



Brand New Construction | 20-Year Lease | Freeway Frontage Location



REPRESENTATIVE PHOTO

OFFERING MEMORANDUM  
SAN BERNARDINO, CALIFORNIA



HANLEY INVESTMENT GROUP  
REAL ESTATE ADVISORS



in the box

## OFFERING MEMORANDUM

SAN BERNARDINO, CALIFORNIA

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# OFFERING SUMMARY

JACK IN THE BOX



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## LOCATION

**Jack in the Box**  
**Little League Drive & I-215**  
**San Bernardino, CA 92407**



## OFFERING SUMMARY

<b>Price:</b>	\$2,998,000
<b>Current Net Operating Income (NOI):</b>	\$120,000
<b>Current Capitalization Rate:</b>	4.00%
<b>Price per Square Foot:</b>	\$1,122
<b>Net Rentable Area:</b>	2,671
<b>Year Built:</b>	2021
<b>Lot Size (Acres):</b>	0.86 AC

## LEASE TERMS (1)

<b>Lease Commencement:</b>	7/1/2021 (2)
<b>Lease Expiration:</b>	6/30/2041
<b>Lease Term:</b>	20 Years
<b>Lease Type:</b>	Absolute NNN Ground Lease
<b>Roof &amp; Structure:</b>	Tenant Responsibility
<b>Monthly Rent:</b>	\$10,000
<b>Annual Rent:</b>	\$120,000
<b>Rental Increases:</b>	10% Every 5 Years
<b>Renewal Options:</b>	Two 5-year w/ 10% Increases

(1) All lease provisions to be independently verified by Buyer during the Due Diligence Period.

(2) Estimated Commencement Date. Property is currently under construction.



REPRESENTATIVE PHOTOS





# INVESTMENT HIGHLIGHTS

## JACK IN THE BOX



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- **Strong Investment Fundamentals**

- **Absolute NNN Ground Lease** – Tenant is responsible for 100% of all costs, repairs, and maintenance, including roof and structure
- Jack in the Box (NASDAQ: JACK) is one of the largest operators and franchisors of restaurants in the world with over 2,200 locations in 21 states
- Lease guaranteed by Allied Restaurant Management, LLC an experienced franchisee who operates multiple Jack in the Box locations
- Brand new construction with new 20-year lease
- Favorable rent increases of 10% every 5 years allow for healthy rent growth – over \$25,000 after 10 years
- **High Identity Location** – Property immediately fronts the I-215 freeway
- **Internet Resistant** - Fast food widely regarded as one of the most stable product categories in the face of growing online commerce

- **High Identity Location**

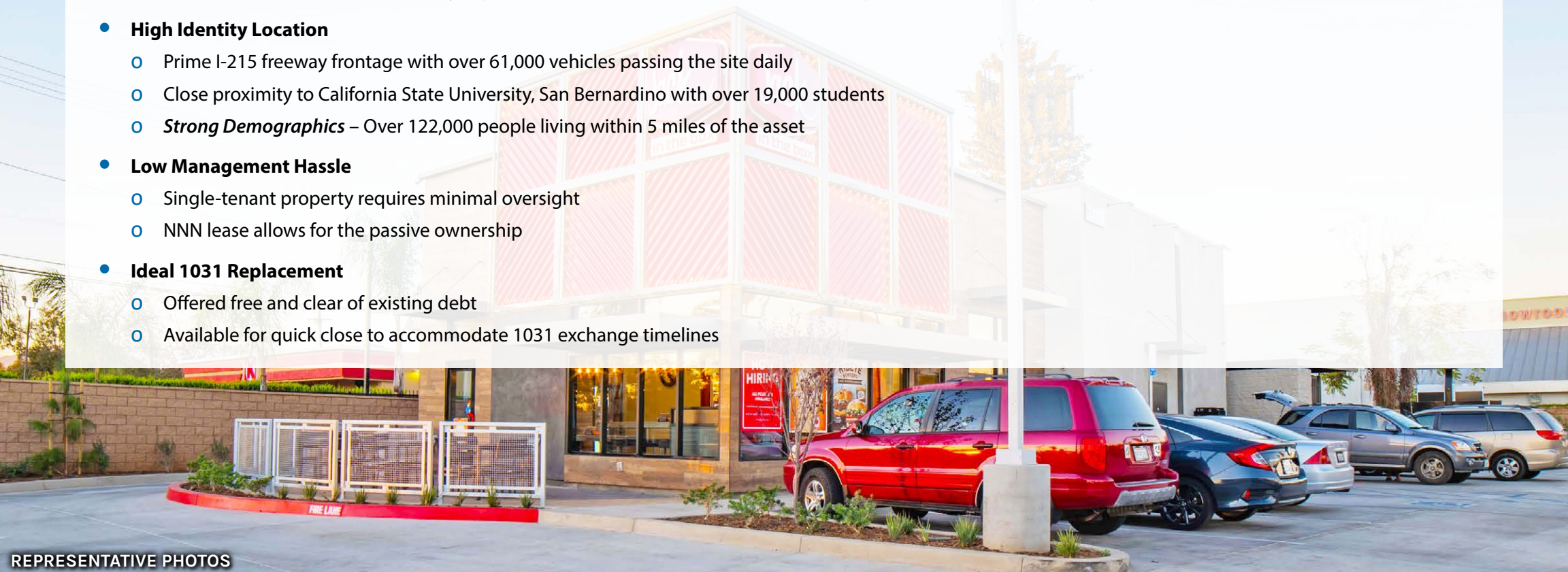
- Prime I-215 freeway frontage with over 61,000 vehicles passing the site daily
- Close proximity to California State University, San Bernardino with over 19,000 students
- **Strong Demographics** – Over 122,000 people living within 5 miles of the asset

