

SECURE
NET LEASE

PIZZA HUT

\$613,000 | 6.75% CAP

20-YEAR ABSOLUTE NNN LEASE

22566 PA-68, Clarion, PA 16214 (Pennsylvania)



FILE PHOTO

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INVESTMENT OVERVIEW

PRICE CAP:	\$613,000 6.75%
NET OPERATING INCOME:	\$41,345
BUILDING AREA:	+/- 3,000 Square Feet
LAND AREA:	+/- 0.936 Acres
ESTIMATED REMODEL:	\$200K in 2025
LANDLORD RESPONSIBILITY:	None Absolute NNN
OCCUPANCY:	100%

INVESTMENT HIGHLIGHTS



**NEW 20-YEAR
FRANCHISE
ABSOLUTE NNN**



S&P RATED: BB



**DENSE RETAIL
CORRIDOR**



**CLOSE PROXIMITY
TO WALMART
SUPER CENTER**

- ✓ **New 20-year franchise absolute NNN lease with 10% rent increase every 5-years, starting year 6 in primary term and year 16 in options.**
- ✓ **Within 0.5 miles from the subject Pizza Hut is an anchored Walmart Super Center.**
- ✓ **Strategically located and surrounded by additional retail stores and restaurants such as Kwik Fill, Auto Zone Auto Parts, J.C. Penny, Aldi and an AMC movie theater.**
- ✓ **Clarion County Airport is less than 5 miles away from Pizza Hut, which saw 12,727 Aircraft operations in 2012 and expanding. Airport was also granted \$75,000 to design Rehabilitation of Aviation Fuel Farm.**
- ✓ **Near the subject property is Clarion County Hospital, which has approximately 70 bed acute-care facility with 10 skilled nursing beds known as the Transitional Care Center.**



TENANT OVERVIEW



ARC Restaurants, LLC

ARC Restaurants, LLC was established December 9, 2003 owned by Roger Gates. Located in West Central Pennsylvania, ARC has 10 restaurants. 8 RBD's, 1 Red Roof and 1 new Delco with seats. Arc has 3 above-restaurant staff, 10 RGM's and 235 hourly employees, with an annual average sales volume of \$8,000,000.

Mr. Gates began his career in 1977 while attending college working as a RGM in 1979. In 1984, he was promoted to Area Supervisor operating 6 restaurants for a Franchisee. The Franchisee then sold his 22 unit franchise to Pizza Hut Inc. in 1990. Mr. Gates became an Area Coach with Pizza Hut Inc. and retained that position for 13 years. In 2003, Mr. Gates was accepted as the the brand Franchisee and purchased 9 Pizza Hut restaurants and began ARC Restaurants in 2003, becoming the first Area Coach to obtain a Pizza Hut Franchise.

ARC Restaurants has continued to evolve with the Brand, with improvements involving the relocation of 4 old assets by replacing them with new RBD's, implemented delivery in 9 out of 10 restaurants, incorporating Wing Street in all 10 assets, conforming the entire POS computer system to the same system used by the Franchisor beginning in 2018 to the present, received 12 National Operational Excellence Awards from Pizza Hut over a 16-year period and is ranked in the top 20% of Franchisees in the country.

LESSEE:	Arc Restaurants, LLC
FRANCHISOR:	Pizza Hut Inc.
WEBSITE:	www.pizzahut.com
S&P RATING:	BB
HEADQUARTERS:	Plano, Texas
FOUNDED:	1958
LOCATIONS:	15,600
EMPLOYEES:	300,000
REVENUE:	1.47 billion

PIZZA HUT IS AN AMERICAN SUCCESS STORY

AN

AMERICAN

SUCCESS

STORY

Author: Aaron Vaughn

It's an age-old American story. A business dream is born. A few dollars are borrowed. Years later, millionaires tell the tale of how they almost didn't take the big risk. So it goes for Pizza Hut.

