

OFFERING MEMORANDUM

Net Leased Restaurant
Marcus & Millichap

**BURGER
KING**



2701 Rankin Hwy
Midland, Texas

- EXPERIENCED, MULTI-BRAND OPERATOR
- NEW 20 YEAR ABSOLUTE NET GROUND LEASE
- HIGH DEMOGRAPHIC TEXAS LOCATION

ACT ID ZAD0480023



FINANCIAL OVERVIEW

PRICE: \$3,734,900 | RENT: \$155,000

Property Address	2701 Rankin Hwy
City, State, Zip	Midland, TX 79705
Estimated Building Size (SF)	4,736 SF
Lot Size	1.33 Acres
Year Built	2016

LEASE SUMMARY

Property Type	Net Leased Restaurant
Ownership	Franchisee
Tenant	19 Unit Operator (15 Burger Kings & 4 Popeyes)
Lease Commencement Date	Close of Escrow/Sale Leaseback
Lease Expiration	20 Years
Lease Term Remaining	20 Years
Lease Type	Absolute Net Ground Lease
Roof & Structure	Tenant Responsibility
Options to Renew	Four 5-Year Options
Base Term Rental Escalations	7.5% Every Five Years
Rent to Sales Ratio	8.83%
Right of First Refusal	Yes

ANNUALIZED OPERATING DATA

Annual Rent	\$155,000
Rental Escalations	7.5% Every 5 Years
Average Cap Rate	5.42%

RENT SCHEDULE	ANNUAL RENT	MONTHLY RENT	CAP RATE
Years 1-5	\$155,000.00	\$12,916.67	4.15%
Years 6-10	\$166,625.00	\$13,885.42	4.46%
Years 11-15	\$179,121.88	\$14,926.82	4.80%
Years 16-20	\$192,556.02	\$16,046.33	5.16%
Option I Years 21-25	\$206,997.72	\$17,249.81	5.54%
Option II Years 26-30	\$222,522.55	\$18,543.55	5.96%
Option III Years 31-35	\$239,211.74	\$19,934.31	6.40%
Option IV Year 36-40	\$257,152.62	\$21,429.38	6.89%

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INVESTMENT OVERVIEW

Property Address	2701 Rankin Hwy
City, State, Zip	Midland, TX 79705
Estimated Building Size (SF)	4,736 SF
Lot Size	1.33 Acres
Year Built	2016
Net Operating Income	\$155,000

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present for sale this single-tenant, absolute triple-net lease Burger King Restaurant investment opportunity located at 2701 Rankin Hwy Midland, TX. The property consists of a large 1.33 acre parcel improved with an approximately 4,736-square foot building with two points of ingress and egress. The restaurant will have a brand new 20-year Absolute Net Ground Lease at the close of escrow with a seasoned RBI Brands Franchisee. Annual base rent is set at \$155,000 with 7.5 percent rental increases every five years in the base term, as well as the four five-year renewal options.

The restaurant is located directly off the exit of Interstate 20 which experiences traffic counts exceeding 48,000 cars per day. Rankin Highway, directly in front of the property experiences daily traffic counts exceeding 18,000. Population within five miles exceeds 103,000. The population is estimated to grow by 9% in the next four years. The average household income is over \$95,000 also within a five mile radius. Within the immediate trade area is located Pilot Travel Center, Flatland Energy Services, Walmart, McDonalds, Hampton Inn, Tractor Supply, and Popeyes to name a few.

INVESTMENT HIGHLIGHTS

- **BRAND NEW 20 YEAR ABSOLUTE NET GROUND LEASE**
- **HIGH INCOME DEMOGRAPHICS**
- **LOW RENT TO SALES RATIO**
- **INTERSTATE EXIT**



BURGER KING

rbi restaurant
brands
international



Burger King

Headquartered	Miami, FL
Website	www.BK.com
Parent Company	RBI, Inc
Credit Rating	B-
Stock Ticker	QSR
2020 Sales (Burger King)	\$20B
Current Price	\$56.96 as of 2/2/2022
52 Wk High/Low	\$71.12/\$53.47
Store Count	25,496
No. of Employees	45,487

Burger King (BK) is an American global chain of hamburger fast food restaurants. Headquartered in the unincorporated area of Miami-Dade County, Florida, the company was founded in 1953 as Insta-Burger King, a Jacksonville, Florida-based restaurant chain. After Insta-Burger King ran into financial difficulties in 1954, its two Miami-based franchisees David Edgerton and James McLamore purchased the company and renamed it "Burger King". Over the next half-century, the company would change hands four times, with its third set of owners, a partnership of TPG Capital, Bain Capital, and Goldman Sachs Capital Partners, taking it public in 2002. In late 2010, 3G Capital of Brazil acquired a majority stake in the company, in a deal valued at US\$3.26 billion. The new owners promptly initiated a restructuring of the company to reverse its fortunes. 3G, along with partner Berkshire Hathaway, eventually merged the company with the Canadian-based doughnut chain Tim Hortons, under the auspices of a new Canadian-based parent company named Restaurant Brands International.