- **Low Management Hassle**

- Single-tenant property requires minimal oversight
- NNN lease allows for the passive ownership

- **Ideal 1031 Replacement**

- Offered free and clear of existing debt
- Available for quick close to accommodate 1031 exchange timelines



REPRESENTATIVE PHOTOS



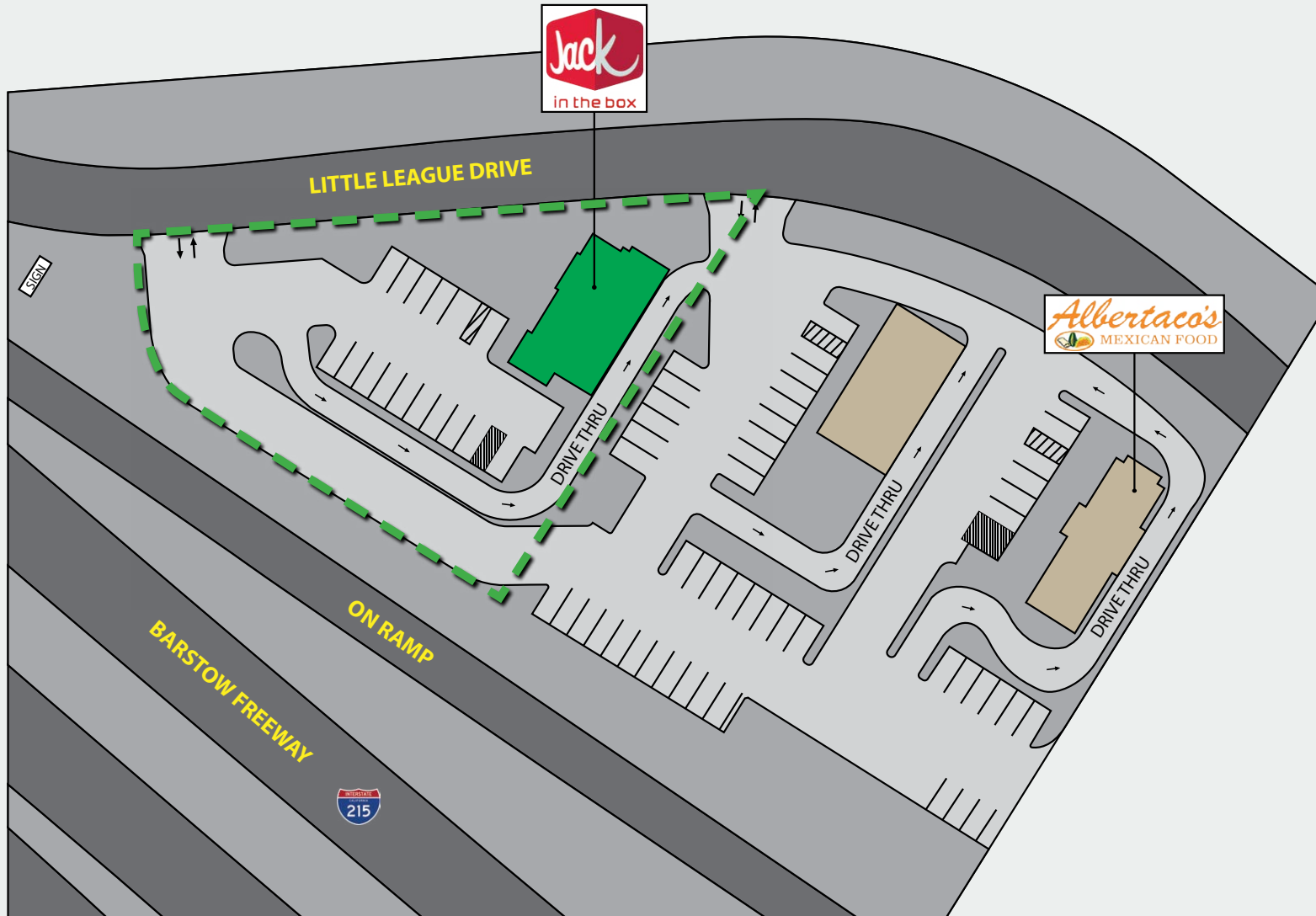
The information contained herein has been obtained from sources we deem reliable. We cannot assume responsibility for its accuracy.

