



OFFERING MEMORANDUM



Sonic Ground Lease Santee, CA | San Diego MSA

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

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PROPERTY HIGHLIGHTS



- Absolute NNN Ground Lease to Established Sonic Franchisee with 8 Years Remaining
 - Scheduled 12% Rental Escalation in 2023
 - 6.72% Return in 2023 Upon Rental Increase
- Tenant Built Improvements and Has Operated at Site for 12 Years, Demonstrating Long Term Commitment to Site
- Functional Site with Drive-Thru Component
- Robust Demographics in Surrounding Area
 - Population of 272,943 within 5 Mile Radius
 - Average Household Income of \$93,136 within 1 Mile of Site
- Excellent Access and Visibility Along Mission Gorge Road
 - 38,100 AADT
- Less than 1 Mile from San Vicente Freeway and San Clemente Canyon Freeway Junctions
 - Combined AADT of 163,500
- Major Retail Tenants in Surrounding Area include Walmart, Target, Costco, Vons, CVS & More
- San Diego MSA Location
 - MSA GDP of \$245.1 Billion
 - San Diego County is 2nd Most Populous County in California
- Approximately 18 Miles from Downtown San Diego



PRICE

\$2,802,000

6.00% CAP Rate

Location

The property is located at 10515 Mission Gorge Road in Santee, California.

Lot Size

Approximately 0.85 acres or 37,026 square feet.

The tenant has built and owns their improvements – only the land is for sale.

Improvements

A 1,728 square foot retail building for **Sonic** with a drive-thru component.

The improvements have been built and are owned by tenant. Upon expiration or termination of the lease, title to all such improvements shall become vested in Landlord. The improvements are not for sale.

Parking

There are 35 parking spaces on site, including 12 drive-in stalls.

Lease

Leased to **D&M Investment Partners** for 20 years from August 1, 2008 through July 31, 2028 at a current annual rent of \$168,096, which shall increase to \$188,268 on August 1, 2023. There are four (4) five-year options to renew the lease. Rent is to increase by 12% in year 16, by 6% at the start of the first option period, and by 12% at the start of all subsequent option periods. The lease is net with tenant responsible for all taxes, insurance, and maintenance.

Annual Rent

| Years | Annual Rent | Return |
|------------------------|------------------|--------------|
| 11-15 (Current) | \$168,096 | 6.00% |
| 16-20 | \$188,268 | 6.72% |
| 21-25 Option 1 | \$201,360 | 7.19% |
| 26-30 Option 2 | \$225,588 | 8.05% |
| 31-35 Option 3 | \$252,660 | 9.02% |
| 36-40 Option 4 | \$282,972 | 10.10% |

Financing

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



Sonic is the largest drive-in restaurant brand in the U.S.

