



Retail Investment Opportunity
Single-Tenant KFC
26636 FM 1093, Richmond, TX 77407

Confidential Offering Memorandum

KFC

RICHMOND, TEXAS

PRICE: \$1,830,000

CAP RATE: 4.50%



INVESTMENT HIGHLIGHTS

NEW 2020 CONSTRUCTION

DENSE + AFFLUENT DEMOGRAPHIC BASE

WORLD RENOWN QUICK-SERVICE
TENANCY

OVER 18 YEARS OF PRIMARY LEASE TERM
REMAINING

ABSOLUTE NET LEASE STRUCTURE WITH
ZERO LANDLORD RESPONSIBILITIES

The Offering

JLL is pleased to offer for sale the ground lease interest in a newly constructed quick-service restaurant (the “Property” or “Asset”) located in Richmond, Texas. The Property is leased to KFC (the “Tenant” or “Company”) and features a franchise guaranty from the EMERGE! Restaurant Family, an established 95-unit owner and operator. Founded in 1952, KFC is one of the world’s most popular chicken restaurants operating more than 25,000 stores in 145+ countries and territories. The Asset is strategically located on an outparcel to Walmart Supercenter in the Crossing at Katy Fulshear Shopping Center along FM 1093 in the high growth Houston metro area. This property possesses excellent real estate fundamentals and presents the opportunity to acquire a long-term investment leased to an industry leading quick-service restaurant in the dynamic Houston MSA.

INVESTMENT HIGHLIGHTS

WORLD RENOWN QUICK-SERVICE TENANCY

- KFC operates more than 25,000 restaurants in 145+ countries and territories
- Outstanding quick-service chain generating \$2.27 billion in total sales annually
- Established franchisee within a restaurant group that operates 27 KFC restaurants

OUTPARCEL TO WALMART SUPERCENTER

- Anchored by Walmart Supercenter in the expansive Crossing at Katy Fulshear Shopping Center with leading national retailers such as PetSmart, Ross Dress for Less, and T.J. Maxx
- Dense and highly affluent demographic base with over 142,400 residents and average household income of more than \$175,000 within a 5-mile radius
- Adjacency to FM 1093 & 1463 boasting combined traffic counts over 55,100 VPD

RAPID GROWTH HOUSTON MARKET

- Booming Texas popularity primarily due to business-friendly and zero income tax environment
- Accelerating Houston MSA population growth adding nearly 700,000 residents in the next five years
- Nicknamed the Energy Capital of the World, Houston has become a corporate hub with the second-most Fortune 500 headquarters of any US municipality

OPTIMAL NET LEASE STRUCTURE WITH ZERO LANDLORD RESPONSIBILITIES

- The Tenant operates on an absolute triple-net ground lease with zero landlord responsibilities
- Nearly 18.2 years of primary lease term with 10% rent escalations every 5 years
- New 2020 construction including four, five-year renewal options with 10% rent increases every 5 years

Pricing	\$1,830,000
Cap Rate	4.50%



PROPERTY & LEASE OVERVIEW

Price	\$1,830,000
Cap Rate	4.50%
Tenant	Delect Foods, Inc.
Guaranty Type	Franchisee (Emerge! Properties Fulshear, LLC)
Address	26636 FM 1093
City / State	Richmond, TX 77407
Building Size	1,895 SF
Parcel Size	.90 AC
Year Built	2020
Lease Expiration	1/31/2040
Lease Term Remaining¹	18.2 Years
Lease Structure	Absolute NNN Ground
Net Operating Income	\$82,500
Rent PSF	\$43.54
Renewal Options	Four, 5-Year Options
Rental Increases	10%, Every Five Years
Termination Option	One-time option after the 5 th lease year if TT does not average at least \$1MM in gross sales for the full two prior lease years
Termination Penalty Payment	Six months rent plus unamortized LL expenses from lease

