

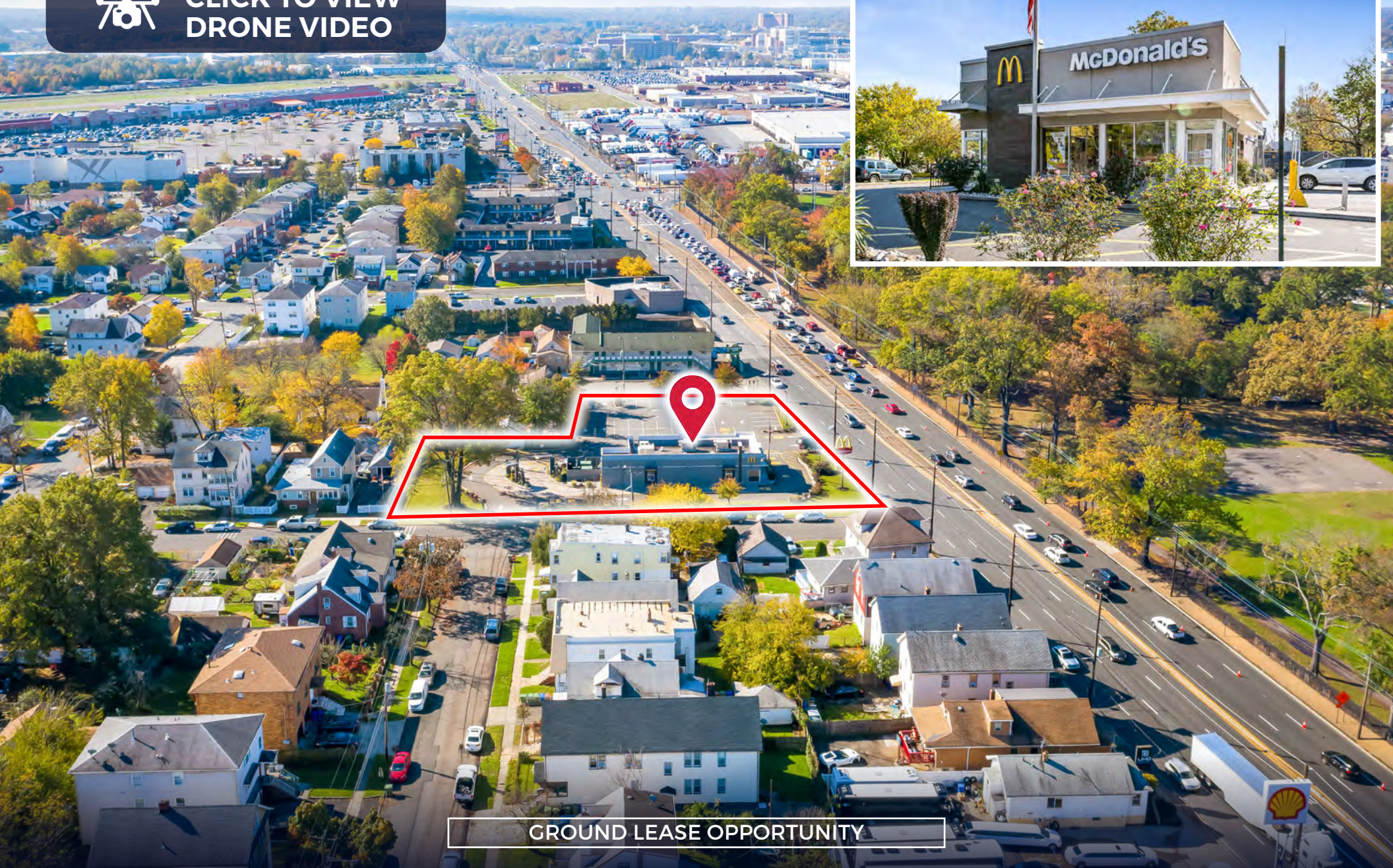
HORVATH & TREMBLAY



LINDEN | NJ



CLICK TO VIEW
DRONE VIDEO



GROUND LEASE OPPORTUNITY

LEAD AGENTS**ROBERT DIFRANCO**

Associate

Direct: (201) 777-5002

rdifranco@htretail.com

**BOB HORVATH**

Executive Vice President

Direct: (781) 776-4003

rhorvath@htretail.com

LLD ENTERPRISES, LLC
NJ BROKER OF RECORD
LICENSE: 9132520

DISCLAIMER

Horvath & Tremblay has been engaged by the owner of the property to market it for sale. Information concerning the property described herein has been obtained from sources other than Horvath & Tremblay and we make no representations or warranties, express or implied, as to the accuracy or completeness of such information. Any and all references to age, square footage, income, expenses and any other property specific information are approximate. Any opinions, assumptions, or estimates contained herein are projections only and used for illustrative purposes and may be based on assumptions or due diligence criteria different from that used by a buyer. Buyers should conduct their own independent investigation and rely on those results. The information contained herein is subject to change.



INVESTMENT HIGHLIGHTS

Horvath & Tremblay is pleased to present the exclusive opportunity to acquire a recently renovated McDonald's ground lease located at 107 West Edgar Road in Linden, New Jersey (the "Property"). McDonald's signed a new 20-year lease for the property that commenced in 2016. The absolute NNN ground lease has 15+ years of term remaining plus four (4), 5-year renewal options. The lease calls for 8% rent increases every five years throughout the base term and 10% rent increases in the renewal options.

McDonald's is situated on a corner lot along West Edgar Road (US Route 1 & US Route 9) the area's primary retail and commercial thoroughfare. The Property is approximately 2.5-miles from the junction of Interstate 95 (New Jersey Turnpike) & Interstate 278 (Staten Island Expressway), and is ¾-mile from Linden Station with service to Manhattan (Penn Station) on the North Jersey Coast Line and the Northeast Corridor Line.

