



CORNERSTONE
Queen Creek, AZ

Exclusive Investment Offering:
Contact:

Jeff Clark, CCIM
CCRE Advisors
888.927.9970
jclark@clarkcre.com
CA Lic. # 01869412

In Association with: JDS Real Estate Services
A Licensed Arizona Broker
jstein@jdsreservices.com
AZ Lic#C0661892000



21064 E. OCOTILLO RD QUEEN CREEK AZ

OFFERING MEMORANDUM



Jeff J. Clark, CCIM | President

jclark@clarkcre.com

P. (888) 927-9970 | F. (916) 313-3753

BRE License #: 01869412

In Association with:

JDS Real Estate Services Inc.

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Lic.#:CO661892000

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This is a confidential Memorandum intended solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the subject Property.

Prior to submission of an offer to purchase the Property, interested parties should perform and rely upon their own investigations, analyses, estimates and projections and otherwise satisfy any concerns regarding material aspects of the proposed transaction including, but not limited to, legal, municipal, environmental, operations, seismic, financial and physical issues, and all other matters affecting or pertaining to the Property. The Seller will be offering the Property including all appurtenances and improvements, solely on an "As-Is, Where-is", basis without any representation or warranties. No person is authorized to make any representation or warranties on behalf of Seller regarding the Property. Any and all information regarding the Property provided to any interested party by the Seller or its exclusive Advisor, including all information contained in the Offering, is provided without any representation or assurance, express or implied, regarding the accuracy, completeness or current status of applicability of such information or shall be relied on as a promise or representation as to the future performance of the Property. The information contained herein does not purport to provide a complete or fully accurate summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information which prospective buyers may need or desire. All financial projections are based on assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and its Advisor and, therefore, are subject to material variation. This Marketing Package does not constitute an indication that there has been no change in the business or affairs of the Property or the Owner since the date of preparation of the information herein.

Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective buyers. Each interested party is expected to undertake such reviews and investigations and make such inquiries as such party may believe to be necessary, appropriate or advisable for the purpose of forming a decision to make an offer to acquire the Property. Neither the enclosed materials nor any information contained herein is to be used for any other purpose or made available to any other person without the express written consent of the Seller.

The Seller expressly reserves the right, in its sole discretion, to reject any oral expressions of interest or offers to purchase the Property and/or to terminate discussions with an entity at any time with or without notice which may arise as a result of review of this Memorandum. The Seller shall have no legal commitment or obligation to any entity reviewing this Memorandum or making an offer to purchase the Property unless and until written agreement(s) for the purchase of the Property have been fully executed, delivered and approved by the Seller and any conditions to the Seller's obligations therein have been satisfied or waived.

The material contained herein is confidential and is presented strictly as information for the exclusive use of the prospective Investor. Receipt and review of this Offering by the prospective investor constitutes an agreement not to divulge, share, and copy or to distribute the information to any other party, except the prospective Investor's legal counsel and financial advisors, without the specific written authorization of the Seller or its Advisors. Furthermore, the recipient shall not contact employees or tenants of the Property



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EXECUTIVE SUMMARY

This exceptional single tenant, absolute net lease investment offering features fee simple ownership in a recently constructed +/-2,941sf building to Carls Jr. specifications on an original 20yr. absolute NNN lease with +/-17yrs remaining. The amended lease calls for 10% rent increases every 5yrs. The individual parcel is approximately 1 acre and provides for +/-40 parking spaces. The franchisee operates approximately 160 units under the Carls Jr./Hardee brands in multiple states. In addition, the Tenant has planned upgrades to refresh the store interior demonstrating commitment to this location. Technology upgrades include new POS systems with digital menu boards, and a complete remodel decor that is identified as the contemporary look incorporating wood and tile finishes throughout the dining room and restrooms to further lift sales.

The location of the property is part of the most significant master planned 200ac retail core in the southeast valley of Arizona, known as Town Center. The outparcel is part of Cornerstone at Queen Creek, an 86ac 380,000sf mixed used power center anchored by a 200,000sf Super Walmart along with other major & national retailers including Petco, Staples, Panda Express, Walgreens, Bank of America, Jack in Box. Queen Creek AZ is within 10 minutes of Phoenix-Mesa Gateway Airport and 45 minutes of Sky Harbor International Airport.

