

OFFERING MEMORANDUM

Red Lobster 13 Years Remaining on NNN Lease | Corporate Tenant



ACTUAL PHOTO

3655 ORANGE PLACE, BEACHWOOD, OH 44122

Marcus & Millichap

INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present for sale this Absolute Net Leased Red Lobster located at 3655 Orange Place in Beachwood, Ohio. The subject property consists of a free-standing building comprised of 7,468 square feet of retail space and is situated on a large 2.26-acre parcel of land adjacent to Pinecrest, Cleveland's newest mix-use district which includes some of the best national and emerging brands while also offering boutique hotels, contemporary apartments, Class-A office space, movies, shopping, and dining.

Strategically located along Orange Place and easily accessible from Interstate-271 and Highway 87, the property benefits from great visibility, high traffic counts, and spill-over traffic from the area's newest mix-use development, Pinecrest. Pinecrest is a new 58-acre mixed use district featuring over 145 boutique hotel rooms, 87 luxury apartments, 400,000 square feet of retail and dining, and 162,000 square feet of Class-A office space. The property is part of a dense corridor which is home to Hampton Inn & Suites, Fairfield Inn & Suites, Marriott, Beachwood Pediatrics, UH Minoff Health Center, and UH Ahuja Medical Center. It's also home to a number of National and Regional retailers including but not limited to Whole Foods market, Shake Shack, Pinstripes, Wendy's McDonalds, CVS, Bank of America, Starbucks, and many more.

Red Lobster has proven their commitment to this location with long term occupancy, operating out of this site for more than 30 years. Red Lobster has over 13 years of term on their Absolute NNN lease, which features attractive 2 percent annual increases through the Primary Term and in the Four 5-Year option periods. The lease features no landlord responsibilities.

Red Lobster Hospitality LLC is an American casual dining restaurant chain headquartered in Orlando, Florida. The company has operations across most of the United States, as well as in China, Ecuador, Guam, Hong Kong, Japan, Malaysia, Mexico, Philippines, Puerto Rico, Qatar, and the United Arab Emirates; as of June 23, 2020, the company had 719 locations worldwide. Golden Gate Capital has been Red Lobster's parent company since it was acquired from Darden Restaurants on July 28, 2014.

INVESTMENT HIGHLIGHTS

- Long Term Absolute NNN Lease
- Corporate Tenant | Corporate Guarantee
- Attractive Rental Increase | 2% Annually
- Dense Retail Corridor
- Adjacent to New 58-Acre Mixed Use Development | 145 Hotel Rooms | 87 Luxury Apartments | 400,000 SF of Retail | 162,000 SD of Class-A office space
- Proximity to Major Interstate Highways
- Absolute NNN Investment | Zero Landlord Responsibilities
- Just a few miles from Downtown Cleveland
- Excellent Demographics | Average Household Income over \$143,000 in 1-Mile
- Positioned Along Area's Major Retail & Traffic Corridor
- Fee Simple Allowing for Depreciation

THE OFFERING

Red Lobster
3655 Orange Place
Beachwood, Ohio 44122



PROPERTY DETAILS

Lot Size	98,446 SF (2.26 Acres)
Rentable Square Feet	7,468 SF
Price/SF	\$747.42
Year Built/Renovated	1983/2001

FINANCIAL OVERVIEW

List Price	\$5,581,746
Down Payment	100% / \$5,581,746
Cap Rate	6.00%
Type of Ownership	Fee Simple

PROPERTY RENT DATA

RENT INCREASES	MONTHLY RENT	ANNUAL RENT
01/01/2021 - 12/31/2021 (Current)	\$27,909	\$334,905
01/01/2022 - 12/31/2022	\$28,467	\$341,603
01/01/2023 - 12/31/2023	\$29,036	\$348,435
01/01/2024 - 12/31/2024	\$29,617	\$355,404
01/01/2025 - 12/31/2025	\$30,209	\$362,512
01/01/2026 - 12/31/2026	\$30,813	\$369,762
01/01/2027 - 12/31/2027	\$31,430	\$377,157
01/01/2028 - 12/31/2028	\$32,058	\$384,700
01/01/2029 - 12/31/2029	\$32,700	\$392,394
01/01/2030 - 12/31/2030	\$33,354	\$400,242
01/01/2031 - 12/31/2031	\$34,021	\$408,247
01/01/2032 - 12/31/2032	\$34,701	\$416,412
01/01/2033 - 12/31/2033	\$35,395	\$424,740
01/01/2034 - 12/31/2034	\$36,103	\$433,235
01/01/2035 - 12/31/2035 (Option 1)	\$36,825	\$441,900
Base Rent (\$44.85 / SF)		\$334,905
Net Operating Income		\$334,905.00