- **LONG-TERM GROUND LEASE:** The Absolute NNN Ground Lease has over 15 years of term remaining plus four (4), 5-year renewal options.
- **ATTRACTIVE RENT INCREASES:** The Ground Lease calls for an 8% rent increase every 5 years throughout the base term. Rent adjusts to 8% of the Fair Market Value of the property at the start of the 1st option period with 10% rent increases at the start of the 2nd, 3rd and 4th option periods, providing the investor with an attractive increase in revenue and hedge against inflation.
- **BEST-IN CLASS CREDIT TENANT:** McDonald's (NYSE: MCD) stands as one of the highest rated QSR tenants in the net lease market and boasts a high investment-grade long-term credit rating of BBB+ (S&P) and Baa2 (Moody's).
- **RECENTLY RENOVATED:** McDonald's recently renovated the property to reflect their new modern design. The building received a new façade, interior renovation and updated landscaping and parking.
- **PRIME RETAIL LOCATION:** McDonald's enjoys outstanding visibility and frontage along West Edgar Road (US Routes 1 & 9), with entry and egress along three different streets (West Edgar Road, Eddy Avenue, and Winans Avenue). The Property is located less than ¾-miles from the Linden Train Station and is approximately 2.5-miles from the Interchange of Interstate 95 (New Jersey Turnpike) and Interstate 278 (Staten Island Expressway).
- **HIGH TRAFFIC COUNTS:** Over 61,100 vehicles pass the Property every day on West Edgar Road (US Route 1 & 9).
- **STRONG DEMOGRAPHICS:** An impressive 459,800 people live within a 5-mile radius of the Property with an average household income of \$100,300. Additionally, there are more than 161,000 employees within 5-miles of the property.
- **RETAIL TRADE AREA:** Notable tenants drawing consumers to the trade area includes Walmart, Target, Shop Rite, Marshalls, Home Depot, ALDI, Buffalo Wild Wings, Walmart, Market Basket, Lowe's, Staples, BJ's Wholesale, Kohl's, Starbucks, Applebee's, Harbor Freight Tools, Wendy's, Burger King, and 7-Eleven.



