



OFFERING MEMORANDUM

# TEXAS ROADHOUSE

725 S Meadow St | Ithaca, NY 14850



ALPHA  
REAL ESTATE ADVISORS



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# EXECUTIVE SUMMARY

LIST PRICE	\$2,530,000
CAP RATE	5.00%
TENANT	Texas Roadhouse
STREET ADDRESS	725 S Meadow St
CITY STATE ZIP CODE	Ithaca, NY 14850
YEAR BUILT	2015
GLA	7,500 SF
LOT SIZE	1.39 AC
NOI	\$126,500

LEASE PERIOD	PERIOD BEGIN	PERIOD END	MONTHLY RENT	ANNUAL RENT	RENT/SF	CAP RATE
Base Term	12/1/20	11/30/25	\$10,542	\$126,500	\$16.87	5.00%
Base Term	12/1/25	11/30/30	\$11,596	\$139,150	\$18.55	5.50%
Option 1	12/1/30	11/30/35	\$12,755	\$153,065	\$20.41	6.05%
Option 2	12/1/35	11/30/40	\$14,031	\$168,372	\$22.45	6.66%
Option 3	12/1/40	11/30/45	\$15,434	\$185,209	\$24.69	7.32%





# PROPERTY INFORMATION

LEASE TYPE	Absolute NNN Ground
TYPE OF OWNERSHIP	Ground Lease
LEASE COMMENCEMENT	12/1/2020
LEASE TERM	15 Years
LEASE EXPIRATION	11/30/2030
TERM REMAINING	9.15 Years
INCREASES	10% Every 5 Years
OPTIONS	(3) Five Year Options
RE TAXES	Tenant*
INSURANCE	Tenant*
ROOF, STRUCTURE & PARKING LOT	Tenant*
LESSEE	Texas Roadhouse Holdings LLC Corporate

*\*Tenant Financially Responsible such that rent is "net" to landlord*



# INVESTMENT HIGHLIGHTS

## LOW RISK, HIGH QUALITY NET LEASED INVESTMENT

- Publicly Traded
- Corporate Backed Lease
- Long Lease Term over 9 Years Remaining plus 3 - 5 Year Options
- Limited Responsibilities with a Hands-Off, Absolute NNN Ground Lease
- Hedge Against Inflation - Fixed 10% Increases during the primary term and options

## ROBUST FINANCIAL PERFORMANCE

- Corporate Credit Tenant - Texas Roadhouse (Ticker: TXRH) is currently valued at a \$6.72 Billion Dollar Market Cap and is publicly traded on the Nasdaq
- Over trailing twelve months, TXRH generated \$2.55 Billion in sales and \$210M of EBITDA and generated \$386M of operating cash flow, finally exceeding Pre-Covid Cash Flow Figures
- System-wide average unit volumes were \$5,555,000 (2019)
- 2.28% Rent to Sales Ratio (using the System Wide AUV's)

## ROCK SOLID FUNDAMENTALS

- Priced Below Replacement Cost for Land and Building
- "It cost the company \$6.1 million to build a Texas Roadhouse in 2020, up from \$5.5 million in 2019" - Kent Taylor, CEO and Founder
- Asking Price of \$2,530,000 equates to less than half the cost of a new Texas Roadhouse. Even in 2015 \$'s, this suggests that Texas
- Roadhouse has invested \$3-4M into the development and buildout. Such a large investment demonstrates tenants' confidence & commitment to the location, minimizing the chance of vacancy
- Below Market Rent - \$17/SF is below market for a premium restaurant use, for comparison, Sleep Number signed up at \$44/SF for endcap strip space
- Premium Retail Corridor positioning - Located in the center of the action, at the entrance for customers to access Major Retail Anchors
- Situated with Premium Frontage/Visibility along S Meadow St, the main arterial thoroughfare that cuts through town
- High Trafficked with ADT ranging from 25-35k VPD









# TENANT OVERVIEW

Texas Roadhouse opened its doors in 1993. Since then, the company has grown to more than 580 locations in 49 states and 22 international locations in nine foreign countries. Texas Roadhouse is famous for its hand-cut steaks, fall-off-the-bone ribs, made-from-scratch sides, and fresh-baked bread. Texas Roadhouse is based in Louisville, Kentucky. The company's first restaurant was founded across the Ohio River in nearby Clarksville, Indiana, in 1993.

