

PIZZA HUT

20-Year NNN Lease

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



4272 Liberty Ave - Vermilion, OH 44089

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Table of Contents

Investment Highlights	4
Financial Analysis	5
Concept / Tenant Overview	6
Surrounding Area	7
Location Overview	8
Property Photos	9
Surrounding Area Photos	10
Local Map	11
Regional Map	12
Demographics	13
Market Overview	14





Investment Highlights

PRICE: \$764,281 | CAP: 4.75% | RENT: \$36,303



About the Investment

- ✓ Long-Term, 20-Year Absolute Triple Net (NNN) Lease that Commenced on February 22, 2022
- ✓ 1.75% Rental Increases Annually Starting Year Seven (7)
- ✓ Six (6), Five (5)-Year Tenant Renewal Options, Bringing the Potential Lease Term to 50 Years
- ✓ Franchisee Guarantee from SFR XI Holdings, LLC – Approximately 120+ Units
- ✓ Certain principals of the selling entity, including but not limited to Glen Kunofsky and Nicoletti DePaul, are Exclusive Listing Agents and part fee-simple owners of the property. See back page for full disclosure.

About the Location

- ✓ Extremely Affluent Suburban Community | Average Household Income Exceeds \$188,000 for Homes within 10 Miles of the Site
- ✓ Positioned in Strong Retail Artery | Giant Eagle, Dollar General, Dollar Tree, Rite Aid, McDonald's, Wendy's, Subway, and Many More
- ✓ Heavy Traffic Counts | Over 14,000 Vehicles Per Day Along Ohio Route 6
- ✓ Strong Underlying Real Estate | Less than 40 Miles from the Heart of Downtown Cleveland | Second-Most Populous City in Ohio

About the Brand / Tenant

- ✓ Pizza Hut, a subsidiary of Yum! Brands, Inc., is the largest restaurant chain in the world specializing in the sale of ready-to-eat pizza products.
- ✓ The brand has a longstanding history with the first Pizza Hut opening in Wichita, KS. Within a year, the first franchise unit was opened.
- ✓ As of December 31, 2021, there were 18,381 Pizza Hut locations around the world.
- ✓ SFR XI Holdings, LLC is the 11th largest Pizza Hut franchisee, operating 120+ locations across Ohio, West Virginia, Pennsylvania, and Indiana.



Representative Photo



Financial Analysis

PRICE: \$764,281 | CAP: 4.75% | RENT: \$36,303



PROPERTY DESCRIPTION

Property	Pizza Hut
Property Address	4272 Liberty Ave
City, State ZIP	Vermilion, OH 44089
Building Size (SF)	1,346
Lot Size (AC)	0.53
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$764,281
CAP Rate	4.75%
Annual Rent	\$36,303

LEASE SUMMARY

Property Type	Net Leased Quick Service Restaurant
Tenant / Guarantor	SFR X Holdings, LLC / SFR XI Holdings, LLC (120+ Units)
Original Lease Term	20 Years
Lease Commencement	February 22, 2022
Lease Expiration	February 28, 2042
Lease Type	Absolute Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	1.75% Annually, Starting Year Seven (7)
Options to Renew	Six (6), Five (5)-Year Options

