

# OFFERING MEMORANDUM

## CHICK-FIL-A

2700 N US-31, Traverse City, MI



REPRESENTATIVE PHOTO

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# CONFIDENTIALITY DISCLAIMER

Landmark Commercial Real Estate Services, LLC ("BROKER") has been retained by the Owner to sell the 100% fee simple title of this asset. The Broker is the exclusive agent for the sale of this asset. The Broker has prepared the Property Information with information provided by the Owner, from sources deemed to be reliable. The Potential Purchaser will conduct its own due diligence of The Property, independently and without reliance upon BROKER of the Owner. Information furnished herein, the Offering Memorandum (the "OM") is intended solely for the Potential Purchaser and its affiliates ("Recipients") for its review of the acquisition of the Five Below at 3480 W South Airport Rd, Traverse City, MI 49684 ("Property").

All information in the OM ("Confidential Information") shall be deemed confidential. Confidential Information shall not include any information which is generally available to the public or which becomes available to the Recipients on a non-confidential basis from a source that is or was under no obligation not to disclose such information.

In consideration of Broker and disclosure of the confidential information, the recipient shall not at any time, attempt in any manner to deal directly in any manner or circumvent Broker.

Unless otherwise agreed in writing or required by law, the Recipients will not use, disclose, or reveal any Confidential Information for any purpose other than in connection with the proposed transaction to any persons or entities other than those employees, officers, directors, bankers, advisors, representatives, or agents (collectively, "Representatives") who clearly need such access to perform their employment, fiduciary or contractual duties to the Recipient and to actively and directly participate in the evaluation of the Confidential Information. Additionally, Recipients shall not directly contact anyone directly associated with the Property without the express written consent of the Owner or Broker.

Recipients agree not to contact or initiate contact with the Tenants, at any time, either directly or indirectly. Unless such approval is specifically granted in written from the Owner or Broker.

This agreement shall be governed by the laws of the Michigan, and in any action brought to enforce the terms hereof, Recipients hereby irrevocably consents to jurisdiction and venue in the Circuit Court for the County of Oakland, State of Michigan, or the United States District Court, whichever the Owner may elect. The invalidity or unenforceability of any provision of this agreement as applied to a particular occurrence or circumstance shall not affect the validity of or enforceability of any of the other provisions of this agreement or the applicability of such provisions as the case may be. This agreement shall inure to the benefit of and may be enforced by the Owner and its successors and assigns and shall be binding on the Recipients, its officers, directors, partners, agents, members, representatives and successors in interest. If any portion of this agreement becomes the subject of litigation or arbitration, the prevailing party in such suit or proceeding shall be entitled to reimbursement for its reasonable costs, expenses and attorney's fees incurred, including those incurred in connection with any appeals. A copy of this agreement delivered by facsimile transmission shall be binding on both parties.

## Cooperating Broker Policy

Unless otherwise agreed in writing, neither Owner nor BROKER will pay a brokerage fee to, or share a brokerage commission with Recipient (the "Potential Purchaser"), or a related and/or affiliated party to such Recipient, attempting to act as a cooperating broker. In addition, neither the Owner nor BROKER will pay a brokerage fee to, or share a brokerage commission with, a cooperating broker representing the Recipient. The Recipient may elect to have a cooperating broker represent them in the transaction at their own expense, unless otherwise agreed in writing by BROKER.