- Restaurants averages 5,000 guests a week, which is one of the highest in the industry.
- 300,000 meals per day served
- The average Texas Roadhouse is 6,700 - 7,500 square feet and seats 291 guests.
- #1 seller is the 6-ounce USDA Choice Sirloin.
- Steaks accounts for 44% of their menu.



Louisville, KY  
HEADQUARTERS



±580  
LOCATIONS



±58,000  
EMPLOYEES



\$2.4 B  
REVENUE (2020)

## TEXAS ROADHOUSE IN THE NEWS:

- [Texas Roadhouse, Inc. Announces First Quarter 2021 Results](#)
- [Texas Roadhouse Promotes President Jerry Morgan to CEO](#)
- [Texas Roadhouse, Inc. Announces Fourth Quarter 2020 Results and Provides Business Update](#)





# PROPERTY PHOTOS





# AERIAL





# AERIAL





# SURROUNDING RETAIL





# SURROUNDING RETAIL





# MARKET OVERVIEW

## ROCHESTER, NY

Known by many names—the Flower City (or the Flour City), the ROC, the 5-8-5—Rochester is located in western New York between Buffalo and Syracuse, Rochester is a three-hour drive from Toronto and just over an hour flight from New York City, Philadelphia, and Boston. Located in Monroe County, it is just a few miles south of the beautiful Lake Ontario. Its heavily populated streets are lined with people who come from diverse backgrounds, and with a population of over 210,000 Rochester is one of the top three largest cities in the state of New York. Situated between city life and country landscaping, Rochester has remained a great place to live since it was founded.

Boomtowns used to be all over the place, and Rochester, NY was one of the very first. Back in 1811 when the city was founded there were only a handful of citizens. With a few short years, the area was filled with thousands of up-and-coming young minds, which has been the case ever since. Rochester, NY is now home to the University of Rochester (UR) and Rochester Institute of Technology (RTI), and the city leads the country as an international hub for higher education in the medical and technological fields.

In addition, the city itself is internationally renowned for its diverse and in-depth research and development programs. Its population is replete with budding geniuses who have recently introduced new inventions and innovations to the world, including the births of the corporations Xerox, Bausch and Lomb, and Kodak to name a few. Due to its continual growth, Rochester, NY is quickly becoming one of the hottest places for people to move and live.

The fact that the city's economy is the second-largest in the state most likely makes a big difference to those searching for a sustainable workforce. Rochester may be ranked just barely below the city of Buffalo in GMP, but its per capita income ranking leaves Buffalo in the dust. Because of this easily accessible job market, Rochester, NY is growing exponentially and offers extremely affordable housing, with an average cost of a single-family home about \$160,000.

Despite its booming growth and bustling streets, Rochester, NY was recently ranked "the most livable city" compared to 379 other metropolitan areas. Regardless of the large population, the city still boasts the nation's sixth-best schools and is considered one of the top places to raise a family.

## PROPERTY DEMOGRAPHICS

Population	1-Mile	3-Mile	5-Mile
2010 Population	11,015	45,162	60,005
2021 Population	11,132	45,803	60,598
2026 Census	11,085	45,614	60,295
Growth 2021-2026	0.10%	0.10%	0.10%
Growth 2010-2021	-0.10%	-0.10%	-0.10%
Households	1-Mile	3-Mile	5-Mile
2010 Projection	4,460	15,423	21,973
2021 Estimate	4,556	15,780	22,317
2026 Census	4,535	15,709	22,187
2020 Average Income	\$65,151	\$77,078	\$84,181
2020 Median Income	\$41,322	\$43,343	\$50,998



# DISCLAIMERS AND AGREEMENT

Alpha Real Estate Advisors LLC ("AREA") has been retained as the exclusive listing broker to arrange the sale of the property identified herein above (the "Property").

**Purpose and Intent.** This Offering Memorandum ("Memorandum") has been prepared by the undersigned real estate professional, is provided in the normal course of his/her business, and is intended to express only his/her recommended listing, selling, or purchase price or a rental or lease consideration for the Property. This Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, the Property, and has not been made for the purpose of submission as evidence of value to a court or administrative body. The disclosures herein are intended to supersede all prior written and oral communications and understandings regarding the Memorandum. You are advised to carefully read this Memorandum and review it with your legal and tax advisors.

