

Dallas, TX
15 Year Sale-Leaseback



Marcus & Millichap

OFFERING MEMORANDUM

3233 Fort Worth Avenue
Dallas, Texas 75211

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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

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Investment Highlights

PRICE: \$1,304,348 | CAP: 5.75% | RENT: \$75,000

About the Investment

- ✓ Brand New 15-Year Triple-Net (NNN) Sale-Leaseback
- ✓ 1.25% Annual Increases Beginning in Lease Year 6
- ✓ Four (4), Five (5)-Year Tenant Renewal Options
- ✓ 76-Unit Franchisee Guarantee

About the Location

- ✓ Major National Tenants In Surrounding Area Include: Home Depot, Aldi, Walgreens, AutoZone, McDonald's, Bank of America, Chase
- ✓ Strategically Positioned Directly Off of U.S. Interstate 30 - ADTC of Over 165,000 Vehicles
- ✓ Located Three Miles West of Downtown Dallas
- ✓ Stevens Park Elementary School and Raul Quintanilla Sr. Middle School | Both Located In Close Proximity - Over 1,820 Students Enrolled
- ✓ Dallas - Fourth Most Populous Metropolitan Area in the United States

About the Tenant/Brand

- ✓ Pizza Hut is the Largest Pizza Chain in the United States
- ✓ As of year end 2016, Pizza Hut had 16,409 units. 97 percent of the Pizza Hut units are franchised.
- ✓ Pizza Hut operates in the delivery, carryout and casual dining segments around the world. Outside of the U.S., Pizza Hut often uses unique branding to differentiate these segments. Additionally, a growing percentage of Pizza Hut's customer orders are being generated digitally.



INVESTMENT SUMMARY



Marcus & Millichap is pleased to present the exclusive listing for a Pizza Hut Sale-Leaseback located at 3233 Fort Worth Avenue in Dallas, Texas. Built in 1986, the property consists of 3,939 square feet of building space and sits on 0.62 acres of land.

This Pizza Hut property is subject to a brand new 15-year triple-net (NNN) sale-leaseback that will commence at the close of escrow. The current rent is \$75,000 and is subject to 1.25% annual rental increases beginning in year 6. Additionally, the tenant has four, five-year renewal options. The lease is guaranteed by a 76-unit Pizza Hut entity.

Pizza Hut is an American restaurant chain and international franchise, known for pizza and side dishes. It is now corporately known as Pizza Hut, Inc. and is a subsidiary of Yum! Brands, Inc., the world's largest restaurant company. As of year end 2016, Pizza Hut had 16,409 units. 97 percent of the Pizza Hut units are franchised.





Financial Analysis

PRICE: \$1,304,348 | CAP: 5.75% | RENT: \$75,000

Property Description

Property	Pizza Hut
Property Address	3233 Fort Worth Avenue
City, State, ZIP	Dallas, Texas 75211
Year Built / Renovated	1986
Building Size	+/- 3,939 SF
Lot Size	+/- 0.62 Acres
Type of Ownership	Fee Simple

The Offering

Annual Rent	\$75,000
CAP Rate	5.75%
Purchase Price	\$1,304,348
Price / SF	\$331
Rent / SF	\$19.04

Lease Summary

Property Type	Net Leased Restaurant
Tenant / Guarantor	Franchisee – 76 Units
Ownership Type	Private
Original Lease Term	15 Years
Lease Commencement	Close of Escrow
Lease Expiration	Close of Escrow
Lease Term Remaining	15 Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Options to Renew	Four (4), Five (5)-Year Options
Rental Increases	1.25% Starting in Year 6

Rent Schedule

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Years 1-5	\$75,000	\$6,250	-
Year 6	\$75,938	\$6,328	1.25%
Year 7	\$76,887	\$6,407	1.25%
Year 8	\$77,848	\$6,487	1.25%
Year 9	\$78,821	\$6,568	1.25%
Year 10	\$79,806	\$6,651	1.25%
Year 11	\$80,804	\$6,734	1.25%
Year 12	\$81,814	\$6,818	1.25%
Year 13	\$82,836	\$6,903	1.25%
Year 14	\$83,872	\$6,989	1.25%
Year 15	\$84,920	\$7,077	1.25%



TENANT OVERVIEW



Pizza Hut is an American restaurant chain and international franchise, known for pizza and side dishes. It is now corporately known as Pizza Hut, Inc. and is a subsidiary of Yum! Brands, Inc., the world's largest restaurant company.

The first Pizza Hut restaurant was opened in 1958 in Wichita, Kansas, and within a year, the first franchise unit was opened. Today, Pizza Hut is the largest restaurant chain in the world specializing in the sale of ready-to-eat pizza products. Pizza Hut operates in 103 countries and territories throughout the world. As of year end 2016, Pizza Hut had 16,409 units. 97 percent of the Pizza Hut units are franchised.

