

OFFERING  
MEMORANDUM

MARCUS & MILLICHAP  
Activity#ZAA0380486

# SALE-LEASEBACK

REPRESENTATIVE PHOTO



Yum Brands

# TACO BELL

1200 W 1ST STREET, HEREFORD, TX 79045

## INVESTMENT OVERVIEW



## OFFERING SUMMARY

|                     |             |
|---------------------|-------------|
| PRICE               | \$1,306,451 |
| NOI                 | \$81,000    |
| CAP RATE            | 6.2%        |
| PRICE/SF            | \$648       |
| RENT/SF             | \$40        |
| LEASE TYPE          | NNN         |
| GROSS LEASABLE AREA | 2,016 SF    |
| YEAR BUILT          | 1997        |
| LOT SIZE            | 0.69 ACRES  |

## INVESTMENT HIGHLIGHTS

- Absolute NNN Lease | No LL Responsibilities
- Sale Leaseback | Brand New 20 Year Lease at Close of Escrow
- Ideally Located on Highway 60 which sees over 11,000 Cars Per Day
- Attractive 10% Rental Increases Every 5 Years and Option Periods
- Under 8% Rent to Sales Ratio
- Multiple points of ingress/ egress
- Income tax free State

## INVESTMENT SUMMARY

The Conway Group at Marcus and Millichap is pleased to present this Taco Bell located at 1200 W 1<sup>st</sup> Street in Hereford, TX. The building is approximately 2,016 square feet and is positioned on approximately 0.69 acres of land. The Franchisee, Hereford Taco Bell, Inc. will be issuing a 20 Year Sale-Leaseback at the Close of Escrow. There are 10% rental increases every 5 years, including the option periods, presenting a strong hedge against inflation to an investor.

LEASE SUMMARY

LEASE SUMMARY

|                         |  |
|-------------------------|--|
| Property Subtype        | Net-Leased Restaurant                                    |
| Tenant                  | Taco Bell  |
| Rent Increases          | 10% Every 5 Years  |
| Guarantor               | Franchisee Guarantee                                     |
| Lease Type              | Absolute NNN   |
| Lease Commencement      | TBD  |
| Lease Expiration        | TBD  |
| Term Remaining on Lease | 20 Years at COE  |
| Renewal Options         | Four Five -Year Options                                  |
| Landlord Responsibility | None   |
| Tenant Responsibility   | CAM, Repairs & Maintenance, Insurance and Property Taxes |

PROPERTY SUMMARY

|                              |   |
|------------------------------|---|
| Right of First Refusal/Offer | No  |
| Property                     | Taco Bell   |
| Address                      | 1200 W 1 <sup>st</sup> Street, Hereford, TX 79045 |
| Price                        | \$1,306,451                                       |
| Net Operating Income         | \$81,000  |
| CAP Rate                     | 6.2%  |
| Year Built                   | 1997  |
| Gross Leasable Area          | 2,016 SF  |
| Lot Size                     | 0.69 Acres  |
| Type of Ownership            | Fee Simple  |
| Zoning                       | C1  |

## RENT SCHEDULE

| YEAR  | ANNUAL RENT  | MONTHLY RENT | CAP RATE |
|---|--------------|--------------|----------|
| September 1, 2019 – August 31, 2024 (Projected) | \$81,000.00  | \$6,750.00   | 6.20%    |
| September 1, 2024 – August 31, 2029             | \$89,100.00  | \$7,425.00   | 6.82%    |
| September 1, 2029 – August 31, 2034             | \$98,010.00  | \$8,168.00   | 7.50%    |
| September 1, 2034 – August 31, 2039             | \$107,811.00 | \$8,984.00   | 8.25%    |
| September 1, 2039 – August 31, 2044 *           | \$118,592.00 | \$9,883      | 9.07%    |
| September 1, 2044 – August 31, 2049 *           | \$130,451.00 | \$10,871     | 9.98%    |
| September 1, 2049 – August 31, 2054 *           | \$143,496.00 | \$11,958     | 10.98%   |
| September 1, 2054 – August 31, 2059 *           | \$157,846.00 | \$13,154     | 12.08%   |

