

# BRAND NEW CONSTRUCTION DRIVE-THRU QSR

Absolute NNN Investment Opportunity

Grand Opening Q4 2021

**POPEYES**



1109 US-491

**GALLUP** NEW MEXICO

REPRESENTATIVE PHOTO



**SRS**

NATIONAL  
NET LEASE  
GROUP



## EXCLUSIVELY MARKETING BY



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# OFFERING SUMMARY



## OFFERING

Asking Price	\$3,158,000
Cap Rate	5.15%
Net Operating Income	\$162,644

## PROPERTY SPECIFICATIONS

Property Address	1109 US-491 Gallup, New Mexico 87301
Rentable Area	3,149 SF
Land Area	1.65 AC
Year Built	Under Construction (Opening Q4 2021)
Tenant	Legacy Chicken, LLC
Sales Reporting	Yes - Contact Agent for Details
Guaranty	Franchisee - 15-Unit Operator*
Lease Type	Absolute NNN
Landlord Responsibilities	None
Lease Term	20 Years
Increases	7% Every 5 Years
Options	4 (5-Year)
Rent Commencement	TBD
Lease Expiration	20 Years

\* Guaranty is projected to adjust to a 30-unit operator

# RENT ROLL & INVESTMENT HIGHLIGHTS



TENANT NAME	SF	Lease Term		Rental Rates				
		LEASE START	LEASE END	BEGIN	INCREASE	MONTHLY	ANNUALLY	OPTIONS
Legacy Chicken, LLC	3,149	TBD	20 Years	Year 1	-	\$13,554	\$162,644	4 (5-Year)
(Franchisee Guaranty)				Year 6	7%	\$14,502	\$174,029	7% Increase at Beg. of Each Option
				Year 11	7%	\$15,518	\$186,211	
				Year 16	7%	\$16,604	\$199,246	

<sup>1</sup> Tenant has 10-Day Right of First Refusal to Purchase

## Brand New 20-Year Lease | Franchisee Guaranteed | Scheduled Rental Increases | Growing Operator

- Tenant has recently signed a brand new 20-year lease with 4 (5-year) options to extend
- The lease features 7% rental increases every 5 years throughout the initial term and at the beginning of each option period, growing NOI and hedging against inflation
- The lease is currently guaranteed by a 15 unit entity. Guarantee is projected to grow to a 30-unit guarantee
- Tenant has signed an agreement with Popeyes corporate to develop 30 new stores in NM over the next four years. All 30 stores will be under the “Legacy Chicken, LLC” entity
- Popeyes same store sales growth increased by +11.6% from 2018-2019

## Absolute NNN Lease | Fee Simple Ownership | Zero Landlord Responsibilities

- Tenant pays for CAM, taxes, and insurance
- Zero landlord responsibilities
- Ideal, management-free investment for a passive investor

## Close Proximity to American Heritage Plaza (198,897 SF) | Dense Retail Corridor | Direct Residential Consumer Base

- Within walking distance to American Heritage Plaza, a 198,897 shopping center anchored by Safeway, Big Lots, Family Dollar, and Pep Boys
- Other nearby national/credit tenants include Harbor Freight, O'Reilly Auto Parts, Tractor Supply Co., Starbucks, Walmart Supercenter, Hobby Lobby, The Home Depot, and more.
- Strong tenant synergy increases consumer draw to the immediate trade area and promotes crossover store exposure
- Nearby apartment complexes include Sagebrush (50 units), Cliffside (105 units), Sun Valley (116 units), and more, providing a direct consumer base from which to draw

## Located Along U.S. Highway 491 | Drive-Thru Equipped | Brand New Construction

- Located along U.S. Highway 491, a 14,400 VPD north-south highway serving New Mexico, Colorado, and Utah
- Building is equipped with a drive-thru, providing ease and convenience for customers
- Set to complete in Q4 2021, the building will feature state of the art, brand new high-quality construction with modern amenities and design



# PROPERTY OVERVIEW



## Location



Gallup, New Mexico  
McKinley County

## Parking



There are approximately 27 parking spaces on the owned parcel.  
The parking ratio is approximately 8.57 stalls per 1,000 SF of leasable area.

