

Marcus & Millichap



OFFERING MEMORANDUM

Pizza Hut | New 10 - Year Lease | Income Tax Free State

3001 N Roan St,
Johnson City, TN
37601

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PIZZA HUT | NEW 10-YEAR LEASE |
INCOME TAX FREE STATE
JOHNSON CITY, TN
ACT ID ZAC0310047

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Jody McKibben
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Investment Highlights

PRICE: \$833,333 | CAP: 5.85% | RENT: \$48,750

- *Newly Executed Long-Term, 10-Year Absolute Triple Net (NNN) Lease*
- *10-Year Absolute (NNN) Lease - Zero Landlord Responsibilities*
- *Seven-And-A-Half Percent Escalations Each Five-Year Period*
- *Tenant Renewal Options: Four (4), Five-Year Options*
- *Freshly-Renovated & Retrofitted Site Featuring Latest Pizza Hut Prototype Appearance*

About The Brand

- *Globally Recognized Brand-Pizza Hut Continues to Be the Top Pizza Brand in the Country in Terms of Unit Count and Revenue*
- *Dedicated, Drive and experienced Operators within the Restaurant Industry and New England Markets*
- *Proven Track Records with Strong Operational History Across it's 18,703 Locations Throughout the United States and in 103 Other Countries*
- *Pizza Hut is a subsidiary of YUM! Brands, Inc. (NYSE: YUM), the largest restaurant company in the world with over 45,00 restaurants in more than 135 countries*
- *Tasty Huts LLC operates 150 Pizza Hut stores along with 64 Burger Kings in Missouri, Kansas, Iowa and Tennessee*

Investment Summary

Marcus & Millichap is pleased to present this exclusive listing of a freestanding Pizza Hut located at 3001 N Roan St, Johnson City, Tennessee. The site constructed originally in 1982 was renovated in 2020. The subject property consists of 1,800 rentable square feet of building space and sits on an approximately 0.44 acre parcel of land. Pizza Hut is subject to a brand new, 10-Year Absolute NNN lease, the starting base rent shall be \$48,750 with 7.5% increases each five-year period. There will be four five-year tenant renewal options with 7.5% rental increases in each of the five-year option periods, extending the total possible lease term to 30 years.

General Information

Founded: 1958

Website: <https://www.pizzahut.com>

Headquarters: Plano, TX

Number of Locations: 18,703 +

A History Of Where It Started

In 1958, two brothers, Dan and Frank Carney borrowed \$600 from their mom to open a pizza place in Wichita, Kansas. They named it Pizza Hut because their sign only had room for eight letters, The restaurant's popularity grew quickly due to the delicious food and quality service. Renting a small building at 503 South Bluff in downtown Wichita and purchasing second hand equipment to make pizzas, the Carneys with partner John Bender opened the first Pizza Hut restaurant; on opening night, they gave pizza away to encourage community interest. A year later, in 1959, Pizza Hut was incorporated in Kansas, and Dick Hassur opened the first franchise unit in Topeka, Kansas.

Today, there are more than 16,000 independently owned and operated Pizza Hut restaurants. The 100+ franchise partners employ 350,000 team members in over 100 countries.



Property Summary

THE OFFERING

Property	Pizza Hut New 10-Year Lease New Location
Property Address	3001 N. Roan St Johnson City, Tennessee 37601
Price	\$833,333
Capitalization Rate	5.85%
Price/SF	\$462.96

PROPERTY DESCRIPTION

Year Built / Renovated	1982/2020
Gross Leasable Area	1,800 SF
Zoning	Commercial
Type of Ownership	Fee Simple
Lot Size	0.44 Acres

LEASE SUMMARY

Property Subtype	Net Leased Restaurant
Tenant	Tasty Hut of TN LLC
Rent Increases	7.5% Each Five Year Period
Guarantor	Franchisee Guarantee
Lease Type	Absolute Net
Lease Commencement	December 16, 2020
Lease Expiration	December 15, 2030
Lease Term	10
Term Remaining on Lease (Years)	9.9
Renewal Options	7.5% Each Five Year Period
Landlord Responsibility	None
Tenant Responsibility	All
Right of First Refusal/Offer	No