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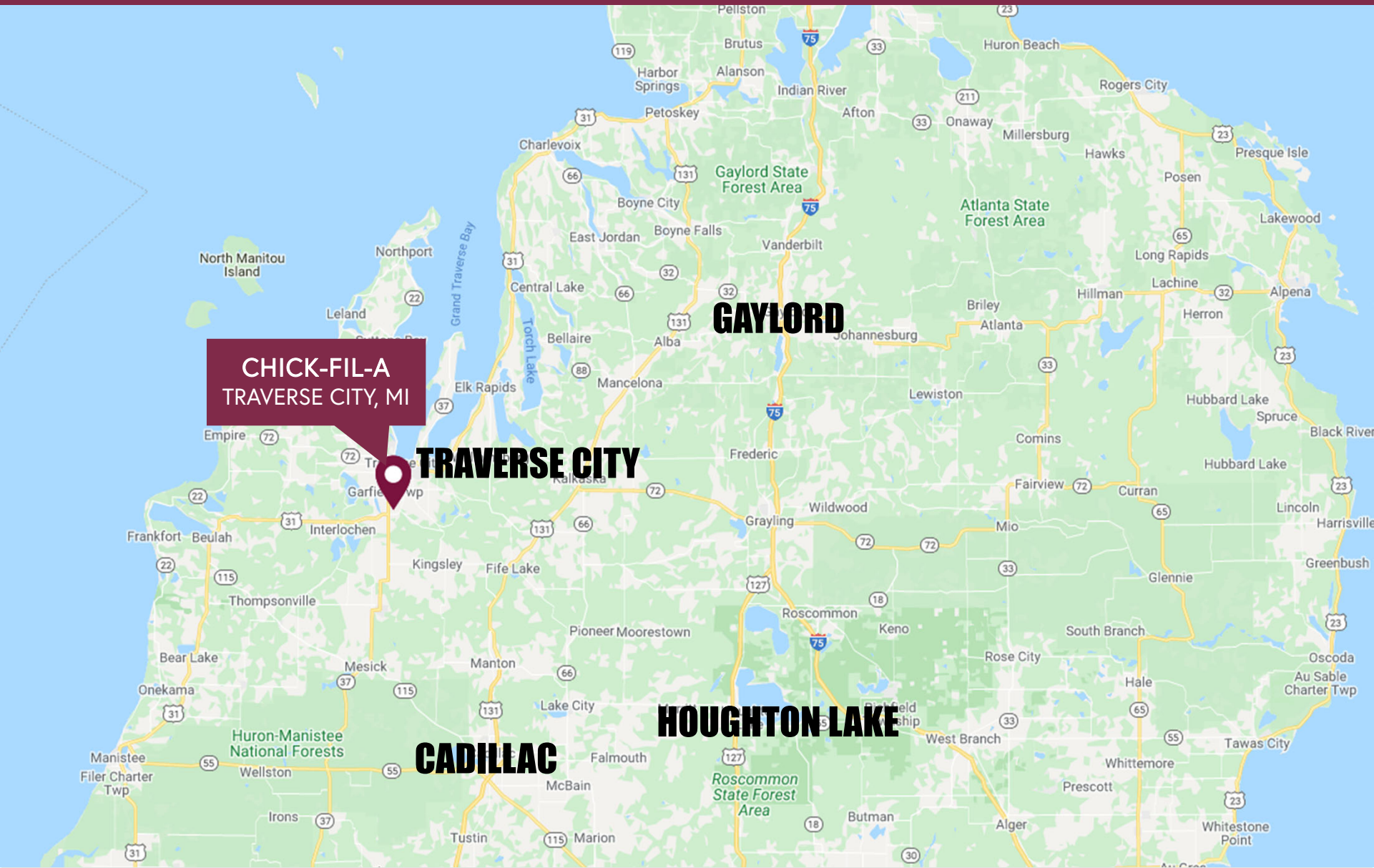
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# VIEW NORTH



