

# PIZZA HUT

## 20-Year NNN Lease

**EXCLUSIVE NET-LEASE OFFERING**



# OFFERING MEMORANDUM



133 E 5<sup>th</sup> St - Delphos, OH 45833

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# Investment Highlights

PRICE: \$1,508,227 | CAP: 5.15% | RENT: \$77,674



## 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

- ✓ Positioned in Strong Retail Artery | Dollar General, Dollar Tree, Family Dollar, Rite Aid, Ace Hardware, Taco Bell, McDonald's, O'Reilly, Arby's, Subway, AutoZone, and Many More
- ✓ Within One Mile of Several Academic Institutions | Franklin Elementary School, Jefferson Middle School, And Delphos St John's High School | 1,230+ Combined Enrollment
- ✓ Affluent Suburban Community | Average Household Income Exceeds \$78,000 for Homes within 10 Miles of the Site
- ✓ Strategic Asset Positioning | Located Adjacent to a Four-Way, Signalized Intersection in Delphos' Main Central Business District

## 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: \$1,508,227 | CAP: 5.15% | RENT: \$77,674



## PROPERTY DESCRIPTION

Property	Pizza Hut
Property Address	133 East 5th St
City, State ZIP	Delphos, OH 45833
Building Size (SF)	3,106
Lot Size (AC)	0.59
Type of Ownership	Fee Simple

## THE OFFERING

Purchase Price	\$1,508,227
CAP Rate	5.15%
Annual Rent	\$77,674

## 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	\$77,674	\$6,473	-
Year 2	3/1/2023	2/29/2024	\$77,674	\$6,473	-
Year 3	3/1/2024	2/28/2025	\$77,674	\$6,473	-
Year 4	3/1/2025	2/28/2026	\$77,674	\$6,473	-
Year 5	3/1/2026	2/28/2027	\$77,674	\$6,473	-
Year 6	3/1/2027	2/29/2028	\$77,674	\$6,473	-
Year 7	3/1/2028	2/28/2029	\$79,033	\$6,586	1.75%
Year 8	3/1/2029	2/28/2030	\$80,416	\$6,701	1.75%
Year 9	3/1/2030	2/28/2031	\$81,823	\$6,819	1.75%
Year 10	3/1/2031	2/29/2032	\$83,255	\$6,938	1.75%
Year 11	3/1/2032	2/28/2033	\$84,712	\$7,059	1.75%
Year 12	3/1/2033	2/28/2034	\$86,195	\$7,183	1.75%
Year 13	3/1/2034	2/28/2035	\$87,703	\$7,309	1.75%
Year 14	3/1/2035	2/29/2036	\$89,238	\$7,436	1.75%
Year 15	3/1/2036	2/28/2037	\$90,800	\$7,567	1.75%
Year 16	3/1/2037	2/28/2038	\$92,389	\$7,699	1.75%
Year 17	3/1/2038	2/28/2039	\$94,005	\$7,834	1.75%
Year 18	3/1/2039	2/29/2040	\$95,650	\$7,971	1.75%
Year 19	3/1/2040	2/28/2041	\$97,324	\$8,110	1.75%
Year 20	3/1/2041	2/28/2042	\$99,028	\$8,252	1.75%

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for the Pizza Hut located at 133 East 5th St , Delphos, OH 45833. The site will consist of roughly 3,106 rentable square feet of building space on estimated 0.59-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 \$77,674 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 11<sup>th</sup> 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	<a href="http://www.pizzahut.com">www.pizzahut.com</a>
Number of Locations	18,000+



