

# ABSOLUTE NET (NNN) KFC

Sturgis, MI

JAMESCAPITAL  
ADVISORS



Listed in conjunction with MI RE Broker Andrew Whisler, MI Lic # 6505370245

Marketing Package

KFC

406 S Centerville Rd Sturgis, MI 49091

# PROPERTY INFO

Tenant	KFC
Street Address	406 S Centerville Rd
City	Sturgis
State	MI
Zip	49091
APN	052-540-001-00
GLA	2,795 SF
Lot Size	0.45
Year Built	N/A



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The Offering

# FINANCIAL SUMMARY

Purchase Price	\$1,040,000
Cap Rate	5.50%
Net Operating Income	\$57,200
Price / SF	\$372.09
Rent / SF	\$20.47
Listing Agent	Mike James
Phone Number	(424) 325-2606
Email	<a href="#">SUBMIT OFFER</a>

# INVESTMENT HIGHLIGHTS

- Absolute Net (NNN) Investment**

This KFC operates on a Absolute Net (NNN) lease with the tenant fully responsible for maintenance, insurance and taxes.
- Lease Backed by 700+ Unit Franchisee**

The lease is backed by one of the largest KFC franchisees, KBP Foods. KBP Foods has been in business for over 20 years and currently operates over 700 franchised locations.
- Ample Rent Growth - 7.5% Increases Every Five Years**

There are 7.5% rental increases built into the lease every five years, providing the landlord with positive rent growth and a hedge against inflation.



- Strong Tenant Commitment**

The lease features an initial term of 20 years with an additional two, five-year options to extend the lease until 09/30/2048, indicating a strong commitment to the site.
- Conservative Rent to Sales Ratio**

The subject property has a historical rent to sales ratio below 7%, providing the landlord with a well-grounded and sound cash flow.
- Globally Recognized Brand**

KFC is a globally recognized brand with total sales over \$3.1B and 22,621 locations worldwide, continuously expanding year-over-year.

KFC

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# LEASE SUMMARY

Lease Type	Absolute Net (NNN)
Type of Ownership	Fee Simple
Original Lease Term	20 Years
Commencement Date	October 1, 2018
Lease Expiration	September 30, 2038
Term Remaining	19.25 Years
Increases	7.5% Every Five Years
Options	Two, Five-Year
ROFR / ROFO	20 Days

Real Estate Taxes	Tenant Responsible
Insurance	Tenant Responsible
Repairs & Maintenance	Tenant Responsible
✔ Zero Landlord Responsibilities	
Lease Guarantor	Franchisee
Company Name	Private
Ownership	KBP Foods
Years in Business	20
Number of Locations	700+



## REAL ESTATE HIGHLIGHTS

### Growing Population in Immediate Area

Centrally located a block away from downtown Sturgis, the asset benefits from continuous population growth a one-mile radius of the property since 2010, totaling 7.26% FY'19.

### Infill Retail Corridor

National tenants within a one-mile radius of the subject property include Kroger, Walgreens, Walmart, Meijer and numerous others.

### 2019 Slated Remodel 'American Showman'

The property is slated to be remodeled based on KFC's latest "American Showman" design. The revamped store design has seen major success across the brand since its inception. See p. 7 for details.



### Drive Thru-Location

This location features a dedicated drive-thru, which adds a meaningful level of convenience to the customer experience and drives further sales.

### Excellent Site-Level Visibility

Ideally located off of Hwy 66, this property gets strong visibility from over 17,600 vehicles passing per day.



**17,600 VPD**

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Lease Summary

KFC

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# RENT SCHEDULE

RENT SCHEDULE

	PERIOD	ANNUAL RENT	MONTHLY RENT	INCREASE	RENT / SF	CAP RATE
10/01/2018-09/30/2023	Base	\$57,200.00	\$4,766.67	-	\$20.47	5.50%
10/01/2023-09/30/2028	Base	\$61,490.00	\$5,124.17	7.50%	\$22.00	5.91%
10/01/2028-09/30/2033	Base	\$66,101.75	\$5,508.48	7.50%	\$23.65	6.36%
10/01/2033-09/30/2038	Base	\$71,059.38	\$5,921.62	7.50%	\$25.42	6.83%
10/01/2038-09/30/2043	Option 1	\$76,388.83	\$6,365.74	7.50%	\$27.33	7.35%
10/01/2043-09/30/2048	Option 2	\$82,118.00	\$6,843.17	7.50%	\$29.38	7.90%

