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OFFERING MEMORANDUM

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Chick-fil-A Ground Lease

San Marcos, TX | Austin MSA

This property is listed in conjunction with Texas-licensed real estate broker Delta Commercial.

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Disclaimer

Preserve West Capital (“Broker”) has been retained on an exclusive basis to market the property described herein (“Property”). Broker has been authorized by the Seller of the Property (“Seller”) to prepare and distribute the enclosed information (“Material”) for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

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Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

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Property Highlights

- 20-Year Absolute NNN Corporate Ground Lease to Chick-Fil-A
 - Scheduled 10% Rental Escalations Every 5 Years
 - Additional Income from Billboard Lease
- Excellent Access & Visibility with I-35 Frontage
 - Combined AADT of 147,423
- Robust Demographics within Rapidly Expanding Austin Suburb
 - Total Daytime Population of 72,612 within 5 Mile Radius
 - Annual Rate of 2.77%
- Pylon & Billboard Signage Visible from I-35 (118,902 AADT)
- Excellent Visibility and Access in Dense Retail Hub
 - Neighboring Anchor Tenants Include H-E-B, Walmart Supercenter, Walgreens, Hobby Lobby, CVS, and more
- Approximately 1 Mile from Texas State University's Flagship Campus
 - Enrollment of More than 39,000 – Projected to Reach 42,000 by 2020
 - Neighbors Numerous Major Sporting Facilities for the University, Including Football, Basketball, and Baseball Stadiums
- Principal City of Austin-Round Rock-San Marcos MSA
 - Population of 2,168,316
 - 2018 GDP of \$146.8 Billion
- Less than One Hour's Drive From Austin and San Antonio
- No State Income Tax in Texas



Location

The property is located at 1433 N. Interstate 35, San Marcos, TX.

Lot Size

Approximately 1.58 acres, or 68,825 square feet.

Improvements

A 4,507 square foot retail building with a drive-thru component for **Chick-Fil-A**

The improvements are under construction and will be owned by Tenant; only the land is for sale.

Ground Lease

Leased to **Chick-Fil-A, Inc.** for 20 years from a rent commencement date of March 2, 2020, 2019 through March 31, 2040 at an initial annual rent of \$170,000. There are four (4) five-year options to renew the lease. Rent is to increase 10% every 5 years and at the start of each option period. The lease is absolute net with tenant responsible for all taxes, insurance, and maintenance, including roof and structure.

Parking

There is ample parking available on site.

Right of First Offer

After the expiration of one (1) year following rent commencement, if landlord intends to offer the premises for sale or receives a third-party offer to purchase the premises, tenant shall have the right to purchase the premises within thirty (30) days of receiving landlord's written notice of the specific terms of the offer to sell or purchase the property.

Billboard Lease

Leased to The Lamar Companies for 10 years from December 15, 2019 through December 15, 2029 at an annual rent equal to the greater of \$14,000 or 20% of advertising revenue from the billboard. Tenant is responsible for billboard maintenance.

PRICE

\$4,907,000

3.75% Return

Annual Rent

\$184,000

Financing

The property will be delivered free and clear of permanent financing.