RENT SCHEDULE

Lease Year(s)	Start Date	End Date	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 1	2/22/2022	2/28/2023	\$36,303	\$3,025	-
Year 2	3/1/2023	2/29/2024	\$36,303	\$3,025	-
Year 3	3/1/2024	2/28/2025	\$36,303	\$3,025	-
Year 4	3/1/2025	2/28/2026	\$36,303	\$3,025	-
Year 5	3/1/2026	2/28/2027	\$36,303	\$3,025	-
Year 6	3/1/2027	2/29/2028	\$36,303	\$3,025	-
Year 7	3/1/2028	2/28/2029	\$36,939	\$3,078	1.75%
Year 8	3/1/2029	2/28/2030	\$37,585	\$3,132	1.75%
Year 9	3/1/2030	2/28/2031	\$38,243	\$3,187	1.75%
Year 10	3/1/2031	2/29/2032	\$38,912	\$3,243	1.75%
Year 11	3/1/2032	2/28/2033	\$39,593	\$3,299	1.75%
Year 12	3/1/2033	2/28/2034	\$40,286	\$3,357	1.75%
Year 13	3/1/2034	2/28/2035	\$40,991	\$3,416	1.75%
Year 14	3/1/2035	2/29/2036	\$41,708	\$3,476	1.75%
Year 15	3/1/2036	2/28/2037	\$42,438	\$3,537	1.75%
Year 16	3/1/2037	2/28/2038	\$43,181	\$3,598	1.75%
Year 17	3/1/2038	2/28/2039	\$43,936	\$3,661	1.75%
Year 18	3/1/2039	2/29/2040	\$44,705	\$3,725	1.75%
Year 19	3/1/2040	2/28/2041	\$45,488	\$3,791	1.75%
Year 20	3/1/2041	2/28/2042	\$46,284	\$3,857	1.75%

INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for the Pizza Hut located at 4272 Liberty Ave, Vermilion, OH 44089. The site will consist of roughly 1,346 rentable square feet of building space on estimated 0.53-acre parcel of land. The Pizza Hut is subject to a 20-year absolute triple-net (NNN) lease that commenced on 2/22/2022. The initial annual rent will be \$36,303 and is scheduled to increase by one-and-three-quarters percent (1.75%) annually starting year seven (7) of the base term and continuing through six (6), five (5)-year renewal periods.



Concept / Tenant Overview

About Pizza Hut

Pizza Hut is an American restaurant chain and international franchise, known for pizza and side dishes. It is now corporately known as Pizza Hut, Inc. and is a subsidiary of Yum! Brands, Inc., the world's largest restaurant company.

The first Pizza Hut restaurant was opened in 1958 in Wichita, Kansas, and within a year, the first franchise unit was opened. Today, Pizza Hut is the largest restaurant chain in the world specializing in the sale of ready-to-eat pizza products. Pizza Hut operates in 103 countries and territories throughout the world. Pizza Hut currently operates 18,000+ units in over 100 countries. 97 percent of Pizza Hut units are franchised.

Pizza Hut operates in the delivery, carryout and casual dining segments around the world. Outside of the U.S., Pizza Hut often uses unique branding to differentiate these segments. Additionally, a growing percentage of Pizza Hut's customer orders are being generated digitally.

Pizza Hut recently revamped their menu, adding five new toppings, six sauces, 10 crust flavors (like "honey Sriracha" and "ginger boom boom"), and even health-conscious "Skinny Slice" pizzas.

About SFR XI Holdings, LLC

SFR XI Holdings, LLC is the 11th largest Pizza Hut franchisee, operating 124 Pizza Hut restaurants and the underlying real estate for 58 locations in four contiguous, business-friendly states: Ohio, West Virginia, Pennsylvania, and Indiana.