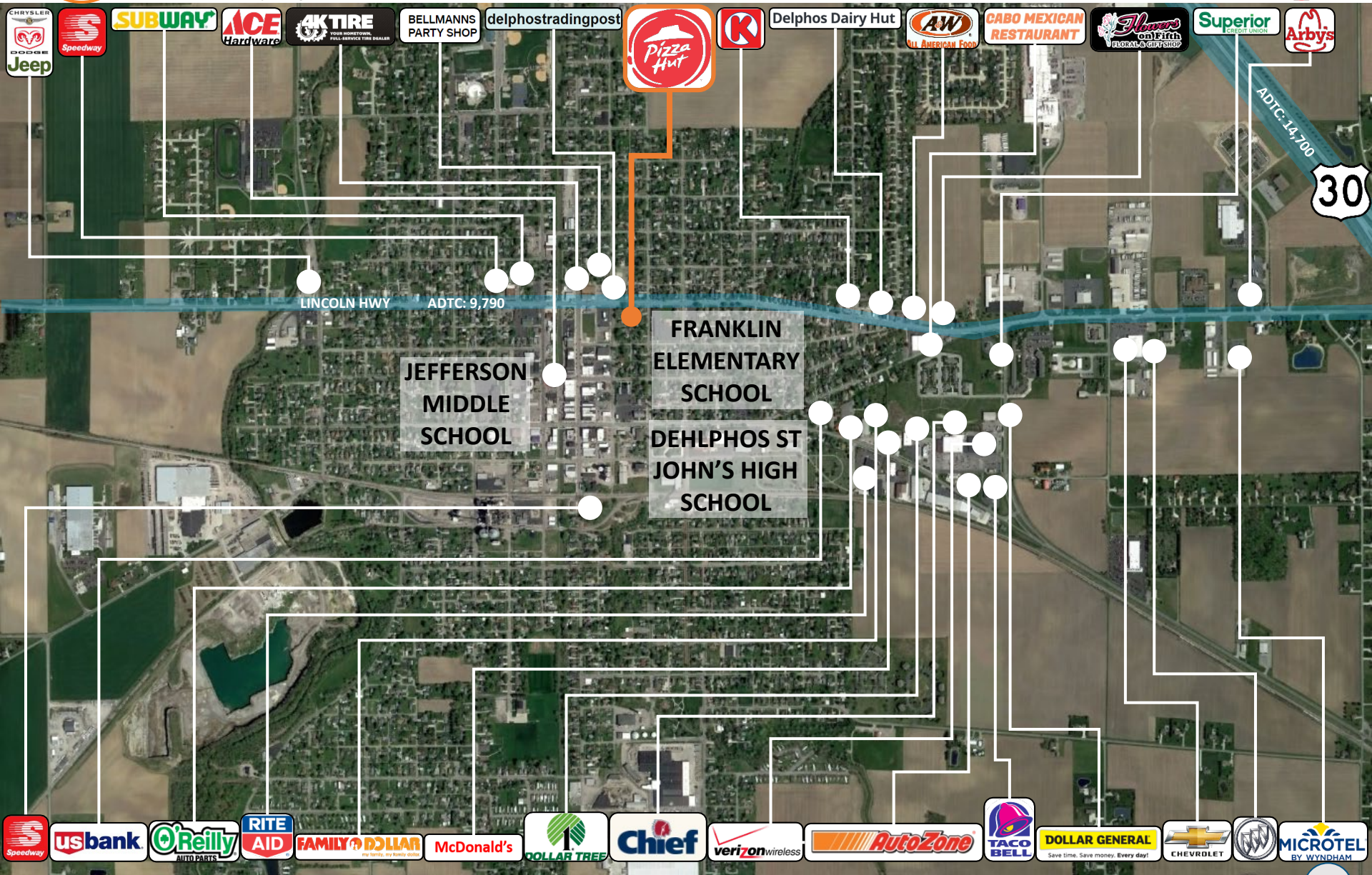
Representative Photo





# Surrounding Area

Property Address: 133 E 5th St - Delphos, OH 45833





# Location Overview

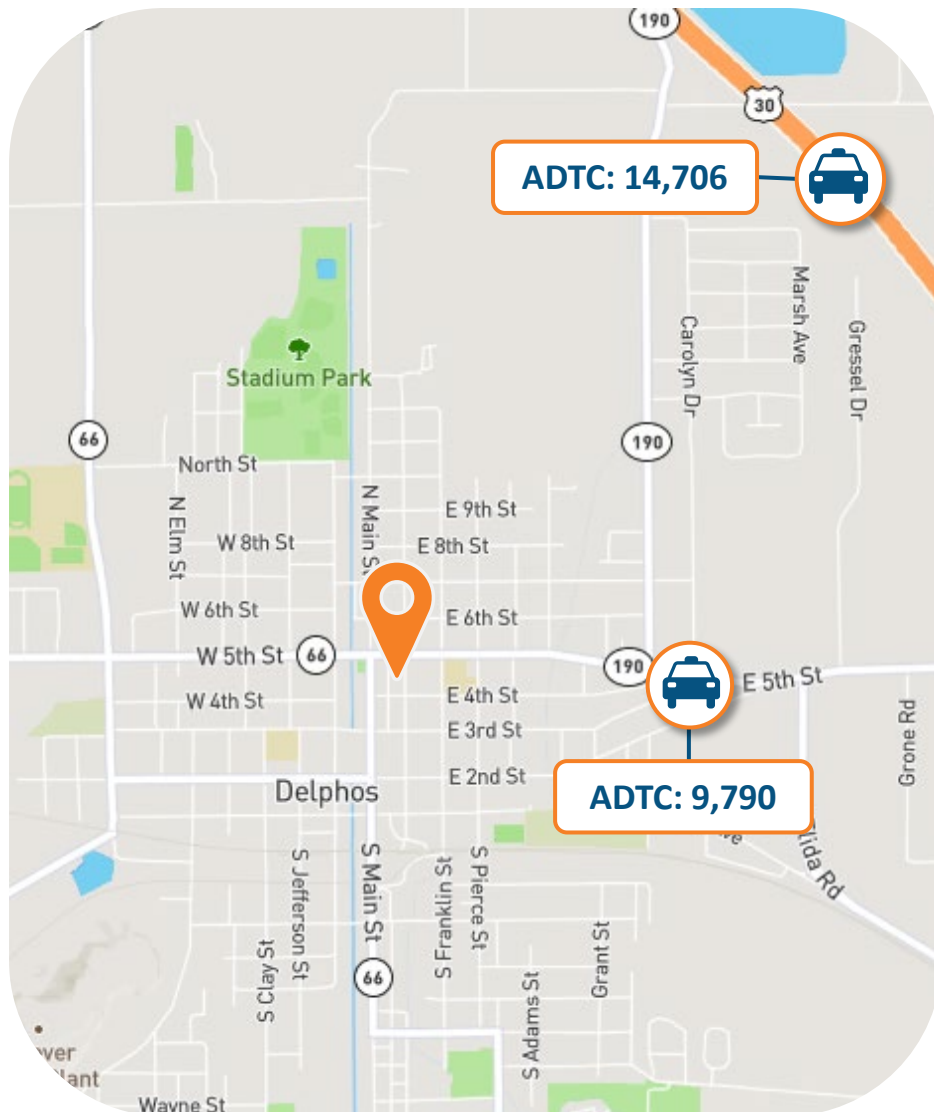
Property Address: 133 E 5th St - Delphos, OH 45833



The Pizza Hut property is situated on Lincoln Highway, which boasts average daily traffic counts of 9,790 vehicles. Lincoln Highway intersects with Highway 30 less than two miles from the subject property, which brings an additional 14,706 vehicles into the immediate area on average daily. Average annual household income exceeds \$78,000 for homes within 10 miles of the subject property.

The subject property benefits from being well-positioned in a dense retail corridor consisting of national and local tenants, and large shopping centers, all of which are within close proximity of this property. Major national tenants in the area include: Dollar General, Dollar Tree, Family Dollar, Rite Aid, Ace Hardware, Taco Bell, McDonald's, O'Reilly, Arby's, Subway, and AutoZone. This Pizza Hut also benefits from its close proximity to Franklin Elementary School, Jefferson Middle School, and Delphos St John's High School. These institutions enroll a total of 342, 219, and 650 students, respectively.