# LOCATION MAP



# CONSTRUCTION PHOTOS 10-4-2021



# OFFERING SUMMARY

## PROPERTY DETAILS

**Address:** 2700 N US-31, Traverse City, MI 49684

**Year Built:** 2021 (Under Construction)

**Building Size:** 4,500 SF

**Land Size:** 1.40 AC

**County:** Grand Traverse County

## RENT SCHEDULE

Years	Monthly	Annual
Years 1-5	\$10,000.00	\$120,000.00
Years 6-10	\$10,800.00	\$129,600.00
Years 11-15	\$11,664.00	\$139,968.00
Options	Monthly	Annual
Years 16-20	\$12,597.12	\$151,165.44
Years 21-25	\$13,604.89	\$163,258.68
Years 26-30	\$14,693.28	\$176,319.37
Years 31-35	\$15,868.74	\$190,424.92
Years 36-40	\$17,138.24	\$205,658.91
Years 41-45	\$18,509.30	\$222,111.63
Years 46-50	\$19,990.04	\$239,880.56
Years 51-55	\$21,589.25	\$259,071.00

## LEASE DETAILS

**Lease Type:** Ground Lease

**Tenant:** Chick-fil-A, Inc.

**Guarantor:** Chick-fil-A, Inc.

**Estimated Rent Commencement Date:** 2/23/2022 (earlier of 180 days after lease commencement date or tenant opening for business to public)

**Estimated Lease Expiration Date:** 2/27/2037

**Rent Increases:** 8.00% every 5 years

**Options:** Eight 5-Year Options

**Landlord Responsibilities:** None

**Tenant Responsibilities:** Taxes, Insurance, CAM, Utilities, etc.

**Termination Right:** None

## PRICING

**NOI:** \$120,000\*

**Cap Rate:** 3.75%

**Price:** \$3,200,000

*\*Seller to provide gap rent credit at closing.*

# INVESTMENT HIGHLIGHTS

## NEW 2021 CONSTRUCTION

- Chick-Fil-A has accepted pad delivery by the developer and is currently under construction with a goal of being open for business by the end of year.

## STRONG CREDIT CORPORATE TENANT

- The Lease is backed by Chick-Fil-A, Inc. – One of the nation's fastest growing restraint concepts with over 2,600 locations and an annual revenue of \$13.7 billion.
- This location is expected to report sales of over \$5,000,000 annually.
- 15-Year Lease with 8.00% rent increases every 5 years.

## GROUND LEASE

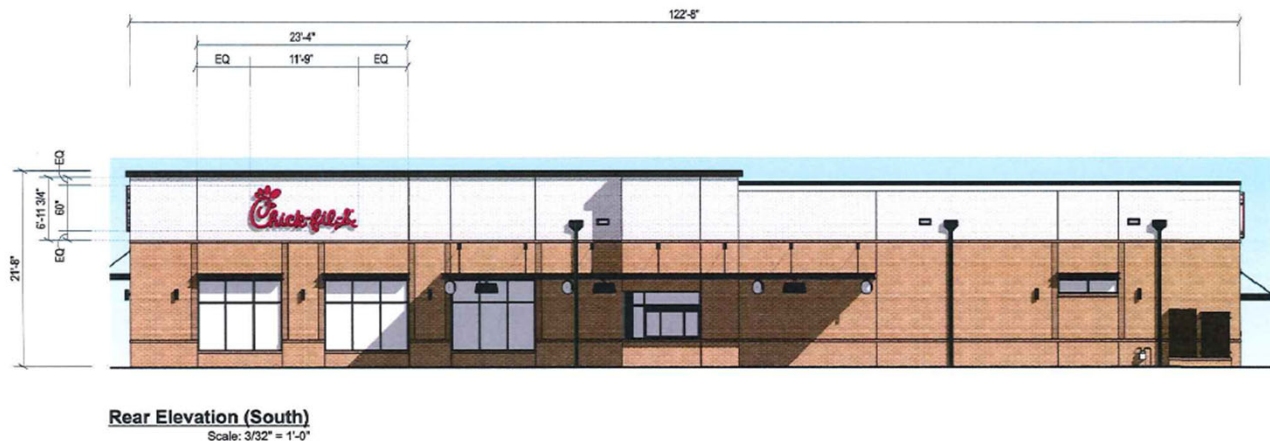
- Tenant is responsible for all aspects of building including Taxes, Insurance, CAM, Roof & Structure, Utilities, etc.

