



OFFERING MEMORANDUM

APPLEBEE'S GRILL+ BAR

3794 MARKETPLACE DRIVE NW • ROCHESTER, MN

CBRE

Affiliated Business Disclosure

CBRE, Inc. operates within a global family of companies with many subsidiaries and related entities (each an “Affiliate”) engaging in a broad range of commercial real estate businesses including, but not limited to, brokerage services, property and facilities management, valuation, investment fund management and development. At times different Affiliates, including CBRE Global Investors, Inc. or Trammell Crow Company, may have or represent clients who have competing interests in the same transaction. For example, Affiliates or their clients may have or express an interest in the property described in this Memorandum (the “Property”), and may be the successful bidder for the Property. Your receipt of this Memorandum constitutes your acknowledgment of that possibility and your agreement that neither CBRE, Inc. nor any Affiliate has an obligation to disclose to you such Affiliates’ interest or involvement in the sale or purchase of the Property. In all instances, however, CBRE, Inc. and its Affiliates will act in the best interest of their respective client(s), at arms’ length, not in concert, or in a manner detrimental to any third party. CBRE, Inc. and its Affiliates will conduct their respective businesses in a manner consistent with the law and all fiduciary duties owed to their respective client(s).

Confidentiality Agreement

Your receipt of this Memorandum constitutes your acknowledgment that (i) it is a confidential Memorandum solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property, (ii) you will hold it in the strictest confidence, (iii) you will not disclose it or its contents to any third party without the prior written authorization of the owner of the Property (“Owner”) or CBRE, Inc., and (iv) you will not use any part of this Memorandum in any manner detrimental to the Owner or CBRE, Inc.

If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return it to CBRE, Inc.

Disclaimer

This Memorandum contains select information pertaining to the Property and the Owner, and does not purport to be all-inclusive or contain all or part of the information which prospective investors may require to evaluate a purchase of the Property. The information contained in this Memorandum has been obtained from sources believed to be reliable, but has not been verified for accuracy, completeness, or fitness for any particular purpose. All information is presented “as is” without representation or warranty of any kind. Such information includes estimates based on forward-looking assumptions relating to the general economy, market conditions, competition and other factors which are subject to uncertainty and may not represent the current or future performance of the

Property. All references to acreages, square footages, and other measurements are approximations. This Memorandum describes certain documents, including leases and other materials, in summary form. These summaries may not be complete nor accurate descriptions of the full agreements referenced. Additional information and an opportunity to inspect the Property may be made available to qualified prospective purchasers. You are advised to independently verify the accuracy and completeness of all summaries and information contained herein, to consult with independent legal and financial advisors, and carefully investigate the economics of this transaction and Property’s suitability for your needs. ANY RELIANCE ON THE CONTENT OF THIS MEMORANDUM IS SOLELY AT YOUR OWN RISK.

The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions at any time with or without notice to you. All offers, counteroffers, and negotiations shall be non-binding and neither CBRE, Inc. nor the Owner shall have any legal commitment or obligation except as set forth in a fully executed, definitive purchase and sale agreement delivered by the Owner.

Copyright Notice

© 2021 CBRE, Inc. All Rights Reserved.



INVESTMENT SUMMARY

APPLEBEE'S | ROCHESTER, MN

PRICE

\$4,150,000
7.40% CAP Rate

ADDRESS

3794 Marketplace Drive
Rochester, MN 55901

APN

74.21.11.060103

NET OPERATING INCOME

\$307,135

BUILDING/LOT SIZE

5,156 SF / 1.42 Acres

YEAR BUILT

2000

TYPE OF OWNERSHIP

Fee Simple

SUMMARY



Strong Operator: Largest Applebee's Franchisee in the Nation

Apple American Group is the nation's largest Applebee's franchisee, with 442 restaurants in 23 states.



Flynn Restaurant Group (FRG)

Apple American Group is part of the Flynn Restaurant Group, the nation's largest overall franchisee as ranked by sales (\$3.6B) and by number of locations (2,355).



Absolute NNN Lease with Attractive Rent Increases

There are just under seven years of lease term remaining on an absolute NNN lease, with attractive ten percent rent increases every five years.



Outparcel to Super Target and Home Depot

This freestanding Applebee's occupies an outstanding location surrounded by a large number of national retailers, including Super Target and Home Depot.



Population Growth in Rochester is Robust, Underpinned by the Mayo Clinic's Presence

Rochester's population is projected to grow by thirty percent in the next fifteen years. The [Mayo Clinic's](#) main campus is located in Rochester and has operated there for over one hundred years, employing 34,000 physicians, scientists, and staff.



