

**\$2,644,803**  
**5.65% CAP RATE**

» **HIGH-TRAFFIC LOCATION**

- » Shadow Anchored by 24/7 Walmart
- » Surrounded by 512-Unit Apartment Community
- » 5-Mile Population: 123,699
- » Recent Remodel - Double Drive Thru

» **SECURE NET-LEASED INVESTMENT**

- » Healthy Rent-to-Sales Ratio
- » 1% Rent Increases Annually
- » Zero Landlord Responsibilities

» **REPUTABLE TENANT**

- » Significant Plans for Expansion
- » Fast Growing Franchisee Group
- » Combined 50+ Years of QSR Experience

REPRESENTATIVE  
PHOTO

31 44th St, S.W.,  
Grandville, MI 49418

# OFFERING MEMORANDUM



| 20 Year Lease Term  
| Absolute NNN Lease  
| Recently Remodeled



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# WHY INVEST?

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## LOCATION

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- ✓ Shadow Anchored by a 24/7 Walmart SuperCenter
- ✓ Less than 10 miles South of Downtown Grand Rapids, Michigan
- ✓ Grand Rapids MSA (1,000,000+ Inhabitants)
- ✓ Close Proximity to Major National Tenants, including: Lowe's, PetSmart, Dollar Tree, OfficeMax, Hobby Lobby, Party City, Discount Tire, Verizon, Gamestop, and More
- ✓ Positioned on Hard Corner of Busy Signalized Intersection with Double Drive-Thru Entrances
- ✓ Surrounded by 512-Unit Apartment Community



## LEASE

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- ✓ Brand New 20-Year Triple Net (NNN) Lease with Zero Landlord Responsibilities
- ✓ Attractive Rental Increases | 1% Annually Including Option Periods
- ✓ Four (4) Tenant Renewal Periods of Five (5) Years Each Bring the Potential Lease Term to Forty Years
- ✓ Successful Store with Strong Operating History and Healthy Rent-to-Sales Ratio
- ✓ Ideal for Out-of-State Investors - Tenant is Responsible for All Maintenance, Taxes, Insurance, Roof, and Structure



## TENANT

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- ✓ One of Burger King's Fastest Growing Franchisee Groups Operating in Michigan
- ✓ Factorial Restaurant Holdings, LLC ("Factorial") Currently Operates 26 Burger King Restaurants
- ✓ Significant Plans for Expansion Through a Robust M&A and Development Pipeline
- ✓ Trophy Brand | World's 2nd Largest Fast Food Hamburger Restaurant
- ✓ Factorial is led by industry veterans and advisors who have 50 plus years of combined restaurant and operations experience



