

Marcus & Millichap
BROWN RETAIL GROUP



OFFERING MEMORANDUM

FEE SIMPLE NET-LEASED INVESTMENT

3506 W CLEARWATER AVE | KENNEWICK, WA

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ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY

Please consult your Marcus & Millichap agent for more details.

Activity ID: Y0110200



THE OPPORTUNITY

Marcus & Millichap is proud to offer for sale fee simple NNN franchisee (RB American Group – 369 Locations) operated Arby's restaurant located in Kennewick, Washington. The original 20-year lease was signed in 2006 and expires in February 2026. This lease includes four, five-year options to extend the lease with 10% increases every five years. The franchisee, RB American Group is the largest Arby's franchisee and a wholly-owned subsidiary of Flynn Restaurant Group, the largest franchisee of restaurants in the country.

The city of Kennewick, WA is part of the Tri-Cities (Kennewick, Pasco and Richland) which sits within 225 miles of Seattle and Portland via interstate 82. The metro is comprised of Benton and Franklin counties where the main economic driver is the Department of Energy, providing high-skill jobs that have contributed to boosting population growth and incomes well above the U.S. level. The Columbia, Yakima and Snake rivers provide an array of recreational activities while the area's favorable weather and cultural amenities add to the quality of life.

LEASE SUMMARY

Lease Type	Net Leased Restaurant
Rent Increases	10% Every 5 Years
Tenant	RB American Group
Ownership Structure	Fee Simple
Lease Type	NNN
Lease Commencement	3/1/2006
Lease Expiration	2/28/2026
Lease Term/Remaining	6.5 Years
Renewal Options	Four, Five Year Options
Landlord Responsibility	Structure*
Tenant Responsibility	NNN

**Landlord's responsibility for maintaining the structural members of the building includes the roof trusses, joists, or other structural aspects of the roof; Tenant shall be responsible for maintaining the roof surface at its sole expense, including patching, resurfacing or complete reroofing (including sheathing) as needed.*

\$1,440,000
PRICE

\$82,800
NOI AS OF 2021

2,615 SF
GLA

5.75%
CAP RATE

\$550.67
PRICE/SF



INVESTMENT HIGHLIGHTS



Strong Franchisee Guarantee: The Lease is guaranteed by a wholly owned subsidiary of Flynn Restaurant Group, the largest restaurant franchisee in the United States with 877 restaurants and \$1.9B in annual revenues



Flynn Restaurant Group Acquired All 369 Arby's Restaurants from US Beef Corp in December 2018



Above Market 10% Rent Increases Every 5 Years



1-Mile Population has Grown by 20% Since 2000



Strategic Location: The Property is located on a high-visibility, signalized hard-corner with 22,000+ VPD on Clearwater Ave



Solid Demographics: The Property benefits from 172,087 people with median incomes of \$59,086 within a 5-mile radius



Low Rent/Low Price Point: Arby's is paying just \$31.66/SF in rent offering an investor lift in rents at the end of the lease term



Minimal Landlord Management Responsibilities: The Property currently operates under a NNN lease with minimal landlord management and repair responsibilities



FINANCIAL INFORMATION

OFFERING

FINANCING

Purchase Price	\$1,440,000
Cap Rate	5.75%
Annual Rent	\$82,800

**Based on rent increase starting 6/1/21*

RENT SCHEDULE

YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF	CAP RATE
3/1/16-2/28/21	\$75,240	\$6,270	\$28.77	5.23%
3/1/21-2/28/26	\$82,800	\$6,900	\$31.66	5.75%
Option 1 (3/1/26-2/28/31)	\$91,080	\$7,590	\$34.83	6.33%
Option 2 (3/1/31-2/28/36)	\$100,188	\$8,359	\$38.31	6.96%
Option 3 (3/1/36-2/28/41)	\$110,208	\$9,184	\$42.14	7.65%
Option 4 (3/1/41-2/28/46)	\$121,227	\$10,102	\$46.36	8.42%

PROPERTY DESCRIPTION

PROPERTY DETAILS

Property	Arby's
Property Address	3056 West Clearwater Avenue
City, State	Kennewick, WA
Building Size	2,615 Square Feet
Lot Size	.53 Acres
Year Built	1978/2003

