



## Offering Memorandum

**IHOP – 25 YR SALE-LEASEBACK**  
**2000 W NORTHERN AVENUE**  
**PHOENIX, AZ 85021**



Marcus & Millichap











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Phoenix, AZ 85021

**FINANCIAL SUMMARY**

Price	\$4,375,000
Down Payment	100% \$4,375,000
Cap Rate	4.80%
Building SF	4,779 SF
Net Cash Flow	4.80% \$210,000
Year Built	2012
Lot Size	1.59 Acres

**LEASE SUMMARY**

Lease Type	Absolute Triple-Net (NNN) Lease
Tenant	Romulus Restaurants, LLC
Lease Guarantor	RMLS HOP, LLC
Landlord Responsibility	None
Tenant Responsibility	Roof & Structure
Rent Commencement Date	Upon Close of Escrow
Lease Expiration Date	25 Years from Close of Escrow
Lease Term	25 Years
Rental Increases	10% in Year 11 and Every 5 Years Thereafter
Renewal Options	4, 5 Year Options

ASSIGNMENT: Tenant may assign this Lease or sublet the Premises, upon at least ten (10) days prior written notice to Landlord, but without Landlord's consent or any assumption or transfer fee, or sharing of rents, to (i) IHOP Franchising, LLC, a Delaware limited liability company ("IHOP"), as Tenant's Franchisor, or (ii) a bona fide and credit worthy IHOP franchisee who has owned and operated IHOP restaurants for not less than two (2) years prior to any such assignment or subletting, provided, that the net value of such franchisee or its guarantor(s) is at least \$5,000,000.00 and the number of IHOP restaurants currently owned and operated by such franchisee is not less than ten (10) ("IHOP Franchisee Assignee"). Tenant will cause the IHOP Franchisee Assignee to furnish such financial and franchise information as requested by Landlord necessary to determine the IHOP Franchisee Assignee's net value and credit worthiness. In the event of an approved assignment, guarantor's obligations will be released.

**ANNUALIZED OPERATING DATA**

LEASE YEARS	ANNUAL RENT	CAP RATE
1 - 10	\$210,000.00	4.80%
11 - 15	\$231,000.00	5.28%
16 - 20	\$254,100.00	5.81%
21 - 25	\$279,510.00	6.39%

OPTIONS	ANNUAL RENT	CAP RATE
Option 1	\$307,461.00	7.03%
Option 2	\$338,207.10	7.73%
Option 3	\$372,027.81	8.50%
Option 4	\$409,230.59	9.35%

<b>BASE RENT</b>	<b>\$210,000</b>
Net Operating Income	\$210,000
Total Return	4.80% \$210,000







IHOP® competes in the Family Dining segment of the restaurant industry, and all IHOP restaurants are owned by independent franchise operators. For 57 years, the IHOP family restaurant chain has served its world famous pancakes and a wide variety of breakfast, lunch and dinner items that are loved by people of all ages. IHOP offers its guests an affordable, everyday dining experience with warm and friendly service.

[www.ihop.com](http://www.ihop.com)

#### FRANCHISEE OVERVIEW: ROMULUS, INC.

Romulus is one of the largest franchisee and developers of IHOP Restaurants in the country. With the corporate headquarters in Phoenix, AZ, Romulus currently operates 107 IHOP Restaurants in 11 States (Arizona, Idaho, Pennsylvania, Oklahoma, Kansas, Texas, New Mexico, Indiana, and Ohio).

The company has been a franchisee since 1991 and has steadily grown from one restaurant to its current size with anticipated revenues exceeding \$200M and employing approximately 6,000 employees.

The company is lead by Chris Milisci, Founder & CEO. Mr. Milisci is a graduate of the University of Texas and was an employee for IHOP Corporation for a brief period before founding Romulus and becoming a franchisee in 1991. Under Chris's leadership, Romulus is the only two-time winner of IHOP's Chairman Award for franchisee of the year and has won "Regional Franchisee of the Year" 7 times and has become the 2nd largest franchisee and developer of IHOP restaurants. Chris was also integral in forming, and a founding board member of the franchisee-owned buy in co-op, Centralized Supply Chain Systems (CSCS).

