

SINGLE TENANT DRIVE-THRU QSR

Absolute NNN Investment Opportunity



1305 18TH AVENUE NORTHWEST | AUSTIN, MINNESOTA

ROCHESTER MSA

ACTUAL SITE



SRS

NATIONAL
NET LEASE
GROUP

EXCLUSIVELY PRESENTED BY



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INVESTMENT SUMMARY



SRS National Net Lease Group is pleased to offer the opportunity to acquire the fee simple interest (land & building ownership) in an absolute NNN leased, corporate guaranteed, drive-thru equipped, Arby's investment property located in Austin, Minnesota (Rochester MSA). The tenant, Franchise Associates LLC, has approximately 9 years remaining in their initial term with 3 (5-year) options to extend, demonstrating their commitment to the site. The lease features 1% annual rental increases throughout the initial term and option periods, steadily growing NOI and hedging against inflation. The lease is corporate guaranteed by Arby's Restaurant Group, Inc. and is absolute NNN with zero landlord responsibilities, making it an ideal, management-free investment opportunity for a passive investor. Arby's is the second-largest sandwich restaurant brand in the world with more than 3,400 restaurants in eight countries.

Arby's is located near the signalized, hard corner intersection of 18th Avenue NW and State Highway 218, averaging a combined 21,500 vehicles passing by daily. The building is equipped with a drive-thru, providing ease and convenience for customers. On average, stores with drive-thrus experience higher sales than those without. The property is ideally situated as an outparcel to a Hy-Vee and Marshalls anchored shopping center. The center is strategically positioned between Walmart Supercenter and Hobby Lobby, significantly increasing consumer draw to the immediate trade area and promoting crossover store exposure for Arby's. Other nearby national/credit tenants include JOANN, Aldi, Walgreens, Dollar Tree, Hibbett Sports, Anytime Fitness, and more. The site benefits from nearby direct on/off ramp access to Interstate 90 (18,400 VPD), the primary east/west thoroughfare traveling throughout the Northern United States. In addition, the restaurant is located within a hospitality cluster comprised of 5 hotels, providing the restaurant with a steady, consistent consumer base from which to draw. Notable hotels within a 1-mile radius include AmericInn, Holiday Inn, Cobblestone Hotel & Suites, Super 8, and Days Inn. Moreover, the property is surrounded by multiple housing communities including Flats on 21 (82 units), Oak Park Condominiums (217 units), and Murphy Creek Townhomes (88 units), providing a direct residential consumer base to draw from. The 5-mile trade area is supported by nearly 28,000 residents and 14,000 daytime employees with an average household income of \$67,000.

PROPERTY PHOTOS



OFFERING SUMMARY



OFFERING

Pricing	\$2,124,000
March 2021 NOI	\$111,504
Cap Rate	5.25%
Guarantor	Arby's Restaurant Group, Inc.
Tenant	Franchise Associates LLC
Lease Type	Absolute NNN
Landlord Responsibilities	None
Sales Reporting	Yes - Contact Agent for Details

PROPERTY SPECIFICATIONS

Rentable Area	3,713 SF
Land Area	1.14 Acres
Property Address	1305 18th Avenue Austin, MN 55912
Year Built	2004
Parcel Number	34.521.0040
Ownership	Fee Simple (Land & Building)

INVESTMENT HIGHLIGHTS



Approximately 9 Years Remaining | Corporate Guaranteed | Annual Rental Increases | Strong Operator

- Corporate guaranteed by Arby's Restaurant Group, Inc.
- The tenant has approximately 9 years remaining in their initial term with 3 (5-year) options to extend, demonstrating their commitment to the site
- The lease features 1% annual rental increases throughout the initial term and option periods, growing NOI and hedging against inflation
- Arby's is the second-largest sandwich restaurant brand in the world with more than 3,400 restaurants in eight countries

