



- Brand New Construction
- 20-Year Absolute NNN Ground Lease
- 10% Increases Every 5 Years



REPRESENTATIVE PHOTO

OFFERING MEMORANDUM

REDLANDS, CALIFORNIA



HANLEY INVESTMENT GROUP
REAL ESTATE ADVISORS



in the box

OFFERING MEMORANDUM

REDLANDS, CALIFORNIA

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LOCATION

Jack In The Box
1248 Wabash Avenue
Redlands, CA 92359



OFFERING SUMMARY

Price:	\$3,110,000
Current Net Operating Income (NOI):	\$115,000
Current Capitalization Rate:	3.70%
June 2025 Net Operating Income (NOI):	\$126,500
June 2025 Capitalization Rate:	4.07%
Net Rentable Area:	3,000
Year Built:	2021
Lot Size (Acres):	0.71

LEASE TERMS (1)

Guarantor:	OC Food Express, Inc. (30 Units)
Rent Commencement: (2)	6/3/2020
Lease Expiration:	6/30/2040
Lease Type:	Absolute NNN Ground Lease
Roof & Structure:	Tenant Responsibility
Monthly Rent:	\$9,583
Annual Rent:	\$115,000
Rental Increases:	10% Every 5 Years
Renewal Options:	Four 5-Year @ 10% Increases

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

(2) Tenant's estimated opening date is June 15, 2021.



REPRESENTATIVE PHOTOS



- **New Construction Single-Tenant Jack in the Box Ground Lease Near Major University:**

- Absolute NNN ground lease; no landlord responsibilities
- New 20-year lease with 10% increases every 5 years
- Brand new 2021 construction with drive-thru
- Large 0.71-acre (30,928 square foot) lot
- Jack in the Box (NASDAQ: JACK) is one of the largest operators and franchisors of restaurants in the world
- Jack in the Box has over 2,200 locations in 21 states and Guam
- Jack in the Box plans to invest \$30-45 million on restaurant drive-thru enhancements and remodels in an effort to increase system-wide revenue to \$4 billion by 2022
- Lease guaranteed by OC Food Express, Inc., an experienced franchisee who operates 28 locations with two more under development

- **Across the Street from Newly Developed Redlands Village Shopping Center:** 77,000 square foot shopping center anchored by Stater Bros; tenants at the center include AutoZone, CVS/pharmacy, Great Clips, Jersey Mike's, and Starbucks

- Other tenants at the intersection of Wabash Avenue and Lugonia Avenue/Mentone Boulevard include Fitness 19, McDonald's, Circle K, and 76 Gas



REPRESENTATIVE PHOTO



- **Located Off Mentone Boulevard (State Highway 38), the Primary Thoroughfare that Connects Redlands to Big Bear**
- **High Daytime Draw from Nearby Educational Institutes:**
 - **University of Redlands:** Located less than 2 miles from the subject property, the private liberal arts university is home to more than 4,800 students
 - ◆ #5 "Best Colleges, Regional Universities West" by U.S. News & World Report (2021)
 - **Redlands East Valley High School:** 1-mile from the subject property; 2,150+ students
- **Dense, Affluent Demographics:** Approximately 115,000 people with average household incomes in excess of \$ 110,000 within a 5-mile radius of the subject property
 - The city of Redlands has one of the highest average household incomes of all cities within the Inland Empire
- **Close Proximity to Loma Linda University Health (LLUMC):** LLUMC is the largest and only Level I Trauma Center in the region; 507 bed hospital that sees over 16,000 inpatients and 470,000 outpatient visits a year
- **3-Miles to Historic Downtown Redlands:** Downtown Redlands is a destination shopping location filled with boutique shops and gourmet restaurants





FRONT ELEVATION



RIGHT ELEVATION



RENDERINGS

REAR ELEVATION



LEFT ELEVATION



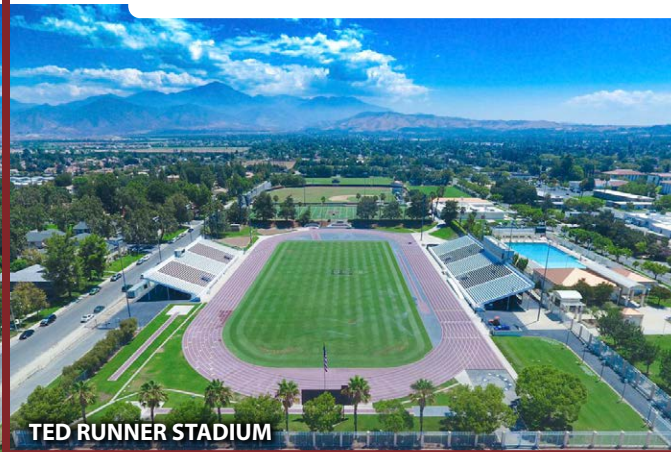






UNIVERSITY OF **Redlands**

- ◆ Over 4,800 students from 41 states and 46 countries are enrolled
- ◆ Redlands offers more than 40 undergraduate majors and more than 10 for graduate students
- ◆ Top 7% of four-year colleges, ranked by alumni earning above expectations according to the Economist
- ◆ Located minutes from Downtown Redlands



