

Marcus & Millichap



# **OFFERING** **MEMORANDUM**

*Pizza Hut Sale-Leaseback | New 20 - Year Lease*

**2177 E Henrietta Rd,  
Rochester, NY. 14623**

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*Pizza Hut Sale-Leaseback | New 20-Year Lease  
Rochester, NY  
ACT ID ZAC0310125*

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John Krueger  
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# Investment Highlights

**PRICE: \$1,420,560 | CAP: 5.35% | RENT: \$76,000**

- *New Lease to Be Executed at Close-of-Escrow; Long-Term 20-Year Absolute Triple Net (NNN) Lease*
- *20-Year Absolute (NNN) Lease - Zero Landlord Responsibilities*
- *One-Percent Annual Escalations Starting in Year Two*
- *Tenant Renewal Options: Four (4), Five-Year Options*
- *New Retro-Fit-Site Featuring Modern 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*
- *GC Pizza Hut is the Largest Owner/Operator in the Pizza Hut System within the New England Region*
- *GC Pizza Hut operates 74 stores across New York, Massachusetts, Connecticut, Vermont, New Hampshire, Maine and Tennessee*

# Investment Summary

*Marcus & Millichap is pleased to present this exclusive listing of a freestanding Pizza Hut located at 2177 E Henrietta Rd, Rochester, NY. The site constructed originally in 1988 was renovated in 2019. The subject property consists of 1,509 rentable square feet of building space and sits on an approximately 0.39 acre parcel of land. Pizza Hut is subject to a brand new, 20-year Absolute NNN lease, the starting base rent shall be \$76,000 with 1% Annual Escalations starting in year 2. There will be four five-year tenant renewal options with 1.0% annual rental increases in each of the five-year option periods, extending the total possible lease term to 40 years. The subject property has displayed consistent performance throughout its tenure in Rochester, as a result Golden Child Holdings will execute a new-20 Year Term at the Close of Escrow.*

## 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   Sale-Leaseback
Property Address	2177 E Henrietta Rd Rochester, NY 14623
Price	\$1,420,561
Capitalization Rate	5.35%
Price/SF	\$941.39

## PROPERTY DESCRIPTION

Year Built / Renovated	1988/2019
Gross Leasable Area	1,509 SF
Zoning	Commercial
Type of Ownership	Fee Simple
Lot Size	0.39 Acres

## LEASE SUMMARY

Property Subtype	Net Leased Restaurant
Tenant	Pizza Hut
Rent Increases	1% Annual Escalations
Guarantor	Franchisee Guarantee
Lease Type	Absolute Net
Lease Commencement	At Close of Escrow
Initial Lease Term	20 Years From Close of Escrow
Renewable Options	Four Five-Year Options
Landlord Responsibility	None
Tenant Responsibility	All
Right of First Refusal/Offer	No

## ANNUALIZED OPERATING INFORMATION

### INCOME

Net Operating Income	\$76,000
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### RENT SCHEDULE

YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF	CAP RATE
Current	\$76,000	\$6,333	\$50.36	5.35%
Year 2	\$76,760	\$6,397	\$50.87	5.40%
Year 3	\$77,527	\$6,461	\$51.38	5.46%
Year 4	\$78,302	\$6,525	\$51.89	5.51%
Year 5	\$79,085	\$6,590	\$52.41	5.57%
Year 6	\$79,875	\$6,656	\$52.93	5.62%
Year 7	\$80,673	\$6,723	\$53.46	5.68%
Year 8	\$81,479	\$6,790	\$54.00	5.74%
Year 9	\$82,293	\$6,858	\$54.53	5.79%
Year 10	\$83,115	\$6,926	\$55.08	5.85%
Year 11	\$83,945	\$6,995	\$55.63	5.91%
Year 12	\$84,785	\$7,065	\$56.19	5.97%
Year 13	\$85,632	\$7,136	\$56.75	6.03%
Year 14	\$86,488	\$7,207	\$57.31	6.09%
Year 15	\$87,352	\$7,279	\$57.89	6.15%
Year 16	\$88,225	\$7,352	\$58.47	6.21%
Year 17	\$89,107	\$7,426	\$59.05	6.27%
Year 18	\$89,998	\$7,500	\$59.64	6.34%
Year 19	\$90,897	\$7,575	\$60.24	6.40%
Year 20	\$91,805	\$7,650	\$60.84	6.46%