Signalized, Hard Corner Intersection | Interstate 90 | Drive-Thru Equipped

- Located near the signalized, hard corner intersection of 18th Ave. NW and State Hwy 218, averaging a combined 21,500 VPD
- Nearby direct on/off ramp access to Interstate 90 (18,400 VPD), the primary east/west freeway traveling throughout the Northern U.S.
- The building is equipped with a drive-thru, providing ease and convenience for customers
- On average, stores with drive-thrus report higher sales than those without

Outparcel to Hy-Vee Anchored Shopping Center | Across from Walmart Supercenter | Hospitality Cluster

- The property is ideally situated as an outparcel to a Hy-Vee and Marshalls anchored shopping center
- Strategically positioned between Walmart Supercenter and Hobby Lobby, significantly increasing consumer draw to the immediate trade area and promoting crossover store exposure for Arby's
- Other nearby national/credit tenants include JOANN, Aldi, Walgreens, Dollar Tree, Hibbett Sports, Anytime Fitness, and more
- Located within a hospitality cluster comprised of 5 hotels, providing the restaurant with a steady, consistent consumer base from which to draw
- Notable hotels within a 1-mile radius include AmericInn, Holiday Inn, Cobblestone Hotel & Suites, Super 8, and Days Inn

Direct Residential Consumer Base | Strong Demographics in 5-Mile Trade Area

- Nearby housing communities including Flats on 21 (82 units), Oak Park Condominiums (217 units), and Murphy Creek Townhomes (88 units)
- Provides a direct residential consumer base to draw from
- Nearly 28,000 residents and 14,000 employees support the trade area
- \$67,000 average household income

PROPERTY OVERVIEW



Location

Austin, Minnesota
Rochester MSA
Mower County



Parking

There are approximately 46 parking spaces on the owned parcel.
The parking ratio is approximately 12.38 stalls per 1,000 SF of leasable area.



Access

1 Access Point: 18th Avenue NW



Parcel

Parcel Number: 34.521.0040
Acres: 1.14
Square Feet: 49,658 SF



Traffic Counts

18th Avenue NW: 7,500 Cars Per Day
Interstate 90: 18,400 Cars Per Day



Construction

Year Built: 2004



Improvements

There is approximately 3,713 SF of existing building area



Zoning

B2: Community Business







14,000
VEHICLES PER DAY

COLLISION SPECIALISTS
INC.

FLATS ON 21
(82 UNITS)

Walmart
Supercenter

U.S. HIGHWAY 218

Runnings

Stadheim
Jewelers

Pizza Ranch

SHERWIN
WILLIAMS

7,500
VEHICLES PER DAY

18TH AVE.