Romulus is consistently ranked by Franchise Times Restaurant 200 and is currently listed as the number 47 largest franchisee in the nation. The company is very active in the communities it serves and has been recognized on several occasions for its charitable work.

[www.romulusinc.com](http://www.romulusinc.com)



## INVESTMENT HIGHLIGHTS

- Brand New 25-Year Absolute Triple-Net (NNN) Lease
- 429,706 Residents in Trade Area – Infill Phoenix
- Adjacent to Sprouts Farmers Market-Anchored Shopping Center
- Less Than 1 Mile Off the I-17 (147,200+ Cars per Day) – Major Connector for the Phoenix MSA
- Tenant is One of the Largest Franchisee and Developers of IHOP Restaurants in the U.S. (107 Locations)
- High Traffic Location, Visible to 66,120 Cars per Day
- Close Proximity to National Retailers – Sprouts Farmers Market, Albertsons, LA Fitness and More
- Strong Daytime Population – 473,170 Employees in 5-Mile Radius
- Minutes to Christown Spectrum Mall (50+ Stores) – Major Tenants Include Target, Harkins Theatres, JCPenney, Walmart Supercenter and Costco
- 15 Minutes North of Downtown Phoenix

## DEMOGRAPHIC REPORT

Population	1-Mile	3-Miles	5-Miles
2022 Projection	21,225	173,935	421,039
2017 Estimate	21,047	176,966	429,706
Households	1-Mile	3-Miles	5-Miles
2022 Projections	9,352	67,339	163,765
2017 Estimate	9,097	66,573	162,242
Income	1-Mile	3-Miles	5-Miles
2017 Est. Average Household Income	\$58,683	\$60,312	\$61,719
2017 Est. Median Household Income	\$36,591	\$39,455	\$41,650
2017 Est. Per Capita Income	\$25,495	\$22,833	\$23,458

## LOCATION OVERVIEW

The Phoenix metro consists of Maricopa and Pinal counties, and includes more than 30 incorporated and more than 30 unincorporated towns and cities. Since 2000, the population in the metro increased by more than 38 percent. The largest city is Phoenix, which encompasses about 520 square miles, is the capital city and boasts a population of more than 1.5 million.

As one of the primary beneficiaries of the massive shift in the U.S. population from north to south, the Phoenix metro has had little difficulty finding workers. Phoenix claims five Fortune 500 headquarters, including Freeport-McMoRan, Republic Services, Insight Enterprises, Avnet and PetSmart. Construction, hightech manufacturing, healthcare and tourism dominate the Phoenix economy. The local economy has strengthened since the recession, with retail sales projected above 8 percent this year and hotel occupancy levels rising.

High-tech manufacturing has been a powerful driver in the local economy for two decades. The region's relatively low cost of doing business has encouraged several manufacturers to remain and expand in the area, while luring others. The strengthening economy has drawn job seekers to the area, boosting the housing market. Phoenix offers a lower cost of living than other metros its size, a moderate climate, and a wide variety of recreational and cultural activities.