Pizza Hut operates in the delivery, carryout and casual dining segments around the world. Outside of the U.S., Pizza Hut often uses unique branding to differentiate these segments. Additionally, a growing percentage of Pizza Hut's customer orders are being generated digitally.

As of November, 2014 Pizza Hut revamped their menu, adding five new toppings, six sauces, 10 crust flavors (like "honey Sriracha" and "ginger boom boom"), and even health-conscious "Skinny Slice" pizzas.



Surrounding Area





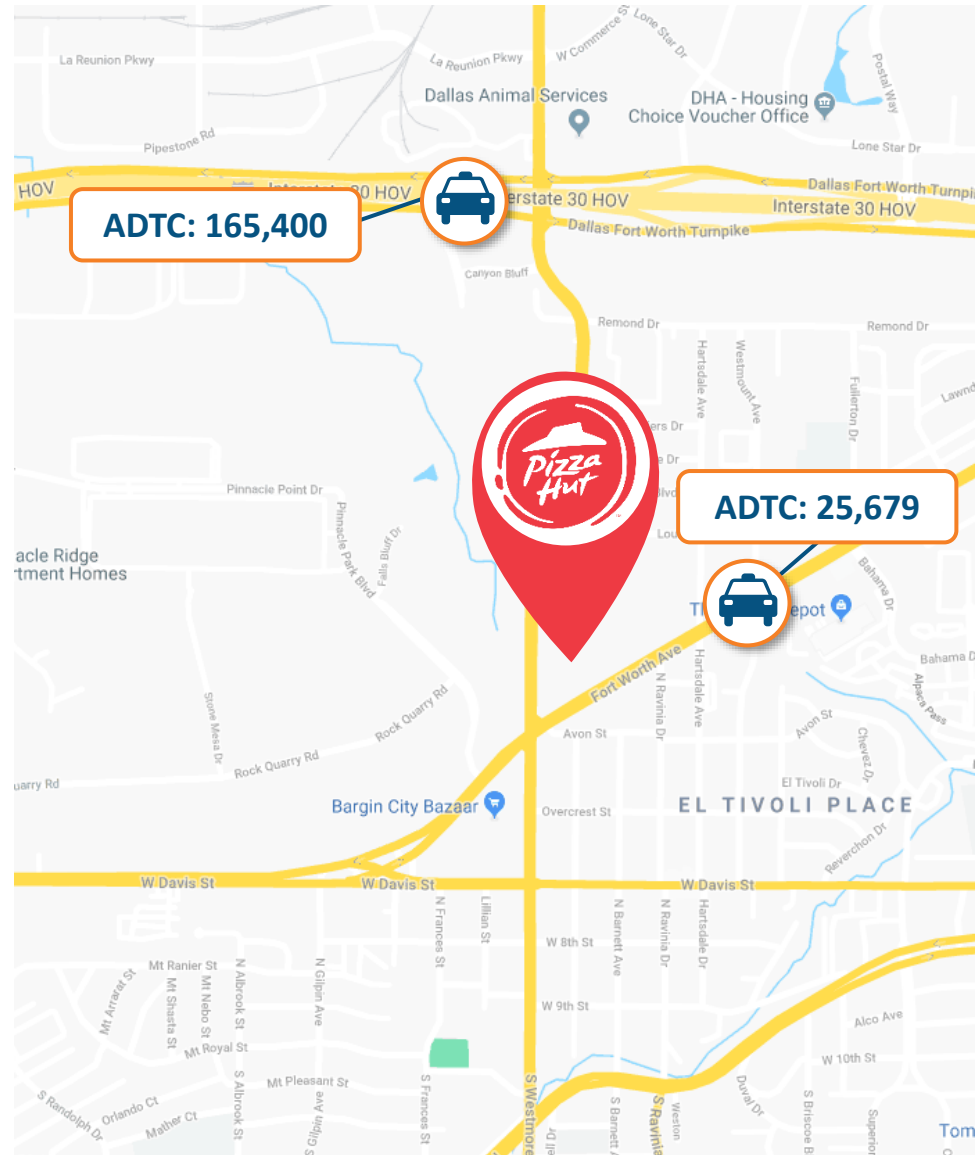
Location Overview

The subject property is located at 3233 Fort Worth Avenue in Dallas, Texas. Dallas is the fourth most populous metropolitan area in the United States. Additionally, Dallas is the fourth largest employment center in the nation, just behind New York City, Los Angeles and Chicago. The subject property is located just three miles west of downtown Dallas.

