



OFFERING MEMORANDUM

Dairy Queen | Income Tax Free State

**406 N I-35 E Rd,
Red Oak, TX 75154**

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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 become comfortable with and rely solely on their own projections, analyses, and decision-making.

Activity ID# ZAC0310650

Broker of Record: Tim Speck
License #: 9002994

Marcus & Millichap

OFFICES THROUGHOUT THE U.S. AND CANADA
marcusmillichap.com



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SECTION 1

Executive Summary

OFFERING SUMMARY

INVESTMENT HIGHLIGHTS

ABOUT THE TENANT

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OFFERING SUMMARY



Listing Price
\$2,814,450



Blended Cap Rate
5.38%



Current Cap Rate
5.00%

FINANCIAL

Listing Price	\$2,814,450
NOI	\$140,723
Cap Rate	5.00%
Price/SF	\$924.89

OPERATIONAL

Rentable SF	3,043 SF
Lot Size	1.03 Acres
Year Built/Renovated	2011



Dairy Queen | Income Tax Free State

401 N I-35 E Rd, Red Oak, TX 75154

INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present this exclusive listing of a freestanding Dairy Queen located 401 N I-35 E Rd, in Red Oak, TX. The site constructed in 2011 consists of 3,043 rentable square feet of building space and sits on an approximately 1.03 acre parcel of land. Dairy Queen is subject to a Absolute NNN lease, the starting base rent shall be \$140,723 with three, five-year tenant renewal options with 10% rental increase every 5 years. The subject property has displayed strong performance throughout its history in Red Oak, with frontage to Interstate 35 that has over 100,000 AADT.

INVESTMENT HIGHLIGHTS

- Absolute Triple Net (NNN) Lease With Zero Landlord Responsibilities
- 16.5 Years Remaining On Initial Term
- Tenant Renewal Options: Three (3), Five-Year Options
- 10% Rental Escalation Every Five Years
- Dallas-Fort Worth MSA
- Located On A Major Thoroughfare

Dairy Queen | Income Tax Free State

ABOUT THE TENANT

American Dairy Queen Corporation is a subsidiary of Berkshire Hathaway, Inc. American Dairy Queen is a leading franchisor of quick-service restaurants specializing in frozen treats, with more than 6,000 Dairy Queen outlets located throughout the US. DQ® operators have been providing consumers with crave satisfying treats and food since 1940. With more Dairy Queen Restaurants than any other part of the country, Texas is home to around 600 locations that are all owned and operated by franchisees. Most locations in Texas, including those which otherwise resemble the Brazier or DQ Grill & Chill formats, use a separate hot food menu branded as Texas Country Foods. Among other differences, "Hungry-Buster" burgers are available in place of the Brazier and GrillBurger offerings. Other food offerings not found outside Texas include the "Dude" chicken-fried steak sandwich, steak finger country baskets, T-Brand tacos, and a one-half pound double meat hamburger, the "BeltBuster".

The franchisee for this Dairy Queen 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.

SECTION 2

Property Information

AERIAL MAP

PROPERTY PHOTOS

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Starbucks
Chick-fil-A
Domino's
LA QUINTA
INNS & SUITES

Walmart

McDonald's
Walgreens
Brookshire's
food & pharmacy
GNC
LIVE WELL
Little Caesars
Arby's
BURGER KING

ACE
Hardware

SONIC

enterprise

DOLLAR TREE

KFC

AutoZone

AADT 18,341+

TACO BELL

WING STOP

WHATABURGER

Denny's

Comfort



AADT 107,303+

PROPERTY PHOTOS //



SECTION 3

Financial Analysis

PRICING DETAILS

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PRICING DETAILS //

THE OFFERING

Property	Dairy Queen
Property Address	406 N Interstate 35 Road Red Oak, TX 75154
Price	\$2,814,450
Blended Capitalization Rate	5.38%
Capitalization Rate	5.00%
Price/SF	\$924.89

PROPERTY DESCRIPTION

Year Built / Renovated	2011
Gross Leasable Area	3,043 SF
Zoning	Commercial
Type of Ownership	Fee Simple
Lot Size	1.03 Acres