five BELOW

Foot Locker

verizon

SALLY BEAUTY

HOBBY LOBBY  
Party City

WORLD MARKET

DISCOUNT TIRE

Office DEPOT  
OfficeMax  
DOLLAR TREE  
LOWE'S  
PETSMART  
U-HAUL

Cracker Barrel  
Old Country Store

Steak 'n Shake  
FAMOUS FOR STEAKBURGERS  
Mobil

Sunnyslope Floral Shop

Walmart  
Supercenter

Panera  
BREAD

INTEGRITY  
auto wash & QUICK LUBE

BURGER KING

+19,500 VPD



# EXECUTIVE SUMMARY



LIST PRICE

\$2,644,803



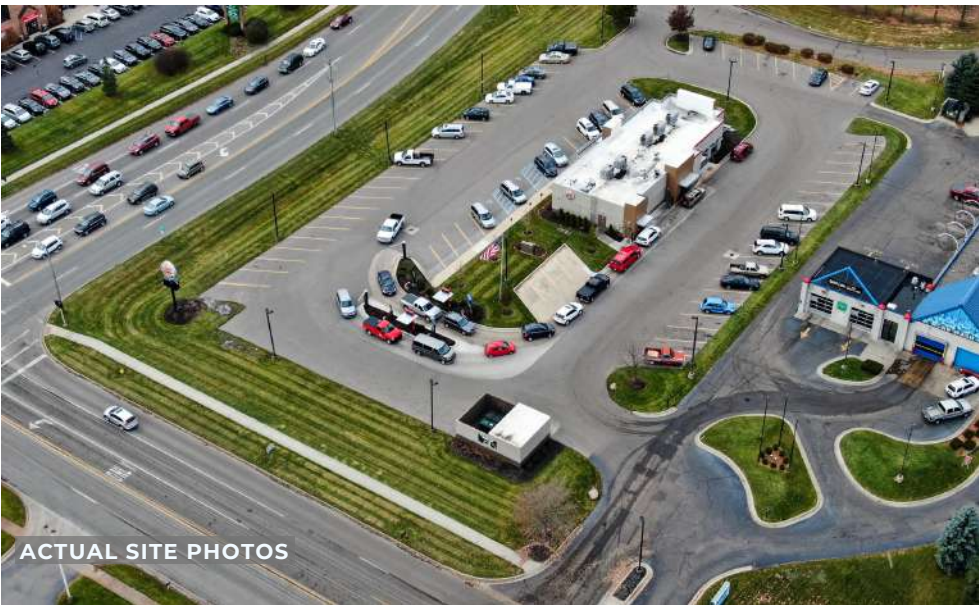
CAP RATE

5.65%



LEASE TERM

20 YEARS



ACTUAL SITE PHOTOS

## The Offering

|                  |  |
|------------------|--|
| PROPERTY ADDRESS | 31 44th St SW, Grandville, MI 49418              |
| ASSET CLASS      | Absolute Net-Leased Fast Food Restaurant         |
| CONCEPT          | Burger King                                      |
| GUARANTOR        | Factorial Restaurant Holdings, LLC ("Factorial") |

## Site Description

|               |                  |
|---------------|------------------|
| PARCEL        | 70-14-24-400-040 |
| BUILDING SIZE | 3,966 SF         |
| LOT SIZE      | 2.15 Acres       |

## Investment Overview

|                             |                                 |
|-----------------------------|---------------------------------|
| PURCHASE PRICE              | \$2,644,803                     |
| NET OPERATING INCOME        | \$149,431.39                    |
| CAP RATE                    | 5.65%                           |
| AVERAGE CAP RATE OVER 20YRS | 6.22%                           |
| COMMENCEMENT                | 10/23/2020                      |
| LEASE TERM                  | 20 Years                        |
| LEASE TYPE                  | Absolute Net                    |
| RENT INCREASES              | 1% Annually                     |
| RENEWAL OPTIONS             | Four (4), Five (5) Year Options |

## HIGHLIGHTS

|             |                      |
|-------------|----------------------|
| PRICE       | \$2,644,803          |
| NOI         | \$149,431.39         |
| CAP RATE    | 5.65%                |
| REMODELED   | July 2017            |
| LEASE TERM  | 20 Years             |
| ESCALATIONS | 1% Annually          |
| RENEWALS    | (4) (5) Year Options |
| LEASE TYPE  | Absolute Net         |

## FEATURES

- Brand New 20 Year Absolute NNN Lease w/ 1% Annual Increases including option periods
- Recent Remodel Includes Double Drive-Thru
- Healthy Rent-to-Sales Ratio
- Grand Rapids MSA (1,038,583 Inhabitants)
- Easy Access and Excellent Visibility to Strong Traffic Counts in Core Retail Market
- Shadow Anchored by 24/7 Walmart Supercenter, Lowe's, PetSmart, Dollar Tree, Mobil, Office Max and Many More

# BURGER KING

Absolute NNN Investment Opportunity

## WELL-MAINTAINED NET LEASED INVESTMENT

Marcus & Millichap is pleased to exclusively offer a freestanding Burger King situated directly on the **signalized intersection** of 44th Street and Kenowa Ave in Grandville, MI which experiences a traffic volume of nearly 20,000 vehicles per day. Grandville is a component of the Grand Rapids MSA (**Population: 1,038,583**) and is less than 10 miles south of Downtown Grand Rapids. This Burger King is offered with a secure, **Brand-New 20 Year Absolute NNN Lease** featuring 1% annual rent increases, hedging against inflation.

