



Marcus & Millichap



*Chipotle  
Earnings &  
Stock Are  
Rising Despite  
Covid-19*



Offering Memorandum

# Chipotle Mexican Grill

Hiram, Georgia

Representative Photos



*New, 15-Year, NNN Lease  
with 10% Rent Increases  
Every Five Years*



*Brand New Location;  
Scheduled to Open in July  
2020*



*This Location Will Include  
Chipotle Drive-Thru,  
'Chipotlane'*



*Part of the Atlanta MSA  
With a Population of  
Roughly 5.9 Million*



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### Overview

4500 Jimmy Lee Smith Pkwy, Hiram, GA 30141

<b>Price:</b>	<b>\$3,312,224</b>
<b>Cap Rate:</b>	<b>4.50%</b>
Rentable Square Feet:	2,330
Annual Rent:	\$149,050
Land Area:	0.69 Acre
Year Built:	2020

### Lease Summary

Tenant:	Chipotle Mexican Grill
Website:	<a href="http://www.Chipotle.com">www.Chipotle.com</a>
Lease Guarantor:	Chipotle Mexican Grill, Inc.
Lease Type:	NNN
Lease Term:	15 Years
Option Periods:	4, 5-Year Options
Rent Increases:	10% Every 5 Years
Roof & Structure:	Tenant
Commencement:	8/1/2020
Lease Expiration:	7/31/2035

### New, 15-Year, NNN Lease

- New, 15-Year, Triple Net (NNN) Lease with Four, Five-Year Renewal Options
- 10 Percent Rent Increases Every Five Years Through Base Term and Options

### Brand New Location

- Brand New Location; Scheduled to Open in July 2020
- Will Include Chipotle Drive-Thru, 'Chipotlane'
- Located in Hiram's Major Retail Corridor

Base Term	Annual	Rent PSF	Cap Rate
Lease Years 1–5:	\$149,050	\$63.97	4.50%
Lease Years 6–10:	\$163,956	\$70.37	4.95%
Lease Years 11–15:	\$180,360	\$77.41	5.45%

Option Periods	Annual	Rent PSF	Cap Rate
Option 1 Years 16–20:	\$198,396	\$85.15	6.00%
Option 2 Years 21–25:	\$218,220	\$93.66	6.59%
Option 3 Years 26–30:	\$240,060	\$103.03	7.25%
Option 4 Years 31–35:	\$264,060	\$113.33	7.97%

### Strong Demographics and Traffic Counts

- Population Over 170,000 Within a Seven-Mile Radius
- Located on Jimmy Lee Smith Parkway With Daily Traffic Count of More Than 35,000 Vehicles
- Two Miles from WellStar Paulding Hospital – One of the Largest and Most Integrated Healthcare Systems in Georgia
- Located Along Hiram's Major Retail Corridor
- Surrounding National Retailers Include Walmart Supercenter, Home Depot, Super Target, Sam's Club, Best Buy, Planet Fitness, Marshalls, PetSmart, Michael's, Aldi, Academy Sports, Office Max, Texas Roadhouse, McDonald's, Chili's Grill and Bar, Taco Bell, Dunkin Donuts, Pep Boys, CVS and Many More

### Surrounding Area | Colleges and Other Attractions

- Four Miles from Chattahoochee Technical College
- 15 Miles from Kennesaw State University, and Six Flags Over Georgia – a Major Tourist Attraction in the Area
- 17 Miles from Dobbins Air Reserve Base, With Over 14,000 Flight Operations Annually and Air Traffic Operations from All Branches of the Military
- 26 Miles from Downtown Atlanta, and Hartsfield–Jackson Atlanta International Airport

### Part of the Atlanta Metro Area

- Part of the Atlanta MSA With a Population of Roughly 5.9 Million
- Atlanta Metro Places Among the Highest in the Nation for Job Growth Adding More Than 328,900 Jobs in the Last Five Years
- Atlanta Ranks Among the Top 10 in the Nation in the Number of Fortune 500 Headquarters





***By the End  
of Q1 2020,  
Chipotle Had  
\$909M of Cash  
and No Debt***

## ABOUT CHIPOTLE

Chipotle Mexican Grill, Inc. (NYSE: CMG) is cultivating a better world by serving responsibly sourced, classically-cooked, real food with wholesome ingredients without artificial colors, flavors or preservatives. Chipotle had over 2,600 restaurants as of March 31, 2020, in the United States, Canada, the United Kingdom, France and Germany and is the only restaurant company of its size that owns and operates all its restaurants. With more than 85,000 employees passionate about providing a great guest experience, Chipotle is a longtime leader and innovator in the food industry. Chipotle is committed to making its food more accessible to everyone while continuing to be a brand with a demonstrated purpose as it leads the way in digital, technology and sustainable business practices. Steve Ells, founder and former executive chairman, first opened Chipotle with a single restaurant in Denver, Colorado in 1993.