ANNUALIZED OPERATING INFORMATION

INCOME

Net Operating Income	\$48,750
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RENT SCHEDULE

YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF	CAP RATE
Current	\$48,750	\$4,063	\$27.08	5.85%
Years 6-10	\$52,406	\$4,367	\$29.11	6.29%
Option 1: Years 11-15	\$56,337	\$4,695	\$31.30	6.76%
Option 2: Years 16-20	\$60,562	\$5,047	\$33.65	7.27%
Option 3: Years 21-25	\$65,104	\$5,425	\$36.17	7.81%
Option 4: Years 26-30	\$69,987	\$5,832	\$38.88	8.40%



Property Photos



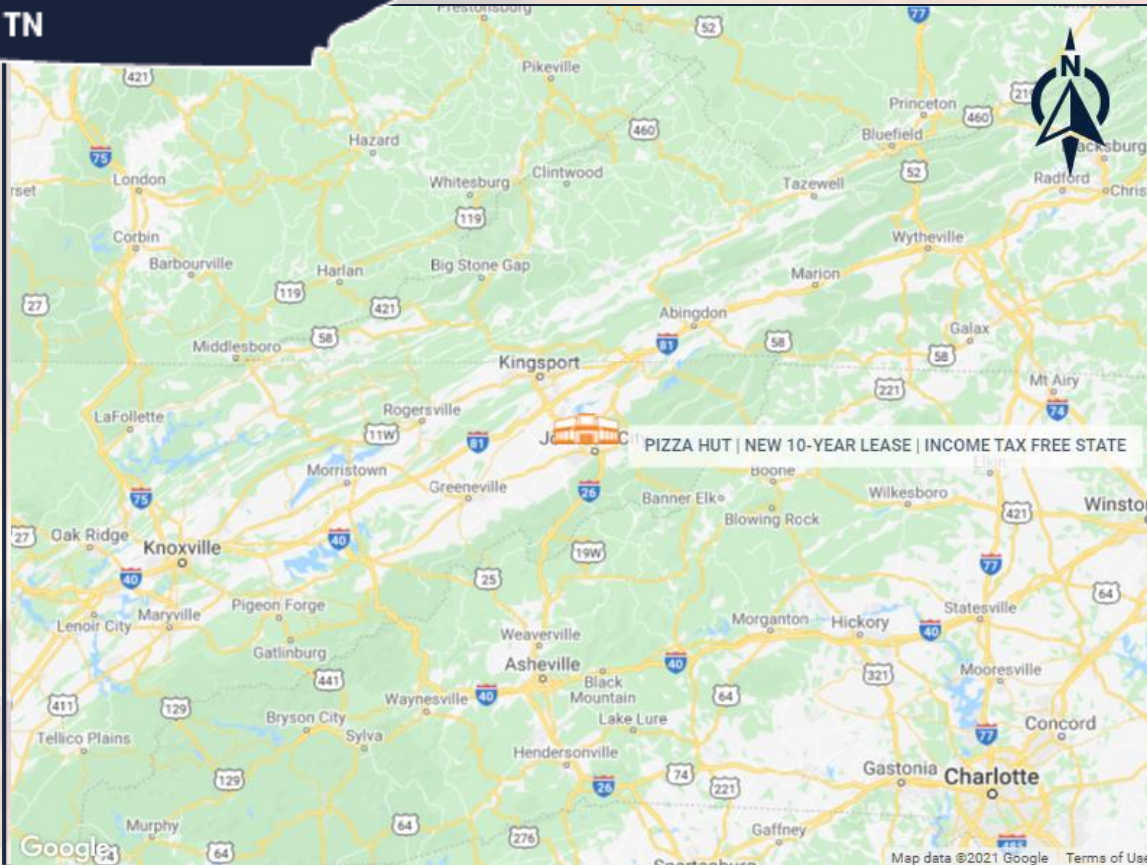
Pizza Hut
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Regional Map

3001 N Roan St, Johnson City, TN. 37601

TN



- Strong Demographics
- Proximity to Major Retailers
- Excellent Access and Visibility
- Strategic Location on Major Arterial Hwy
- Generational operator with stability
- Strong Residential, Industrial and Trade

Situated on a hard-corner in Johnson City, Tennessee; the subject property caters to the local residents and tourists alike coming to enjoy the history and peaceful slopes of Tennessee.