**Information Provided As An Opinion:** The information 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. This Memorandum does not contain all the information that you may need or desire to evaluate the Property. All information in this Memorandum and any other written or oral communication transmitted to you in the course of your evaluation of the Property is presented "as is" without representation or warranty, express or implied, of any kind by AREA, Owner/Seller, or either's respective subsidiaries, agents, affiliates, members, officers, and/or employees. AREA assumes no responsibility for this Memorandum, and hereby disclaims any and all liability for representations, expressed or implied, contained in, or for omissions from, this Memorandum. This Memorandum is subject to prior placement, errors, omissions, changes, or withdrawal without notice and does not constitute a recommendation, suitability determination, or endorsement as to the Property's value by AREA or Owner/Seller. This Memorandum contains certain documents, which are described in summary form and do not purport to be complete or accurate descriptions of, nor do they constitute a legal analysis of, the full documents involved. All such summaries are qualified in their entirety by reference to such documents. All references to acreage(s), square footage(s), and other measurements are approximations. Neither AREA nor Owner/ Seller undertakes any responsibility or compulsion to update any of the information discussed herein. Any information and expressions of opinion herein contained are subject to change without notice. Neither the delivery of this Memorandum nor the purchase of the Property shall, under any circumstance(s), create an implication that there has been no change in the affairs of the Property since the date this Memorandum was created or provided to you.

By accepting this Memorandum, you agree that in determining the advisability of purchasing the Property, you shall not rely on this Memorandum or upon any other materials or information provided AREA or its brokers, but rather that you shall rely solely upon your own examination (including engineering and environmental inspections) and investigation of the Property at your own cost prior to purchasing the Property. An opportunity to inspect the Property will be made available to you upon written request. You acknowledge AREA is not acting as an attorney, tax advisor, surveyor, appraiser, structural engineer, and that you should consult such professionals.

This Memorandum is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make sure offer or solicitation. ALL INFORMATION CONTAINED HEREIN IS A STATEMENT OF OPINION. ANY RELIANCE ON THIS MEMORANDUM IS SOLELY AT YOUR OWN RISK.

**Forward-Looking Statements and Financial Projections.** All statements herein, other than statements of historical fact, are statements that could be deemed "forward-looking" statements with respect to the anticipated future performance of the Property, including any financial projections, statements regarding future economic conditions or performance, and statements of belief and of assumptions underlying any of the foregoing. These projections and statements are provided for general reference purposes only and may involve known and unknown risks and various assumptions subject to significant business, economic, and competitive uncertainties and contingencies beyond the control of AREA and/or Owner/ Seller, and which therefore are subject to material change and/or variation. Accordingly, there can be no assurance that such projections or forward-looking statements will be realized. Potential purchasers of the Property are cautioned that the actual results, performance, and/or achievements may vary materially from anticipated results, performance, and/or achievements. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the projections of forward-looking statements based thereon. YOU MAY NOT RELY UPON THE FINANCIAL PROJECTIONS, AS THEY ARE ILLUSTRATIVE ONLY.

**COVID-19 Pandemic.** The World Health Organization has characterized the outbreak of COVID-19 that is currently affecting many parts of the world, including the United States and NC, as a pandemic (the "Pandemic"). The Pandemic has negatively affected travel, commerce, and financial markets globally. While the potential future impact of the Pandemic cannot be quantified at this time, it is expected that the continued outbreak of COVID-19 could have an adverse impact on property values, including the value of the Property.

**Owner's/Seller's Reserved Rights.** Owner/Seller expressly reserves the right, at its sole discretion, to reject any or all expressions of interest and/or to terminate discussions with any party at any time with or without notice and for any reason. Owner/Seller shall have no legal commitment or obligation to any recipient of this Memorandum unless a written agreement for the purchase of the Property has been executed, delivered, and approved by the Owner/Seller and any conditions to the purchaser's obligations therein have been satisfied or affirmatively waived. The Owner/Seller reserves the right to move forward with an acceptable offer on the Property prior to the call for offers deadline.

**Confidentiality:** The Property is privately offered, and your receipt of this Memorandum serves to evidence your agreement that: (i) this Memorandum is subject to the Confidentiality and Non-Circumvention Agreement you previously executed with AREA, (ii) this Memorandum is furnished to you for the sole purpose of evaluating your interest in the Property, (iii) you will return the Memorandum if requested to do so by AREA, (iv) you will not use any part of this Memorandum in a manner detrimental to Owner/Seller or AREA, and (v) you will not reproduce or disclose any portion of this Memorandum to anyone without the prior written authorization of AREA. These terms and conditions apply to this Memorandum and all documents and other information provided in connection herewith.





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