## Access



U.S. Highway 491: 1 Access Point  
J. Silva Road: 1 Access Point

## Parcel



Parcel Number: 2-106-087-508-042  
Acres: 1.65  
Square Feet: 71,691

## Traffic Counts



U.S. Highway 491: 14,400 Vehicles Per Day  
Interstate 40: 28,200 Vehicles Per Day

## Construction



Year Built: 2021  
Grand Opening: Q4 2021

## Improvements



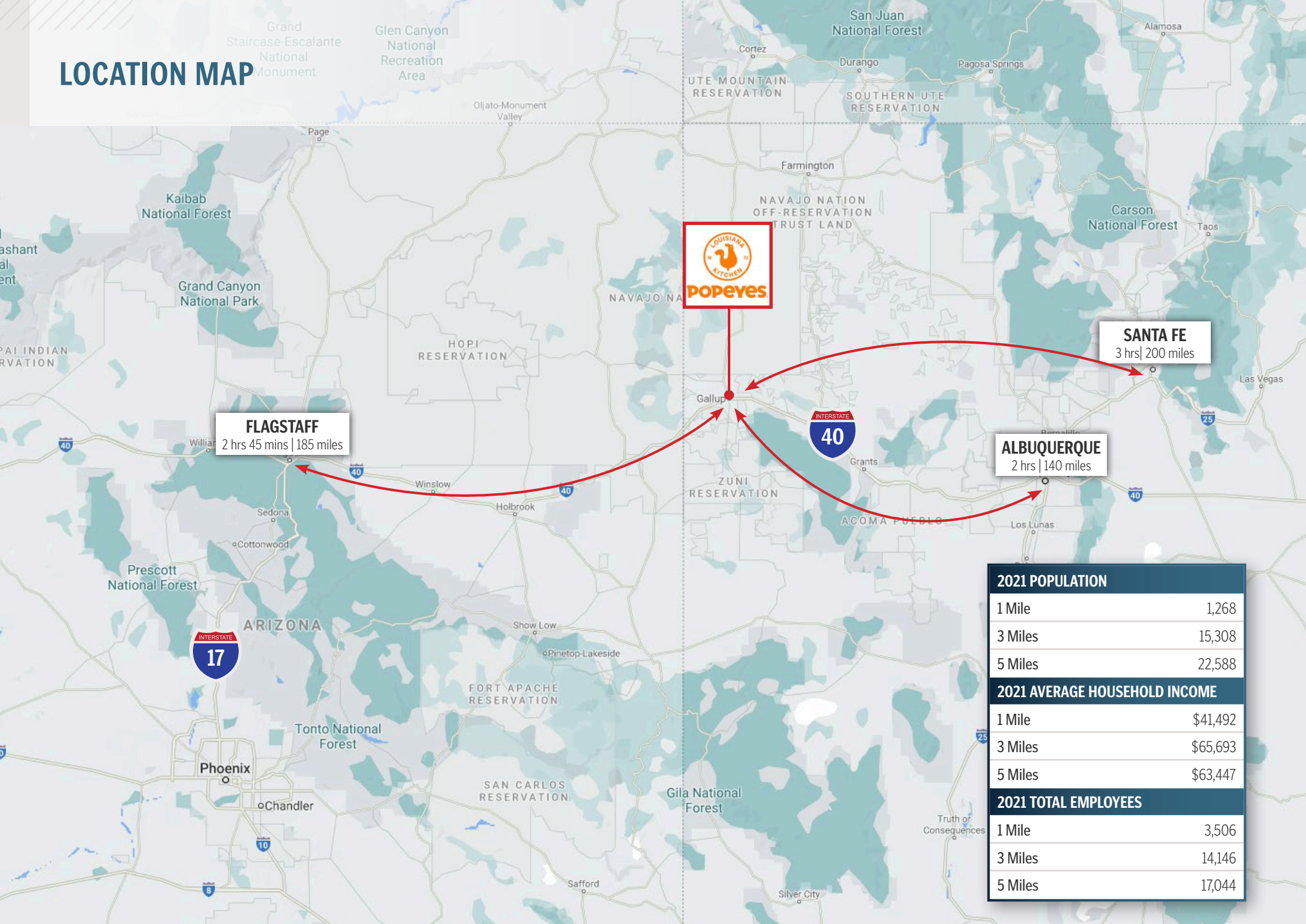
There is approximately 3,149 SF of existing building area