# ABOUT THE BRAND

KFC Corporation, based in Louisville, Kentucky, is one of the few brands in America that can boast a rich, decades-long history of success and innovation. It all started with one cook who created a soon-to-be world-famous recipe more than 70 years ago, a list of secret herbs and spices scratched out on the back of the door to his kitchen. That cook was Colonel Harland Sanders, of course, and now KFC is the world's most popular chicken restaurant chain, specializing in that same Original Recipe® along with Extra Crispy™ chicken, home-style sides and buttermilk biscuits.

KFC still has a cook in every kitchen preparing delicious, complete family meals at affordable prices. KFC's trained cooks freshly prepare fried chicken daily using the Colonel's Secret Recipe of 11 herbs and spices, taking more than 25 minutes to hand bread and cook the chicken, contributing to KFC being known for having the world's best chicken. Today, the company has grown to operate over 22,600 KFC outlets in more than 130 countries and territories around the world.

## LOCATIONS

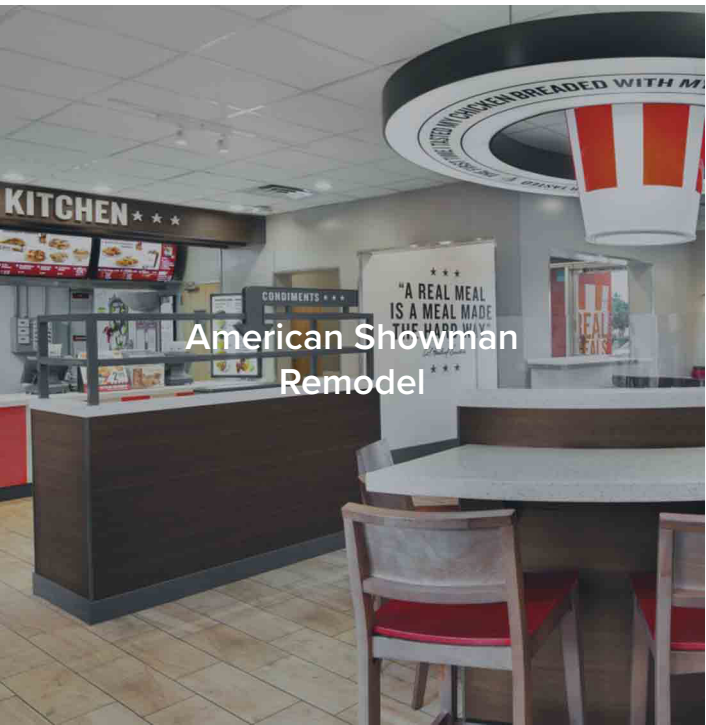
22,600+

## COUNTRIES

130

## DAILY CUSTOMERS

12+ Million



# ABOUT KBP FOODS

KBP Foods is focused and deliberate about creating and sustaining an environment that values and balances its responsibility to, and impact on, their customers, people, and communities. The Franchisee is committed to delivering the ultimate customer satisfaction by developing their people through superior implementation of training and systems. KBP Foods is a socially responsible, integrity-driven company that strives to be better each and every day.

KBP Foods has been named one of the 10 Fastest-Growing Restaurant Chains and one of the Top 100 Fastest-Growing Businesses in North America. The success KBP Foods has had with growth through acquisition is directly correlated to diligent selection criteria, prudent and responsible capital structure and industry leading operational talent.

Currently, KBP Foods operates 700+ KFC and YUM! Brands restaurants across 23 states throughout the United States.

## LOCATIONS

700+

## STATES

23

## YEARS IN BUSINESS

20

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About the Brand

KFC

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# STURGIS, MI

## STURGIS, MI

### The City of Sturgis

Founded in 1896, Sturgis is known as the “electric city” due to its municipal electric utility and hydroelectric dam have been serving the city since its inception in the 19th century.