(1) As of December 1, 2021

RENTAL SCHEDULE

BEGIN	END	ANNUAL RENT	MONTHLY	PSF	CAP RATE
CURRENT	1/31/2025	\$82,500	\$6,875	\$43.54	4.50%
2/1/2025	1/31/2030	\$90,750	\$7,563	\$47.89	4.96%
2/1/2030	1/31/2035	\$99,825	\$8,319	\$52.68	5.45%
2/1/2035	1/31/2040	\$109,808	\$9,151	\$57.95	6.00%
RENEWAL PERIODS					
2/1/2040	1/31/2045	\$120,788	\$10,066	\$63.74	6.60%
2/1/2045	1/31/2050	\$132,867	\$11,072	\$70.11	7.26%
2/1/2050	1/31/2055	\$146,154	\$12,179	\$77.13	7.99%
2/1/2055	1/31/2060	\$160,769	\$13,397	\$84.84	8.79%









AERIAL FACING WEST



AERIAL FACING NORTHWEST



AERIAL FACING NORTHEAST



AERIAL FACING EAST



HOUSTON METRO OVERVIEW

A DIVERSIFIED AND GROWING ECONOMY

The Houston MSA covers nearly 10,000 square miles and is home to over 3 million jobs. It is a global gateway city, boasting a history of impressive GDP, population, and employment growth. Its citizens' storied history of philanthropy has led to the creation of, among other things, the largest medical center in the world, the largest U.S. export port, and a globally renowned arts hub.

Greater Houston is home to an estimated 7.25 million people making it the fifth-largest metropolitan statistical area in the United States and second-most populous in Texas. As a pro-business environment with favorable market demographics, Houston has become a corporate hub with the second-most Fortune 500 headquarters of any US municipality.

Historically known as the “Energy Capital of the World” and often characterized as a “gateway market” due to its strategic location on the Gulf Coast, the Houston – Sugar Land – Baytown MSA is home to the world’s largest concentration of energy and energy-related businesses. Additionally, the Port of Houston ranks first in the United States in international waterborne tonnage handled and is home to the largest Gulf Coast container port.



GREATER HOUSTON REPRESENTATIVE EMPLOYERS

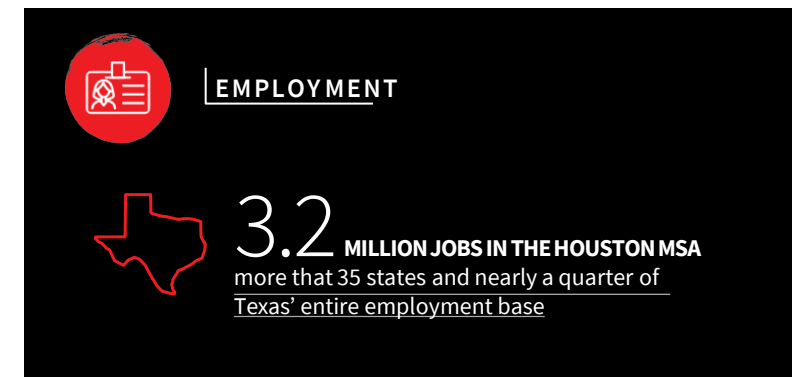
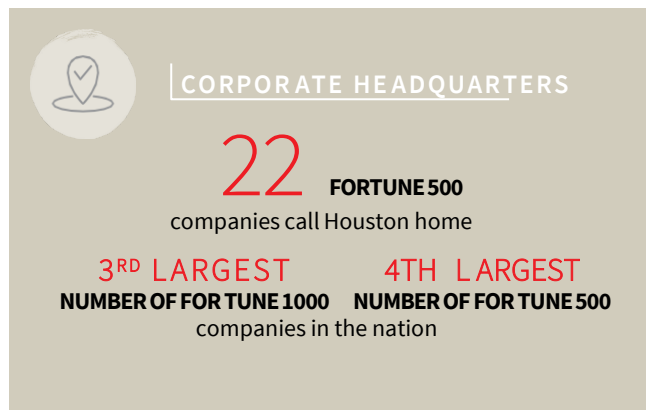
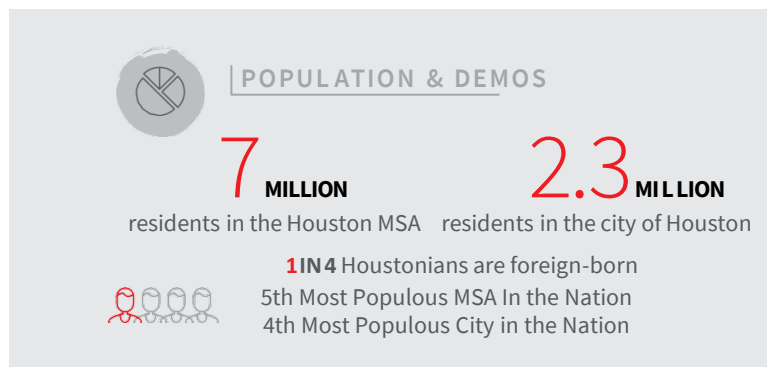
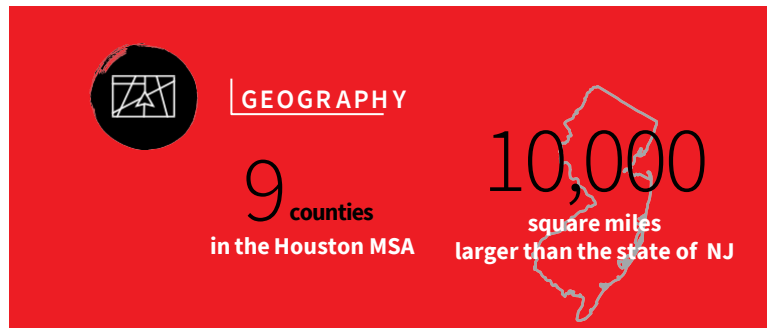