## Zoning



HC: Highway Commercial

# LOCATION MAP

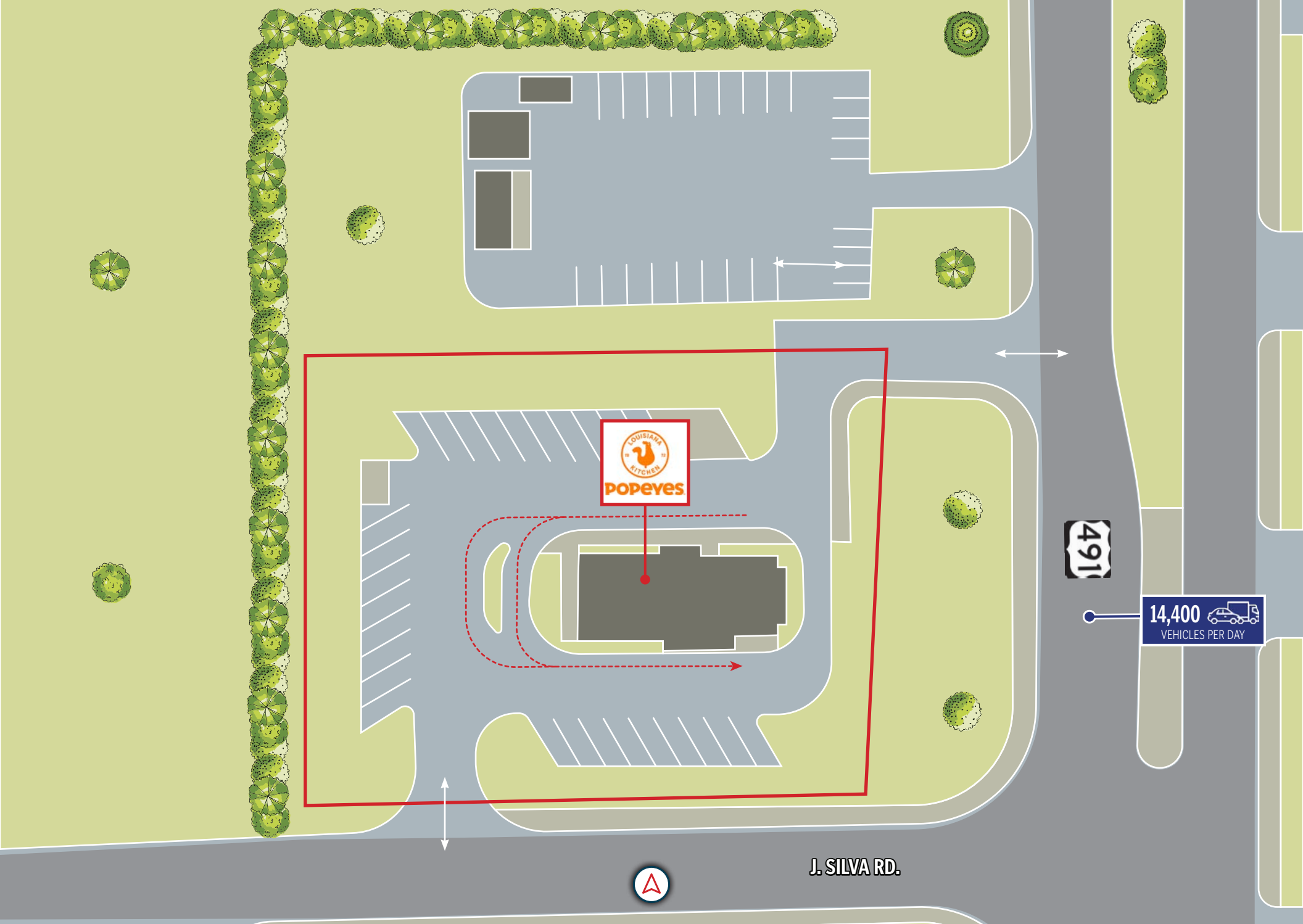


2021 POPULATION	
1 Mile	1,268
3 Miles	15,308
5 Miles	22,588
2021 AVERAGE HOUSEHOLD INCOME	
1 Mile	\$41,492
3 Miles	\$65,693
5 Miles	\$63,447
2021 TOTAL EMPLOYEES	
1 Mile	3,506
3 Miles	14,146
5 Miles	17,044











# AREA DEMOGRAPHICS



	1 MILE	3 MILES	5 MILES
<b>POPULATION</b>			
2021 Estimated Population	1,268	15,308	22,588
2026 Projected Population	1,272	15,327	22,638
Projected Annual Growth 2021 to 2026	0.06%	0.02%	0.04%
<b>HOUSEHOLDS &amp; GROWTH</b>			
2021 Estimated Households	424	5,706	8,009
2026 Projected Households	428	5,764	8,099
Projected Annual Growth 2021 to 2026	0.19%	0.20%	0.22%
<b>RACE &amp; ETHNICITY</b>			
2021 Estimated White	9.05%	27.87%	24.01%
2021 Estimated Black or African American	1.10%	1.40%	1.22%
2021 Estimated Asian or Pacific Islander	0.79%	2.85%	2.48%
2021 Estimated American Indian or Native Alaskan	52.44%	43.29%	48.58%
2021 Estimated Other Races	20.11%	14.82%	13.37%
2021 Estimated Hispanic	49.45%	38.30%	34.66%
<b>INCOME</b>			
2021 Estimated Average Household Income	\$41,492	\$65,693	\$63,447
2021 Estimated Median Household Income	\$35,145	\$50,014	\$49,781
2021 Estimated Per Capita Income	\$13,200	\$24,445	\$22,426
<b>BUSINESSES &amp; EMPLOYEES</b>			
2021 Estimated Total Businesses	262	1,039	1,244
2021 Estimated Total Employees	3,506	14,146	17,044



## AREA OVERVIEW



### GALLUP, NEW MEXICO

The City of Gallup is strategically located in the heart of the nation's fastest growing states: Arizona, Colorado, Nevada, Texas and Utah. Located on Interstate 40 and with access to the Burlington Northern Santa Fe Railroad, Gallup provides an ideal staging location for servicing major markets in the U.S. Southwest. The City of Gallup had a population of 21,256 as of July 1, 2021.

