

the
Habit
BURGER GRILL

Pad to
**WALMART
SUPERCENTER**



ABSOLUTE NNN CORPORATE GROUND LEASE / NEW CONSTRUCTION / I-15 ADJACENT (110,000 CPD)



OFFERING MEMORANDUM
VICTORVILLE, CALIFORNIA



HANLEY INVESTMENT GROUP
REAL ESTATE ADVISORS



OFFERING MEMORANDUM

VICTORVILLE, CALIFORNIA

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OFFERING SUMMARY

THE HABIT BURGER GRILL



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LOCATION

The Habit Burger Grill (Ground Lease)
11608 Amargosa Road
Victorville, CA 92392

OFFERING SUMMARY

| | |
|--|-------------|
| Price: | \$3,999,000 |
| Current Net Operating Income (NOI): | \$150,000 |
| Current Capitalization Rate: | 3.75% |
| August 2022 Net Operating Income (NOI): | \$165,000 |
| August 2022 Capitalization Rate: | 4.13% |
| Net Rentable Area: | 3,400 |
| Year Built: | 2017 |
| Lot Size (Acres): | 0.71 |

LEASE TERMS (1)

| | |
|------------------------------|---------------------------------|
| Lease Commencement: | 7/31/2017 |
| Lease Expiration: | 7/31/2037 |
| Lease Type: | Absolute NNN Ground Lease |
| Roof & Structure: | Tenant Responsibility |
| Current Monthly Rent: | \$12,500 |
| Current Annual Rent: | \$150,000 |
| Rental Increases: | 10% Every 5 Years (August 2022) |
| Renewal Options: | Three 5-Year @ 10% Increases |

(1) All lease provisions to be independently verified by Buyer during the Due Diligence Period.



NOT A PART



INVESTMENT HIGHLIGHTS

THE HABIT BURGER GRILL



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- **Single-Tenant The Habit Burger Grill Drive-Thru:**

- Absolute NNN ground lease; zero landlord responsibilities
- 17 years remaining on initial 20-year lease
- 10% increases every 5 years
- New prototype location with drive-thru; 2017 construction
- Corporate guaranteed lease (NYSE: YUM)
- Habit Burger was acquired by Yum! Brands on March 18, 2020 for \$375 million
- Yum! Brands operates over 50,000 locations in more than 150 countries and territories; parent company of KFC, Pizza Hut, Taco Bell, and The Habit Burger Grill
- Yum! Brands digital sales reached a record \$3.5 billion in Q2 2020 amid the COVID-19 pandemic, an increase of more than \$1 billion compared to the same period last year

- **Favorable Drive-Thru Format:** Approximately 60%-70% of all business for quick-service restaurants come through the drive-thru; average store sales are approximately 50% greater in locations that have a drive-thru
- **Part of the Newly Developed Restaurant Row:** Restaurant Row is a synergistic mix of restaurants consisting of Starbucks Coffee, Nekter Juice Bar, Which Wich Superior Sandwiches, Pieology Pizza, Ono Hawaiian Barbeque, Café Rio Mexican Grill, BJ's Restaurant & Brewhouse, and Cracker Barrel
- **Excellent Accessibility and Visibility; Freeway Adjacent:** The subject property fronts Amargosa Road and the I-15 freeway (110,000 cars per day) and is adjacent to the I-15 and Bear Valley Road on/off ramps; Bear Valley Road is Victor Valley's main east/west thoroughfare that connects residents to the I-15 freeway



INVESTMENT HIGHLIGHTS

THE HABIT BURGER GRILL



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- **High Growth Victor Valley Demographics/Explosive Trade Area Growth:**

- More than 442,000 total residents
- 15,663 homes planned in the Victor Valley region
- 35% growth in new home permits in 2019
- 85% population growth in Victorville since 2006

