



in the box[®]
@ interstate 

• Brand New 2018 Construction • NNN Ground Lease • 225 Unit Operator •



OFFERING MEMORANDUM
RIVERSIDE, CALIFORNIA



HANLEY INVESTMENT GROUP
REAL ESTATE ADVISORS



OFFERING MEMORANDUM

RIVERSIDE, CALIFORNIA

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OFFERING SUMMARY

JACK IN THE BOX @ I-215



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LOCATION

Jack in the Box @ I-215
1115 W. La Cadena Drive
Riverside, CA 92501

OFFERING SUMMARY

Price:	\$2,000,000
Capitalization Rate:	4.00%
Net Operating Income (NOI):	\$80,000
Net Rentable Area:	1,869
Year Built:	2018
Lot Size (Acres):	0.48

FINANCING SUMMARY

All Cash or Cash to New Financing

(Contact Hanley Investment Group for Further Details)



INVESTMENT HIGHLIGHTS

JACK IN THE BOX @ I-215



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- **Brand New Jack in the Box Ground Lease:**

- Absolute NNN ground lease; zero landlord responsibilities
- New Prototype featuring 2018 construction with drive-thru (store opened 10/22/18)
- 20-year lease term with 10% increases every 5 years
- Jack in the Box (NASDAQ: JACK) is one of the largest operators and franchisors of restaurants in the world
- Jack in the Box has 2,241 locations in 29 states and Guam
- Jack in the Box plans to invest \$30-\$45 million on restaurant drive-thru enhancements and remodels in 2019 and 2020 in an effort to increase system wide revenue by \$4 billion by 2022

- **2nd Largest Jack in the Box Franchisee:** Lease is backed by DMSD Properties (28 locations) and operated by Feast Enterprises, (225+ locations)

- **Low Rent for a Brand New Construction Jack in the Box Location in Southern California**



LOCATION HIGHLIGHTS

JACK IN THE BOX @ I-215



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- **Excellent Accessibility, Identity, and Visibility Along the I-215 Freeway:**

- Ideally positioned immediately off the I-215 freeway at the Columbia Avenue on/off ramp
- Irreplaceable real estate with outstanding exposure to the I-215 freeway; average daily traffic counts exceed 155,000
- The I-215 freeway is the major north/south thoroughfare running from San Bernardino to Murrieta

- **Brand New Retail Development Located Directly Across from the Subject Property:** Tenants include Del Taco and 7-Eleven with gas station

- **Booming Riverside County Location:**

- California's 4th largest county and the nation's 11th largest county by population (2.2 million people)
- Over 1.5 million residents expected to move into Riverside county in the next 45 years (largest projected population growth in California)
- Unemployment is at a century-low rate of 4.1% (350,000 jobs added in the last nine years)





LEASE SUMMARY

JACK IN THE BOX @ I-215



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LEASE SUMMARY (1)

Tenant:	DMSD Property, LLC (2)
Rent Commencement:	August 1, 2018
Lease Expiration:	August 2, 2038
Lease Type:	Absolute NNN
Monthly Rent:	\$6,667
Annual Rent:	\$80,000
Rental Increases:	10% Every 5-Years
Renewal Options:	Two 5-Year @ 10%

REIMBURSEMENTS

Property Taxes:	Tenant Responsibility
Insurance:	Tenant Responsibility
Common Area Maintenance:	Tenant Responsibility
Roof and Structure:	Tenant Responsibility

NOTES

- (1) All lease provisions to be independently verified by Buyer during the Due Diligence Period
- (2) The entity DMSD Property LLC is a holding company that contains 28 properties nationwide





FEAST ENTERPRISES (OPERATOR)

Feast Enterprises is one of largest and fastest-growing franchisee companies in the United States. The company was formed in 2011 by partners David Beshay, Sam Fong, Lee Su, and Ben Eramya and together they collectively own 225 restaurants across 10 states including Jack in the Box, Denny's, and Corner Bakery. The company has expanded rapidly over the past 7 years and has been recognized on several occasions by the organizations they represent. In 2016, Feast Enterprises was awarded Jack in the Box's "Chairman Award" and "Brand Ambassador Award" and recognized as one of the top performing franchisees for company performance, contribution, and community involvement. They also won Jack in the Box's "Developer of the Year" award in 2015.