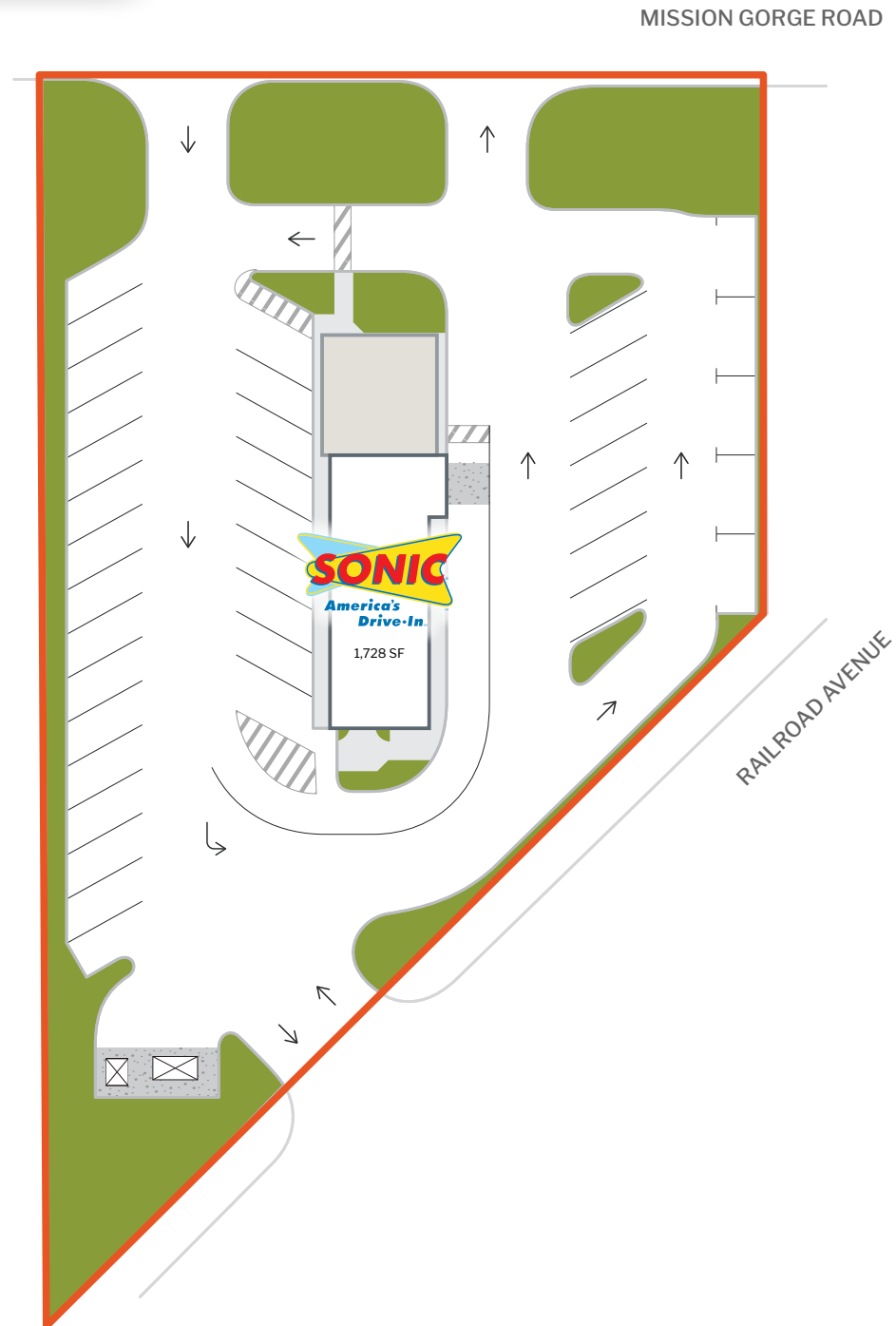


Sonic is the largest drive-in restaurant brand in the U.S., with more than 3,500 locations across 46 states. The company serves a wide array of breakfast, lunch, and dinner options, including sandwiches, burgers, desserts, and signature soft drinks, which are brought to customers' cars by carhops, often on roller skates. The brand is ranked #4 in Entrepreneur Magazine's Franchise 500, and was ranked the #4 burger chain nationwide by QSR Magazine in 2019.

Sonic is a subsidiary of **Inspire Brands, Inc.**, which has acquired multiple major quick-service and casual dining restaurant brands in recent years: the company acquired Buffalo Wild Wings and Rusty Taco for \$2.9 billion in 2017, Sonic for \$2.3 billion in 2018, and acquired Jimmy Johns in 2019. Overall, Inspire Brands is the 4th largest restaurant company in the U.S., with more than 11,200 restaurants and 1,400 franchisees across 16 countries, with total system-wide sales of \$14.4 billion. Inspire Brands is a subsidiary of Roark Capital Group, an Atlanta-based private equity firm.

D&M Investment Partners, the lease entity, is a Sonic franchisee operating more than 15 Sonic locations.

SITE PLAN



AERIAL



GROSSMONT
COLLEGE

Gillespie
Field



San Clemente Canyon Fwy (86,500 AADT)



N Magnolia Ave

Riverwood
Terrace



San Vicente Fwy (77,000 AADT)



Town Center
Apartments

Sanside
Apartments

River Trail
Apartments



Best
Western



VONS

GROCERY
OUTLET
Bargain Market

PETCO
Where the pets go.

BevMo!