1.33 ACRES

18,200 VEHICLES
PER DAY

\$95,501
AVERAGE
INCOME WITHIN
5 MILES

109,134
POPULATION
WITHIN 5 MILES



in the box



MCDONALD'S



Interstate 20
48,486 Cars Per Day



Rankin Hwy
18,220 Cars Per Day



Subject
Property





Midland, Texas

Midland, Texas is a city in the western part of the state. Located in a section of the Permian Basin area, it's an oil industry center. At the 2010 census, Midland's population was 111,147, and a 2019 estimate put it at 176,832, making it Texas's 24th-most populous city. Midland was founded as the midway point between Fort Worth and El Paso on the Texas and Pacific Railroad in 1881. Nicknamed "The Tall City", Midland has long been known for its downtown skyline. Most of downtown Midland's major office buildings were built during a time of major Permian Basin oil and gas discoveries. The surge in energy prices in the mid-1980s sparked a building boom downtown. In 2014, Midland had the lowest unemployment rate in the United States, 2.3%. Top employers include Midland Independent School District, Midland Memorial Hospital Center, Dawson Geophysical, Walmart and the City of Midland.

POPULATION

2026 Projection		
1-MILE	3-MILES	5-MILES
5,952	42,231	109,134

2021 Population		
1-MILE	3-MILES	5-MILES
5,364	39,810	103,452



INCOME

Average		
1-MILE	3-MILES	5-MILES
\$51,519	\$76,137	\$95,501

Median		
1-MILE	3-MILES	5-MILES
\$41,734	\$53,426	\$67,823



HOUSEHOLDS

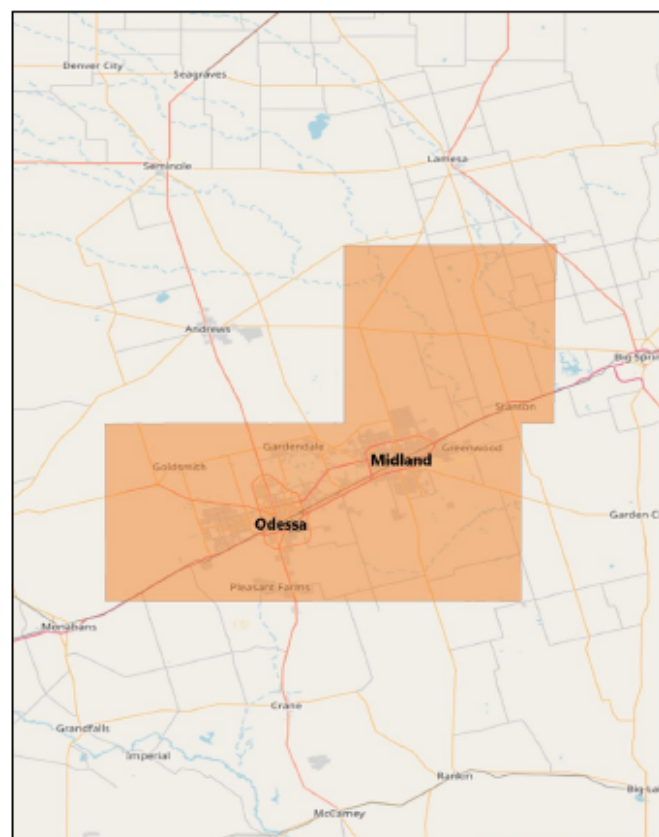
2026 Projection		
1-MILE	3-MILES	5-MILES
1,741	13,718	38,516

2021 Households		
1-MILE	3-MILES	5-MILES
1,559	12,943	36,423



MIDLAND-ODESSA

Located in West Texas, the Midland-Odessa metro is considered an energy capital as the Permian Basin is one of the biggest oil fields in the world and is home to some of the largest petroleum-producing companies. The metro consists of Martin, Midland and Ector counties. The public sector is a top job provider, but the private sector is driving the economic growth. The two largest cities are Midland with nearly 130,400 residents and Odessa, where roughly 112,500 citizens live.



METRO HIGHLIGHTS



ENERGY HUB

Mining and petroleum extraction is the leading job provider in the metro. Companies have extracted upward of 3 million barrels per day.



FAST GROWING POPULATION

The metro will add roughly 29,600 residents through 2025, growing at a rate that more than doubles the national average. This will translate to the formation of nearly 11,300 households.



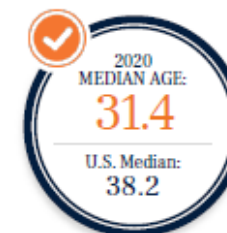
HIGHER EDUCATION

University of Texas, Permian Basin has more than 5,800 students enrolled. Texas Tech's Health Sciences Center offers MD, nursing, and physical therapy programs in Odessa.