This worldwide pizza sensation began with what almost anyone would agree are quite humble roots and grew through dedication to become a powerhouse on the international business scene. The history of Pizza Hut is interesting, as well, and can serve as a great case study for anyone who thinks a little risk isn't worth the rewards it can bring. Read on! Pizza Hut got its start not in the lands of the Old World but here in the United States. It didn't even begin in the Italian section of New York City. It was founded, in fact, in 1958 by a pair of brothers from Wichita, Kansas. That's right, Wichita!

After getting the idea from a family friend to open their own pizza shop, Frank and Dan Carney borrowed less than \$1,000 from their mom to start the shop. With their nest egg, they bought used equipment, rented a building and went to work. What began in that small shop has since grown to include more than 10,000 shops worldwide in a pizza empire that spans more than 86 countries.

Pizza Hut is now a part of YUM! Brands and operates using franchises. YUM! also owns the Taco Bell and KFC brands, bringing fast food restaurants to all corners of the globe. The company, although a household name now, began with humble roots and was developed over time through the careful watch of the Carney brothers. The time-line for the restaurant's growth is simply fascinating.

The store was founded in 1958 and by '59, the brothers had incorporated and opened their first franchise in Topeka. By 1965, Pizza Hut had its first commercial on television and by 1967 it made its first appearance at the Oklahoma State Fair. A mere 10 years after the brothers opened their first shop, the company boasted 310 locations across the country and in Canada. The traditional red roof was added to the design in 1969.

The 1970s and 1980s saw it attain more worldwide prominence with menu additions, international openings and a New York Stock Exchange listing. Also, at during these two decades, Pizza Hut became known for its employment of more than 10,000 teenagers and its willingness to get involved with charities. The chain overall surpassed the 4,000-store mark during this time.

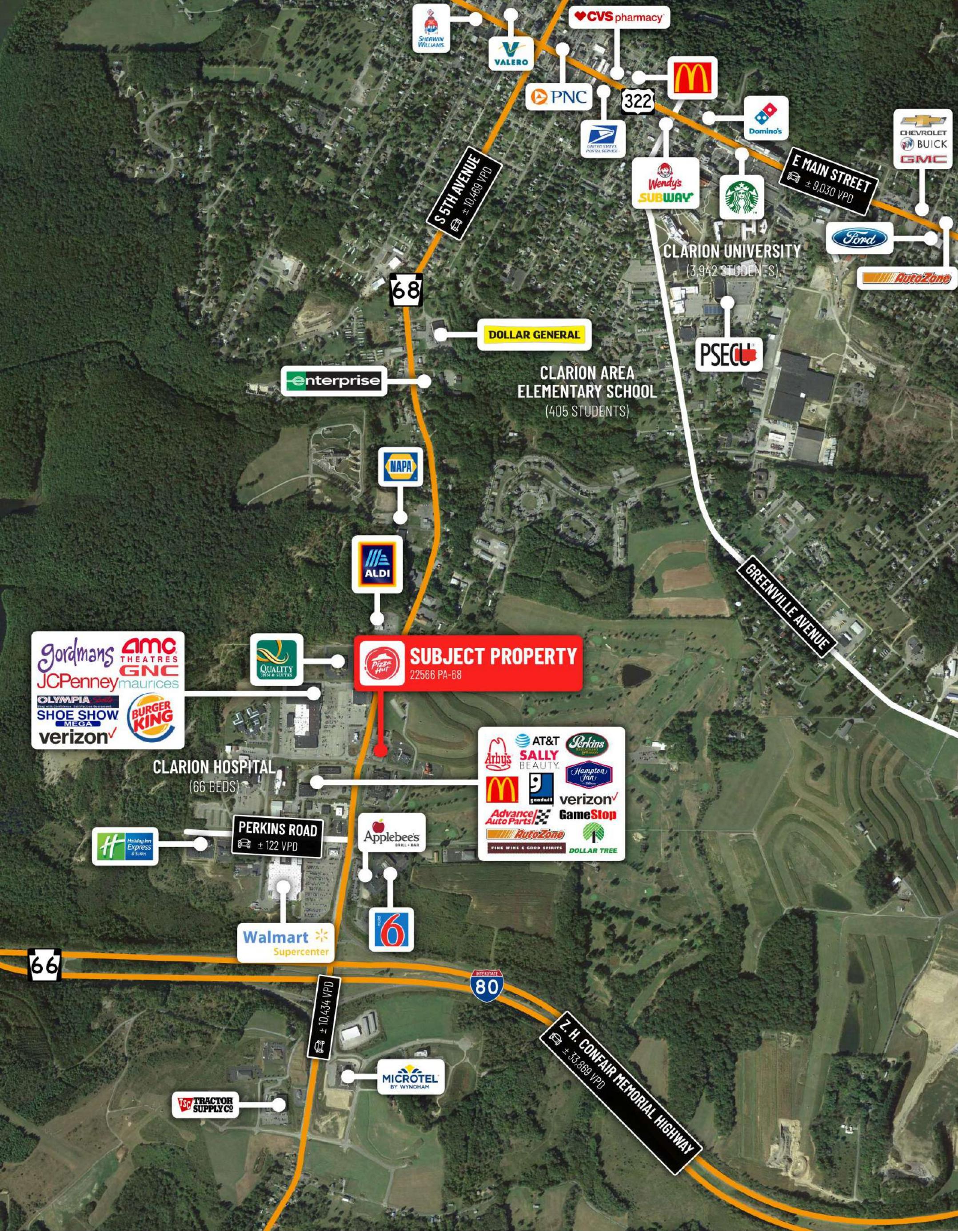
The 1990s brought more success for the chain, including the introduction of convenience store locations, lunch buffets and more. Today, the Pizza Hut chain serves nearly 2 million pizzas a day in its 12,000 plus locations. It has an estimated 4 million customers worldwide and has even boasted delivery to the White House and to former Russian President Boris Yeltsin.

