

# 7-ELEVEN

EXCLUSIVE NET-LEASE OFFERING



# OFFERING MEMORANDUM



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Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to

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All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.)





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# Investment Highlights

PRICE: \$5,631,578 | CAP: 4.75% | RENT: \$267,500



## About the Investment

- ✓ Brand New 15-Year Absolute Triple-Net (NNN) Lease
- ✓ Three (3), Five (5)-Year Tenant Renewal Options, Bringing the Potential Lease Term to 30 Years
- ✓ 7.5% Rental Increases Every Five (5) Years
- ✓ Investment Grade Credit Guarantee: 7-Eleven Corporate (S&P: AA-)
- ✓ Fee Simple – Eligible for Bonus Depreciation

## About the Location

- ✓ Dense Retail Corridor | Dollar General, Dollar Tree, Walmart, Walgreens, At Home, Hobby Lobby, Anytime Fitness, Jimmy Johns, Starbucks, KFC, and More
- ✓ Strong Location Fundamentals | Approximately Three Miles Away From Mother Frances Hospital | Bed Count 400+
- ✓ Features High Visibility and Ease of Access | Positioned on a Hard-Signalized Corner
- ✓ Strong Traffic Counts | E Southeast Loop 323 and Troup Highway | Average 40,000 and 26,400 Vehicles Per Day, Respectively

## About the Tenant / Brand

- ✓ 7E TX, LLC – One of Seven 7/11 Portfolio Partners in the U.S.
- ✓ 7-Eleven is the Largest Convenience Store Chain in the World | 60,000 Stores in 18 Countries
- ✓ 10,700 Stores in North America
- ✓ Committed to Meeting the Needs of All Guests by Providing a Broad Selection of Fresh, High-Quality Products and Services at Everyday Fair Prices
- ✓ Essential Business – Rent Paid in Full at Every Location Throughout Covid-19 Pandemic



Representative Photo



# Financial Analysis

PRICE: \$5,631,578 | CAP: 4.75% | RENT: \$267,500



## Property Description

Property	7-Eleven
Property Address	2204 East SE Loop 323
City, State, ZIP	Tyler, TX 75701
Building Size	2,160 SF
Lot Size	+/- 0.97 Acres
Type of Ownership	Triple-Net (NNN)

## The Offering

Purchase Price	\$5,631,578
CAP Rate	4.75%
Annual Rent	\$267,500

## Lease Summary

Property Type	Net-Leased Convenience Store / Gas Station
Tenant	7E TX, LLC
Guarantor	7-Eleven Corporate
Original Lease Term	15 Years
Lease Commencement	June 15 <sup>th</sup> , 2020
Lease Expiration	July 1 <sup>st</sup> , 2035
Lease Term Remaining	15 Years
Lease Type	Absolute Triple-Net (NNN)
Rental Increases	7.5% Every Five (5)-Years
Options to Renew	Three (3), Five (5) Year Option Periods

## Rent Schedule

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 1	\$267,500	\$22,292	-
Year 2	\$267,500	\$22,292	-
Year 3	\$267,500	\$22,292	-
Year 4	\$267,500	\$22,292	-
Year 5	\$267,500	\$22,292	-
Year 6	\$287,563	\$23,964	7.5%
Year 7	\$287,563	\$23,964	-
Year 8	\$287,563	\$23,964	-
Year 9	\$287,563	\$23,964	-
Year 10	\$287,563	\$23,964	-
Year 11	\$309,130	\$25,761	7.5%
Year 12	\$309,130	\$25,761	-
Year 13	\$309,130	\$25,761	-
Year 14	\$309,130	\$25,761	-
Year 15	\$309,130	\$25,761	-
Option Period 1	\$332,315	\$27,693	7.50%
Option Period 2	\$357,238	\$29,770	7.50%
Option Period 3	\$384,031	\$32,003	7.50%

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a 7-Eleven located at 2204 East SE Loop 323 in Tyler, Texas. The property consists of roughly 2,160 rentable square feet of building space on an estimated 0.97-acre parcel of land.