- **ADDITIONAL TRAFFIC DRIVERS:** The east side of Linden is located along the Arthur Kill, a navigable strait which plays an important role in bulk cargo transportation in the Port of New York and New Jersey. Together with Elizabeth, Linden is home to the Bayway Refinery, a Phillips 66 refining facility that helps supply petroleum-based products to the New York/New Jersey area, producing approximately 230,000 barrels per day, making it the second-largest on the East Coast and one of the country's 25 largest facilities.
- **ZERO MANAGEMENT RESPONSIBILITIES:** The Ground Lease structure requires no landlord management, maintenance, or repair responsibilities, making it an attractive investment for the passive real estate investor.

PROPERTY OVERVIEW



\$3,283,000
LIST PRICE



3.65%
CAP RATE



\$119,880
NET OPERATING INCOME

107 WEST EDGAR ROAD | LINDEN, NJ

OWNERSHIP:	Ground Lease
BUILDING AREA:	3,410 SF
YEAR BUILT:	1997
LAND AREA:	0.89 Acres
GUARANTOR:	Corporate
ROOF & STRUCTURE:	Tenant Responsibility
RENT COMMENCEMENT DATE:	06/20/2016
LEASE EXPIRATION DATE:	06/19/2036
LEASE TERM REMAINING:	15+ Years
RENEWAL OPTIONS:	4, 5-Year Options

NOTE:
Rent for the 1st Option shall be 8% of the Fair Market Value of the Property (building and land).

ANNUALIZED OPERATING DATA					
YEAR	START	END	TERM	RENT	% INC
1 - 5	06/20/2016	06/19/2021	CURRENT	\$111,000.00	
6 - 10	06/20/2021	06/19/2026		\$119,880.00	8.0%
11 - 15	06/20/2026	06/19/2031		\$129,470.04	8.0%
16 - 20	06/20/2031	06/19/2036		\$139,827.96	8.0%
21 - 25	06/20/2036	06/19/2041	OPTION 1	8% OF FMV OF PROPERTY	TBD
26 - 30	06/20/2041	06/19/2046	OPTION 2	10% INCREASE	10.0%
31 - 35	06/20/2046	06/19/2051	OPTION 3	10% INCREASE	10.0%
36 - 40	06/20/2051	06/19/2056	OPTION 4	10% INCREASE	10.0%

TENANT OVERVIEW



LOCATIONS:	38,695 (2019)
HEADQUARTERS:	San Bernardino, CA
YEAR FOUNDED:	1940
OWNERSHIP:	Public (NYSE: MCD)
REVENUE (2019):	\$21.076 Billion
OPERATING INCOME (2019):	\$9.070 Billion
NET INCOME (2019):	\$6.025 Billion
MARKET CAP (10/5/2020):	\$158.17 Billion



ABOUT THE TENANT

McDonald's Corporation is an American fast food company, founded in 1940 as a restaurant operated by Richard and Maurice McDonald, in San Bernardino, California, United States. They rechristened their business as a hamburger stand, and later turned the company into a franchise, with the Golden Arches logo being introduced in 1953 at a location in Phoenix, Arizona. In 1955, Ray Kroc, a businessman, joined the company as a franchise agent and proceeded to purchase the chain from the McDonald brothers. McDonald's had its original headquarters in Oak Brook, Illinois, but moved its global headquarters to Chicago in June 2018.

McDonald's is the world's largest restaurant chain by revenue, serving over 69 million customers daily in over 100 countries. Although McDonald's is best known for its hamburgers, cheeseburgers and french fries, they feature chicken products, breakfast items, soft drinks, milkshakes, wraps, and desserts. In response to changing consumer tastes and a negative backlash because of the unhealthiness of their food, the company has added to its menu salads, fish, smoothies, and fruit. The McDonald's Corporation revenues come from the rent, royalties, and fees paid by the franchisees, as well as sales in company-operated restaurants. According to two reports published in 2018, McDonald's is the world's second-largest private employer with 1.7 million employees (behind Walmart with 2.3 million employees).