- **Southern California-Las Vegas Rail Project Hub:** 170-mile high-speed passenger rail project from Victorville to Las Vegas estimated at \$7 billion; plans to eventually connect Victorville to Los Angeles

- **Easily Accessible to One of the Largest Master-Planned Communities in the Victor Valley:** The community of Spring Valley Lake (considered the Jewel of the Desert) is located 6.5 miles away from the subject property and is comprised of 4,215 single-family homes

- **Dominant Retail Trade Area:** Nearby national/regional tenants include Walmart Supercenter, 24 Hour Fitness, 99 Cents Only, dd's Discounts, El Super, Food 4 Less, Home Depot, HomeGoods, Kohl's, Lowe's, Michaels, Party City, Petco, PetSmart, Planet Fitness, Ross Dress for Less, Smart & Final, and T.J. Maxx



INVESTMENT HIGHLIGHTS

THE HABIT BURGER GRILL



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- **Close Proximity to Major Traffic Generators in the Trade Area:**

- **Victor Valley College** – Serves one of the largest geographical areas in the state; 11,000+ students and 40+ major courses offered
- **The Mall of Victor Valley** – The dominant regional mall in Southern California's high desert; over 6 million shoppers annually
- **Desert Valley Hospital** – Founded in 1994, the facility is a 148-bed acute care hospital and a six-time winner of the Top 100 Hospitals in the nation

- **Excellent High Desert Location:** The subject property is easily accessible to the entire Victor Valley (Adelanto, Apple Valley, Hesperia, and Victorville) that consists of over 170,000 people within a 5-mile radius

- Victorville is the leading city for both industry and retail in the High Desert region
- Victorville is the business hub of the area and draws consumers from well beyond its immediate area; it is the largest commercial center between San Bernardino and the Nevada border

