

Habit Burger | Mezeh Mediterranean Grill

Exclusive Net Lease Offering

Marcus & Millichap

Actual Site



OFFERING MEMORANDUM



11309 Midlothian Turnpike, Richmond, VA 23235

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Investment Highlights

PRICE: \$4,176,667 | CAP: 6.00% | NOI: \$250,600



About the Investment

- ✓ Brand New 2019 Construction
- ✓ Habit Burger | New 15 Year Lease with 13.7 Years Remaining
- ✓ Mezeh Mediterranean Grill | New 15 Year Lease Commencing December 28, 2020
- ✓ Attractive Rent Increases | 10% Every Five (5) Years
- ✓ Three, Five-Year Tenant Renewal Options
- ✓ Corporate Guarantee from Habit Burger Grill | 283+ Locations
- ✓ Personal Guarantee from Mezeh Mediterranean Grill | 26+ Locations

About the Location

- ✓ Compelling Location Fundamentals | Midlothian Turnpike Frontage | Next to Hard Signalized Corner | 12 Miles from Downtown Richmond
- ✓ Dense Retail Corridor | Chesterfield Towne Center | 1,000,000+ SF Super Regional Mall | Other National Tenants in Immediate Area: Wegmans, Walmart, Publix, Target, McDonald's, Wendy's, Starbucks, Panera Bread, Autozone, Advance Auto Parts, Home Depot, Pet Smart, and Many More
- ✓ Affluent Suburban Community | Average Household Income Exceeds \$106,000 in a 1 Mile Radius
- ✓ Strong Traffic Counts | Corner of Midlothian Turnpike and N Courthouse Rd | 55,697 and 31,161 Average Vehicles Per Day Respectively
- ✓ HCA Affiliated Hospital Located 1.5 Miles Away | Only Level III Trauma Facility in Chesterfield County

About Habit Burger Grill

- ✓ The Habit Burger Grill is a Fast-Casual Restaurant Chain that Specializes in Preparing Fresh, Made-to-Order Charbroiled Hamburgers and Other Typical Fast-Casual Fare
- ✓ In March 2020, Yum! Brands, the parent company of Taco Bell and KFC, acquired Habit

About Mezeh Mediterranean Grill

- ✓ Mezeh is a Virginia-based chain of fast casual restaurants serving Mediterranean-inspired food made with fresh, all-natural ingredients.
- ✓ Founded by Saleh Mohamadi and Steve Walker and opened its first store in 2013.
- ✓ Plans to add 10-15 locations in 2021





Financial Analysis – Property

PRICE: \$4,176,667 | CAP: 6.00% | NOI: \$250,600



Property Description

Property	Habit Burger & Mezeh Mediterranean Grill
Property Address	11309 Midlothian Turnpike
City, State, ZIP	Richmond, VA 23235
Year Built	2019
Building Size	5,600 SF
Lot Size	+/- 1.16 Acres
Drive-Thru	Habit Burger Grill
Type of Ownership	Fee Simple

The Offering

Purchase Price	\$4,176,667
Price/SF	\$745.83
CAP Rate	6.00%
Annual NOI	\$250,600
Rent/SF	\$44.75



Rent Schedule

Lease Year(s)	Monthly	Annually	Escalation (%)	Cap Rate
Year 1	\$20,883.33	\$250,600.00	-	6.00%
Year 2*	\$22,383.33	\$268,600.00	-	6.43%
Year 3	\$20,883.33	\$250,600.00	-	6.00%
Year 4	\$20,883.33	\$250,600.00	-	6.00%
Year 5	\$20,883.33	\$250,600.00	-	6.00%
Year 6	\$22,971.67	\$275,660.00	10%	6.60%
Year 7	\$22,971.67	\$275,660.00	-	6.60%
Year 8	\$22,971.67	\$275,660.00	-	6.60%
Year 9	\$22,971.67	\$275,660.00	-	6.60%
Year 10	\$22,971.67	\$275,660.00	-	6.60%
Year 11	\$25,268.83	\$303,226.00	10%	7.26%
Year 12	\$25,268.83	\$303,226.00	-	7.26%
Year 13	\$25,268.83	\$303,226.00	-	7.26%
Year 14	\$25,268.83	\$303,226.00	-	7.26%
Year 15	\$25,268.83	\$303,226.00	-	7.26%
Option Period 1	\$12,100.00	\$333,548.60	10.00%	7.99%
Option Period 2	\$13,100.00	\$366,903.46	10.00%	8.78%