Local Demographic Snapshot

	1-Mile	3-Mile	5-Mile
2020 Population	19,136	62,528	142,419
# of Households	5,691	19,886	44,187
Avg. HH Income	\$183,431	\$177,965	\$175,498
Median HH Income	\$158,142	\$154,931	\$151,666

HOUSTON METRO OVERVIEW

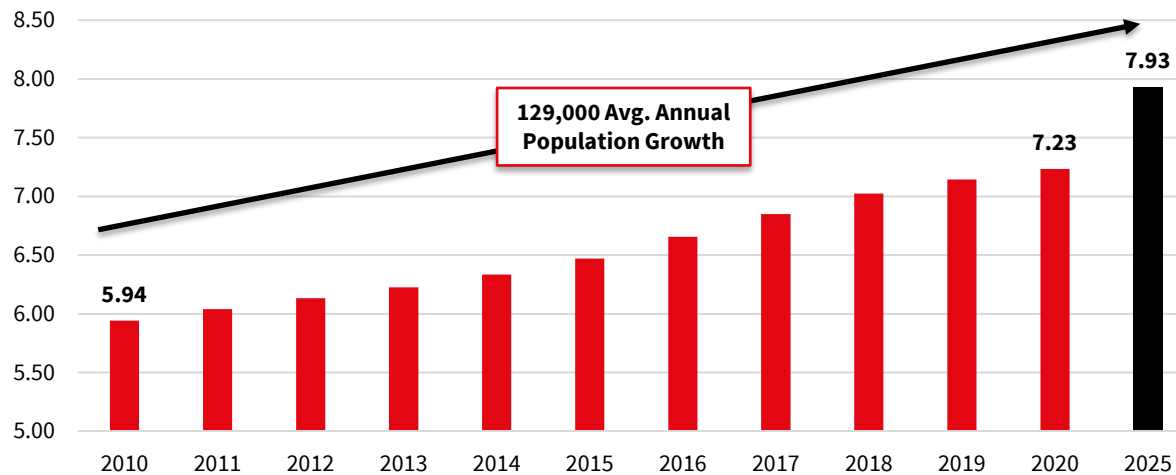
HOUSTON MSA – MARKET HIGHLIGHTS



HOUSTON METRO OVERVIEW

A HIGH GROWTH MARKET

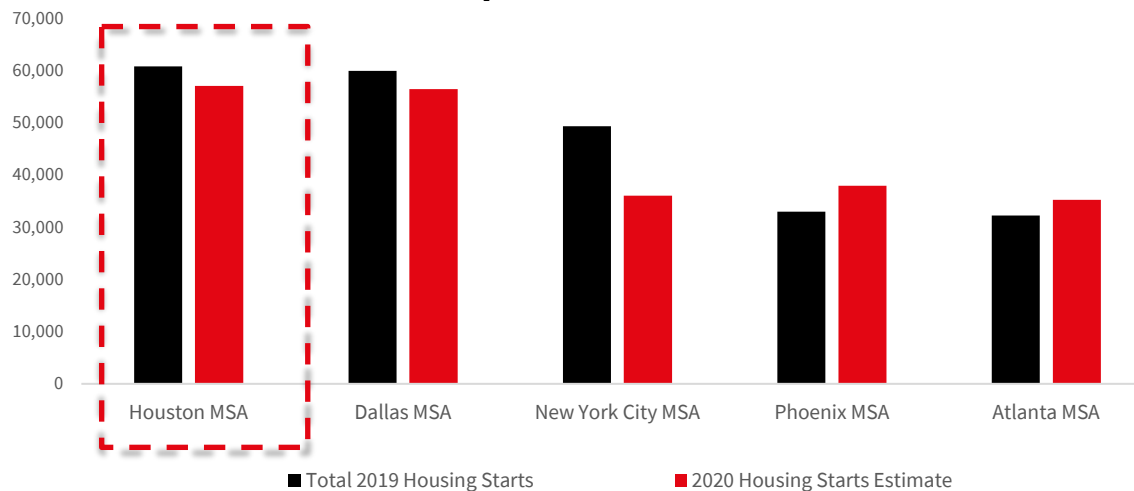
Houston MSA Population (in Millions)



Houston Population Growth

The Houston MSA has established itself as a top city for consistent population growth proven by its' more than double the national population growth average over the past ten years. The MSA added 91,000 people in 2020 and is expected to add another 700,000 residents in the next five years through 2025.

2019 & 2020 - Top 5 Metros for Home Starts



#1 MSA for Housing Starts – Houston, TX

Houston was the #1 MSA for Housing Starts in 2019 and 2020, outpacing cities like Dallas, New York, Phoenix, and Atlanta. Houston also registered as the No. 1 U.S. destination City for U-Hauls in America in 2019 for the 11th consecutive year.

3,794 housing units added per quarter since 2016

4,753 housing units added in Q4 2020 – the highest quarter on record



KFC Corporation—a subsidiary of the world’s largest restaurant company, Yum! Brands, Inc. (NYSE: “YUM”)— is the world’s most popular chicken restaurant specializing in its famous Original Recipe with additional offerings including Extra Crispy Hot Wings, Kentucky Grilled Chicken, Extra Crispy Tenders, KFC Famous Bowls, and its freshly made hand breaded chicken sandwiches.