This Chipotle Mexican Grill location in Hiram will include the drive-thru “Chipotlane.” Customers are able to place their order through the Chipotle mobile app or via website, then pick it up in the Chipotlane, all without ever having to leave their car.

**[Read Article Here: Chipotle Mexican Grill Introduces Drive-Thru ‘Chipotlanes’](#)**



## Market Summary > Chipotle Mexican Grill, Inc.

NYSE: CMG

1,055.70 USD +28.99 ^



# RESTAURANT

## BUSINESS

### WHAT PANDEMIC? CHIPOTLE'S STOCK KEEPS SURGING

*The stock closed Tuesday above \$1,000 for the first time and then just kept going, says RB's The Bottom Line.*

By Jonathan Maze on May 20, 2020

As far as Wall Street is concerned, Chipotle is one of the big winners coming out of the pandemic.

The company's stock Tuesday closed above \$1,000 per share for the first time ever, reaching yet another in a long string of all-time highs. It then continued to rise Wednesday: It was up just less than 2% through late-morning trading.

Chipotle is now one of only four restaurant companies whose valuation has increased this year, and one of only three whose valuation has more than recovered whatever it lost during the pandemic.

The company's stock is up more than 20% for the year and 71% since the industry's shares bottomed out in late March.

The performance is especially strong compared with everybody else. The median restaurant stock is down by a third this year. Only Wingstop, Domino's and Papa John's—three chains that have been all but untouched by the pandemic, two of which saw same-store sales up in the 30% range last month—have performed better this year.

Since Brian Niccol was named CEO in February 2018, the company's stock has more than tripled, quickly recovering the substantial valuation it had lost in the previous two years and then blowing right past its previous highs—then continuing that improvement even as a pandemic hit.

Chipotle's shares have been bolstered by the company's confidence late last month. While the chain's same-store sales fell steeply in late March, the company's aggressive shift to digital has provided a tailwind.

***“As far as Wall Street is concerned, Chipotle is one of the big winners coming out of the pandemic.”***

One of Chipotle's defining characteristics under Niccol has been its aggressive shift to digital sales, particularly delivery. Digital sales more than doubled last quarter and are now approaching 40% of the chain's business.

Many investors likely expect it is performing just as well as many other fast-food chains in recent weeks as consumers have ventured out more frequently.

In addition, the company in April suggested that its consumers expect to eat out at the chain's restaurants more often coming out of the shutdown.

“We believe our long-term opportunity to significantly expand [average unit volumes], margins and store base remains in place,” Niccol said, according to a transcript on financial services site Sentio.

Executives noted that they expect to be in prime position to expand Chipotle's store base, and at better terms.

“I would still think when there's less competition out there, that we're going to see relaxed rents,” CFO Jack Hartung said. “We do think we'll be able to get more sites, higher quality sites, more Chipotlanes, and I would expect rents should be at least incrementally more attractive.”

Chipotle has a lot of cash on hand and is historically very profitable, particularly for a company-run outfit. Its sales have likely come back from the shutdown, and now it sees a future in which its own expansion will likely prove easier than it was just two months before. Now the stock is in quadruple digits.

**[Click Here to Read Full Article](#)**

## Chipotle reports strong Q1 sales, withdraws guidance

April 22, 2020

Chipotle's (CMG) first-quarter revenue was boosted by strong digital sales amid the coronavirus pandemic. Shares of the burrito giant opened more than 8% higher Wednesday morning.

