

1800 SOUTH WASHINGTON STREET
GRAND FORKS, ND
OFFERING MEMORANDUM



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WATNE
REALTORS



EXECUTIVE OVERVIEW



SONIC
1800 South Washington Street
GRAND FORKS, ND



\$2,184,000
LIST PRICE



6.25%
CAP RATE



\$136,500
ANNUAL RENT

INVESTMENT HIGHLIGHTS

PROPERTY DETAILS

- **Brand new 20-Year Sale-leaseback** - Tenant will execute a 20-year lease on COE
- **Absolute NNN Lease** - ZERO Landlord Responsibilities - Ideal for 1031 exchange
- **Strategic Design** - Built recently in 2017, this property benefits from a drive-thru, rare indoor seating, and iconic carhop drive-in spots for customers.
- **High Performing Store** - The sales volume of this location is 69% higher than the national average for franchisee operated Sonic locations.
- **Hedge Against Inflation** - Lease contains 10% rental increases every five (5) years
- **Experienced franchisee** - see broker for details

LOCATION

- **Close Proximity to Major University** - Subject property is located only 1.50 miles away from University of North Dakota
- **Iconic Mall** - Subject property sits outparceled to Grand Cities Mall, the first indoor shopping mall in North Dakota. The Mall offers a unique mix of retail shops, personal services, and entertainment that provide steady influx of traffic to the restaurant.
- **Excellent Visibility** - Property sits on the exit corner of S Washington St and 19th Ave S which boasts approximately 25,480 VPD.
- **Strong Demographics** - Located in the heart of Grand Forks, the property benefits from a population of approximately 66,766 people and an average household income of \$63,868 in a 5-mile radius

TENANT

- Sonic Corp, is the largest chain of drive-in restaurants in the United States with over 3,606 Sonic Drive-Ins in 45 states.
- Recent acquisition by Inspire Brands, INC - In December 2018, Inspire Brands, Inc. announced the completion of its \$2.3 billion acquisition of Sonic Corp.
- Inspire Brands is now the fifth-largest restaurant company in the United States with more than 8,300 restaurants and generates annual systemwide sales in excess of \$12 billion, now operating iconic Sonic, Arby's, Buffalo Wild Wings, and Rusty Taco.

PROPERTY OVERVIEW

PARCEL MAP



SONIC
1800 South Washington Street
 GRAND FORKS, ND



± 2,500 SF
 GLA



±0.45 AC
 LOT SIZE



2017
 YEAR BUILT

SONIC LEASE SUMMARY

TENANT	Sonic
LEASE TYPE	NNN
ORIGINAL LEASE TERM	20 Years
LEASE COMMENCEMENT DATE	Close of Escrow
RENT COMMENCEMENT DATE	Close of Escrow
LEASE EXPIRATION DATE	20 Years after close of escrow
TERM REMAINING ON LEASE	20 Years
ROOF & STRUCTURE	Tenant Responsible
INCREASES	10% Every 5 Years
OPTIONS	Four, 5-Year Options

ANNUALIZED OPERATING DATA

	MONTHLY RENT	ANNUAL RENT	ANNUAL RENT PSF
Year 1-5	\$11,375.00	\$136,500.00	\$28.67
Year 5-10	\$12,512.50	\$150,150.00	\$31.54
Year 10-15	\$13,763.75	\$165,165.00	\$34.69
Year 15-20	\$15,140.13	\$181,681.50	\$38.16
Option 1	\$16,654.14	\$199,849.65	\$41.98
Option 2	\$18,319.55	\$219,834.62	\$46.17
Option 3	\$20,151.51	\$241,818.08	\$50.79
Option 4	\$22,166.66	\$265,999.88	\$55.87

FIRST NATIONAL
PAWN
Advance
Auto Parts

enterprise
rent-a-car
We'll pick you up.

*Red Ray
Lanes*


DOLLAR TREE


ATLAS AUTO

S WASHINGTON ST ± 23,000 VPD

GMC


Caribou
COFFEE.

RYDELL
CHEVROLET
Nothing Smiles Like Rydell!

SHOTGUN SALLYS
Put it Red
Shoot!

Travelodge
BY WYNDHAM
Aaron's


TESORO

K
kmart.


FAMILY DOLLAR

ACE
Hardware


Popplers
Music, Inc.