General Information

Founded	1958
Website	www.pizzahut.com
Number of Locations	18,000+



Representative Photo



Surrounding Area

Property Address: 4272 Liberty Avenue – Vermilion, OH 44089



CRYSTAL
SHORES
APARTMENTS



LIBERTY AVE

ADTC: 14,376

McDonald's

True Value



N Northwest





Location Overview

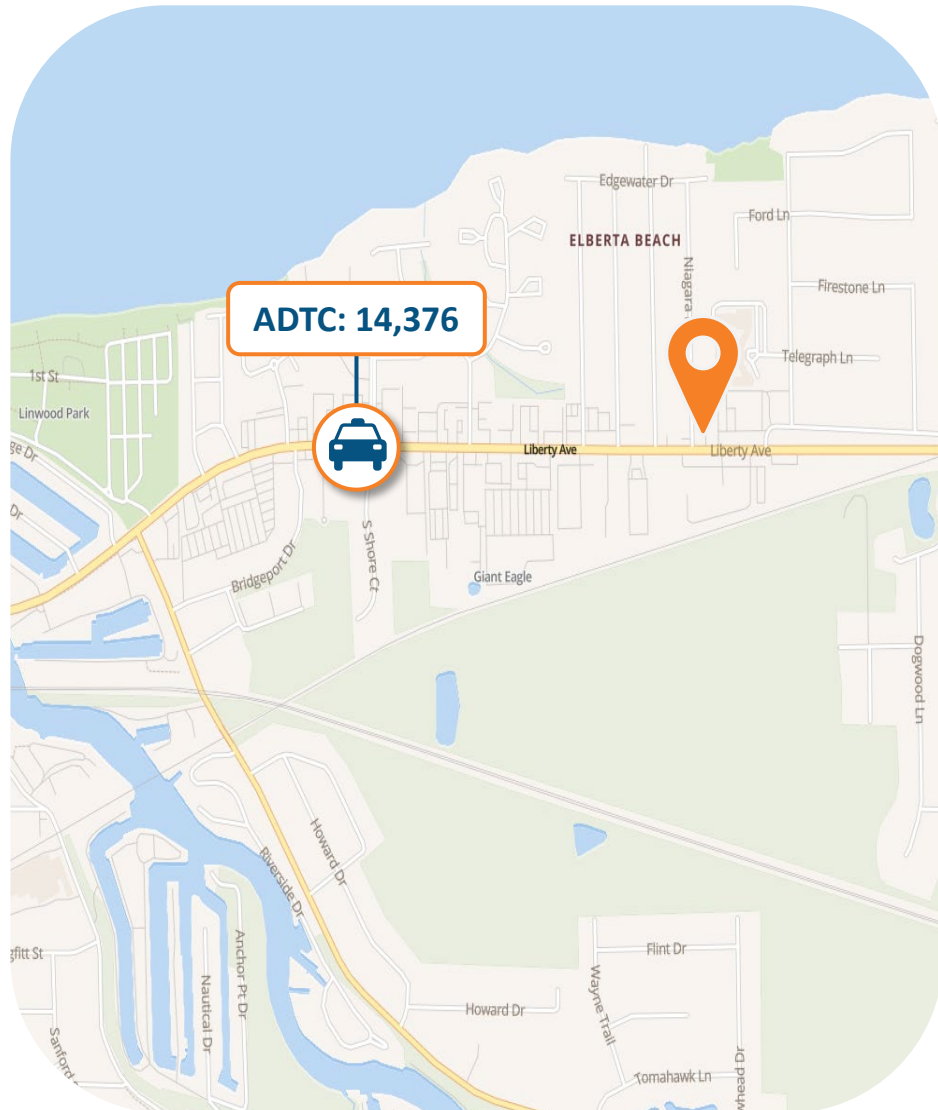
Property Address: 4272 Liberty Avenue – Vermilion, OH 44089



The Pizza Hut property is situated on U.S. Route 6 (also known as Liberty Avenue), which boasts average traffic counts of approximately 14,376 vehicles per day. There are more than 18,000 individuals residing within a five-mile radius of the subject property and more than 93,000 individuals residing within a 10-mile radius. Average annual household income exceeds \$188,000 for homes within 10 miles of the site.

The subject property benefits from being well-positioned in a dense retail corridor consisting of national and local tenants, as well as large shopping centers, all of which are located within close proximity of this property. Major national tenants in the area include: Giant Eagle, Dollar General, Dollar Tree, Rite Aid, McDonald's, Wendy's, Subway, Ford, in addition to numerous others. Beyond these, there is a strong presence of local shops and restaurants just east of the Pizza Hut. This Pizza Hut also benefits from its close proximity to the Crystal Shores apartments, a 217-unit residential hotspot in the area.

Vermilion, Ohio is the crowning jewel of the south shore of Lake Erie. From quaint shops to fine dining, the arts, entertainment and unmatched festivities, Vermilion truly has it all. This enchanting little town has always been a sea side community with New England style atmosphere. Public docks are within walking distance of attractions, Bed & Breakfasts, dozens of retail stores and restaurants ranging from family style to fine French cuisine, a beach and several parks, and a variety of art galleries. The wealth of attractions so close to protected dockage makes Vermilion a very popular cruising destination.