Here were the main numbers for Chipotle's first quarter, compared to Bloomberg estimates:

- Revenue: \$1.4 billion vs. \$1.4 billion expected
- Adj. earnings per share: \$3.08 vs. \$2.70 expected
- Same-store sales: +3.3% vs. +1.8% expected

Along with its fast-casual peers, Chipotle closed its dining rooms in mid-March and shifted strictly to takeout and delivery as social-distancing measures across the country kept people indoors. Digital sales during the first quarter grew 80.8% and represented approximately 26.3% of revenue. During March, digital sales grew 102.6% year-over-year and represented 37.6% of sales.

"I am grateful to all our employees for their commitment and efforts in providing guests access to our safe, delicious, high-quality food made from real ingredients during this unprecedented time," CEO Brian Niccol said in a statement. "Investing in digital over the last several years has allowed us to quickly pivot our business with Q1 digital sales reaching our highest ever quarterly level of \$372 million."

The burrito chain reported same-store sales growth of 12% in January, a 17% jump in February and same-store sales decline of 16% in March. During the week ending March 29, same-store sales plunged 35%, according to the company. Chipotle noted that sales have improved in April.

Management revealed on the earnings conference call that Chipotle went from having 8 million rewards members to 11.5 million during the first quarter.



Chipotle withdrew its prior fiscal 2020 guidance. In early February, Chipotle forecasted mid-single-digit comparable restaurant sales growth and planned to open 150 to 165 new restaurants in 2020.

As of the end of Q1, Chipotle had \$909 million of cash, restricted cash and short-term investments and no debt.

Chipotle shares are down about 6% this year and have outperformed the broader market's 15% decline during the same time period.

In addition, Chipotle agreed Tuesday to pay a \$25 million criminal fine and put in place a food safety program to resolve adulterated food charges brought against the company by the U.S. Justice Department. The charges were brought against Chipotle after more than 1,100 people fell ill between 2015 to 2018 due to food-borne illness. According to the U.S. Attorney's office of the Central District of Columbia, it was the largest fine ever for a food safety cause.

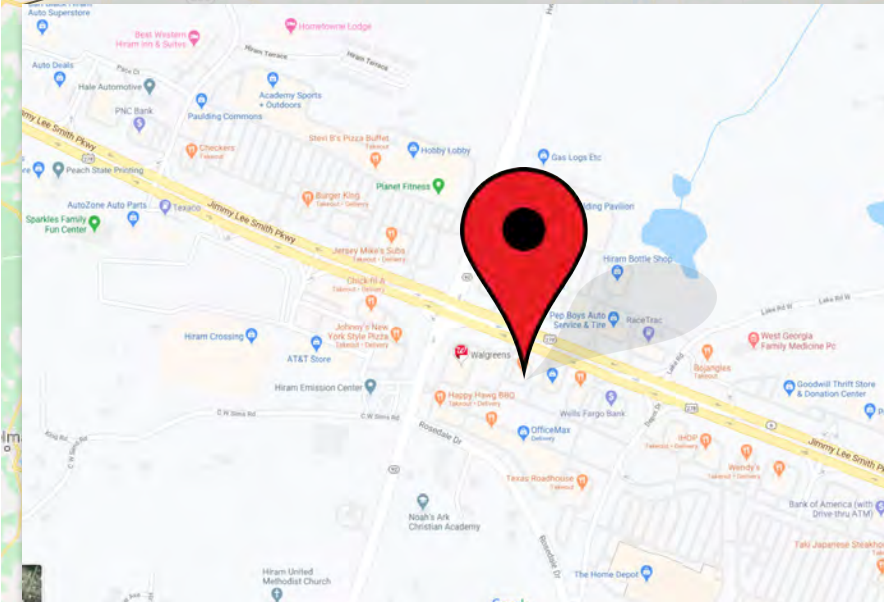
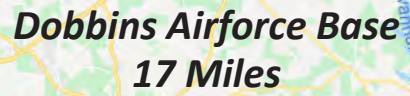
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LOCAL & REGIONAL MAPS





## ATLANTA OVERVIEW

The Atlanta metro encompasses 29 counties in northwestern Georgia. With few natural barriers to limit development, tremendous population growth over the past decade expanded the metro's borders and the region now has a population of roughly 5.9 million people. Over the next five years the region is expected to add approximately 293,300 residents. Meanwhile, Mercedes-Benz Stadium has been a catalyst for redevelopment in the urban core of Atlanta. New projects in the downtown and midtown sections of the city present a vast array of housing, entertainment and retail opportunities that are enticing residents back into the city and providing options for people moving to the metro.