www.feastenterprises.com | Company Type: Private | Locations: 225



AERIAL SITE PLAN / PARCEL MAP

JACK IN THE BOX @ I-215



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DRIVE-THRU

SIGN

LA CADENA DRIVE

I-215 OFF RAMP



155,000 CPD

INTERCHANGE STREET



I-215 ON RAMP



PROPERTY PARCEL

APN: 206-122-015



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AERIAL OVERVIEW

JACK IN THE BOX @ I-215



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DOWNTOWN RIVERSIDE
- RECENT DEVELOPMENTS
TOTALING OVER \$1 BILLION -



2018 DEMOGRAPHICS



Population:

1-Mile Radius	9,955
3-Mile Radius	89,242
5-Mile Radius	212,970



Household Income:

1-Mile Radius	\$64,331
3-Mile Radius	\$59,325
5-Mile Radius	\$72,200





REGIONAL MAP

JACK IN THE BOX @ I-215



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TENANT PROFILE

JACK IN THE BOX @ I-215



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Jack in the Box Inc. is one of the largest operators and franchisors of restaurants in the world. Founded in 1951, Jack in the Box was the first major hamburger chain to develop drive-thru dining. Although best known for its "Jumbo Jack", the company's most popular product is its taco and sells 554 million tacos each year.

Jack in the Box has experienced substantial growth in recent years, increasing its system-wide unit count by nearly 10% since 2005. The company actively expands into new markets by developing stores in namesake locations in select new markets, while simultaneously offering those

restaurants for sale to franchisees, along with development rights for the entire market. This strategy to seed new markets with company locations benefits both Jack in the Box, which is seeking to expand its under-penetrated brand, as well as franchise operators looking for a cost-effective way to enter and develop a market.

The company recently announced it is embarking in drive-thru revitalization starting in 2019 and rolling through the back half of the year and into 2020. Executives said the brand plans to invest \$30–\$45 million on company restaurant drive-thru enhancements and remodels in order to meet evolving consumer needs. By the end of fiscal 2021 the company expects at least 80% of the system to have significant upgrades to the drive-thru experience or to be remodeled.

The company has 16,000 employees and has 2,241 Jack in the Box restaurants locations in 29 states and Guam. 146 of these locations are company-operated and 2,095 locations are franchise-operated. Jack in the Box Inc. also operated Qdoba Mexican Grill until it sold the chain in December 2017 to Apollo Global Management for \$305 million dollars. The company earned \$869 million in 2018 and plans to open an additional 25-35 locations in 2019.

- **#9 "QSR 50 - Burger Segment"** - QSR Magazine (2017)
- **#43 "Franchise 500 - Burgers"** - Entrepreneur Magazine (2017)
- **#2 "Top Food Franchises in America"** - Business Insider (2016)

Company Type: Public (NASDAQ: JACK)
Locations: 2,241
Website: www.jackinthebox.com



////// THE PRESS-ENTERPRISE ////



The Inland Empire is leading California in job creation

By Kevin Smith | March 8, 2018

California is outperforming the nation in job growth, and the state's inland regions are leading the way, according to the latest UCLA Anderson Forecast.

In a turnaround from the norm, the report shows that the Inland Empire, San Joaquin Valley and Sacramento are outpacing some of California's tech-heavy regions, which traditionally see the bigger job gains. And that's not necessarily a bad thing, according to the report.

MORE BALANCED GROWTH

Growth is now more balanced and the diversification of employment makes the state less vulnerable to one sector imploding, the report said. To be sure, if tech imploded as in 2001, it would be a serious blow to the state, but unlike 2001, the more balanced growth of today would focus the pain in one region rather than more generally.