The subject property is well-positioned in a dense retail, industrial, and residential area, benefiting from its close proximity to many major national and local retailers. Major national tenants in the surrounding area include: Home Depot, Family Dollar, Walgreens, Chase, Sonic, O'Reilly Auto Parts, Bank of America, Exxon, Taco Bell, AutoZone, McDonalds, T-Mobile, Aldi, Dairy Queen, Jack in the Box, Shell, 7-Eleven, Public Storage, as well as many others. Multiple condominiums surround the subject property including The Kontour at Kessler Park, Virginia Manor Apartments, The Meridian, The View, Renaissance at Kessler Park, and Westmount Place. Stevens Park Elementary School and Raul Quintanilla Sr. Middle School are both located in close proximity to the subject property and have a combined total enrollment of 1,821 students.

There are approximately 130,839 individuals residing within a three-mile radius and more than 270,571 individuals residing within a five-mile radius. The site is located at the intersection of Fort Worth Avenue and North Westmoreland Road off of nearby U.S. Interstate 30. The intersection provides the subject property with an excellent location on this major commercial thoroughfare. Fort Worth Avenue has traffic counts of 25,679 vehicles per day and U.S. Interstate 30 has traffic counts in excess of 165,400 vehicles per day.

The Dallas-Fort Worth MSA has one of the largest concentrations of corporate headquarters for publicly traded companies in the United States. Fortune Magazine's 2015 annual list of the Fortune 500 companies in America indicates the city of Dallas has nine Fortune 500 companies, and the DFW region as a whole has 21, up from 18 the year before, reflecting the strong growth in the metro economy. Dallas is currently the third most popular destination for business travel in the United States, and the Dallas Convention Center is one of the largest and busiest convention centers in the country, with over 1,000,000 square feet and the world's single-largest column-free exhibit hall.