The investment offers predictable income growth and higher investment returns leased to a respected and well known brand located in a desirable, well positioned growth area of Arizona.

Investment Summary:

- **Priced at \$2,750,000**
- **5%cap rate (May 2018 NOI)**
- **10% rent increases every 5years**
- **±17yrs remaining on absolute NNN lease - (Tenant responsible for Roof & Structure)**
- **New 2012 store construction**
- **Fee Simple Ownership**





INVESTMENT HIGHLIGHTS

- **Carl's Jr. - established brand & Top 5 quick service burger restaurant chain**
- **Prominent corner outparcel to Cornerstone at Queen Creek: A +/- 68ac 380ksf mixed use Power Center anchored by Super Walmart, Staples, Petco** (part of a 200ac retail core located in the Town Center of Queen Creek) and other national retailers include **Panda Express, Walgreens, Bank of America, Jack in the Box**
- **Strong Retail Trade Area:** Over **31,000** in **3mi** and **116,000+** in **5mi** radius. High Average HH incomes: **\$91k** and **\$102 k** in 1, 3miles
- **Located in fast growth area of AZ (Maricopa county): 2.8% annual growth** since 2010; over **3% projected thru 2021** (more than double the state average!)
- Upgraded & distinctive building architecture

LEASE HIGHLIGHTS

- **±17yrs remaining on Absolute NNN lease:** No Landlord responsibilities with four (4) five (5) yr. options.
- **10% rent increases** every 5 yrs - Inflation hedge enhancing future returns
- **Tenant ROFR** - Tenant has ROFR to purchase per the lease

TENANT HIGHLIGHTS

- **Global Brand** - CKE has total **3,364 franchised or company operated restaurants** in **44 states** and **38 countries**
- **±160 unit operator of Carls Jr. & Hardees in multiple states.**
- **Executive operations team - 30yr veteran** restaurant entrepreneur and experienced Hardees franchise operator, former board member of the IHFA (Independent Hardee's Franchisee Association) and CFA (Coalition of Franchisee Associations)





PROPERTY DESCRIPTION

The subject property is strategically located at a main access point to the Cornerstone at Queen Creek Power Center on the northwest corner of Rittenhouse Rd. and Ocotillo Rd in Queen Creek, AZ. The +/-2941 sf building provides for drive- thru access and 40 parking spaces. Combined traffic counts are approximately +/-35,000VPD at the signalized intersection of Ocotillo and Rittenhouse Rd. Reciprocal easement agreements allow for flexible access to and from the Property. Adjacent and immediate retailers located on pads include Bank of America and Panda Express.

Name:	Carl's Jr.
City / County:	Queen Creek/ Maricopa
Address:	21064 E. Ocotillo Rd. Queen Creek AZ
Parcel #	012-250-062
Building SF:	±2941
Land Area:	±1ac
Parking Spaces	±40
Year Built:	2012
Construction Type:	wood & metal
Exterior:	Stucco
Foundation:	Concrete
Roof:	TBD
HVAC:	Packaged Roof Mounted
Security / Fire:	Fire Monitor & Sprinkler



SITE PLAN



LOT 11
PID# 304-66-835
ZONING= C-2 P.A.D.
21004 E. OCOTILLO RD.

SUBJECT PROPERTY LOT 10
43,600 SQ. FT.
1.0009 ACRES
PID# 304-66-834
ZONING= C-2 P.A.D.
21064 E. OCOTILLO RD.

LOT 9
PID# 304-66-833
ZONING= C-2 P.A.D.
21064 E. OCOTILLO RD.

OCOTILLO ROAD

Carib Jr.

