



OFFERING MEMORANDUM

FEE SIMPLE NET-LEASED INVESTMENT

5052 FRANKFORD AVE | LUBBOCK, TX | 79424



INVESTMENT OVERVIEW

Marcus & Millichap is proud to offer for sale fee simple absolute NNN franchisee operated (Miracle Restaurant Group – 26 units) Arby's restaurant located in Lubbock, Texas. The original 20-year lease was signed in 2002 and expires in November 2022. This lease includes percentage rent escalations with a store sales breakpoint of \$800,000 and two 5/yr. options to extend.

The city of Lubbock, Texas is in the northwestern part of Texas and is home to Texas Tech University which sits just 5-miles northeast of this site. The Arby's property is located at 5052 Frankford Ave, next to other national tenants including Lowe's Home Improvement and Ashley Home Store along with four hotel properties (Hampton Inn, Arbor Inn, Homewood Suites and TownePlace Suites) within immediate proximity to it. The 5-mile population for this site exceeds 200,000 people and has seen the 1-mile population grow by over 30% since 2000.

LEASE SUMMARY

| | |
|---------------------|-------------------------------|
| Property Type | Net Leased Restaurant |
| Tenant | Miracle Restaurant Group, LLC |
| Ownership Structure | Fee Simple |
| Lease Type | Absolute NNN |
| Lease Commencement | 11/18/2002 |
| Lease Expiration | 11/18/2022 |
| Rental Increases | 10% Percentage Rent |
| Options to Renew | Two, Five Year Options |

\$792,000

PRICE

\$79,200

NOI

3,217 SF

GLA

10.00%

CAP RATE

\$246.19

PRICE/SF



INVESTMENT OVERVIEW // Highlights

- ✓ Franchisee Guaranteed Lease (Miracle Restaurant Group – 26 Units)
- ✓ Short Term Lease (3+ Years Remain) with Two, 5/yr. Options to Extend
- ✓ Only Fast Food Option in Immediate Walking Distance of Four (4) National Branded Hotels
- ✓ Near National Tenants Such as: Lowe's, Ashley Home Store and a Short Distance to Auto Row
- ✓ 5-Mile Population Exceeds 200,000 People
- ✓ 1-Mile Population has Grown by 33% Since 2000
- ✓ Purchase Price Below Replacement Cost





FINANCIAL INFORMATION

OFFERING

| | |
|----------------|-----------|
| Purchase Price | \$792,000 |
| CAP Rate | 10.00% |
| Annual Rent | \$79,200 |

RENT SCHEDULE

| LEASE YEAR | ANNUAL RENT | MONTHLY RENT | RENT/SF |
|-------------------------|-------------|--------------|---------|
| Current (2019-2020) | \$79,200 | \$6,600 | \$24.62 |
| 2020-2021 | \$79,200 | \$6,600 | \$24.62 |
| 2021-2022 | \$76,800 | \$6,400 | \$23.87 |
| Option 1 (Years 21-25) | \$80,400 | \$6,700 | \$24.99 |
| Option 2 (Years 26-30) | \$84,000 | \$7,000 | \$26.11 |

PROPERTY DESCRIPTION

PROPERTY DETAILS

| | |
|-----------------------------|---------------------------------|
| Property Tenant | Arby's |
| Property Address | 5052 Frankford Ave, Lubbock, TX |
| Building Size (Square Feet) | 3,217 SF |
| Lot Size | 0.71 +/- Acres |
| Year Built | 2002 |





TENANT SUMMARY // About Arby's & Miracle Restaurant Group

ABOUT ARBY'S

Arby's is an American quick-service fast food sandwich restaurant chain with more than 3,300 restaurants system wide. In October 2017, Food & Wine called Arby's "America's second largest sandwich chain (after Subway)". Arby's is owned by Inspire Brands, the renamed Arby's Restaurant Group (ARG). Arby's Restaurant Group was renamed to Inspire Brands on February 15, 2018 when they acquired Buffalo Wild Wings. Inspire Brands, Inc. is now the owner of Arby's, Buffalo Wild Wings, Rusty Taco and Sonic Drive-In.