Located on a High Traffic Corridor

Applebee's is located on a high traffic corridor with visibility from Highway 63, carrying an average of 61,000 vehicles per day. Highway 63 is the main travel corridor into and out of Rochester from the Minneapolis-St. Paul metro to the north.

[Text That Looks Like This is Clickable!](#)



TENANT OVERVIEW

APPLEBEE'S | ROCHESTER, MN

TENANT SUMMARY

Site Address	3794 Marketplace Drive, Rochester, MN 55901
PID	74.21.11.060103
Square Footage	5,156 SF
Tenant Name	Applebee's
Franchisee	Apple American Group (Flynn Restaurant Group)
Lease Guarantor	Apple Minnesota, LLC
Lease Commencement	7/1/2009
Lease Expiration	6/12/2028
Estoppel Request Time	15 Days
Renewal Options	Four 5-Year
Notice for Options	11 Months
Website [Corporate]	www.Applebees.com
Website [Franchisee]	www.AppleAmerican.com

LEASE SUMMARY

Real Estate Tax	Tenant is Responsible
Property Insurance	Tenant is Responsible
Utilities	Tenant is Responsible
Roof & Structure	Tenant is Responsible
Parking Lot	Tenant is Responsible
HVAC	Tenant is Responsible
SNDA	Within 10 Days

RENT SCHEDULE

Lease Term	Date Start	Date End	Annual Rent	Per SF
Current	7/1/2018	6/30/2023	\$279,213	\$54.15
Underwritten	7/1/2023	6/12/2028	\$307,135	\$59.57
Option 1	6/13/2028	6/12/2033	\$337,848	\$65.53
Option 2	6/13/2033	6/12/2038	\$371,633	\$72.08
Option 3	6/13/2038	6/12/2043	\$408,796	\$79.29
Option 4	6/13/2043	6/12/2048	\$449,676	\$87.21

Seller will credit buyer the rent spread from closing through 7/1/2023 (next contractual rent increase).

“Good food, good people.”

Since it was founded in 1980, Applebee's restaurants have been serving diners with the goal to create a neighborhood, friendly-feeling experience. The chain expanded rapidly, becoming a full-fledged franchise system in 1985. In the 1990's, Applebee's was one of the largest sit-down restaurant chains in the United States and began publicly trading in 1991.

Applebee's was acquired by IHOP Corp. in 2007 for \$2 Billion.

Today the chain has adapted to accommodate changing dining preferences by consolidating store locations and offering convenience-based services such as curbside pick-up and online ordering, as well as changing menu offerings to include lower calorie entree options and drink options.



In 2010 Applebee's began implementing their revitalization concept, which included changes to restaurant interiors.

You are solely responsible for independently verifying the information in this Memorandum. ANY RELIANCE ON IT IS SOLELY AT YOUR OWN RISK.

FLYNN RESTAURANT GROUP

APPLEBEE'S | ROCHESTER, MN

FLYNN RESTAURANT GROUP



PARENT COMPANY: FLYNN GROUP

Greg Flynn, Founder, Chairman and CEO of Flynn Restaurant Group operate a portfolio of restaurants including approximately 2,400 Applebee's, Taco Bells, Panera's, Arby's, Pizza Huts and Wendy's. Collectively these restaurants generate \$3.6 billion in annual sales, employing 73,000 people in 44 of the 50 states. Flynn Restaurant Group approaches the restaurant industry with a local touch: "federal" standards and rules apply at all locations, but they provide local operators the opportunity to decide what's best for their unique business. As the largest franchise operator in the United States, Flynn also owns and invests in commercial real estate. [Learn more about Flynn Restaurant Group here!](#)

FLYNN GROUP IN THE NEWS

["How Flynn Restaurant Group Stacks Up Against Other Big Operators"](#)

- [www.RestaurantBusinessOnline.com](#), March 2021

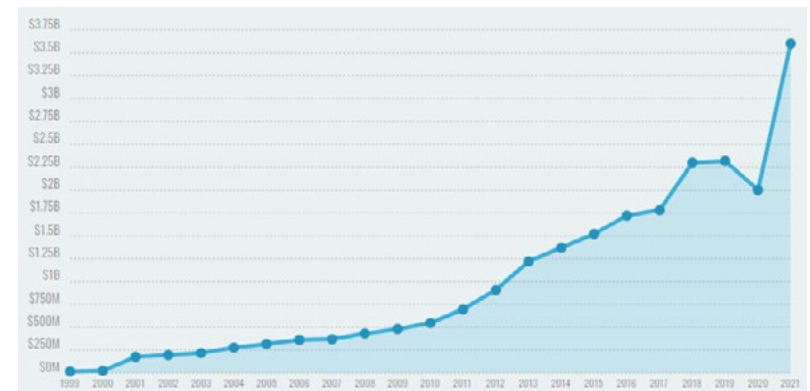
["The Power List: Multiconcept Franchise Operator Invests In Opportunities for Growth"](#)