## TOURIST DESTINATION

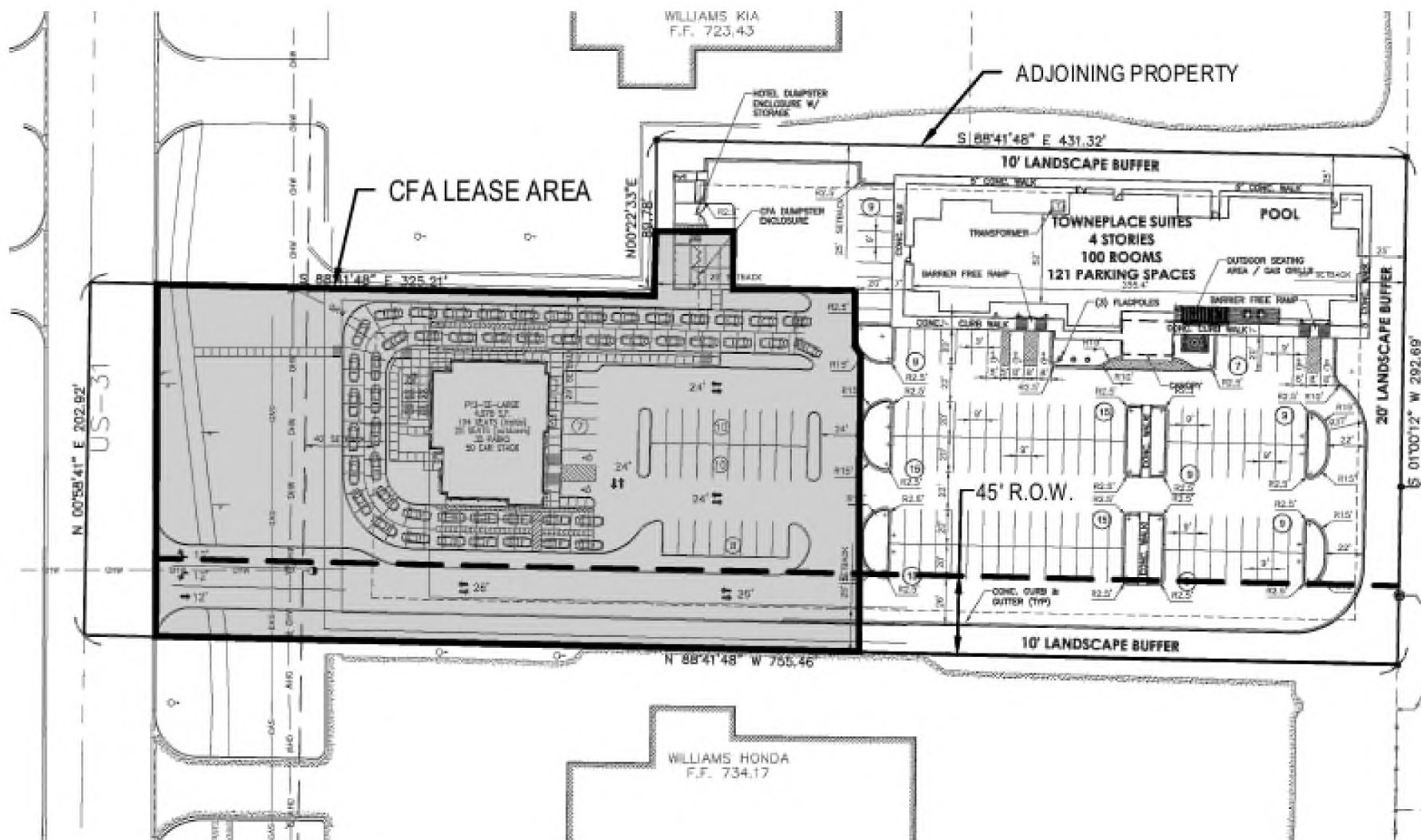
- Traverse City is visited by over \$3.5 Million tourists annually with 10%+ growth since 2019.