# SITE PLAN / PARCEL MAP

JACK IN THE BOX



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## LITTLE LEAGUE DRIVE & I-215 SAN BERNARDINO, CA 92407



**NET RENTABLE AREA**  
2,671 SF



**PARKING**  
16 SPACES (APPROX.)



**ACCESS**  
2 POINTS OF ACCESS



**YEAR BUILT**  
2021



**TRAFFIC COUNTS**  
14,300 CPD\*



**ZONING**  
COMMERCIAL

\*Traffic count from intersection  
of West Little League Drive &  
Palm Avenue



**SUBJECT PROPERTY**



**NOT A PART**



**PROPERTY PARCEL**

**APN: 0261-182-40**







NEW SINGLE-FAMILY  
DEVELOPMENT  
(±100 UNITS UNDER  
CONSTRUCTION)

## DEMOGRAPHICS

	Population	AHHI
1-Mile Radius	7,940	\$98,583
3-Mile Radius	35,166	\$78,002
5-Mile Radius	122,562	\$72,195









# REGIONAL MAP

JACK IN THE BOX



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# TENANT PROFILE

## JACK IN THE BOX



REPRESENTATIVE PHOTOS



Jack in the Box Inc. is one of the largest operators and franchisors of restaurants in the world. Founded in 1951, Jack in the Box was the first major hamburger chain to develop drive-thru dining. Although best known for its "Jumbo Jack", the most popular menu item is the taco of which the company sells 554 million each year.

The company utilizes a unique strategy to actively expand into new markets by developing stores in namesake locations in select new markets, while simultaneously offering those restaurants for sale to franchisees along with development rights for the entire market. This strategy to seed new markets with company locations benefits both Jack in the Box, which is seeking to expand its under-penetrated brand, as well as franchise operators looking for a cost-effective way to enter and develop a market. Operators opened 27 new stores in 2020 despite the pandemic, the most in 10 years. The company could add as many as 1,100 locations in existing markets in the coming years.

Jack in the Box generated \$1.02 billion in revenue in 2020, a 7.5% increase from 2019. System same-store sales rose 4% on average throughout 2020 driven by a 12.2% increase in the 4th quarter. The company embarked on a \$30-45 million drive-thru remodeling project in 2019, but the pandemic has forced the brand to delay some of its drive-thru initiatives for now.

Headquartered in San Diego, California, the company has 16,000 employees at 2,241 Jack in the Box restaurant locations in 21 states and Guam. 94% of these locations are franchise-operated. Jack in the Box Inc. also operated Qdoba Mexican Grill until it sold the chain in December 2017 to Apollo Global Management for \$305 million.

### TOP HONORS

- **#5 "QSR 50 - Burger Segment"** - QSR Magazine (2019)
- **#6 "Fastest Growing Franchises"** - Entrepreneur Magazine (2019)
- **#19 "Franchise 500 - Burgers"** - Entrepreneur Magazine (2019)

### FRANCHISEE

Envision Foods operates 120 Jack in the Box locations across 3 states, 50 of which are located in California. The California locations are grouped under subsidiary LLC's, with the subject property guaranteed by Allied Restaurant Management, LLC.

**Company Type:** Public (NASDAQ: JACK)  
**Locations:** 2,240+  
**Website:** [www.jackinthebox.com](http://www.jackinthebox.com)



## INVESTOR'S BUSINESS DAILY®



### Jack in the Box Stock Drives Through Key Rating Benchmark

By Mark Sharar | December 15, 2020

One important metric to look for in a stock is an 80 or higher Relative Strength Rating. Jack In The Box (JACK) cleared that benchmark Tuesday, with a jump from 75 to 84 Tuesday. This makes Jack In The Box stock one to watch.