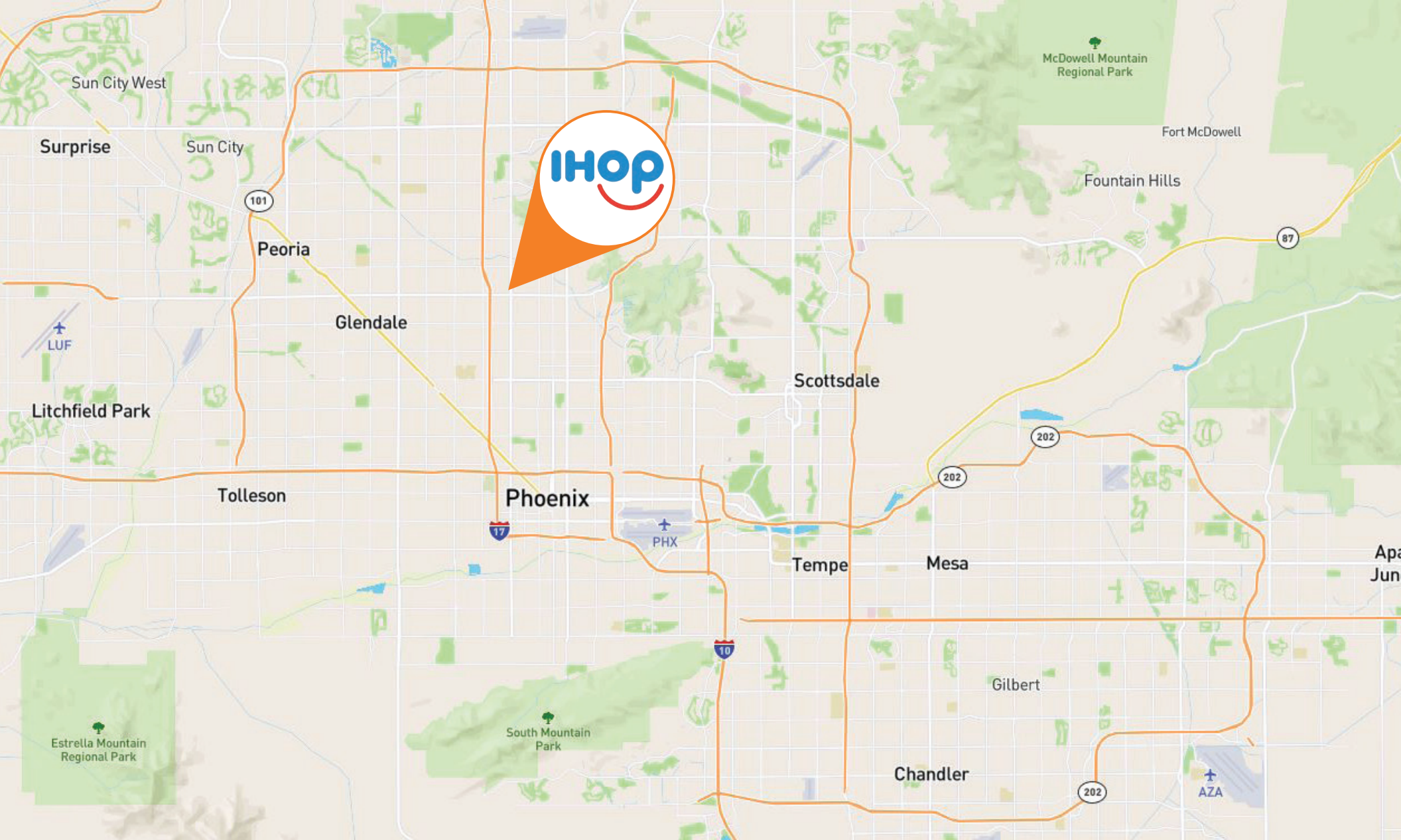
The Phoenix region boasts almost 300 days of sunshine annually, low humidity and mild winters. In addition to hiking, camping and boating, sports enthusiasts can enjoy one of the most complete lineups of major league teams found in any city, including teams in all four major sports. The Cactus League holds spring training baseball throughout the Valley, and the area has numerous golf courses and tennis courts.











5 MILES  
Grand Canyon  
University

9 MILES  
Downtown  
Phoenix

10 MILES  
Westgate Entertainment  
District

13 MILES  
Phoenix Sky Harbor  
International Airport



## Net Leased Disclaimer

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

**By accepting this Marketing Brochure, you agree to treat the information contained herein regarding the lease terms as confidential and proprietary and to only use such information to evaluate a potential purchase of this net leased property.**

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

## Confidentiality Agreement

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 Marcus & Millichap and it should not be made available to any other person or entity without the written consent of Marcus & Millichap. By taking possession of and reviewing the information contained herein the recipient agrees to hold and treat all such information in the strictest confidence. The recipient further agrees that recipient will not photocopy or duplicate any part of the offering memorandum. If you have no interest in the subject property at this time, please return this offering memorandum to Marcus & Millichap.

This offering memorandum has been prepared to provide summary, unverified financial and physical 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. Marcus & Millichap has not made any investigation, and makes no warranty or representation with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCBs or asbestos, the compliance with local, state and federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this offering memorandum has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap 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. Prospective buyers shall be responsible for their costs and expenses of investigating the subject property.

**ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONTACT THE MARCUS & MILLICHAP AGENT FOR MORE DETAILS.**



exclusively listed

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