FACTS & FIGURES

McDonald's restaurants are found in 120 countries and territories around the world and serve 68 million customers each day. McDonald's operates 37,855 restaurants worldwide, employing more than 210,000 people as of the end of 2018. There are a total of 2,770 company-owned locations and 35,085 franchised locations, which includes 21,685 locations franchised to conventional franchisees, 7,225 locations licensed to developmental licensees, and 6,175 locations licensed to foreign affiliates.

Notably, McDonald's has increased shareholder dividends for 25 consecutive years, making it one of the S&P 500 Dividend Aristocrats. The company is ranked 131st on the Fortune 500 of the largest United States corporations by revenue.

In the United States, it is reported that drive-throughs account for 70 percent of sales. McDonald's closed down 184 restaurants in the United States in 2015, which was 59 more than what they planned to open. This move was the first time McDonald's had a net decrease in the number of locations in the United States since 1970.

The McDonald's on-demand delivery concept, which began in 2017 with a partnership with Uber Eats and added DoorDash in 2019, accounts for up to 3% of all business as of 2019.

The \$100 billion in sales generated by McDonald's company-owned and franchise restaurants in 2019 accounts for almost 4% of the estimated \$2.5 trillion global restaurant industry.





LOCATION OVERVIEW

Linden is a city in southeastern Union County, New Jersey, United States. It is part of the New York Metropolitan Area, located about 13 miles southwest of Manhattan and bordering Staten Island, a borough of New York City, across the Arthur Kill. As of the 2010 United States Census, the city's population was 40,499, reflecting an increase of 1,105 (+2.8%) from the 39,394 counted in the 2000 Census, which had in turn increased by 2,693 (+7.3%) from the 36,701 counted in the 1990 Census. The east side of Linden is located along the Arthur Kill, a navigable strait which plays an important role in bulk cargo transportation in the Port of New York and New Jersey.

Together with Elizabeth, Linden is home to the Bayway Refinery, a Phillips 66 refining facility that helps supply petroleum-based products to the New York/New Jersey area, producing approximately 230,000 barrels per day, making it the second-largest on the East Coast of the United States and one of the country's 25 largest facilities. Linden, together with Rahway, is home to Merck & Co., one of the world's leading pharmaceutical companies. In 2003, the pharmaceutical company celebrated 100 years in Rahway and Linden.

As of May 2010, the city had a total of 109.72 miles of roadways, of which 87.01 miles were maintained by the municipality, 13.53 miles by Union County, 6.19 miles by the New Jersey Department of Transportation and 2.99 miles by the New Jersey Turnpike Authority.

The New Jersey Turnpike (Interstate 95) passes through the eastern portion of the city, with a few ramps that lead to the nearest exit (Exit 13 for I-278) which is right on the city limits with nearby Elizabeth. The city is also the western terminus of Interstate 278, which travels through all five boroughs of New York City. Linden is also served by U.S. Route 1/9 and Route 27. The Garden State Parkway passes about 500 feet west of the city limits. Local public transportation is provided by NJ Transit with bus service to Elizabeth, Perth Amboy and Newark. New Jersey Transit routes 112 and 115 provide local service and interstate service to the Port Authority Bus Terminal in Midtown Manhattan, on the 48 to Elizabeth and 94 routes to Newark, and local service on the 56 and 57 routes.

The Linden train station offers service on NJ Transit's North Jersey Coast Line and the Northeast Corridor Line, northbound to Newark Penn Station, Secaucus Junction and New York Penn Station, and southbound towards the Trenton Transit Center, with connections available at those locations.