The City of Gallup is the regional health care hub for an estimated 200,000 people living in northwest New Mexico and northeast Arizona, including a service area that covers a substantial portion of the Navajo Nation. The Gallup/McKinley area has been the site of oil, natural gas, and coal production since 1927. Gallup is a service centre for farms and ranches on the neighbouring Navajo Indian reservation. A shipping point for cattle, wool, hides, and forest products, it has light industries with emphasis on Indian arts and crafts. Tourism is important, and the Inter-Tribal Indian Ceremonial is held annually in August.

Gallup and nearby attractions include Hubbell Trading Post National Historic Site, Rex Museum, Bluewater Lake State Park, Canyon De Chelly National Monument, Red Rock Museum and El Morro National Monument.

Gallup is accessible by automobile, rail, and bus transportation. Amtrak provides daily service from Gallup to the Grand Canyon, Los Angeles, Albuquerque and other destinations via Amtrak's Southwest Chief. The station is located in the Gallup Cultural Center at 201 East Highway 66. The Gallup Municipal Airport (GUP) is a general aviation facility located three miles southwest of downtown Gallup. Owned and operated by the City of Gallup, the airport covers an area of 359 acres at an elevation of 6,472 feet above sea level. Albuquerque International Sunport, the nearest public airport with scheduled passenger flights, 135 miles east of Gallup.



# BRAND PROFILE



## POPEYES

[popeyes.com](http://popeyes.com)

**Company Type:** Subsidiary

**Locations:** 3,400+

**Parent:** Restaurant Brands International

**2020 Employees:** 5,200

**2020 Revenue:** \$4.97 Billion

**2020 Net Income:** \$486.00 Million

**2020 Assets:** \$22.78 Billion

**2020 Equity:** \$2.17 Billion

**Credit Rating:** S&P: BB



Founded in 1972, Popeyes Louisiana Kitchen, Inc. develops, operates, and franchises quick-service restaurants under the Popeyes Louisiana Kitchen and Popeyes Chicken & Biscuits trade names. The brand's new Chicken Sandwich introduced in 2019 has been a massive star and is more than just buzz. The fanfare around Popeyes' Chicken Sandwich produced an historical sales boost for the brand. Popeyes' comparable sales in the U.S. increased 13 percent for the year and 37.9 percent for the fourth quarter 2019. Popeyes rode momentum from the initial August launch into an event bigger relaunch, complete with a wildly successful social media campaign. The restaurant was at one point the top-trending news on Twitter and the top search on Google. This led to billions of media impressions and generated earned media worth considerably more than the size of their entire annual advertising budget. Additionally, Popeyes' foot traffic increased greatly from 2018 to 2019. Based on foot traffic analytics platform Placer.ai, when comparing all of 2018's visits to 2019, the brand saw a traffic increase of 26.8 percent for the year. There are over 3,400 Popeyes restaurants in the U.S. and around the world.



## POPEYES VS. CHICK-FIL-A

If 2019 could be summed up in a sandwich, it would be one made of fried chicken. After releasing its highly anticipated chicken sandwich in August 2019, Popeyes got involved in a social media war with a rival competitor. It all started through a tweet targeted at rival Chick-fil-A. Chick-fil-A tweeted: «Bun + Chicken + Pickles = all the [heart] for the original,» to which Popeyes responded in its own tweet, «... y'all good?» Little did the company know this would push their brand-new chicken sandwich into the limelight and reel in a record-breaking amount of foot traffic.

The tweet, which garnered over 300,000 likes, enabled Popeyes to earn 8 billion impressions on social media, which is worth about \$87 million. It also led to days' worth of long lines at Popeyes locations everywhere. The chain completely ran out of the sandwich just two weeks after its debut, selling as many sandwiches as it originally anticipated to sell through the end of September 2019.

Popeyes did not just impulsively add a chicken sandwich to its menu just to have one. It took the brand two years to develop the perfect \$4 sandwich, and while its launch was quiet, the famous tweet is attributed to making the menu item legendary.

The success of Popeyes' Chicken Sandwich effectively prompted the chicken sandwich wars among other rival brands. In May 2019, KFC announced that it would be testing its own version of the chicken sandwich. McDonald's rolled out their own takes on the boneless chicken sandwich within the past year, as well, in an attempt to match Popeyes' momentum.





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in 2020

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