*Year 2 COVID-19 Rent Deferral Payment of \$1,500.00 Per Month from Habit Burger

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Habit Burger and Mezeh Mediterranean Grill located at 11309 Midlothian Turnpike in Richmond, Virginia. The property consists of approximately 5,600 square feet of building space and is situated on approximately 1.16 acres of land. Habit Burger is subject to a 15-year Double Net (NN) Lease with about 13.7 Years remaining, and Mezeh Mediterranean Grill is subject to a 15-year Double Net (NN) lease with over 15 Years remaining.



Financial Analysis – Habit Burger

PRICE: \$4,176,667 | CAP: 6.00% | NOI: \$250,600



Property Description

Property	Habit Burger & Mezeh Mediterranean Grill
Property Address	11309 Midlothian Turnpike
City, State, ZIP	Richmond, VA 23235
Year Built	2019
Building Size	3,000 SF
Lot Size	+/- 1.16 Acres
Type of Ownership	Fee Simple

The Offering

Annual Rent	\$144,000
Rent/SF	\$48.00

Lease Summary

Property Type	Net Leased Restaurant
Tenant	The Habit Burger Grill
Guaranty	Corporate
Original Lease Term	15 Years
Lease Commencement	May 2, 2019
Lease Expiration	May 31, 2034
Lease Term Remaining	13.7 Years
Lease Type	Double Net (NN)
Roof and Structure	Landlord
Rental Increases	10% Every 5 Years
Options to Renew	Two (2), Five (5) Year Renewal Option

Rent Schedule

Lease Year(s)	Monthly Amount	Annual Amount	Escalation (%)
Year 1	\$12,000.00	\$144,000.00	-
Year 2*	\$13,500.00	\$162,000.00	-
Year 3	\$12,000.00	\$144,000.00	-
Year 4	\$12,000.00	\$144,000.00	-
Year 5	\$12,000.00	\$144,000.00	-
Year 6	\$13,200.00	\$158,400.00	10%
Year 7	\$13,200.00	\$158,400.00	-
Year 8	\$13,200.00	\$158,400.00	-
Year 9	\$13,200.00	\$158,400.00	-
Year 10	\$13,200.00	\$158,400.00	-
Year 11	\$14,520.00	\$174,240.00	10%
Year 12	\$14,520.00	\$174,240.00	
Year 13	\$14,520.00	\$174,240.00	
Year 14	\$14,520.00	\$174,240.00	
Year 15	\$14,520.00	\$174,240.00	
Option Period 1	\$12,100.00	\$191,664.00	10.00%
Option Period 2	\$13,100.00	\$210,830.40	10.00%

*Year 2 COVID-19 Rent Deferral Payment of \$1,500.00 Per Month





Financial Analysis – Mezeh

PRICE: \$4,176,667 | CAP: 6.00% | NOI: \$250,600



Property Description

Property	Habit Burger & Mezeh Mediterranean Grill
Property Address	11309 Midlothian Turnpike
City, State, ZIP	Richmond, VA 23235
Year Built	2019
Building Size	2,600 SF
Lot Size	+/- 1.16 Acres
Type of Ownership	Fee Simple

The Offering

Annual Rent	\$106,600
Rent/SF	\$41.00

Lease Summary

Property Type	Net-Leased Restaurant
Tenant	Mezeh Mediterranean Grill
Guaranty	Personal
Original Lease Term	15 Years
Rent Commencement	December 28, 2020
Lease Expiration	December 31, 2035
Lease Term Remaining	15+ Years
Lease Type	Double Net (NN)
Roof and Structure	Landlord
Rental Increases	10% Every 5 Years
Options to Renew	Two (2), Five (5) Year Renewal Option