O'Reilly
AUTO PARTS

Arby's







18TH AVE. NW

7,500
CARS PER DAY

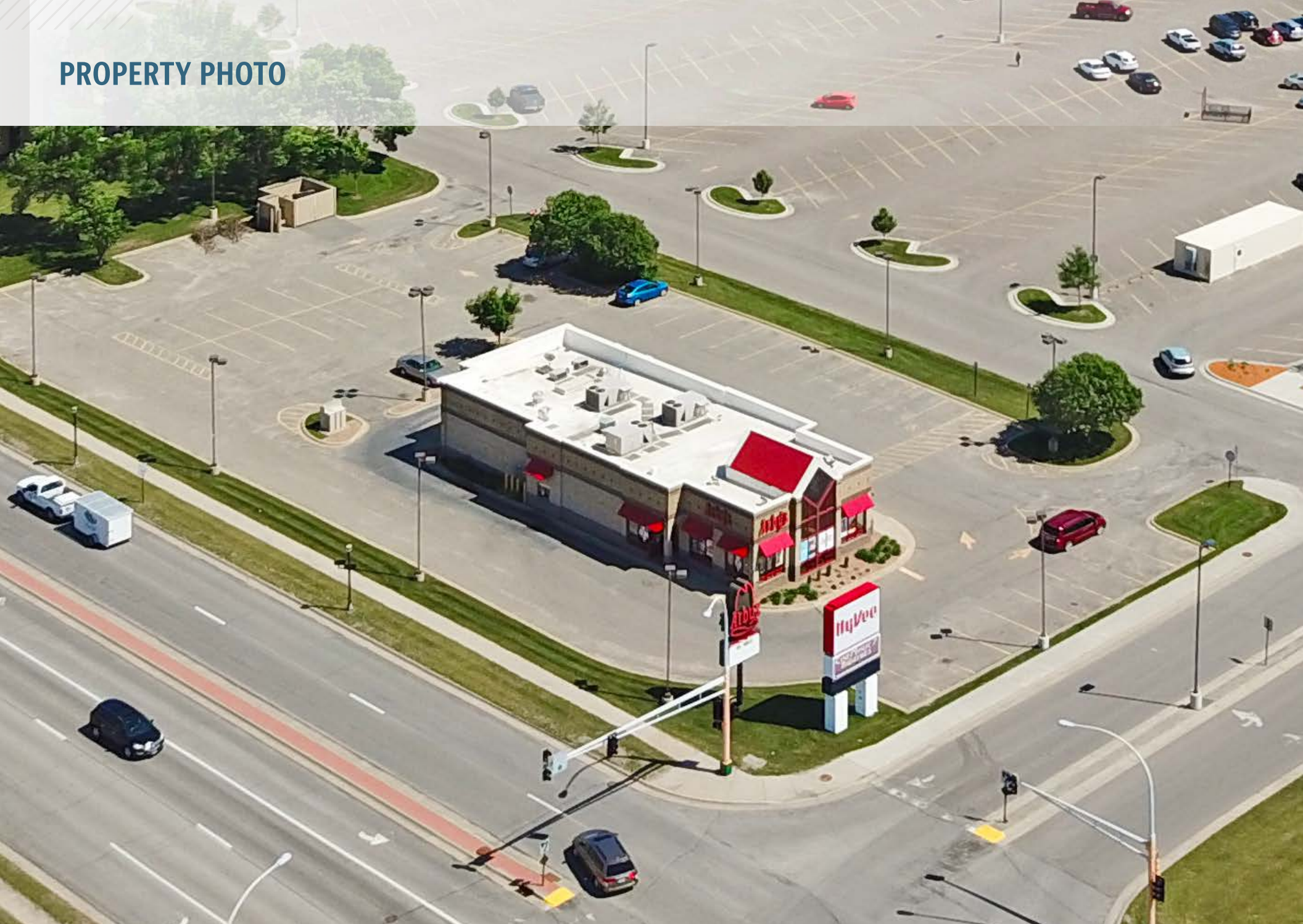


PYLON SIGN

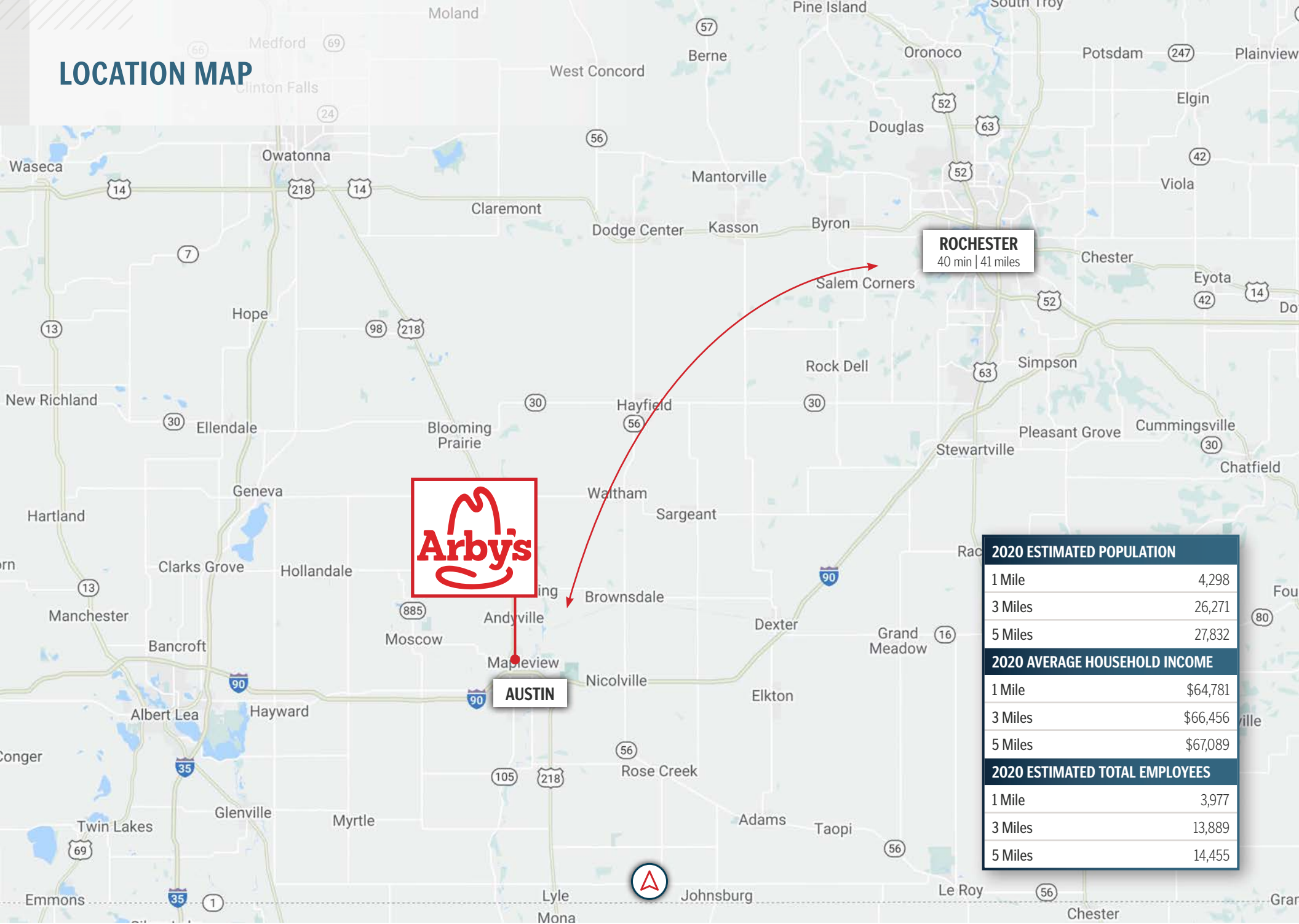


O'Reilly AUTO PARTS
PROFESSIONAL PARTS PEOPLE

PROPERTY PHOTO



LOCATION MAP



ROCHESTER

40 min | 41 miles



AUSTIN

2020 ESTIMATED POPULATION

1 Mile	4,298
3 Miles	26,271
5 Miles	27,832

2020 AVERAGE HOUSEHOLD INCOME

1 Mile	\$64,781
3 Miles	\$66,456
5 Miles	\$67,089

2020 ESTIMATED TOTAL EMPLOYEES

1 Mile	3,977
3 Miles	13,889
5 Miles	14,455

AREA OVERVIEW



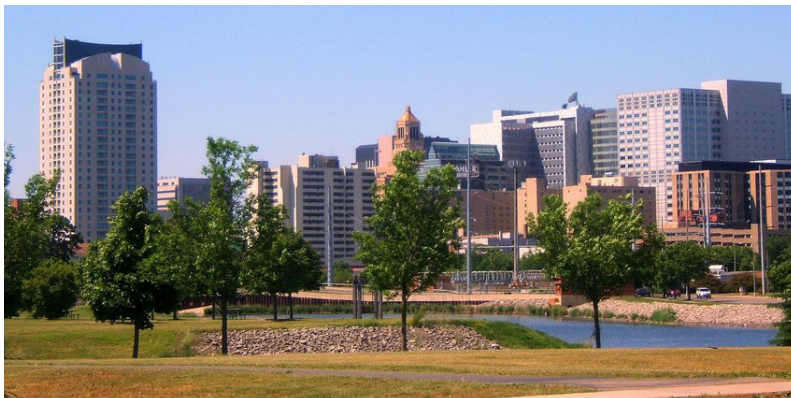
AUSTIN, MINNESOTA

Austin is a city in Mower County, Minnesota, United States. The City of Austin had a population of 25,219 as of July 1, 2019. It is the county seat of Mower County. Austin is located at the intersection of Interstate Highway 90 and U.S. Highway 218 in the southeastern part of the state. The town was originally settled along the Cedar River and it has two man-made lakes called East Side Lake and Mill pond. The town was named for Austin R. Nichols, the first settler in the area.

Austin is an attractive city, ideally located to serve companies desiring an upper midwest presence. Homes and development sites are comparatively inexpensive. Educational facilities include a comprehensive community and technical college. The City of Austin functions as a major regional center for greater Minnesota. The City of Austin is headquarters for a major corporation, and functions as a regional shopping center for the immediate