## DENSE RETAIL CORRIDOR

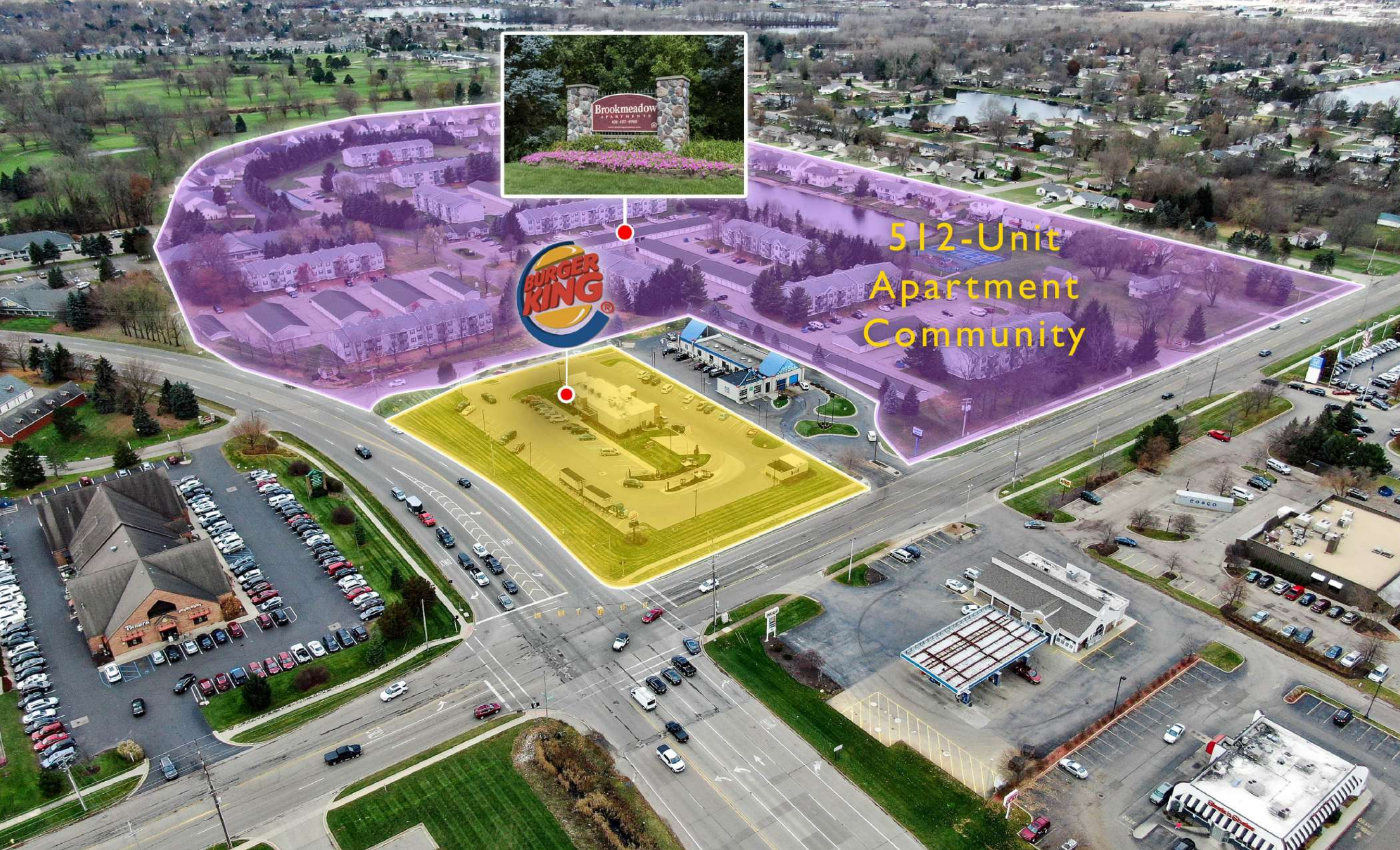
Burger King is surrounded by the **512-Unit Brookmeadow Apartment Community** and is strategically positioned in a dense retail trade corridor shadow anchored by many national credit tenants including: 24/7 Walmart Supercenter, Lowe's, Mobil, Honda, PetSmart, Dollar Tree, OfficeMax, Hobby Lobby, Party City, Discount Tire, Verizon, Gamestop, as well as many local retailers. The estimated 3-mile population (49,760) surrounding the subject property is **projected to continue growing** for the coming years.







