

# BURGER KING

EXCLUSIVE NET-LEASE OFFERING

## REMODEL COMING 2020!



Representative Photo

# OFFERING MEMORANDUM

**BURGER KING**



2690 Kirkwood Highway - Newark, DE 19711

# Confidentiality and Disclaimer

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2690 Kirkwood Highway, Newark, DE 19711





# Investment Highlights

PRICE: \$1,727,236 | CAP: 5.50% | RENT: \$94,998

**BURGER KING**

## About the Investment

- ✓ Brand New 21-Year Lease
- ✓ Triple Net (NNN) Lease with Zero Landlord Responsibilities
- ✓ Attractive Rental Increases of Two Percent (2.0%) Annually
- ✓ Four (4) Tenant Renewal Periods of Five (5) Years Each
- ✓ Remodel Coming 2020!

## About the Location

- ✓ Dense Retail Corridor | Walgreens, Rite Aid, Popeyes, IHOP, Wawa, Advance Auto Parts, Wells Fargo and more
- ✓ Strong Academic Presence | More Than Four Academic Institutions Within a Two-Mile Radius | Combined Total Enrollment Exceeds 2,000 Students
- ✓ University of Delaware | Over 23,700 Students Enrolled | Within a Five-Mile Radius of the Subject Property
- ✓ Ease of Access and Strong Traffic Counts | Over 47,500 Vehicles Per Day Along Kirkwood Hwy
- ✓ Attractive Location Fundamentals | Delaware Race Park and Casino | Within a One-Mile Radius | Attracts Hundreds of Thousands of Visitors Each Year
- ✓ Kirkwood Highway Acts as a Direct Link Between Wilmington and Newark | The 1<sup>st</sup> and 3<sup>rd</sup> Largest Cities in Delaware
- ✓ Within a 33-mile radius of the City of Philadelphia, Pennsylvania | Sixth-Largest City in the U.S.

## About the Tenant / Brand

- ✓ Founded in 2013, Rackson Restaurant Group Operates Over 50-Units and Employs over 1,500 Skilled Individuals
- ✓ Rackson Restaurant Group Currently Operates in Connecticut, New York, New Jersey, Pennsylvania, Maryland and Delaware
- ✓ Strong Track Record With Proven Operational Expertise
- ✓ Burger King Brand is One of the World's Most Recognized Consumer Brands





# Financial Analysis

PRICE: \$1,727,236 | CAP: 5.50% | RENT: \$94,998

**BURGER KING**

## PROPERTY DESCRIPTION

Property	Burger King
Property Address	2690 Kirkwood Highway
City, State, ZIP	Newark, DE 19711
Estimated Year Built/Renovated	1989/2020
Estimated Building Size	3,542 SF
Lot Size	+/- 1.33 Acres
Type of Ownership	Fee Simple

## THE OFFERING

Purchase Price	\$1,727,236
CAP Rate	5.50%
Annual Rent	\$94,998

## LEASE SUMMARY

Property Type	Net-Leased Quick-Service Restaurant
Tenant / Guarantor	Rackson Restaurants, LLC (50+ Units)
Ownership Type	Franchisee
Original Lease Term	21 Years
Lease Commencement	December 20 <sup>th</sup> , 2019
Lease Expiration	December 31 <sup>st</sup> , 2040
Lease Term Remaining	21.0 Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	2.0% Annually
Options to Renew	Four (4), Five (5)-Year Options

\*Glen Kunofsky and other members of the selling entity, Exclusive Listing Agents, are part fee owners of this property. They are licensed real estate salespeople for Marcus and Millichap in the State of New York.

## RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 1	\$94,998	\$7,917	-
Year 2	\$96,898	\$8,075	2.00%
Year 3	\$98,836	\$8,236	2.00%
Year 4	\$100,813	\$8,401	2.00%
Year 5	\$102,829	\$8,569	2.00%
Year 6	\$104,885	\$8,740	2.00%
Year 7	\$106,983	\$8,915	2.00%
Year 8	\$109,123	\$9,094	2.00%
Year 9	\$111,305	\$9,275	2.00%
Year 10	\$113,531	\$9,461	2.00%
Year 11	\$115,802	\$9,650	2.00%
Year 12	\$118,118	\$9,843	2.00%
Year 13	\$120,480	\$10,040	2.00%
Year 14	\$122,890	\$10,241	2.00%
Year 15	\$125,348	\$10,446	2.00%
Year 16	\$127,855	\$10,655	2.00%
Year 17	\$130,412	\$10,868	2.00%
Year 18	\$133,020	\$11,085	2.00%
Year 19	\$135,681	\$11,307	2.00%
Year 20	\$138,394	\$11,533	2.00%
Year 21	\$141,162	\$11,764	2.00%

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Burger King located at 2690 Kirkwood Highway in Newark, Delaware. The site consists of roughly 3,542 rentable square feet of building space on estimated 1.33-acre parcel of land. This Burger King is subject to a new 21-year absolute triple-net (NNN) lease, which commenced December 20<sup>th</sup>, 2019. The current annual rent is \$94,998 and is scheduled to increase by two percent (2%) annually throughout the base term and in each of the four (4), five (5)-year renewal options.



# Concept Overview: Burger King

**BURGER KING**

## GREAT FOOD COMES FIRST

Every day, more than 11 million guests visit BURGER KING® restaurants around the world. And they do so because our restaurants are known for serving high-quality, great-tasting, and affordable food. Founded in 1954, BURGER KING® is the second largest fast food hamburger chain in the world. The original HOME OF THE WHOPPER®, our commitment to premium ingredients, signature recipes, and family-friendly dining experiences is what has defined our brand for more than 50 successful years.

### #2 Fast Food Hamburger Chain, Globally

- More than \$16 billion in annual system-wide sales, and nearly 350,000 team members, worldwide. The concept has a market capitalization of roughly \$10 billion.

### Global Brand Presence | Fully – Franchised Business Model

- Nearly 14,000 restaurants in 100+ countries. QSR industry-leading EBITDA margins

### Rich Heritage | Stable, Reliable Long-Term Ownership

- Founded in 1954 with deep ties to the Miami Community. Burger King has been actively managed by 3G since 2010.

## 3G Capital

3G Capital is a global investment firm focused on long-term value, with a particular emphasis on maximizing the potential of brands and businesses. The firm and its partners have a strong history of operational excellence, board involvement, deep sector expertise, and an extensive global network. 3G Capital works in close partnership with management teams at its portfolio companies and places a strong emphasis on recruiting, developing and retaining top-tier talent. In October 2010, 3G Capital completed the acquisition of Burger King®, one of the most widely-recognized consumer brands in the world.

## Burger King Worldwide, Inc.

Founded in 1945 Burger King® is the second largest fast food hamburger chain in the world. The original Home of the Whopper, the Burger King® system operates in approximately 14,000 locations serving more than 11 million guests dialing in 100 countries and territories worldwide. Approximately 100 percent of Burger King® restaurants are owned and operated by independent franchisees, many of them family owned operations that have been in business for decades.







# Tenant Overview: Rackson, LLC

**BURGER KING**

## Rackson Restaurant Group, LLC

Rackson Restaurants is a franchisee of quick service restaurants, operating locations in the states of Connecticut, New York, New Jersey, Pennsylvania, Maryland, and Delaware. Founded in 2013, Rackson has quickly grown as a trusted operating company providing equal opportunity employment, strong retail performance, and upward mobility of its strong team members. The company currently has 50 locations and employs over 1,500 talented and dedicated individuals in retail, food production, management, and administrative positions. Based out of New Jersey, with additional corporate offices in New York City, Rackson's stores are within a two-hour drive of these two locations.

Rackson has grown to 50 stores via three acquisitions over the past four years, with additional significant acquisition opportunities immediately available. The Company is therefore a preferred growth partner of Restaurant Brands International, the parent company of Burger King and Popeyes. All stores have been well maintained with the appropriate investment, in addition to long leases and franchise agreements, ultimately positioning Rackson for well long-term success and growth. Rackson is also run by a seasoned operator who is consistently ranked in the top tier of burger king franchisees.

### Platform for Growth

Experienced management with system leading operating performance and strong franchisor / franchisee relationship

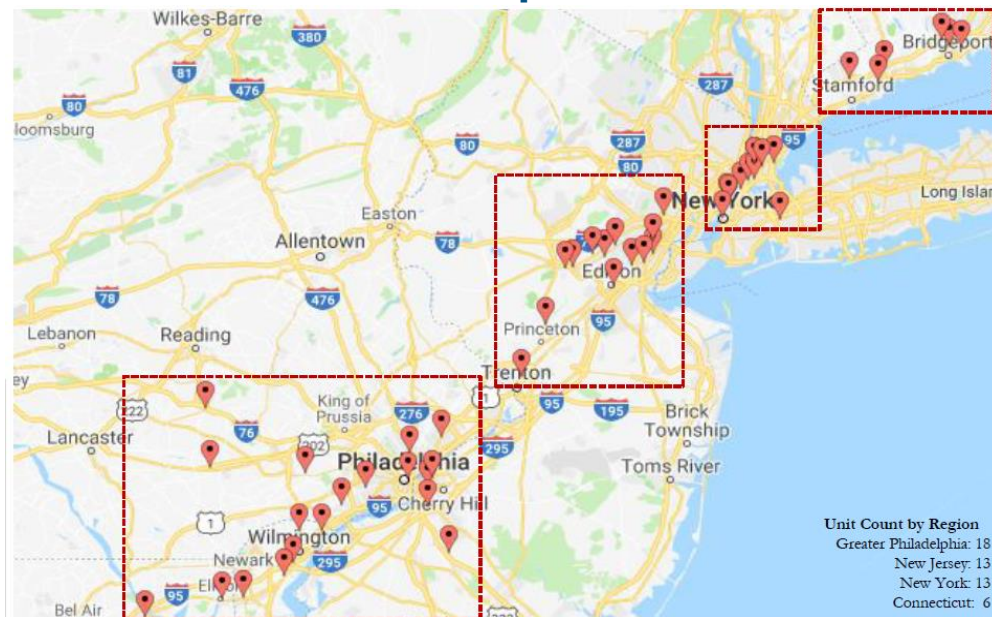
Concrete financial base, generating above system average AUVs

Multi-state operator well positioned for near and long-term growth

### Overview and Opportunity

Year of Incorporation	2013
Leadership	Chris Johnson – President
Units Operating	49 Burger Kings, 1 Popeyes
Locations	CT, NY, NJ, PA, MD, DE
Employees	1,500