Property Photos





Property Photos



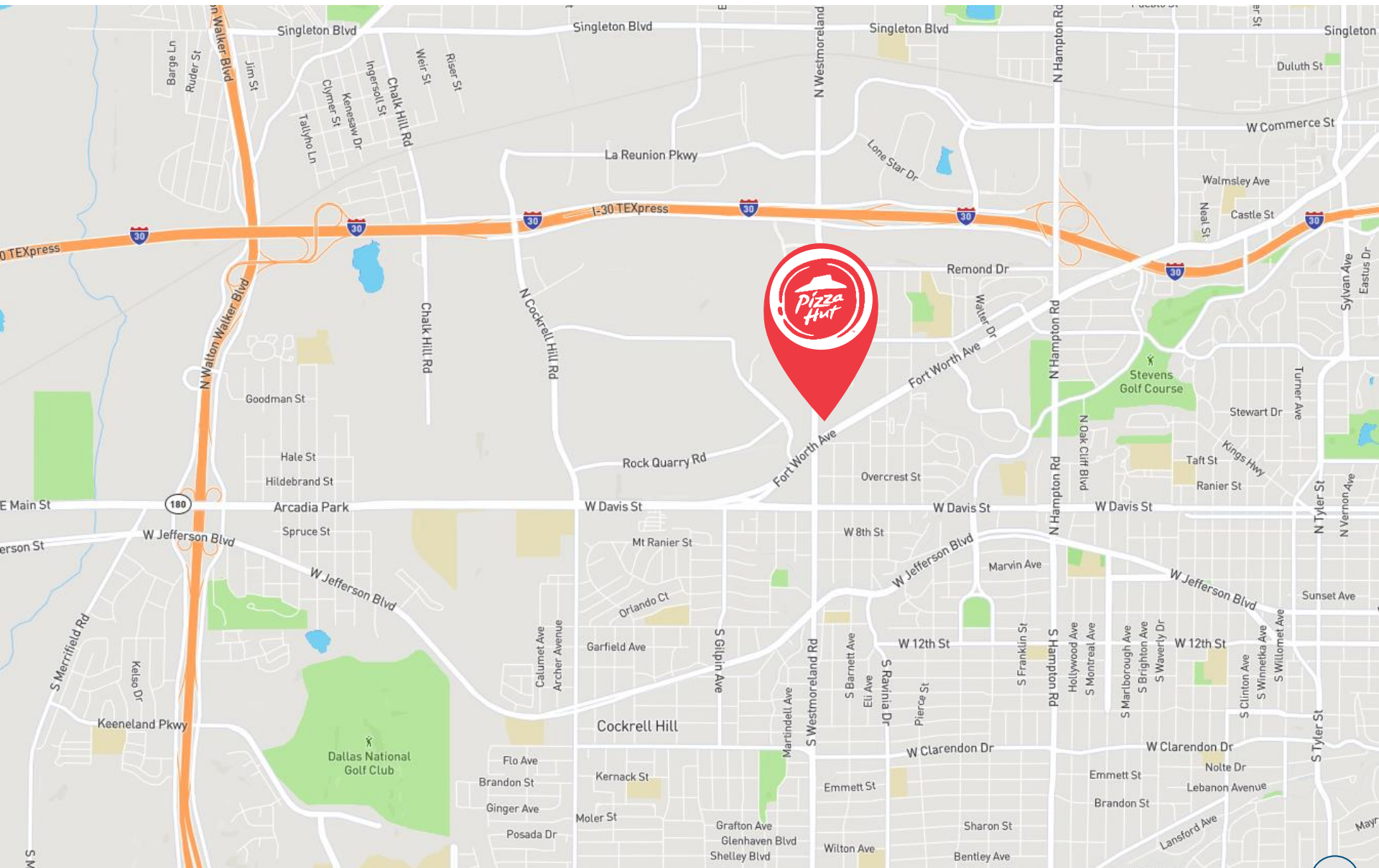


Surrounding Area Photos



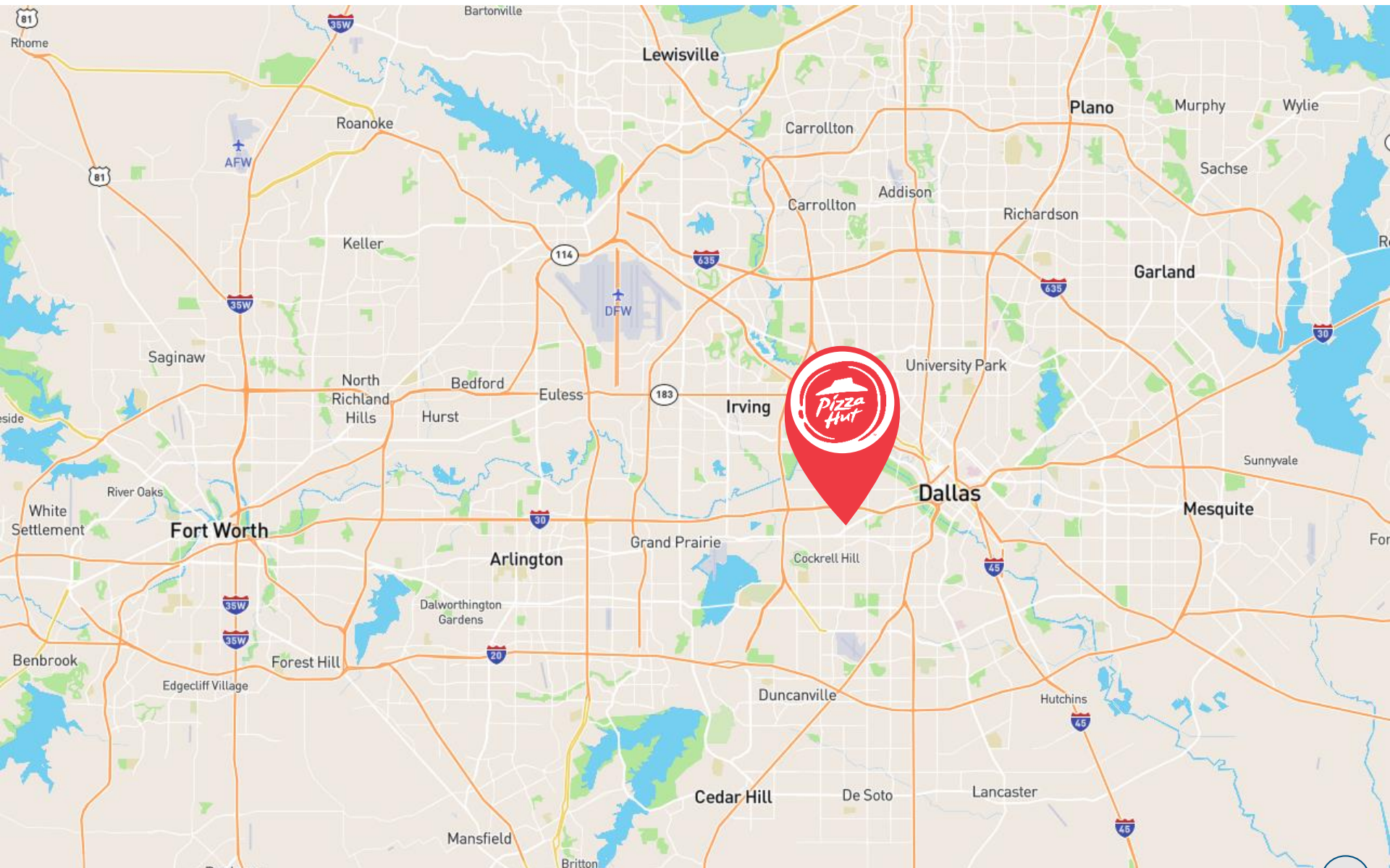


Local Map





Regional Map



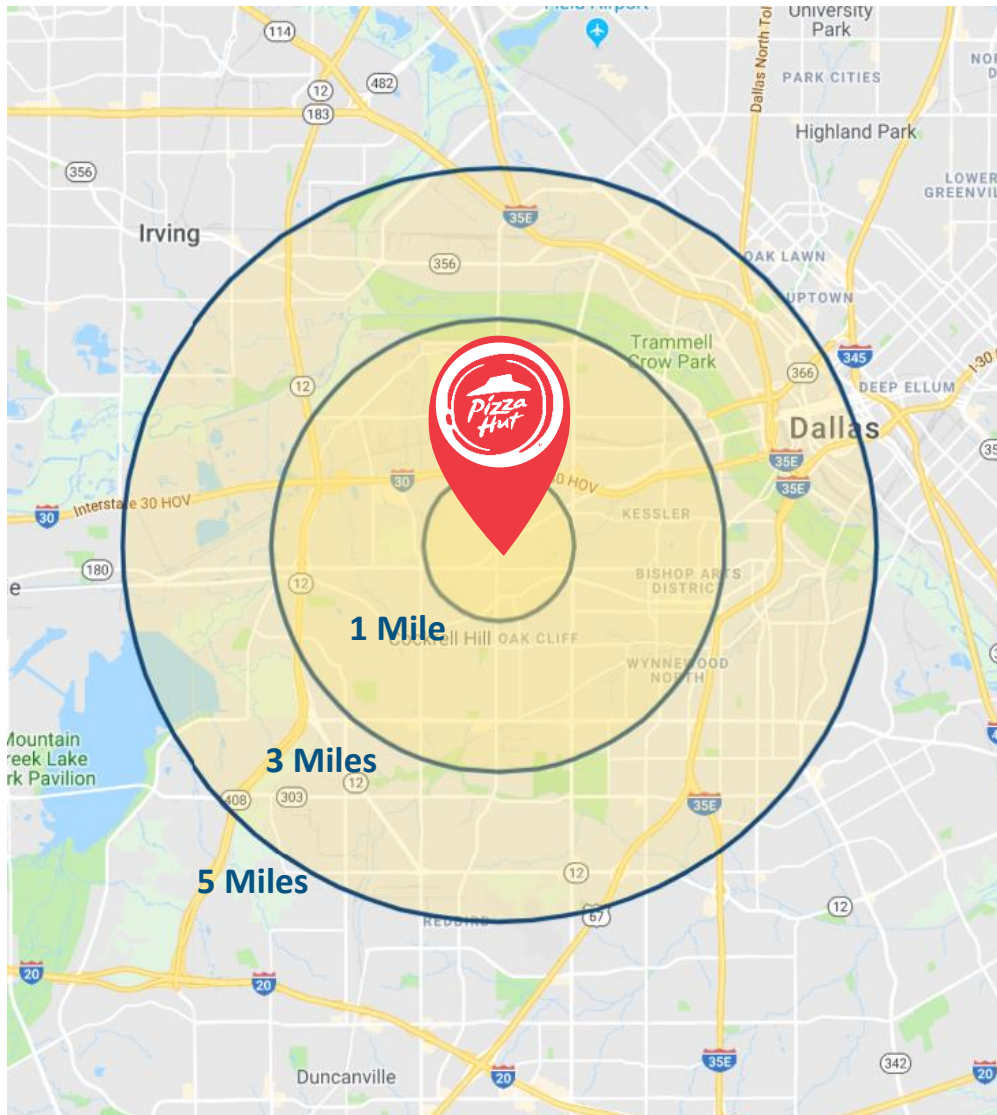


State Map





Demographics



Population:

	1 Mile	3 Miles	5 Miles
2023 Projection	18,925	136,703	283,822
2018 Estimate	18,127	130,839	270,574
2010 Census	17,713	127,268	254,625
Growth 2018-2023	4.40%	4.48%	4.90%
Growth 2010-2018	2.34%	2.81%	6.26%
2018 Population Hispanic Origin	15,206	103,571	175,335

2018 Population by Race:

	1 Mile	3 Miles	5 Miles
White	16,157	111,212	200,282
Black	1,229	14,689	57,488
Am. Indian & Alaskan	328	1,807	3,498
Asian	145	1,288	5,368
Hawaiian & Pacific Island	20	159	297
Other	248	1,683	3,641

U.S. Armed Forces:

Households:

	1 Mile	3 Miles	5 Miles
2023 Projection	5,740	39,523	88,412
2018 Estimate	5,498	37,860	84,007
2010 Census	5,376	37,020	78,140
Growth 2018 - 2023	4.40%	4.39%	5.24%
Growth 2010 - 2018	2.27%	2.27%	7.51%
Owner Occupied	2,290	20,603	38,003
Renter Occupied	3,209	17,256	46,004