When you're researching the best stocks to buy and watch, be sure to pay attention to relative price strength. IBD's proprietary rating identifies share price action with a 1 (worst) to 99 (best) score. The grade shows how a stock's price behavior over the trailing 52 weeks compares to all the other stocks in our database.

Decades of market research reveals that the market's biggest winners tend to have an RS Rating north of 80 in the early stages of their moves.

**I** [CLICK FOR ARTICLE](#)

## RESTAURANT BUSINESS



### With Sales Surging and a Franchisee Dispute Settled, Jack in the Box Looks to Grow

By Jonathan Maze | November 20, 2020

Jack in the Box hopes that a settled lawsuit and stronger sales will yield more locations.

The San Diego-based burger chain this week said that its same-store sales rose 12.2% systemwide in the company's fiscal fourth quarter ended Sept. 27. Executives said on Thursday that sales continued to thrive in the seven weeks since, continuing a period of growing momentum for the fast-food concept.

Meanwhile, the company recently settled a two-year-old dispute with its franchisees, resolving a problem that had been a thorn in its side even as sales improved. Oh, and the sales have improved their profits.

**R** [CLICK FOR ARTICLE](#)



## San Bernardino, CA

- Located in the Riverside, San Bernardino metropolitan area, 60 miles east of Los Angeles, 120 miles northeast of San Diego, and 55 miles northwest of Palm Springs
- 215,800+ population in the city; 4.6+ million in the metropolitan area
- 17th largest city in the state by population, and growing steadily due to its supply of affordable and quality family housing, as well as its close proximity to major metropolitan areas
- In the top 100 most populous cities in the United States

### ECONOMY

- Healthy economy with low unemployment and positive wage growth, according to U.C. Riverside Economist Christopher Thornberg
- One of the fastest-growing retail markets in the state; in 2018, the retail market grew 3.6%, compared to the state growth rate of 2.4%
- The city's largest employers include Stater Bros. Markets, San Bernardino School District, CA State University, San Bernardino, and San Bernardino Community Hospital
- **Amazon Fulfillment and Sortation Centers** - Two 950,000 square foot and 1.1 million square foot warehouses employ over 2,500 workers

### EDUCATION

- **California State University San Bernardino** - Over 3,000 employees and 20,000 students
  - One of the fastest-growing universities in California with more than 65,000 graduates

- **San Bernardino Valley College (SBVC)** - Original and largest of two colleges in the San Bernardino Community College District; serves 12,000 students every semester
- **Loma Linda University Health, San Bernardino** - 150,000 square foot campus is home to San Manuel Gateway College

### TRANSPORTATION

- **San Bernardino Transit Center** - Connects 10 local bus routes, 2 express omnitrans bus routes, sbX green line, Victor Valley Transit Authority, and Victor Valley Transit Authority
  - Currently undergoing an expansion from downtown San Bernardino to Redlands; estimated between 1,120 and 1,340 riders will use the Redlands route daily
- **Ontario International Airport** - 35 gates that total 530,000 square feet, and serves roughly 4.5 million passengers annually, and 400,000 tons of air freight
  - Ranked among the 100 busiest in the world; the United Parcel Service (UPS) operates a regional freight hub there which ships cargo to cities across North America

## City of San Bernardino *Highlights*

**\$75K**  
AVERAGE  
HOUSEHOLD INCOME

**#17**  
LARGEST CITY IN  
CALIFORNIA BY POPULATION

**TOP 100**  
MOST POPULOUS CITIES  
IN THE UNITED STATES







## Inland Empire

- Comprised of Riverside and San Bernardino Counties, its borders span from the Orange and Los Angeles County lines on the west, and more than 100 miles east to the communities of Palm Desert
- Home to more than 4.6 M people; region is larger than 24 of the 50 U.S. states; \$195.3 billion gross metropolitan product
- \$7.7 billion total construction building permit valuation (combined residential and commercial) projected in 2019 (versus \$4.1 in 2010)

### ECONOMY

- #3 "Job Growth in the U.S." - Forbes (2018)
- 2nd fastest growing nonfarm employment rate among California's MSAs with job gains occurring in every sector
  - 3.3% annual job growth vs. 1.5% in Orange County
- Projected to add 44,000 company payroll jobs in 2019, boosting its corporate employment to 1.54 million
- Transportation and warehousing have grown the fastest more than doubling to 128,000 between 2010-2017
- Healthcare is the 2nd largest employment industry; 22% employment growth in the last 6 years
- Total personal income for Inland Empire residents will hit a record \$200 billion in 2019
- Largest employers are Arrowhead Regional Medical Center, Stater Bros. Markets, County of San Bernardino, and Ontario International Airport
- \$260+ billion worth of cargo passes through the Port of Los Angeles each year; 80% of those goods pass through the Inland Empire, either on trucks or on trains