7-Eleven is subject to a brand new 15-Year Absolute Triple-Net (NNN) lease. The initial rent is \$267,500 annually with 7.5% increases every 5 years. There are three (3), five (5)-year tenant renewal options, extending the total possible lease term to 30 years.



# Bonus Depreciation

**\*\*The below content is meant to provide general information.  
Please contact your accountant/tax advisor for more information.**

Depreciation	Accelerated Depreciation	Bonus Depreciation
A reduction in the value of an asset with the passage of time, due in particular to wear and tear. <b>39 Year Schedule</b>	<i>Modified Accelerated Cost Recovery System</i> (Service Stations, Car Washes, & Oil Changing Facilities) <b>15 Year Schedule</b>	Eligible for properties with a useful life of under 20 years. New Law: 100% Of The Property in Year One. <b>1 Year Schedule</b> Phase Out Beginning on January 1, 2023

## \$5,631,578 7-ELEVEN WITH BONUS DEPRECIATION- 4.75% CAP RATE ACQUISITION

### FOR EXAMPLE PURPOSES ONLY

Purchase Price:	\$5,631,578
Loan Amount:	\$3,660,525
Equity:	\$1,971,053
LTV:	65.00%
Interest Rate:	3.50%
Amortization (Years):	30
Cap Rate:	4.75%
Rent:	\$267,500
Debt Service (Annual):	\$197,248
Annual NOI After Debt Service:	\$70,251
Principle Reduction Year 1:	\$76,215
Total Return Year 1:	\$146,467
Total Interest Deduction Year 1:	\$137,470
*Total Depreciation Year 1 (After 20% Land Allocation):	\$4,505,262
Total Tax Deductions Year 1 (Depreciation + Interest):	<b>\$4,642,732</b>



## Compare To:

### 39 Year Schedule

*Total Depreciation Year 1 (After 20% Land Allocation):	\$115,519
Total Tax Deductions Year 1 (Depreciation + Interest):	<b>\$252,989</b>

### 15 Year Schedule

*Total Depreciation Year 1 (After 20% Land Allocation):	\$300,350
Total Tax Deductions Year 1 (Depreciation + Interest):	<b>\$437,821</b>







# Tenant Overview



7-Eleven focuses on meeting the needs of convenience-oriented guests by providing a broad selection of fresh, high-quality products and services at everyday fair prices, speedy transactions and a clean, friendly shopping environment. Each store's selection of about 2,500 different products and services is tailored to meet the needs and preferences of local guests. Stores typically vary in size from 2,400 to 3,000 square feet and are most often located on corners for great visibility and easy access. Well known for the Big Gulp® fountain soft drink, Big Bite® grill items, the Slurpee® beverage and its fresh-brewed coffee, 7-Eleven's food service offerings bring guests a proprietary line of prepared-fresh-daily and daily delivered deli sandwiches, wraps, breakfast sandwiches and a wide assortment fruits, salads and baked goods.

## Company Profile

7-Eleven is the world's largest convenience store chain operating, franchising and licensing more than 60,000 stores in 18 countries, of which nearly 10,700 are in North America. 7-Eleven also is one of the nation's largest independent gasoline retailers. Its company's name was changed from The Southland Corporation to 7-Eleven, Inc. after approval by shareholders on April 28, 1999. Founded in 1927 in Dallas, Texas, 7-Eleven pioneered the convenience store concept during its first years of operation as an ice company when its retail outlets began selling milk, bread and eggs as a convenience to guests. The name 7-Eleven originated in 1946 when the stores were open from 7 a.m. to 11 p.m. Today, offering busy shoppers 24-hour convenience, seven days a week is the cornerstone of 7-Eleven's business.







# Surrounding Area

Property Address: 2204 E SE Loop 323, Tyler, TX 75701



Jimmy Johns

Sandwich Shop



DOLLAR GENERAL

Save time. Save money. Every day!