### Healthy Labor Market

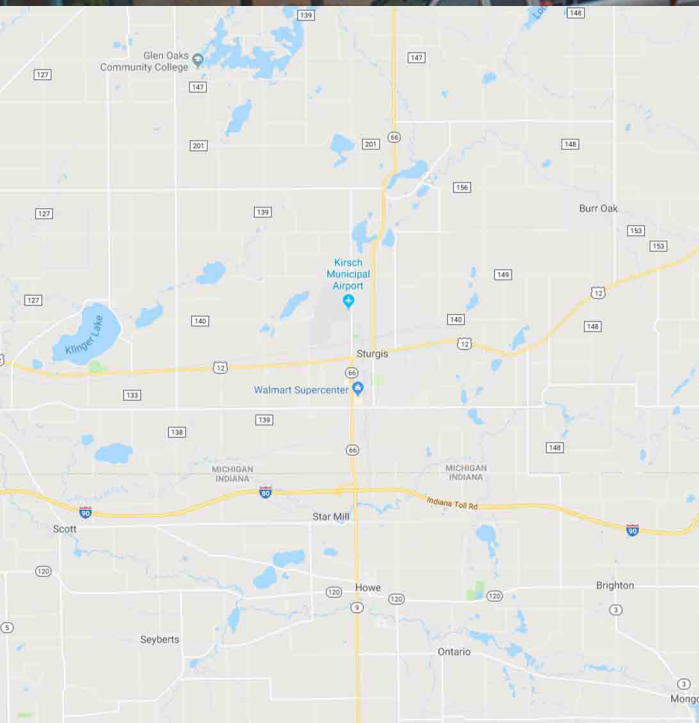
Sturgis’ current unemployment rate is below the national average, totaling 3.2% in FY’18.

### Proximity to Kirsch Municipal Airport

Since 1940, Kirsch Municipal Airport has served passengers traveling to Sturgis. The airport is located less than one and a half miles from the subject property, driving further traffic to the site.

### Largest City in St. Joseph County

Sturgis is the largest city within St. Joseph’s County, which is centrally located between metropolises Detroit, MI and Chicago, IL.







Bowersox Floor Center

  
**2,795 SF**

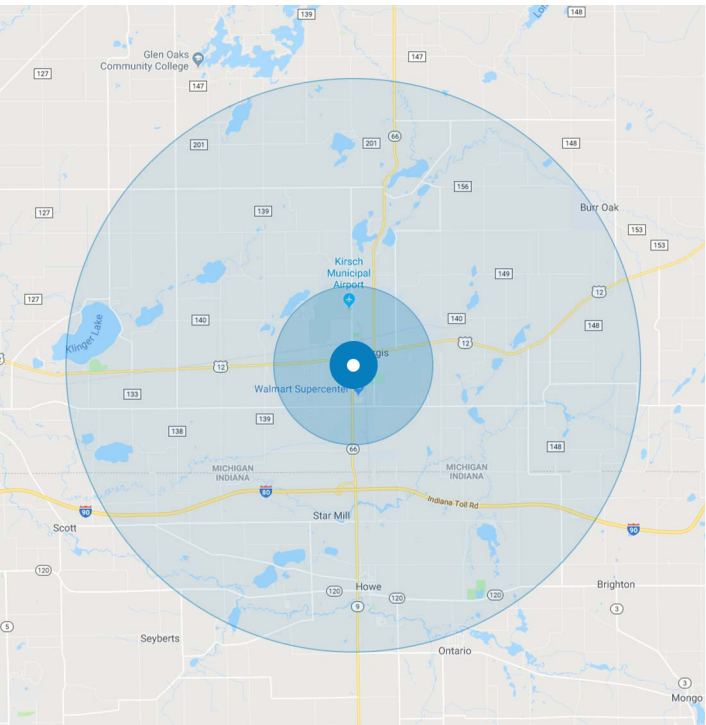
0.45 AC

# DEMOGRAPHICS

POPULATION	1 MILE	3 MILE	5 MILE	10 MILE
2023 Projection	6,333	14,159	18,108	34,020
2018 Estimate	6,339	14,204	18,116	33,815
2010 Census	6,375	14,452	18,370	33,638

