

## OFFERING MEMORANDUM



---

**McKINNEY  
TEXAS**

---

Absolute NNN Lease  
Third-Fastest Growing City in the U.S.

Marcus & Millichap  
NNN DEAL GROUP



## CONFIDENTIALITY AND DISCLAIMER

The information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap Real Estate Investment Services of Florida, Inc. ("Marcus & Millichap") and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

## NON-ENDORSEMENT NOTICE

Marcus & Millichap is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation or Marcus & Millichap, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of Marcus & Millichap, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

**ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONSULT YOUR  
MARCUS & MILLICHAP AGENT FOR MORE DETAILS.**

Marcus & Millichap

OFFICES THROUGHOUT THE U.S. AND CANADA  
[www.marcusmillichap.com](http://www.marcusmillichap.com)





# TABLE OF CONTENTS

Investment Summary .....	5
Investment Highlights.....	6
Location Overview .....	8
Location Map .....	9
Aerial Map .....	10
Tenant Summary.....	11
Site Plan .....	14
Location Highlights.....	16
Demographics.....	17





Neighborhood Grill & Bar

1520

Applebee's  
Neighborhood Grill & Bar  
1520



QX56



# INVESTMENT SUMMARY

1820 W UNIVERSITY DR, MCKINNEY, TX 75069

**PRICE: \$3,178,569**

**CAP: 6.50%**

**RENT: \$206,607\***

## OVERVIEW

Price	\$3,178,569
Gross Leasable Area (GLA)	5,489 SF
Lot Size (approx)	1.65 Acres
Net Operating Income	\$206,607
CAP Rate	6.50%
Year Built	1993 / 1995

## LEASE ABSTRACT

Lease Type	NNN
Original Lease Term	20 Years
Lease Term Commenced	10/01/2008
Lease Expiration	9/30/2028
Remaining Lease Term	8.2 Years
Renewal Options	4x5
Increases	10% yr 2023, then FMV during options
Landlord Obligation	None At All

## ANNUALIZED OPERATING DATA

Lease Term	Annual Rent
Current Rent	\$206,607
10/1/2023	\$227,268
Option 1	FMV
Option 2	FMV
Option 3	FMV
Option 4	FMV

\* Rent forgiven from April-June 2020 (Covid-19 response). New adjusted rent to commence July 2020.

Strong historical rent:sales ratio.

# INVESTMENT HIGHLIGHTS

- ◆ 8.2 years remaining on base term of 20 year NNN lease. No landlord responsibilities.
- ◆ Strong historical tenant performance with 7.75% rent:sales ratio. A secure and stable operator, offering peace of mind ownership.
- ◆ Next rent escalation in 3-years, adjusts ROI to 6.58% against list price. Strong return.
- ◆ Outpad to an Academy Sport anchored center, and shadow anchored by Sam's Club.
- ◆ Highly Populated Area with around 137,890 people within a Five-Mile Radius.
- ◆ Just off the U.S. Highway 75, one of the most populous highways in the region.
- ◆ Strategically located near Walmart Supercenter.



**137,890**

TOTAL  
POPULATION  
WITHIN 5-MILE  
RADIUS



**110,733**

AVERAGE  
HOUSEHOLD  
INCOME WITHIN  
5-MILE RADIUS



**32,000 VPD** - W UNIVERSITY DR

**20,435 VPD** - N CENTRAL EXPY





# INVESTMENT HIGHLIGHTS

This 10 year NNN Applebee's lease offers 8.2 years remaining on the base term followed by two 5-year options.

Located 0.8 miles away from Collins College, a community college with over 55,000 students.

Close proximity to other retail including McDonald's, Wendy's, Long Jon Silver's, Arby's, Burger King, Jack in the Box, and many more.



No landlord obligations



Better than market return on investment



Large traffic counts with  
27,000 VPD on W University Drive  
and 20,435 VPD on  
N Central Expy



Affluent area where average  
household income exceeds  
\$110,733 within a 5-mile radius  
from the site.