TED RUNNER STADIUM



HUNSACKER CENTER



DEMOGRAPHICS



	Population	AHHI	Students
1-Mile Radius	12,127	\$92,767	4,800+
3-Mile Radius	58,351	\$100,931	
5-Mile Radius	115,346	\$110,040	

HIGH VOLUME NEIGHBORING FAST FOOD TENANTS:

The adjacent McDonald's and Starbucks have unit level sales at these locations that are significantly above their average locations.

FUTURE DEVELOPMENT







#1

Inland Empire had the Highest Job Growth Rate in California

#1

Inland Empire has the Highest Home Price Growth In Southern California

PRIME INLAND EMPIRE LOCATION

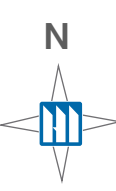


- 16 Miles to Moreno Valley
- 30 Miles to Ontario
- 48 Miles to West Covina
- 55 Miles to Anaheim
- 55 Miles to Irvine



ONTARIO INTERNATIONAL AIRPORT (ONT)

- Fastest growing airport in the U.S.
- 9 major airlines; 25 non-stop destinations
- 5.5 million passengers served in 2019



TENANT PROFILE

JACK IN THE BOX



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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

OC Food Express, Inc. operates 30 Jack in the Box locations in Los Angeles, San Bernardino, Orange and Riverside counties.

Company Type: Public (NASDAQ: JACK)
Locations: 2,240+
Website: 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](#)

Redlands, CA

- City within San Bernardino County; known as the "Jewel of the Inland Empire"
 - 10 miles southeast of downtown San Bernardino; 60 miles east of downtown Los Angeles

ECONOMY

- Home to a thriving and still growing logistics industry with Amazon, Home Depot, Clorox, Kimberly-Clark, and others
- \$103,196 average household income

EDUCATION

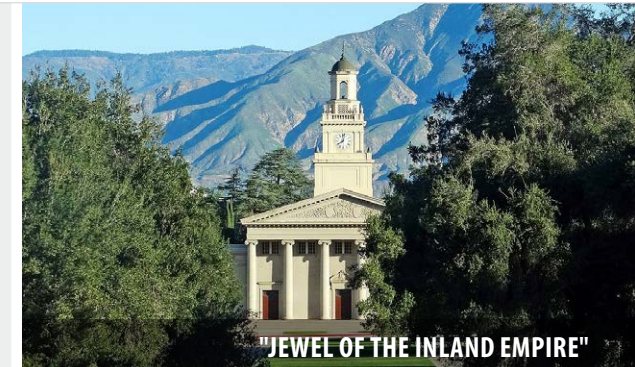
- **University of Redlands** - Private liberal arts university on 160 acres offering 40+ undergraduate programs and 10+ graduate programs; rated within the top 25% of "America's Top Colleges" by Forbes; 4,600 students

DEVELOPMENTS

- **Arrow** - \$355.4 million, 9-mile extension from downtown San Bernardino to Redlands on the San Bernardino Metrolink line; under construction and expected to begin ridership by 2022, transporting 1,100-1,350 riders daily
 - **Transit Villages** - 3 proposed mixed-use transit villages (Downtown Redlands, New York Street, and University) to be constructed within a half-mile radius along the Arrow passenger rail line
- **Redlands 360** - A 1,600-home development on 650 acres in the middle of the Redlands; currently in the planning phase
- **Amazon Air Regional Hub** - A \$200 million, 660,000 square foot facility at San Bernardino International Airport is under construction; expected to create 4,000 new jobs

TRANSPORTATION

- Easy access to Southern California's major freeway system: I-10 and I-215, SR 30 and 330, and California Highway 210
 - **San Bernardino International Airport (SBD)** - newly designed international passenger terminals have the airport poised to become a thriving international airport for the 2 million people that live within 30 minutes
 - **Ontario International Airport (ONT)** - Serves 5+ million passengers annually; ranked among the 100 busiest airports