Walgreens

McDonald's







# Location Overview

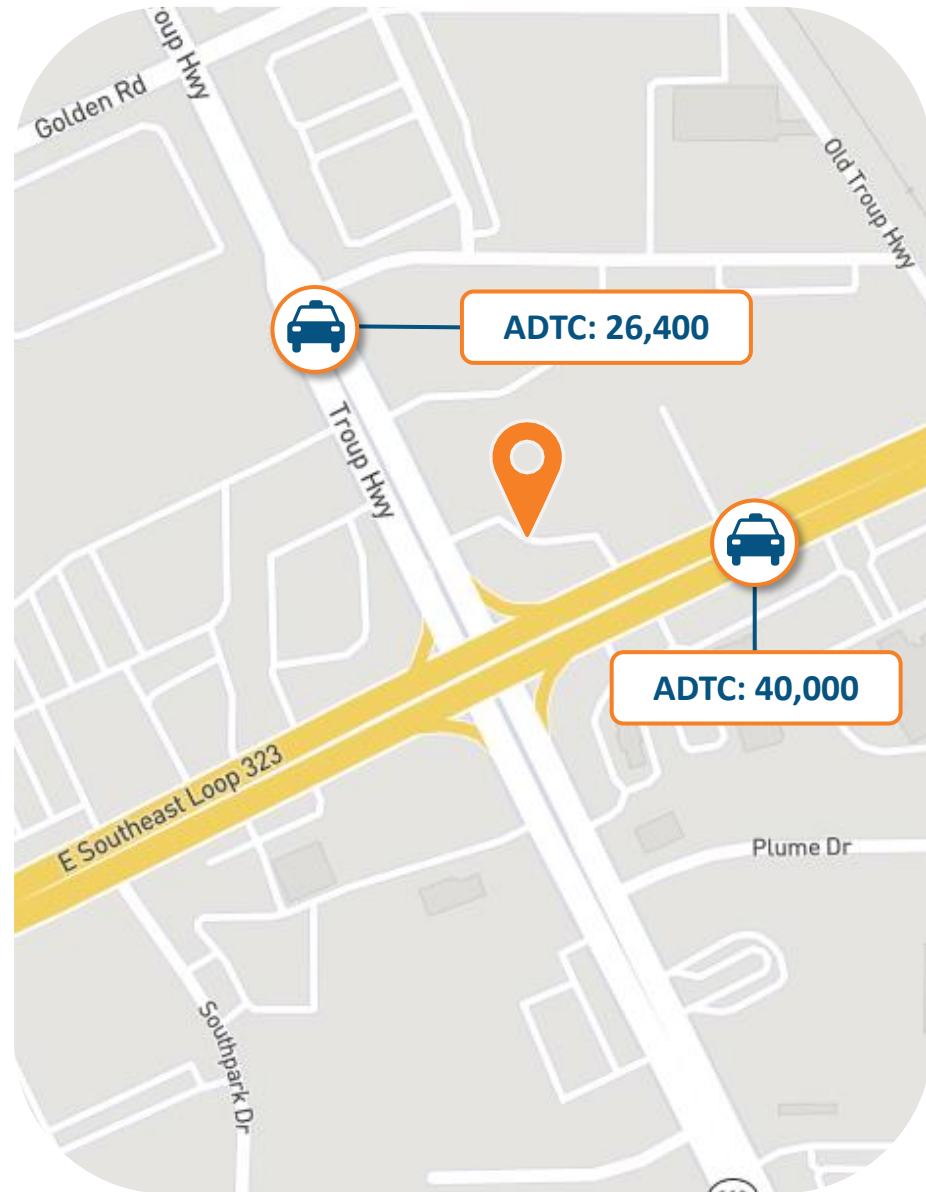
Property Address: 2204 E SE Loop 323, Tyler, TX 75701



This 7-Eleven investment property is located at 2204 E Southeast Loop 323 on a hard corner of a signalized intersection. E Southeast Loop 323 boasts average daily traffic counts exceeding 40,000 vehicles. E Southeast Loop intersects with Troup Highway which brings an average additional 26,000 vehicles into the immediate area per day. The subject property benefits from being located in a heavily populated area. There are more than 63,000 individuals residing within a three-mile radius of the property and 104,000 individuals within a five-mile radius of the property.