ECONOMY

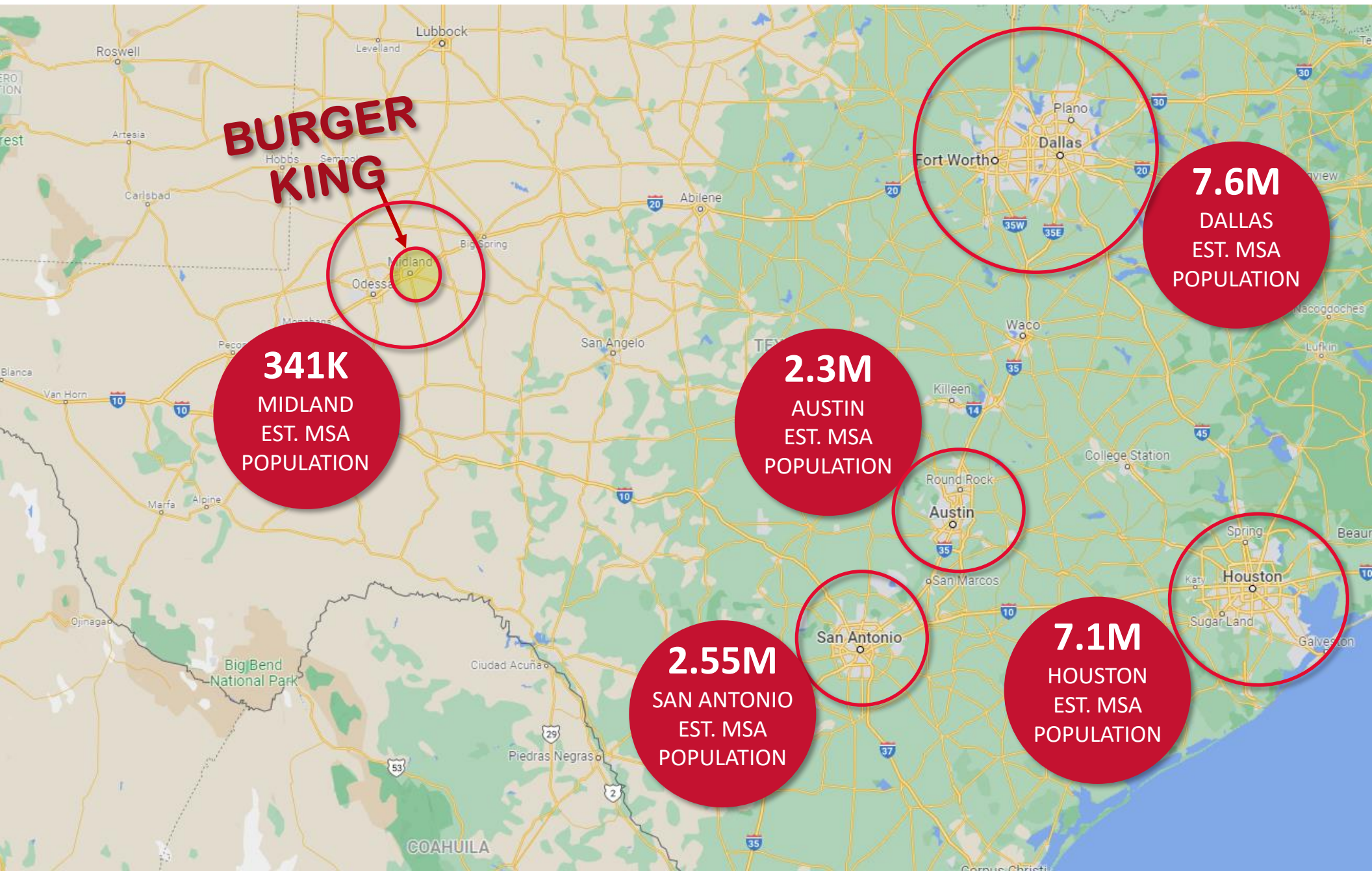
- The oil and energy sector drives the Midland-Odessa economy. The Permian Basin covers more than 86,000 square miles and is believed to contain as much as 46 billion barrels of oil.
- Petroleum powerhouses such as ExxonMobil, Chevron, and Occidental Petroleum have major operations in the area.
- Odessa has become a regional distribution hub for many companies outside of the energy industry. Family Dollar has its Texas Distribution Center in Odessa.
- Of the top 10 employers in Midland-Odessa, four are in the healthcare field. This sector is driven in part by Texas Tech University Health Sciences Center.

DEMOGRAPHICS



BURGER KING

LOCATION MAP



NON-ENDORSEMENT AND DISCLAIMER NOTICE

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

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Information About Brokerage Services

11-2-2015

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

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:
 - o that the owner will accept a price less than the written asking price;
 - o that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - o 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>Tim A. Speck</u>	<u>432723</u>	<u>tim.speck@marcusmillichap.com</u>	<u>972-755-5200</u>
Designated Broker of Firm	License No.	Email	Phone
<u></u>	<u></u>	<u></u>	<u></u>
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

Regulated by the Texas Real Estate Commission

Buyer/Tenant/Seller/Landlord's Initials

Date

Information available at www.trec.texas.gov
IABS 1-0



exclusive listing

Burger King | Midland, TX

Tim Speck
TX Broker of Record
Broker, Lic.# 9002994
ACT ID ZAD0480023

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