**THRIVING & GROWING
LOGISTICS SECTOR**

60

**MILES EAST OF
DOWNTOWN L.A.**



**HEALTHCARE IS THE LARGEST
SECTOR BY EMPLOYMENT**

\$103K+

**AVERAGE
HOUSEHOLD INCOME**



Inland Empire

- Comprised of Riverside and San Bernardino Counties, its borders span from the Orange and Los Angeles County lines on the west to more than 100 miles east to the communities of Palm Desert
- Home to 4.6+ million people, with 1.15% annual growth
 - 13th largest metro area in the country
- Gross metropolitan product (GMP) up 2.2% to \$199.6 billion; ranks in top 20 metro areas for GMP in the United States

ECONOMY

- Logistics, healthcare, manufacturing, and construction are dominant employment sectors in the region
- Prior to the pandemic, the region held the 2nd fastest-growing non-farm employment rate among California's MSAs with job gains occurring in every sector
 - Projected to add 40,000 company payroll jobs in 2021, up 3% from 2020
 - Transportation/warehousing, utilities, and federal/civilian government sectors were largely unaffected by the pandemic and even added jobs
- Total personal income for Inland Empire residents will hit a record [\\$218 million](#) in 2021, 5.8% annual growth
- Total local taxable sales are expected to rebound by 10% in 2021
- Headquarters to major corporations such as Esri, Garner Holt Productions, and Stater Bros. Markets

- 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
 - \$414,000 median home price in 2020, up 10% from 2019
 - Residential construction industry has seen a 16% pickup in building permit activity

LOGISTICS

- One of the nation's key players in the logistics industry, even more so after the explosive demand for shipped products sparked by the pandemic in 2020
 - 53% of jobs gained in the Inland Empire in November 2020 were to the logistics sector
- Amazon has 40,000 employees and 14 e-commerce centers throughout the region
- Holds more industrial large-space leases than Dallas and Atlanta combined (the 2nd and 3rd busiest cities for such leases in the [U.S.](#))

TRADE AREA HIGHLIGHTS

40K

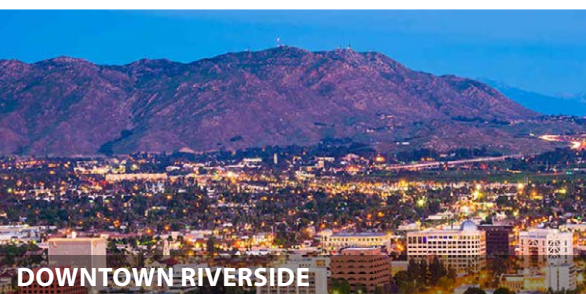
**NEW PAYROLL JOBS
FORECASTED, UP 3%**

4.6M

**PEOPLE LOCATED IN
THE REGION**

14

**AMAZON CENTERS
WITHIN THE REGION**



DOWNTOWN RIVERSIDE



PALM SPRINGS



LOMA LINDA UNIVERSITY MEDICAL CENTER



	<u>1-Mile</u>	<u>3-Mile</u>	<u>5-Mile</u>
Population			
2025 Projection	12,200	58,972	116,996
2020 Estimate	12,127	58,351	115,346
2010 Census	11,704	55,892	109,838
2000 Census	10,472	51,040	94,632
Growth 2000-2010	11.76%	9.51%	16.07%
Growth 2010-2020	3.61%	4.40%	5.01%
Growth 2020-2025	0.60%	1.06%	1.43%
Households			
2025 Projection	4,116	20,394	41,335
2020 Estimate	4,090	20,153	40,679
2010 Census	3,881	18,945	38,071
2000 Census	3,599	17,823	33,796
Growth 2000-2010	7.84%	6.30%	12.65%
Growth 2010-2020	5.39%	6.38%	6.85%
Growth 2020-2025	0.64%	1.20%	1.61%
2020 Est. Population by Single-Classification Race			
White Alone	8,273	37,701	76,025
Black or African American Alone	635	3,168	5,929
American Indian and Alaska Native Alone	154	601	1,038
Asian Alone	689	4,230	10,058
Native Hawaiian and Other Pacific Islander Alone	42	210	346
Some Other Race Alone	1,629	9,348	15,595
Two or More Races	680	2,968	6,052
2020 Est. Population by Ethnicity (Hispanic or Latino)			
Hispanic or Latino	4,720	23,796	42,249
Not Hispanic or Latino	7,407	34,555	73,097
2020 Est. Average Household Income	\$92,767	\$100,931	\$110,040

REPRESENTATIVE PHOTO



CONFIDENTIALITY AGREEMENT

JACK IN THE BOX



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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.