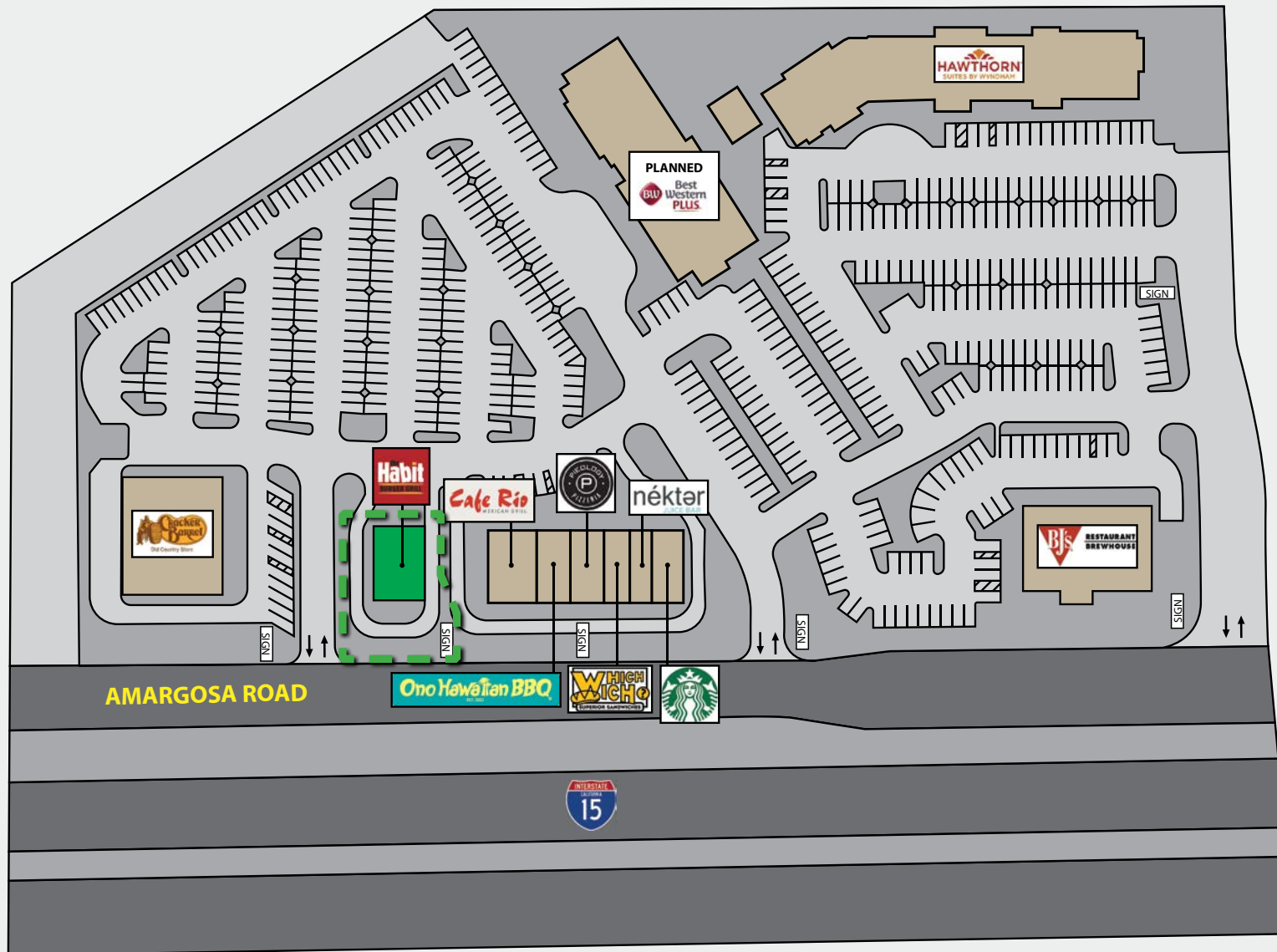


SITE PLAN / PARCEL MAP

THE HABIT BURGER GRILL



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 **SUBJECT PROPERTY**

 **NOT A PART**

 **PROPERTY PARCEL**

APN: 3072-251-40