ABOUT MIRACLE RESTAURANT GROUP

Miracle Restaurant Group (MRG), founded by Don Moore in 2005, operates 26 locations across Illinois, Indiana, Texas, Louisiana and Mississippi. Over this existence they have continued to build new locations and expand into new markets.

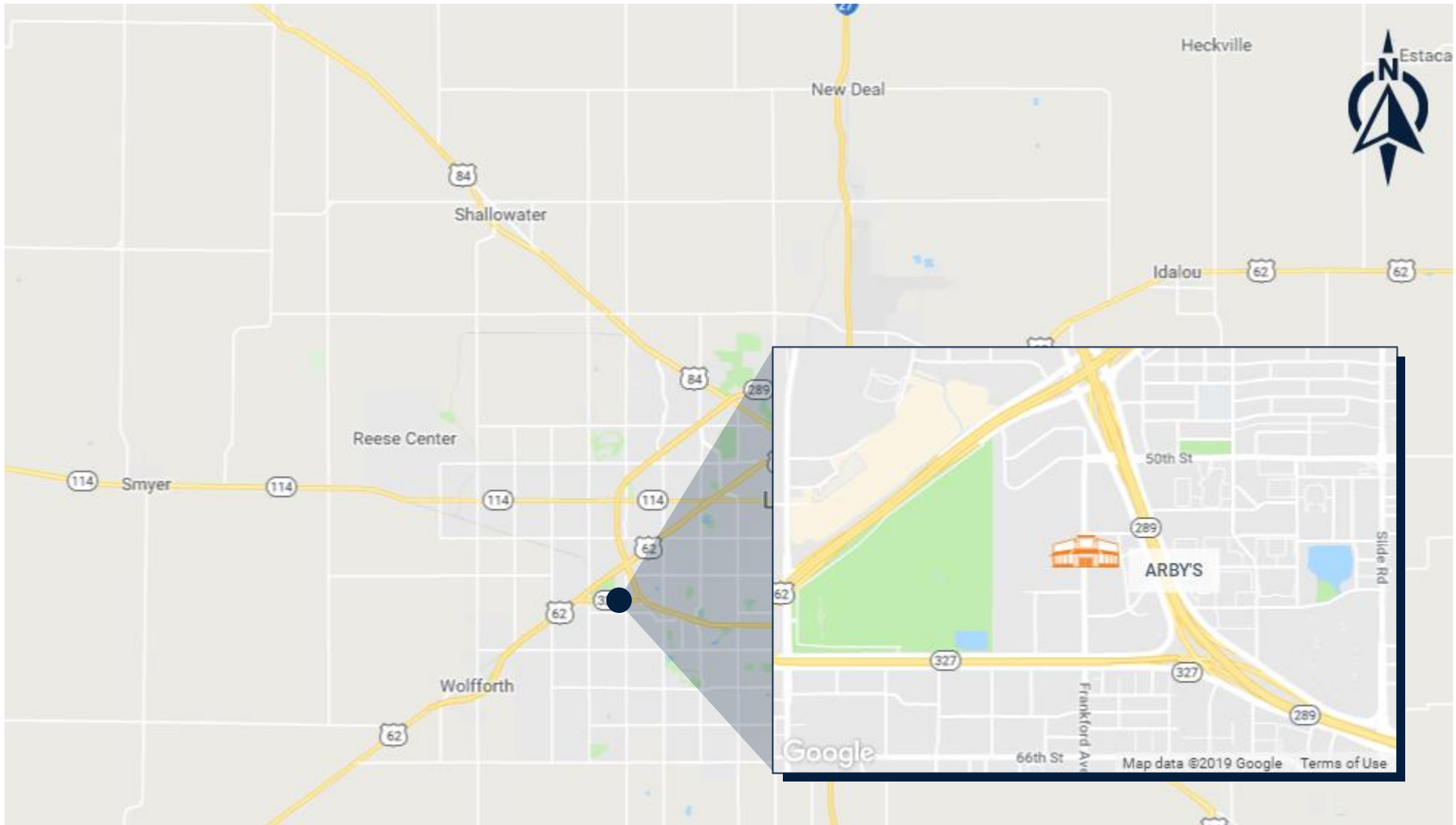
As mentioned on their website, "Miracle Restaurant Group's business purpose is simple: to sow seeds of opportunity to our employees and to share the blessing of hospitality with our guest and the communities in which we do business.