## REGIONAL TRADE AREA/WITH HIGH BARRIERS TO ENTRY

- Traverse City is the strongest and only regional market in Northern Michigan. The corridor pulls shoppers from the surrounding counties of Wexford, Manistee, Benzie, Leelanau, Kalkaska, and Atrim. Traverse city's population has grown 6.8% over the last 10 years. The market is home to the Grand Traverse Mall (598K SF), and has over 2 million square feet of retail space. Other anchor retailers include: Costco, Meijer, Menards, TJ Maxx, Best Buy, Home Depot, Walmart, Home Depot, PetSmart, Ulta, and HomeGoods.



# SITE PLAN



## CHICK-FIL-A

Representative Photos



### ANNUAL REVENUE

\$13.7 Billion

### NUMBER OF LOCATIONS

2,600+

Atlanta-based Chick-fil-A, Inc. is a family owned and privately held restaurant company founded in 1967 by S. Truett Cathy. Devoted to serving the local communities in which its franchised restaurants operate, and known for its original sandwich, Chick-fil-A serves freshly prepared food in more than 2,600 restaurants in 47 states, Washington, D.C., and Canada.

Chick-fil-A, Inc. reported record revenue and earning in 2020, despite the COVID-19 pandemic. The Atlanta-based quick-serve operator, ranked by *Franchise Times Magazine* as the 19<sup>th</sup> largest franchise company in the United States, and reported record free-standing franchised restaurant sales as it added drive-thru lanes, dispatched outdoor order-takers with tablets, and expanded both curbside pickup and third-party delivery. Total system-wide sales generated from franchised and company-operated restaurants were \$13.7 billion in 2020 compared to \$12.2 billion in 2019, an increased of 12.7%.

A leader in customer service satisfaction, Chick-fil-A was named top fast food restaurant in *Newsweek's* 2019 America's Best Customer Services report and received several honors in *QSR's* 2012 Reader's Choice Awards, including "The Most Respected Quick-Service Brand" and "Best Brand for Overall Experience". Additionally, Glassdoor named Chick-fil-A one of the top best places to work in 2020.

TENANT	CHICK-FIL-A, INC.
FOUNDED	1946
HEADQUARTERS	College Park, Georgia
WEBSITE:	<a href="https://www.chick-fil-a.com/">https://www.chick-fil-a.com/</a>
LEASE COMMENCEMENT:	Estimated 2/23/2022
LEASE EXPIRATION:	Estimated 2/27/2037

# MICRO AERIAL



# MARKET AERIAL



# VIEW SOUTH



# REPRESENTATIVE STORE PHOTOS



Representative Photos



Representative Photos



## TRAVERSE CITY, MI

### COUNTY SEAT

- Traverse City is the county seat of Grand Traverse County, and is the largest city in the 21-county northern Michigan region.

### STRONG TOURISM

- The city attracts 500,000 tourist visitors annually through festivals, beaches, vineyards, skiing areas, and its national lakeshore.

### NATIONAL ATTRACTIONS

- The Traverse City area features varied national attractions, including freshwater beaches, vineyards, a National Lakeshore, downhill skiing areas, and numerous forests. In 2009, TripAdvisor named Traverse City is the #2 small town travel destination in the United States. In 2012, the city was listed among the 10 best places to retire in the country by U.S. News & World Report.