What began as a \$600 venture in Kansas grew through careful nurturing to be one of the world's biggest restaurant franchises. The company's success all falls on the shoulders of two brothers with a desire and determination to make a good pizza and a good living

[CLICK HERE TO VIEW MORE](#)

LEASE SUMMARY

Lease Term:	20-Years
Options:	2, 5-Year Periods
Projected Rent Commencement:	February 2020
Projected Lease Expiration:	February 2040
Lease Type:	Absolute NNN Lease
Taxes:	Tenant
Insurance:	Tenant
Common Area Maintenance:	Tenant
Roof, Structure, Parking Lot:	Tenant
Rent Increases:	10% Every 5 Years in Primary Term & Option Periods
Annual Rent Years 1-5:	\$41,345
Annual Rent Years 6-10:	\$45,480
Annual Rent Years 11-15:	\$50,028
Option 1 Years 16-20:	\$55,030
Option 2 Years 21-25:	\$60,533



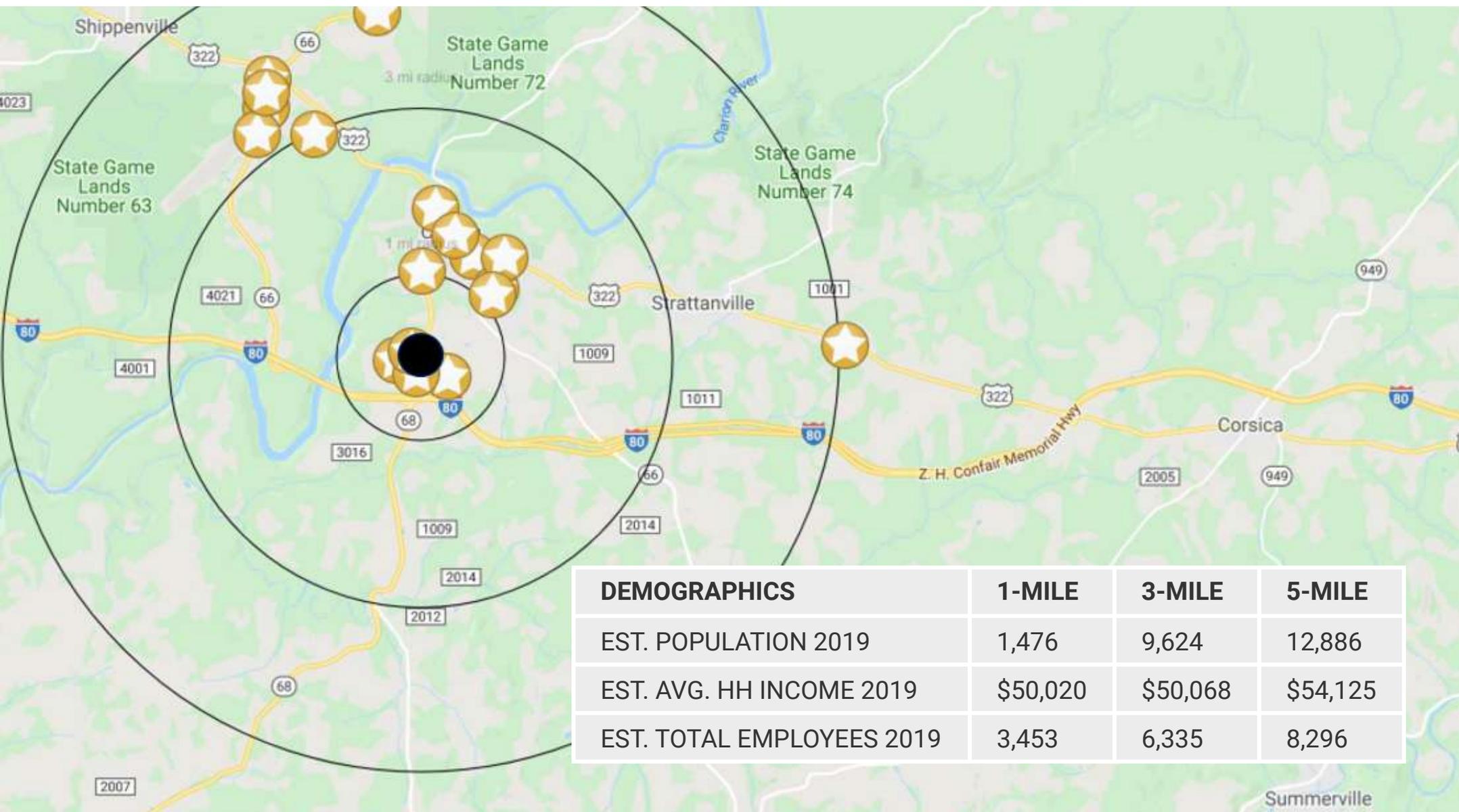
CLARION AREA ELEMENTARY SCHOOL (405 STUDENTS)



CLARION HOSPITAL (66 BEDS)



LOCATION OVERVIEW



ECONOMIC DRIVERS

COMPANY (EMPLOYEES)

Clarion Hospital (990)

Riverview Interim Unit 6 (740)

Clarion University of Pennsylvania (490)

Walmart Inc. (300)

The Commodore Corporation (236)

Owens-Brockway Glass Container Inc. (230)

GRP Management Inc. (200)

Pala Holdings Inc. (200)

Beverly Enterprises-Pennsylvania Inc (200)

Tcc Clarion Limited Partnership (170)

Clarion Bath-ware Inc. (120)

Clarion Boards LLC (125)

J.C. Penny Corporation (115)

Clarion Area School District (114)

Loomis Inn, Inc. (76)

C & K Coal Company (70)

J.M. Leasing Co. (65)

Zanot Vending (57)

IMMEDIATE TRADE AREA

CLARION, PA

This property is located just West of Route 68 with excellent visibility and access to 10,400 vehicles per day directly in front of the site. Route 68 connects many local towns to Clarion, the largest city and county seat of Clarion County. It is home to the annual Autumn Leaf Festival (draws 500,000 people annually) and Clarion University of Pennsylvania.

The property is located just minutes from Clarion Hospital and Clarion University (3,942 students and 745 employees), the two largest employers in the county. Downtown Clarion is just down the road, and has many national retailers including CVS Pharmacy, ALDI, Walmart Super-center, McDonald's, Starbucks's, and many others. The courthouse in Clarion PA, was added to the National Register of Historic Places.