# Property Photos



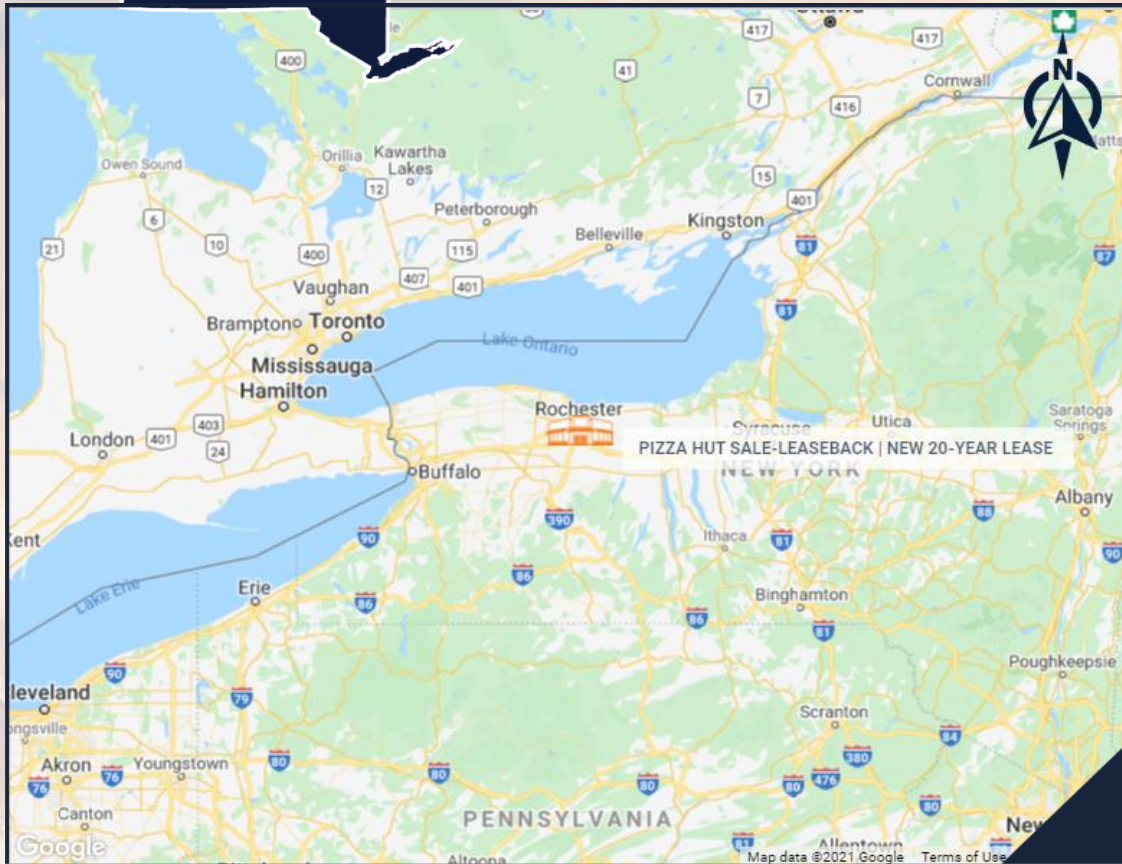
Pizza Hut  
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# Regional Map

NY

2177 E Henrietta Rd, Rochester, NY. 14623



- 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



Airport



Hospital



Downtown



Major Highway



Shopping Center

# Aerial Map

LOOKING NORTH



# Demographics

Created on April 2021

POPULATION	1 Miles	3 Miles	5 Miles
■ 2025 Projection			
Total Population	6,465	42,451	134,312
■ 2020 Estimate			
Total Population	6,438	41,919	132,825
■ 2010 Census			
Total Population	6,404	41,338	131,528
■ 2000 Census			
Total Population	6,883	39,664	129,399
■ Current Daytime Population			
2020 Estimate	9,335	81,172	210,532
HOUSEHOLDS	1 Miles	3 Miles	5 Miles
■ 2025 Projection			
Total Households	2,786	17,184	52,743
■ 2020 Estimate			
Total Households	2,746	16,826	51,728
Average (Mean) Household Size	2.35	2.34	2.32
■ 2010 Census			
Total Households	2,724	16,526	51,031
■ 2000 Census			
Total Households	2,783	15,451	49,087
■ Occupied Units			
2025 Projection	2,786	17,184	52,743
2020 Estimate	2,921	18,269	56,336
HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
■ 2020 Estimate			
\$150,000 or More	4.35%	10.47%	11.94%
\$100,000 - \$149,000	12.73%	15.43%	15.01%
\$75,000 - \$99,999	13.76%	13.23%	12.59%
\$50,000 - \$74,999	23.24%	19.24%	17.39%
\$35,000 - \$49,999	16.93%	13.49%	12.13%
Under \$35,000	28.99%	28.12%	30.92%
Average Household Income	\$63,874	\$83,052	\$86,994
Median Household Income	\$53,493	\$60,782	\$59,728
Per Capita Income	\$27,281	\$34,478	\$35,104