**3.50%**

UNEMPLOYMENT RATE  
(as of March 2020)



**48,206**

PEOPLE  
(5-mile radius)



**\$76K**

AVG. HH INCOME  
(5-mile radius)



Traverse City, MI



Downtown Traverse City, home to several annual festivals and events



National Cherry Festival

## GRAND TRAVERSE COUNTY



COMPANY	# OF EMPLOYEES
Munson Healthcare	3,100
Traverse City Area Public Schools	1,800
Northwestern Michigan College	750
Grand Traverse Resort & Spa	550
Hagerty Insurance Agency	500
Grand Traverse County	500
Interlochen Center for the Arts	475
Grand Traverse Pavilions	415
Britten Banners	380
Tyson Foods	300

## GRAND TRAVERSE COUNTY

### NORTHWESTERN MICHIGAN COLLEGE

- Northwestern Michigan College (NMC) is a public community college in Traverse City, Michigan with over 5,000 students
- NMC offers associate degrees and professional certificates, bachelor's degrees through the Great Lakes Maritime Academy and Great Lakes Water Studies Institute, and six partner universities grant bachelor's and master's degrees through NMC's University Center.
- Another branch campus near Cherry Capital Airport is home to NMC's aviation and automotive service technology programs



Northwestern Michigan College – 5,000 students

### MUNSON HEALTHCARE

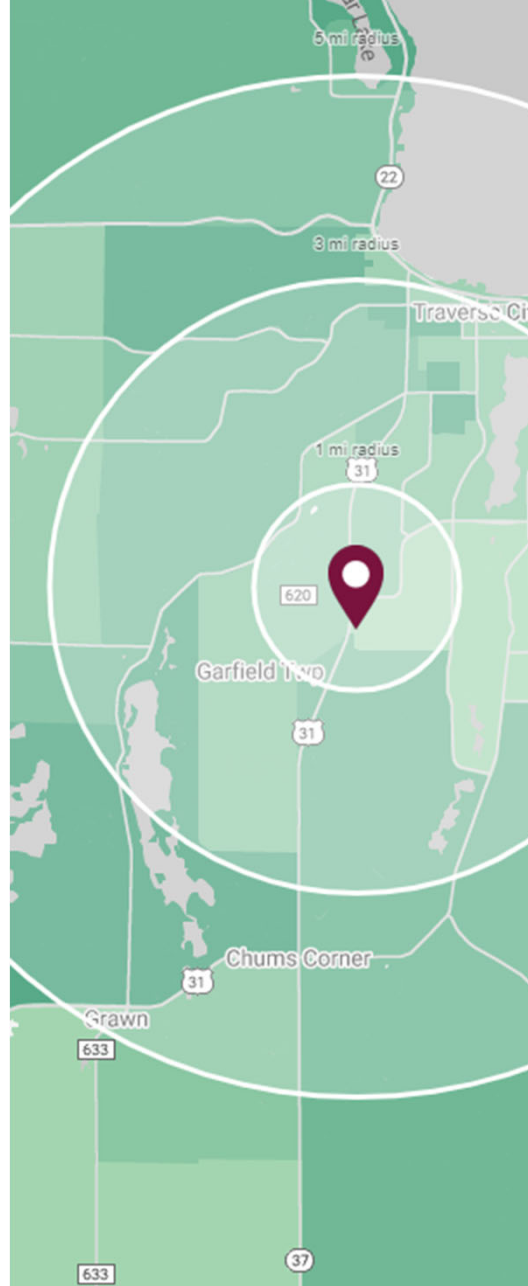
- Munson Healthcare is northern Michigan's largest and leading health care system. Based in Traverse City, MI, our team of medical experts, nine award-winning community hospitals, and related organizations serve people in 30 counties.
- Nine hospitals
- 709 licensed acute care beds
- 264 licensed long-term care beds
- 7,500 employees
- 1,000 physicians
- 63 specialties
- 540,000 residents



Munson Healthcare – Traverse City, MI

# DEMOGRAPHICS

## TRAVERSE CITY, MI



### POPULATION

	1 MILE	3 MILE	5 MILE
2021 Estimated Population	3,516	27,492	48,676
2026 Projected Population	3,626	28,356	50,154
2010 Census Population	3,339	24,688	43,761
2000 Census Population	2,769	21,727	39,398
Projected Annual Growth 2021 to 2026	0.6%	0.6%	0.6%
Historical Annual Growth 2000 to 2021	1.3%	1.3%	1.1%