Rent Schedule

Lease Year(s)	Monthly Amount	Annual Amount	Escalation (%)
Year 1	\$8,883.33	\$106,600.00	-
Year 2	\$8,883.33	\$106,600.00	-
Year 3	\$8,883.33	\$106,600.00	-
Year 4	\$8,883.33	\$106,600.00	-
Year 5	\$8,883.33	\$106,600.00	-
Year 6	\$9,771.67	\$117,260.00	10%
Year 7	\$9,771.67	\$117,260.00	-
Year 8	\$9,771.67	\$117,260.00	-
Year 9	\$9,771.67	\$117,260.00	-
Year 10	\$9,771.67	\$117,260.00	-
Year 11	\$10,748.83	\$128,986.00	10%
Year 12	\$10,748.83	\$128,986.00	
Year 13	\$10,748.83	\$128,986.00	
Year 14	\$10,748.83	\$128,986.00	
Year 15	\$10,748.83	\$128,986.00	
Option Period 1	\$12,100.00	\$141,884.60	10.00%
Option Period 2	\$13,100.00	\$156,073.06	10.00%





Tenant Overview



Habit Burger Grill

The Habit Burger Grill is a burger-centric, fast casual restaurant chain that specializes in making fresh, made-to-order char-grilled burgers and sandwiches. Their ingredients feature USDA choice tri-tip steak, grilled chicken, and sushi-grade tuna cooked over an open flame. They also feature fresh, made-to-order salads and a large selection of sides, shakes and malts. The Habit Burger Grill has generated tremendous consumer response, with their “Charburger” being named the “best tasting burger in America” in July 2014 by Consumer Reports, one of America’s leading consumer magazines. They operate in the approximately \$47 billion fast casual restaurant segment, which has helped them to create significant recent disruption in the restaurant industry and allowed them to gain market share from adjacent restaurant segments. This has resulted in significant growth opportunities for The Habit Burger Grill and other restaurant concepts, alike.

The first Habit Burger Grill location was opened in Santa Barbara, California in 1969. The Habit Burger Grill’s mission is built around creating a distinctive and diverse menu, consisting of fresh, char-grilled burgers and sandwiches made-to-order over an open flame and topped with fresh ingredients. In 2007, a private equity firm called KarpReilly acquired an equity interest in the Habit Burger Grill. At the time of KarpReilly’s investment, the Habit Burger Grill only had 17 locations. Since then, The Habit Burger Grill has grown their brand on a disciplined basis. As of the end of 2017, they have expanded to 209 locations, opening 38 of them in 2017. To increase comparable restaurant sales, The Habit Burger Grill intends to continue delivering superior execution, by focusing on customer frequency, attracting new customers and improving the amount spent by each customer.

Yum! Brands struck the first major restaurant acquisition of 2020, announcing Monday it has entered into a definitive agreement to purchase The Habit Restaurants, Inc. for \$375 million.



Representative Photo



Representative Photo



Tenant Overview

Mezeh Mediterranean Grill

Mezeh is Natural Freshness combined with a Unique Boldness unlike anything else. Our open kitchen is a testimony to this natural conviction, which customers are able to watch our chefs prepare unique bold combinations in small batches to uphold our commit of serving our food as fresh as possible. There's nothing cookie-cutter about Mezeh's uncompromising approach to providing customers with a premium chef driven fast-casual dining experience. While each of our locations have a similar aesthetic, each is unique in its own and tailored to maximize the environment in order to create an inviting atmosphere. We are constantly evolving, constantly experimenting, and will never waver in our commitment to provide fresh, bold, and natural high-quality food with a price point and environment that is unmatched by our competition.

Mezeh's food is made in-house every day using fresh, natural, and bold ingredients. Our chefs are at work early each morning chopping, slicing, sautéing, braising, caramelizing, blending, marinating, grilling, pickling, infusing, searing ... and most importantly creating original offerings from traditional recipes each day. Our chefs are committed to serve the freshest options using natural fresh herbs, vegetables and proteins while creating the boldest flavors. No hormones, no preservatives, and no additives are used when preparing Mezeh food. Our chefs only use pure 100% olive oil in everything they prepare. We soak our chickpeas overnight, then create the most flavorful falafel you will ever taste by using the freshest ingredients. Our pita does not come out of a bag, our chefs will proof the bread overnight then bake our pitas fresh right before your eyes throughout the day. There is nothing like the smell and taste of fresh pita bread.

Mezeh's all-natural, no added hormones, no antibiotics, GMO free Halal chicken and steak are marinated overnight in our special blends of Mediterranean seasonings to create our unique bold flavorings. The chefs are busy braising lamb for several hours until it becomes so tender it falls off the bone, juicy and ready for eating. When our chefs are not prepping, cooking or grilling, they are busy pickling our own pickled turnips, pickled beets and pickled onions for our guest. Mezeh chefs are proud to state everything is made fresh in small batches from scratch with natural bold flavors.