The subject property benefits from being well-positioned in a highly dense retail corridor consisting of national and local tenants. Major national tenants include: Dollar General, Dollar Tree, Walmart, Walgreens, At Home, Hobby Lobby, Anytime Fitness, Jimmy Johns, Starbucks, KFC, and more. There are many hotel accommodations in the area such as: Days Inn, Holiday Inn Express, Homewood Suites, and more. The subject property is approximately 11 miles away from Tyler Pounds Regional Airport. The 7-Eleven investment property is located approximately 11 miles from Tyler Pounds Regional Airport. Additionally, this 7-Eleven investment property is approximately three miles from Mother Frances Hospital, which has 402 licensed-beds.

Tyler is the county seat of Smith County, located in east-central Texas, United States. Tyler has grown to be the largest community in East Texas. Boasting an MSA population of over 225,000 people, Tyler offers the cultural diversity, quality education, health care, and recreational opportunities of a large city with the hometown friendliness and quality of life of a small community. Tyler is also known as “The Rose Capital of the World” for having the largest rose garden in the United State and for hosting several community events like the Texas Rose Festival. The city is surrounded by 25 prime sporting lakes offering wonderful opportunities for fishing and boating. Golf enthusiasts will find a variety of golf clubs in the immediate area as well. The most notable park in Tyler is the Tyler State Park, which offers families 985 acres of woods around a beautiful spring-fed lake. The largest industries that drive Tyler’s economy are: Health Care & Social Assistance, Retail Trade, and Accommodation & Food Services.