1826.80'
589°58'04"E 2,625.47'
BASIS OF BEARING
798.67'

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INCOME EXPENSE

OFFERING PRICE:	\$2,750,000
Unlevered Cap Rate:	5%
Rentable Area (SF):	3,000
OPERATING INCOME	
Scheduled Rent:	\$137,500 ¹
Effective Gross Income:	\$137,500
LESS OPERATING EXPENSES	
Taxes	NNN
Insurance	NNN
CAM	NNN
OPERATING CASH FLOW	\$137,500

(1) Based on 2018 NOI

RENT ROLL

TENANT	SUITE	SF	LEASE START	LEASE EXP.	RENT / SF	RENT / MO.	ANNUAL RENT	LEASE TYPE	INCREASES	OPTIONS
Carls Jr. ¹	1	+/-2,941	5/20/2013	5/19/2033	\$3.82	\$11,458.34	\$137,500.08 ²	NNN	10% / 5yrs	4 (5)yrs) ³

TOTAL SQUARE FEET: 2,941

TOTAL AVAILABLE: 0 0% Vacancy

TOTAL OCCUPIED: 2,941 100% Occupancy

¹ Franchisee: Starcorp LLC was formed and recently acquired Frontier Star LLC assets for \$47m. Starcorp LLC executive team led by CEO Eric Lester and Exec. VP David Glodowski - 30yr. restaurant industry veteran and Hardee's franchisee.

² Rent commencing 5/20/2018. Seller will credit Buyer the difference of current monthly rent and 2018 rent (\$11,458.34) at close of escrow.

³ Tenant has the right to extend the lease for additional 20yrs, consisting of four (4) consecutive, five (5) year periods. First option period rent is at FMV and rent increases 5% each subsequent option period thereafter.

Year	Annual Rent	Monthly Rent	Cap Rate
Current	\$125,000.04	\$10,416.67	4.5%
2018	\$137,500.08	\$11,458.34	5.0%
2023	\$151,250.05	\$12,604.17	5.5%
2028	\$166,375.08	\$13,864.59	6.0%

AERIAL MAP



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AREA OVERVIEW - QUEEN CREEK AZ

Queen Creek is located in the southeast corner of Maricopa County, Arizona, within 10 minutes of Phoenix-Mesa Gateway Airport and 45 minutes of Sky Harbor International Airport. Originally incorporated in 1989, this town is an oasis in the East Valley of the Phoenix metropolitan area and one of the fastest growing areas of Arizona. In March 2005, the Town of Queen Creek adopted the Town Center Plan for responsible growth. The Town Center Plan encourages a variety of mixed uses that attempt to encourage investment in the area. The Town Center Plan calls for both single and multifamily housing types, small scale and large scale commercial services, civic uses along with a parks and trails plan throughout town center.

Town of Queen Creek: Fast Facts

- A growing population, expected to grow at an annual rate of $\pm 2.94\%$ per year (more than double the state average)
- A high median household income, \$91k+ in 1mi
- A well-educated workforce (37.7% have a Bachelor's degree or higher)
- A young population (median age is 30.3)
- Family-oriented community (average household size is 3.44)

Retail Shopping

Queen Creek offers a variety of shopping options including retail and dining options at Queen Creek Marketplace, the Cornerstone at Queen Creek, Power Marketplace and Queen Creek Village. One of Arizona's newest shopping malls, San Tan Village, is just 15 minutes to the north.

High Tech Industry

Access to both rail and Phoenix-Mesa Gateway Airport, as well as large tracts of affordable land, have brought the Queen Creek area to the attention of industry. Both TRW and Arch Chemicals are located nearby.

Town Center

The Town of Queen Creek Town Center encompasses 900 acres offering commercial, entertainment and housing options. The development of the Queen Creek Town Center Plan is one of the most important efforts in the community's planning history. The Town Center Plan is based on the very sophisticated planning efforts the community has undertaken in the past several years and it strives to further the vision communicated in the Queen Creek General Plan 2002 Update.



Queen Creek Town Center



DEMOGRAPHIC PROFILE

Population	1 Mile	3 Mile	5 Mile
2021 Population	13,629	40,975	135,488
2010 Population	9,138	22,938	91,297
2016 Population	11,305	31,819	116,150
Growth 2016 - 2021	.3.81%	5.19%	3.13%
Growth 2010-2016	3.46%	5.38%	3.93%

Race & Ethnicity	1 Mile	3 Mile	5 Mile
2016 White Alone	77.9%	77.9%	77.9%
2016 Black Alone	5.0%	5.0%	5.0%
2016 American Indian / Alaska Native Alone	1.0%	1.0%	1.0%
2016 Asian Alone	2.7%	2.7%	2.7%
2016 Pacific Islander Alone	0.1%	0.1%	0.1%
2016 Other Race	8.5%	8.5%	8.5%
2016 Two Or More Races	4.9%	4.9%	4.9%
2016 Hispanic Origin (Any Race)	21.7%	21.7%	21.7%