HOUSEHOLDS BY EXPENDITURE	1 Miles	3 Miles	5 Miles
Total Average Household Retail Expenditure	\$72,109	\$75,523	\$74,123
■ Consumer Expenditure Top 10 Categories			
Housing	\$21,112	\$22,302	\$22,015
Shelter	\$13,320	\$14,389	\$14,237
Transportation	\$10,520	\$11,095	\$10,924
Food	\$7,949	\$8,217	\$8,064
Personal Insurance and Pensions	\$6,650	\$7,285	\$7,187
Health Care	\$4,648	\$4,583	\$4,430
Utilities	\$3,737	\$3,787	\$3,710
Entertainment	\$2,725	\$2,856	\$2,825
Apparel	\$1,967	\$2,067	\$2,045
Household Furnishings and Equipment	\$1,709	\$1,642	\$1,601
POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population By Age			
2020 Estimate Total Population	6,438	41,919	132,825
Under 20	19.90%	21.07%	23.78%
20 to 34 Years	19.91%	26.04%	26.71%
35 to 39 Years	6.11%	6.06%	5.94%
40 to 49 Years	11.04%	9.89%	10.06%
50 to 64 Years	20.69%	18.11%	17.64%
Age 65+	22.37%	18.83%	15.87%
Median Age	44.00	37.25	34.64
■ Population 25+ by Education Level			
2020 Estimate Population Age 25+	4,793	29,116	87,419
Elementary (0-8)	1.23%	1.18%	1.47%
Some High School (9-11)	7.04%	6.09%	6.09%
High School Graduate (12)	27.95%	21.18%	18.02%
Some College (13-15)	18.66%	15.59%	14.71%
Associate Degree Only	13.73%	10.95%	10.32%
Bachelors Degree Only	18.97%	23.51%	24.14%
Graduate Degree	11.61%	19.53%	23.79%

# Market Overview

## ROCHESTER

### OVERVIEW

Rochester's economy benefits from a central location among the population centers of the Northeastern U.S. and the innovative foundations set by such firms as Kodak, Xerox, and Bausch and Lomb. The metro's post-secondary schools produce an educated workforce and generate cutting-edge research that drives the city's innovation and technology sectors. The metro is composed of six counties: Monroe, Orleans, Wayne, Ontario, Livingston and Yates. Three of them border Lake Ontario.



### METRO HIGHLIGHTS



The University of Rochester is one of the country's top-tier research universities, with more than 31,000 employees and some 12,000 students.



Growing industries include food-and-beverage manufacturing, biotechnology and green innovation.



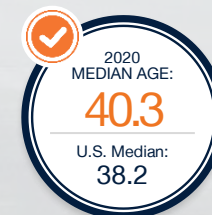
Located in New York between Buffalo and Syracuse, Rochester Regional Health employs approximately 16,000 workers and includes five hospitals.



### ECONOMY

- Wegmans Food Markets is the third-largest local employer following Rochester University and Rochester Regional Health. The expanding supermarket chain has more than 100 stores on the East Coast and employs more than 13,000 in the area.
- Headquartered in the metro, Paychex, Inc. is a business-process outsourcing company with thousands of employees within the region. It serves more than half a million small to medium-size businesses nationwide.
- Other major employers include Abbott's Frozen Custard, Gleason Corp., Western Union and Champion. Kodak, Xerox, and Bausch and Lomb still maintain a presence in the region.

### DEMOGRAPHICS



# About Rochester, NY

*One thing about Rochester that happens to be great is the feel of a small town in a large city. Rochester is a city where you're likely to have a conversation with someone only to find out that you know a very close friend or family member of theirs. The saying "what a small world" is often said after having a conversation with fellow "Rochesterians."*

*The reason the people in Rochester are some of the warmest and most welcoming people in the country is due to the abundance of jobs available in Rochester, the amount of things to do in the community, and the affordability of Rochester which is unlike most cities.*



*Settlement was made in 1789 at the Falls of Genesee, which powered a grist-mill built by Ebenezer Allen on a 100-acre tract granted on condition that he would serve the needs of the Seneca Indians. The venture was a failure, and Allen's land was sold to Colonel Nathaniel Rochester, Colonel William Fitzhugh, and Major Charles Carroll.*

*Rochester offered lots for sale in 1811, and in 1817 the village was incorporated as Rochesterville (shortened in 1822); it was incorporated as a city in 1834. The Erie Canal (1825) and the city's abundant waterpower and railway linkages (1839) made it, by the 1850's, one of the early boom towns of the "West" with a prosperous flour-milling industry based on the wheat production of the Genesee River valley. The clothing and shoe industries, initiated in the 1860's, were stimulated by demands of the American Civil War, and mass production methods were rapidly developed.*

*During the 1890's, industrialists such as George Eastman, John Jacob Bausch, and Henry Lomb developed photographic, optical, and precision equipment. Photocopy machines and other products including auto parts, machine tools, electrical equipment, clothing, plastics, and processed foods now augment the economy.*

*The city is the seat of the University of Rochester (founded in 1850, which includes the Eastman School of Music), the Rochester Institute of Technology (1829), and Roberts Wesleyan (1866), Nazareth (1924), and St. John Fisher (1948) colleges. The Monroe Community College of the State University of New York system was founded in 1961. The Colgate-Rochester Divinity School was founded in 1850 as the Rochester Theological Seminary. Cultural institutions include a symphony orchestra, an art gallery (University of Rochester), a planetarium, and the International Museum of Photography at George Eastman's House.*

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***EXCLUSIVE NET LEASE OFFERING***