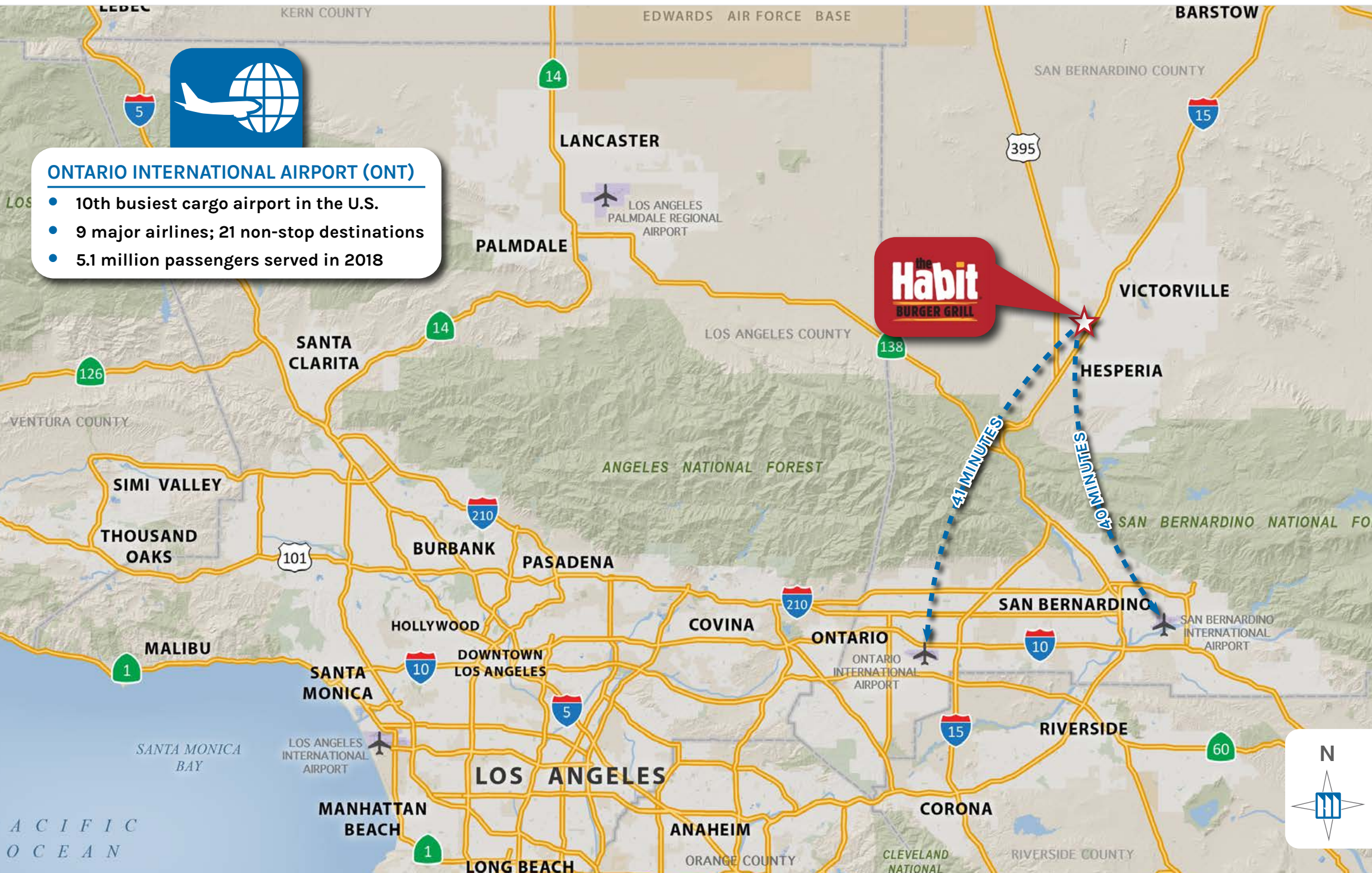
AERIAL OVERVIEW

THE HABIT BURGER GRILL



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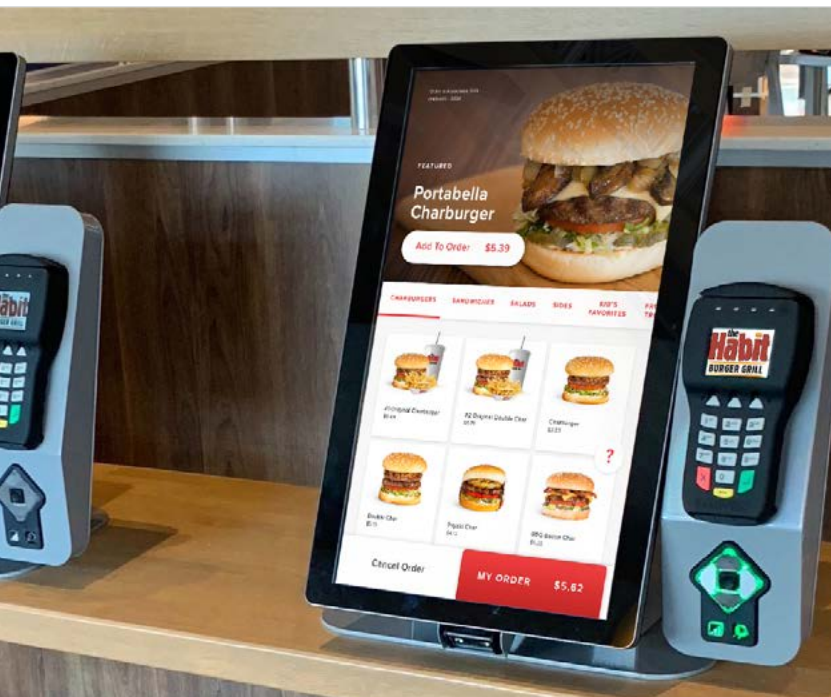
the Habit
BURGER GRILL

