

CIA commercial investment a d v i s o r s

Represented by: JUSTIN ZAHN

### COMMERCIAL INVESTMENT ADVISORS, INC. CIA BROKERAGE COMPANY

9383 East Bahia Drive, Suite 130 | Scottsdale, Arizona 85260 480.214.5088 – Office | www.ciadvisor.com

**JUSTIN CARLSON** 

In Association with Michigan Designated Broker: Andy & Colleen Whisler | Community Choice Realty | MI License # 6502380502

**KFC** 13785 THIRTEEN MILE ROAD WARREN, MICHIGAN 48088

## OFFERING MEMORANDUM

# **INVESTMENT** OVERVIEW

NAME	KFC
LOCATION	13785 Thirteen Mile Road Warren, Michigan 48088
MAJOR CROSS STREETS	On 13 Mile Rd, East of Schoenherr Rd
TENANT	FQSR, LLC dba. KBP FOODS
PURCHASE PRICE	\$1,453,000
CAP RATE	5.85%
ANNUAL RENT	\$85,000
GROSS LEASEABLE AREA	2,138 SF
RENTAL ESCALATIONS	7% every 5 Years
LEASE TYPE	Absolute NNN
OWNERSHIP	(Building & Land) Fee Simple
YEAR BUILT   REMODELED	1989   2018
LOT SIZE	±0.67 Acre
LEASE EXPIRATION	July 31, 2039
OPTIONS	Two 5-Year Renewal Options

## POINTS OF INTEREST

**RETAIL | SHOPPING:** Pad site to Kroger; nearby retailers include Dollar Tree, Dollar General, Randazzo Fresh Market, CVS Pharmacy, Ace Hardware; The City of Warren has major retailers such as Walmart Supercenter, Target, Burlington, Marshalls, Menards, Meijer, Lowe's Home Improvement, The Home Depot, Art Van Furniture, Petco, Walgreens

**HIGHER EDUCATION:** 1.5 miles from Macomb Community College Warren (a community college offering nearly 200 degree & certificate programs with total enrollment of 21,946); 5 miles from Baker College of Clinton Township (a community college offering a variety of degree programs, including certificates, associate degrees & bachelor degrees with total enrollment of 3,625)

**HEALTH CARE:** 2 miles from Ascension Macomb-Oakland Hospital (a 376-bed facility offering a full array of medical & surgical specialties including cardiovascular services, cancer care & neurosciences; Physical Medicine & Rehabilitation, Women's Health, etc.)

## **INVESTMENT HIGHLIGHTS**

**LEASE:** Brand New 20-Year Absolute NNN Lease with Attractive 7% Rental Escalations every 5 Years

**TENANT: KBP Foods** (the largest KFC franchisee in the U.S.) Operates **700+ Locations in 23 States** (17% of Locations in U.S. System) and <u>will Generate Sales in Excess of \$800 Million in 2019</u> (FQSR, LLC is the Tenant on the Lease, Encompasses All Restaurant Locations)

SEASONED LOCATION/RECENT REMODEL: Successfully Open & Operating for Decades with an <u>Attractive 7.57% Rent-to-Sales Ratio</u>! – Recently Remodeled in 2018 to New American Showman Prototype, Showing Tenant's Commitment to this Location!

TRAFFIC COUNTS: Pad Site to Kroger with Great Drive-By Visibility on 13 Mile Rd where Traffic Counts Exceed 64,200 CPD!
2019 DEMOGRAPHICS: Total Population (5-MI): 316,540 | Average Household Income (3-MI): \$67,791



# FINANCIAL ANALYSIS

## SUMMARY

SUMMARY			
TENANT	FQSR, LLC dba. KBP Foods	LOT SIZE	±0.67 Acre
PURCHASE PRICE CAP RATE	\$1,453,000 5.85%	EXPENSE REIMBURSEMENT	This is an <b>Absolute NNN lease</b> . Tenant is responsible for all expenses.
GROSS LEASABLE AREA YEAR BUILT   REMODELED	2,138 SF 1989   2018	FINANCING	All Cash or Buyer to obtain new financing at Close of Escrow.

## **RENT ROLL**

TENANT INFO		LEASE TERMS	RENT SUMMARY		REN	
TENANT NAME	SQ FT	TERM	INCREASE	RENT	ANNUAL INVESTOR RETURN	
FQSR, LLC dba. KBP Foods	2,138	Years 1-5: 07/08/19 to 07/31/24	Current	\$85,000	5.85%	
		Years 6-10: 08/01/24 to 07/31/29	7%	\$90,950	6.26%	
		Years 11-15: 08/01/29 to 07/31/34	7%	\$97,317	6.70%	
		Years 16-20: 08/01/34 to <b>07/31/39</b>	7%	\$104,129	7.17%	
					6.49% AVG ANNUAL RETURN	
RENEWAL OPTIONS		1 <sup>st</sup> Option: 08/01/39 to 07/31/44	7%	\$111,418		
		2 <sup>nd</sup> Option: 08/01/44 to 07/31/49	7%	\$119,217		

# **TENANT** OVERVIEW



KBP Foods operates **700+ restaurants in 23 states** and has Regional Vice Presidents in every major geographical region. The Corporate Office and Restaurant Support Center are located in Overland Park, Kansas.



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. Ultimately giving their people significant opportunity to growth themselves personally, professionally and financially.