[CLICK FOR ARTICLE](#)

UCR | Today



Leader of the Pack: Inland Empire Economy to Expand Further in 2018

By Sarah Nightingale | April 4, 2018

The remainder of 2018 is shaping up to be a period of relatively robust economic growth in the Inland Empire where home prices, employment, and consumer and business spending are all experiencing sizable gains, according to an analysis released today by the UC Riverside School of Business Center for Economic Forecasting and Development.

Some of the strongest growth has been in the local housing market, where the median price for a single-family home ballooned by 9% year-over-year as of the fourth quarter of 2017 (the latest data available). This is the fastest home price growth among Southern California's major metropolitan areas including San Diego County (7.8 percent), Los Angeles County (6.6%), and Orange County (6.4%), and a faster rate of growth than in the state as a whole (8.7%).

Limited inventory and comparatively brisk population growth are leading to vigorous demand for housing and driving up home prices, according to the analysis.



[CLICK FOR FULL ARTICLE](#)

Riverside, California

- 12th largest city in California with a total population of approximately 327,500
 - 2.8% projected increase in total population between 2017-2022
- The city has the Inland Empire's largest number of businesses and total jobs
- Home to 4 internationally recognized colleges and universities, including the prestigious University of California, Riverside (21,500 students)

Riverside County

- 2.4 million population
 - 4th largest county in California by population
 - 11th largest county in the U.S. by population
- Approximately 1.5 million new residents are projected to move to Riverside County in the next 45 years (California Department of Finance's projection, December 2014)
 - Largest projected amount of growth by population over any other county in California
- 10.1% projected increase in total population between 2017-2022
 - Predicted to become the 3rd most populated county in the state at 3.7 million, following behind San Diego County at 4.1 million and Los Angeles County at 11.5 million

Inland Empire

- Home to 4 million people and a \$40 billion annual economy
 - Inland Empire has significantly outperformed the nation, with business activity growing by 3.8% in the region compared to 2.9% growth for U.S. GDP between Q1 2017 to Q1 2018
 - Economy is enjoying the same strong growth trends as the nation as a whole, but at an even more vigorous level – largely fueled by robust local job and population growth
 - Business activity in the Inland Empire is forecast to expand between 2.5% and 3.5% in 2018
- \$260+ billion worth of cargo passes through the Port of Los Angeles each year, and nearly 80% of those goods eventually pass through the Inland Empire, either on trucks or on trains



DOWNTOWN RIVERSIDE



MISSION INN HOTEL



UNIVERSITY OF CALIFORNIA, RIVERSIDE

AREA OVERVIEW

JACK IN THE BOX @ I-215

- One of the most important players in the logistics industry due to its abundance of space and proximity to ports and access to one of the nation's biggest consumer markets
 - Wholesale trade, transportation, and warehousing are the region's biggest job creators because most e-commerce centers in Southern California are built in the region
 - ◆ 20% of direct job gains have been in logistics during the 2011-2017 period
 - ◆ 10,600 jobs were added from January 2017 to 2018; a 9.6% year-over-year increase
 - Sector continues to expand with Amazon recently opening 2 fulfillment centers in Riverside and Eastvale
 - ◆ Amazon has 16,000 employees and 10 e-commerce centers in the Inland Empire
- Employment continues to show strong growth, outpacing other areas of Southern California
 - Posted a 3.4% year-over-year job growth in December 2017 with job gains occurring in every sector across small and large industries from logistics to construction to healthcare
 - Added jobs have driven the region's unemployment rate to new lows of 4.5% (January 2018)
 - ◆ 1.3 percentage point decrease from one year earlier; drop in unemployment was one of the largest in the state
 - Nonfarm employment in the Inland Empire rose 3.7% from January 2017 to January 2018
 - ◆ This is the second-fastest-growing nonfarm employment rate among California's MSAs — following Stockton;
 - ◆ Los Angeles County experienced only a 1.7% change
 - Construction sector lead employment growth; 11,000 jobs added from January 2017 to 2018
 - ◆ 12.1% increase in construction employment comes as real estate developers tap into the strong demand for real estate
- Region has also benefitted from rising wages
 - Average annual wage grew by 1.7% in the region in Q3 of 2017
 - Wages in professional, white collar-related industries grew the most: management (9.6%), administrative support (7.6%), and professional, scientific, and technical services (5.2%) sectors
- Inland Empire's housing market has been robust with both rents and home prices increasing; region's affordability advantage, relative to higher-cost markets in L.A. and Orange County, has made the Inland Empire an attractive destination for new residents



