



OFFERING MEMORANDUM

**DAIRY QUEEN**

**ROYSE CITY, TX**

Marcus & Millichap





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SPECIAL COVID-19 NOTICE: All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.

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Mckamy Meadow Estates

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metroPCS

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Walmart

SUBJECT PROPERTY

DAIRY QUEEN

Erby Campbell Blvd

PANDA EXPRESS

WHATABURGER

PAPA JOHN'S

DONUT LAND

at&t

ROYSE CITY URGENT CARE

Great Clips

INTERSTATE 30

70.669 VPD



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Marcus & Millichap

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LOCATION	506 W I-30, Royse City, TX 75189
Price	\$3,000,000
Rentable SF	2,629
Price/SF	\$1,141.12
CAP Rate	5.00%
Year Built	2016
Lot Size	0.97 Acres
Type of Ownership	Fee Simple
LEASE SUMMARY	
Tenant Name	Dairy Queen
Ownership	Private
Tenant	Franchisee
Lease Guarantor	Franchisee
Lease Type	Absolute Net
Roof and Structure	Tenant Responsible
Initial Lease Term	15 Years
Lease Commencement Date	11/1/2021
Rent Commencement Date	11/1/2021
Lease Expiration Date	10/31/2036
Term Remaining on Lease	15 Years
Increases	10% Every Five Years
Options	Four, 5-Year

ANNUALIZED OPERATING INFORMATION			
YEARS	MONTHLY RENT	ANNUAL RENT	CAP RATE
<b>Years 1-5</b>	<b>\$12,500.00</b>	<b>\$150,000.00</b>	<b>5.00%</b>
Years 6-10	\$13,750.00	\$165,000.00	5.50%
Years 11-15	\$15,125.00	\$181,500.00	6.05%
Years 16-20 (Option 1)	\$16,637.50	\$199,650.00	6.66%
Years 21-25 (Option 2)	\$18,301.25	\$219,615.00	7.32%
Years 26-30 (Option 3)	\$20,131.38	\$241,576.50	8.05%
Years 31-35 (Option 4)	\$22,144.51	\$265,734.15	8.86%
Base Rent (\$57.06/SF)		\$150,000	
<b>Net Operating Income</b>		<b>\$150,000</b>	
<b>Total Return</b>		<b>5.00% / \$150,000</b>	



# Dairy Queen

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Marcus & Millichap is pleased to present the opportunity to acquire an absolute net leased Dairy Queen in Royse City, Texas. The property consists of a 2,629-square foot, freestanding building situated on approximately 0.97 acres of land. The tenant will sign a new 15-year, absolute net lease at the close of escrow. The lease will include 10 percent rental escalations every five years throughout the primary term, as well as the option periods.

The property has excellent visibility on Interstate 30, where traffic counts exceed 65,030 vehicles per day. The property is located on a hard corner with frontage to a Walmart Supercenter. Surrounding retailers in the immediate area include Whataburger, Panda Express, CVS, Burger King, Taco Bell, AutoZone, Pizza Hut, and many more.

The local franchisee has been operating out of Dallas for more than 10 years. The company owns and operates six Dairy Queens around Dallas-Fort Worth. Since opening its first store, the company has received various awards and recognition for sales achievements, and a dedication to exceptional customer service.

