

CHIPOTLE GROUND LEASE

1796 NORTH CLINTON STREET, DEFIANCE, OHIO



REPRESENTATIVE PHOTO

OFFERING MEMORANDUM

Marcus & Millichap

DEFIANCE
MEMORIAL
AIRPORT



PROMEDICA
DEFIANCE REGIONAL
HOSPITAL



DEFIANCE
COLLEGE
800 STUDENTS

DOWNTOWN
DEFIANCE

GM
POWERTRAIN
DEFIANCE
FOUNDRY

MERCYHEALTH
Defiance Hospital

DEFIANCE
HIGH SCHOOL
730 STUDENTS

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Executive Summary

1796 North Clinton Street, Defiance, OH 43512

FINANCIAL SUMMARY

Price	\$1,389,000
Cap Rate	4.50%
Building Size	2,314 SF
Net Cash Flow	4.50% \$62,500
Year Built	2021
Lot Size	.57 Acres

LEASE SUMMARY

Lease Type	Triple-Net (NNN) Ground Lease
Tenant	Chipotle
Guarantor	Chipotle Mexican Grill, Inc., a Delaware Corporation
Roof & Structure	Tenant Responsible
Est. Lease Commencement Date	February 2021
Est. Lease Expiration Date	February 2031
Lease Term	10 Years
Rental Increases	10% Every 5 Years
Renewal Options	5, 5 Year Options
Right of First Refusal	15 Days

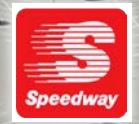
ANNUALIZED OPERATING DATA

Lease Years	Annual Rent	Cap Rate
1 - 5	\$62,500.00	4.50%
6 - 10	\$68,750.00	4.95%
Options	Annual Rent	Cap Rate
Option 1	\$75,625.00	5.44%
Option 2	\$83,187.00	5.99%
Option 3	\$91,505.70	6.59%
Option 4	\$100,656.27	7.25%
Option 5	\$110,721.90	7.97%

Base Rent	\$62,500
Net Operating Income	\$62,500
Average Cap Rate for Primary Term	4.73%
Total Return	4.50% \$62,500



16,300 CPD
N CLINTON ST





DEFIANCE
COLLEGE

800 STUDENTS

JOANN

MCDONALD'S

Applebee's
GRILL + BAR

Pizza
Hut

premier
bank

ALDI

HOBBY LOBBY

Marshall's

Dunham's
SPORTS

SHOE DEPT. maurices

Bath & Body Works

★ MOVIESCOOP®

ESTLE

CHEVROLET

Cadillac

PANDA EXPRESS
CHINESE KITCHEN

BURGER
KING

Arby's

sb statebank

BIG
LOTS!

PET SUPPLIES PLUS

GameStop

AT&T

A.Y.
JEWELERS

tropicalCAFE

SMOOTHIE

AspenDental

TACO BELL

16,300 CPD
N CLINTON ST

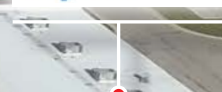
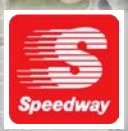
AutoZone

CHIPOTLE
MEXICAN GRILL

Walmart

Speedway





Property Description



PHOTO AS OF 11/17/2020



INVESTMENT HIGHLIGHTS

- » **New 10-Year Triple-Net (NNN) Corporate Ground Lease**
- » 10% Rental Increases Every 5 Years
- » **2021 Construction with “Chipotle” Drive-Thru Concept**
- » 21,603 Residents within a 5-Mile Radius
- » **Outparcel to Walmart in the City’s Main Retail Corridor** - Surrounding Retail Tenants Include Lowe’s, Meijer, Menard’s, Kohl’s, ALDI, Hobby Lobby, and More
- » Low Price Point and Rent
- » **Down the Road (Less Than 1 Mile) from Defiance College (800 Students)**
- » Average Household Income Exceeds \$77,000 in Immediate Area
- » **Excellent Visibility Along North Clinton Street (16,300+ Cars/Day), the City’s Primary Thoroughfare**
- » Located Immediately Off US Highway 24, with Direct Access to Toledo and Fort Wayne



DEMOGRAPHICS

1-mile

3-miles

5-miles

Population

2025 Projection	3,049	15,869	21,478
2020 Estimate	3,068	15,964	21,603

Households

2025 Projection	1,133	6,294	8,588
2020 Estimate	1,130	6,300	8,590

Income

2020 Est. Average Household Income	\$77,551	\$71,746	\$72,604
2020 Est. Median Household Income	\$63,063	\$58,459	\$60,391
2020 Est. Per Capita Income	\$29,874	\$28,791	\$29,258