SURROUNDING TENANTS
— NOT A PART —



TENANT PROFILE

THE HABIT BURGER GRILL



The Habit Burger Grill is a burger-centric, fast-casual restaurant concept that specializes in preparing fresh, made-to-order chargrilled burgers and handcrafted sandwiches featuring USDA choice tri-tip steak, grilled chicken, and sushi-grade ahi tuna cooked over an open flame. The menu also features fresh made-to-order salads and a selection of sides, shakes, and malts.

The first Habit Burger opened in 1969 in Santa Barbara, California. In 1980, 2 local brothers purchased the restaurant and grew it to a 24-location chain by 2007. The Habit Burger saw total revenue reach \$463 million in 2019 driven by the opening of 21 company-operated restaurants and 6 franchised/licensed restaurants. In 2019, the company announced plans to expand internationally through a 25-store development in Cambodia. Today, there are 290 Habit Burger restaurants across 14 states and China with 70% of the restaurants located in California.

On March 18, 2020, Habit Burger was acquired by Yum! Brands for \$375 million. Headquartered in Louisville, Kentucky, Yum! Brands operates over 50,000 locations in more than 150 countries and territories. Yum! Brands, parent company of KFC, Pizza Hut, Taco Bell, and The Habit Burger Grill, is a global leader in the chicken, pizza, and Mexican-style food categories. Yum! Brands digital sales reached a record \$3.5 billion in Q2 2020, amid the COVID-19 pandemic, an increase of more than \$1 billion compared to the same period last year.

Worldwide, the Yum! Brands system opens over nine new restaurants per day on average, making it a leader in global retail development. In 2019, Yum! Brands was named to the Dow Jones Sustainability North America Index and ranked among the top 100 Best Corporate Citizens by Corporate Responsibility Magazine.

| | |
|----------------------|---|
| Company Type: | Public (NYSE: YUM) |
| Locations: | 50,000+ (290 The Habit Burger Grill Locations) |
| Website: | www.habitburger.com www.yum.com |

QSR



Yum! Brands Completes \$375M Deal for The Habit

Industry News | March 18, 2020

Yum! Brands announced Wednesday the completion of its acquisition of The Habit Restaurants, Inc., following the approval by The Habit Burger Grill stockholders. The transaction marks the addition of the first fast-casual concept to Yum! Brands' portfolio of iconic global restaurant brands.

Yum! Brands acquired all of the issued and outstanding common shares of The Habit Burger Grill for \$14 per share in cash or a total of approximately \$375 million. Yum! Brands funded the transaction using cash on hand and available borrowing capacity under its credit facilities.

The acquisition of The Habit Burger Grill adds an award-winning fast-casual concept with a loyal fan-base to Yum! Brands, the world's largest restaurant company in terms of units and parent of KFC, Pizza Hut and Taco Bell. Founded in California in 1969, The Habit Burger Grill offers a flavor-forward variety of made-to-order items uniquely chargrilled over an open flame.

QSR

[CLICK FOR ARTICLE](#)

Nation's Restaurant News



Digital Sales at Yum Brands reach all-time high at \$3.5 billion

By Nancy Luna | July 30, 2020

- Yum! Brands digital sales reached a record \$3.5 billion in Q2 2020 amid the COVID-19 pandemic, an increase of more than \$1 billion compared to the same period last year.
- Yum! Brands demonstrated that the business is incredibly resilient and nimble and that their teams around the world can move with speed to get new solutions out to meet customers' needs.
- Chains with well-oiled digital channels and drive-thru lanes performed better in the second quarter despite the catastrophic economic impacts of COVID-19.
- 95% of Yum! Brands locations are open.
- During the quarter, Taco Bell added more than 1 million new users to its digital channels and served an additional 4.8 million cars through the chain's drive-thru lanes, underscoring the strength of the brand's off-premise business.
- Drive-thru wait times were reduced by 18 seconds and they began testing curbside pickup.