Delphos is a city in Allen and Van Wert counties in the U.S. state of Ohio, approximately 14 miles northwest of Lima and 13 miles east of Van Wert. Established as a major port along the Miami Erie Canal in the 1800s, the city has grown to enjoy an international reputation as a manufacturing center. Delphos City Parks include Stadium Park, Waterworks Park, Leisure Park, Garfield Park and Suever Park. Stadium Park is home to a football field where the Delphos Jefferson Wildcats and the St. Johns Blue Jays play. The Stadium was built in 1940 and has the capacity to accommodate 3,900 individuals.







# Property Photos







# Surrounding Area Photos

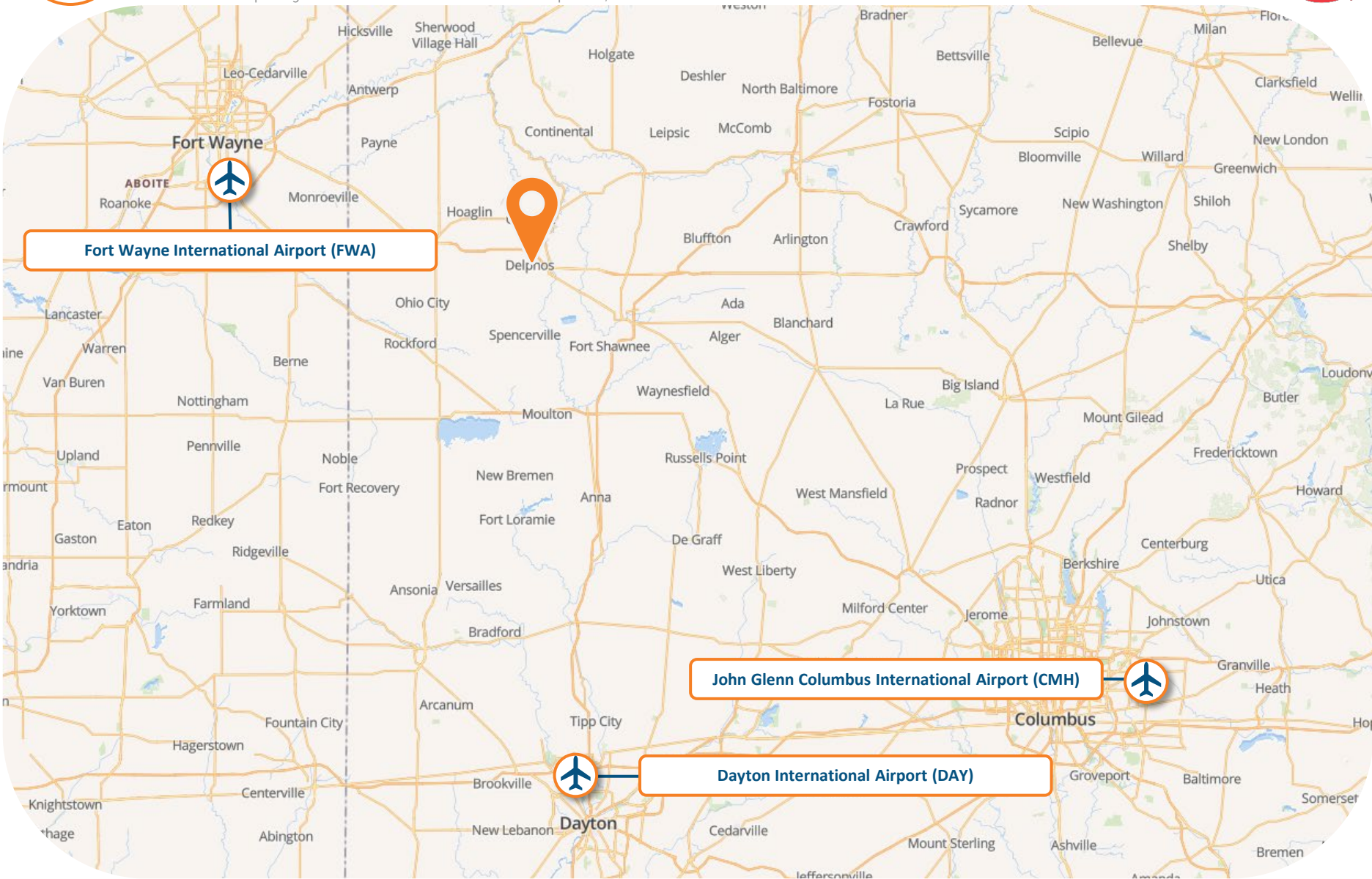






# Local Map

Property Address: 133 E 5th St - Delphos, OH 45833





# Regional Map

Property Address: 133 E 5th St - Delphos, OH 45833

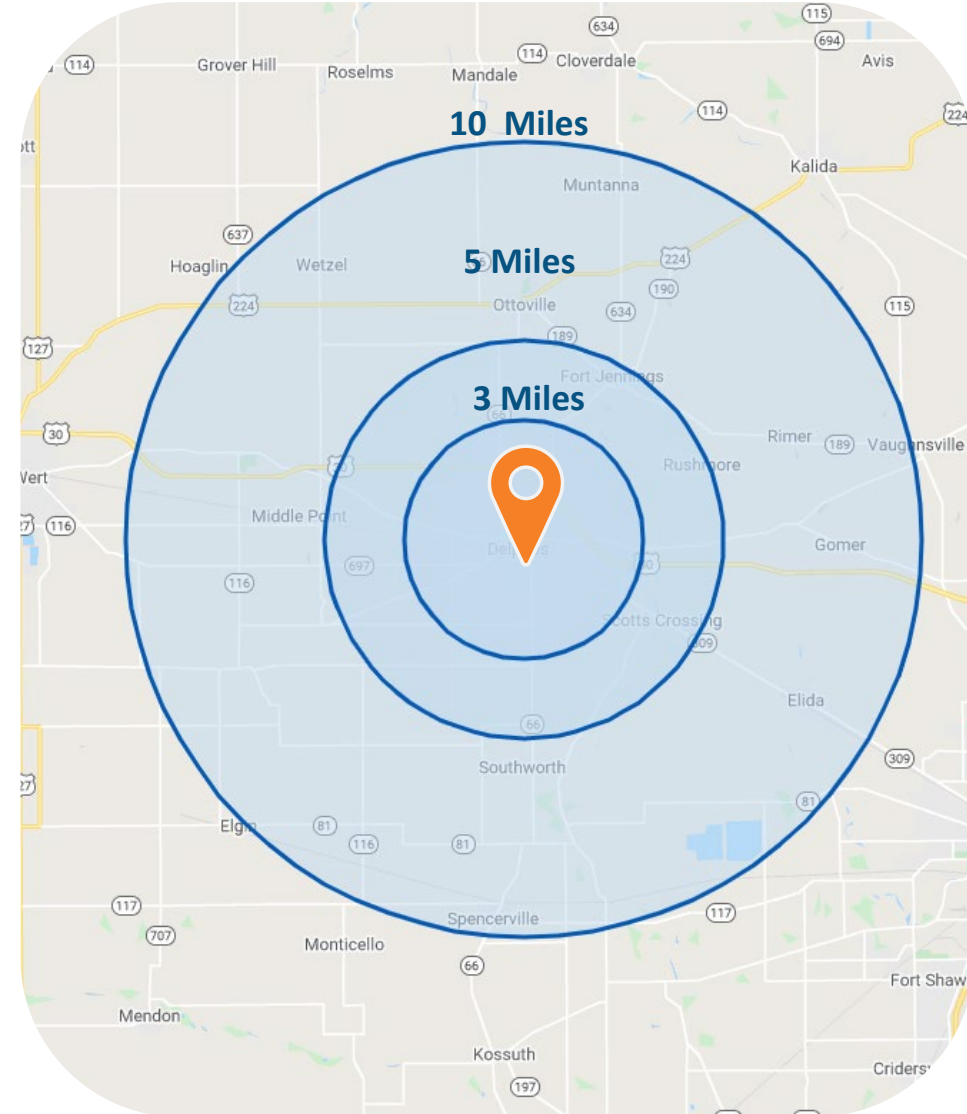






# Demographics

Property Address: 133 E 5th St - Delphos, OH 45833



## POPULATION TRENDS

2010 Population	9,073	11,774	28,593
2021 Population	8,708	11,116	27,014
2026 Population Projection	8,660	11,012	26,732

## POPULATION BY RACE (2021)

White	8,517	10,895	26,299
Black	45	50	250
American Indian/Alaskan Native	23	31	61
Asian	17	23	96
Hawaiian & Pacific Islander	0	0	0
Two or More Races	107	117	308
Hispanic Origin	202	228	503

## HOUSEHOLD TRENDS

010 Households	3,602	4,602	10,986
2021 Households	3,457	4,344	10,356
2026 Household Projection	3,439	4,304	10,242
Growth 2010-2021	0.10%	0.10%	0.10%