CLOSE PROXIMITY TO:



Airport



Hospital



Downtown



Major Highway



Shopping Center

Aerial Map



Demographics

Created on January 2021

POPULATION	1 Miles	3 Miles	5 Miles
■ 2025 Projection			
Total Population	3,454	31,617	74,940
■ 2020 Estimate			
Total Population	3,440	30,647	72,743
■ 2010 Census			
Total Population	3,304	28,771	68,800
■ 2000 Census			
Total Population	2,795	26,154	62,011
■ Current Daytime Population			
2020 Estimate	9,385	48,242	103,562
HOUSEHOLDS	1 Miles	3 Miles	5 Miles
■ 2025 Projection			
Total Households	1,670	14,425	32,600
■ 2020 Estimate			
Total Households	1,635	13,838	31,325
Average (Mean) Household Size	2.05	2.19	2.19
■ 2010 Census			
Total Households	1,554	12,837	29,223
■ 2000 Census			
Total Households	1,218	11,431	26,300
■ Occupied Units			
2025 Projection	1,670	14,425	32,600
2020 Estimate	2,043	15,860	35,548
HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
■ 2020 Estimate			
\$150,000 or More	10.75%	10.58%	7.65%
\$100,000 - \$149,000	13.27%	13.78%	9.81%
\$75,000 - \$99,999	10.18%	11.77%	10.07%
\$50,000 - \$74,999	17.52%	17.04%	16.42%
\$35,000 - \$49,999	13.01%	11.87%	13.02%
Under \$35,000	35.27%	34.97%	43.01%
Average Household Income	\$79,403	\$81,995	\$68,497
Median Household Income	\$52,597	\$54,522	\$41,667
Per Capita Income	\$38,175	\$37,240	\$30,160

HOUSEHOLDS BY EXPENDITURE	1 Miles	3 Miles	5 Miles
Total Average Household Retail Expenditure	\$68,588	\$69,438	\$60,722
■ Consumer Expenditure Top 10 Categories			
Housing	\$18,653	\$18,851	\$16,461
Transportation	\$12,313	\$12,614	\$11,036
Shelter	\$10,425	\$10,499	\$9,126
Food	\$7,790	\$7,874	\$6,983
Personal Insurance and Pensions	\$6,010	\$6,090	\$5,157
Health Care	\$5,288	\$5,272	\$4,506
Utilities	\$3,868	\$3,909	\$3,530
Entertainment	\$2,582	\$2,650	\$2,250
Household Furnishings and Equipment	\$1,951	\$1,992	\$1,730
Cash Contributions	\$1,823	\$1,823	\$1,455
POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population By Age			
2020 Estimate Total Population	3,440	30,647	72,743
Under 20	18.94%	20.28%	21.88%
20 to 34 Years	19.61%	19.23%	23.92%
35 to 39 Years	5.17%	5.37%	5.40%
40 to 49 Years	11.58%	12.18%	11.66%
50 to 64 Years	18.86%	19.99%	18.87%
Age 65+	25.85%	22.93%	18.27%
Median Age	45.90	44.56	38.89
■ Population 25+ by Education Level			
2020 Estimate Population Age 25+	2,534	22,246	49,254
Elementary (0-8)	1.86%	2.07%	2.99%
Some High School (9-11)	6.21%	5.36%	7.77%
High School Graduate (12)	20.57%	19.88%	24.14%
Some College (13-15)	20.83%	20.74%	21.76%
Associate Degree Only	5.56%	6.35%	6.13%
Bachelors Degree Only	22.68%	25.36%	21.40%
Graduate Degree	20.67%	19.53%	14.96%

Demographics



Population

In 2020, the population in your selected geography is 3,440. The population has changed by 23.08% since 2000. It is estimated that the population in your area will be 3,454.00 five years from now, which represents a change of 0.41% from the current year. The current population is 46.69% male and 53.31% female. The median age of the population in your area is 45.90, compare this to the US average which is 38.21. The population density in your area is 1,094.33 people per square mile.