Representative Photo



Representative Photo



Property Photos





Property Photos





Surrounding Area

Property Address: 11309 Midlothian Turnpike, Richmond, VA 23235





Location Overview

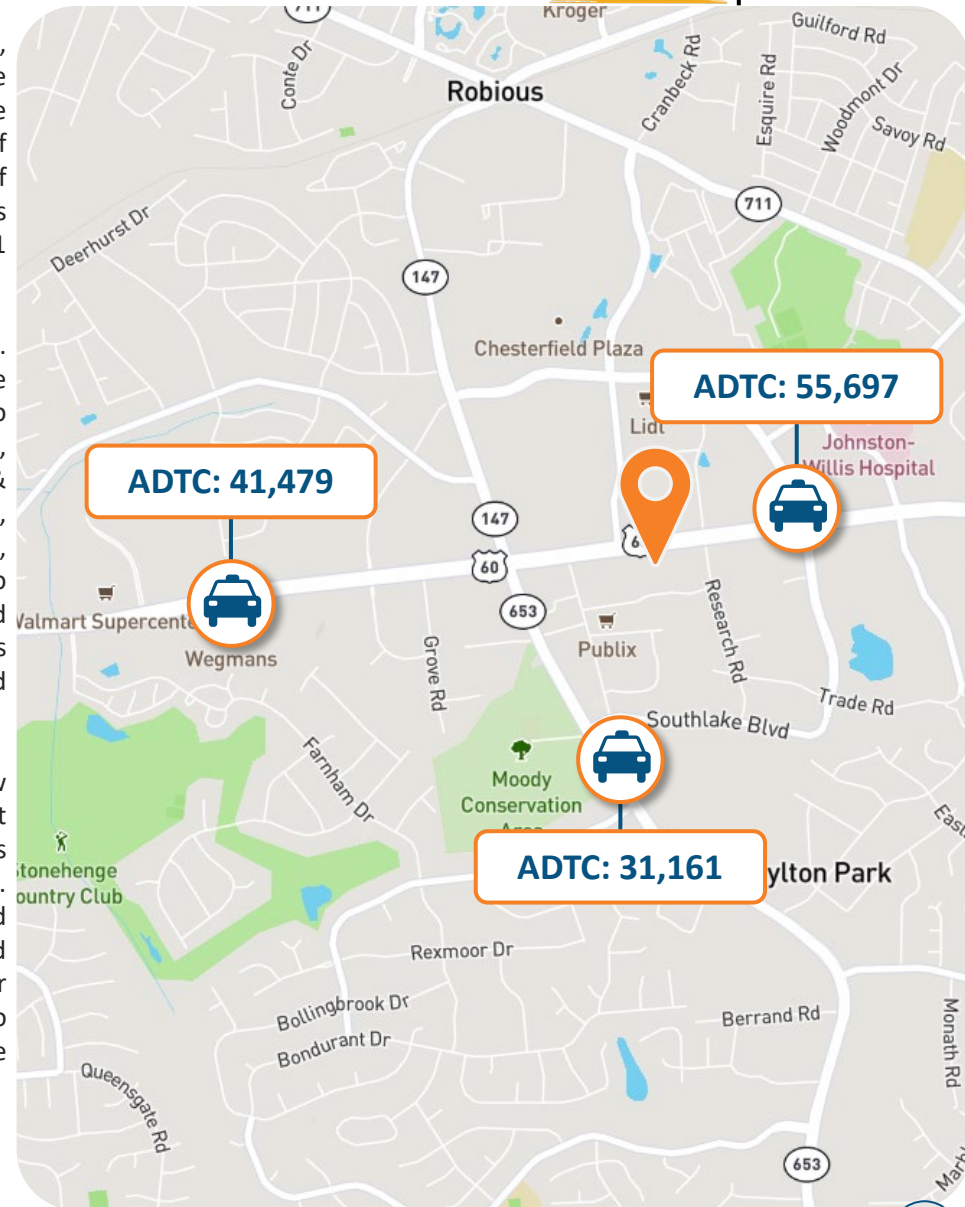
Property Address: 11309 Midlothian Turnpike, Richmond, VA 23235



The Subject property is located at 11309 Midlothian Turnpike in Richmond, Virginia. There are approximately 56,907 individuals residing within a three-mile radius of the property and just over 123,220 individuals within a five-mile radius. The subject property is positioned at the signalized intersection of Midlothian Turnpike and N Courthouse Rd. Midlothian Turnpike directly east of the property experiences 55,697 average vehicles per day, and 41,479 vehicles directly west of the property. N Courthouse road brings an additional 31,161 vehicles per day on average to the immediate area.