LEASE SUMMARY

Property Subtype	Net Leased Restaurant
Tenant	Dairy Queen
Guarantor	Franchisee Guarantee
Lease Type	Absolute NNN
Lease Commencement	June 1, 2018
Lease Expiration	May 21, 2038
Lease Term	20
Term Remaining on Lease (Years)	16.5
Renewable Options	Three, Five-Year Options
Landlord Responsibility	None
Tenant Responsibility	Taxes, Insurance and Maintenance
Right of First Refusal/Offer	No

ANNUALIZED OPERATING INFORMATION

INCOME

Net Operating Income	\$140,723
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RENT SCHEDULE

YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF	CAP RATE
Current	140,723	\$11,727	\$46.24	5.00%
June 1, 2023	\$154,795	\$12,900	\$50.87	5.50%
June 1, 2028	\$170,274	\$14,190	\$55.96	6.04%
June 1, 2033	\$187,302	\$15,608	\$61.55	6.65%
Years 21-25 (Option 1)	\$206,032	\$17,169	\$67.71	7.32%
Years 26-30 (Option 2)	\$226,635	\$18,886	\$74.48	8.05%
Years 31-35 (Option 3)	\$249,299	\$20,775	\$81.93	8.86%



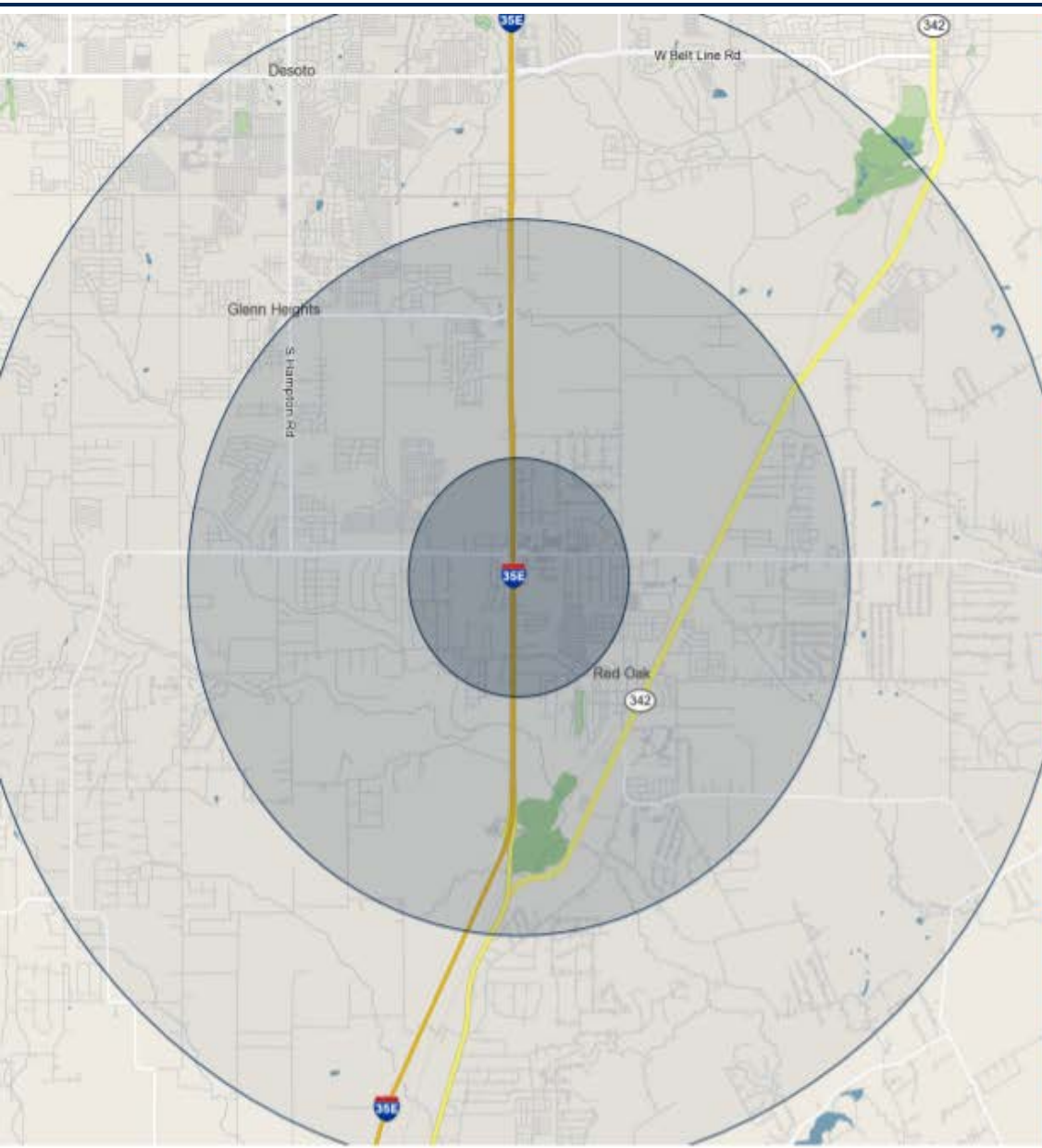
SECTION 4

Market Overview

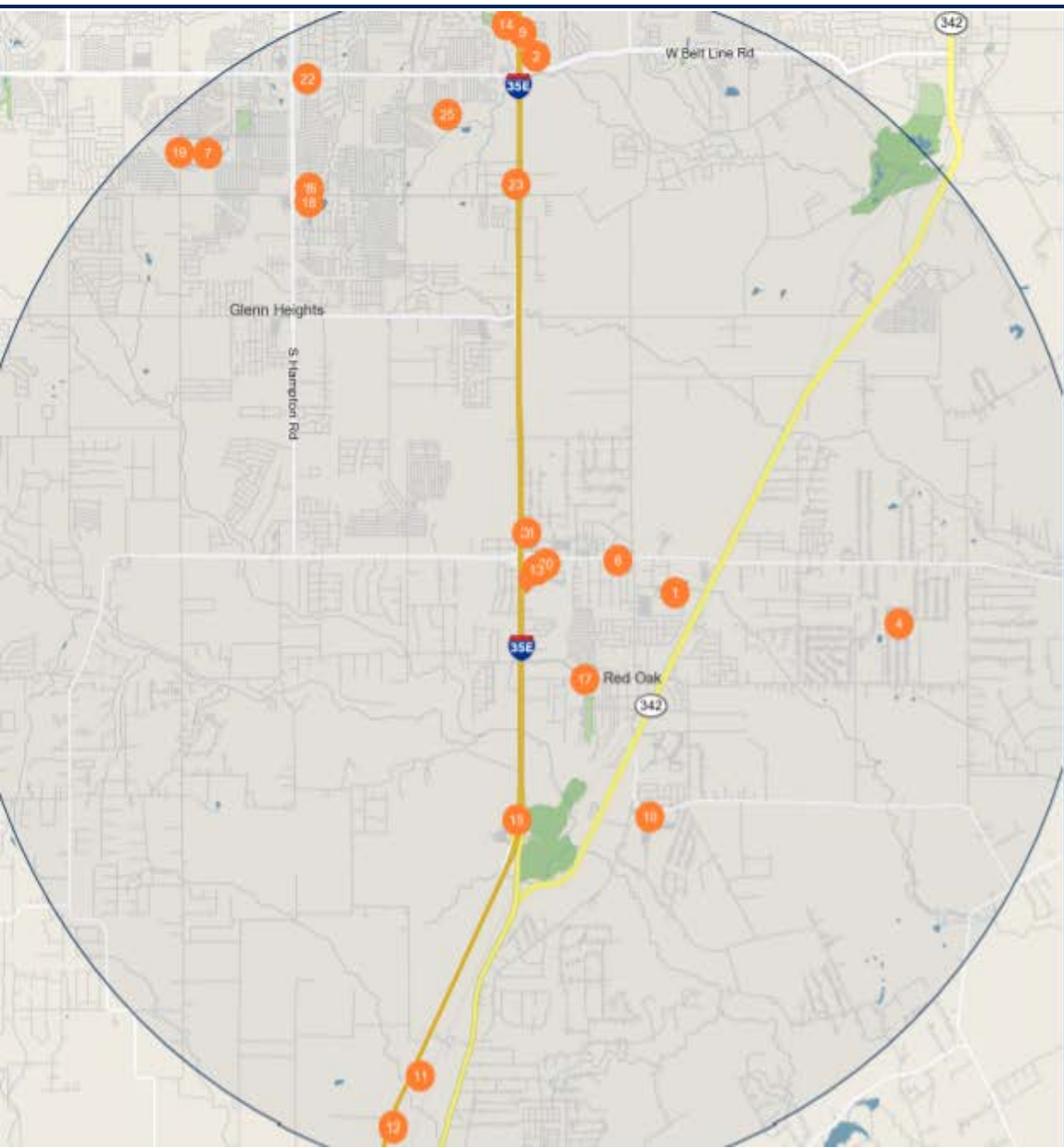
DEMOGRAPHICS

MARKET OVERVIEW

Marcus & Millichap



	1 Mile	3 Miles	5 Miles
POPULATION			
2026 Projection	7,268	35,682	93,970
2021 Estimate	6,577	31,784	84,196
2010 Census	5,160	24,512	65,873
2000 Census	3,012	16,803	47,873
HOUSEHOLD INCOME			
Average	\$86,668	\$94,098	\$97,637
Median	\$74,645	\$76,941	\$79,021
Per Capita	\$29,788	\$31,568	\$33,129
HOUSEHOLDS			
2026 Projection	2,507	12,022	32,023
2021 Estimate	2,246	10,645	28,532
2010 Census	1,738	8,098	22,148
2000 Census	1,035	5,601	15,994
HOUSING			
Median Home Value	\$169,408	\$170,416	\$167,651
EMPLOYMENT			
2021 Daytime Population	3,920	21,433	57,543
2021 Unemployment	7.18%	5.48%	5.14%
Average Time Traveled (Minutes)	31	34	35
EDUCATIONAL ATTAINMENT			
High School Graduate (12)	26.24%	29.11%	26.67%
Some College (13-15)	28.17%	27.94%	28.83%
Associate Degree Only	8.95%	8.11%	8.14%
Bachelor's Degree Only	15.39%	16.11%	17.57%
Graduate Degree	4.73%	6.60%	8.07%



Major Employers		Employees
1	Triumph Aerostructures LLC-Triumph Aerostructures	2,000
2	Walmart Inc-Walmart	370
3	Redoak SCC LLC-Red Oak Hlth Rhabilitation Ctr	362
4	United States Postal Service-US Post Office	313
5	American Homestar Lancaster LP-Oak Creek Homes	171
6	Texas Health Resources-Red Oak Fmly Pediatric Clinic	170
7	Desoto Independent School Dst-Desoto High School	166
8	Park Manor Senior Care Inc	150
9	Home Depot USA Inc-Home Depot The	150
10	Red Oak Independent School Dst-Red Oak High School	150
11	Berry Global Films LLC	140
12	Georgia-Pacific LLC-Georgia-Pacific	135
13	Chick-Fil-A Inc-Chick-Fil-A	134
14	Palomar Modular Buildings LLC-Palomar Modular Buildings	130
15	Oaks Filwshp Assmbly God Chrch-Oaks Fellowship The	125
16	Accounting Plus Solutions-Park Manor Healthcare & Rehab	120
17	City of Red Oak	118
18	Desoto Independent School Dst-Food Service Division	110
19	Desoto Independent School Dst-Desoto Freshman Campus	100
20	Brookshire Grocery Company-Brookshires 108	100
21	Senior Care Centers LLC-Red Oak Hlth Rhabilitation Ctr	99
22	Desoto Independent School Dst	95
23	Lubys Fuddruckers Rest LLC-Lubys	85
24	Chuck Fairbanks Chevrolet Inc	84
25	Desoto Independent School Dst-Woodridge Elementary School	80

DALLAS-FORT WORTH

The Dallas/Fort Worth Metroplex is the fourth-most populous metro in the nation, with an aggregate of nearly 7.7 million residents. It is composed of 13 counties stretching nearly 10,000 square miles. The city of Dallas houses 1.3 million people, followed by Fort Worth with 864,000 residents. Strong job gains continually draw new residents to the region. Recently, Collin and Denton counties have received the majority of growth. To accommodate the additional traffic, the region's transportation network is evolving. The expansion of the transportation network is vital to supporting the substantial developments in housing, retail and industrial, allowing commuters to access the metro's numerous corporations and expanding array of industries.

METRO HIGHLIGHTS



SUBSTANTIAL POPULATION GAINS

Dallas/Fort Worth's population growth in recent years ranks among the highest in the U.S. for a major metro.



LARGE CORPORATE BASE

The Metroplex is home to 25 Fortune 500 companies and many regional headquarters, drawing workers and residents.



MAJOR DISTRIBUTION CENTER

The area's extensive network of rail and highways along with the International Inland Port of Dallas ensure its status as a distribution hub.



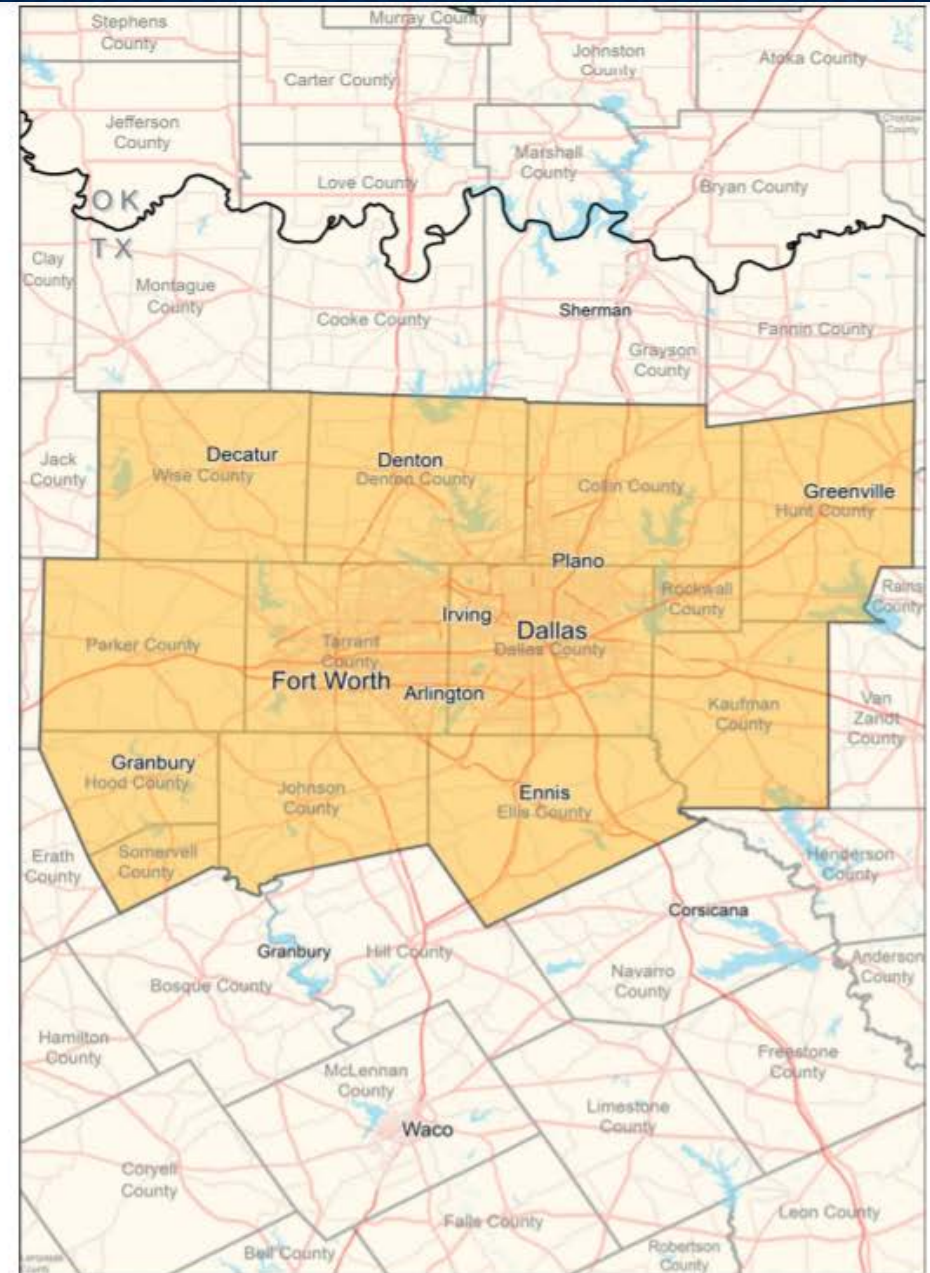
TRANSPORTATION

- The area is connected to the rest of the nation by way of Interstates 20, 30, 35, 45, 345, 635 and 820 and other major thoroughfares.
- DART, Dallas Area Rapid Transit, covers Dallas and 12 surrounding cities, and it consists of buses and a light-rail system.
- Freight-serving lines in the region include Union Pacific, BNSF and Kansas City Southern. BNSF is headquartered in Fort Worth.
- Trinity Railway Express and Amtrak provide passenger rail service.
- Via rail to Houston Port, and Highways 20 and 45, the International Inland Port of Dallas (IIPOD) connects the region to global markets and trade.
- Airports in the area are Dallas/Fort Worth International, Dallas Love Field, Fort Worth Alliance and 13 smaller airports.
- Alliance Global Logistics Hub is one of two intermodal facilities in Texas that connects road, rail and air.



MORE THAN
93

MILES OF A LIGHT-RAIL SYSTEM
SERVING DALLAS AND
SURROUNDING CITIES



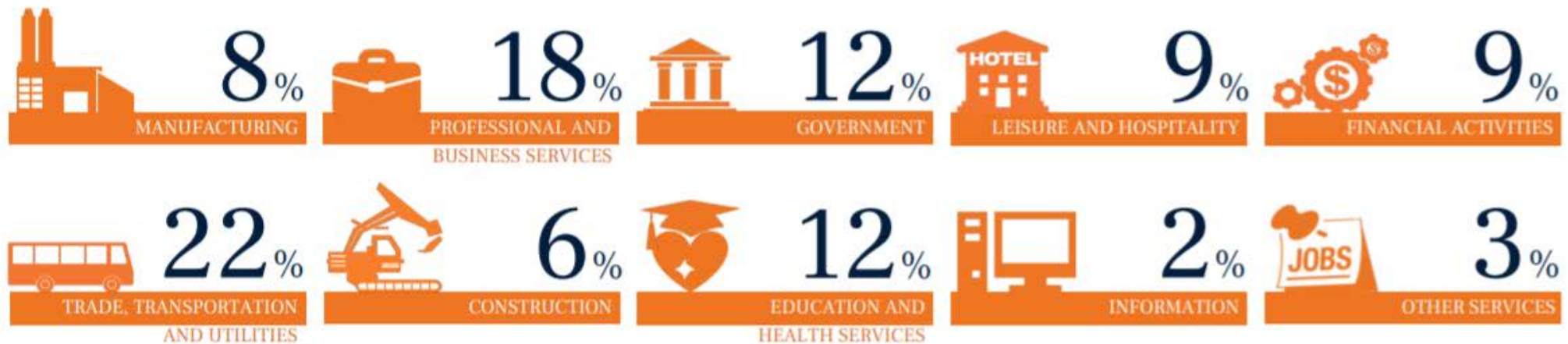
ECONOMY

- The Metroplex's temperate climate, no state income tax and a right-to-work labor policy attract employers.
- Dallas/Fort Worth is one of the nation's largest employment markets, with nearly 3.7 million jobs.
- The region is home to 25 Fortune 500 companies in a variety of sectors, including ExxonMobil, American Airlines Group, Southwest Airlines, Fluor, AT&T, Tenet Healthcare, Kimberly-Clark and D.R. Horton.
- The area is forecast to add jobs at an annual rate of 1.7 percent through 2025, more than triple the U.S. level.
- Economic expansion will be further fueled by a rise in financial services and high-tech companies.

MAJOR AREA EMPLOYERS
AMR/American Airlines
Baylor Scott & White
Texas Health Resources
Texas Instruments
Bank of America
Lockheed Martin
Verizon Communications
JPMorgan Chase
HCA North Texas Division
UT-Southwestern Medical Center



SHARE OF 2020 TOTAL EMPLOYMENT



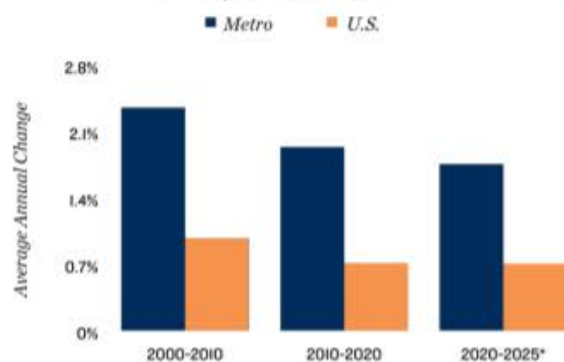
DEMOGRAPHICS

- Roughly 671,400 new people are expected through 2025, fueled by robust job growth, natural increases and north-to-south migration.
- The Metroplex is projected to add 262,400 households during the same period, generating the need for additional housing options.
- A younger population resides in the Metroplex as indicated by a median age that is well below that of the U.S.
- An educated population provides a skilled labor pool and higher incomes. Almost 34 percent of residents age 25 and older have at least a bachelor's degree, compared with 31 percent for the nation. The median income is more than \$8,200 above the national level.
- During 2020, approximately 60 percent of residents owned their homes – slightly below the U.S. rate – providing a vibrant rental market.

QUICK FACTS

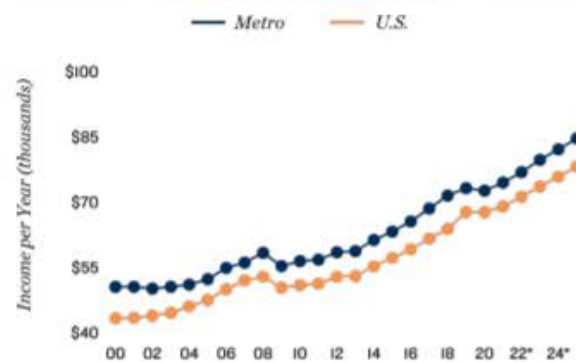


Population Growth

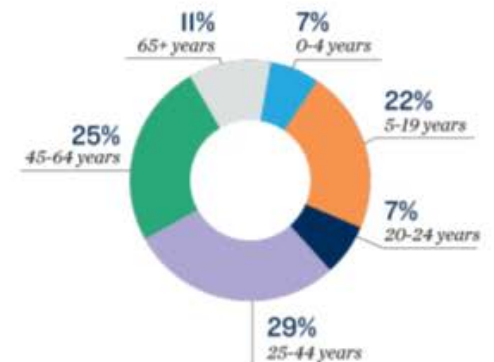


* Forecast

Median Household Income



2020 Population by Age



QUALITY OF LIFE

The Metroplex provides residents with an unparalleled lifestyle at a reasonable cost. The region continually ranks high for its affordability when compared with other large metros. A temperate climate provides ample opportunities for outdoor enthusiasts to enjoy. The region has many golf courses and activities at the metro's several reservoirs. Dallas/Fort Worth hosts professional teams in baseball, football, hockey and basketball.

Numerous educational institutions contribute to an educated workforce. The University of Texas at Dallas, University of North Texas, Texas Woman's University-Denton, Southern Methodist University, Texas Christian University and the University of Texas at Arlington are among the numerous higher-education institutions in the region. Metroplex residents are proximate to nationally recognized health centers including Parkland Memorial Hospital, Baylor University Medical Center and Texas Health Harris Methodist Hospital Fort Worth. Four medical schools also contribute to Dallas/Fort Worth's excellent healthcare providers.

\$306,300

MEDIAN HOME PRICE



150+

MUSEUMS AND
ART GALLERIES



150

PUBLIC & PRIVATE GOLF
COURSES



Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau

SPORTS



EDUCATION



ARTS & ENTERTAINMENT



SECTION 5

Information About Brokerage Services

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INFORMATION ABOUT BROKERAGE SERVICES

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

11-2-2015

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:
 - that the owner will accept a price less than the written asking price;
 - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - 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.

Marcus & Millichap

Licensed Broker /Broker Firm Name or Primary Assumed Business Name

Tim A. Speck

Designated Broker of Firm

Licensed Supervisor of Sales Agent/Associate

Sales Agent/Associate's Name

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Buyer/Tenant/Seller/Landlord Initials

Date

Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING