

# MCDONALD'S GROUND LEASE

S SIGNAL BUTTE ROAD & E GUADALUPE ROAD, MESA, AZ



CONSTRUCTION PHOTO  
AS OF 2/6/2020

OFFERING MEMORANDUM

Marcus & Millichap





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**THE HOME DEPOT**  
**POPEYES**  
LOUISIANA KITCHEN  
**Culver's**  
Welcome to delicious!  
**Mountain Vista Medical Center**  
**Jack**  
in the box

**Walmart** Supercenter  
**MOD**  
**OLD NAVY**  
**KOHL'S**  
**BED BATH & BEYOND**  
**LA FITNESS**  
**AMC THEATRES**  
**PET SMART**  
**FAMOUS footwear**  
**native** grill wings  
**ROSS STORES, INC.**  
**ULTA BEAUTY**  
**IN-N-OUT BURGER**

**Bashas'**

  
**DESERT RIDGE JUNIOR HIGH SCHOOL**  
1,200 STUDENTS

  
**DESERT RIDGE HIGH SCHOOL**  
2,600 STUDENTS


**MULBERRY**  
MASTER-PLANNED COMMUNITY  
545 - 700 LOTS

**McDonald's**

**fray's** tropical CAFE  
SMOOTHIE  
**Marketplace**  
**Cafe Rio** MEXICAN GRILL  
**BURGER KING**  
**Papa Murphy's**  
TAKE 'N BAKE PIZZA

**23,825**  
CARS/DAY

  
**EASTMARK.**  
MASTER-PLANNED COMMUNITY  
3,200 ACRES / 5 SQ. MILES  
#1 Best-Selling MPC in AZ &  
#6 Best-Selling MPC in the US

  
**GLOBAL COMMAND CENTER**





# Executive Summary

South Signal Butte Road & East Guadalupe Road, Mesa, AZ 85209

## FINANCIAL SUMMARY

<b>Price</b>	<b>\$2,467,000</b>
Down Payment	100% \$2,467,000
Cap Rate	3.75%
Building Size	5,239 SF
Net Cash Flow	3.75% \$92,500
Year Built	2020
Lot Size	1.23 Acres

## LEASE SUMMARY

Lease Type	Absolute Triple-Net (NNN) Ground Lease
Tenant	McDonald's USA, LLC
Guarantor	Corporate
Roof & Structure	Tenant Responsible
Est. Lease Commencement Date	January 16, 2020
Est. Lease Expiration Date	January 15, 2040
Lease Term	20 Years
Rental Increases	10% Every 5 Years
Renewal Options	3, 10 Year Options

## ANNUALIZED OPERATING DATA

Lease Years	Annual Rent	Cap Rate
1 - 5	\$92,500.00	3.75%
6 - 10	\$101,750.00	4.12%
11 - 15	\$111,924.96	4.54%
16 - 20	\$123,117.48	4.99%
Options	Annual Rent	Cap Rate
Option 1 (Years 21 - 25)	\$135,429.24	5.49%
Option 1 (Years 26 - 30)	\$148,972.00	6.04%
Option 2 (Years 31 - 35)	\$163,869.36	6.64%
Option 2 (Years 36 - 40)	\$180,256.32	7.31%
Option 3 (Years 41 - 45)	\$198,282.00	8.04%
Option 3 (Years 46 - 50)	\$218,110.20	8.84%

<b>Base Rent</b>	<b>\$92,500</b>
<b>Net Operating Income</b>	<b>\$92,500</b>
<b>Total Return</b>	<b>3.75% \$92,500</b>