PHOTO AS OF 11/17/2020

Tenant Overview



Newport Beach, California

Headquarters

NYSE: CMG

Stock Symbol

1993

Founded

2,600+

Locations

www.chipotle.com

Website

Chipotle Mexican Grill, Inc. (NYSE: CMG) is an American chain of fast casual restaurants in the United States, United Kingdom, Canada, Germany, and France, known for its large burritos, assembly-line production, and use of natural ingredients. Founded in 1993, Chipotle is one of the first chains of fast casual dining establishments, offering more than 65,000 combinations of burritos, soft tacos, crispy tacos, chips and salsa, beer, and margaritas.

The company has also released a mission statement called Food with Integrity, which highlights its efforts in using organic ingredients and serving more naturally raised meat than any other restaurant chain. The company's revenue in Q3 of 2020 was \$1.6 billion, an increase of 14.1% compared to the third quarter of 2019.

Chipotle in the News



Chipotle Sales Surge, Thanks to Digital

Restaurant Business Online | October 21, 2020

“Despite COVID, this third quarter talks to the power of our brand and the power of our culture,” CEO Brian Niccol said during a conference call with analysts.

Digital sales remain a major bright spot for the chain, growing 202.5% year over year to \$776.4 million. Digital orders now make up 48.8% of sales, with about half of those orders for delivery and the rest for order-ahead transactions, such as in-store pickup and Chipotlane drive-thrus.

Chipotle opened 44 new units during Q3, and closed three stores, bringing its total count to 2,710 locations. Of those 44 new restaurants, 26 included a Chipotlane.

The drive-thrus are significant for the chain, generating about 10% more in sales than stores without Chipotlanes.

“We’re in the phase of proving the digital drive-thru of the future, and I’m glad we’re on the front end of it,” Niccol said.”

Chipotle’s Digital Business Fast Approaches \$2.5 Billion

QSR Magazine | October 2020

“It was big and buzzy news late last year when Chipotle eclipsed \$1 billion in digital sales—a milestone it hastily chased as consumer behavior shifted toward convenience, from expanded delivery to awareness to ‘Chipotlane’ order-ahead lanes, in-store pickup shelves, and a second make-line dedicated to off-premises execution.

Among the countless ways COVID-19 has been characterized in the past seven-plus months, a reality for many restaurants, especially quick-serves, is that it didn’t invent new trends so much as it lit a fire under previously accelerating ones. None more so than digital.

And now, less than a year later, Chipotle’s billion-dollar mark proved just a precursor. CEO Brian Niccol said Wednesday the brand’s digital sales are on pace to not just reach \$2.5 billion in 2020, but exceed the figure. For perspective, Chipotle today is pushing digital average-unit volumes of ‘well over \$1 million.’ It was just a few hundred thousand a few years ago. This means Chipotle’s second-make lines alone—with no in-store element—are generating AUVs that would have ranked 36th among America’s top-50 highest grossing fast-food brands by sales per unit in 2019, ahead of Dunkin’ at \$968,000. Also, 50th for full-service chains, more than \$200,000 clear of Waffle House.”

Location Overview



Defiance is a city in and the county seat of Defiance County, Ohio, located approximately 55 miles southwest of Toledo and 47 miles northeast of Fort Wayne, Indiana in Ohio's northwestern corner. The city's estimated population in 2019 was just under 17,000 people. Defiance has a strong economy, with several small businesses lining the thriving downtown district, neighborhood business corridors, and regional shopping centers and large retailers.

The city is home to Defiance College, a private college with approximately 800 students. The campus is located on 150 acres in a residential area of Defiance, which includes 19 buildings and access to the 200-acre Thoreau Wildlife Sanctuary.

The city of Defiance is centrally located between the markets in Cleveland, Cincinnati, Indianapolis, Columbus, Detroit, and Chicago. Global companies, such as General Motors, Johns Manville, and Parker-Hannifin, have operations in the city.

Defiance County covers 412 square miles and is comprised of twelve townships: Adams, Defiance, Delaware, Farmer, Hicksville, Highland, Mark, Milford, Noble, Richland, Tiffin, and Washington. The county offers a variety of cultural opportunities from its large, enclosed shopping and strip malls to the many quaint family-owned specialty shops. The region's rolling farm land draws in visitors from all over the country.

[exclusively listed by]

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