



Offering Memorandum



Broker of Record

Tim Speck
District Manager, Texas
TX License # 9002994

512 Zanderson Avenue
Jourdanton, TX 78026

Marcus & Millichap

Offering Summary

SUBWAY, 512 Zanderson Avenue,
Jourdanton, TX 78026

PRICING

List Price	\$491,585.00
CAP	7.25%
Price/SF	\$260.10

ANNUALIZED OPERATING DATA

Annual Rental Income	\$35,640.00
Taxes	Tenant Responsibility
Insurance	Tenant Responsibility
Maintenance	Tenant Responsibility
Monthly Rent	\$2,970.00
Annual Rent / SF	\$18.86

PROPERTY DESCRIPTION

Gross Leasable Area	1,890 SF
Lot Size	0.69 Acre
Ownership Type	Fee Simple
Year Built	2012

LEASE SUMMARY

Lease Type	Absolute Net (NNN)
Landlord Responsibility	None
Lease Term	12 Years
Lease Commencement	9/1/2017
Lease Expiration	8/31/2029
Remaining Lease Term	9.6 Years
Renewal Options	Two 5-Year Options
Right of First Refusal	Yes
Lease Guarantor	Corporate

RENT SCHEDULE

9/1/2017-8/31/2024 (Current)	\$35,640.00
9/1/2024-8/31/2029	\$39,204.00
9/1/2029-8/31/2034 (Option 1)	\$43,124.40
9/1/2034-8/31/2039 (Option 2)	\$47,436.84

Investment Overview



Location

Located approximately thirty-seven miles south of downtown San Antonio, this Subway property is on the heavily-trafficked State Highway 16, one-block away from Jourdanton ISD, and sees over 11,000 VPD.



Price

This property is available for purchase at \$491,585.00, which translates to a 7.25% cap rate return immediately.



Tenant

This property is operated by an experienced Subway franchisee who successfully manages multiple properties.



Lease

Subway Corporate has exhibited a commitment to this location by exercising a twelve-year lease, through 8/31/2029.

Lease Term
12 Years

Guarantor
Corporate

Annual Rent
\$35,640

Lease
NNN

Aerial photo

SUBWAY, Jourdanton, TX



Tenant Overview

Subway

Subway is a U.S.-based quick service restaurant chain known for its six inch and foot long submarine sandwiches. The limited service restaurant was founded by Fred DeLuca and Peter Buck in 1965 under the name 'Pete's Super Submarines'. Subway began franchising restaurants in the mid 1970s, and today all Subway stores are operated by franchisees. The company remains a privately held company to this day and is still headquartered in Connecticut where it was founded.

Subway is the leading sandwich chain in the U.S., its systemwide sales being more than three times that of its closest competitor. Subway isn't just a giant among sandwich shops—it also accounted for some of the highest sales in the whole QSR industry. Subway is committed to policies that promote environmental sustainability and personal well-being: sourcing their ingredients responsibly, limiting marketing to children under 12, researching optimal water usage and sustainable forest management, and prioritizing transparency to consumers about nutritional information and ingredients.



STOCK SYMBOL

Not Publicly Traded

TENANT TRADE NAME

Doctor's Associates, Inc.

OWNERSHIP

Private

2018 REVENUES

\$10.4 Billion+

NUMBER OF LOCATIONS

26,744+

HEADQUARTERS

Milford, CT

Written source: statista.com

Marcus & Millichap

Bigfoot
SUBWAY
512 Zanderson Ave
Jourdanton, TX 78026

Market Overview

San Antonio, TX

Overview

The San Antonio metro is located in the southern portion of central Texas, covering 412 square miles and straddling the Interstate 35 Corridor, one of the fastest-growing areas in the state. The metro encompasses eight counties: Bandera, Atascosa, Kendall, Comal, Bexar, Guadalupe, Medina and Wilson. Situated only 145 miles from Nuevo Laredo, Mexico, San Antonio is an easy drive on Interstate 35 from the border and serves as a major gateway between the United States and Mexico. The area is further enhanced by an extensive transportation network that provides shipping options to domestic and international markets as well as the Eagle Ford Shale formation that runs through Atascosa and Wilson counties. San Antonio is the most populous city in the metro, housing more than 1.4 million residents.