COSTCO
WHOLESALE

CVS/pharmacy

Walmart



CH2O
FITNESS

SANTEE TROLLEY SQUARE



TARGET

BARNES & NOBLE .com
www.bn.com

PETSMART

TJ-maxx

24 FITNESS

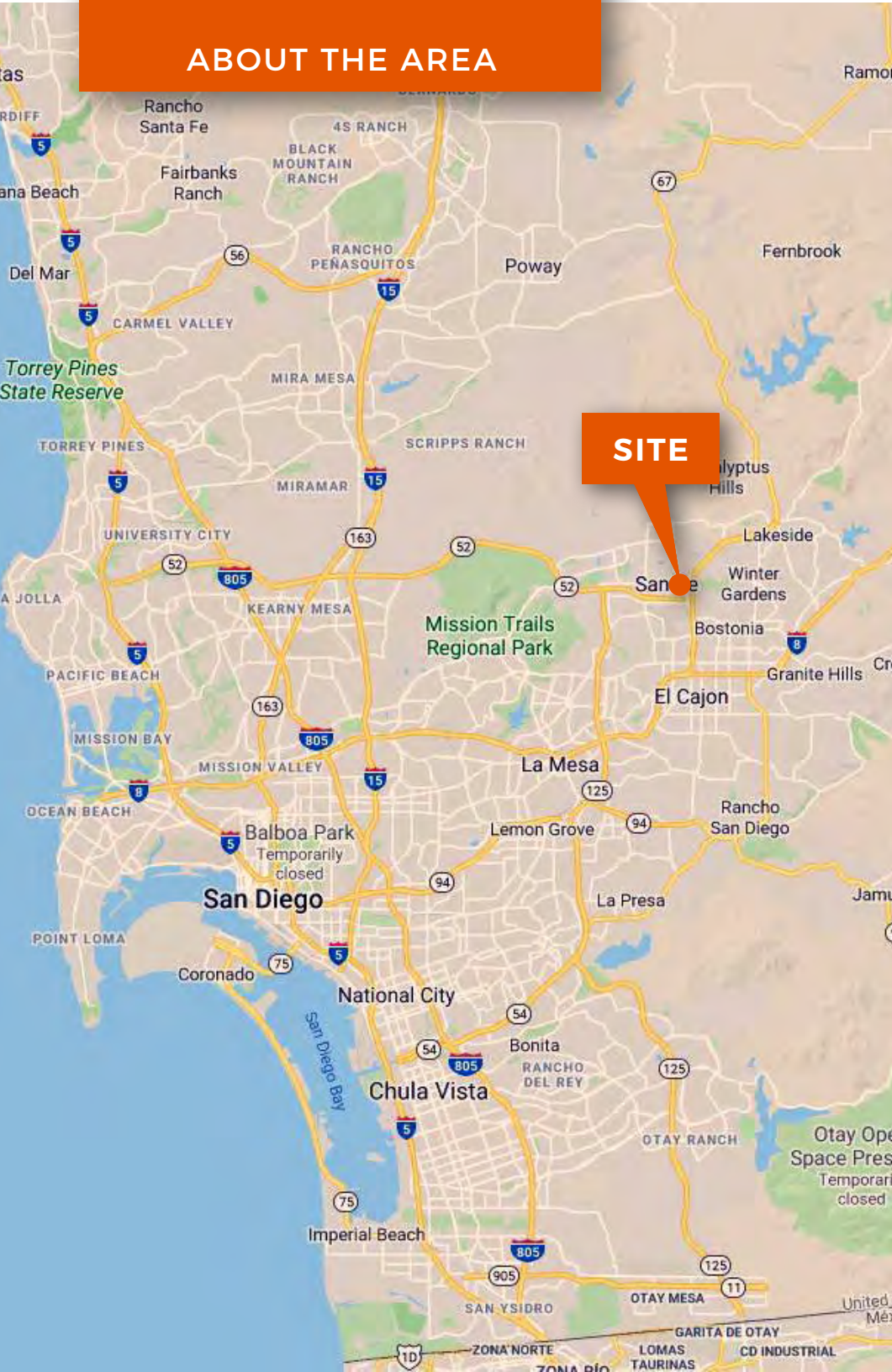
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PANDA
EXPRESS