# Property Photo

Property Address: 2204 E SE Loop 323, Tyler, TX 75701



\*Actual Site. Store to be reimaged to 7/11 within the next 9 months





# Property Photo

Property Address: 2204 E SE Loop 323, Tyler, TX 75701



\*Actual Site. Store to be reimaged to 7/11 within the next 9 months



# Surrounding Area Photos

Property Address: 2204 E SE Loop 323, Tyler, TX 75701

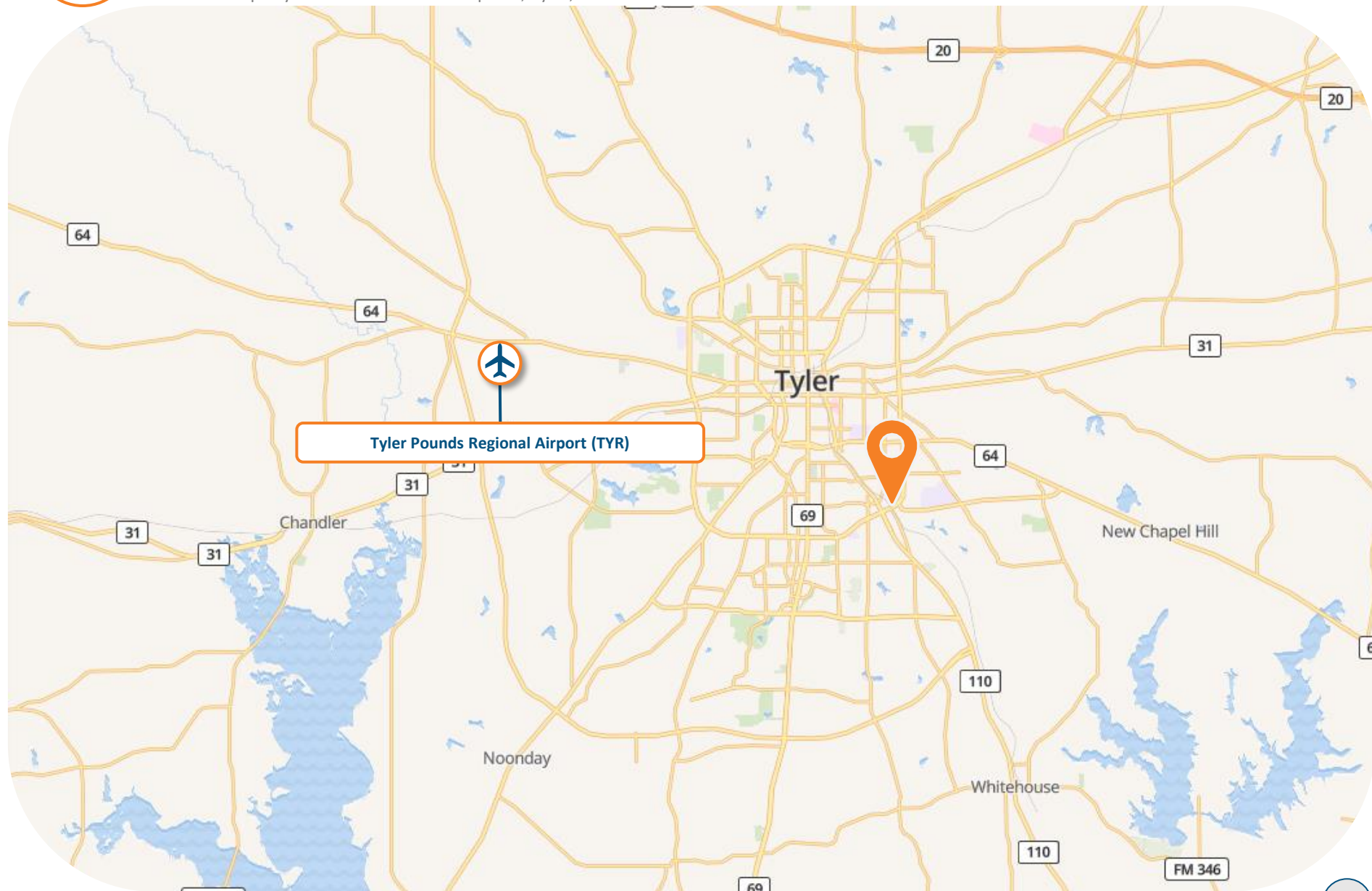






# Local Map

Property Address: 2204 E SE Loop 323, Tyler, TX 75701





# Regional Map

Property Address: 2204 E SE Loop 323, Tyler, TX 75701

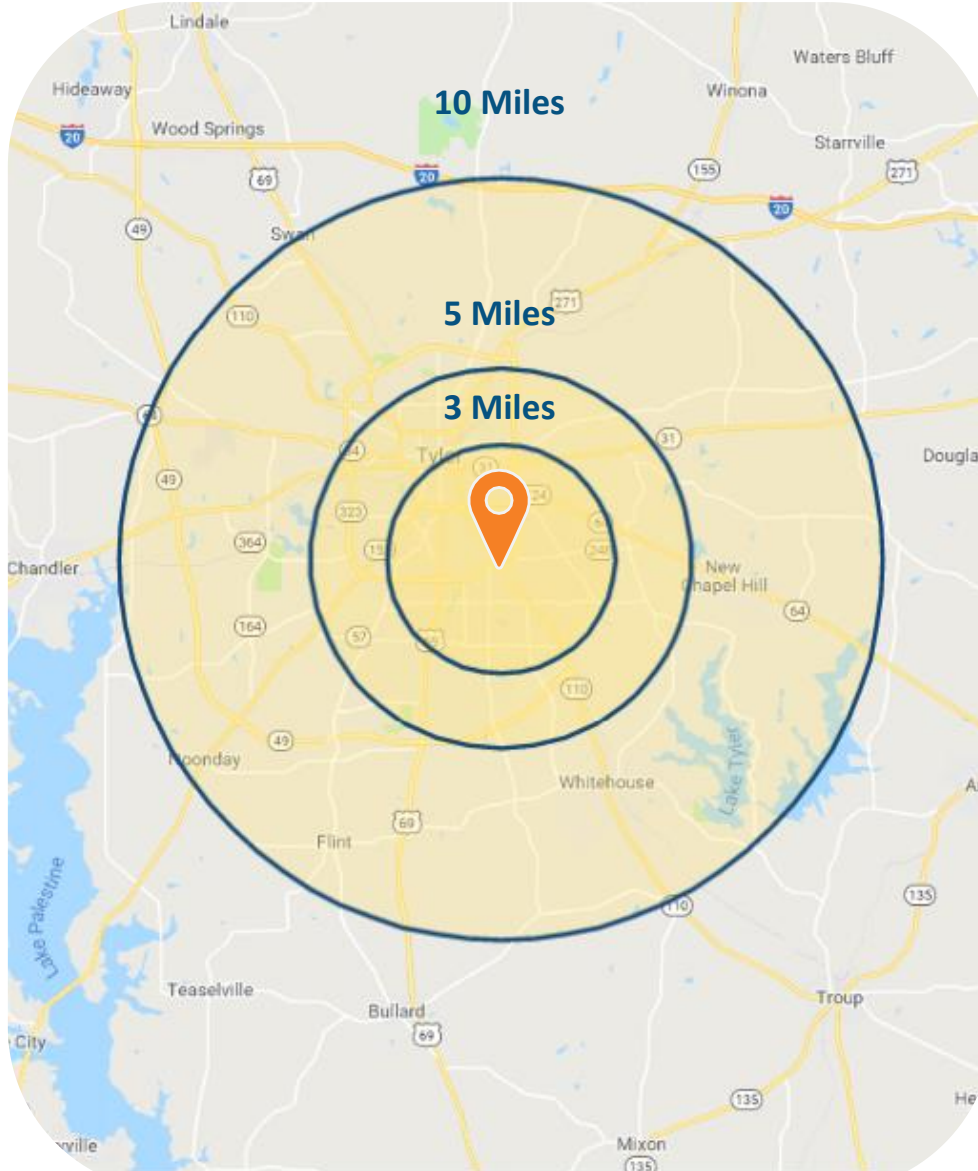






# Demographics

Property Address: 2204 E SE Loop 323, Tyler, TX 75701

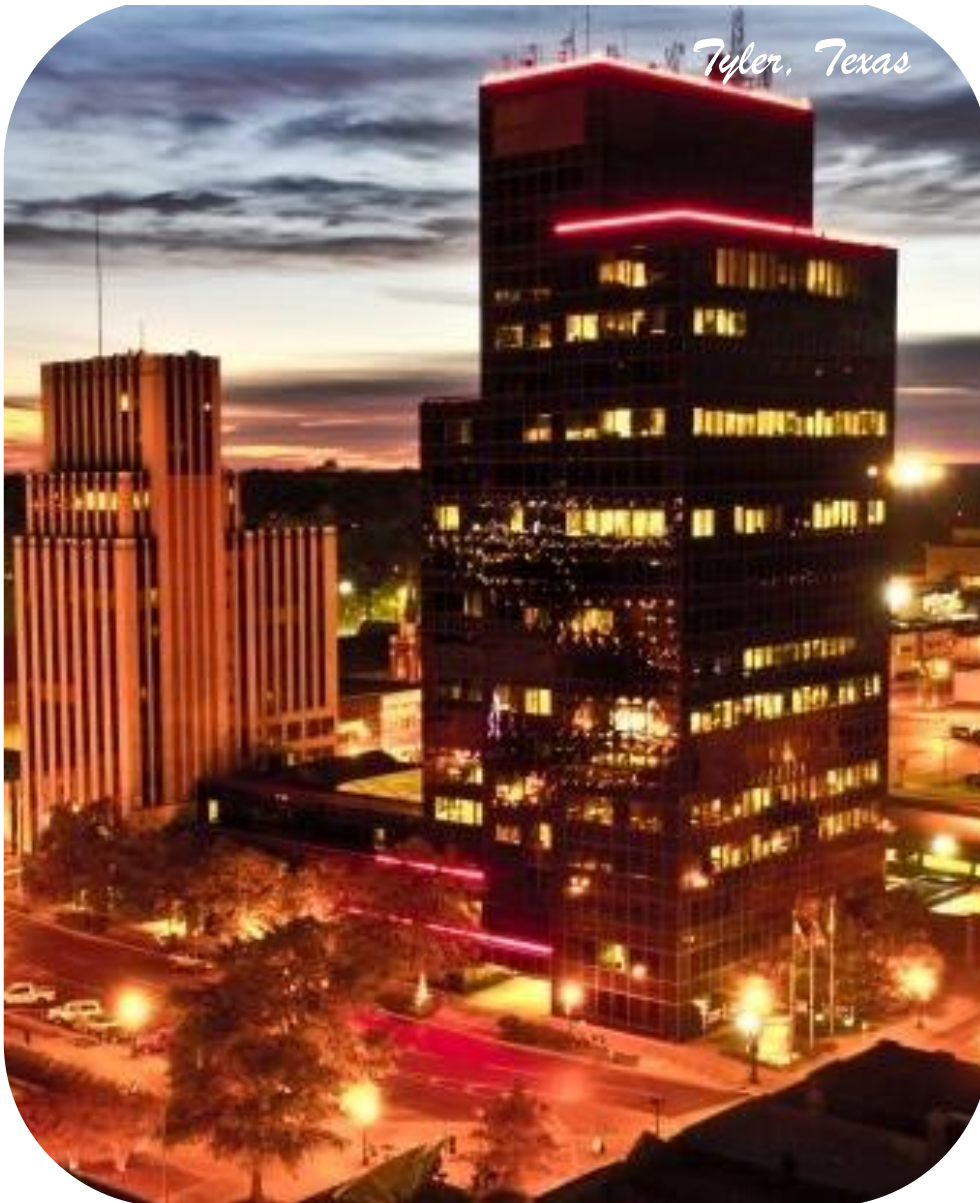


	3 Miles	5 Miles	10 Miles
<b>POPULATION</b>			
2023 Projection	64,164	109,225	179,386
2018 Estimate	62,299	104,874	169,634
2010 Census	58,566	97,881	157,988
2000 Census	53,112	85,565	133,099
<b>INCOME</b>			
Average	\$76,512	\$72,352	\$75,360
Median	\$51,285	\$46,776	\$51,751
Per Capita	\$31,875	\$28,629	\$28,597
<b>HOUSEHOLDS</b>			
2023 Projection	26,804	43,449	68,560
2018 Estimate	25,526	40,858	63,645
2010 Census	24,171	38,402	59,618
2000 Census	22,079	33,505	50,235