LOCATION AERIAL





CLEARWATER AVE

22,000+ VPD

N MORAIN ST

5,500+ VPD

Arby's
NEW BBQ
SANDWICHES
LIMITED TIME

Arby's

N 116TH ST

ABOUT ARBY'S

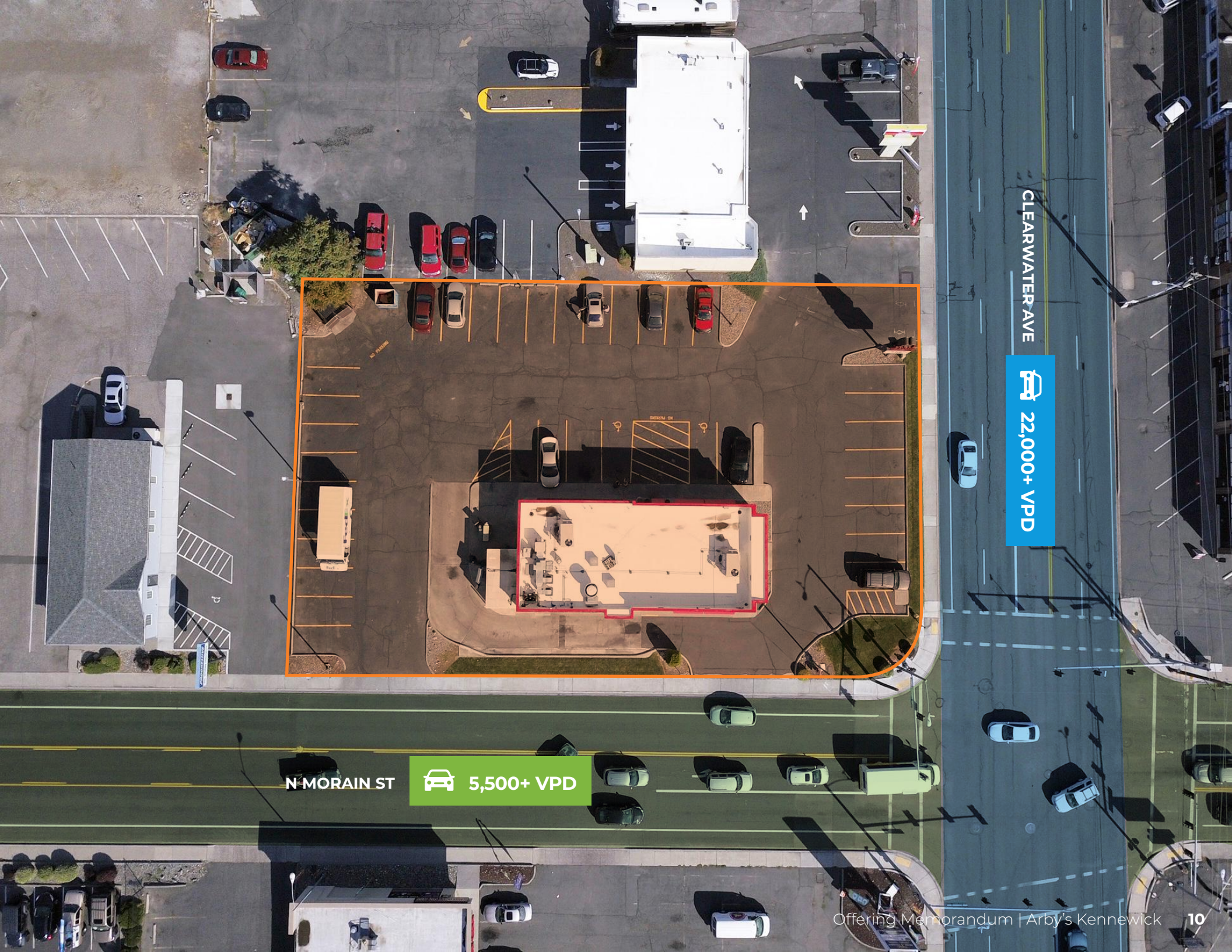
Arby's is an American quick-service fast food sandwich restaurant chain with more than 3,400 restaurants in eight countries. Arby's is part of the Inspire Brands family of restaurants that now consists of Arby's, Buffalo Wild Wings, Rusty Taco and Sonic Drive-In. Inspire Brands was founded in 2018 and headquartered in Atlanta, GA.

ABOUT FLYNN RESTAURANT GROUP

Flynn Restaurant Group is the largest franchisee in both the Arby's (369 sites) and Applebee's (460 sites) systems while also maintaining its hold as the second largest Panera Bread (134 sites) and third largest Taco Bell (282 sites) franchisee. In total, Flynn Restaurant Group owns and operates 1,245 restaurants and is the largest franchisee of restaurants in the U.S. with \$2.3 billion in revenues.

RB Idaho is wholly-owned and controlled by RB American Group LLC. RB American Group operates 369 Arby's restaurants across Arkansas, Colorado, Idaho, Illinois, Kansas, Missouri, Oklahoma, Washington and Wyoming. RB Idaho is comprised of 19 locations throughout Idaho and Washington, generating over \$20 million in annual revenue.





CLEARWATER AVE



22,000+ VPD

N MORAIN ST



5,500+ VPD

LOCATION OVERVIEW

TRI-CITIES, WASHINGTON

Located in the southwestern portion of Washington state, the Tri-Cities of Kennewick, Pasco and Richland are within 225 miles of Seattle and Portland via Interstate 82. The metro is composed of Benton and Franklin counties. The Department of Energy is a driver of the economy, providing highly skilled jobs that have contributed to boosting population growth and incomes well above the U.S. average. The Columbia, Yakima and Snake rivers provide an array of recreational activities, while the area's favorable weather and cultural amenities add to the quality of life.