 **DESERT RIGDE  
HIGH SCHOOL**  
2,600 STUDENTS

 **DESERT RIGDE  
JUNIOR HIGH SCHOOL**  
1,200 STUDENTS

**tropical CAFE**  
SMOOTHIE  
**Cafe Rio**  
MEXICAN GRILL.  
**Papa Murphy's**  
TAKE 'N BAKE PIZZA

**fry's**  
Marketplace

**MULBERRY**  
MASTER-PLANNED COMMUNITY  
545 - 700 LOTS

 **LEGACY**  
TRADITIONAL SCHOOLS

**BURGER KING**

 Mountain Crest  
**DENTAL**

 **BANK OF AMERICA**

**14,800 CPD**  
S SIGNAL BUTTE RD

LAND OWNED BY:  
 **ALDI**

**McDonald's**

 **U-HAUL**

**9,025 CPD**  
E GUADALUPE RD

 **SIGNAL  
BUTTE**





# Property Description



## INVESTMENT HIGHLIGHTS

- » **New 20-Year Absolute Triple-Net (NNN) Ground Lease with McDonald's Corporate**
- » 10% Rental Increases Every 5 Years
- » **Brand New 2020 Construction with a Drive-Thru**
- » 165,841 Residents within a 5-Mile Radius - Phoenix MSA
- » **Hard Corner Location Visible to 23,825+ Cars/Day at the Intersection of Guadalupe Road and Signal Butte Road**
- » Mesa is the Third-Largest City in the State of Arizona
- » **Across from Fry's Marketplace-Anchored Shopping Center**
- » Serves the Nearby Master-Planned Communities of Mulberry and Eastmark (the #1 Best-Selling Master-Planned Community in Arizona and the 6th Best-Selling Master-Planned Community in the U.S.)
- » **Average Household Income Exceeds \$97K in Immediate Area**
- » Easily Accessible - 1.5 Miles Off the US-60 and 2 Miles Off the Loop 202



## DEMOGRAPHICS

1-mile

3-miles

5-miles

### Population

2023 Projection	12,154	84,487	185,295
2018 Estimate	9,414	67,827	165,841
Growth 2018 - 2023	29.10%	24.56%	11.73%

### Households

2023 Projection	4,638	30,435	72,023
2018 Estimate	3,540	24,309	64,063
Growth 2018 - 2023	31.03%	25.20%	12.43%

### Income

2018 Est. Average Household Income	\$97,364	\$82,098	\$68,250
2018 Est. Median Household Income	\$79,419	\$66,745	\$52,959
2018 Est. Per Capita Income	\$36,623	\$29,441	\$26,407





# Tenant Overview



**McDonald's**

**McDonald's Corporation**

**NYSE: MCD**

**Chicago, Illinois**

**36,000+**

**[www.mcdonalds.com](http://www.mcdonalds.com)**

Company

Stock Symbol

Headquarters

Locations

Website

McDonald's Corporation (NYSE: MCD) is an American fastfood chain, well-known for its hamburgers. From humble beginnings as a small restaurant, McDonald's has grown to become one of the world's leading food service brands with more than 36,000 restaurants in more than 100 countries.

In its early years, the chain expanded domestically and internationally, extending to Canada in 1967, reaching a total of 10,000 restaurants by 1988, and operating more than 35,000 outlets in more than 100 countries in the early 21st century. Growth was so swift in the 1990s that it was said a new McDonald's

opened somewhere in the world every five hours. It effectively became the most popular family restaurant, emphasizing affordable food, fun, and flavors that appealed to children and adults alike.

The success of McDonald's business model lies in the power of its franchisees, suppliers and employees working together toward a common goal. While a global brand, the vast majority of McDonald's restaurants – more than 80% worldwide and nearly 90% in the U.S. – are owned and operated by approximately 5,000 independent, small- and mid-sized businessmen and women.



# Location Overview



Mesa is the third largest city in Arizona, after Phoenix and Tucson, and the 38th largest city in the U.S. It is home to numerous higher education facilities, including the Polytechnic campus of Arizona State University. The city's top employers include Banner Health, Boeing, Walmart, Fry's Food & Drug, and The Home Depot.

With dynamic recreational, educational and business opportunities, Mesa enjoys the best in a variety of amenities including parks within easy walking distance from home, a variety of sports facilities that cater to athletes young and old, highly rated golf courses for every skill level, a diversity of special events and community festivals, and Mesa's ever-popular Chicago Clubs and Oakland A's Spring Training baseball.

The Phoenix metro consists of Maricopa and Pinal counties, and includes more

than 30 incorporated and more than 30 unincorporated towns and cities. Since 2000, the population in the metro increased by more than 38 percent. The largest city is Phoenix, which encompasses about 520 square miles, is the capital city and boasts a population of more than 1.5 million.

As one of the primary beneficiaries of the massive shift in the U.S. population from north to south, the Phoenix metro has had little difficulty finding workers; the challenge, though, is attracting high-paying jobs. Phoenix claims five Fortune 500 headquarters, including Freeport-McMoRan, Republic Services, Insight Enterprises, Avnet and PetSmart. Construction, high-tech manufacturing, healthcare and tourism dominate the Phoenix economy. The local economy has strengthened since the recession, with retail sales projected above 8 percent this year and hotel occupancy levels rising.



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