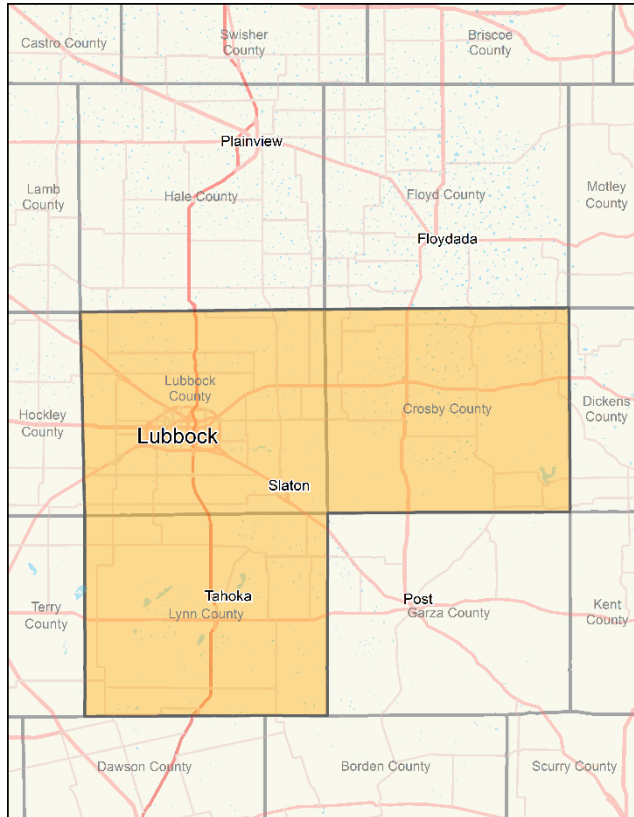
5052 Frankford Ave, Lubbock, TX 79424





LUBBOCK OVERVIEW

Lubbock is the largest metro in the western Texas and eastern New Mexico region, containing Crosby, Lubbock and Lynn counties. It contains a population of 312,000 residents. The metro is known for its oil, cotton production, and education and healthcare sectors. The Midland Basin, which encompasses Lubbock, is one of the largest continuous oil fields in the United States. Lubbock is also the region's entertainment and cultural hub.



METRO HIGHLIGHTS



ADVANCED TECHNOLOGY

Energy efficiency, telecommunications and technology have a strong impact on the local economy, accounting for 15 percent of Lubbock's total gross product.



AGRICULTURAL PRODUCTION

The market has a thriving agriculture industry. The United States Department of Agriculture does plant, livestock and water conservation research in the area.



EDUCATIONAL INSTITUTIONS

The metro is home to more than 50,000 college students who attend the area's several universities, providing a skilled labor pool.



ECONOMY

- Lubbock is home to Texas Tech University, the largest employer in the metro with nearly 15,000 jobs. Other higher-education institutions in the metro are Lubbock Christian University, Wayland Baptist University and South Plains College.
- The metro's healthcare industry is also important to the local economy, providing services to the majority of western Texas and eastern New Mexico. Covenant Health is the largest institution with more than 5,000 employees. Grace Clinic and Lubbock Heart Hospital are also located here.
- Monsanto is developing a cotton seed-processing facility that will bring several higher-paying jobs to the metro, further driving the area's cotton industry.