- [www.NRN.com](#), January 2021

["The Power List: Flynn Restaurant Group's HR Executive on Investing In Employees and Operators"](#)

- [www.NRN.com](#), January 2021

[Text That Looks Like This is Clickable!](#)



30% Compound Annual Growth for Two Decades

A presence across the three major segments of the restaurant industry: casual dining, quick services, and fast casual.

SOURCE: [www.Flynnrestaurantgroup.com](#)

APPLE AMERICAN GROUP

APPLEBEE'S | ROCHESTER, MN



FLYNN
RESTAURANT GROUP



FRANCHISEE: APPLE AMERICAN GROUP

As the largest Applebee's franchisee, Apple American Group remains constant in their vision to raise the standards for casual dining, operating 442 restaurants across 23 states. As a testament to their business model, they have built more than 100 restaurants in the last ten years. Apple American Group is part of the Flynn Restaurant Group which also operates:

280 Taco Bells
122 Paneras
367 Arby's
937 Pizza Huts
194 Wendy's

APPLE AMERICAN GROUP IN THE NEWS

["Apple American Group, the Largest Applebee's Neighborhood Grill & Bar Franchisee in the U.S., Turns to Landed App to Streamline Hiring Admit Strong Growth"](#)

- [www.PRNewswire.com](#), March 2021

["How a Restaurateur is Navigating the Pandemic"](#)

- [www.Standord.edu](#), November 2020

["Hell of a Ride! Greg Flynn, with 1,245 Restaurants, is Gunning for More"](#)

- [www.Franchising.com](#), August 2019

[Text That Looks Like This is Clickable!](#)



SOURCE: www.Appleamerican.com

AERIAL

APPLEBEE'S | ROCHESTER, MN



19,700 VEHICLES

41ST ST NW

61,000 VEHICLES

11,400 VEHICLES

63

Applebee's

verizon

GameStop

Chipotle Mexican Grill

European Wax Center

Coldstone

Park Dental

Tanera Bread

Best Buy

ups

hobby lobby

Ashley Homestore

FAREWAY

Caribou Coffee

noodles & company

pu wood-fired pizza

TACO BELL

THE HOME DEPOT

PETSMART

Target

FIVE GUYS

Great Clips

CLOTHES MENTOR

IBM

Google

Imagery ©2020 Maxar Technologies, USDA Farm Service Agency

PROPERTY PHOTOS

APPLEBEE'S | ROCHESTER, MN



PROPERTY PHOTO

APPLEBEE'S | ROCHESTER, MN



WEST-FACING AERIAL

APPLEBEE'S | ROCHESTER, MN



WEST-FACING AERIAL

APPLEBEE'S | ROCHESTER, MN

verizon

GameStop

Panera Bread

Park Dental

CHIPOTLE MEXICAN GRILL

EUROPEAN WAX CENTER

CORBSTONE

LEE ANN CHIN

POTBELLY SANDWICH SHOP

Famous Footwear

LANE BRYANT

JIMMY JOHN'S SANDWICHES

jiffylube

Hallmark

scrubs & beyond

Great Clips

FIVE GUYS

at&t

H&R BLOCK

41ST PROFESSIONAL STREET BUILDING

TACO BELL

pi wood-fired pizza

Caribou COFFEE

noodles & company

Applebee's



61,000 VEHICLES

SOUTH-FACING AERIAL

APPLEBEE'S | ROCHESTER, MN



IBM



LEEANN
CHIN

Famous
Footwear

LANE BRYANT



PROPERTY PHOTO

APPLEBEE'S | ROCHESTER, MN



DEMOGRAPHICS

APPLEBEE'S | ROCHESTER, MN



DEMOGRAPHICS

APPLEBEE'S | ROCHESTER, MN

	1 Mile	3 Miles	5 Miles
POPULATION			
2020 Population - Current Year Estimate	9,894	64,359	104,549
2025 Population - Five Year Projection	10,126	67,873	111,202
2020 - 2025 Projected Annual Population Growth Rate	0.46%	1.07%	1.24%
GENERATIONS			
Generation Z (Born 1999-2016)	23.5%	22.9%	22.2%
Millennials (Born 1981-1998)	32.1%	28.0%	26.3%
Generation X (Born 1965-1980)	17.1%	18.9%	19.1%
Baby Boomers (Born 1946-1964)	15.4%	17.7%	19.6%
HOUSEHOLD INCOME			
2020 Average Household Income	\$70,634	\$91,907	\$97,975
2025 Average Household Income	\$76,232	\$101,707	\$107,975
EDUCATION			
High School Diploma	22.0%	13.7%	14.3%
Some College - No Degree	19.6%	17.6%	17.1%
Associate's Degree	12.7%	11.2%	10.9%
Bachelor's Degree	22.7%	28.7%	27.1%
Graduate or Professional Degree	13.8%	21.5%	22.6%
DAYTIME POPULATION			
Daytime Workers	5,961	26,851	72,748
Daytime Residents	4,873	33,113	54,671

CONSUMER BASE - 3 MILE RADIUS

APPLEBEE'S | ROCHESTER, MN

DOMINANT LIFE SEGMENT

15.4% IN STYLE

- Urbane lifestyle that includes support of the arts, travel, and extensive reading
- Connected and make full use of their mobile devices
- Attentive to price, they use coupons, especially mobile ones
- Professional couples or single households without children
- Slightly older population already planning for retirement
- Actively support the arts, theater, concerts

DOMINANT LIFEMODE GROUP

32.4% GEN X URBAN

- Gen X in middle age; families with fewer kids and a mortgage
- Own older single family homes in urban areas with 1 or 2 vehicles
- News junkies
- Invest wisely, well-insured, comfortable banking online or in person
- Enjoy reading, renting movies, dining out, and walking for exercise

DOMINANT URBANIZATION GROUP

44.0% METRO CITIES

- Affordable city life including smaller metropolitan cities that feature a mix of single family and multiunit housing
- Consumers include college students, affluent Gen X couples, and retirement communities
- Residents share an interest in city life and its amenities

OTHER TOP SEGMENTS

12.6% UP AND COMING FAMILIES

- Market in transition: residents are younger, more mobile, more ethnically diverse than the previous generation
- Ambitious, working hard to get ahead, and willing to take some risks to achieve their goals
- Young families still feathering the nest
- Busy with work and family
- Careful shoppers, aware of prices, willing to shop around

10.2% YOUNG AND RESTLESS

- Well-educated young workers, some of whom are still completing their educations
- Not established yet, but striving to get ahead and improve themselves
- Top market for renters, movers, college enrollment, and labor force participation
- Careful shoppers, aware of prices
- Purchase natural/organic food, but frequent fast food restaurants

MARKET SUMMARY

APPLEBEE'S | ROCHESTER, MN

Market Snapshot



**228,904
Residents**

Rochester MSA
2019 Estimate



**3rd Largest
City**

in the State of Minnesota



**19 Non-Stop
Flights**

Around the Country
from Greater Rochester
International Airport



#1

Livability.com's 2017
Top 100 Best Places
to Live
www.livability.com/mn/rochester/



#1

Mayo Clinic was Ranked
the Best Hospital and
Clinic in the country by
U.S. News

<https://health.usnews.com/best-hospitals/area/mn/mayo-clinic-6610451>



Greater Rochester International Airport is Serviced by These Major Airlines

<https://www2.monroecounty.gov/airport-airlines.php>

Major Employers in Rochester



36,330 Total Employees
Largest Employer in the State

IBM

2,791
Employees

ROCHESTER
PUBLIC
SCHOOLS

2,727
Employees



1,291
Employees



1,279
Employees



1,249
Employees



CONTACT US

SEAN DOYLE

First Vice President
+1 612 336 4324
sean.doyle2@cbre.com
Lic. 20588764

MATT HAZELTON

First Vice President
+1 612 336 4328
matt.hazelton@cbre.com
Lic. 40449423

AJ PRINS

First Vice President
+1 612 336 4322
aj.prins@cbre.com
Lic. 20395954

CORY VILLAUME

First Vice President
+1 612 336 4323
cory.villaume@cbre.com
Lic. 20591922

SEE ALL LISTINGS AND LEARN MORE ABOUT US AT
WWW.CBRE.US/INVMINNEAPOLISRETAIL

© 2021 CBRE, Inc. All rights reserved. This information has been obtained from sources believed reliable, but has not been verified for accuracy or completeness. You should conduct a careful, independent investigation of the property and verify all information. Any reliance on this information is solely at your own risk. CBRE and the CBRE logo are service marks of CBRE, Inc. All other marks displayed on this document are the property of their respective owners, and the use of such logos does not imply any affiliation with or endorsement of CBRE. Photos herein are the property of their respective owners. Use of these images without the express written consent of the owner is prohibited.

CBRE