**GRAND CITIES
MALL**


SONIC

**CLOSE PROXIMITY TO MAJOR
UNIVERSITY - SUBJECT
PROPERTY IS LOCATED ONLY
1.50 MILES AWAY FROM
UNIVERSITY OF NORTH
DAKOTA**


NWTIRE
NORTHWEST TIRE



TENANT OVERVIEW

For more than 60 years, SONIC, America's Drive-In has built a dominant position in the drive-in restaurant business. They did so by sticking to what made drive-ins so popular in the first place: made-to-order American classics, signature menu items, speedy service from friendly Carhops and heaping helpings of fun and personality. The company operates 3,557 restaurants in 45 US states. With a dynamic history, SONIC surges forward while specializing in fresh, made-to-order meals that you can't get anywhere else. Today, SONIC is the largest chain of drive-in restaurants in America. As a business, they continue to thrive, maintaining strong real sales growth, industry-leading customer frequency and high returns for stockholders.

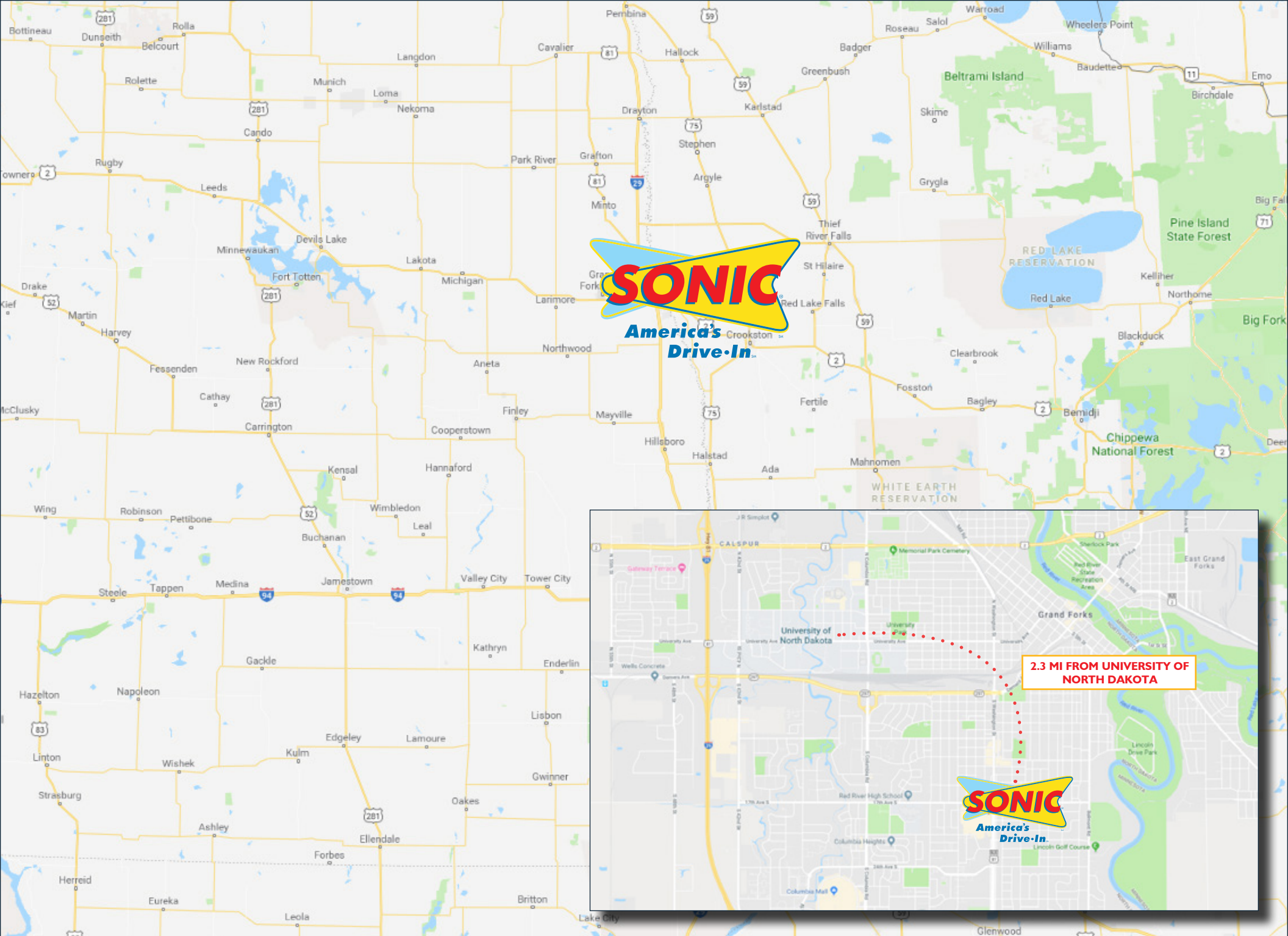


±3,557
LOCATIONS

±9,620
EMPLOYEES

±\$606.3 Billion
REVENUE

WWW.SONICDRIVEIN.COM



SONIC
America's Drive-In



2.3 MI FROM UNIVERSITY OF NORTH DAKOTA

SONIC
America's Drive-In

AREA OVERVIEW



GRAND FORKS, ND

Grand Forks is the third-largest city in the state of North Dakota and is the county seat of Grand Forks County. Grand Forks, along with its twin city of East Grand Forks, Minnesota, forms the center of the Grand Forks, ND-MN Metropolitan Statistical Area, which is often called Greater Grand Forks or the Grand Cities. Grand Forks is served by Grand Forks International Airport and Grand Forks Air Force Base. The economy of Grand Forks is not dominated by any one industry or sector. While agriculture continues to play a role in the area's economy, the city of Grand Forks now has a relatively diverse economy that includes public and private employers in sectors such as education, defense, health care, manufacturing, and food processing. The University of North Dakota, in the heart of the city, is the largest employer in the metropolitan area. Community leaders have long seen UND as an "economic engine" for the city.



DEMOGRAPHICS

POPULATION	3-MILE	5-MILE	7-MILE
2010 Census	57,490	63,338	64,258
2019 Estimate	61,708	67,657	68,622
2024 Projection	64,450	70,552	71,552

HOUSEHOLDS	3-MILE	5-MILE	7-MILE
2010 Census	24,136	26,400	26,744
2019 Estimate	26,609	28,937	29,308
2024 Projection	28,093	30,490	30,878

INCOME	3-MILE	5-MILE	7-MILE
Average Household Income	\$69,206	\$69,855	\$70,366

GREATER GRAND FORKS