The subject property property is strategically located in a dense retail corridor. The subject property is directly across the street from the Chesterfield Towne Center, a 1,000,000+ SF super regional mall with 109 tenants and almost little to no vacancies. The mall's anchor tenants include Macy's, TJ Maxx/Homegoods, JCPenney, H&M, At Home, Sears, Crunch Fitness, Ross, Old Navy, Barnes & Noble. Other national retail tenants in the immediate area include Wegmans, Walmart, Publix, Target, McDonald's, Wendy's, Starbucks, Panera Bread, Autozone, Advance Auto Parts, Home Depot, Pet Smart, and many more. Auto Dealers in the immediate area include Porsche, Jaguar, Infinity, Nissan, Kia, and more. The subject property benefits from its proximity to Johnston-Willis Hospital, an HCA affiliated short-term acute care hospital and the only licensed level III trauma center in Chesterfield County.

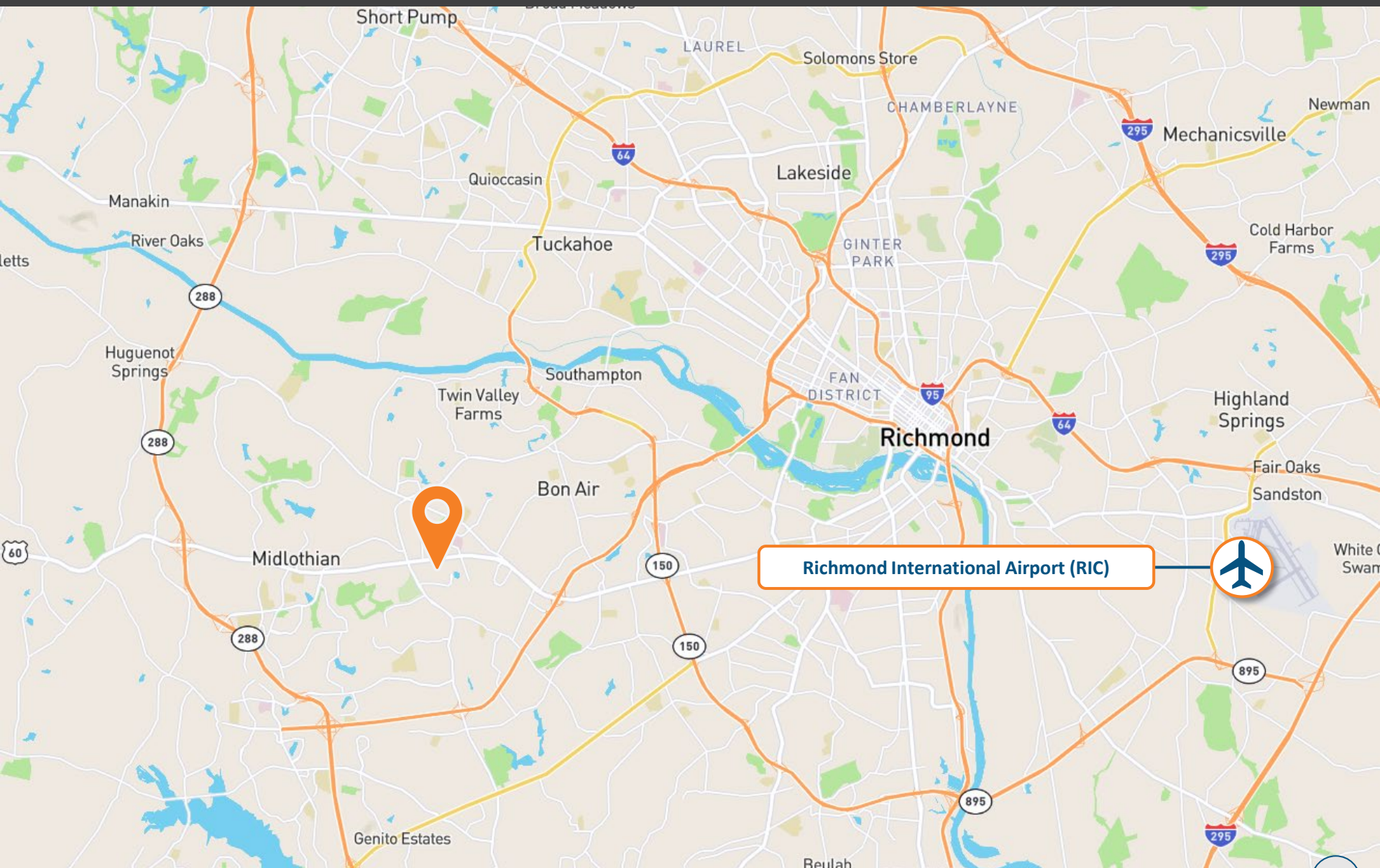
Midlothian is in the northwestern part of Chesterfield County, Virginia, a few miles west of Richmond, VA. Midlothian remains one of the region's fastest growing communities. Richmond is the capital city of Virginia, roughly 110 miles south of Washington, D.C. The metro consists of 102 counties and four cities. Richmond's strategic location on the James River and a well-developed intermodal transportation network provide for a growing logistics and distribution sector. Amazon recently announced plans for a fulfillment center along Interstate 95 south of Richmond. The market's educated workforce is also drawing more companies to the region and already Richmond houses more Fortune 500 firms than many larger metros.