area. Major industries located within the government's boundaries or in close proximity includes hospitals, food manufacturers, retail stores, and a community college. The school district within the City of Austin also have a significant economic presence, employing in total more than 926 teachers, professionals, and support staff. Austin's strong economy is built around the corporate headquarters of a Fortune 500 company, Hormel Foods Corporation. Hormel Foods Corporation currently employs over 2,900 people in the local area. Additionally, Quality Pork Processors employs another 1,250 people within the meat packing facility owned by Hormel Foods Corporation.

Principal employers of the City are Hormel Foods, Quality Pork Processors, Mayo Clinic Health System, Independent School District 492, Hy Vee Inc., Riverland Community College, Mower County, Walmart Stores, Cedar Valley Services & City of Austin.

The closest major airport to Austin, Minnesota is Rochester International Airport.



ROCHESTER, MINNESOTA

Rochester is a city founded in 1854 in the U.S. State of Minnesota and is the county seat of Olmsted County located on the Zumbro River's south fork in Southeast Minnesota. It is Minnesota's third-largest city and the largest city located outside the Minneapolis-St. Paul Metropolitan Statistical Area. As of 2018, the Rochester metropolitan area had a population estimated at 219,802. According to the 2010 United States Census the city had a population of 106,769. The U.S. Census Bureau estimated that the 2018 population was 116,961. It is the home of the Mayo Clinic and a major IBM facility, one of the company's largest at its peak. The city has long been rated as one of the best places to live in the United States by multiple publications such as Money.

Higher education in Rochester had been concentrated around the former University Center Rochester in the city's southeast outskirts, where Rochester Community and Technical College shares a campus with a branch of Winona State University. The University of Minnesota offered degrees through UCR until 2007, when the University of Minnesota Rochester was established downtown finally establishing the presence of major university in the city somewhat in hand with the development comprehensive city planning and investment under the Destination Medical Center project.

Mayo Clinic forms the core of Rochester's economy. As of 2016, it employs 34,180 people and draws more than 2 million visitors annually. The clinic's many facilities, along with hotels, restaurants and retail stores, comprise nearly all of the city's downtown.

IBM's Rochester campus is one of the company's most important R&D and manufacturing centers. It has produced the System i series, has been home to the first Blue Gene prototype, and contributed the servers for Roadrunner. Seven employees at the Rochester IBM campus created IBM Employees Credit Union, which is now Think Mutual Bank, a chain of banks in the Rochester and Twin Cities metropolitan areas.