\*Option Period



## TENANT PROFILE

**TACO BELL®**

## TENANT PROFILE

|                     |  |
|---------------------|--|
| Tenant              | Taco Bell  |
| Lease Guarantor     | Franchisee   |
| Ownership           | Public   |
| Years in Business   | 57 Years   |
| Credit Rating       | Ba3  |
| Number of Locations | 7,072+ Worldwide                                       |
| Headquarters        | Irvine, California                                     |
| Website             | <a href="http://www.tacobell.com">www.tacobell.com</a> |

## TENANT OVERVIEW

Hereford Taco Bell, Inc. operates 1 Taco Bell and 9 Subway Restaurants in Texas. The Franchisee started in 2002 as a KFC operator.

Taco Bell is the nation's leading Mexican-inspired quick service restaurant brand. From breakfast to late night, Taco Bell serves made-to-order and customizable tacos and burritos, among other crave-able choices, and is the first QSR restaurant to offer American Vegetarian Association (AVA)-certified menu items. Taco Bell and its more than 350 franchise organizations proudly serve over 42 million customers each week through nearly 6,500 restaurants across the nation, as well as through its mobile, desktop and delivery ordering services.

Taco Bell's mobile app which, has been downloaded over 4.9 Million times, makes it easy to place a custom order and pay before the customer arrives. Some locations are also testing touchscreen-ordering kiosks. Taco Bell plans to have 8,000 restaurants in the US by the year 2023. Overseas, Taco Bell has over 400 restaurants excluding the Yum! China Division, with plans to add 2,000 more restaurants internationally within the next decade.

In 2017, Taco Bell's same-store sales increased 4% which was better than the overall quick-service sector. Taco Bell typically scores well in consumer surveys on its ability to innovate and give customers value.