2018 Avg Household Income

2018 Med Household Income

2018 Households by Household Inc:

	1 Mile	3 Miles	5 Miles
<\$25,000	1,862	10,879	24,181
\$25,000 - \$50,000	1,543	11,236	23,476
\$50,000 - \$75,000	966	7,020	14,909
\$75,000 - \$100,000	644	4,152	8,846
\$100,000 - \$125,000	165	1,673	4,378
\$125,000 - \$150,000	131	906	2,520
\$150,000 - \$200,000	103	868	2,544
\$200,000+	86	1,124	3,154

DFW Metroplex Market Overview





Market Overview

DALLAS-FORT WORTH OVERVIEW

The Dallas/Fort Worth Metroplex is the fourth-most populous metro in the nation with an aggregate of more than 7.1 million residents. It is composed of 13 counties stretching nearly 10,000 square miles. The city of Dallas houses 1.3 million people, followed by Fort Worth with 800,000 residents. Strong job growth continually draws new residents to the region. To accommodate the additional traffic, the region's transportation network is evolving. Traffic flow is improved as freeways are expanded and miles are being added to tollways and turnpikes. The growth of the transportation network is vital to supporting commuters to the metro's numerous corporations and growing industries.

METRO HIGHLIGHTS



SUBSTANTIAL POPULATION GAINS

Dallas/Fort Worth's population growth in recent years ranks among the highest in the U.S. for a major metro.



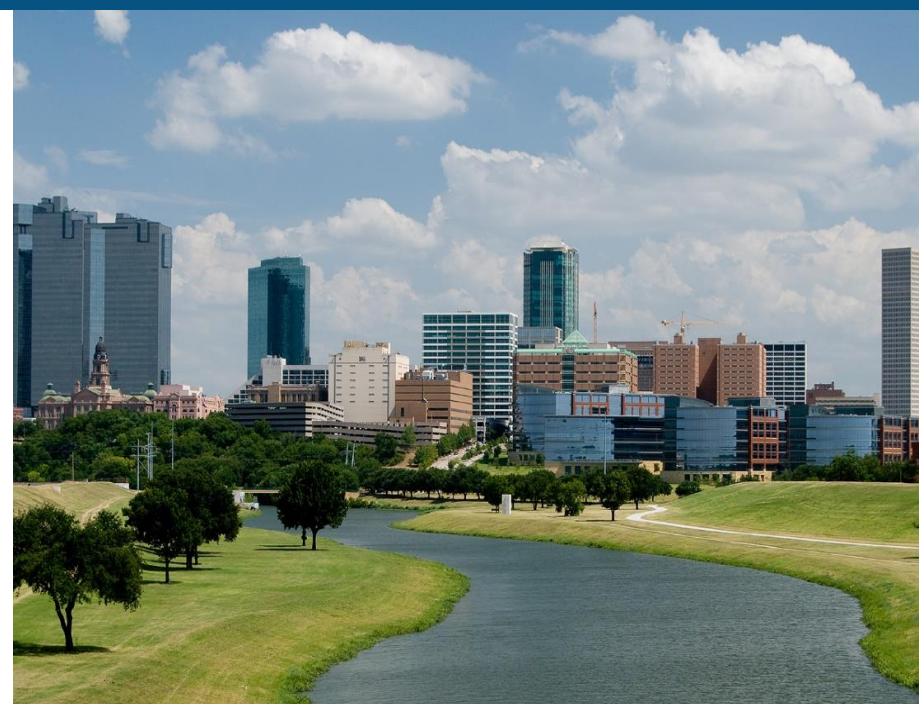
LARGE CORPORATE BASE

The Metroplex is home to 21 Fortune 500 companies and many regional headquarters, drawing workers and residents.



MAJOR DISTRIBUTION CENTER

The area's extensive network of rail and highways along with the International Inland Port of Dallas ensure its status as a distribution hub.