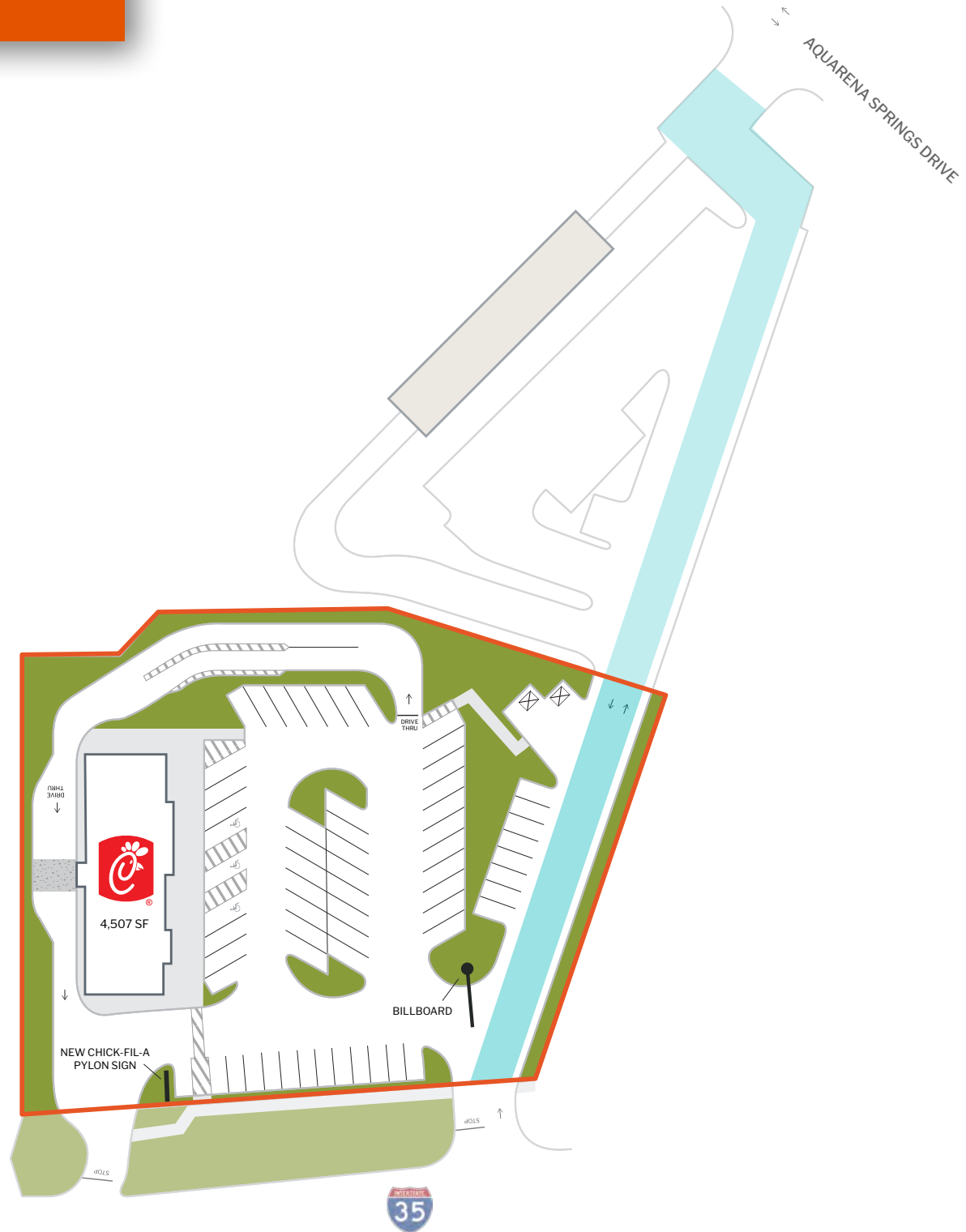


Chick-fil-A Inc., is a fast food restaurant chain headquartered in College Park, GA, that specializes in chicken sandwiches. The company has more than 2,500 locations nationwide, the majority of which are franchised, and is credited with the invention of the boneless chicken sandwich. The company initially focused on locations in shopping mall food courts, but shifted its focus in the mid-80's to freestanding franchises. Though primarily concentrated in the southern United States, the chain has expanded in recent years with franchise locations in 47 states and Canada.

Chick-fil-A's average sales per restaurant consistently outpace competitors: in 2018, the company's average sales per unit exceeded \$4 million, easily surpassing competitors such as KFC, Popeye's, and McDonald's, with average per unit sales of \$1.2 million, \$1.4 million, and \$2.7 million respectively. In 2017, the company reported \$9 million in revenue, and has benefited from 50 consecutive years of sales growth. The company has been recognized as a leader in customer experience and corporate reputation, ranking 4th in Harris Poll's annual corporate reputation survey and receiving recognition for customer experience in the Tempkin Experience Ratings Survey in 2018.

Chick-fil-A's average per-restaurant sales exceeded \$4 million in 2018.

SITE PLAN



AERIAL

SOUTHWEST VIEW

TEXAS STATE UNIVERSITY
The rising STAR of Texas
(~38,000 students)

SPRINGTOWN CENTER

GOLD'S GYM. AT&T
EVO ENTERTAINMENT IHOP McALISTER'S DELI
TWIN LIQUORS FINE WINE & SPIRITS BLAZE PIZZA

Walmart Supercenter

HOBBY LOBBY TSC TRACTOR SUPPLY CO
HALF PRICE BOOKS DQ SALLY'S
CVS/pharmacy

McDonald's Wendy's KFC
FIVE GUYS BURGERS and FRIES TACO CASABA

CITY HALL SAN MARCOS PUBLIC LIBRARY

UNIVERSITY EVENTS CENTER

H-E-B Walgreens

TXST TEXAS STATE

Bobcat Ballpark & Stadium

THE LYNDON NEW APARTMENTS

Office DEPOT

HAVEN AT THORPE NEW APARTMENTS

UPTOWN SQUARE NEW APARTMENTS

Fairfield BY MARRIOTT

INTERSTATE 35
(418,902 AADT)