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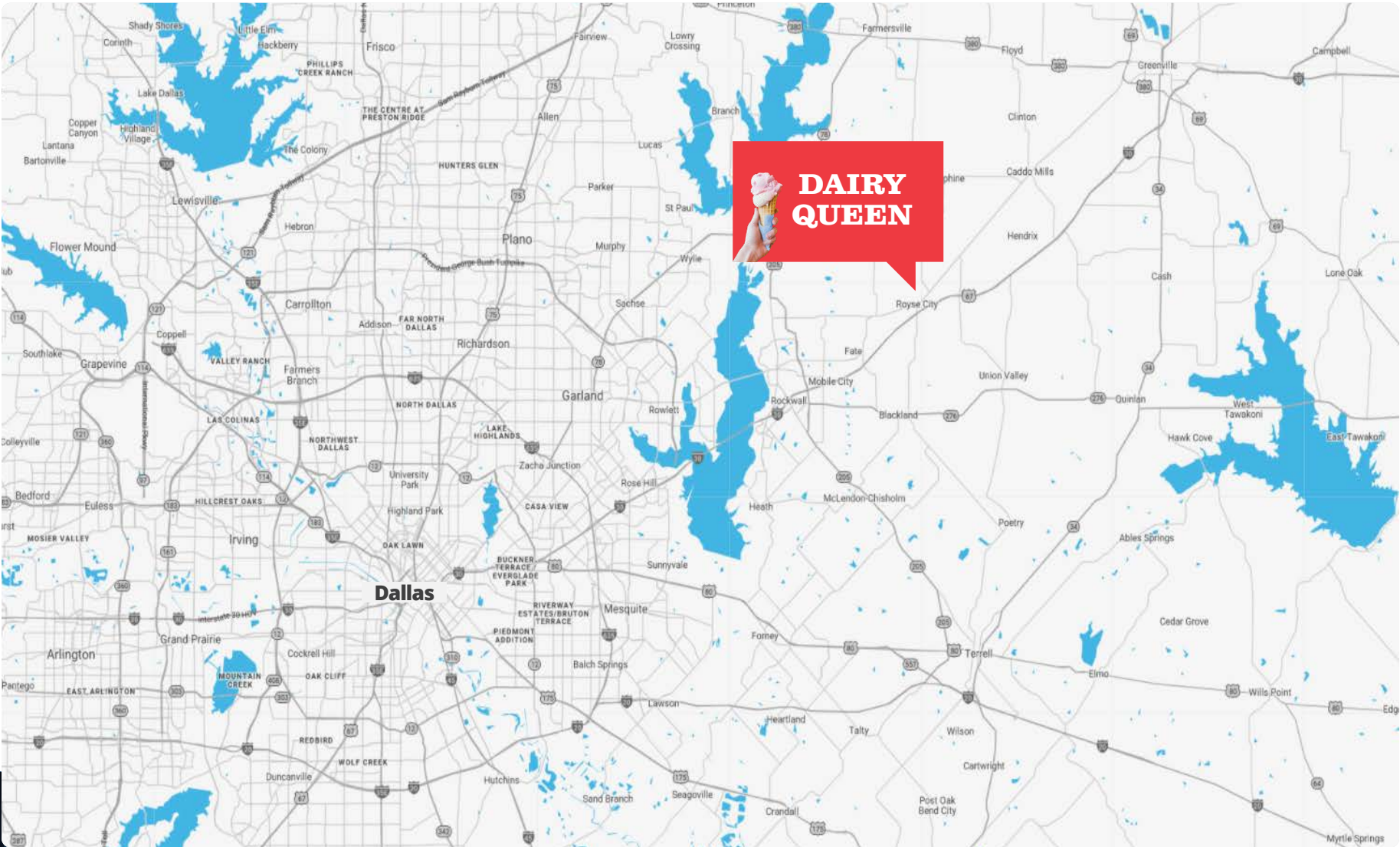
## INVESTMENT HIGHLIGHTS

**New 15-Year Absolute Net Lease to be Signed at Close of Escrow**

**Attractive 10% Rental Escalations Every Five Years Throughout the Primary Term and Option Periods**

**Hard Corner Freeway Location and Pad Site to Walmart Supercenter**

**Excellent Visibility and Access on Interstate 30, Where Traffic Counts Exceed 70,669 Vehicles per Day**





HIGHLIGHTS

DAIRY QUEEN - "THATS WHAT I LIKE ABOUT TEXAS"

American Dairy Queen Corporation is a subsidiary of Berkshire Hathaway, Inc. DQ® operators have been providing consumers with crave-satisfying treats and food since 1940. Texas is home to the largest number of Dairy Queens in the U.S. All Texas Dairy Queen restaurants are owned and operated by franchisees. The local franchisee has

been operating out of Dallas for more than 10 years. The company owns and operates six Dairy Queens around Dallas-Fort Worth. Since opening its first store, the company has received various awards and recognition for sales achievements, and a dedication to exceptional customer service.

Tenant Name	Dairy Queen
Ownership	Private
Options to Purchase	No
Options to Purchase	No
First Right of Refusal	No
No. of Franchisee Locations	6
Headquartered	Dallas, TX
Web Site	<a href="http://www.dairyqueen.com">www.dairyqueen.com</a>
Years in the Business	10



An aerial photograph of a city, likely Dallas, showing a highway interchange in the foreground and a dense urban area with skyscrapers in the background. A large, dark blue circle is superimposed over the center of the image, containing white text.

MSA  
POPULATION  
7,573,136

## HIGHLIGHTS

### ROYSE CITY OVERVIEW

Royse City is approximately 30 miles northeast of downtown Dallas. It is a bedroom community between Dallas and Greenville, Texas (18 miles away). Retail development has increased in the past few years, with retailers like Walmart, Buc-ee's, Whataburger and Dairy Queen opening locations along the Interstate 30 corridor.