AREA DEMOGRAPHICS



	1 MILE	3 MILES	5 MILES
POPULATION			
2020 Estimated Population	4,298	26,271	27,832
2025 Projected Population	4,580	26,301	27,832
2010 Census Population	4,324	25,599	28,172
Projected Annual Growth 2020 to 2025	0.12%	0.25%	0.24%
Historical Annual Growth 2010 to 2020	0.01%	0.22%	0.21%
HOUSEHOLDS & GROWTH			
2020 Estimated Households	1,895	10,689	11,299
2025 Projected Households	1,904	10,802	11,416
2010 Census Households	1,900	10,540	11,146
Projected Annual Growth 2020 to 2025	0.09%	0.21%	0.21%
RACE & ETHNICITY			
2020 Estimated White	76.50%	80.90%	81.70%
2020 Estimated Black or African American	9.00%	5.90%	5.60%
2020 Estimated Asian or Pacific Islander	3.90%	2.70%	2.60%
2020 Estimated American Indian or Native Alaskan	0.80%	0.70%	0.70%
2020 Estimated Other Races	6.40%	5.90%	5.80%
2020 Estimated Hispanic	17.40%	18.20%	17.50%
INCOME			
2020 Estimated Average Household Income	\$64,781	\$66,456	\$67,089
2020 Estimated Median Household Income	\$51,513	\$45,709	\$46,481
2020 Estimated Per Capita Income	\$27,145	\$26,993	\$27,262
DAYTIME POPULATION			
2020 Estimated Total Businesses	216	862	926
2020 Estimated Total Employees	3,977	13,889	14,455



RENT ROLL



LEASE TERM						RENTAL RATES					
TENANT NAME	SQUARE FEET	LEASE START	LEASE END	BEGIN	INCREASE	MONTHLY	PSF	ANNUALLY	PSF	RECOVERY TYPE	OPTIONS
Franchise Associates, LLC d.b.a. Arby's	3,713	12/1/2004	2/28/2030	Current	-	\$9,200	\$2.48	\$110,400	\$29.73	Absolute NNN	3 (5-Year)
(Corporate Guaranty)				3/1/2021	1%	\$9,292	\$2.50	\$111,504	\$30.03		1% Annual Increases Throughout Options
				3/1/2022	1%	\$9,385	\$2.53	\$112,619	\$30.33		
1% Annual Rental Increases Thereafter											

¹Tenant has a 15-day Right of First Refusal to Purchase

FINANCIAL INFORMATION

Price	\$2,124,000
March 2021 NOI	\$111,504
Cap Rate	5.25%
Lease Type	Absolute NNN

PROPERTY SPECIFICATIONS

Year Built	2004
Rentable Area	3,713 SF
Land Area	1.14 Acres
Address	1305 18th Avenue Austin, MN 55912



BRAND PROFILE



ARBY'S

arbys.com

Company Type: Subsidiary

Locations: 11,100+

Parent: Inspire Brands

Arby's, founded in 1964, is the second-largest sandwich restaurant brand in the world with more than 3,400 restaurants in eight countries. The Arby's brand purpose is "Inspiring Smiles Through Delicious Experiences." Arby's restaurants feature Fast Crafted service, a unique blend of quickserve speed and value combined with the quality and made-for-you care of fast casual. Arby's Restaurant Group, Inc. is the parent company of the franchisor of the Arby's brand and is headquartered in Atlanta, Ga.



SRS

NATIONAL
NET LEASE
GROUP

THE EXCLUSIVE NET LEASE CAPITAL MARKETS TEAM OF SRS REAL ESTATE PARTNERS

275+

RETAIL
PROFESSIONALS

25+

OFFICES

#1

LARGEST REAL ESTATE
SERVICES FIRM
in North America
exclusively dedicated
to retail

2K+

RETAIL
TRANSACTIONS
company-wide
in 2019

485

NET LEASE
PROPERTIES SOLD
in 2019

\$1.5B

NET LEASE
TRANSACTION VALUE
in 2019

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