TRAFFIC COUNTS

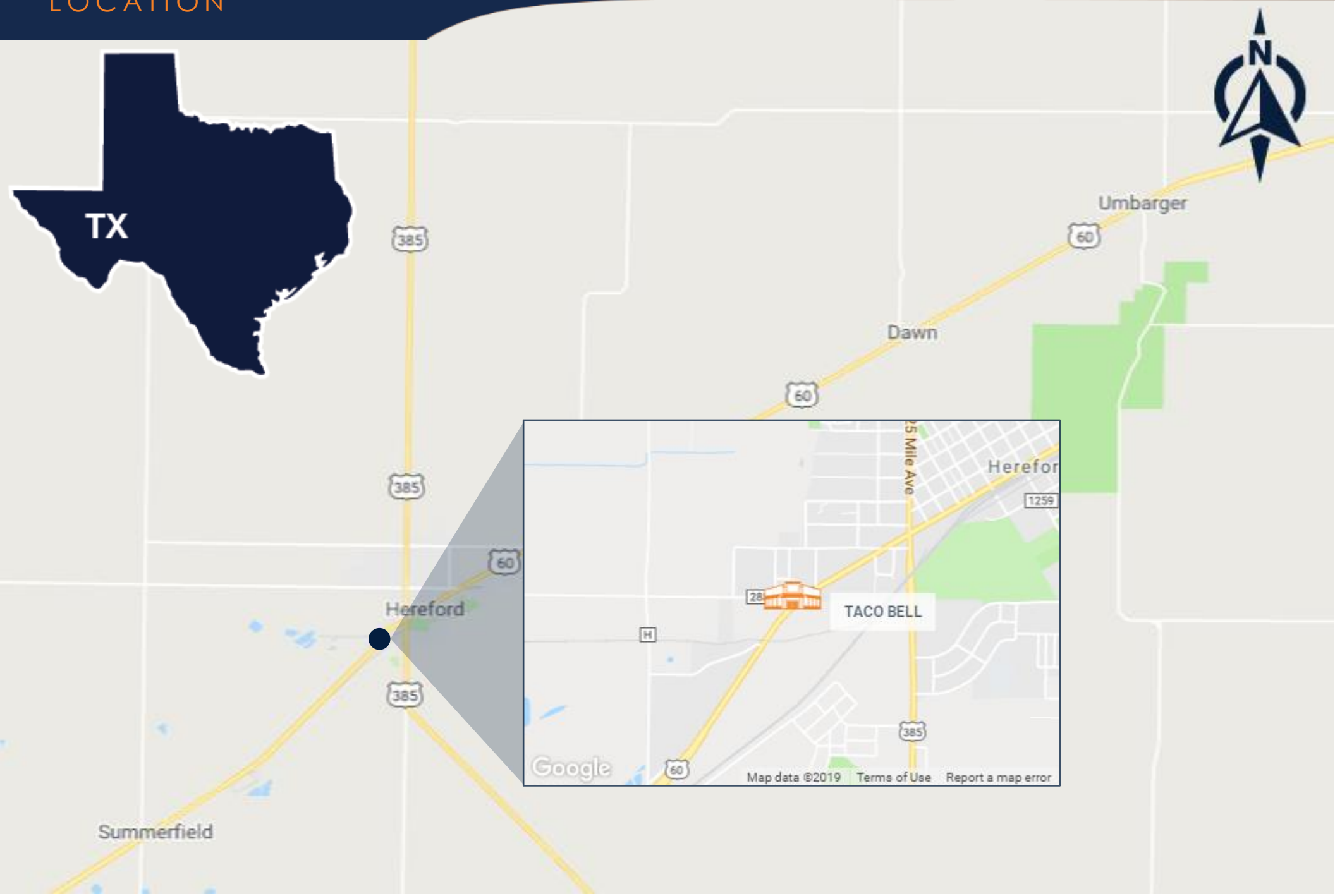




AERIAL MAP



LOCATION





## LOCATION OVERVIEW

# DEAF SMITH COUNTY

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## HEREFORD, TEXAS

Hereford is a city in and county seat of Deaf Smith County, Texas. It is 48 miles southwest of Amarillo. The population was 15,370 at the 2010 census. It is the only incorporated locality named "Hereford in the country."

Hereford is known as the "Beef Capital of the World" because of the large number of cattle fed in the area. The city is named for the Hereford breed. The local economy is affected significantly by growth in the dairy and ethanol industries.

The area is known for its semiarid climate, with heavy farming and ranching throughout the area sustained by irrigation from the Ogallala Aquifer and the saltier Santa Rosa Aquifer beneath it.

Hereford is home to the headquarters of the Deaf Smith Electric Cooperative, which serves Deaf Smith, Castro, Parmer, and Counties. A rich Western heritage includes the Las Escarbas ranch house of the XIT Ranch once located southwest of Hereford. The restored historic structure can now be seen at the National Ranching Heritage Center at Texas Tech University in Lubbock. The Deaf Smith County Historical Museum at 400 Sampson Street in Hereford offers indoor and outdoor exhibits on the settlement of West Texas. In December 2015, the Seattle Post-Intelligencer voted Hereford not only the "most conservative" city in Texas, but also in the United States, in terms of political contributions.