News

[CLICK FOR ARTICLE](#)



Victorville, California

- Located in San Bernardino County; 40 miles north of the City of San Bernardino; 90 miles northeast of Los Angeles
- A large city spanning 74-square miles; situated in the High Desert region and named for its proximity to the Mojave Desert
- A business hub for 8 cities along I-15 known as the Victor Valley
- 122,870 population; 442,000+ in the Victor Valley

ECONOMY

- Growing population in California and increased congestion in Los Angeles are driving population growth in the Victor Valley
 - 85% population growth in the city since 2001
- Close proximity to major seaports of Los Angeles and Long Beach, spacious industrial sites, low-cost utilities, and pro-growth business incentives attract companies to the area
 - Businesses can reach 20 million people within a 3-hour drive and ship products to further markets via I-10, I-40, and I-15
- **Southern California Logistics Center** - 2,500-acre industrial park with 60 million square feet of development
 - Adjacent to Southern California Logistics Airport; provides global reach for businesses
- **Foxborough Industrial Park** - 200-acre industrial park with 2.3 million square feet of industrial space
 - Provides direct rail access to BNSF Railway Company
- Largest industries are retail trade (15.1%), healthcare and social assistance (14.6%), educational services (9.2%) and transportation and warehousing (8%)
 - High population growth and business-friendly environment drive thriving retail sector
 - Restaurant Row has 19 eateries and is the most popular dining destination in the Victor Valley
- Top employers are Southern California Logistics Airport, Victor Elementary School District, Victor Valley College, and Victor Valley Global Medical Center
- \$65,978 is the average household income, growing at approximately 4%



VICTOR VALLEY



SOUTHERN CALIFORNIA LOGISTICS CENTER



RESTAURANT ROW

85%

**POPULATION INCREASE
IN LAST 2 DECADES**

60M SF

**SOUTHERN CALIFORNIA
LOGISTICS CENTER**



**20 MILLION PEOPLE
WITHIN A 3-HOUR DRIVE**



**RETAIL TRADE IS
THE LARGEST SECTOR**



DEVELOPMENTS

- 35% growth in new home permits in 2019; 15,663 homes planned in the Victor Valley region
- **Southern California-Las Vegas Rail Project** - 170-mile high-speed passenger rail project from Las Vegas to Victorville with plans to eventually continue another 80 miles west from Victorville to Los Angeles
 - Total project cost is estimated at \$7 billion and will be privately financed
 - An affiliate of Virgin Trains will build, operate, and maintain the high-speed rail
- **Desert Ridge Transitional Care Center** - A 74,613 square-foot, 170-bed, skilled-nursing facility that is currently under construction and expected to be completed in December 2021

TRANSPORTATION

- Considered the multi-modal transportation hub of Southern California offering air, rail, and access to major freeways; an estimated 60% of all goods moving into and out of Southern California travel through the city
 - Major area distributors include M&M Mars, Dr. Pepper Snapple Group, Plastikpak, Goodyear, and others
- **Southern California Logistics Airport (SCLA)** - 2,500-acre aerospace services hub offering non-scheduled passenger charter, aircraft storage, aircraft parts warehousing, jet engine testing, flight testing, pilot training, and aircraft maintenance
 - Clients include Federal Express, Boeing, G.E., and Pratt & Whitney
 - U.S. Customs port of entry and a foreign trade zone
- Rail lines are provided by Union Pacific and BNSF
- 3 major transportation routes are I-15, U.S.-395, and SR-18; other nearby interstates include I-10, I-40, and I-215
- Both the Ports of Los Angeles and Long Beach are located less than 100 miles from the city
- Victor Valley Transit provides bus service to Victorville, Adelanto, Apple Valley, and Hesperia