TOTAL ANNUAL RETURN

CAP 6.00%

\$334,905

LEASE ABSTRACT

Tenant Trade Name	Red Lobster
Tenant	Corporate
Ownership	Public
Guarantor	Corporate Guarantee
Lease Type	NNN
Lease Term	15 Years
Lease Commencement Date	06/24/2019
Rent Commencement Date	06/24/2019
Expiration Date of Base Term	12/31/2034
Term Remaining on Lease	13 Years
Increases	2% Annually on Lease Term and Option Periods
Options	Four Five Year Options
Property Type	Net Leased Auto Parts
Landlord Responsibility	None
Tenant Responsibility	All Items
Right of First Refusal	N/A









HISTORY

Red Lobster was founded in the year 1968. The company has been operational for 51 years now. The founders of the company were Charley Woodsby and Bill Darden. The name of the original restaurant opened by the company was named as The Gree Frog. The name was later changed to Red Lobster. The main aim of the company was to provide a casual dining experience to its customers, by giving various dishes and recipes related to lobsters and shrimps.

Around the 1980s, the company established its restaurants in Canada, with 25 to 30 restaurants in total number. In the year 1994, one of the founders of the company, Bill Darden, passed away. Then in the year 1995, all the Red Lobster restaurants were brought under the Darden Restaurants Incorporated. In 2009, the company established its Bar Harbor restaurant in New England, United Kingdom. By the year 2014, the Red Lobster brand was sold off to Golden Gate Capital for more than \$2.1 billion. The same year, the company moved its headquarters to the state of Orlando, USA. The headquarters of the company is situated at 450 South Orange Avenue, Suite 800. The name of the place is Orlando, while the name of the state is Florida, USA. The area pin code is 32801.