Households

There are currently 1,635 households in your selected geography. The number of households has changed by 34.24% since 2000. It is estimated that the number of households in your area will be 1,670 five years from now, which represents a change of 2.14% from the current year. The average household size in your area is 2.05 persons.



Income

In 2020, the median household income for your selected geography is \$52,597, compare this to the US average which is currently \$62,990. The median household income for your area has changed by 40.96% since 2000. It is estimated that the median household income in your area will be \$59,901 five years from now, which represents a change of 13.89% from the current year.

The current year per capita income in your area is \$38,175, compare this to the US average, which is \$34,935. The current year average household income in your area is \$79,403, compare this to the US average which is \$90,941.

Source: © 2020 Experian



Race and Ethnicity

The current year racial makeup of your selected area is as follows: 89.30% White, 3.44% Black, 0.06% Native American and 3.24% Asian/Pacific Islander. Compare these to US averages which are: 69.84% White, 12.88% Black, 0.20% Native American and 5.75% Asian/Pacific Islander. People of Hispanic origin are counted independently of race.

People of Hispanic origin make up 4.44% of the current year population in your selected area. Compare this to the US average of 18.38%.



Housing

The median housing value in your area was \$204,409 in 2020, compare this to the US average of \$221,068. In 2000, there were 779 owner occupied housing units in your area and there were 439 renter occupied housing units in your area. The median rent at the time was \$502.



Employment

In 2020, there are 5,407 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 67.85% of employees are employed in white-collar occupations in this geography, and 33.60% are employed in blue-collar occupations. In 2020, unemployment in this area is 2.16%. In 2000, the average time traveled to work was 20.00 minutes.

About Johnson City

Nestled in the foothills of the scenic Appalachian Mountains, Johnson City, Tennessee combines big-city amenities, small-town Southern charm, and world-class outdoor recreation into a travel destination for everyone. Johnson City is ranked as the No. 65 “Best Small Place for Business and Careers” in the US by *Forbes*, and No. 5 on *Kiplinger’s* list of “The 10 least-Expensive Cities For Living in the U.S.A.” stating the low cost of living is attributed to affordable homes and below-average utility, transportation and health-care costs.



The MSA is also a component of the Johnson City-Kingsport-Bristol, Tennessee- Virginia Combined Statistical Area- commonly known as the “tri-cities” region. This CSA is the fifth-largest in Tennessee with an estimated 500,538 people in residence.

Founded in 1856 by Henry Johnson as a railroad station called “Johnson’s Depot,” Johnson City became a major rail hub for the Southeast, as three railway lines crossed in the downtown area. In the late 19th and early 20th centuries, Johnson City served as headquarters for the narrow gauge East Tennessee and Western North Carolina Railroad and the standard gauge Clinchfield Railroad. Both rail systems featured excursion trips through scenic portions of the Blue Ridge Mountains and were engineering marvels of railway construction.

Together with neighboring Bristol, Johnson City was a hotbed for old-time music. It hosted noteworthy Columbia records recording sessions in 1928 known as the Johnson City Sessions. Native son “Fiddlin’ Charlie” Bowman became a national recording star as a result of these sessions. The Fountain square area in downtown featured a host of local and traveling street entertainers including Blind Lemon Jefferson.

During the 1920’s and Prohibition era, Johnson City’s ties to the bootlegging activity of the Appalachian Mountains earned the city the nickname of “Little Chicago.” Stories persist that the town was one of several distribution centers for Chicago gang boss Al Capone during Prohibition. Capone had a well-organized distribution network within the southern United States for alcohol smuggling; it shipped his products from the mountain distillers to the northern cities.



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EXCLUSIVE NET LEASE OFFERING