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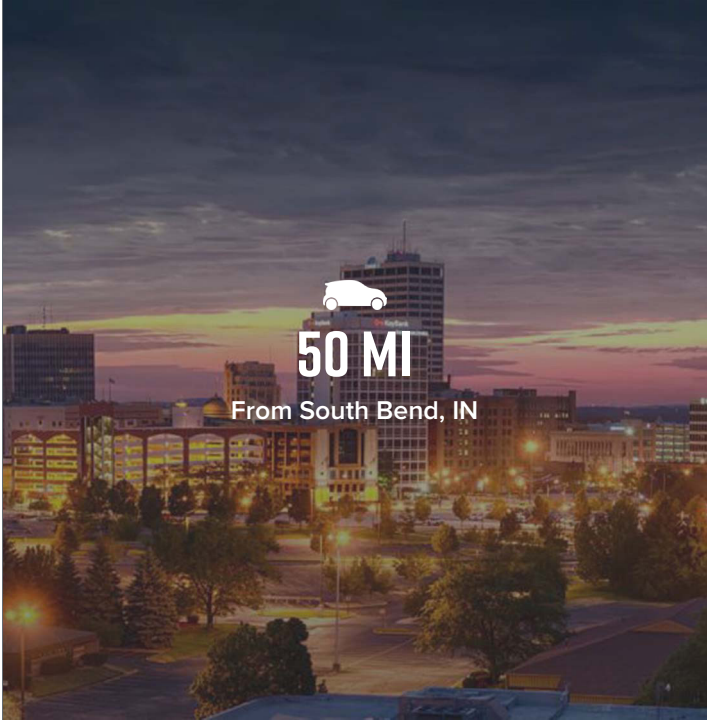


## HOUSEHOLDS

	1 MILE	3 MILE	5 MILE	10 MILE
2023 Projection	2,334	5,253	6,660	12,220
2018 Estimate	2,337	5,273	6,668	12,153
2010 Census	2,355	5,371	6,780	12,084

## HOUSEHOLDS

Avg. HH Income	\$44,854	\$55,316	\$57,320	\$62,539
Med. HH Income	\$36,359	\$40,386	\$43,623	\$49,002



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The value of the property to any Buyer depends on numerous factors that must be evaluated by Buyer and Buyer’s legal, tax, construction, and financial advisors. Buyer and Buyer’s advisors should conduct a thorough, independent investigation of the property to determine its suitability for Buyer’s intended usage. This investment, as with all real estate investments, carries a substantial risk. As such, Buyer and Buyer’s legal and financial advisors are strongly advised to request and review all legal and financial documentations related to the property and tenants.

A tenant’s past performance is not a guarantee of future performance. The lease rate stated for some properties may be based on a tenant’s projected sales with little or no record of actual performance or comparable rents for the area in question. Returns are in no way guaranteed. Tenants may fail to pay the rent or property taxes or any other tenant obligations under the terms of the lease or may default under the terms of such lease. Regardless of tenant’s history of performance, and/or any lease guarantors and/or guarantees, Buyer is responsible for conducting Buyer’s own investigation of all matters related to any and all tenants and lease agreements. Broker is not, in any way, responsible for the performance of any tenant or for any breach or default by any tenant of any terms of any lease agreement related to the property. Further, Buyer is responsible for conducting Buyer’s own independent investigation of all matters related to the value of the property, including, but not limited to, the value of any long-term leases. Buyer must carefully evaluate the possibility of tenants vacating the property or breaching their leases and the likelihood and financial impact of being required to find a replacement tenant if the current tenant should default and/or abandon the property. Buyer must also evaluate Buyer’s legal ability to make alternate use of the property in the event of a tenant abandonment of the property.

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**SUBMIT OFFER**



James Capital Advisors

Contact Information

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## **DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIPS**

Before you disclose confidential information to a real estate licensee regarding a real estate transaction, you should understand what type of agency relationship you have with that licensee. A real estate transaction is a transaction involving the sale or lease of any legal or equitable interest in real estate consisting of not less than 1 or not more than 4 residential dwelling units or consisting of a building site for a residential unit on either a lot as defined in section 102 of the land division act, 1967 PA 288, MCL 560.102, or a condominium unit as defined in section 4 of the condominium act, 1978 PA 59, MCL 559.104.