- Robust housing market with both rent and home prices increasing; region's affordability advantage, relative to higher-cost markets in Los Angeles and Orange County, has made the area an attractive destination for new residents
- Annual new-home permits projected to hit 14,100 in 2019 (up from 10,100 in 2014)
- Consumer spending continues to pump up demand for retail space with a 9.4% retail vacancy rate (as of Q3 2018)
- 300,000 square feet of retail space opened in the last year; \$23 per square foot average asking rate for retail space, a 1.7% increase from the year prior

### LOGISTICS

- One of the nation's most important players in the logistics industry
- Amazon has 16,000 employees and 10 e-commerce centers in the Inland Empire with another opening in Beaumont
- Has more industrial space leased than Dallas and Atlanta combined, the 2nd and 3rd largest, busiest cities in the U.S.

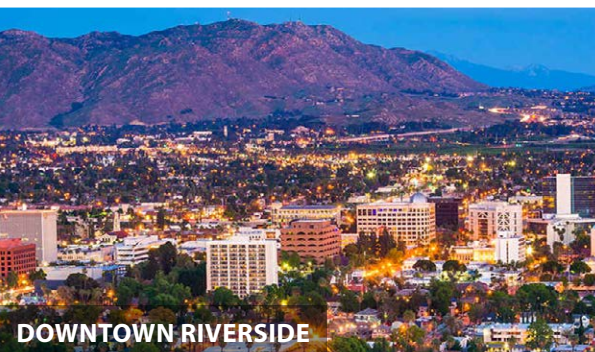


## TRADE AREA HIGHLIGHTS

**22%**  
EMPLOYMENT GROWTH  
IN THE PAST 6 YEARS

**4.6M**  
PEOPLE LOCATED  
IN THE REGION

**\$200B**  
PERSONAL INCOME  
RECORD INCOME FOR THE AREA



DOWNTOWN RIVERSIDE



PALM SPRINGS



RIVERSIDE COMMUNITY HOSPITAL





	<u>1-Mile</u>	<u>3-Mile</u>	<u>5-Mile</u>
<b>Population</b>			
2024 Projection	8,125	37,161	127,163
2019 Estimate	7,940	35,166	122,562
2010 Census	7,492	31,913	113,953
2000 Census	4,880	25,868	101,164
Growth 2000-2010	53.52%	23.37%	12.64%
Growth 2010-2019	5.98%	10.19%	7.55%
Growth 2019-2024	2.33%	5.67%	3.75%
<b>Households</b>			
2024 Projection	2,402	10,181	35,793
2019 Estimate	2,345	9,616	34,449
2010 Census	2,199	8,590	31,677
2000 Census	1,531	7,467	29,777
Growth 2000-2010	43.63%	15.04%	6.38%
Growth 2010-2019	6.64%	11.94%	8.75%
Growth 2019-2024	2.43%	5.88%	3.90%
<b>2019 Est. Population by Single-Classification Race</b>			
White Alone	4,125	16,282	53,903
Black or African American Alone	1,063	5,089	19,205
American Indian and Alaska Native Alone	71	373	1,311
Asian Alone	406	1,723	4,829
Native Hawaiian and Other Pacific Islander Alone	27	91	441
Some Other Race Alone	1,667	9,432	35,800
Two or More Races	548	1,975	6,564
<b>2019 Est. Population by Ethnicity (Hispanic or Latino)</b>			
Hispanic or Latino	3,888	20,326	73,907
Not Hispanic or Latino	4,052	14,840	48,655
<b>2019 Est. Average Household Income</b>	<b>\$98,583</b>	<b>\$78,002</b>	<b>\$72,195</b>



# CONFIDENTIALITY AGREEMENT

JACK IN THE BOX



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The information contained herein does not purport to provide a complete or fully accurate summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information which prospective buyers may need or desire. All financial projections are based on assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and Broker and, therefore, are subject to material variation. This Marketing Package does not constitute an indication that there has been no change in the business or affairs of the Property or the Owner since the date of preparation of the information herein. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective buyers.

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**\$7.7 BILLION**  
retail sales nationwide



**SHARED DATABASE**  
collaborative proprietary database



**GLOBEST. INFLUENCERS**  
in retail & net lease sales



**NATIONWIDE REACH**  
retail & investors across the U.S.



**\$2 BILLION IN RETAIL SOLD**  
over 400 transactions in last 36 mos.