Property Photos





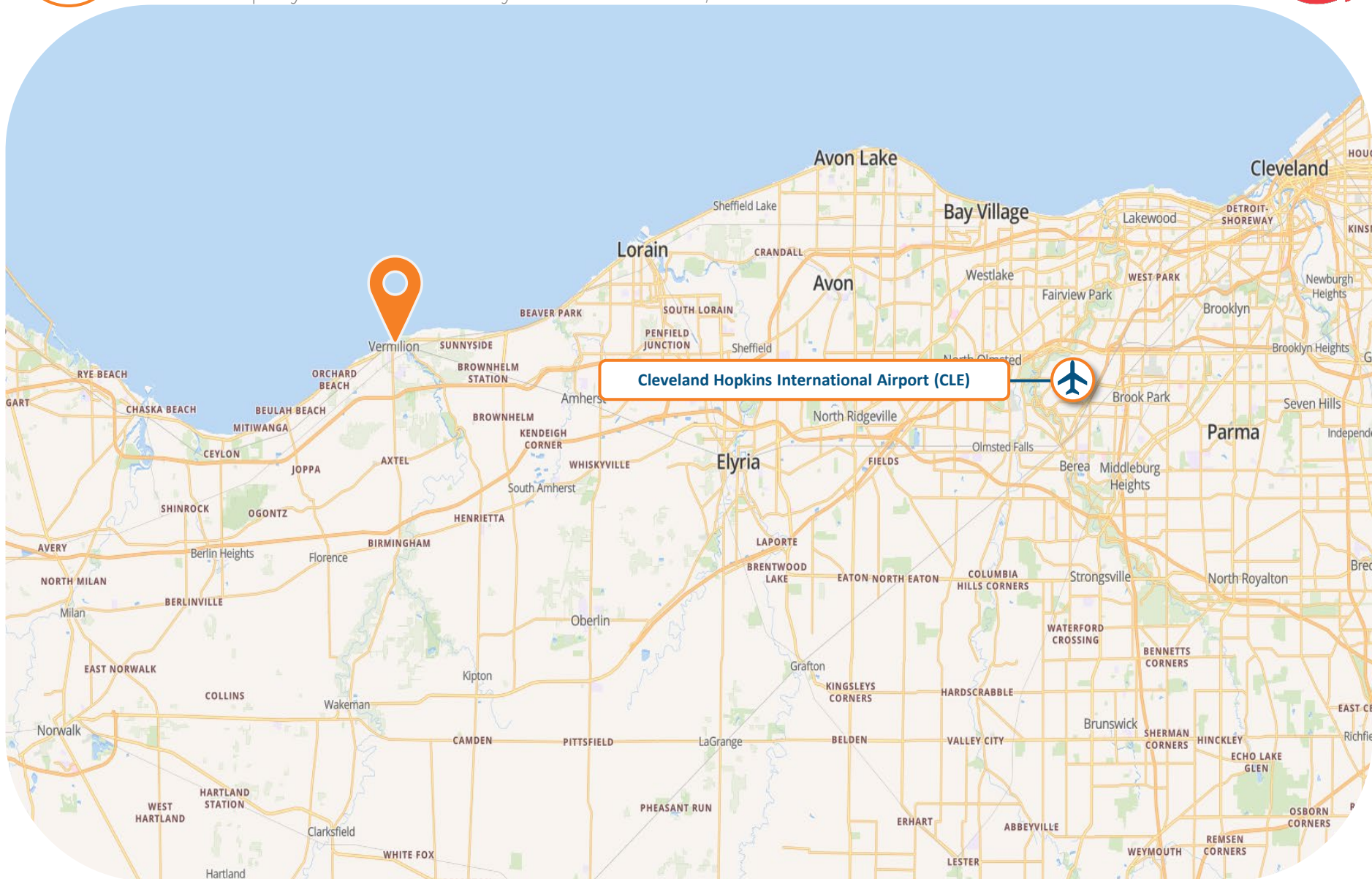
Surrounding Area Photos





Local Map

Property Address: 4272 Liberty Avenue – Vermilion, OH 44089





Regional Map

Property Address: 4272 Liberty Avenue – Vermilion, OH 44089





Demographics

Property Address: 4272 Liberty Avenue – Vermilion, OH 44089



3 Mile 5 Miles 10 Miles



POPULATION TRENDS

2010 Population	11,841	18,076	92,230
2021 Population	11,842	18,146	93,999
2026 Population Projection	11,902	18,267	95,209
Annual Growth 2010-2021	0.00%	0.00%	0.20%
Annual Growth 2021-2026	0.10%	0.10%	0.30%