EDUCATION

- **Victor Valley College** - 11,000 students and 40 major courses of study; serves one of the largest geographical areas in the state
- 23 elementary schools, 4 middle schools, and 9 high schools provide education for local students



HIGH-SPEED RAIL PROJECT



SOUTHERN CALIFORNIA LOGISTICS AIRPORT



VICTOR VALLEY COLLEGE

35%

**GROWTH IN 2019
NEW HOME PERMITS**



**\$7B HIGH-SPEED
RAIL TO LAS VEGAS**



**MULTI-MODAL
TRANSPORTATION HUB**



**60% OF GOODS TRAVEL
THROUGH THE CITY**



| | <u>1-Mile</u> | <u>3-Mile</u> | <u>5-Mile</u> |
|---|-----------------|-----------------|-----------------|
| Population | | | |
| 2024 Projection | 5,027 | 74,332 | 174,181 |
| 2019 Estimate | 4,960 | 73,214 | 170,104 |
| 2010 Census | 4,720 | 69,815 | 160,693 |
| 2000 Census | 3,974 | 45,551 | 93,430 |
| Growth 2000-2010 | 18.77% | 53.27% | 71.99% |
| Growth 2010-2019 | 5.08% | 4.87% | 5.86% |
| Growth 2019-2024 | 1.35% | 1.53% | 2.40% |
| Households | | | |
| 2024 Projection | 1,535 | 21,312 | 51,034 |
| 2019 Estimate | 1,510 | 20,966 | 49,847 |
| 2010 Census | 1,424 | 19,815 | 46,600 |
| 2000 Census | 1,232 | 13,958 | 30,257 |
| Growth 2000-2010 | 15.58% | 41.96% | 54.01% |
| Growth 2010-2019 | 6.04% | 5.81% | 6.97% |
| Growth 2019-2024 | 1.66% | 1.65% | 2.38% |
| 2019 Est. Population by Single-Classification Race | | | |
| White Alone | 2,599 | 35,487 | 81,701 |
| Black or African American Alone | 498 | 7,907 | 20,838 |
| American Indian and Alaska Native Alone | 66 | 908 | 2,075 |
| Asian Alone | 146 | 2,987 | 6,838 |
| Native Hawaiian and Other Pacific Islander Alone | 19 | 264 | 697 |
| Some Other Race Alone | 1,330 | 20,727 | 46,166 |
| Two or More Races | 286 | 4,706 | 11,136 |
| 2019 Est. Population by Ethnicity (Hispanic or Latino) | | | |
| Hispanic or Latino | 2,822 | 42,054 | 95,538 |
| Not Hispanic or Latino | 2,138 | 31,160 | 74,566 |
| 2019 Est. Average Household Income | \$78,564 | \$70,762 | \$66,489 |

CONFIDENTIALITY AGREEMENT

THE HABIT BURGER GRILL



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The information contained herein does not purport to provide a complete or fully accurate summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information which prospective buyers may need or desire. All financial projections are based on assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and Broker and, therefore, are subject to material variation. This Marketing Package does not constitute an indication that there has been no change in the business or affairs of the Property or the Owner since the date of preparation of the information herein. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective buyers.

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Owner and Broker expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers to purchase the Property and/or terminate discussions with any entity at any time with or without notice. Owner has no legal commitment or obligations to any entity reviewing this Marketing Package or making an offer to purchase the Property unless and until such sale of the Property is approved by Owner in its sole discretion, a written agreement for purchase of the Property has been fully delivered, and approved by Owner, its legal counsel and any conditions to the Owner's obligations thereunder have been satisfied or waived.

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\$7.6 BILLION
retail sales nationwide



SHARED DATABASE
collaborative proprietary database



GLOBEST. INFLUENCERS
in retail & net lease sales



COSTAR POWER BROKER
top sales brokers & firm in OC



NATIONWIDE REACH
retail & investors across the U.S.