## AREA DEMOGRAPHICS



| POPULATION                    | 1 Miles  | 3 Miles  | 5 Miles  |
|-------------------------------|----------|----------|----------|
| ■ 2023 Projection             |          |          |          |
| Total Population              | 2,574    | 16,479   | 17,292   |
| ■ 2018 Estimate               |          |          |          |
| Total Population              | 2,647    | 16,551   | 17,370   |
| ■ 2010 Census                 |          |          |          |
| Total Population              | 2,689    | 16,753   | 17,601   |
| ■ 2000 Census                 |          |          |          |
| Total Population              | 2,611    | 15,964   | 16,797   |
| ■ Current Daytime Population  |          |          |          |
| 2018 Estimate                 | 3,332    | 14,973   | 15,540   |
| HOUSEHOLDS                    | 1 Miles  | 3 Miles  | 5 Miles  |
| ■ 2023 Projection             |          |          |          |
| Total Households              | 825      | 5,435    | 5,704    |
| ■ 2018 Estimate               |          |          |          |
| Total Households              | 827      | 5,388    | 5,652    |
| Average (Mean) Household Size | 3.08     | 3.02     | 3.02     |
| ■ 2010 Census                 |          |          |          |
| Total Households              | 838      | 5,459    | 5,735    |
| ■ 2000 Census                 |          |          |          |
| Total Households              | 812      | 5,297    | 5,564    |
| ■ Occupied Units              |          |          |          |
| 2023 Projection               | 825      | 5,435    | 5,704    |
| 2018 Estimate                 | 971      | 5,991    | 6,311    |
| HOUSEHOLDS BY INCOME          | 1 Miles  | 3 Miles  | 5 Miles  |
| ■ 2018 Estimate               |          |          |          |
| \$150,000 or More             | 3.99%    | 3.69%    | 3.80%    |
| \$100,000 - \$149,000         | 11.62%   | 9.18%    | 9.43%    |
| \$75,000 - \$99,999           | 9.46%    | 12.36%   | 12.54%   |
| \$50,000 - \$74,999           | 19.63%   | 20.49%   | 20.51%   |
| \$35,000 - \$49,999           | 15.38%   | 16.57%   | 16.32%   |
| Under \$35,000                | 39.90%   | 37.70%   | 37.41%   |
| Average Household Income      | \$55,803 | \$57,344 | \$58,153 |
| Median Household Income       | \$43,398 | \$46,406 | \$46,814 |
| Per Capita Income             | \$18,222 | \$18,898 | \$19,152 |

| HOUSEHOLDS BY EXPENDITURE                  | 1 Miles  | 3 Miles  | 5 Miles  |
|--|----------|----------|----------|
| Total Average Household Retail Expenditure | \$60,474 | \$60,609 | \$61,077 |
| ■ Consumer Expenditure Top 10 Categories   |          |          |          |
| Housing                                    | \$15,624 | \$15,776 | \$15,891 |
| Transportation                             | \$11,335 | \$11,440 | \$11,536 |
| Shelter                                    | \$8,913  | \$8,875  | \$8,939  |
| Food                                       | \$5,786  | \$6,013  | \$6,047  |
| Personal Insurance and Pensions            | \$4,829  | \$4,796  | \$4,857  |
| Utilities                                  | \$3,672  | \$3,699  | \$3,721  |
| Health Care                                | \$3,508  | \$3,623  | \$3,660  |
| Entertainment                              | \$2,314  | \$2,344  | \$2,366  |
| Apparel                                    | \$1,519  | \$1,500  | \$1,513  |
| Cash Contributions                         | \$1,479  | \$1,561  | \$1,577  |
| POPULATION PROFILE                         | 1 Miles  | 3 Miles  | 5 Miles  |
| ■ Population By Age                        |          |          |          |
| 2018 Estimate Total Population             | 2,647    | 16,551   | 17,370   |
| Under 20                                   | 33.81%   | 34.97%   | 34.76%   |
| 20 to 34 Years                             | 22.65%   | 20.16%   | 19.98%   |
| 35 to 39 Years                             | 5.98%    | 6.24%    | 6.21%    |
| 40 to 49 Years                             | 10.92%   | 11.09%   | 11.16%   |
| 50 to 64 Years                             | 16.28%   | 15.65%   | 15.81%   |
| Age 65+                                    | 10.36%   | 11.86%   | 12.07%   |
| Median Age                                 | 30.12    | 30.82    | 31.10    |
| ■ Population 25+ by Education Level        |          |          |          |
| 2018 Estimate Population Age 25+           | 1,529    | 9,574    | 10,094   |
| Elementary (0-8)                           | 17.37%   | 14.65%   | 14.51%   |
| Some High School (9-11)                    | 18.36%   | 13.13%   | 13.10%   |
| High School Graduate (12)                  | 30.29%   | 30.08%   | 29.94%   |
| Some College (13-15)                       | 17.48%   | 19.76%   | 19.98%   |
| Associate Degree Only                      | 2.50%    | 4.28%    | 4.25%    |
| Bachelors Degree Only                      | 4.00%    | 9.02%    | 9.23%    |
| Graduate Degree                            | 3.13%    | 3.98%    | 3.96%    |

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