### Footprint





# Location Overview

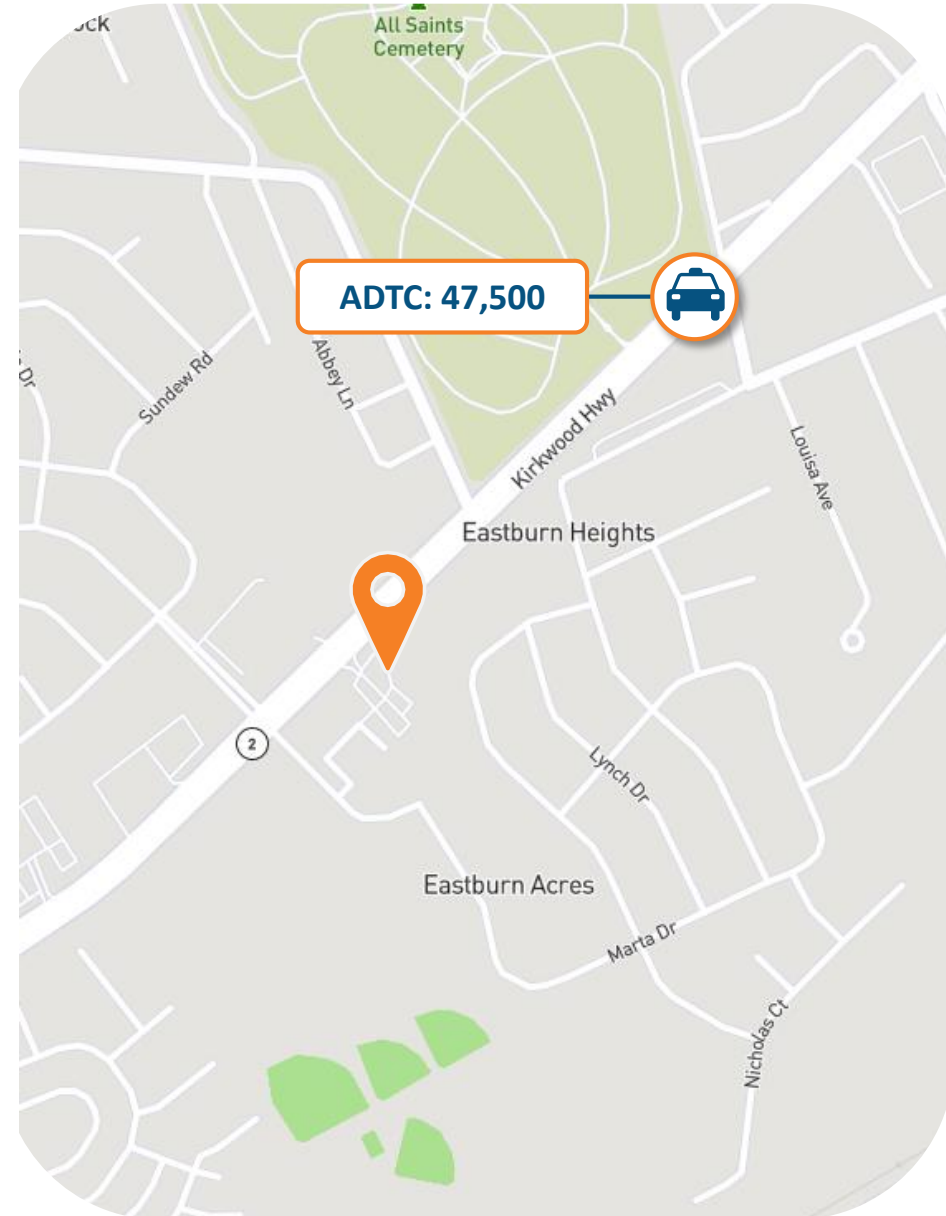
Property Address: 2690 Kirkwood Hwy, Newark, DE 19711

This Burger King is situated on Kirkwood Highway, which boasts average daily traffic counts exceeding 47,500 vehicles. Additionally, this Burger King is in a densely populated area with more than 195,000 individuals residing within a five-mile radius of the property and nearly 500,000 individuals within a ten-mile radius. The local area is a relatively affluent neighborhood with an average income of nearly \$85,000 within a three-mile radius.

The subject property is situated in a dense retail corridor surrounded by many national and local tenants, shopping centers and academic institutions. Major national retailers in the area include: Walgreens, Rite Aid, Popeyes, IHOP, Wells Fargo, Advance Auto Parts, Wawa as well as many more. Additionally, this Burger King property benefits from a prominent academic presence. There are more than four academic institutions within a two-mile radius of the property with a total combined enrollment exceeding 2,000 students. The University of Delaware, the largest university in the state, is within a five-mile radius and has over 23,700 students enrolled. Delaware Race Park, a facility equipped with a racetrack, casino and golf course, is within a one-mile radius of the site and attracts hundreds of thousands of visitors every year to the immediate area. This site also profits from its strong location fundamentals, Kirkwood Highway connects the site directly to both Newark and the city of Wilmington, the largest city in Delaware.