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Galleria at Tyler

- Two-level, enclosed super-regional center anchored by Forever 21, JCPenney, Macy's and Nordstrom
- Opened in 1970 and was expanded in 1991; comprising 1.2 million square feet of retail space
- Galleria at Tyler has the only Nordstrom in the Inland Empire
- Dining and entertainment hub for Riverside County, including AMC Theatres, Amaya Japanese Restaurant, The Cheesecake Factory, Famous Dave's, Nordstrom Café, P.F. Chang's China Bistro, Red Robin, T.G.I. Friday's, and Yard House
- Prominent retailers include ALDO, Brighton Collectibles, francesca's, Gymboree, H&M, LOFT, M.A.C. Cosmetics, Teavana, Pandora, Sephora, Victoria's Secret, and White House Black Market

UC Riverside

- One of the 10 general campuses of the University of California system
- \$730+ million has been invested in new construction projects since 1999 to accommodate a rapidly-growing enrollment (21,000 students)
- 58th among top public universities (U.S. News & World Report Best Colleges, 2016)
- UCR's sports teams are known as the Highlanders and play in the Big West Conference of the National Collegiate Athletic Association (NCAA) Division I
- \$1 billion annual economic impact to the state of California

Kaiser Permanente

- The Riverside facility has 225 beds and admits approximately 16,000 patients per year
- Over 46,000 outpatient visits, 3,399 inpatient surgeries and 10,253 outpatient surgeries in 2016
- Employs more than 650 registered nurses and 220 licensed practical nurses
 - 39,000 recorded visits to the emergency room per year



GALLERIA AT TYLER



AMC THEATRES AT GALLERIA AT TYLER



KAISER PERMANENTE - RIVERSIDE



	<u>1-Mile</u>	<u>3-Mile</u>	<u>5-Mile</u>
Population			
2023 Projection	10,505	89,882	215,241
2018 Estimate	9,955	89,242	212,970
2010 Census	9,142	83,111	198,985
2000 Census	7,664	72,882	176,177
Growth 2000-2010	19.28%	14.04%	12.95%
Growth 2010-2018	8.89%	7.38%	7.03%
Growth 2018-2023	5.52%	0.72%	1.07%
Households			
2023 Projection	2,924	26,659	67,885
2018 Estimate	2,719	25,935	65,627
2010 Census	2,523	23,949	61,114
2000 Census	2,193	23,158	57,740
Growth 2000-2010	15.05%	3.42%	5.84%
Growth 2010-2018	7.77%	8.29%	7.38%
Growth 2018-2023	7.54%	2.79%	3.44%
2018 Est. Population by Single-Classification Race			
White Alone	4,364	39,204	107,337
Black or African American Alone	862	8,228	17,293
American Indian and Alaska Native Alone	110	1,008	2,279
Asian Alone	590	9,665	16,164
Native Hawaiian and Other Pacific Islander Alone	76	357	724
Some Other Race Alone	3,419	25,943	58,120
Two or More Races	491	4,496	10,327
2018 Est. Population by Ethnicity (Hispanic or Latino)			
Hispanic or Latino	6,817	51,760	119,830
Not Hispanic or Latino	3,138	37,482	93,140
2018 Est. Average Household Income	\$64,331	\$59,325	\$72,200

CONFIDENTIALITY AGREEMENT

JACK IN THE BOX @ I-215



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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 Broker 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.

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\$6 BILLION
retail sales nationwide



SHARED DATABASE
collaborative proprietary database



#5 TOP RETAIL BROKER
of top 25 nationwide



COSTAR POWER BROKER
top sales brokers & firm in OC



NATIONWIDE REACH
retail & investors across the U.S.