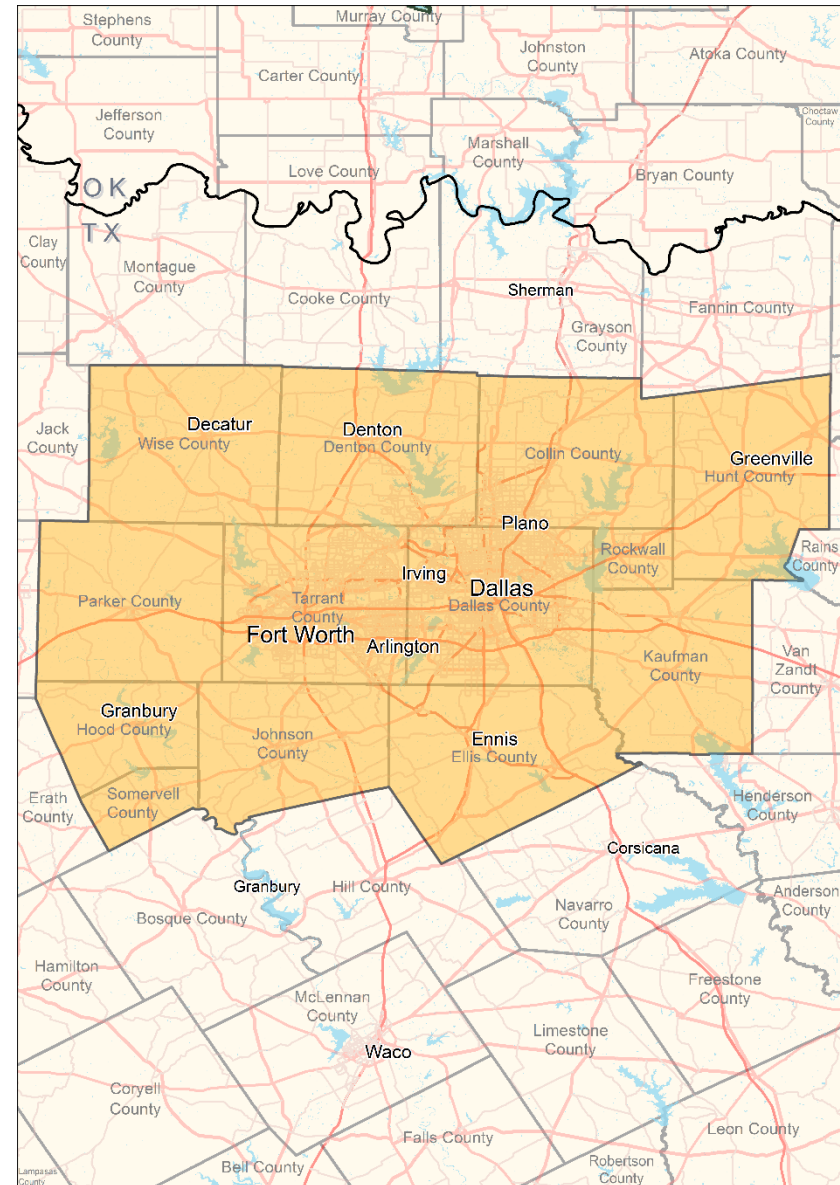
TRANSPORTATION

- The area is connected to the rest of the nation by way of Interstates 20, 30, 35, 45, 635 and 820.
- Freight serving lines in the region include Union Pacific, BNSF and Kansas City Southern. BNSF is headquartered in Fort Worth.
- Trinity Railway Express and Amtrak provide passenger rail service.
- Via rail to Houston Port, and Highways 20 and 45, the International Inland Port of Dallas (IIPOD) connects the region to global markets and trade.
- Airports include Dallas/Fort Worth International, Dallas Love Field, Fort Worth Alliance and 13 smaller airports.



MORE THAN
80

MILES OF A LIGHT-RAIL SYSTEM
SERVING DALLAS AND
SURROUNDING CITIES



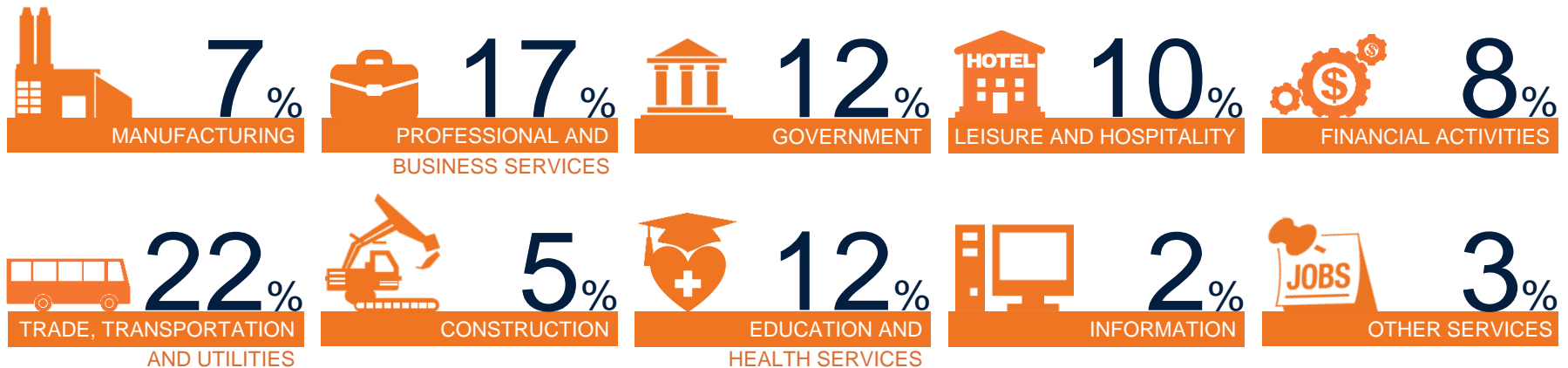
ECONOMY

- The Metroplex's temperate climate, no state income tax and a right-to-work labor policy attract employers.
- Dallas/Fort Worth is one of the nation's largest employment markets, with nearly 3.6 million jobs.
- The region is home to 21 Fortune 500 companies in a variety of sectors, including ExxonMobil, American Airlines Group, Southwest Airlines, Fluor, AT&T, Tenet Healthcare, Kimberly-Clark and J.C. Penney.
- The area is forecast to add jobs at an annual rate of 1.5 percent through 2021, well above the U.S. level.
- Economic expansion will be further fueled by a rise in financial services and high-tech companies.