### METRO HIGHLIGHTS



#### HEAVY CONCENTRATION OF CORPORATE HEADQUARTERS

Atlanta ranks among the top 10 in the nation in the number of Fortune 500 headquarters with 15 firms, including UPS, Delta Airlines and Coca-Cola.



#### STRONG EMPLOYMENT GAINS

The metro places among the highest in the nation for job growth. More than 328,900 jobs were added in the last five years.



#### LOW COST OF LIVING AND DOING BUSINESS ATTRACTS EMPLOYERS

A pro-business environment and affordability helped Atlanta lure new companies to the metro.



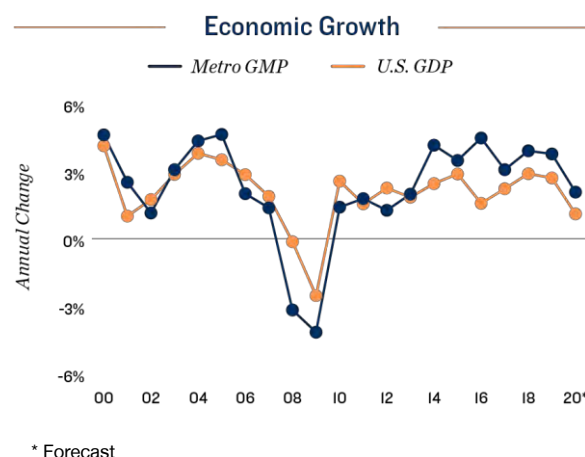


## ECONOMY

- Gross metropolitan product (GMP) and retail sales progress above national levels.
- The area serves as an economic hub for the Southeast. Many of the country's largest corporations have selected the Atlanta metro for their headquarters.
- Atlanta is favored by businesses for its low corporate taxes, pro-business climate, and access to national and global markets. Among the numerous corporate headquarters are those for Home Depot, Pulte Group and Genuine Parts. Other major firms include NCR, Mercedes-Benz, Porsche and State Farm.

### MAJOR AREA EMPLOYERS

Delta Airlines
The Home Depot
AT&T
WellStar Health Systems
UPS
Northside Hospital
Piedmont Healthcare
Children's Healthcare of Atlanta
Cox Enterprises
Bank of America



### SHARE OF 2019 TOTAL EMPLOYMENT



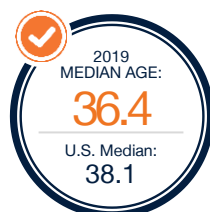




## DEMOGRAPHICS

- The local population is projected to exceed 6.2 million people during the next five years, after adding roughly 293,000 residents.
- Nearly 125,000 households will be created by the end of 2024, generating the need for additional housing options.
- A skilled workforce includes nearly 36 percent of residents age 25 and older with a bachelor's degree, which places the metro above the national level.

### 2019 Population by Age



## QUALITY OF LIFE

The Atlanta metro features a surging business environment and modern infrastructure while providing entertainment and attractions. Affordable housing in the outer perimeters has lowered the average cost of living. The metro has several acclaimed cultural institutions, including Zoo Atlanta and the High Museum of Art. More than 50 institutions of higher learning call Atlanta home, including Emory University, Georgia Institute of Technology and Spelman College. Outdoor and sports enthusiasts will find plenty to enjoy. Mild weather year-round allows residents to hike, paddle and bike on the many trails in and around Atlanta. Atlanta is home to professional sports franchises in the NFL, MLB, NBA and WNBA.



## SPORTS



## EDUCATION



## ARTS & ENTERTAINMENT





## DEMOGRAPHICS

POPULATION	3 MILES	5 MILES	7 MILES
2010 Population	23,911	74,587	152,389
2019 Population	27,431	84,403	170,263
2024 Population	29,342	89,979	180,239
2019 Male Population	12,986	40,276	81,613
2019 Female Population	14,445	44,127	88,650
2019 Median Age	36.6	37.7	37.8

RACE & ETHNICITY	3 MILES	5 MILES	7 MILES
American Indian, Eskimo	0.4%	0.3%	0.3%
Asian	1.5%	1.5%	1.5%
Black	29.7%	28.7%	29.4%
Hawaiian/Pacific Islander	0.1%	0.1%	0.1%
White	62.9%	64.3%	63.6%
Other	2.4%	2.4%	2.5%
Multi-Race	3.0%	2.8%	2.7%
Hispanic Ethnicity	7.2%	6.6%	6.9%
Not of Hispanic Ethnicity	92.8%	93.4%	93.1%

HOUSEHOLDS	3 MILES	5 MILES	7 MILES
2010 Households	8,874	26,122	51,341
2019 Households	10,248	29,820	57,994
2024 Households	11,094	32,017	61,799

HOUSEHOLD INCOME	3 MILES	5 MILES	7 MILES
2010 Avg Household Income	\$68,204	\$74,713	\$79,242
2019 Avg Household Income	\$73,475	\$82,106	\$88,077
2024 Avg Household Income	\$79,588	\$88,390	\$94,582
2010 Med. Household Income	\$60,557	\$64,297	\$66,703
2019 Med. Household Income	\$60,601	\$66,946	\$70,412
2024 Med. Household Income	\$66,396	\$73,304	\$77,035
2010 Per Capita Income	\$25,314	\$26,186	\$26,765
2019 Per Capita Income	\$27,450	\$29,024	\$30,049
2024 Per Capita Income	\$30,094	\$31,465	\$32,475



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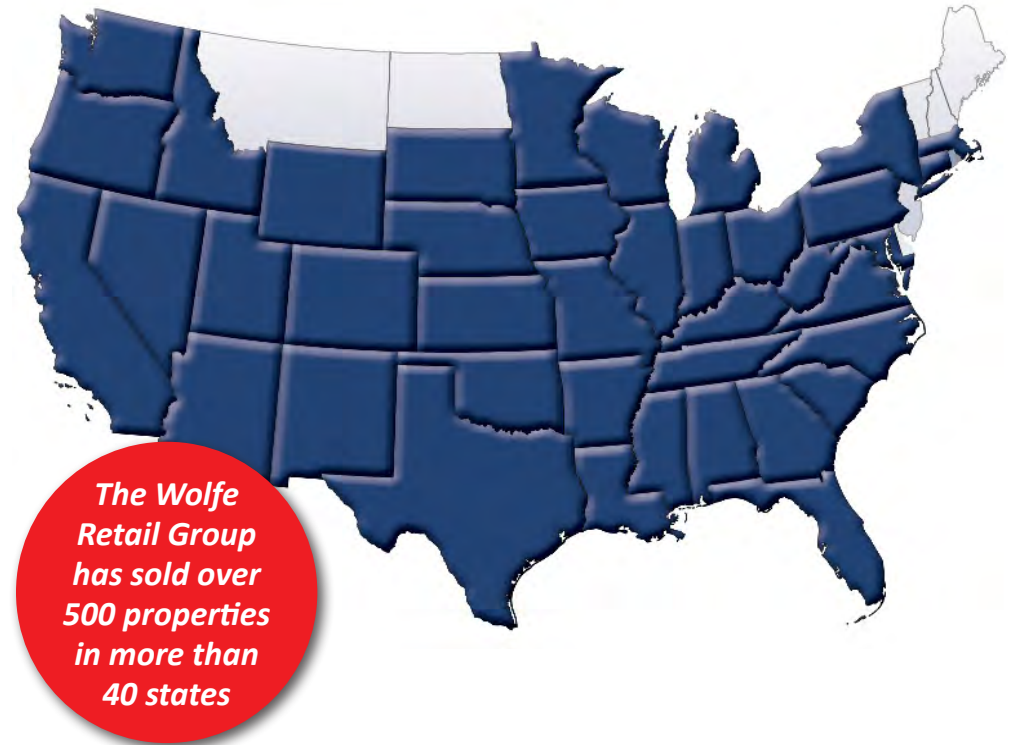


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The Wolfe Retail Group of Marcus & Millichap specializes in the sale of single-tenant properties and shopping centers and has successfully assisted clients in selling over 500 separate commercial properties with a market value exceeding \$1.45 billion. Having closed sales in more than 40 states, our track record is evidence that we are one of the premier brokerage teams in the United States.

With our experience and background in various fields such as law and finance, we have proved to be invaluable to our clients, earning their trust and exceeding their expectations while best assisting them in their real estate transactions.

For more about the Wolfe Retail Group or to view all of our available listings, visit [www.WolfeRetailGroup.com](http://www.WolfeRetailGroup.com)



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