DEMOGRAPHICS



* Forecast

Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau



Population

In 2018, the population in your selected geography is 10,826. The population has changed by 33.23% since 2000. The current population is 46.49% male and 53.51% female. The median age of the population in your area is 28.33, compare this to the US average which is 37.95. The population density in your area is 3,445.80 people per square mile.



Households

There are currently 5,554 households in your selected geography. The number of households has changed by 40.75% since 2000. The average household size in your area is 2.00 persons.



Income

In 2018, the median household income for your selected geography is \$39,693, compare this to the US average which is currently \$58,754. The median household income for your area has changed by 54.27% since 2000. It is estimated that the median household income in your area will be \$44,973 five years from now, which represents a change of 13.30% from the current year.

The current year per capita income in your area is \$31,396, compare this to the US average, which is \$32,356. The current year average household income in your area is \$60,995, compare this to the US average which is \$84,609.



Race and Ethnicity

The current year racial makeup of your selected area is as follows: 75.53% White, 6.20% Black, 0.11% Native American and 2.02% Asian/Pacific Islander. Compare these to US averages which are: 70.20% White, 12.89% Black, 0.19% Native American and 5.59% Asian/Pacific Islander. People of Hispanic origin are counted independently of race.

People of Hispanic origin make up 33.43% of the current year population in your selected area. Compare this to the US average of 18.01%.



Housing

The median housing value in your area was \$139,979 in 2018, compare this to the US average of \$201,842. In 2000, there were 1,219 owner occupied housing units in your area and there were 2,727 renter occupied housing units in your area. The median rent at the time was \$492.



Employment

In 2018, there are 8,262 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 70.34% of employees are employed in white-collar occupations in this geography, and 29.78% are employed in blue-collar occupations. In 2018, unemployment in this area is 2.45%. In 2000, the average time traveled to work was 15.00 minutes.



INVESTMENT OVERVIEW

FINANCIAL ANALYSIS

AERIAL MAP

TENANT SUMMARY

PROPERTY OVERVIEW

| POPULATION | 1 Miles | 3 Miles | 5 Miles |
|-------------------------------|----------|----------|----------|
| ■ 2023 Projection | | | |
| Total Population | 10,744 | 96,897 | 211,750 |
| ■ 2018 Estimate | | | |
| Total Population | 10,826 | 93,503 | 201,033 |
| ■ 2010 Census | | | |
| Total Population | 9,112 | 82,076 | 181,380 |
| ■ 2000 Census | | | |
| Total Population | 8,126 | 74,220 | 153,876 |
| ■ Current Daytime Population | | | |
| 2018 Estimate | 11,556 | 93,771 | 229,775 |
| HOUSEHOLDS | 1 Miles | 3 Miles | 5 Miles |
| ■ 2023 Projection | | | |
| Total Households | 5,511 | 40,868 | 85,327 |
| ■ 2018 Estimate | | | |
| Total Households | 5,554 | 39,295 | 80,535 |
| Average (Mean) Household Size | 2.00 | 2.35 | 2.40 |
| ■ 2010 Census | | | |
| Total Households | 4,630 | 34,171 | 72,025 |
| ■ 2000 Census | | | |
| Total Households | 3,946 | 30,966 | 62,324 |
| ■ Occupied Units | | | |
| 2023 Projection | 5,511 | 40,868 | 85,327 |
| 2018 Estimate | 6,067 | 41,648 | 85,903 |
| HOUSEHOLDS BY INCOME | 1 Miles | 3 Miles | 5 Miles |
| ■ 2018 Estimate | | | |
| \$150,000 or More | 5.89% | 9.47% | 8.74% |
| \$100,000 - \$149,000 | 9.55% | 12.88% | 12.01% |
| \$75,000 - \$99,999 | 10.96% | 12.92% | 12.42% |
| \$50,000 - \$74,999 | 13.60% | 20.08% | 19.89% |
| \$35,000 - \$49,999 | 15.22% | 14.06% | 14.62% |
| Under \$35,000 | 44.79% | 30.58% | 32.32% |
| Average Household Income | \$60,995 | \$79,339 | \$76,209 |
| Median Household Income | \$39,693 | \$55,972 | \$53,231 |
| Per Capita Income | \$31,396 | \$33,483 | \$31,054 |