ECONOMY

- The DOE in conjunction with partners and contractors including Battelle, Bechtel National, Washington River Protection Solutions, Mission Support Alliance and CH2M provides more than 13,000 area jobs.
- Kadlec Regional Medical Center, Trios Health, Lourdes Medical Center and Prosser Memorial make up the vital healthcare sector, employing thousands of workers.
- Plenty of sun and three rivers lure outdoor enthusiasts to a wide variety of water sports as well as golfing, hunting and fishing. Miles of trails attract joggers and bicyclists, while the region's vineyards and microbreweries draw tourists.

METRO HIGHLIGHTS



DEPARTMENT OF ENERGY

The DOE's vast Hanford Site, Pacific Northwest National Laboratory and other affiliated programs attract highly skilled engineers, scientists and researchers.



LARGE AGRICULTURAL SECTOR

Crops including wheat, potatoes, apples, cherries and grapes thrive in the conducive weather. Major employers include Lamb Weston, Tyson Foods and Broetje Orchards.




INSTITUTIONS OF HIGHER LEARNING

Washington State University Tri-Cities, Columbia Basin College, Tri-Tech Skills Center and Charter College help provide an educated workforce.



DEMOGRAPHICS

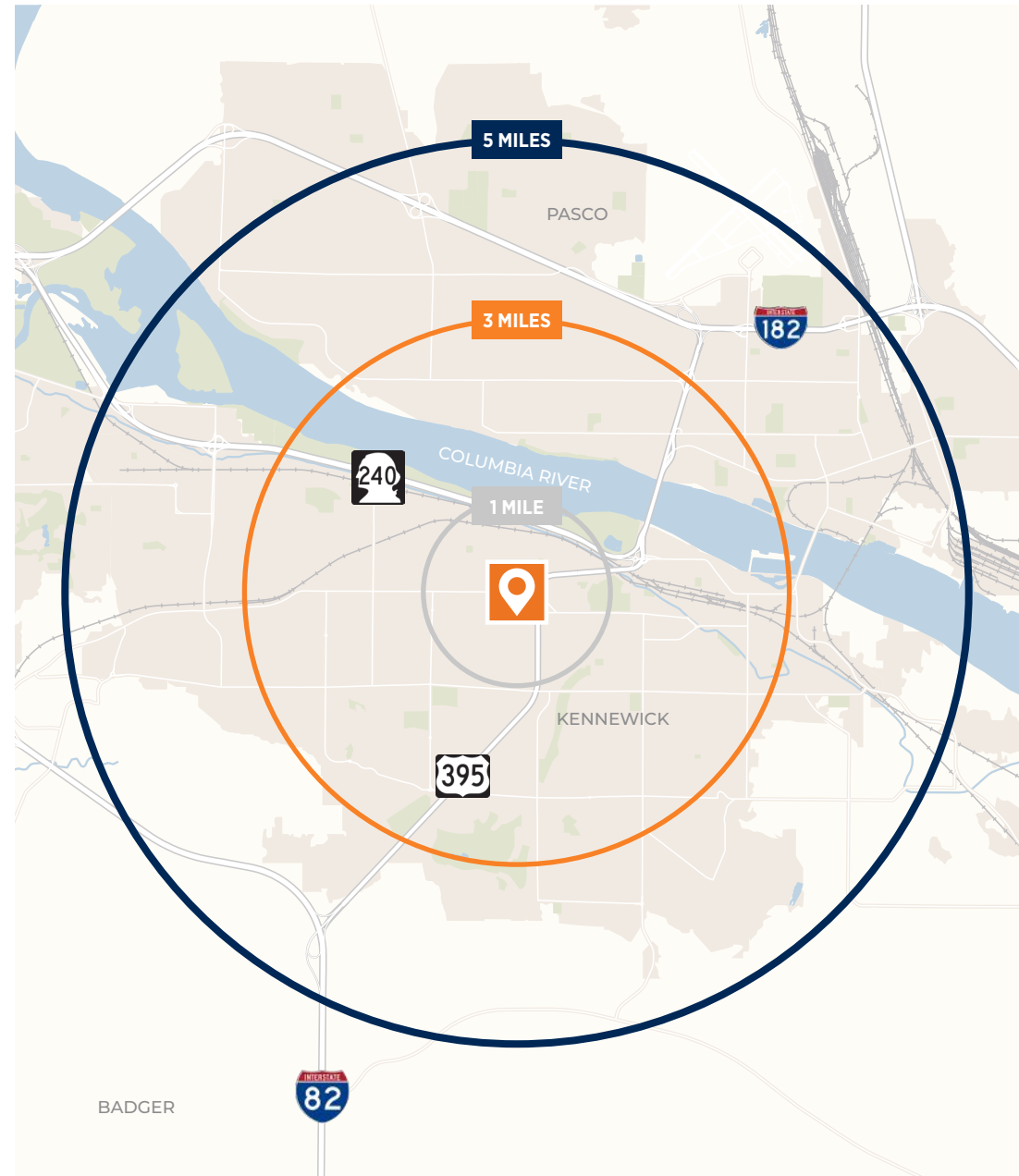
 **15,626**
Total Population Within
One Mile Radius



 **\$158,663**
Median Housing Value

 **\$39,142**
Median Household Income

 **6,930** →  **10.87%**
Total Households in a Five
Mile Radius From Last Year





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