512-Unit  
Apartment  
Community







**±52,785 VPD**





# FACTORIAL RESTAURANTS

Securing the success of your investment...

This Absolute Triple Net (NNN) investment is guaranteed by Factorial Restaurant Groups, LLC ("Factorial"). Factorial is one of Burger King's fastest growing franchisee groups operating in Michigan. Factorial is led by industry veterans and advisors who have 50 plus years of combined restaurant and operations experience, having most recently led the buy-out, growth and exit of Irish Beef, LLC, an Arby's franchisee located in the Southwest. Factorial represents "the next generation" of Burger King franchisees currently operating twenty-six (26) Burger King restaurants with significant plans for expansion through a robust M&A and development pipeline. They are laser focused on becoming the top Burger King franchisee in Michigan and anticipate operating a total of thirty-six (36) restaurants in the next five (5) years. The Factorial team is bolstered with the involvement of Fred Beilstein III of The Beilstein Group, LLC, a long-time restaurant industry CEO and ex-CFO of AFC Enterprises (predecessor to Popeyes) with experience as a franchisor and franchisee as well as within the Burger King system.

## BURGER KING CORPORATE ENDORSEMENT

Factorial being approved by Burger King Corporation ("BKC") is a sign of credit strength in its own right. BKC is known as one of the most demanding franchisors when it comes to its stringent financial requirements. Just this year, BKC has further bolstered their standards for new franchisees.



**26+  
UNIT OPERATOR**



**AMBITIOUS 5YR  
EXPANSION PLAN**



**50+ YEARS OF  
QSR EXPERIENCE**



**HEADQUARTERS:  
CHICAGO, IL**







TICKER

NYSE: QSR



LOCATIONS

18,838



2019 REVENUE

\$1.78B

# ANNUALIZED RENT

| RENT YEAR | MONTHLY RENT | ANNUAL RENT | CAP RATE |
|-----------|--------------|-------------|----------|
| Year 1    | \$12,452.62  | \$149,431   | 5.65%    |
| Year 2    | \$12,577.14  | \$150,926   | 5.71%    |
| Year 3    | \$12,702.91  | \$152,435   | 5.76%    |
| Year 4    | \$12,829.94  | \$153,959   | 5.82%    |
| Year 5    | \$12,958.24  | \$155,499   | 5.88%    |
| Year 6    | \$13,087.82  | \$157,054   | 5.94%    |
| Year 7    | \$13,218.70  | \$158,624   | 6.00%    |
| Year 8    | \$13,350.89  | \$160,211   | 6.06%    |
| Year 9    | \$13,484.40  | \$161,813   | 6.12%    |
| Year 10   | \$13,619.24  | \$163,431   | 6.18%    |
| Year 11   | \$13,755.43  | \$165,065   | 6.24%    |
| Year 12   | \$13,892.99  | \$166,716   | 6.30%    |
| Year 13   | \$14,031.92  | \$168,383   | 6.37%    |
| Year 14   | \$14,172.24  | \$170,067   | 6.43%    |
| Year 15   | \$14,313.96  | \$171,768   | 6.49%    |
| Year 16   | \$14,457.10  | \$173,485   | 6.56%    |
| Year 17   | \$14,601.67  | \$175,220   | 6.63%    |
| Year 18   | \$14,747.69  | \$176,972   | 6.69%    |
| Year 19   | \$14,895.16  | \$178,742   | 6.76%    |
| Year 20   | \$15,044.12  | \$180,529   | 6.83%    |



**"HAVE IT YOUR WAY"**

Founded in 1954, Burger King ("BK") is the world's second largest fast food hamburger restaurant chain as measured by total number of restaurants. **As of December 31, 2019, BK owned or franchised a total of 18,838 BK restaurants in more than 100 countries and U.S. territories.** In 2010, 3G Capital, a global multi-million dollar investment firm focused on long term value creation, purchased Burger King Corporation, making it a privately-held company. **In December 2014, 3G Capital completed the combination of Burger King and Tim Hortons, forming Restaurant Brands International ("RBI") and going public on the New York and Toronto Stock Exchanges.** RBI expanded in 2017 with the purchase of US fast food chain Popeyes Louisiana Kitchen.