Newark is the third largest city in Delaware. Newark is a suburb within close proximity of Wilmington and Philadelphia with a population of 33,243. Newark is located in New Castle County and has been ranked one of the best places to live in Delaware. Living in Newark offers young professionals a dense suburban feel along with charming neighborhoods nestled in. Newark offers a quaint downtown with restaurants, coffee shops, and parks. The City's award-winning downtown received the honor of becoming a Great American Main Street winner in 2011. In a place where new meets historic, Newark hosts over 60 restaurants constantly providing visitors with local cuisine plus a unique food comparative that has been serving the community for over 35 years.

**BURGER KING**

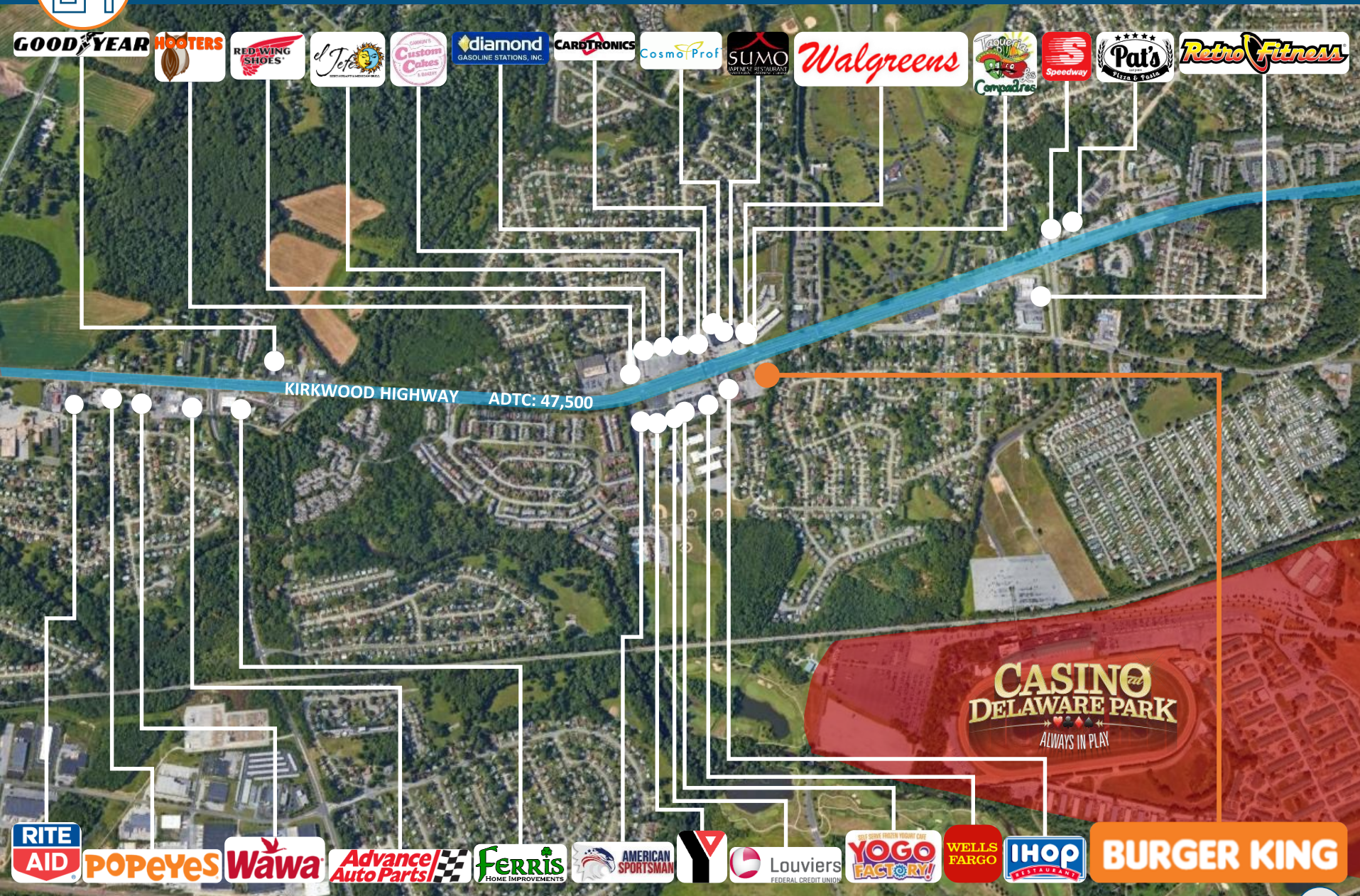






# Surrounding Area

**BURGER KING**



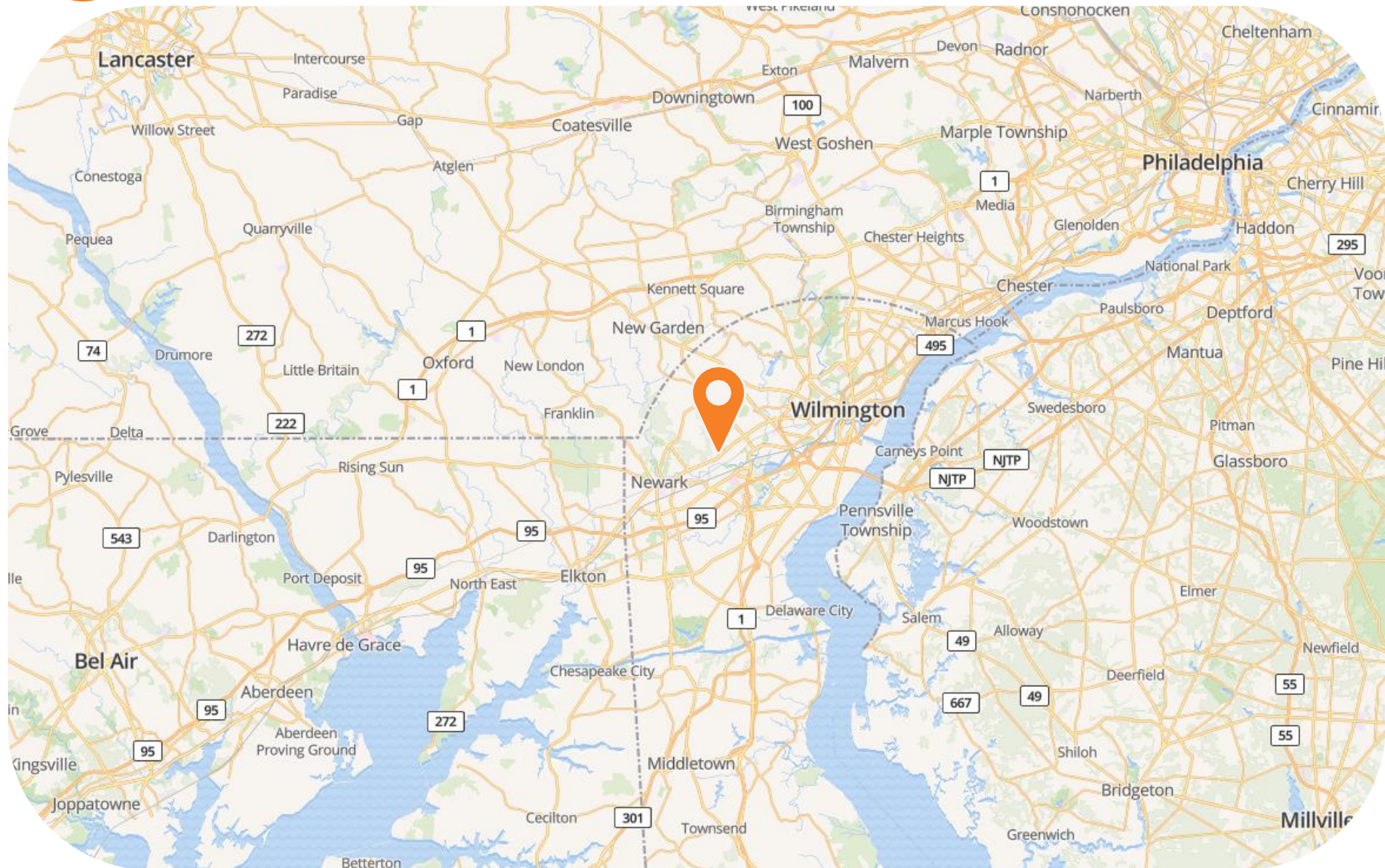




