

# NET LEASE INVESTMENT OFFERING



**LONGHORN STEAKHOUSE**  
7401 N 10th St  
McAllen, TX 78504

**THE**  
**Boulder**  
**GROUP**

**LEE &  
ASSOCIATES®**  
COMMERCIAL REAL ESTATE SERVICES

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**DISCLAIMER  
STATEMENT:**

The information contained in the following Offering Memorandum is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from The Boulder Group and/or Lee & Associates and should not be made available to any other person or entity without the written consent of The Boulder Group and/or Lee & Associates.

This Offering Memorandum has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. The Boulder Group and Lee & Associates has not made any investigation, and makes no warranty or representation.

The information contained in this Offering Memorandum has been obtained from sources we believe to be reliable; however, The Boulder Group and Lee & Associates have not verified, and will not verify, any of the information contained herein, nor has The Boulder Group or Lee & Associates conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.



## **EXECUTIVE SUMMARY:**

The Boulder Group and Lee & Associates are pleased to exclusively market for sale a single tenant LongHorn Steakhouse property located in McAllen, Texas. This location has strong profitability and a low rent to sales ratio. The LongHorn Steakhouse lease has approximately twelve years remaining and expires November 1, 2030. The lease features 1.5% annual rental escalations and requires no landlord responsibilities. Additionally, there are five 5-year renewal options with 1.5% annual increases in the first three options and FMV + 1.5% annual increases in the final two.

The LongHorn Steakhouse property is strategically located in a dominant retail corridor. The property is well located along a primary north-south thoroughfare (25,772 VPD) where it has excellent visibility and easy access. Retailers in the immediate area include Sam's Club, Target, H-E-B, Home Depot, Lowe's, Walmart Supercenter, Best Buy and Kohl's. Additionally, the property is also near Doctors Hospital at Renaissance, a large 530 bed health system that provides care to over 285,000 patients annually. There are over 90,000 people living within three miles of the property with an average household income of \$85,833.

LongHorn Steakhouse is known for a "Passion for Grilling" fresh, tender, juicy steaks and offers guests the widest variety of cuts and numerous preparations, including its signature bone-in Outlaw Ribeye, all served in a relaxed, warm atmosphere inspired by a rancher's home. LongHorn Steakhouse has more than 500 restaurants across 40 states. The tenant is RARE Hospitality International, Inc., a wholly owned subsidiary of Darden Restaurants, Inc., doing business as LongHorn Steakhouse. Darden Restaurants, Inc. is publicly traded (NYSE: DRI) and is an investment grade rated company (Standard & Poor's: BBB) with a \$14.3 billion enterprise value\*.

*\*As of October 2018*



## INVESTMENT HIGHLIGHTS:

- Approximately twelve years remaining on the lease
- Absolute NNN
- Corporate lease
- 1.5% annual rental escalations
- Strong profitability and a low rent to sales ratio
- Well located along a primary north-south thoroughfare (25,772 VPD) where it has excellent visibility and easy access
- Retailers in the immediate area include Sam's Club, Target, H-E-B, Home Depot, Lowe's and Walmart Supercenter, Best Buy and Kohl's
- Near Doctors Hospital at Renaissance, a large 530 bed health system that provides care to over 285,000 patients annually
- There are over 90,000 people living within three miles of the property with an average household income of \$85,833
- Texas is a tax free state