DEMOGRAPHICS



METRO HIGHLIGHTS



STRONG POPULATION GROWTH

The metro is maintaining population growth and household formation well above the national level and generating the need for housing options.



ROBUST JOB CREATION

More than 66,000 jobs are expected to be created through 2022. Many positions will be related to Eagle Ford, one of the largest oil and gas developments in the world.



LOW COST OF LIVING

More affordable home prices compared with other nearby markets and no state personal income tax contribute to a lower the cost of living.



ECONOMY

- The economy is anchored by the industries of healthcare, tourism and national defense.
- The Eagle Ford Shale deposit has contributed to the diversification of jobs into the energy sector. Valero's corporate headquarters are here, as well as NuStar Energy, Halliburton, NOV, Baker-Hughes and Tesoro.
- Lackland Air Force Base, Randolph Air Force Base, Fort Sam Houston and Camp Bullis are among the many military installations located in the metro.
- An important component of the healthcare industry is South Texas Medical Center, a conglomerate of hospitals, clinics and research and higher-education facilities.

* Forecast

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

Market Overview

Quality of Life

Culture and history abounds in such places as La Villita, the Spanish Governor's Palace, San Fernando Cathedral, Jose Antonio Navarro State Historical Park and the Alamo. Tradition blends with more modern attractions, such as the River Walk, a 2.5-mile stretch of parks, cafes, nightclubs and hotels. New upscale apartments are being built along the walk, bringing more residents into the city. The metro is also home to numerous sporting events and teams, including the NBA's San Antonio Spurs, the WNBA's San Antonio Silver Stars, the AHL's Rampage and AA baseball's Missions. Arena football is offered by the San Antonio Talons, and the University of Texas San Antonio Roadrunners play NCAA Division 1 football. Art enthusiasts can visit many museums and cultural centers in San Antonio.