| HOUSEHOLDS BY EXPENDITURE | 1 Miles | 3 Miles | 5 Miles |
|--------------------------------------------|----------|----------|----------|
| Total Average Household Retail Expenditure | \$54,330 | \$67,322 | \$65,325 |
| ■ Consumer Expenditure Top 10 Categories | | | |
| Housing | \$14,389 | \$17,554 | \$17,020 |
| Transportation | \$11,199 | \$13,711 | \$13,280 |
| Shelter | \$8,066 | \$9,637 | \$9,380 |
| Food | \$5,666 | \$6,792 | \$6,598 |
| Personal Insurance and Pensions | \$4,544 | \$6,196 | \$5,908 |
| Utilities | \$3,455 | \$4,160 | \$4,047 |
| Health Care | \$2,926 | \$4,109 | \$3,905 |
| Entertainment | \$2,123 | \$2,783 | \$2,663 |
| Household Furnishings and Equipment | \$1,409 | \$1,813 | \$1,740 |
| Apparel | \$1,356 | \$1,657 | \$1,602 |
| POPULATION PROFILE | 1 Miles | 3 Miles | 5 Miles |
| ■ Population By Age | | | |
| 2018 Estimate Total Population | 10,826 | 93,503 | 201,033 |
| Under 20 | 23.31% | 26.12% | 27.73% |
| 20 to 34 Years | 39.34% | 27.24% | 28.92% |
| 35 to 39 Years | 6.01% | 6.21% | 6.05% |
| 40 to 49 Years | 8.53% | 10.22% | 9.79% |
| 50 to 64 Years | 11.94% | 16.09% | 15.00% |
| Age 65+ | 10.87% | 14.12% | 12.53% |
| Median Age | 28.33 | 32.59 | 30.29 |
| ■ Population 25+ by Education Level | | | |
| 2018 Estimate Population Age 25+ | 6,482 | 59,029 | 118,918 |
| Elementary (0-8) | 2.61% | 2.13% | 2.68% |
| Some High School (9-11) | 6.22% | 5.33% | 5.94% |
| High School Graduate (12) | 20.51% | 21.78% | 22.89% |
| Some College (13-15) | 29.67% | 27.10% | 26.15% |
| Associate Degree Only | 5.60% | 6.13% | 6.37% |
| Bachelors Degree Only | 20.09% | 23.02% | 21.80% |
| Graduate Degree | 14.36% | 13.56% | 13.13% |

NON-ENDORSEMENT AND DISCLAIMER NOTICE

NON-ENDORSEMENT NOTICE

Marcus & Millichap is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of Marcus & Millichap, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of Marcus & Millichap, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY.

PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.

DISCLAIMER

THIS IS A BROKER PRICE OPINION OR COMPARATIVE MARKET ANALYSIS OF VALUE AND SHOULD NOT BE CONSIDERED AN APPRAISAL. This information has been secured from sources we believe to be reliable, but we make no representations or warranties, express or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2018 Marcus & Millichap. All rights reserved.

Marcus & Millichap

OFFICES THROUGHOUT THE U.S. AND CANADA
www.marcusmillichap.com



INFORMATION ABOUT BROKERAGE SERVICES

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

11-2-2015

TYPES OF REAL ESTATE LICENSE HOLDERS:

- **A BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- **A SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of *each party* to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - that the owner will accept a price less than the written asking price;
 - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

Licensed Broker /Broker Firm Name or Primary Assumed Business Name

License No.

Email

Phone

Designated Broker of Firm

License No.

Email

Phone

Licensed Supervisor of Sales Agent/Associate

License No.

Email

Phone

Sales Agent/Associate's Name

License No.

Email

Phone

Buyer/Tenant/Seller/Landlord Initials

Date



Marcus & Millichap