"Greater Grand Forks" is the name used by some people to designate the twin cities of Grand Forks, North Dakota and East Grand Forks, Minnesota, together with their surrounding areas. The two cities lie directly across from each other on both sides of the Red River of the North, but Grand Forks is more than five times larger than East Grand Forks. The metropolitan area includes all of the related two counties in the two states: Grand Forks County in North Dakota and Polk County in Minnesota. The metropolitan area is also sometimes called "The Forks." Several years ago local promoters attempted to "brand" the metropolitan area as "The Grand Cities." This name has not found widespread use in the area, although several buildings and organizations now bear the "Grand Cities" title. Occasionally, the city of Grand Forks uses the nickname "The Sunflake City."

UNIVERSITY OF NORTH DAKOTA

The University of North Dakota (UND) is a public research university in Grand Forks, North Dakota. The campus sits on a busy 550-acre plot of land and is the state's largest university. The University offers a variety of professional and specialized programs, including the only schools of law and medicine in the state of North Dakota. Its best known college is perhaps its John D. Odegard School of Aerospace Sciences. UND offers a total of 224 fields of study, including 90 undergraduate majors, 73 undergraduate minors, 54 master's programs, 27 doctoral programs, two professional programs, and a specialist diploma program in educational leadership. Over 15,000 students attend classes on the UND campus each year. With continued growth, UND is investing over \$400 million in campus renewal projects. In the last two years, we removed 52 underused

or deteriorated buildings to make room for an even more beautiful and innovative campus.

North Dakota's athletic teams compete in the NCAA's Division I. The men's ice hockey team has a long history as one of the top in the nation. They have won eight national championships, and play in the Ralph Engelstad Arena. North Dakota is considered one of the premier college hockey programs in the country, and are regarded as one of the most powerful, successful, and storied college hockey programs in NCAA history. UND has made over 30 appearances in the NCAA tournament. The team is now registered as the Fighting Hawks.



CONFIDENTIALITY AGREEMENT & DISCLAIMER

This Offering Memorandum contains select information pertaining to the business and affairs of **Sonic | 1800 South Washington Street, Grand Forks, ND** ("Property"). It has been prepared by Matthews Real Estate Investment Services. This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews Real Estate Investment Services. The material is based in part upon information supplied by the Seller and in part upon financial information obtained from sources it deems reliable. Owner, nor their officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Owner and Matthews Real Estate Investment Services expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Matthews Real Estate Investment Services or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.



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