INTERSTATE 35

Frontage

Super 8 BY WINDHAM

Chick-fil-A

POPEYES LOUISIANA KITCHEN

IN-N-OUT BURGER

SONIC America's Drive-In

McCOY'S BUILDING SUPPLY

Corporate HQ

COLONY OF SAN MARCOS APARTMENTS

THE JUNCTION SAN MARCOS APARTMENTS

SPRING WEST APARTMENTS

Americas Best Value Inn

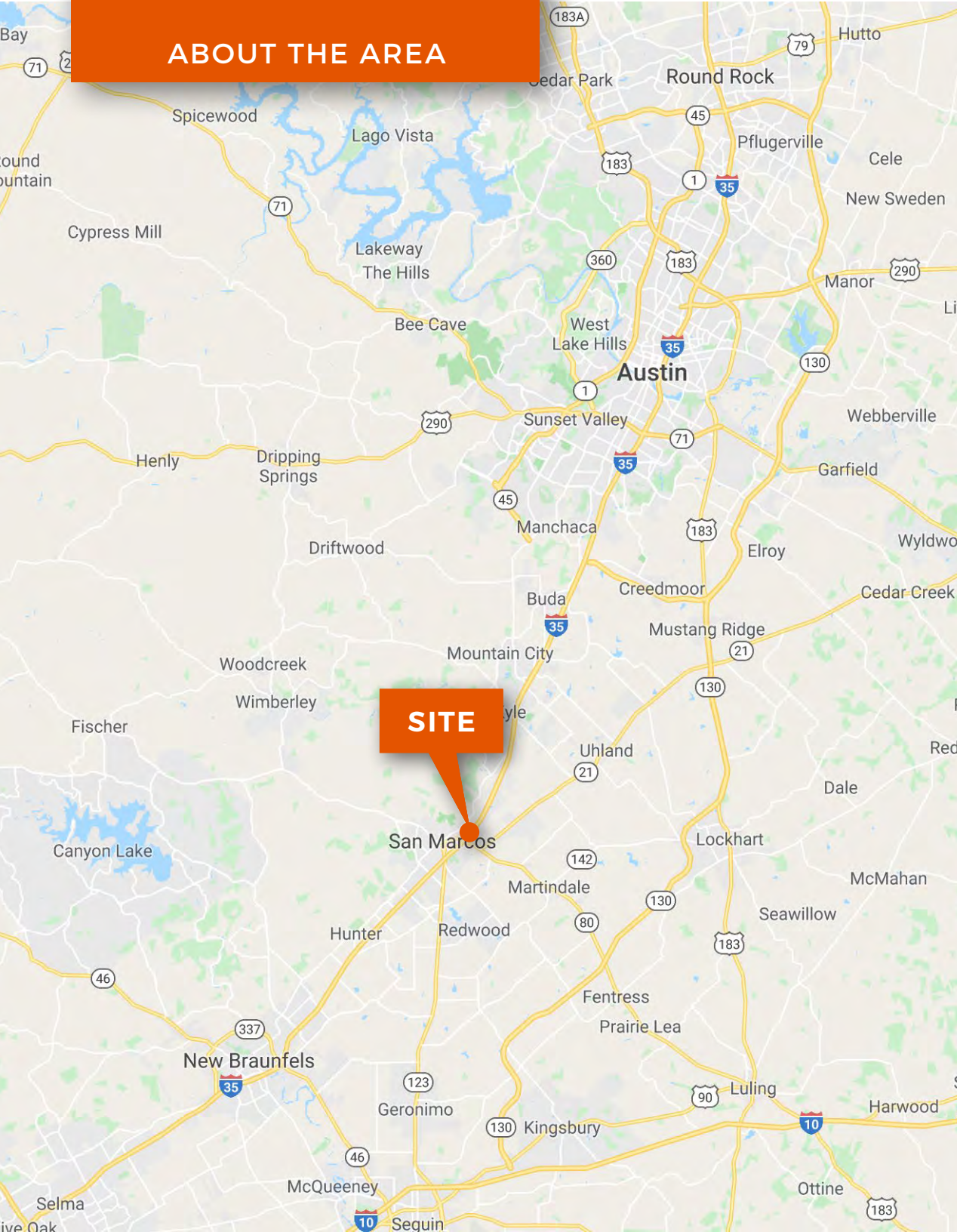
Aquarena Springs Dr (28,521 AADT)