KFC was found in 1952 by the famous Colonel Harland Sanders, a pioneer of the quick service restaurant concept that became famous for his “finger licking” original secret recipe. Today, KFC is headquartered in Louisville, Kentucky with more than 25,000 restaurants in approximately 145 countries and territories.

Delect Foods, Inc. is supported by an established and growing partner through the EMERGE! Restaurant family, an experienced 95-unit owner and operator. Within the EMERGE! Portfolio, the entity successfully owns and operates 27 KFC restaurants.

Yum! Brands, Inc., based in Louisville, Kentucky, has over 50,000 restaurants in more than 150 countries and territories primarily operating the company’s restaurant brands – KFC, Pizza Hut and Taco Bell – global leaders of the chicken, pizza and Mexican-style food categories. The Company’s family of brands also includes The Habit Burger Grill, a fast-casual restaurant concept specializing in made-to-order chargrilled burgers, sandwiches and more. In 2019, Yum! Brands was named to the Dow Jones Sustainability North America Index and in 2020, the company ranked among the top 100 Best Corporate Citizens by 3BL Media. The Company stands on strong credit ratings of ‘Ba2’ (Moody’s) and ‘BB’ (S&P) with recent ratings affirmations in 2020.



KFC Company Overview

Tenant / dba:	Delect Foods, Inc / KFC
Industry:	Quick Service Restaurant
Year Founded:	1952
# of Active Locations:	25,000
# of Foreign Countries / Territories:	145
Parent Company:	YUM! Brands, Inc.
Stock Symbol:	YUM (NYSE)
KFC 2020 Revenue:	\$2.27 Billion
Headquarters	Louisville, KY
Website:	www.kfc.com





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