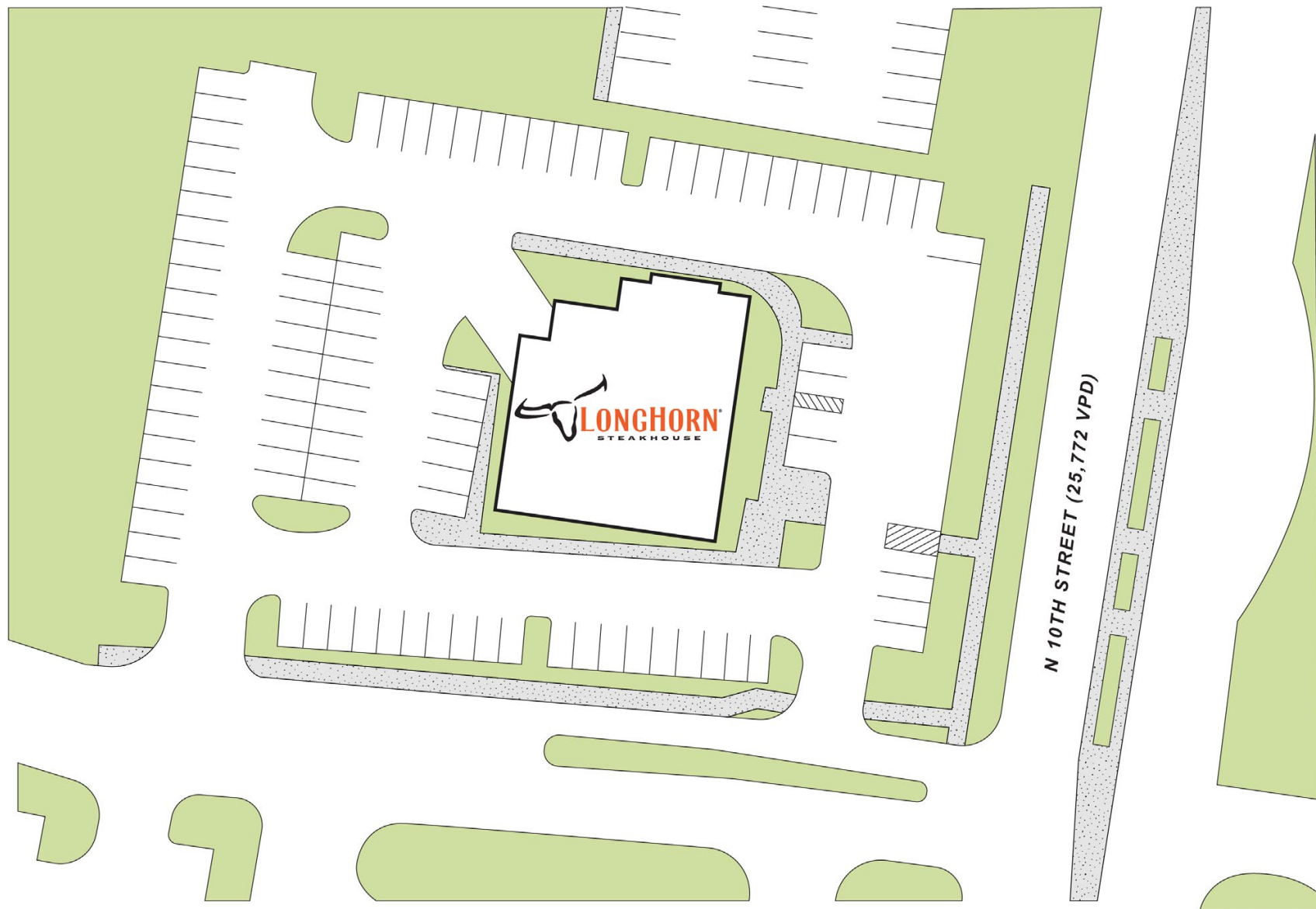
**PROPERTY  
OVERVIEW:**

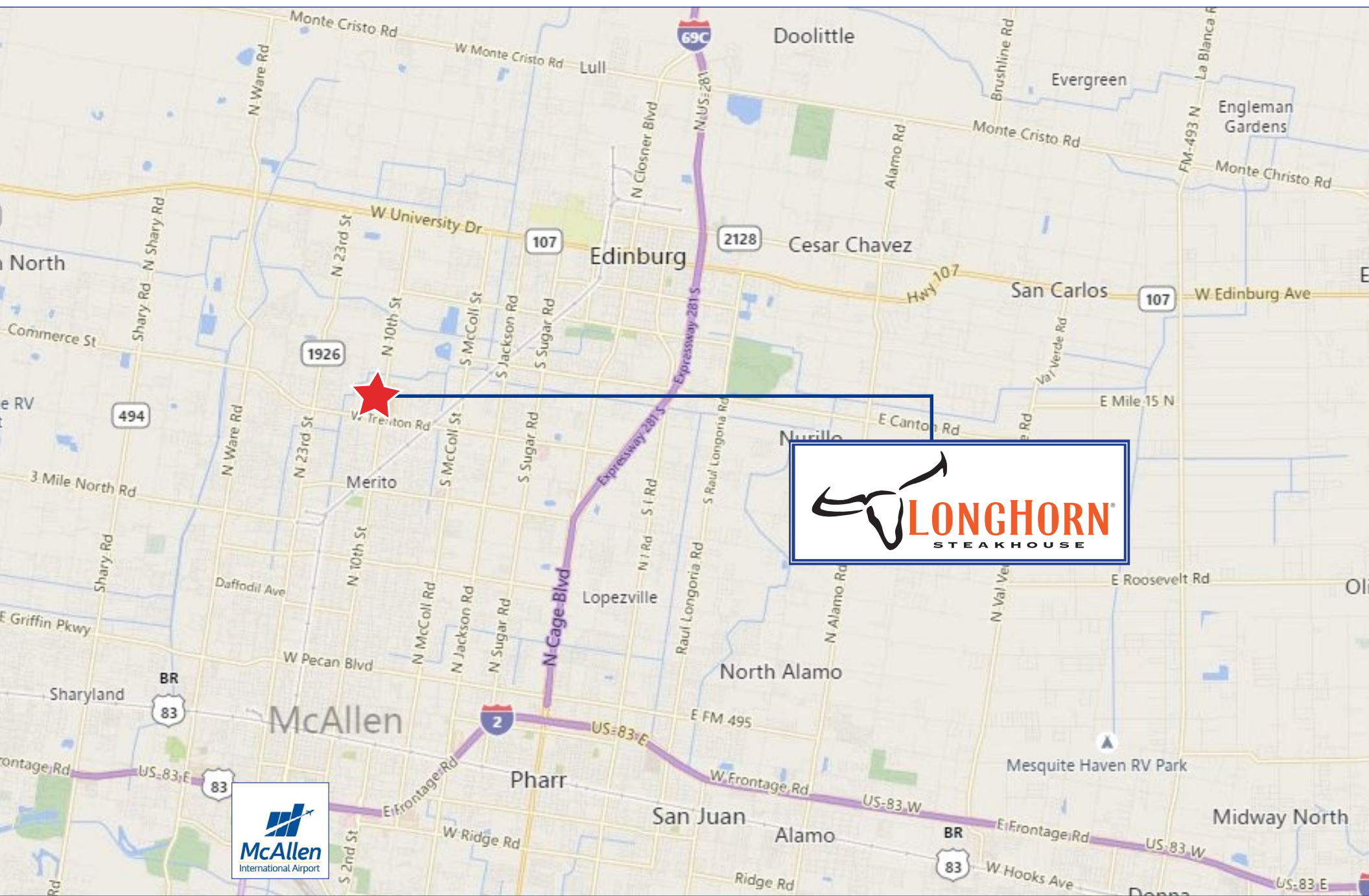
Price:	\$3,461,436
Cap Rate:	5.50%
Net Operating Income:	\$190,379
Lease Expiration:	10/31/2030
Rental Escalations:	1.5% Annually
Renewal Options:	1-3: 5-Year (1.5% annually) 4-5: 5-Year (FMV + 1.5% annually)
Tenant:	RARE Hospitality International d/b/a LongHorn Steakhouse (Wholly owned subsidiary of Darden Restaurants, Inc.)
Year Built:	2012
Lease Type:	Absolute NNN
Building Size:	6,242 SF
Land Size:	1.47 Acres











**DEMOGRAPHIC  
REPORT:**

Population	1-Mile	3-Mile	5-Mile
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Total Population 10,349 91,727 225,007