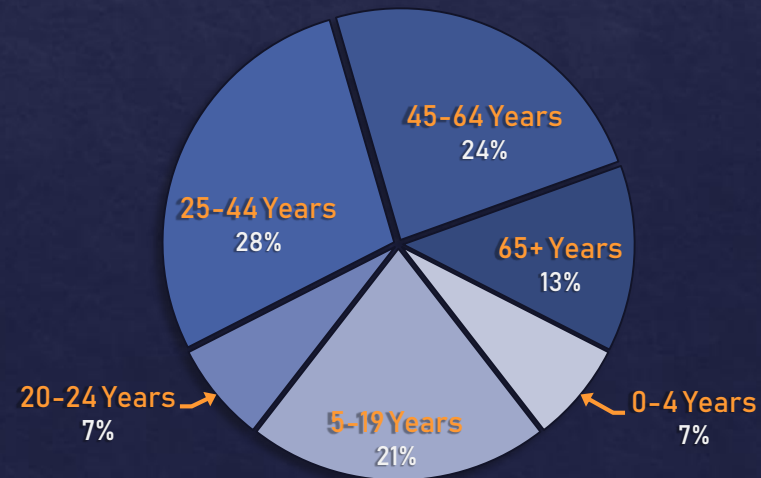
Economic Growth



Demographics

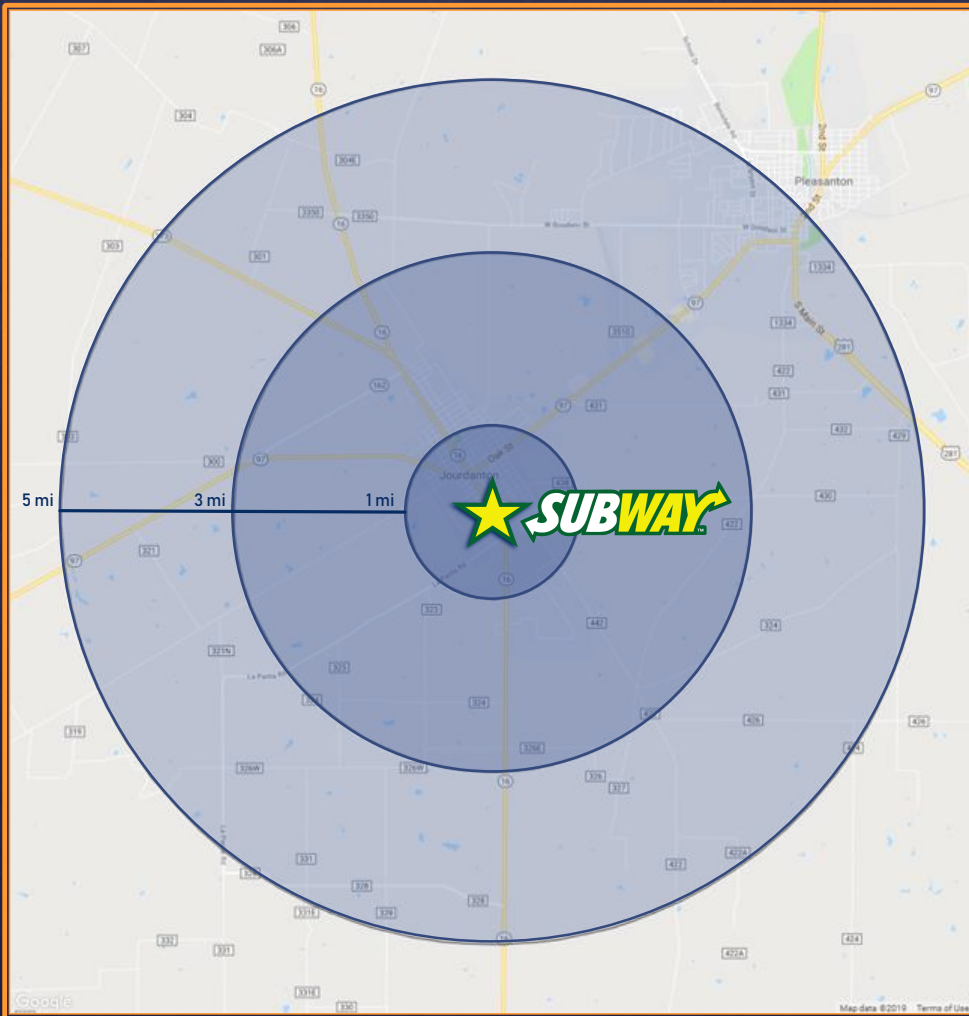
- The metro is expected to add nearly 190,000 people through 2023, resulting in the formation of roughly 87,200 households.
- A relatively youthful population contributes to a homeownership rate of 63 percent, which compares with the national rate of 64 percent.
- Roughly 27 percent of residents age 25 and older hold a bachelor's degree; of those residents, 10 percent also have earned a graduate or professional degree.

2018 Population by Age



Demographics

Jourdanton, TX



	1 Mile	3 Miles	5 Miles
POPULATION			
2023 Projection	2,617	4,723	11,824
2018 Estimate	2,507	4,497	11,262
2010 Census	2,462	4,397	10,677
2000 Census	2,378	4,044	9,427
INCOME			
Average	\$81,655	\$79,866	\$85,591
Median	\$51,632	\$52,091	\$56,337
Per Capita	\$29,250	\$28,559	\$31,237
HOUSEHOLDS			
2023 Projection	957	1,727	4,380
2018 Estimate	893	1,599	4,076
2010 Census	877	1,564	3,839
2000 Census	758	1,316	3,276
EMPLOYMENT			
2018 Daytime Population	2,475	3,618	10,464
POPULATION BY AGE			
2018 Estimate	2,507	4,497	11,262
Total Population			
Under 20	28.18%	28.43%	28.28%
20 to 34 Years	18.96%	19.02%	18.34%
35 to 39 Years	7.05%	6.74%	6.56%
40 to 49 Years	13.22%	12.51%	12.17%
50 to 64 Years	17.01%	17.40%	17.34%
Age 65+	15.59%	15.89%	17.31%
Median Age	37.01	36.86	37.57