# GEOGRAPHIC OVERVIEW

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Grand Castle Apartments  
Grandville, MI



Downtown  
Grand Rapids, MI



## Grandville, Michigan

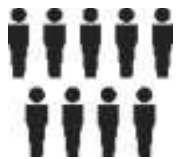
Grandville is one of the oldest suburbs of Grand Rapids, the second-largest city in Michigan and **the largest city in West Michigan** with a population of nearly 200,000. In the 1990s, the city was being eyed for larger development. In 1990, developers had begun eyeing a development of a new mall near the intersection of 44th Street and Ivanrest. In 1999, construction of Rivertown Crossings Mall, a mall with 1.25 million in storefronts, was finally completed. **Into the 2000s, Grandville experienced continued growth.** Following the recession into the 2010s, more development occurred in the city with a Cabela's and Target anchoring a development on the former X-Rite property in 2013. **In 2016, a new apartment development called the Grand Castle that incorporated over 1 million square feet and 400 apartments into its design was constructed.**

## Grand Rapids Metropolitan Area

Although much of Michigan is seeing population growth, the fastest growth is anchored in the townships just beyond the urban cores of Grand Rapids. The Grand Rapids metropolitan area is part of the Great Lakes Megalopolis containing an estimated 54 million people. **The total population of the Grand Rapids MSA metro increased from 989,524 in 2010 to 1,028,962 in 2015, a change of 49,059 (5%).** Among all 917 metro areas in the United States, this metro was ranked number 52 in 2010 and 52 in 2015, based on total population. This metro is projected to have a total population in 2020 of 1,066,641. The projected population change from 2010 to 2020 is 77,436 (7.8%). The population aged 65 years and over is projected to increase from 119,265 (2010) to 178,606 (2020), **an increase of 59,341 (49.8%).** The GDP (millions of current dollars) increased from \$39,484 in 2009 to \$51,921 in 2014 **a change of \$12,437 (31.5%).**



# MARKET OVERVIEW



## POPULATION

As of 2020, the population within a 3-mile radius of the subject property is estimated to be 50,721. The population has increased by 14.02% since 2000. It is estimated that the population will be 52,202 five years from now, which represents an increase of 2.92% from the current year. The median age of the population is 36, compare this to the US average which is 38. The population density is 1,756 people per square mile.



## HOUSEHOLDS

There are currently 19,751 households within a 3-mile radius of the subject property. The number of households has changed by 17.29% since 2000. It is estimated that the number of households in this area will be 20,697 five years from now, which represents an increase of almost 5% from the current year. The average household size is 2.51 persons.



## INCOME

In 2018, the median household income within a 3-mile radius of the subject property is \$63,736, compared to the US average which is currently \$58,754. The median household income has increased by 25% since 2000. It is estimated that the median household income will be \$74,151 five years from now, which represents an increase of 16.34% from the current year.



## RACE AND ETHNICITY

The current year racial makeup within a 3-mile radius of the subject property is as follows: 91.11% White, 2.27% Black, 0.03% Native American and 2.28% Asian/Pacific Islander. Compared to the US average which is: 70.20% White, 12.89% Black, 0.19% Native American and 5.59% Asian/Pacific Islander.



## HOUSING

The median housing value within a 3-mile radius of the subject property was \$177,792 in 2018, compare this to the US average of \$201,842. In 2000, there were 12,258 owner occupied housing units and there were 4,582 renter occupied housing units in this area. The median rent in 2018 was \$560.



## EMPLOYMENT

In 2018, there were 23,278 employees within a 3-mile radius of the subject property, this is also known as the daytime population. The 2000 Census revealed that 62.15% of employees are employed in white-collar occupations in this geography, and 38% are employed in blue-collar occupations. In 2000, the average time traveled to work was 21 minutes.





## OFFERING MEMORANDUM

31 44TH ST SW,  
GRANDVILLE, MI 49418

ACTUAL SITE





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