POPULATION BY RACE (2021)

White	11,461	17,420	78,978
Black	58	206	10,535
American Indian/Alaskan Native	20	35	484
Asian	52	103	626
Hawaiian & Pacific Islander	0	4	91
Two or More Races	251	377	3,284
Hispanic Origin	449	929	15,540

HOUSEHOLD TRENDS

2010 Households	4,784	7,099	36,995
2021 Households	4,781	7,114	37,735
2026 Household Projection	4,803	7,156	38,215
Annual Growth 2010-2021	0.20%	0.20%	0.30%
Annual Growth 2021-2026	0.10%	0.10%	0.30%

AVERAGE HOUSEHOLD INCOME (2021)

\$187,769	\$181,539	\$188,810
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MEDIAN HOUSEHOLD INCOME (2021)

\$187,769	\$181,539	\$188,810
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HOUSEHOLDS BY HOUSEHOLD INCOME (2021)

< \$25,000	679	873	9,675
\$25,000 - 50,000	1,178	1,493	8,951
\$50,000 - 75,000	1,031	1,511	6,501
\$75,000 - 100,000	688	1,168	5,022
\$100,000 - 125,000	563	912	3,301
\$125,000 - 150,000	210	409	1,590
\$150,000 - 200,000	225	407	1,606
\$200,000+	207	341	1,089



Market Overview

Property Address: 4272 Liberty Avenue – Vermilion, OH 44089



Cleveland is a major city in the U.S. state of Ohio, and the county seat of Cuyahoga County. It is located along the southern shore of Lake Erie, across the U.S. maritime border with Canada and approximately 60 miles west of the Ohio-Pennsylvania state border.

The largest city on Lake Erie, Cleveland anchors the Greater Cleveland Metropolitan Statistical Area (MSA) and the Cleveland–Akron–Canton Combined Statistical Area (CSA). The CSA is the most populous combined statistical area in Ohio and the 18th largest in the United States.

Cleveland's location on the Cuyahoga River and Lake Erie has been key to its growth. The Ohio and Erie Canal coupled with rail links helped the city become an important business center. Steel and many other manufactured goods emerged as leading industries. The city has since diversified its economy in addition to its manufacturing sector. The city's economy relies on diversified sectors such as manufacturing, financial services, healthcare, biomedical, and higher education. The city is also home to the corporate headquarters of many large companies such as Aleris, American Greetings, Applied Industrial Technologies, Mettler Toledo, Cleveland-Cliffs, Inc., Parker Hannifin, Eaton, Forest City Enterprises, Heinen's Fine Foods, and many more.

Cleveland's current major professional sports teams include the Cleveland Guardians (Major League Baseball), Cleveland Browns (National Football League), and Cleveland Cavaliers (National Basketball Association), and the Cleveland Crunch (Major Arena Soccer League). Local sporting facilities include Progressive Field, FirstEnergy Stadium, Rocket Mortgage FieldHouse, and the Wolstein Center. Other professional teams in the city include the Cleveland Fusion of the Women's Football Alliance and Cleveland SC of the National Premier Soccer League.

Designated as a "Gamma -" global city by the Globalization and World Cities Research Network, the city's major cultural institutions include the Cleveland Museum of Art, the Cleveland Museum of Natural History, the Cleveland Orchestra, Playhouse Square, and the Rock and Roll Hall of Fame. Known as "The Forest City" among many other nicknames, Cleveland serves as the center of the Cleveland Metroparks nature reserve system. Cleveland is known for its beautiful parklands, vibrant art and culture scene, musical history, and Cleveland Clinic medical center.

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EXCLUSIVE NET LEASE OFFERING



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