# LOCATION OVERVIEW

---

## McKINNEY, TEXAS

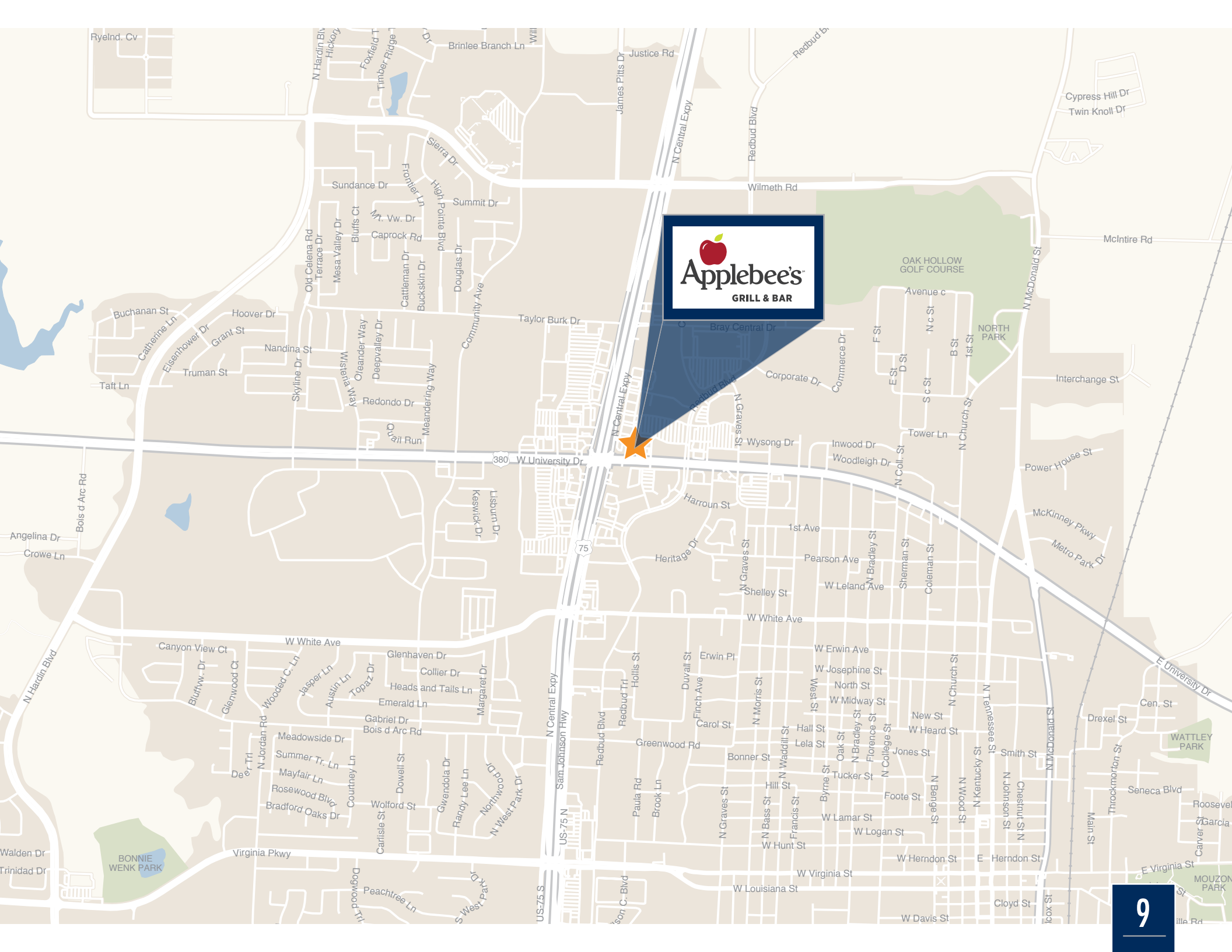
McKinney, 32 miles from Dallas, is a unique and diverse suburb in Texas. It serves as the county seat for Collin County and is Collin County's second-largest city, after Plano. The city was named after Collin McKinney, the signer of the Texas Declaration of Independence. As of May 2017, the city was the third-fastest growing city in the U.S. In 2014, it was named #1 by Money Magazine as "Best Places to Live" in America. McKinney is currently part of the Dallas-Fort Worth metroplex and has over a population of over 181,330 people. The TX-75 highway, which runs through McKinney, begins in Dallas and heads north to the Oklahoma state line. The U.S. Route 380 also runs through McKinney and is an east-west highway, connected the city to other parts of the U.S.

McKinney offers big city resources with a hometown lifestyle, creating a great environment for doing business. Collin County's workforce of about 400,000 coupled with McKinney's own Collin's College creates an excellent academic environment and workforce. The McKinney National Airport gives the city access to virtually all business aviation and many commercial aviation fleet aircraft. The McKinney Economic Development Corporation is also a great resource for doing business in McKinney. It offers aggressive incentives for qualifying companies and has strong business retention and expansion programs for companies who relocate to the city.

McKinney is filled with tourism opportunities and sightseeing. Erwin Park, a seven-mile hiking and biking trail is filled with picnic pavilions, playgrounds, and campgrounds within its 212 acres. This popular spot is the perfect place to enjoy with the family on the weekend. The Heard National Science Museum & Wildlife Sanctuary is another local favorite. It introduces children to the fundamentals of biology, ecology, and geology through the museum's interactive Living Lab, a 289-acre wildlife sanctuary. The site also has a seasonal exhibit, called Dinosaurs Live!, which features robotic dinosaurs. Or, visit McKinney's Historic Downtown. It offers exciting festivals and nightlife, fine and casual dining, unique shopping, and much more. The McKinney Performing Arts Center, located in downtown, is the perfect place to attend a play or see exciting musical entertainment.

The city is known for being unique by nature. Recently, McKinney launched the #IAMUNIQUEBYNATURE campaign to share this essence with others. A quick visit to Bonnie Wenk Park and you'll see the bright yellow letters spelling out "UN\_QUE." People, and even dogs, can stand in the place of the missing "I" for a fun picture. The attraction shows visitors and residents what the city stands for and displays the city's importance it places on nature and individuality. Whether you are in McKinney for a quick stroll in Erwin Park or looking to start your next business, it's unique environment and growing population make it the perfect place to meet everyone's needs.









Collin College

Scott Johnson Middle School

McKinney North High School

McKinney Police Department

ups Customer Center

CHEVROLET

Days Inn

IHOP

Crane's

Walmart

Applebee's GRILL & BAR

goodwill

SAM'S CLUB

N CENTRAL EXPY - 20,435 VPD  
US HWY 75 - 43,850 VPD  
N CENTRAL EXPY - 20,435 VPD

W UNIVERSITY DR - 27,000 VPD

Raytheon Company

CVS pharmacy



HYUNDAI

KIA

McDonald's

Wendy's

LONG JOHN SILVER'S

Arby's

BURGER KING

CHASE

jamba

Kroger

Olive Garden

WinCo FOODS

Shell

COMFORT SUITES

Jack in the box

Domino's Pizza

McKinney Independent School District

Walgreens

QUALITY INN



# TENANT SUMMARY

## APPLEBEE'S

### ANALYTICAL OVERVIEW

Dine Brands' top line and margins continue to be positively impacted by its acquisition of 69 Applebee's units from a franchisee in December 2018. Management plans to re-franchise these units and return to a 100% franchised model, but has no timeframe for when this may occur. In the meantime, contributions from the now Company-operated restaurants pushed the consolidated top line up 23.6% in the second quarter; however, revenues would have risen a more modest 5% on an apples-to-apples comparison. The Company's two banners, Applebee's and IHOP, continue to trend in different directions, with Applebee's continued restaurant closures only partially offset by IHOP openings; franchisees closed 45 net restaurants across both banners year-over-year. This trend extended to same-restaurant sales, as Applebee's broke a streak of six consecutive quarters of positive comps with a 0.5% decline in the second quarter, and IHOP's comps grew 2%. Both banners are struggling with declining customer traffic, but IHOP has benefited from a favorable shift in product mix and relatively more successful promotional activity to increase average check. Management is emphasizing new menu items and expanding

delivery options to drive traffic, though the latter comes with the risk of eroding margins due to third party delivery fees and higher labor costs. As with the first quarter, gross margin declined 100 basis points due to lower-margin contributions from the Company-operated restaurants, while SG&A margin improved 380 basis points as a result of the leveraging impact of the strong top line growth. In total, EBITDA grew 36.8% and 270 basis points on a margin basis to a healthy 28.5%. During the second quarter, the Company refinanced substantially all of its long-term debt by issuing \$1.30 billion in new senior notes (see below). The transaction did not reduce the Company's total debt, its balance sheet is fairly leveraged with debt to EBITDA at 5.4x at quarter-end. Liquidity appears sufficient to handle expected capex and working capital needs, backed by \$127.6 million in cash and \$222.8 million in revolver availability. Looking forward, management reduced its fiscal 2019 guidance of 2% to 4% comp growth for both banners to flat to 1.5% growth at Applebee's and 1% to 3% at IHOP, citing the weaker than expected year-to-date performance.



# APPLEBEE'S



**GLENDALE, CA**

HEADQUARTERS

**28,000**  
(last reported 2013)  
EMPLOYEES

**1,936**  
LOCATIONS

**DINE BRANDS  
GLOBAL**  
PARENT CO

**DIN**  
TICKER: NYSE

**\$2.5B**  
REVENUE

**\$81B**  
NET INCOME



# TENANT SUMMARY

---

## APPLEBEE'S RESPONSE TO COVID-19

### AN IMPORTANT MESSAGE ON THE CORONAVIRUS

To Our Guests,

Thank you for trusting us throughout this very challenging time. The Applebee's brand has been around for 40 years, and we truly value your loyalty and patronage. Our number one priority continues to be the health and well-being of our teams, guests and the neighborhoods we serve. To that end, I wanted to speak with you directly and share the precautionary steps we are taking to ensure a safe dining environment. Applebee's has always taken great pride in our exceptional food safety and service standards. In response to the threat of COVID-19, we are taking additional precautionary steps to enhance protections including: Ramping up the frequency of cleaning, sanitizing and disinfecting services in restaurants including, frequently cleaning all high-touch surfaces and areas, such as doors, door handles, seats, booths, condiments and tabletop technology, as well as frequent cleaning of restrooms throughout the day and a full cleaning of our restaurants each night.

Educating our team members on preventative measures as provided by the Centers for Disease Control (CDC), including heightened hand washing procedures and requiring team members who do not feel well to stay at home.

Closely monitoring the situation and following guidance by the CDC to do all we can to protect our guests and team members and to help prevent the spread of the virus.

If you prefer to dine at home, we offer Applebee's Carside To Go where we'll bring a delicious meal directly to your car, as well as Applebee's Delivery through [applebees.com](https://applebees.com) and our delivery partners. We are continuing to work closely with our third-party delivery partners to ensure that food is delivered safely and promptly.

Once again, thank you for being our loyal Applebee's guests. It is a genuine privilege to serve you and our neighborhoods.

John Cywinski  
President, Applebee's

# SITE PLAN











## MAJOR EMPLOYERS McKINNEY, TX

Raytheon Space & Airborne Systems	2,725
Collin College	2,631
MISD	2,500
Torchmark	1,640
Encore Wire	1,350
City of McKinney	1,271
Medical City McKinney	1,000
Baylor	738
Timber Blinds	450
Watson & Chalin	350

## LOCATION HIGHLIGHTS

**McKINNEY, TX**

**3RD FASTEST GROWING CITY IN THE U.S.**



**Strategically located  
just off the  
U.S. Highway 75**



**Strong visibility for  
multiple points  
of ingress/egress**



**As of May 2017,  
the city was the third-fastest  
growing city in the U.S.**



**The city was named #1  
by Money Magazine as  
“Best Places to Live” in America.**





# DEMOGRAPHICS / MCKINNEY, TX



**137,890**

Total Population Within 5-Mile Radius



**\$110,733**

Average Household Income  
Within 5-Mile Radius



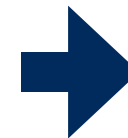
**\$82,272**

Median Household Income  
Within 5-Mile Radius



**47,978**

Total Households Within  
5-Mile Radius



**161.1%**

From 2000







POPULATION	1 MILE	3 MILES	5 MILES	HOUSEHOLDS BY INCOME	1 MILES	3 MILES	5 MILES
2023 Projection	10,006	62,401	137,890	\$200,000 or More	2.26%	5.29%	9.75%
2018A Estimate	9,234	56,574	124,911	\$150,000 - \$199,999	4.39%	6.57%	9.87%
Growth 2018A - 2023	8.36%	10.30%	10.39%	\$100,000 - \$149,999	11.46%	14.87%	21.33%
2000 Census	5,657	32,184	54,538	\$75,000 - \$99,999	13.20%	11.69%	12.91%
2010 Census	7,621	45,155	97,871	\$50,000 - \$74,999	21.42%	17.70%	15.72%
Growth 2000 - 2010	34.73%	40.30%	79.46%	\$35,000 - \$49,999	17.32%	14.54%	10.98%
				\$25,000 - \$34,999	10.11%	8.97%	6.15%
				\$15,000 - \$24,999	12.12%	10.40%	6.80%
				\$10,000 - \$14,999	2.75%	4.17%	2.51%
HOUSEHOLDS	1 MILES	3 MILES	5 MILES				
2023 Projections	3,358	20,798	47,978	Under \$9,999	4.96%	5.81%	3.98%
2018A Estimate	3,064	18,686	42,846				
Growth 2018A - 2023	9.59%	11.30%	11.98%	2018A Est. Average Household Income	\$68,215	\$83,000	\$110,733
2000 Census	1,865	10,844	18,373	2018A Est. Median Household Income	\$52,752	\$57,026	\$82,272
2010 Census	2,493	14,635	33,003	2018A Est. Per Capita Income	\$23,030	\$27,939	\$38,232
Growth 2000 - 2010	33.69%	34.96%	79.63%				



---

**McKINNEY  
TEXAS**

---

**Lior REGENSTREIF**

SENIOR MANAGING DIRECTOR INVESTMENTS  
SENIOR DIRECTOR, NET LEASED PROPERTIES GROUP  
ENCINO OFFICE  
Tel: (818) 212-2730  
Fax: (818) 212-2710  
Lior.Regenstreif@marcusmillichap.com  
License: CA 01267761

**SERI BRYANT**

ASSOCIATE  
ENCINO OFFICE  
Tel: (818) 212 -2655  
Fax: (818) 212-2710  
Seri.Bryant@marcusmillichap.com  
License: CA 02042062

**Marcus & Millichap**  
NNN DEAL GROUP