The property is located in Clarion County just under 80 miles from both Pittsburgh, PA and Youngstown, OH. Clarion has a large manufacturing and transport industry due to it's location along Route 68. Clarion not only known for manufacturing, but also for the 8,500-acre Cook Forest State park, which has been ranked as one of the America's Top 50 State Parks by National Geographic, and attracts outdoor enthusiasts from around the area.



CLARION, PA



CLARION

Clarion is the largest city and county seat of Clarion County, PA is centrally located 80 miles north of Pittsburgh, PA and 80 miles east of Youngstown, OH. Clarion is within one truck drive of more than half of the United States population. Halfway between New York City and Chicago, Clarion gives businesses rapid and affordable access to materials, suppliers, and markets. Clarion County is home of the Clarion University of Pennsylvania, which has over 4,500 students and faculty.

THE PITTSBURGH METROPOLITAN STATISTICAL AREA (MSA)

The Greater Pittsburgh Region is a populous region in the United States which is named for its largest city and economic center, Pittsburgh, Pennsylvania. There are several official and unofficial boundary definitions which may be used to describe this region. In the most restrictive definition, the region encompasses Pittsburgh's urban core county, Allegheny, and six nearby Pennsylvania counties.

The Pittsburgh Metropolitan Statistical Area (MSA), home to almost 2.4 million people, is the District's largest metropolitan area. (The MSA is composed of Allegheny, Armstrong, Beaver, Butler, Fayette, Washington, and Westmoreland Counties.)

Surprisingly, Pittsburgh's share of employment in manufacturing is smaller than the nation's. This wasn't the case in the 1970s and early 1980s, but since then, manufacturing's share of total employment has fallen faster in Pittsburgh than in both the U.S and the rest of the state. Manufacturing accounts for 8 percent of employment in the Pittsburgh MSA, compared to 10 percent in Pennsylvania and 9 percent in the nation as a whole.

However, the metro area's share of employment in the education and health services industry is 1.4 times larger than the nation's. In 2008, it surpassed trade, transportation, and utilities to become the MSA's largest sector. It has remained the MSA's largest sector following the recession, accounting for one-fifth of total employment in 2012. Since the last business cycle peak in December 2007, jobs in Pittsburgh have increased by 1.8 percent, compared to Pennsylvania's loss of 1.2 percent and the nation's loss of 1.7 percent. Pittsburgh's employment growth remained stronger than the state's and the nation's throughout the recession. In contrast, Pittsburgh fared worse than Pennsylvania and the nation in the period from 2001 to 2006. Since the last business cycle peak, Pittsburgh has increased its non-manufacturing employment by 2.7 percent, whereas the U.S. is down 0.4 percent. In addition, manufacturing

employment losses over this period were more severe in the nation (14 percent) than in the metro area (10.6 percent).

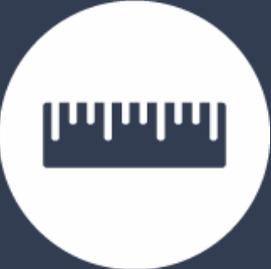


Almost every component of employment growth fell during 2009, when overall nonfarm employment growth for the metro area and the nation were at their lowest levels in the past six years. However, every sector, with the exception of government and other services, posted positive employment growth in 2011 and 2012. For every year except 2009, professional and business services and the leisure, hospitality, education and health sectors were drivers of job growth. This is not surprising considering that the education and health services sector is the largest in the MSA in terms of employment. Pittsburgh's population, like Pennsylvania's, has a smaller percentage of minorities than the U.S, although the MSA is still more homogenous than the state. Of Pittsburgh residents aged 25 and older, 29.4 percent have attained a bachelor's degree, compared to 28.5 percent for the nation and 27.0 percent for the state. Pittsburgh is home to more elderly residents (65 and older) than either the state or the nation and has a higher median age.

SITE PLAN



20 +/- PARKING SPOTS



0.936 +/- ACRES



3,000 +/- SQ. FT.

SECURE

NET LEASE

WE LOOK FORWARD TO HEARING FROM YOU!

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