<b>HOUSING</b>			
2018	\$155,420	\$143,116	\$143,078
<b>EMPLOYMENT</b>			
2018 Daytime Population	108,176	164,612	216,558
2018 Unemployment	3.83%	4.39%	4.29%
2018 Median Time Traveled	20 Mins	21 Mins	22 Mins
<b>RACE &amp; ETHNICITY</b>			
White	70.17%	61.63%	64.40%
Native American	0.07%	0.07%	0.10%
African American	15.90%	20.78%	19.65%
Asian/Pacific Islander	2.86%	2.36%	1.89%



# Market Overview

City: Tyler | County: Smith | State: Texas



*Tyler, Texas*

**Tyler** is the county seat of Smith County, located in east-central Texas, United States. The city of Tyler has long been Smith County's major economic, educational, financial, medical, and cultural hub. Tyler has the nickname "Rose Capital of the World". It gained this name due to the large quantity of rose bushes processed through the area, along with hosting America's largest rose garden. As a regional educational and technological center, Tyler is the host for more than 20,000 higher education students, a College of Engineering, and a University Health Science Center, two regional, billion-dollar hospital systems, and a variety of technology startups. Tyler State Park is a few miles away where visitors can camp, canoe, and paddle boats on the lake. Activities include picnicking, camping, boating, fishing, birding, and hiking amongst others. Tyler is a nexus of several major highways. Interstate 20 runs along the north edge of the city going east and west, U.S Highway 69 runs north-south through the center of town and State Highway 64 runs east-west through the city. Tyler also has access to U.S. Highway 271, State Highway 31, State Highway 155, and State Highway 110. The largest industries in Tyler are Health Care & Social Assistance, Retail Trade, and Accommodation & Food Services. The highest paying industries include: Mining, Quarrying & Oil & Gas Extraction, Agriculture, Forestry, Fishing & Hunting, and Scientific & Technical Services.

## Major Employers

Employer	Estimated # of Employees
JC Penney	5,180
ETMC Regional Health System	3,300
Mother Frances Hospital	2,770
Suddenlink Communications	1,899
Christus Trinity Mother	1,725
Cox Southwest Holdings LP	1,200
Brookshire Food Stores	1,195
Walmart	989
Natural Grocers	794
Whitehouse Ind School District	755
Bullard Independent School District	737





Marcus & Millichap

## EXCLUSIVE NET-LEASE OFFERING

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