MAJOR AREA EMPLOYERS
Wal-Mart
American Airlines
Texas Health Resources
Baylor Health Care System
Bank of America
Lockheed Martin
Texas Instruments
JPMorgan Chase
HCA North Texas Division
Southwest Airlines



SHARE OF 2016 TOTAL EMPLOYMENT

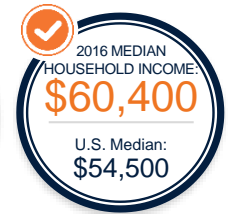
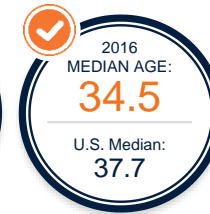




DEMOGRAPHICS

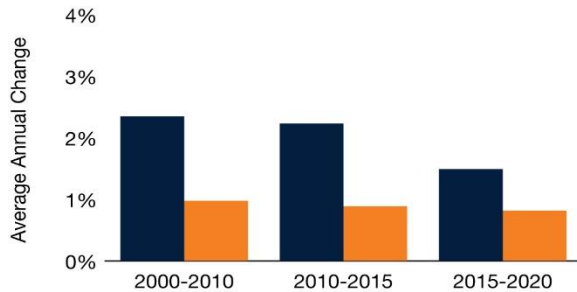
- Roughly 530,700 new people are expected through 2021, fueled by natural increases and north-to-south migration.
- The Metroplex is projected to add 200,000 households during the same period, generating the need for additional housing options.
- An educated population provides a skilled labor pool. Nearly 32 percent of residents age 25 and older have at least a bachelor's degree, compared with 29 percent for the nation.
- The 2016 metro homeownership rate is approximately 61 percent; this compares with 64 percent for the U.S.

QUICK FACTS



Population Growth

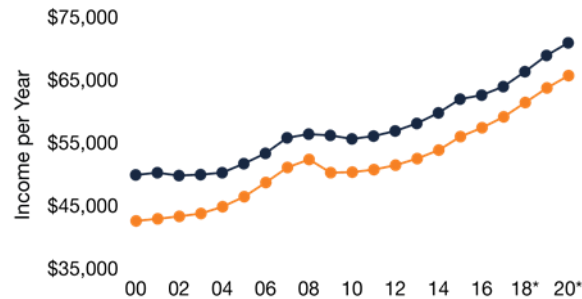
■ Dallas/Fort Worth ■ U.S.



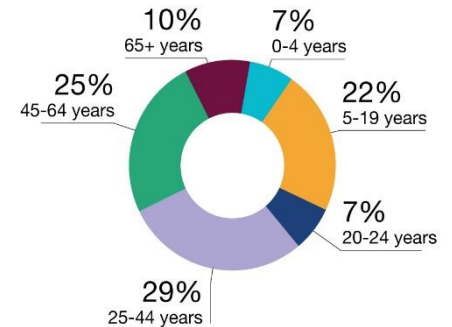
* Forecast

Median Household Income

— Dallas/Fort Worth — U.S.



2016 Population by Age





QUALITY OF LIFE

The Metroplex provides residents with an unparalleled lifestyle at a reasonable cost. The region continually ranks high for its affordability when compared with other large metros. A temperate climate provides ample opportunities for outdoor enthusiasts to enjoy. The region has many golf courses and activities at the metro's several reservoirs. Dallas/Fort Worth hosts professional teams in baseball, football, hockey and basketball.

Numerous educational institutions contribute to an educated workforce. The University of Texas at Dallas, University of North Texas, Texas Woman's University-Denton, Southern Methodist University, Texas Christian University and the University of Texas at Arlington are among the 19 higher-education institutions in the region. Metroplex residents are proximate to nationally recognized health centers: Parkland Memorial Hospital, Baylor University Medical Center and Texas Health Harris Methodist Hospital Fort Worth. Four medical schools also contribute to Dallas/Fort Worth's excellent healthcare providers.

\$235,200

MEDIAN HOME PRICE

150+

MUSEUMS AND
ART GALLERIES

150

PUBLIC & PRIVATE
GOLF COURSES



SPORTS



EDUCATION



ARTS & ENTERTAINMENT



Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau

