



HOUSTON | TX

TROPHY ASSET

HORVATH  
& TREMBLAY



CLICK TO VIEW  
DRONE VIDEO

81,800+ VPD

INTERSTATE  
TEXAS  
45

INTERSTATE  
45



Chick-fil-A



REPRESENTATIVE PHOTO

GROUND LEASE OPPORTUNITY

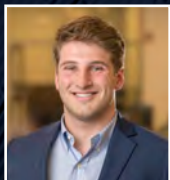


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## DISCLAIMER

Horvath & Tremblay has been engaged by the owner of the property to market it for sale. Information concerning the property described herein has been obtained from sources other than Horvath & Tremblay and we make no representations or warranties, express or implied, as to the accuracy or completeness of such information. Any and all references to age, square footage, income, expenses and any other property specific information are approximate. Any opinions, assumptions, or estimates contained herein are projections only and used for illustrative purposes and may be based on assumptions or due diligence criteria different from that used by a buyer. Buyers should conduct their own independent investigation and rely on those results. The information contained herein is subject to change.





## INVESTMENT HIGHLIGHTS

Horvath & Tremblay is pleased to present the exclusive opportunity to acquire a newly constructed (2022) Chick-fil-A ground lease located at 7007 Gulf Freeway in Houston, Texas (the "Property"). The construction is anticipated to be completed and the "Chick-fil-A" lease is anticipated to commence on or about April 11, 2022. The ground lease has an initial term of 15-years with eight (8), 5-year renewal options. The lease includes a 10% rent increase at the start of year 11 and at the start of each renewal option.

The Property is strategically located adjacent to the signalized intersection of Gulf Freeway and Woodridge Drive. The Property enjoys excellent access and signage along Gulf Freeway, and also benefits from outstanding visibility from Interstate 45, which has average daily traffic counts in excess of 81,800 vehicles per day. The Property also has frontage and access along Office City Drive. The Property is part of a newly redeveloped stretch of Gulf Freeway that includes a new construction Popeye's, Burger King, Raising Cane's, and Lone Star Market.

- **NEW CONSTRUCTION:** The brand-new construction Chick-fil-A is scheduled to open on April 11, 2022. The property will feature a modern design, drive-thru lane, and outdoor patio seating and benefits from access, visibility, and frontage along both Gulf Freeway and Office City Drive.
- **LONG-TERM GROUND LEASE:** The Triple-Net Ground Lease has a 15-year term with eight, 5-year renewal options. The Property is under construction with an anticipated rent commencement date of 04/11/2022.
- **ATTRACTIVE RENT INCREASES:** The Ground Lease calls for a 10% rent increase at the start of year 11 and at the start of each renewal option period, providing the investor with an attractive increase in revenue and hedge against inflation.
- **ZERO MANAGEMENT RESPONSIBILITIES:** The Ground Lease structure requires no landlord management, maintenance, or repair responsibilities, making it an attractive investment for the passive real estate investor.
- **DYNAMIC CORPORATE TENANT:** Chick-fil-A generates more revenue per restaurant than any other fast-food chain in the country. Total system-wide sales have grown from \$7.9 billion in 2016 to \$13.7 billion in 2020, a 4-year increase of 73%. This was the company's 52nd consecutive year of sales growth.
- **STRATEGIC LOCATION:** The Property is strategically located adjacent to the signalized intersection of Gulf Freeway and Woodridge Drive. The Property enjoys excellent access and signage along Gulf Freeway, and also benefits from outstanding visibility from Interstate 45 (81,800+ vehicles per day). The Property also has frontage and access along Office City Drive.
- **PRIME HOUSTON NEIGHBORHOOD:** Located in the Woodridge neighborhood of Houston, Chick-fil-A is positioned 0.5-miles from the interchange of Interstates 45 and 610. Interstate 45 provides direct access into Houston's Central Business District (6-miles northwest), and Interstate 610 forms the Houston Loop, circling the periphery of the city. The Property is also just 3-miles from the University of Houston which has an enrollment in excess of 47,000 students and more than 5,000 faculty and staff members.

■ **HIGH TRAFFIC COUNTS:** More than 20,000 vehicles pass the Property every day along Gulf Freeway and Office City Drive. Additionally, more than 81,800 vehicles (with direct line of sight) pass by the Property along Interstate 45.

■ **STRONG DEMOGRAPHICS:** Over 144,500 people live within 3-miles of the Property. An impressive 323,800 people live within 5-miles of the Property with an average household income in excess of \$59,100. Additionally, there are more than 124,800 employees within 5-miles of the Property.

■ **RETAIL TRADE AREA:** Notable tenants drawing consumers to the trade area includes Walmart Supercenter, Home Depot, Lowe's, H-E-B, Lone Star Market, Best Buy, Marshalls, Old Navy, Ross, CVS, Walgreens, Family Dollar, Starbucks, Raising Cane's, McDonald's, Burger King, Wendy's, IHOP, Popeyes, Denny's, Whataburger, Cici's, and Wingstop.





## PROPERTY OVERVIEW



REPRESENTATIVE PHOTO

**\$4,191,780**

LIST PRICE

**3.65%**

CAP RATE

**\$153,000**

NET OPERATING INCOME

**7007 GULF FREEWAY | HOUSTON, TX 77087**

OWNERSHIP: Absolute NNN Ground Lease

BUILDING AREA: 4,500 SF (Estimated)

YEAR BUILT: 2022

LAND AREA: 1.33 Acres

GUARANTOR: Corporate

ROOF &amp; STRUCTURE: Tenant Responsibility

RENT COMMENCEMENT DATE: 04/11/2022 (Anticipated)

LEASE EXPIRATION DATE: 04/30/2037

LEASE TERM REMAINING: 15 Years

RENEWAL OPTIONS: 8, 5-Year Options

TENANT PURCHASE OPTION: ROFO

## ANNUALIZED OPERATING DATA

YEAR	START	END	TERM	RENT	% INC
<b>1 - 10</b>	<b>04/11/2022</b>	<b>- 04/30/2032</b>	<b>CURRENT</b>	<b>\$153,000</b>	
11 - 15	05/01/2032	- 04/30/2037		\$168,300	10.0%
16 - 20	05/01/2037	- 04/30/2042	OPTION 1	\$185,130	10.0%
21 - 25	05/01/2042	- 04/30/2047	OPTION 2	\$203,643	10.0%
26 - 30	05/01/2047	- 04/30/2052	OPTION 3	\$224,007	10.0%
31 - 35	05/01/2052	- 04/30/2057	OPTION 4	\$246,408	10.0%
36 - 40	05/01/2057	- 04/30/2062	OPTION 5	\$271,049	10.0%
41 - 45	05/01/2062	- 04/30/2067	OPTION 6	\$298,154	10.0%
46 - 50	05/01/2067	- 04/30/2072	OPTION 7	\$327,969	10.0%
51 - 55	05/01/2072	- 04/30/2077	OPTION 8	\$360,766	10.0%

NOTE: The above Lease Dates and Building Size (square feet) are estimated.



## TENANT OVERVIEW



### REVENUE

**\$13.7 BILLION (2020)**

### AVERAGE STORE SALES (Excluding Mall Locations)

**\$7.096 MILLION (2020)**

### HEADQUARTERS

**ATLANTA, GA**

### NUMBER OF EMPLOYEES

**27,000+ (2020)**

### NUMBER OF LOCATIONS

**2,600+/- (2020)**

### YEAR FOUNDED

**1946**



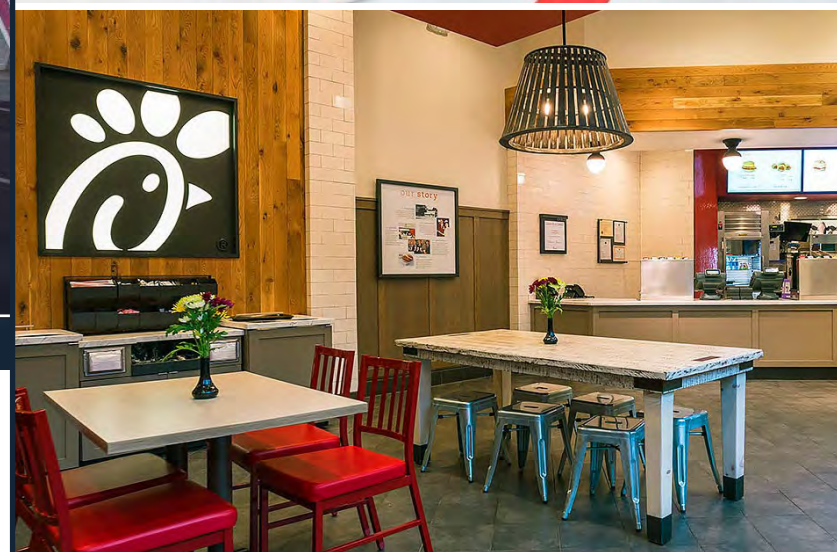
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## ABOUT THE TENANT

Chick-fil-A, Inc. owns, operates, and franchises a chain of quick-service restaurants across the United States. The company specializes in chicken dishes offering chicken entrees, sandwiches, and salads, as well as breakfast, desserts, and beverages among other items. The company also offers catering services. Chick-fil-A has expanded in recent years with franchise locations in 47 states, Washington, D.C. and Canada totaling more than 2,600 restaurants nationwide with annual sales exceeding \$13.7 billion. The company was founded in 1946 and is based in Atlanta, Georgia.

With 52 consecutive years of positive sales growth, Chick-fil-A has set itself apart by its innovative and unique marketing techniques and delicious products. With its first restaurant opening in 1946, Chick-fil-A has steadily grown to become the largest quick-service chicken restaurant chain in the United States, based on domestic annual sales. Furthermore, Chick-fil-A leads the quick service restaurant industry in per store gross sales at \$7.096 million. Chick-fil-A's average sales per restaurant consistently outpace competitors. The brand has benefited from consistent growth, opening approximately 104 new units in 2020. In addition, the chain consistently ranks first in fast-food customer service surveys.

With its story beginning in a shopping mall, Chick-fil-A is recognized as the pioneer in quick service mall food. Chick-fil-A still considers mall-based restaurants an integral part of its business with nearly 250 major shopping mall restaurants in operation today. However, in response to customer demand for convenience and accessibility, Chick-fil-A began opening stand-alone restaurants in high traffic locations starting in 1986. The chain now has over 2,600 locations. As one of the most successful quick service restaurants, Chick-fil-A franchises are always in high demand with the company receiving 10,000 to 25,000 applications from potential franchise operators for the 75-80 stores they open each year.





**CULFGATE**

**LOWE'S** **OLD NAVY** **H-E-B** **ROSS**  
DRESS FOR LESS

**BEST BUY** **Party City** **Chuck E. Cheese**  
PIZZERIA & GAMES

**Marshalls** **SHOE CARNIVAL** **T-Mobile**

**Wendy's** **PANDA EXPRESS** **Starbucks** **Foot Locker**

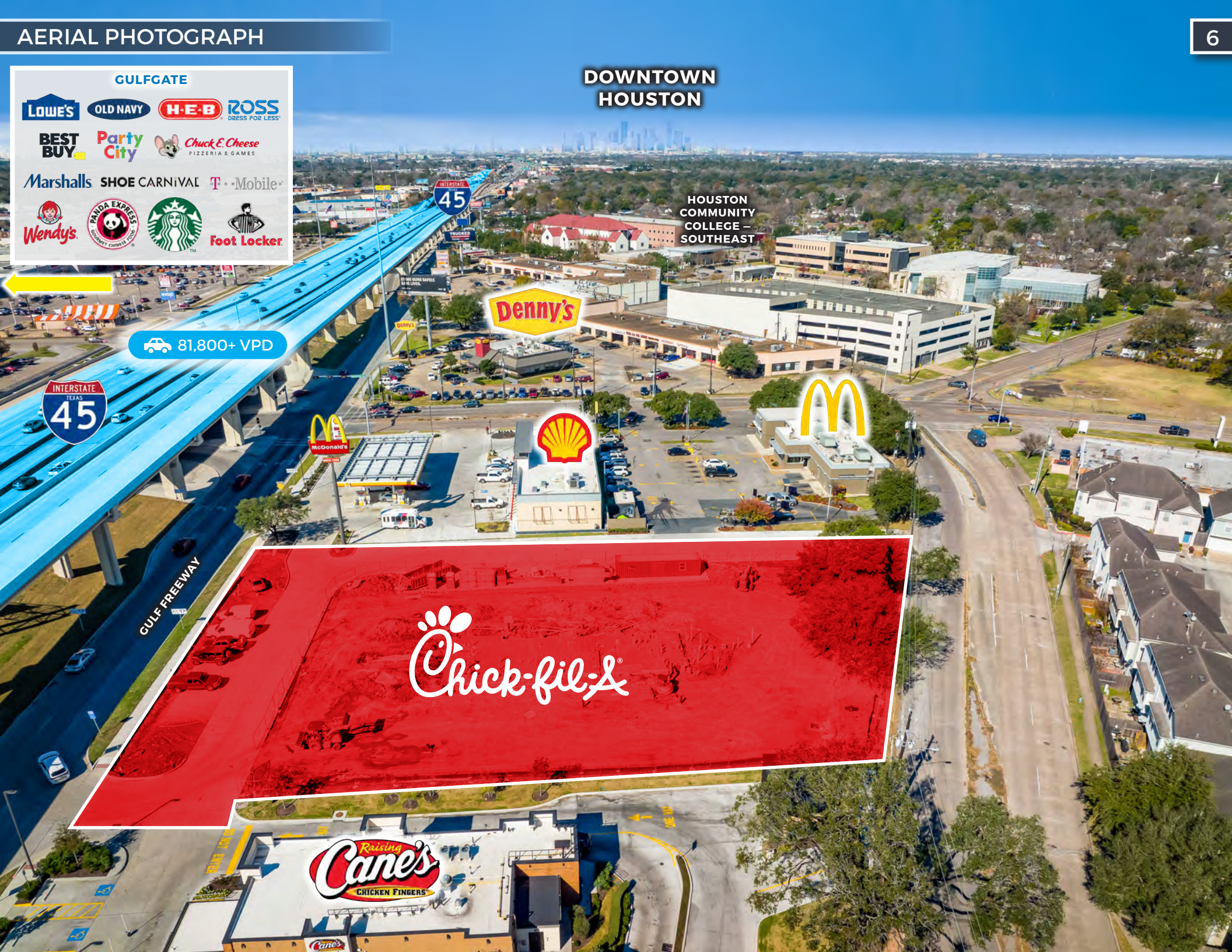
**DOWNTOWN  
HOUSTON**

HOUSTON  
COMMUNITY  
COLLEGE –  
SOUTHEAST

81,800+ VPD

**Chick-fil-A**

**Raising Cane's**  
CHICKEN FINGERS







UNIVERSITY of  
**HOUSTON**

**DOWNTOWN  
HOUSTON**

**TACO CABANA**

**Little Caesars**

**HARBOR FREIGHT**  
TOOLS & HARDWARES LOW PRICES



**Walmart**



**CHASE**



**HOUSTON  
COMMUNITY  
COLLEGE –  
SOUTHEAST**



81,800+ VPD

**CRESPO  
ELEMENTARY**

163,200 + VPD

**AutoNation**

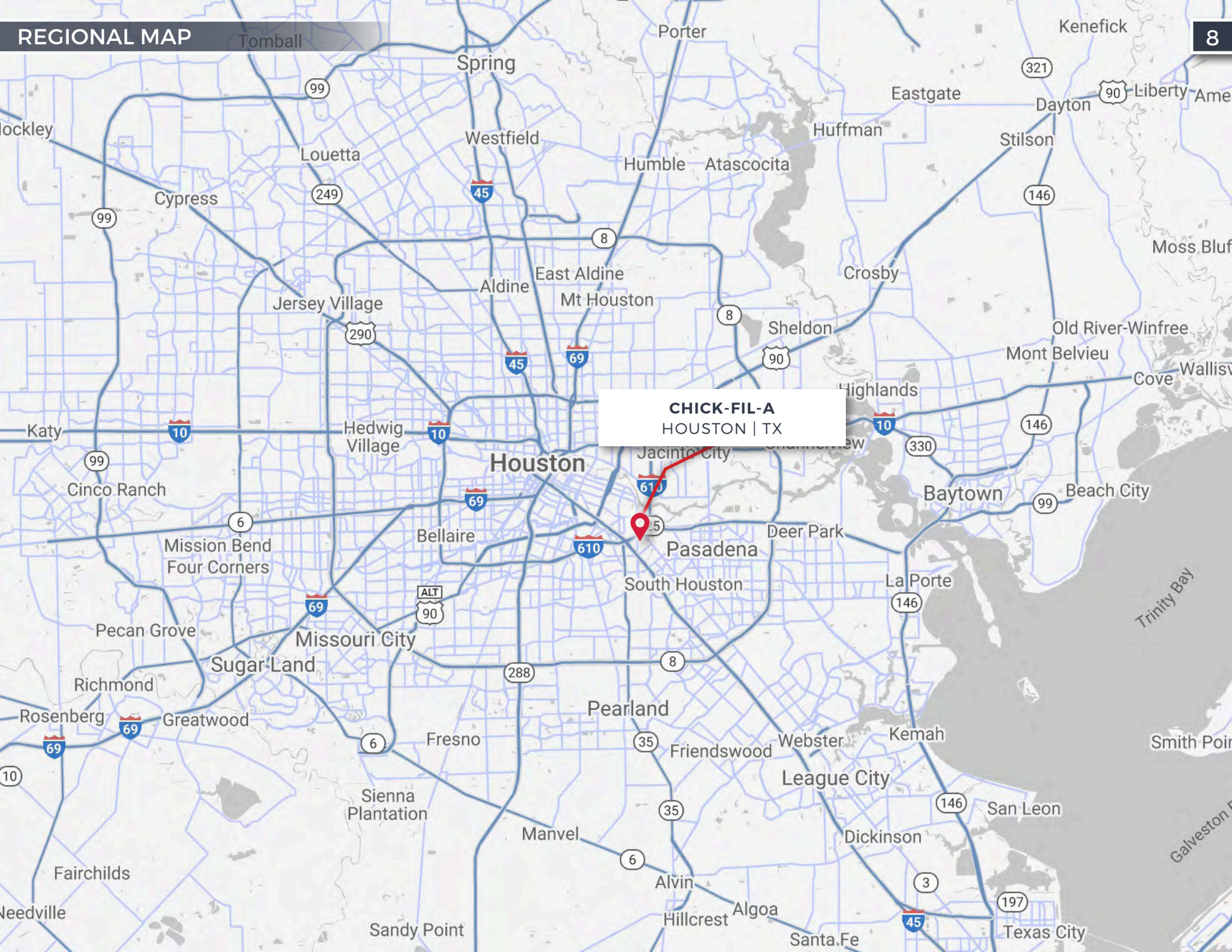


**GULFGATE**



REPRESENTATIVE PHOTO









## OVERVIEW

Houston is the most populous city in Texas, fourth-most populous city in the United States, most populous city in the Southern United States, as well as the sixth-most populous in North America, with a population of 2,304,580 in 2020. Located in Southeast Texas near Galveston Bay and the Gulf of Mexico, it is the seat of Harris County and the principal city of the Greater Houston metropolitan area, which is the fifth-most populous metropolitan statistical area in the United States. Houston is the southeast anchor of the greater megaregion known as the Texas Triangle.

Comprising a total area of 637.4 square miles, Houston is the ninth-most expansive city in the United States (including consolidated city-counties). It is the largest city in the United States by total area.

The arrival of the 20th century brought a convergence of economic factors that fueled rapid growth in Houston, including a burgeoning port and railroad industry spurred by the construction of the Houston Ship Channel, and the Texas oil boom. In the mid-20th century, Houston's economy diversified, as it became home to the Texas Medical Center—the world's largest concentration of healthcare and research institutions—and NASA's Johnson Space Center, home to the Mission Control Center.

Since the late 19th century Houston's economy has had a broad industrial base, in energy, manufacturing, aeronautics, and transportation. Leading in healthcare sectors and building oilfield equipment, Houston has the second-most Fortune 500 headquarters of any U.S. municipality within its city limits (after New York City). The Port of Houston ranks first in the United States in international waterborne tonnage handled and second in total cargo tonnage handled.

Houston has continued to grow into the 21st century, with the population increasing 17% from 2000 to 2019. Oil & gas have continued to fuel Houston's economic growth, with major oil companies including Phillips 66, ConocoPhillips, Occidental Petroleum, Halliburton, and ExxonMobil having their headquarters in the Houston area. In 2001, Enron Corporation, a Houston company with \$100 billion in revenue, became engulfed in an accounting scandal which bankrupted the company in 2001. Health care has emerged as a major industry in Houston. The Texas Medical Center is now the largest medical complex in the world and employs 106,000 people.



**144,500+**  
PEOPLE WITHIN 3 MILES



**81,800+**  
VEHICLES PER DAY  
Interstate 45



**\$57,500+**  
AVERAGE HOUSEHOLD INCOME

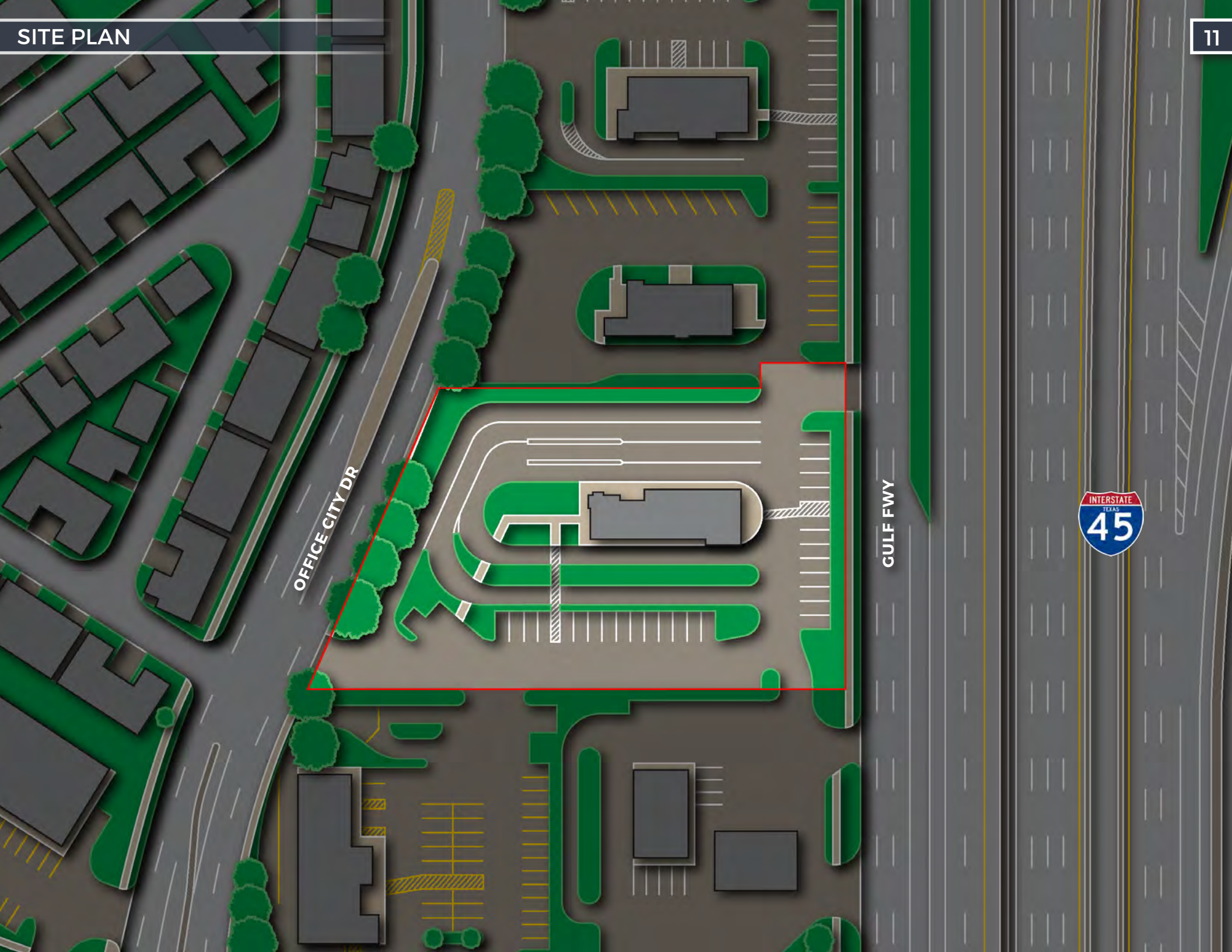
	1 MILE	3 MILES	5 MILES
<b>POPULATION</b>			
2021 Estimate	28,768	144,556	323,850
2026 Projection	29,560	147,219	328,746
2020 Census	28,389	142,545	320,831
<b>BUSINESS</b>			
2021 Est. Total Businesses	611	4,371	10,561
2021 Est. Total Employees	6,541	51,030	124,834
<b>HOUSEHOLDS</b>			
2021 Estimate	8,478	44,561	103,153
2026 Projection	8,896	46,389	107,458
2020 Census	8,375	43,980	102,229
<b>INCOME</b>			
Average Household Income	\$54,459	\$57,793	\$59,199
Median Household Income	\$44,608	\$45,095	\$47,436



CONSTRUCTION PHOTOS AS OF: 1/24/22







OFFICE CITY DR

GULF FWY















## 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.

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Licensed Broker /Broker Firm Name or Primary Assumed Business Name	License No.	Email	Phone
<u>Brian Brockman</u>	<u>701472</u>	<u>brian@bangrealty.com</u>	<u>513-898-1551</u>
Designated Broker of Firm	License No.	Email	Phone
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Licensed Supervisor of Sales Agent/ Associate	License No.	Email	Phone
<u></u>	<u></u>	<u></u>	<u></u>
Sales Agent/Associate's Name	License No.	Email	Phone

\_\_\_\_\_  
Buyer/Tenant/Seller/Landlord Initials

\_\_\_\_\_  
Date