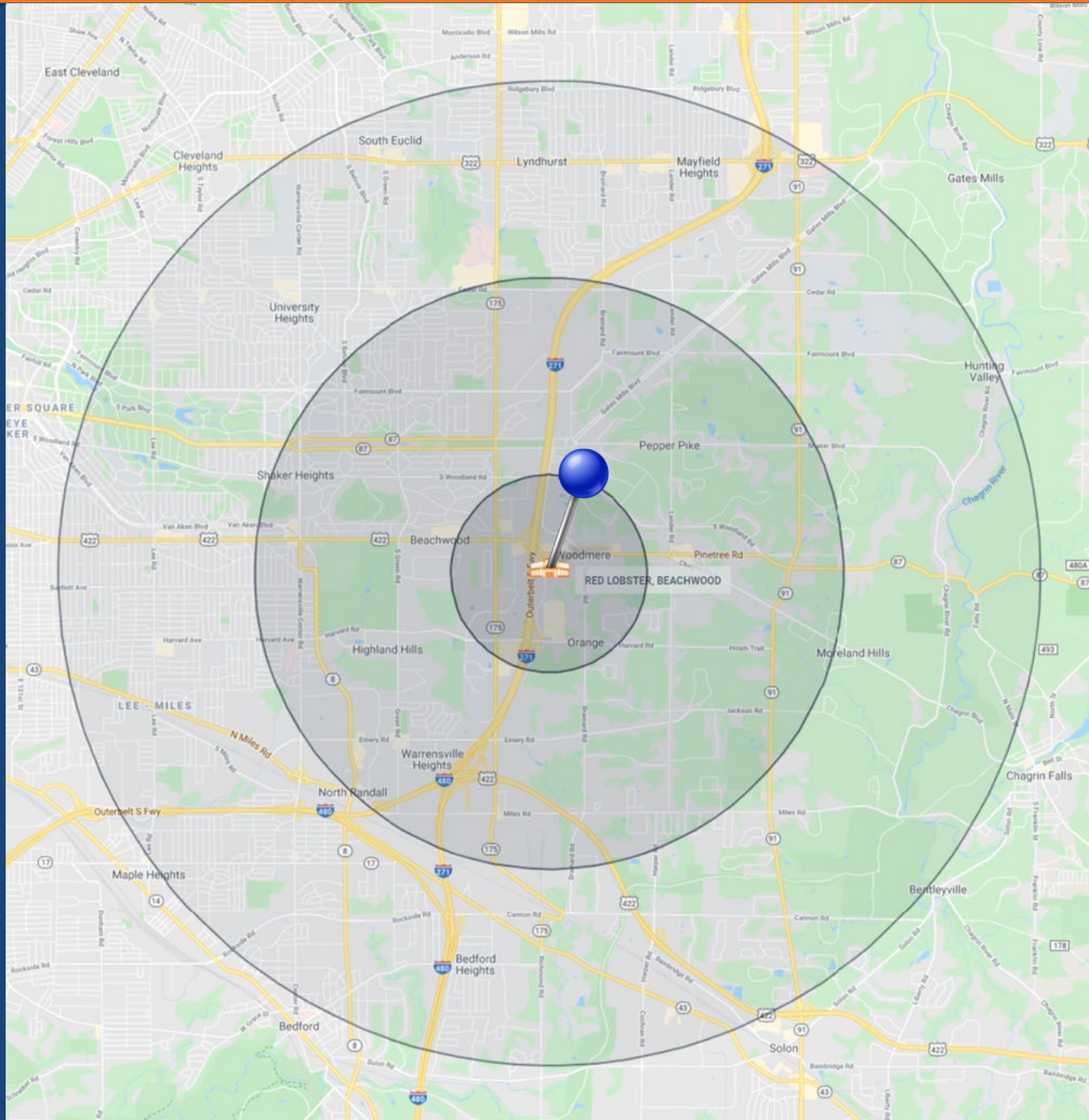
ABOUT

Red Lobster is an American company that focuses on providing the best seafood restaurant dishes and recipes to its customers. The current CEO of the company is Kim Lopdrup, while the president of the company is Salli Setta. As of the year 2013, the company has its restaurants present in around 705 locations all over the USA, the Middle East, Canada, Japan, Brazil, Mexico, etcetera. The company churned out an overall sales revenue of \$2.4 billion in the year 2014.

SERVICES

The primary services provided by the company include allowing customers to experience various seafood recipes, dishes and cuisines - produced by the company's restaurants. The signature dish supplied by the restaurant is popcorn shrimp. The company's restaurants continue to use innovative recipes and techniques to bring the best seafood dining to its customers.

	1 Miles	3 Miles	5 Miles
POPULATION			
2025 Projection	3,227	48,815	185,443
2020 Estimate	3,105	48,994	187,749
2010 Census	2,945	49,204	190,892
2000 Census	2,946	50,127	204,767
INCOME			
Average	\$143,442	\$129,147	\$94,974
Median	\$85,798	\$73,958	\$57,872
Per Capita	\$53,853	\$52,530	\$39,993
HOUSEHOLDS			
2025 Projection	1,163	19,567	77,811
2020 Estimate	1,154	19,544	78,337
2010 Census	1,164	19,802	80,106
2000 Census	1,138	19,958	83,665
HOUSING			
2020	\$337,815	\$275,654	\$159,132
EMPLOYMENT			
2020 Daytime Population	12,769	78,959	232,160
2020 Unemployment	2.27%	3.23%	3.70%
2020 Median Time Traveled	24	25	25
RACE & ETHNICITY			
White	49.66%	54.24%	48.87%
Native American	0.00%	0.01%	0.01%
African American	41.87%	37.90%	44.86%
Asian/Pacific Islander	5.23%	4.96%	3.24%



GEOGRAPHY: 5 MILE



POPULATION

In 2020, the population in your selected geography is 187,749. The population has changed by -8.31% since 2000. It is estimated that the population in your area will be 185,443.00 five years from now, which represents a change of -1.23% from the current year. The current population is 45.98% male and 54.02% female. The median age of the population in your area is 42.81, compare this to the US average which is 38.21. The population density in your area is 2,386.14 people per square mile.



HOUSEHOLDS

There are currently 78,337 households in your selected geography. The number of households has changed by -6.37% since 2000. It is estimated that the number of households in your area will be 77,811 five years from now, which represents a change of -0.67% from the current year. The average household size in your area is 2.33 persons.



INCOME

In 2020, the median household income for your selected geography is \$57,872, compare this to the US average which is currently \$62,990. The median household income for your area has changed by 21.53% since 2000. It is estimated that the median household income in your area will be \$65,891 five years from now, which represents a change of 13.86% from the current year.

The current year per capita income in your area is \$39,993, compare this to the US average, which is \$34,935. The current year average household income in your area is \$94,974, compare this to the US average which is \$90,941.



RACE AND ETHNICITY

The current year racial makeup of your selected area is as follows: 48.87% White, 44.86% Black, 0.01% 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 2.23% 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 \$159,132 in 2020, compare this to the US average of \$221,068. In 2000, there were 60,184 owner occupied housing units in your area and there were 23,480 renter occupied housing units in your area. The median rent at the time was \$585.



EMPLOYMENT

In 2020, there are 116,176 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 71.63% of employees are employed in white-collar occupations in this geography, and 28.34% are employed in blue-collar occupations. In 2020, unemployment in this area is 3.70%. In 2000, the average time traveled to work was 25.00 minutes.

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