### A DECADE OF RECORD POPULATION GROWTH

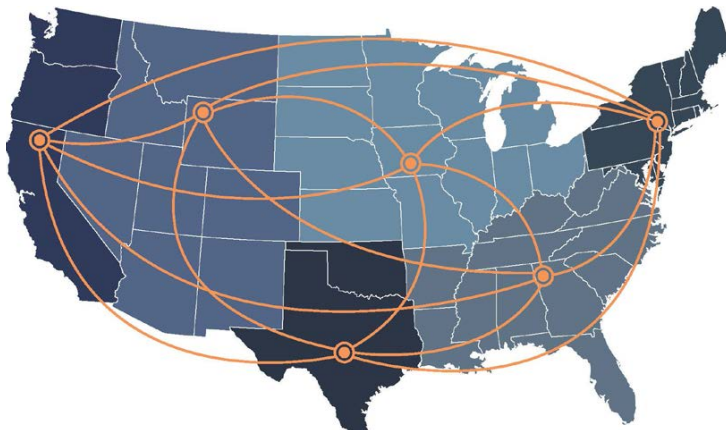
Dallas-Fort Worth is the largest metro area in Texas and the fourth largest in the United States. The Metroplex led the nation in population growth over the last decade, adding approximately 1.3 million residents, making it home for more than 7.5 million residents and has one of the nation's strongest job markets. The Metroplex added approximately 120,000 residents from 2019 to 2020 and continues to be one of the fastest-growing metropolitan locations in the United States.



## HIGHLIGHTS

### CAPITAL MIGRATION

Marcus & Millichap's interconnected team, large proprietary platform and national network allows us to effortlessly move capital around the country. Clients remained unbound by geographical borders in 2020, with more than \$12 billion moving across domestic borders. Texas/Oklahoma inbound capital continues to outpace its outbound.



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#### TEXAS & OKLAHOMA

Outbound - \$743 Million

Inbound Capital - \$2.6 Billion

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# TEXAS

# NO-INCOME TAX STATE









POPULATION	1 Mile	3 Mile	5 Mile
2000 Population	2,012	4,514	8,990
2010 Population	3,799	11,501	22,683
2020 Population	5,450	17,385	36,460
2025 Population	6,478	20,950	44,566
HOUSEHOLDS	1 Mile	3 Mile	5 Mile
2000 Households	692	1,563	2,978
2010 Households	1,299	3,843	7,346
2020 Households	1,901	5,877	11,923
2025 Households	2,251	7,043	14,547
Average HH Size	2.914700	3.043300	3.093200
Daytime Population	3,206	11,155	22,275
HOUSING UNITS	1 Mile	3 Mile	5 Mile
Median HH Income	\$77,192	\$79,123	\$85,760
Per Capita Income	\$31,758	\$31,043	\$32,827
Average HH Income	\$91,073	\$91,830	\$100,384

## POPULATION

In 2021, the population in your selected geography is 36,460. The population has changed by 305.57% since 2000. It is estimated that the population in your area will be 44,566 five years from now, which represents a change of 22.23% from the current year. The current population is 49.33% male and 50.67% female. The median age of the population in your area is 33.6, compare this to the entire US average which is 38.4. The population density in your area is 464.27 people per square mile.

## HOUSEHOLDS

There are currently 11,923 households in your selected geography. The number of households has changed by 300.37% since 2000. It is estimated that the number of households in your area will be 14,547 five years from now, which represents a change of 22.01% from the current year.

## INCOME

In 2021, the median household income for your selected geography is \$85,760, compare this to the Entire US average which is currently \$65,694. The median household income for your area has changed by 76.42% since 2000. It is estimated that the median household income in your area will be \$89,995 five years from now, which represents a change of 4.94% from the current year. The current year average household income in your area is \$100,384, compare this to the Entire US average which is \$94,822.

## EDUCATION

The highest level of 2021 educational attainment in your selected area is as follows: 8.21% percent graduate degree, 18.33% percent bachelor's degree, 8.83% percent associate degree, 25.49% percent some college, 28.78% percent high-school graduate, 5.39% percent some high school and 4.97% percent elementary. The U.S. averages are 12.05% percent graduate degree, 19.52% percent bachelor's degree, 8.35% percent associate degree, 20.53% percent some college, 27.23% percent high-school graduate, 7.09% percent some high school and 5.24% percent elementary.

## HOUSING

In 2000, there were 2,449 owner occupied housing units in your area and there were 529 renter occupied housing units in your area. The median rent at the time was \$436.

## EMPLOYMENT

In 2021, there are 4,771 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 56.22% of employees are employed in white-collar occupations in this geography, and 44.03% are employed in blue-collar occupations. In 2021, unemployment in this area is 5.15%. In 2000, the average time traveled to work was 38.5 minutes.









## Information About Brokerage Services

11-2-2015

*Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.*

### TYPES OF REAL ESTATE LICENSE HOLDERS:

- A **BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- A **SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

### A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

### A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

**AS AGENT FOR OWNER (SELLER/LANDLORD):** The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

**AS AGENT FOR BUYER/TENANT:** The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

**AS AGENT FOR BOTH - INTERMEDIARY:** To act as an intermediary between the parties the broker must first obtain the written agreement of each party to the transaction.

The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
  - o that the owner will accept a price less than the written asking price;
  - o that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
- o any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

**AS SUBAGENT:** A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

### TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

**LICENSE HOLDER CONTACT INFORMATION:** This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

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Date

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