Prepared January 2, 2020

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SUBWAY
Jourdanton, TX
ACT ID ZAB0160001

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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 PROPERTIES, INCLUDING NEWLY-CONSTRUCTED FACILITIES OR NEWLY-ACQUIRED LOCATIONS, MAY BE SET BASED ON A TENANT'S PROJECTED SALES WITH LITTLE OR NO RECORD OF ACTUAL PERFORMANCE, OR COMPARABLE RENTS FOR THE AREA. RETURNS ARE NOT GUARANTEED; THE TENANT AND ANY GUARANTORS MAY FAIL TO PAY THE LEASE RENT OR PROPERTY TAXES, OR MAY FAIL TO COMPLY WITH OTHER MATERIAL TERMS OF THE LEASE; CASH FLOW MAY BE INTERRUPTED IN PART OR IN WHOLE DUE TO MARKET, ECONOMIC, ENVIRONMENTAL OR OTHER CONDITIONS. REGARDLESS OF TENANT HISTORY AND LEASE GUARANTEES, BUYER IS RESPONSIBLE FOR CONDUCTING HIS/HER OWN INVESTIGATION OF ALL MATTERS AFFECTING THE INTRINSIC VALUE OF THE PROPERTY AND THE VALUE OF ANY LONG-TERM LEASE, INCLUDING THE LIKELIHOOD OF LOCATING A REPLACEMENT TENANT IF THE CURRENT TENANT SHOULD DEFAULT OR ABANDON THE PROPERTY, AND THE LEASE TERMS THAT BUYER MAY BE ABLE TO NEGOTIATE WITH A POTENTIAL REPLACEMENT TENANT CONSIDERING THE LOCATION OF THE PROPERTY, AND BUYER'S LEGAL ABILITY TO MAKE ALTERNATE USE OF THE PROPERTY.

BY ACCEPTING THIS MARKETING BROCHURE YOU AGREE TO RELEASE MARCUS & MILLICHAP REAL ESTATE INVESTMENT SERVICES AND HOLD IT HARMLESS FROM ANY KIND OF CLAIM, COST, EXPENSE, OR LIABILITY ARISING OUT OF YOUR INVESTIGATION AND/OR PURCHASE OF THIS NET LEASED PROPERTY.

Brokerage Services



INFORMATION ABOUT BROKERAGE SERVICES

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

11-2-2015

TYPES OF REAL ESTATE LICENSE HOLDERS:

- **A BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- **A SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of *each party* to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - that the owner will accept a price less than the written asking price;
 - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

Marcus & Millichap	9002994	tim.speck@marcusmillichap.com	972-755-5200
Licensed Broker /Broker Firm Name or Primary Assumed Business Name	License No.	Email	Phone
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Designated Broker of Firm	License No.	Email	Phone
Craig R. Swanson	538612	craig.swanson@marcusmillichap.com	512-338-7800
Licensed Supervisor of Sales Agent/Associate	License No.	Email	Phone
 Sales Agent/Associate's Name	 License No.	 Email	 Phone

Regulated by the Texas Real Estate Commission

Buyer/Tenant/Seller/Landlord
Initials

Date

Information available at www.trec.texas.gov
IABS 1-0

Exclusive Listing

Subway

512 Zanderson Avenue

Jourdanton, TX 78026



Marcus & Millichap

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