the Southeast, Chick-Fil-A has grown their brand nationally, with stores reaching from California to New York City. The company’s methodical, patient approach to growth and dedication to a limited, high-quality menu has cemented Chick-Fil-A’s position at the top of the fast food industry.

CORPORATE GUARANTY AND SINGLE-UNIT OPERATION

Chick-Fil-A guarantees its leases and maintains ownership of all of its restaurants, which are run by “operators” rather than franchisees. The operators share in the restaurant’s profits with Chick-Fil-A, however they may not sell the restaurant like a typically franchisee and may not operate more than one location (with rare exception). This arrangement gives Chick-Fil-A immense control over each location, and has generated an unprecedented level of unit-level longevity, customer service, and consistency among locations.

INDUSTRY LEADING STORE PERFORMANCE

Chick-Fil-A is the industry leader in store sales, with average unit sales in 2017 of over \$4.0 million. This was over \$1.3 million higher than the second-best of restaurants in all categories, according to the 2018 “QSR 50”. The chain has grown to over 2,400 locations in 47 of 47 continental states (excluding Vermont) and in 2018, reported systemwide sales of over \$10 billion. Chick-fil-A continues to be the highest performing and most sought after restaurant brand in the net lease space.

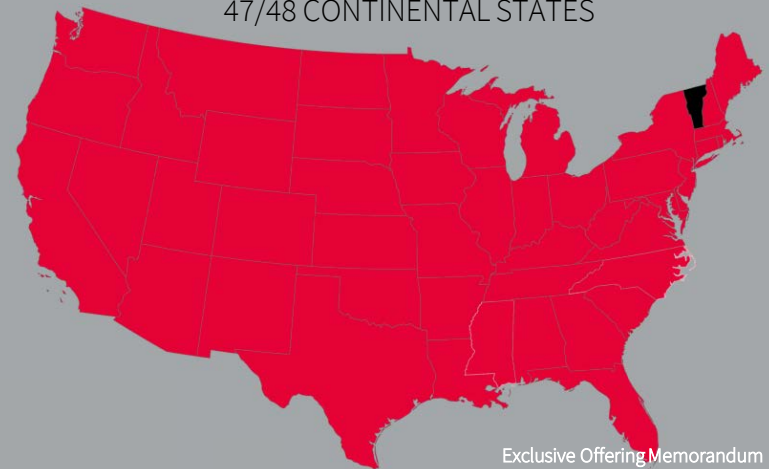




CHICK-FIL-A CORPORATE OVERVIEW

Founded	1967
Type	Privately-Owned
Locations	2,400+
Employees	12,000
2018 Revenue	+\$10.0 billion
2017 Avg Restaurant Sales	\$4.1 million
Headquarters	College Park, GA
Industry	Quick Service Restaurants
Website	Chick-fil-A.com

EXPANSIVE US FOOTPRINT:
47/48 CONTINENTAL STATES



Location

Location & Market Overview Lansing, Michigan





Chick-fil-A®

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Lansing, Michigan Demographic Profile

- The city of Lansing, situated on the banks of Michigan's Grand River, is the capital city of the state.
- Located about 90 miles west of Detroit, Lansing is often referred to as the Car Capital of North America and is the birthplace of Oldsmobile, which was founded in 1897.
- The subject Property is located along the West Saginaw Highway (M-43), which experiences over 28,000 vehicles per day. Within two miles of the Asset are Interstates I-69, I-96, and I-496 which are the main thoroughfares servicing the Lansing area. Other large routes include US Route 127 and State Highway 99.
- As of 2017, the US Census estimates the Lansing-East Lansing-Owosso tri-city population to be over 546,000, reflective of 2.1% growth since 2010. Recent efforts to revitalize and grow the city have shown promise and can be measured through income growth, population increase, and economic diversification.

DEMOGRAPHICS			
Radius	1-MILE	3-MILE	5-MILE
POPULATION			
2018 Estimate	9,003	44,068	113,361
2023 Projection	9,082	44,914	115,880
2018 # of Households	4,343	19,896	48,226
2018 - 2023 Projected Growth	0.17%	0.38%	0.44%
ESTIMATED HOUSEHOLD INCOME			
<\$35,000	32.1%	29.2%	37.2%
\$35,000 - \$49,999	13.1%	14.1%	14.5%
\$50,000 - \$74,999	20.8%	20.8%	19.8%
\$75,000 - \$99,999	12.9%	14.0%	11.7%
+\$100,000	21.1%	21.9%	16.8%
Average HH Income	\$68,552	\$71,193	\$61,267
Median HH Income	\$54,104	\$55,973	\$47,791

Michigan Capitol Building



Actual Store



Location Highlights

- The Lansing area is headquarters to eight major national insurance companies highlighted by Auto – Owners Insurance Company, Jackson National Life, The Accidental Fund, and Michigan Millers Insurance Company.
- Lansing has quickly become a leader in the information technology (IT) revolution. More than 300 IT companies employ over 9,000 residents in IT-related positions servicing all sectors of the economy. Impressively, local company Top Shelf Brands placed in the Top 500 on the 2018 Inc. 5000 annual ranking of fastest-growing private companies. The city is backed by a strong economic development corporation and resources to ensure continued growth for small and large businesses.
- The neighboring city of East Lansing, only four miles away, is well known for being the home of Michigan State University (MSU). In 2018, Michigan State University boasted a total student population north of 50,000 while also employing close to 13,000.
- The city's job market is dominated by the government sector with more than 25% of employees working in local and state positions. Furthermore, the area has strong economic ties to healthcare and the automotive manufacturing industry, providing a solid mix of white and blue collar jobs resulting in an impressively low 3.2% unemployment rate for the area as of December 2018.





W Saginaw Highway (M-43) – 28,000 VPD



W Saginaw Highway (M-43) – 28,000 VPD

Service Road

Service Road



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