# Local Map

**BURGER KING**

Property Address: 2690 Kirkwood Hwy, Newark, DE 19711



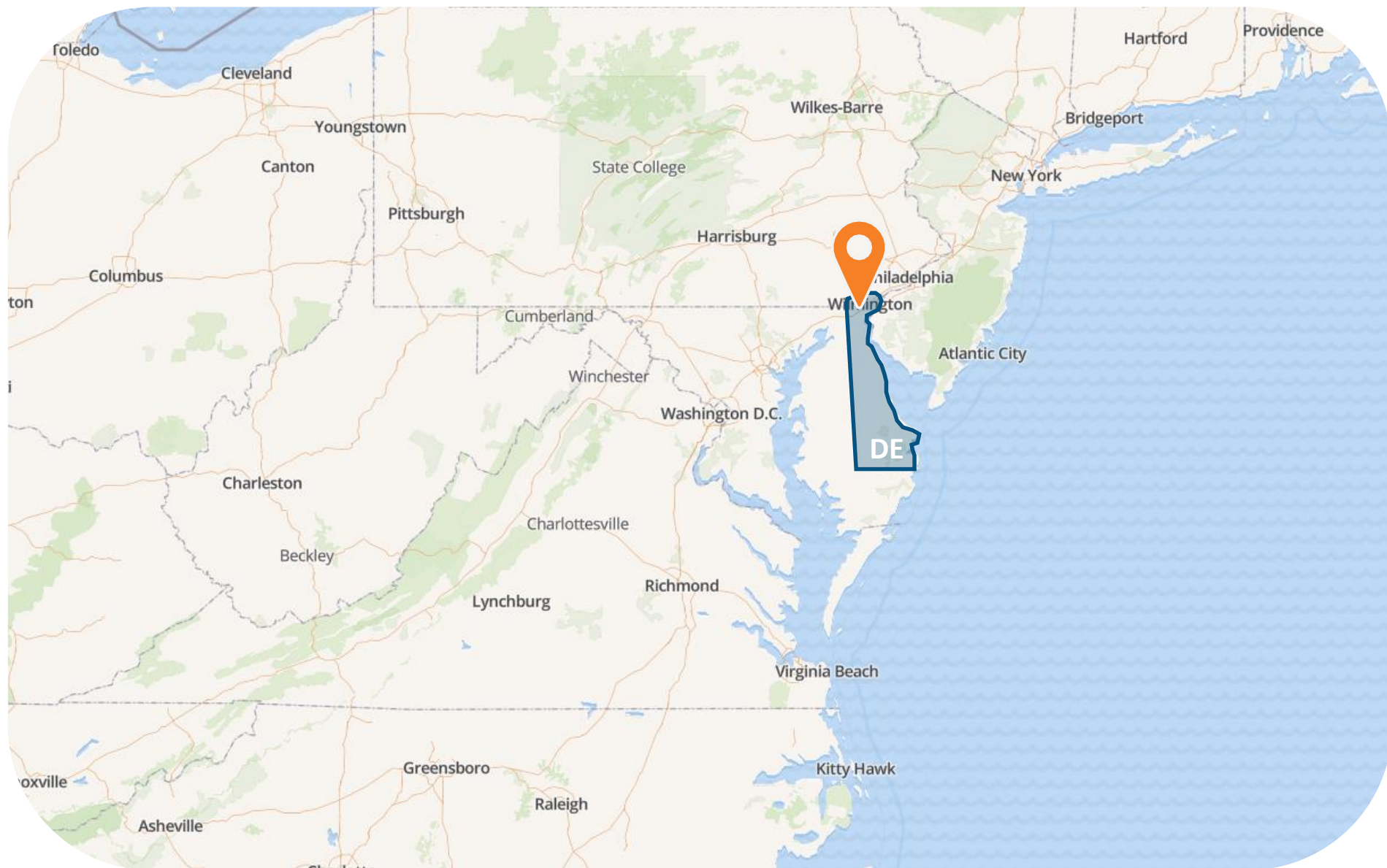




# Regional Map

Property Address: 2690 Kirkwood Hwy, Newark, DE 19711

**BURGER KING**







**BURGER KING**



2023 Projection	67,754	200,396	504,767
2018 Estimate	67,584	196,689	492,339
2010 Census	66,074	190,534	476,318
2000 Census	68,153	188,008	452,132

Average	\$84,910	\$88,829	\$92,506
Median	\$66,058	\$67,091	\$66,599
Per Capita	\$34,606	\$33,833	\$35,193

2023 Projection	27,700	75,626	191,601
2018 Estimate	27,451	73,644	185,385
2010 Census	26,785	71,211	178,989
2000 Census	27,650	70,260	169,238

2018	\$240,490	\$242,681	\$245,223
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2018 Daytime Population	71,240	217,735	537,499
2018 Unemployment	3.09%	5.01%	5.32%
2018 Median Time Traveled	25 Mins	26 Mins	26 Mins

White	72.80%	68.40%	61.62%
Native American	0.02%	0.05%	0.04%