Total Households 3,249 29,999 70,435

Income	1-Mile	3-Mile	5-Mile
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Average Household Income \$103,045 \$85,833 \$68,151



*Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2018 and 2023.*

**MARKET  
OVERVIEW:**

**McAllen, Texas**

McAllen is the largest city in Hidalgo County, Texas, United States, and the twenty-second most populous city in Texas. It is located at the southern tip of the state in the Rio Grande Valley. The city limits extend south to the Rio Grande, across from the Mexican city of Reynosa, and McAllen is approximately 70 miles west of the Gulf of Mexico. As of 2017, McAllen's population was estimated to be 142,696. It is the fifth most populous metropolitan area in the state of Texas, and the bi-national Reynosa–McAllen Metropolitan Area counts a population of nearly 1.5 million.



From its settlement in 1904, the area around McAllen was largely rural and agricultural in character. But the latter half of the 20th century saw steady growth, which the metropolitan area still experiences today.



## TENANT OVERVIEW:

### LongHorn Steakhouse

LongHorn Steakhouse is known for fresh, boldly seasoned and expertly grilled steaks – like the signature bone-in Outlaw Ribeye® – all served in a relaxed, warm atmosphere inspired by a rancher's home. Founded in 1981 in Atlanta, Georgia, the restaurant began with one man's passion for perfect steak but had very few guests to convince. Then a freak snowstorm hit Atlanta in 1982, stranding motorists and drawing them to one of the only hospitable places available - a restaurant then called LongHorn Steaks Restaurant & Saloon. Tales of expertly grilled steaks soon spread like wildfire, and the legend of LongHorn was born.

By 1990, the restaurant had spread throughout the East, Midwest and Southwest United States and Puerto Rico. In 2007, the restaurant, now called LongHorn Steakhouse, was purchased by Darden Restaurants, Inc. (NYSE: DRI). Today, LongHorn Steakhouse is headquartered in Orlando, Florida and has more than 500 restaurants across 40 states.

Website:	<a href="http://www.longhornsteakhouse.com">www.longhornsteakhouse.com</a>
Number of Locations:	500+
Founded:	1981
Headquarters:	Orlando, Florida
Parent Company:	Darden Restaurants, Inc. (NYSE: DRI)



### RARE Hospitality International, Inc. (RARE)

RARE Hospitality International, Inc. (RARE) is a wholly-owned subsidiary of Darden Restaurants, Inc. It owns and operates substantially all of Darden's LongHorn Steakhouse and The Capital Grille restaurants, either directly, or through subsidiaries, including RARE Hospitality Management, Inc. (RHM), a wholly-owned subsidiary of RARE, and Capital Grille Holdings, Inc., a wholly-owned subsidiary of RHM. RARE has other direct and indirect subsidiaries that own and operate certain restaurants and were formed primarily for purposes of complying with state liquor licensing laws, for management of overhead and other corporate expenses.

## TENANT OVERVIEW:

### Darden Restaurants, Inc.

Darden Restaurants, Inc. is the premier full-service restaurant company featuring a portfolio of category-leading brands that include Olive Garden, LongHorn Steakhouse, Bahama Breeze, Seasons 52, The Capital Grille, Eddie V's and Yard House. Each of its brands enjoys industry-leading average unit volumes that together generate approximately \$8 billion in annual sales across more than 1,700 locations. Headquartered in Orlando, Florida, Darden employs more than 200,000 team members who serve more than 320 million meals annually. Darden has been named to the FORTUNE "100 Best Companies to Work For" list on an annual basis.

Darden Restaurants, Inc. is a publicly traded company on the New York Stock Exchange using the symbol "DRI". The company is investment grade rated by all major rating agencies including Standard & Poor's (BBB) and Moody's (Baa2).

Website:	<a href="http://www.darden.com">www.darden.com</a>
Founded:	1938
Number of Locations:	1,700+
Stock Symbol:	DRI (NYSE)
Credit Rating S&P:	BBB
Credit Rating Moody's:	Baa2
Credit Rating Fitch:	BBB
Headquarters:	Orlando, Florida





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