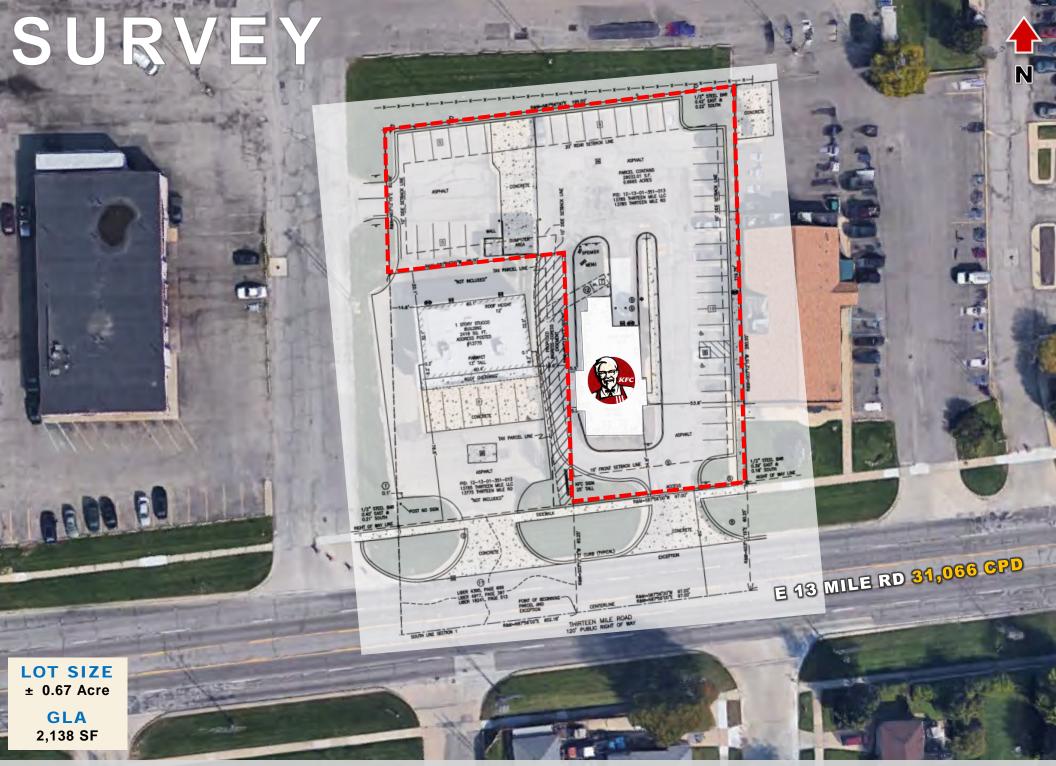
You can find out more about the Tenant by visiting their website: <u>http://www.kbp-foods.com/</u>



STORY OF KBP FOODS

JUSTIN ZAHN JUSTIN@CIADVISOR.COM

JUSTIN CARLSON JCARLSON@CIADVISOR.COM



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JUSTIN CARLSON JCARLSON@CIADVISOR.COM

### **KFC** WARREN, MICHIGAN

# LOCATION OVERVIEW



JCARLSON@CIADVISOR.COM

JUSTIN@CIADVISOR.COM

**Warren** is a city in Macomb County, Michigan. The 2010 census places the city's population at 134,056, making Warren the largest city in Macomb County, the third largest city in Michigan, and Metro Detroit's largest suburb.

**General Motors (GM),** is an American multinational corporation headquartered in Detroit that designs, manufactures, markets and distributes vehicles and vehicle parts. They also sell financial services, with global headquarters in Detroit's Renaissance Center. It is the largest employer in Warren with over 17,000 employees in its many factories.

**Macomb Community College** is a multi-campus community college in Macomb County. It offers bachelor's degree completion and graduate level programs. They now serve over 42,770 students (degree credit, online credit, non-credit annual, early college at Macomb, & dual enrollments), with 1,817 faculty and staff. Because of its location in Macomb County, often cited as a political bellwether, and its reputation for workforce training and retraining, Macomb has been a popular stop for presidents launching new educational initiatives and presidential candidates on the campaign trail. It has hosted every U.S. president since Ronald Reagan at least once, including President Donald Trump twice in 2016.

**Fiat Chrysler Automobiles**, often abbreviated as **FCA**, is an Italian-American multinational corporation and is the world's eighth largest auto maker. They handle automotive assembly and stamping and are one of the largest employers in the area with over 4,000 employees.

The Henry Ford Health System (HFHS) is a comprehensive, integrated, non-profit health care organization in Metro Detroit. Henry Ford established the health system in 1915, and it is currently run by a 17-member board of trustees. <u>Henry Ford</u> <u>Macomb Hospital</u> is a <u>361-bed</u> hospital providing comprehensive acute and tertiary care. Specialty services include a Heart & Vascular Institute, a comprehensive Joint Replacement Center, Henry Ford Cancer Institute, a Women's Health Center, along with a Birthing Center that features 18 labor, deliver, recovery and post-partum suites. The hospital also has a 42-bed inpatient rehabilitation program, an ambulatory and minimally invasive surgery center and leading diagnostic imaging, along with advanced trauma capabilities and emergency services.

2019 DEMOGRAPHICS							
	1-MI	3-MI	5-MI				
TOTAL POPULATION	19,110	112,763	316,540				
POPULATION GROWTH 2010-2019	6.93%	-2.00%	1.18%				
DAYTIME POPULATION	17,372	101,980	283,718				
HOUSEHOLD GROWTH 2010-2019	10.24%	-1.86%	1.22%				
AVERAGE HOUSEHOLD INCOME	\$66,587	\$67,791	\$65,637				

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### FOR MORE INFORMATION:

### JUSTIN ZAHN

### JUSTIN CARLSON

Vice President O +1 480 718 5555 C +1 402 730 6021 justin@ciadvisor.com Senior Investment Advisor O +1 480 214 5089 C +1 480 580-8723 jcarlson@ciadvisor.com