African American	11.50%	16.28%	24.36%
Asian/Pacific Islander	7.88%	7.54%	5.44%



# Market Overview

City: Newark | County: New Castle | State: Delaware



*Newark, Delaware*

**Newark** is strong in history and rich in tradition. Chartered on April 13, 1758, by King George II of England as a farming community, Newark's warmth and hospitality still flourish and the city remains a wonderful place to live. Distinguished by its standard setting city services, attractive and friendly neighborhoods, and an economically vibrant downtown, Newark's businesses, residents, university students and visitors are provided with an enhanced quality of life.

Newark has a central area, which is compact and walkable, consisting of the university, Main Street, and surrounding residential neighborhoods. The city limits also include less densely developed areas with shopping centers, suburban developments, and apartment complexes. The center of Newark is a lively place, due in large part to the University of Delaware and its students. Much of the city's economy revolves around the presence of the University. During the summer, when there are fewer students living in Newark, the town offers quieter feel. Local young people consider Main Street a popular nightlife location. The heart of downtown has changed in the recent years to a vibrant, bustling area at the heart of the Newark commercial renaissance.

## Major Employers

Employer	Estimated # of Employees
Dupont	9,147
University of Delaware	7,976
FC-Gen Operations Inv LLC	6,997
Clayton Dubilier & Rice Fun	4,923
Agilent Technologies Inc	4,782
Shake Shack Inc	4,237
Ai Dupont Hosp For Children	4,000
ARL Second LLC	3,997
Delaware State Hospital	3,500
Milford Anesthesia Assoc LLC	3,117
MBNA Consumer Services Inc	3,009



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