### HOUSEHOLDS

2021 Estimated Households	1,859	13,337	22,340
2026 Projected Households	1,957	14,077	23,512
2010 Census Households	1,669	11,370	19,102
2000 Census Households	1,262	9,519	16,384
Projected Annual Growth 2021 to 2026	1.0%	1.1%	1.0%
Historical Annual Growth 2000 to 2021	2.3%	1.9%	1.7%

### RACE

2021 Est. White	90.7%	92.0%	92.8%
2021 Est. Black	1.8%	1.4%	1.1%
2021 Est. Asian or Pacific Islander	1.2%	1.2%	1.2%
2021 Est. American Indian or Alaska Native	1.5%	1.3%	1.2%
2021 Est. Other Races	4.9%	4.1%	3.7%

### INCOME

2021 Est. Average Household Income	\$56,688	\$69,806	\$77,789
2021 Est. Median Household Income	\$47,384	\$55,527	\$63,753
2021 Est. Per Capita Income	\$30,188	\$34,142	\$35,928

### BUSINESS

2021 Est. Total Businesses	352	2,853	4,310
2021 Est. Total Employees	5,241	33,447	46,645

## OUR TEAM

**FOUNDED IN DETROIT. BUILT NATIONWIDE.  
8 MILLION SQUARE FEET AND OVER \$1 BILLION SOLD**



### **DANIEL H. KUKES**

PRINCIPAL | [dkukes@landmarkcres.com](mailto:dkukes@landmarkcres.com)

Daniel Kukes is a Principal and Co-Founder of Landmark Investment Sales. Daniel specializes in the sale of retail shopping centers, medical office, and single tenant net lease investment properties across all property types. He currently represents some of the nation's largest institutional real estate funds, private equity group, and high net worth investors in acquiring and listing investment properties all over the country. Since 2010, Daniel has closed deals totaling over 8,000,000 SF valued at over \$1,000,000,000. Daniel joined Landmark in 2009 as an Associate Broker. He began his real estate career at NAI Farbman where he focused on shopping center leasing and retail tenant representation. After five years at NAI Farbman, Daniel joined DAP Investments as a partner responsible for retail development, acquisitions and leasing. While there, he developed several single tenant and shopping center projects in Michigan and Illinois. Daniel is a graduate of Michigan State University with a Bachelor of Arts degree in Pre-Law & Society.



### **MAXWELL E. LIPPITT**

SENIOR ASSOCIATE | [maxlippitt@landmarkcres.com](mailto:maxlippitt@landmarkcres.com)

Maxwell Lippitt graduated from Michigan State University in 2016 with a Bachelor of Science degree in Economics. Max was an intern in Landmark's Investment Sales department during the summer of 2015. Upon graduating, Max became an associate broker at CBRE specializing in the disposition of single tenant medical, retail, and office properties. While at CBRE, Max researched, sourced, and tracked thousands of investment properties while building strong relationships with a wide variety of property owners all across the country. At Landmark, he will continue his growth as an Investment Sales Broker providing unique opportunities to buyers and sellers while offering exceptional service.



### **JASON GREENSPAN**

DIRECTOR | [jgreenspan@landmarkcres.com](mailto:jgreenspan@landmarkcres.com)

Jason Greenspan graduated from the University of Michigan in 2012 with a Bachelor of Arts degree in Political Science and Sociology. Jason also received a Juris Doctor in 2015 from Michigan State University College of Law where he concentrated in business and corporations. He passed the Michigan Bar Examination in July 2015. Starting in 2011, and while in law school, Jason interned at Landmark Investment Sales identifying, sourcing, and underwriting investment grade properties. With law school behind him and six years of experience in real estate investment sales, Jason has participated in the closing of over \$150,000,000 and continues to source investment opportunities across the country. Jason specializes in the representation of buyers and sellers of institutional grade single tenant properties, high profile unanchored retail centers, grocery anchored centers, and power centers.