Households	1 Mile	3 Mile	5 Mile
2021 Total Households	4,229	11,662	40,921
2016 Total Households	3,598	9,303	35,475
2010 Households	2,939	6,836	28,487
2016-2021 Annual Rate	3.28%	4.62%	2.9%
2010 - 2016 Annual Rate	.3.29%	5.05%	3.57%

Avg. Household Income	1 Mile	3 Mile	5 Mile
2021 Avg. Household Income	\$102,319	\$114,235	\$95,788
2016 Avg. Household Income	\$91,166	\$102,916	\$85,879
2016-2021 Annual Rate	2.34%	2.34%	2.34%

PHOENIX AZ

Phoenix is now the sixth-most-populated city in the United States and boasts one of its fastest-growing metropolitan areas. The city offers proximity to major population centers in the Southwest including Los Angeles, San Diego and Las Vegas, as well as strategic placement along the Mexico/NAFTA corridor, which provides direct access to international trade and business opportunities. An international airport, major highways and railroads, and public transportation through light rail and bus service support the strength of the Greater Phoenix region's transportation infrastructure.

Diversity is the strength of the economy and reflects the community-wide consensus for business development and quality job creation. The city provides an educated, qualified workforce. Companies are attracted to the Greater Phoenix region's low cost of doing business.

Key factors of the Greater Phoenix region:

- Projected employment growth is 85% compared to a 20% national average
- Maricopa County is expected to grow by more than 42% in the next 10 years
- CNBC ranked AZ #2 for workforce
- Low cost of doing business
- Strong transportation infrastructure
- Educated and qualified workforce
- 7.4% Unemployment Rate

Key Statistics:

2015 Population: 4,574,351 residents

- Phoenix-Mesa-Glendale Metropolitan Statistical Area (MSA), defining it as Maricopa and Pinal counties. 12th largest MSA in nation by population
- The gross domestic product of the Phoenix Metropolitan Area was \$215 billion in 2014, 15th largest amongst metro areas in the United States.
- It is also one of the fastest growing major metropolitan areas, gaining nearly 400,000 residents from 2010 to 2015, and more than 1.3 million since 2000.

The population of the Phoenix Metropolitan Area increased by 45.3% from 1990 through 2000, compared to the average United States rate of 13.2%, helping to make Arizona the second fastest growing state in the nation in the 1990s.

**Top 5 Employers In Phoenix AZ**

Employer	# of Employees
Banner Health	26,472
Wal-Mart	15,437
Wells Fargo	13,287
Fry's	12,510
Intel	11,760

TENANT PROFILE



Carl's Jr. (CKE Restaurants) was created and founded by Carl Karcher in 1941. In 1994, Carl's Jr. became a wholly-owned subsidiary of CKE Restaurants, Inc. (CKE.) The CKE system includes 3,400 restaurants in 42 states and in 29 countries and U.S. territories worldwide generating approximately \$3.9 billion in system revenues.

In March of 2002 CKE purchased Santa Barbara Restaurant Group, Inc. (SBRG), acquiring with it direct ownership of the Green Burrito Brand. CKE now has more than 400 dual-branded restaurants that have opened under the Carl's Jr./Green Burrito and Hardees/Red Burrito brands.

CKE growth has steadily increased and the company has increased brand awareness and sales through innovative marketing strategies launching super-model centric campaigns targeting a broad demographic base of young men ages 18-34. It became one of the first quick service burger chains to launch an "all natural" burger, offering quality and sustainable ingredients. Entrepreneur magazine ranks the Carl's Jr. brand #54 on its Top 500 List.

In December of 2013, Roark Capital Group, an Atlanta-based private equity has acquired a majority stake in CKE Inc., including 3,600+ restaurants in 43 states and 35 foreign countries and U.S. territories.

Company Profile

CKE RESTAURANTS INC.

Private Company

Headquarters:	Nashville,TN
No. of Locations:	3,664
S&P Credit Rating:	B-
Private Equity Firm:	Roark Capital Group - \$6B
Website:	www.ckr.com

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