**(1) An agent providing services under any service provision agreement owes, at a minimum, the following duties to the client:**

- The exercise of reasonable care and skill in representing the client and carrying out the responsibilities of the agency relationship.
- The performance of the terms of the service provision agreement.
- Loyalty to the interest of the client.
- Compliance with the laws, rules, and regulations of this state and any applicable federal statutes or regulations.
- Referral of the client to other licensed professionals for expert advice related to material matters that are not within the expertise of the licensed agent.
- An accounting in a timely manner of all money and property received by the agent in which the client has or may have an interest.
- Confidentiality of all information obtained within the course of the agency relationship, unless disclosed with the client's permission or as provided by law, including the duty not to disclose confidential information to any licensee who is not an agent of the client.

**(2) A real estate broker or real estate salesperson acting pursuant to a service provision agreement shall provide the following services to his or her client:**

- When the real estate broker or real estate salesperson is representing a seller or lessor, the marketing of the client's property in the manner agreed upon in the service provision agreement.
- Acceptance of delivery and presentation of offers and counteroffers to buy, sell, or lease the client's property or the property the client seeks to purchase or lease.
- Assistance in developing, communicating, negotiating, and presenting offers, counteroffers, and related documents or notices until a purchase or lease agreement is executed by all parties and all contingencies are satisfied or waived.
- After execution of a purchase agreement by all parties, assistance as necessary to complete the transaction under the terms specified in the purchase agreement.
- For a broker or associate broker who is involved at the closing of a real estate or business opportunity transaction furnishing, or causing to be furnished, to the buyer and seller, a complete and detailed closing statement signed by the broker or associated broker showing each party all receipts and disbursements affecting that party.

**Michigan law requires real estate licensees who are acting as agents of sellers or buyers of real property to advise the potential sellers or buyers with whom they work of the nature of their agency relationship.**

### **Seller's Agents**

A seller's agent, under a listing agreement with the seller, acts solely on behalf of the seller. A seller can authorize a seller's agent to work with subagents, buyer's agents and/or transaction coordinators. A subagent is one who has agreed to work with the listing agent, and who, like the listing agent, acts solely on behalf of the seller. Seller's agents and subagents will disclose to the seller known information about the buyer which may be used to the benefit of the seller.

Individual services may be waived by the seller through execution of a limited service agreement. Only those services set forth in paragraph (2)(b), (c), and (d) above may be waived by the execution of a limited service agreement.

### Buyer's Agents

A buyer's agent, under a buyer's agency agreement with the buyer, acts solely on behalf of the buyer. Buyer's agents and subagents will disclose to the buyer known information about the seller which may be used to benefit the buyer. Individual services may be waived by the buyer through execution of a limited service agreement. Only those services set forth in paragraph (2)(b), (c), or (d) above may be waived by execution of a limited service agreement.

### Dual Agents

A real estate licensee can be the agent of both the seller and the buyer in a transaction, but only with the knowledge and informed consent, in writing, of both the seller and the buyer. In such a dual agency situation, the licensee will not be able to disclose all known information to either the seller or the buyer. The obligations of a dual agent are subject to any specific provisions set forth in any agreement between the dual agent, the seller, and the buyer.

### Licensee Disclosure (check one)

I hereby disclose that the agency status of the licensee named below is:

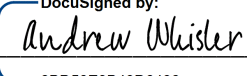
- ☒ Seller's Agent  
☐ Seller's Agent – limited service agreement  
☐ Buyer's Agent  
☐ Buyer's Agent – limited service agreement  
☐ Dual Agent  
☐ None of the above

### Affiliated Licensee Disclosure (check one)

☐ Only the licensee's broker and a named supervisory broker have the same agency relationship as the licensee named below. If the other party in a transaction is represented by an affiliated licensee, then the licensee's broker and all named supervisory brokers shall be considered disclosed consensual dual agents.

☐ All affiliated licensees have the same agency relationship as the licensee named below.

Further, this form was provided to the buyer or seller before disclosure of any confidential information.

DocuSigned by:	
	12/19/2018
Licensee	Date
_____	_____
Licensee	Date

### Acknowledgment

By signing below, the parties acknowledge that they have received and read the information in this agency disclosure statement and acknowledge that this form was provided to them before the disclosure of any confidential information.

_____	_____
Potential Buyer/Seller (circle one)	Date