ABOUT THE AREA



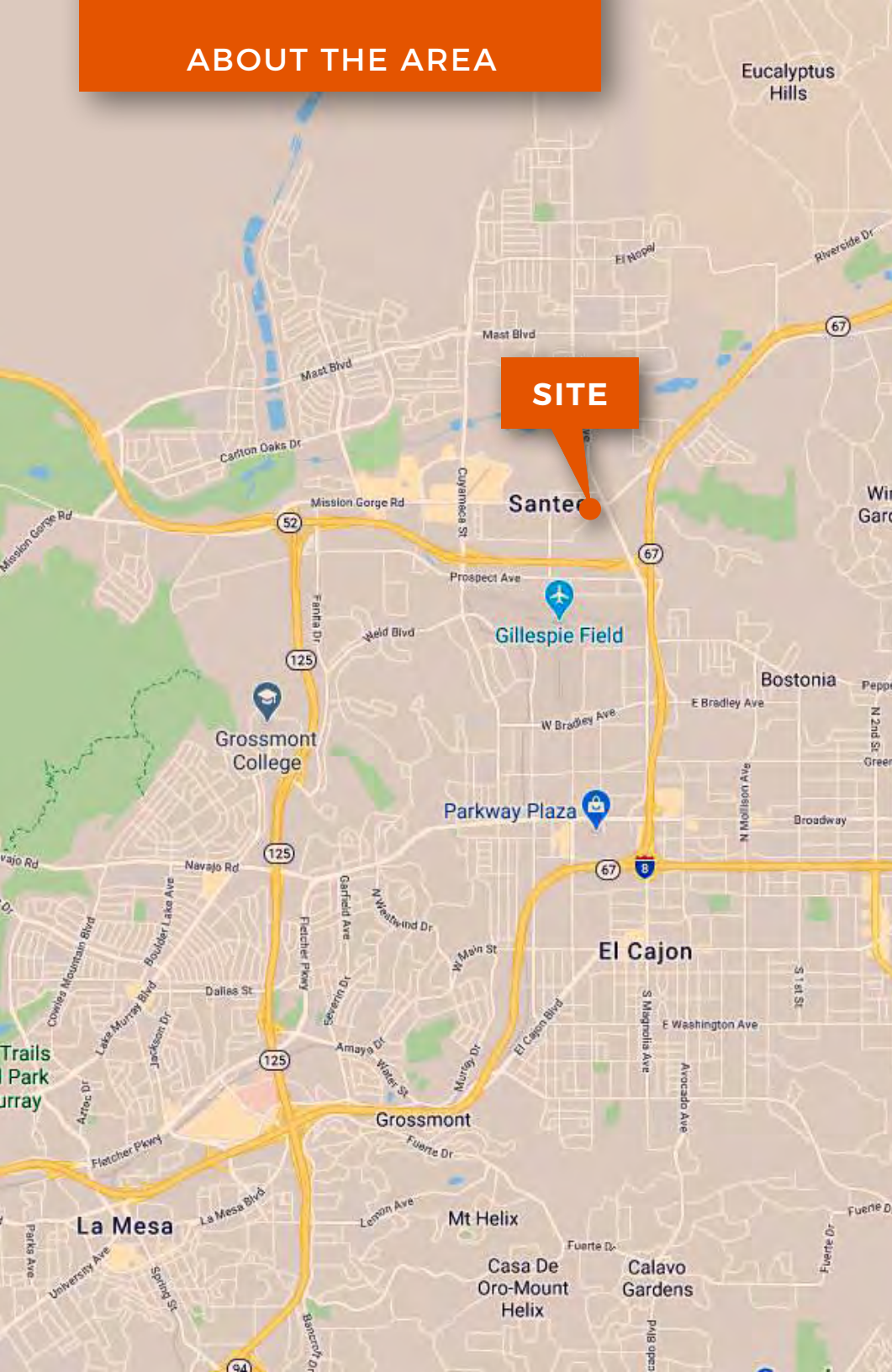
General Overview

Santee (population 57,816) is an affluent, established suburb approximately 18 miles northeast of Downtown San Diego. The city is home to San Diego Christian College, with approximately 500 students. San Diego county is the second-most populous county in California and fifth-most populous county in the U.S., with a population of approximately 3,337,685.