## AVERAGE HOUSEHOLD INCOME (2021)

## MEDIAN HOUSEHOLD INCOME (2021)

## HOUSEHOLDS BY HOUSEHOLD INCOME (2021)

< \$25,000	478	579	1,267
\$25,000 - 50,000	981	1,132	2,398
\$50,000 - 75,000	825	1,037	2,433
\$75,000 - 100,000	488	630	1,696
\$100,000 - 125,000	389	524	1,219
\$125,000 - 150,000	135	196	616
\$150,000 - 200,000	66	113	367
\$200,000+	95	132	360



# Market Overview

Property Address: 133 E 5th St - Delphos, OH 45833



**Fort Wayne** is a city in and the county seat of Allen County, Indiana, United States. Located in northeastern Indiana, the city is 18 miles west of the Ohio border and 50 miles south of the Michigan border.

Once a booming manufacturing town located in what became known as the Rust Belt, Fort Wayne's economy in the 21st century is based upon distribution, transportation and logistics, healthcare, professional and business services, leisure and hospitality, and financial services. The city is a center for the defense industry which employs thousands. There are also many jobs through local healthcare providers Parkview Health and Lutheran Health Network.

In 2017, the Fort Wayne metropolitan area had a gross domestic product of \$25.7 billion. The top four industries were: manufacturing (\$8.1B), health care (\$2.54B), retail trade (\$1.4B), and finance and insurance (\$1.3B). Government, if it had been a private industry, would have tied for third, generating \$1.4 billion. Through the 1990s and into the 2000s, the city diversified its economy; manufacturing now employs 16.9 percent of Allen County's workforce. Other sectors include distribution, transportation, and logistics (23.1 percent), health care (17.9 percent), professional and business services (12.1 percent), leisure and hospitality (11.1 percent), and financial services (6.3 percent). The leisure and hospitality sector has especially grown, with 5.8 million visitors spending \$545 million in 2013, a 4.3 percent increase over the previous year. The city is a center for the defense industry, employing thousands at such companies as BAE Systems (1,150), Harris Corporation (888), Raytheon Systems (950), and the Fort Wayne Air National Guard Station (423).

The Fort Wayne Children's Zoo has been lauded as one of the nation's foremost zoos. Covering 40 acres and containing 1,000 animals of 200 different species, the zoo is the largest regional attraction, regularly drawing over 500,000 visitors annually. The Foellinger-Freimann Botanical Conservatory gardens cover 24,500-square-foot, displaying over 1,200 plants of 502 different species and 72 types of cacti. Science Central, an interactive science center, contains permanent displays and temporary exhibits, drawing 130,000 visitors annually. Established in 1921, the Fort Wayne Museum of Art is accredited by the American Alliance of Museums, specializing in the collection and exhibition of American art. The FWMoA annually receives 100,000 visitors.



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# Marcus & Millichap

## EXCLUSIVE NET LEASE OFFERING



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