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San Marcos (population 60,854) is one of Austin's largest suburbs and the seat of Hays County. San Marcos is a principal city of the Austin-Round Rock-San Marcos Metropolitan Statistical Area (MSA), one of the largest and fastest growing MSAs in the U.S., with a population of more than 2 million and GDP of \$146.8 billion. Located along Interstate 35 20 miles southwest of Austin and 51 miles northeast of San Antonio, the city is ideally situated between two major commercial and demographic hubs. The U.S. Census Bureau named San Marcos the fastest growing city in the US in 2013, 2014, and 2015. Two international airports, as well as regional, industrial, and private airports provide air transportation to the San Marcos region.

Centrally located along I-35, San Marcos's strong infrastructure makes it an ideal hub for commerce and industry. The San Marcos economic development corporation has focused on attracting additional businesses in the Aviation, Aerospace, Security, & Defense, Business Services, Material Sciences, Information Technology, Life Sciences, and Regional Distribution sectors. The Greater San Marcos Partnership has been recognized as a top Economic Development Organization in Texas as well as one of the top 50 economic developers within the U.S..

ABOUT THE AREA



Site Information

The subject property is prominently situated with excellent access and visibility adjacent to the junction of Aquarena Springs Drive (28,521 AADT) and the I-35 Arterial (118,902 AADT), which links San Marcos to Austin and San Antonio. The site benefits from robust demographics with a total daytime population of 72,612, annual growth rate of 2.77%, and average household income of approximately \$55,000 within a 5 mile radius.

The property is prominently situated within a dense retail hub in close proximity to Texas State University, shopping centers, and major retail tenants. Major shopping centers surrounding the site include Springtown Plaza, featuring Evo Entertainment, Gold's Gym, Chuy's, and McAlister's Deli; Sanmar Plaza, with tenants including Hobby Lobby, Tractor Supply Co., Conn's, and Dollar General; San Marcos Place, featuring CVS and Half Price Books; and more. Other major tenants neighboring the site include Walmart Supercenter, CVS, Office Depot, Raising Cane's, Whataburger, Starbucks, Dairy Queen, Red Lobster, Olive Garden, McDonald's, and more. The site additionally neighbors numerous hotels and motels, including Summit Inn Hotel & Suites, Quality Inn, La Quinta Inn, Ramada Limited, Howard Johnson, America's Best Value Inn, Rodeway Inn, Motel 6, Super 8, and more.

The site is strategically located approximately 1 mile from the rapidly growing Texas State University campus, which has set new enrollment records annually for the last 19 consecutive years. The campus currently enrolls nearly 39,000 students and is projected to reach 42,000 students by 2020. The site is located in close proximity to several of the university's sports facilities, including Bobcat Stadium, the home field of the Texas State football team, Bobcat track and field stadium, Bobcat ballpark, and Strahan Coliseum, home of the Bobcats basketball and volleyball teams, all of which draw significant additional traffic from students, parents, and sports fans proximal to the site.



1433 N I-35 | San Marcos, TX 78666



ANNUAL GROWTH RATE
2.77%



STUDENT POPULATION
~40,000

NOTE: The demographics below do not include the student population present 9+ months of the year.

Population Summary	1 Mile	3 Miles	5 Miles
2010 Total Population	10,808	39,730	56,711
2019 Total Population	13,621	48,371	71,907
2024 Total Population	15,570	53,863	82,434
2019-2024 Annual Rate	2.71%	2.17%	2.77%
Average Household Income			
2019	\$38,287	\$45,373	\$54,999
2024	\$41,631	\$49,909	\$62,007
Average Home Value			
2019	\$174,718	\$187,000	\$215,812
2024	\$198,865	\$208,410	\$245,333

Top Employers in San Marcos	# of Employees
Amazon	3,650
Texas State University	3,100
San Marcos Premium Outlets	1,700
Tanger Factory Outlets	1,600
San Marcos CISD	1,300
Hays County	820
CFAN	810
Central Texas Medical Center	700
H-E-B Distribution Center	700
City of San Marcos	700



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