	3 MILES	5 MILES	10 MILES
POPULATION			
2020 Estimate	161,393	459,809	1,841,592
2025 Projection	165,281	469,482	1,875,479
2010 Census	153,387	441,456	1,787,753
BUSINESS			
2020 Est. Total Business	5,451	15,186	63,231
2020 Est. Total Employees	58,084	161,119	697,269
HOUSEHOLDS			
2020 Estimate	57,882	162,744	667,168
2025 Projection	58,648	165,164	676,763
2010 Census	54,510	154,295	629,259
INCOME			
Average Household Income	\$88,238	\$100,306	\$108,218
Median Household Income	\$69,911	\$78,452	\$81,319



459,500+
PEOPLE WITHIN 5 MILES



61,000+
VEHICLES PER DAY
WEST EDGAR ROAD



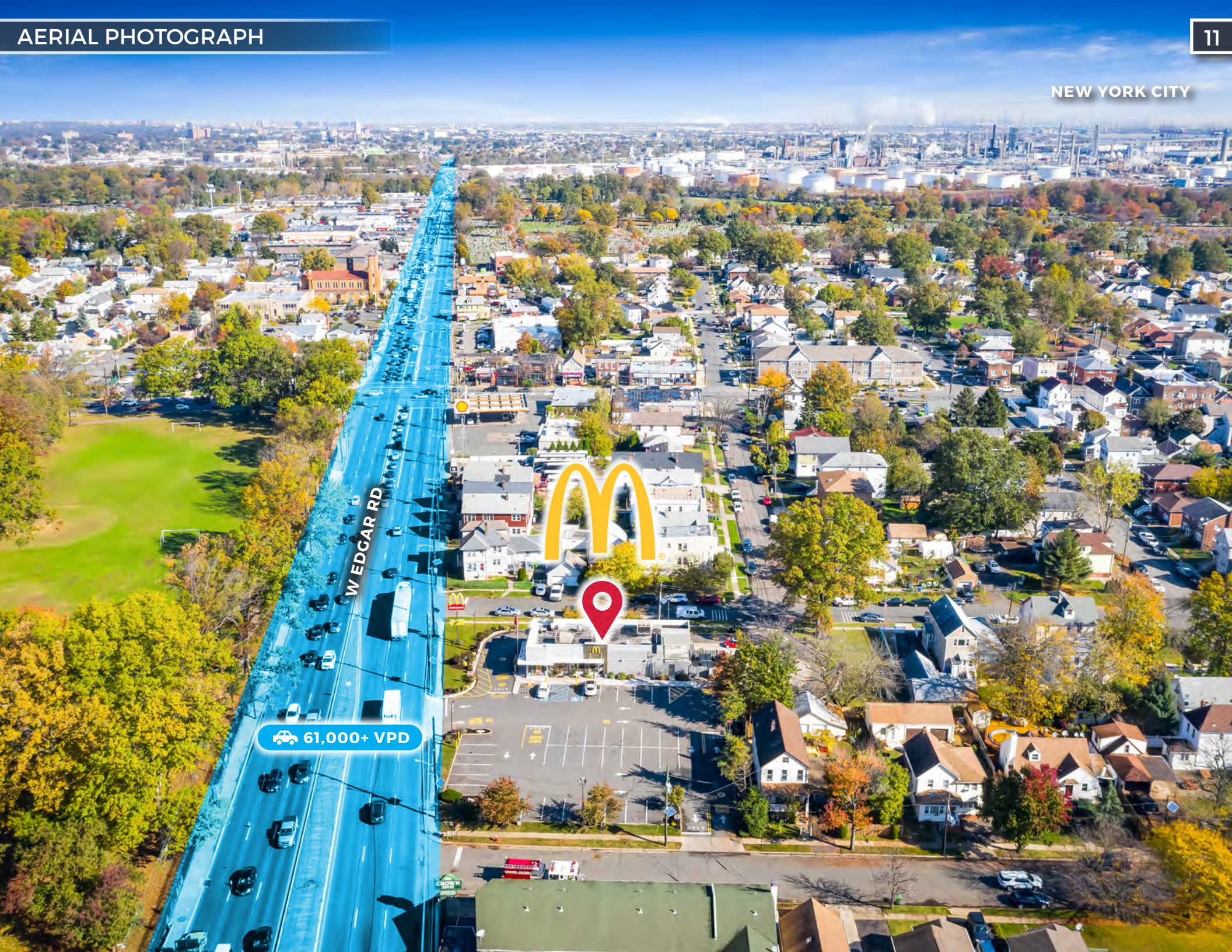
\$100,000+
AVERAGE HOUSEHOLD INCOME











W EDGAR RD

61,000+ VPD



W EDGAR RD

EDDY AVE

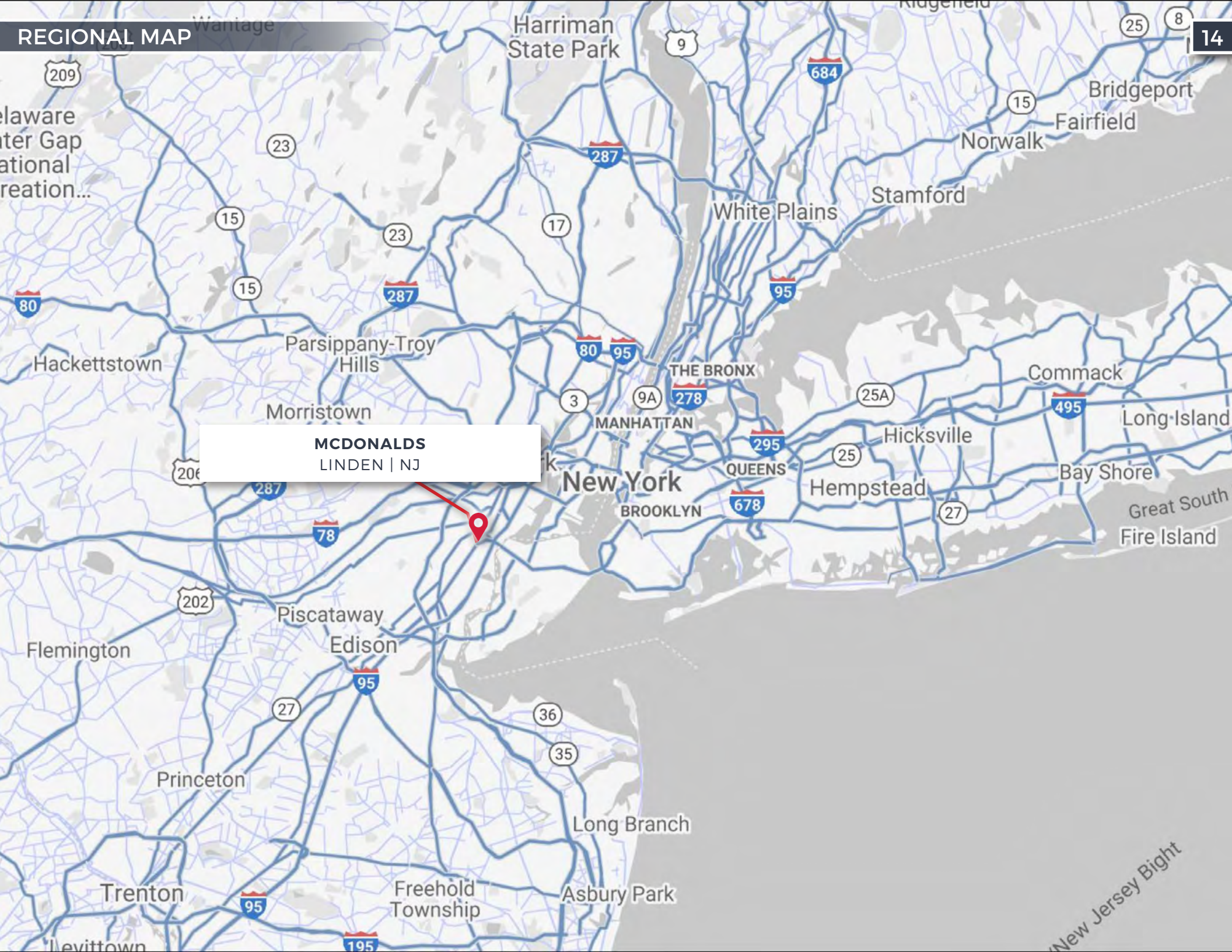
DRIVE THRU

WINANS AVE

W 10TH ST



REGIONAL MAP



MCDONALDS
LINDEN | NJ