Local Map

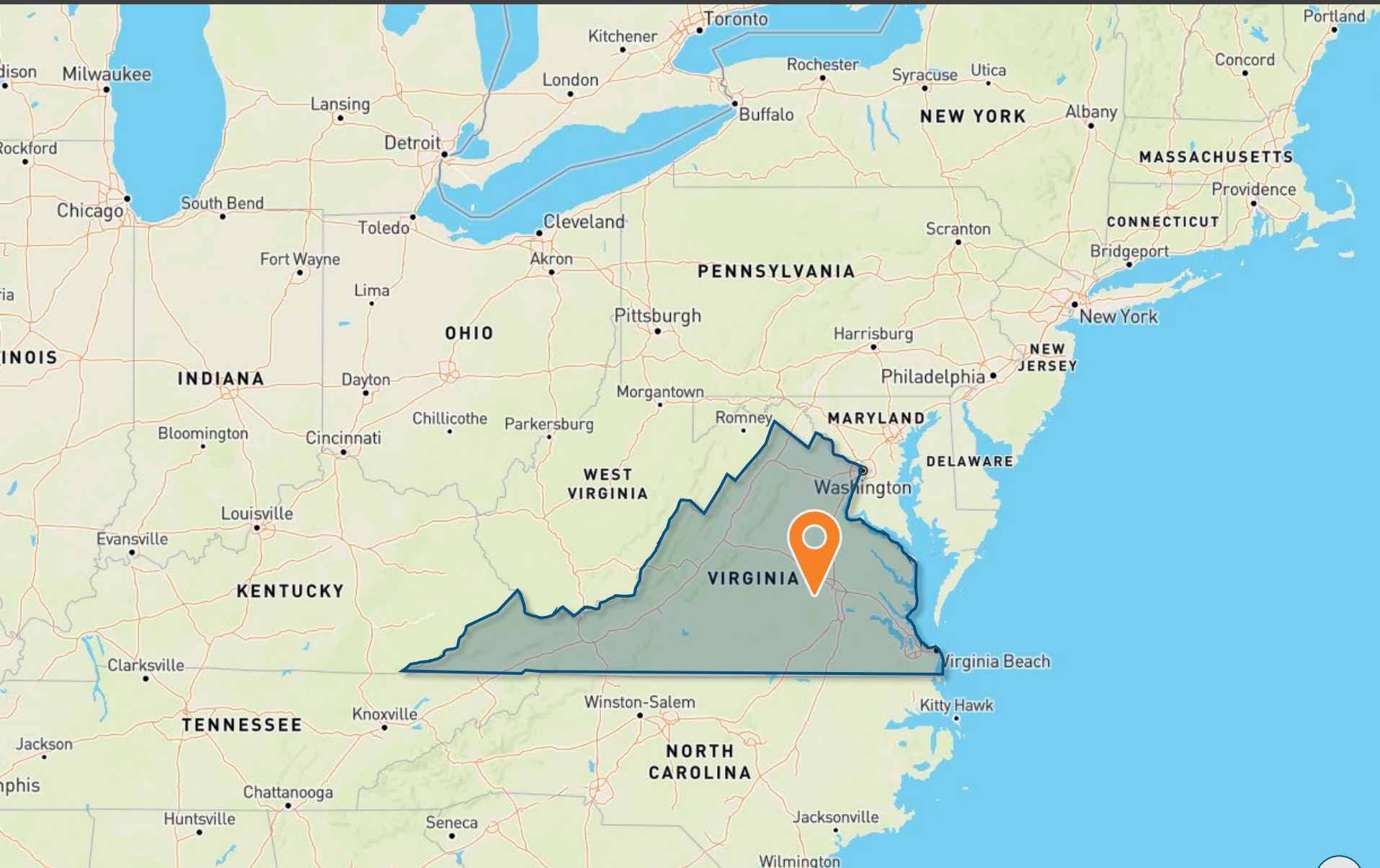
Property Address: 11309 Midlothian Turnpike, Richmond, VA 23235