The city is part of the San Diego-Carlsbad Metropolitan Statistical Area and the San Diego-Tijuana international metropolitan conurbation, the largest shared between the U.S. and Mexico by population and the fifth-largest international metropolitan area in the world. The region benefits from vibrant trade between the region, and the San Diego area has grown to become a vibrant international economic hub. In addition to its close proximity to Mexico, the region is also home to the Port of San Diego, one of the highest volume ports in the U.S. with more than 3 million tons of cargo annually and total export value of \$18.1 million for the region. The region also benefits from the second-largest quantity of cruise ship traffic in California, generating \$2 million in revenue annually. The region is home to numerous colleges and universities, including University of California San Diego, San Diego State University, and the University of San Diego.

Other major components of the San Diego regional economy include military/defense, technology, biomedical research, life sciences, aerospace, cybersecurity, manufacturing, shipbuilding, unmanned systems, and more. The region is home to the largest concentration of military assets in the world and the largest military workforce in the country, representing one out of every five jobs in the region and contributing an estimated \$25.2 billion to the regional economy. The area also benefits from a robust tourism industry, with more than 35 million visitors to the region annually. The city is home to numerous major research institutes and scientific startups, with scientific research and development contributing more than \$14.4 billion to the local economy. High-tech startups are also a prominent component of the local economy, with more than \$1.3 billion in annual venture capital investments in the region. Major companies operating in the region include Boeing, Lockheed Martin, Honeywell, Northrop Grumman, Planck Aerosystems, Broadcom, Samsung, Peregrine Semiconductor, General Atomics, ESET North America, Sentek Global, Booz Allen Hamilton, FICO, Raytheon, General Dynamics, Eli Lilly, Genentech, Thermo Fisher Scientific, Johnson & Johnson, Pfizer, GlaxoSmithCline, Hunter Industries, WD-40, Qualcomm, Intuit, and more.

ABOUT THE AREA



Site Information

The subject property is prominently situated with excellent access and visibility along Mission Gorge Road (38,100 AADT) less than one mile from the San Vicente Freeway (77,000 AADT) and San Clemente Canyon Freeway (86,500 AADT) junctions. The site benefits from robust demographics with a population of 272,943 and average home value of \$525,835 within a five mile radius. Average household income within one mile of the site exceeds \$93,130.

The site benefits from a prominent retail location adjacent to numerous shopping centers and major retail tenants. Retail centers neighboring the site include Santee Trolley Square, featuring Target, PetSmart, 24 Hour Fitness, TJ Maxx, and more; Mission Gorge Square, anchored by CVS and Best Buy; Santee Village Square, anchored by Vons; Plaza De Cuyamaca, featuring Grocery Outlet, BevMo!, and Petco; The Marketplace at Santee, anchored by Walgreens and Sprouts; Santee Town Center, featuring Michael's and Ross; and Parkway Plaza, anchored by Walmart. Other major retail tenants in the surrounding area include Walmart, Costco, Smart & Final Extra!, Food 4 Less, CVS, The Home Depot, and more.

DEMOGRAPHICS



10515 Mission Gorge Rd | Santee, CA 92071



TOTAL POPULATION
272,943



MEDIAN HOME VALUE
\$525,835



AVG. HOUSEHOLD INCOME
\$93,136

Population Summary

| | 1 Mile | 3 Miles | 5 Miles |
|-----------------------|--------|---------|---------|
| 2010 Total Population | 9,970 | 118,637 | 258,727 |
| 2019 Total Population | 11,254 | 125,420 | 272,943 |
| 2024 Total Population | 11,798 | 129,300 | 280,850 |
| 2019-2024 Annual Rate | 0.95% | 0.61% | 0.57% |

Average Household Income

| | | | |
|------|-----------|-----------|-----------|
| 2019 | \$93,136 | \$90,428 | \$89,833 |
| 2024 | \$112,164 | \$106,790 | \$105,300 |

Median Home Value

| | | | |
|------|-----------|-----------|-----------|
| 2019 | \$491,401 | \$503,554 | \$525,835 |
| 2024 | \$536,203 | \$551,086 | \$573,130 |

Major Employers in Santee

of Employees

| | |
|---------------------------------------|-----|
| Santee Elementary School District | 807 |
| Las Colinas Detention Facility | 427 |
| HD Supply | 419 |
| Costco Wholesale | 375 |
| Edgemoor Skilled Nursing Facility | 362 |
| San Diego County Sheriff's Department | 340 |
| Walmart | 285 |
| Grossmont Union High School District | 230 |
| T C Construction Co. Inc. | 226 |
| Scantibodies Laboratory | 224 |



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