Regional Map

Property Address: 11309 Midlothian Turnpike, Richmond, VA 23235





2024 Projection	3,489	57,863	127,977
2019 Estimate	3,356	56,907	123,220
2010 Census	3,047	53,778	112,938
2000 Census	3,096	50,084	99,010

Average	\$106,168	\$114,534	\$118,042
Median	\$81,958	\$88,330	\$87,009
Per Capita	\$47,392	\$43,837	\$45,593

2024 Projection	1,591	22,403	49,798
2019 Estimate	1,497	21,743	47,480
2010 Census	1,361	20,662	43,926
2000 Census	1,277	18,042	37,184

2019	\$272,231	\$283,940	\$295,050
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2019 Daytime Population	9,399	68,413	139,498
2019 Unemployment	2.94%	2.39%	2.42%
2019 Median Time Traveled	26min	25min	26min

White	79.33%	77.31%	74.91%
Native American	0.02%	0.04%	0.05%
African American	11.82%	13.31%	15.15%
Asian/Pacific Islander	4.44%	4.57%	4.56%



Market Overview

City: Midlothian | County: Chesterfield | State: Virginia



Richmond, VA

RICHMOND is the capital city of Virginia, roughly 110 miles south of Washington, D.C. The metro consists of 102 counties and four cities. Richmond's strategic location on the James River and a well-developed intermodal transportation network provide for a growing logistics and distribution sector. Amazon recently announced plans for a fulfillment center along Interstate 95 south of Richmond. The market's educated workforce is also drawing more companies to the region and already Richmond houses more Fortune 500 firms than many larger metros.

METRO HIGHLIGHTS



COMMERCE CENTER

The region is serviced by Interstates 64, 85 and 95, two Class 1 railroads and Richmond International Airport, drawing distribution and logistics firms.



COMPANY HEADQUARTERS

Seven fortune 500 firms are located in the metro including CarMax, Altria Group, Performance Food Group, Dominion Energy and Genworth Financial.



HIGHER EDUCATION

Virginia Commonwealth University, University of Richmond, Virginia Union University Randolph-Macon College and Virginia State University are among the educational institutions that contribute to a skilled labor pool.

ECONOMY HIGHLIGHTS

- Richmond's economy is diversifying from government and commerce expanding into professional industries.
- Nationally recognized banks and financial institutions are located in Richmond. It is home to the Federal Reserve Bank of Richmond, Capital One, Truist Financial, Wells Fargo, Bank of America and Market.
- Law and legal services are another major component of the metro's local economy. The city of Richmond is home to five of the largest legal firms in the world.
- Anchored by VCU Health System and HCA Virginia, healthcare employs roughly 13 percent of metro workers. Expansion at VCU will add buildings for outpatient care, engineering and rehabilitation in 2020.
- The metro is gaining prominence as a data center. Facebook and QTS are expanding their facilities in Henrico County.

Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING



BROKER OF RECORD:
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