

McDonald's

Corporate Ground Lease | 29-Year Operating History | Affluent Demographics



In Association with Scott Reid & ParaSell, Inc. | A Licensed Texas Broker #9009637

OFFERING MEMORANDUM
ORANGE, TEXAS



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OFFERING SUMMARY

LOCATION

McDonald's
2311 Hwy 62 North
Orange, TX 77630



OFFERING SUMMARY

Price:	\$1,489,000
Net Operating Income (1)	\$48,400
Capitalization Rate	3.25%
Net Rentable Area:	2,961
Year Built:	1993
Lot Size (Acres):	2.95
Ownership:	Fee Simple Land (Tenant on Ground Lease)

LEASE TERMS (1)

Tenant:	McDonald's Corporation
Lease Commencement:	1/4/1993
Lease Expiration:	5/5/2033
Remaining Lease Term:	11 Years
Lease Type:	NNN GL
Maintenance Responsibility:	Tenant Responsible
Monthly Rent (2):	\$4,033
Annual Rent:	\$48,400
Rental Increases:	10% Every 5 Years
Renewal Options:	None

(1) All lease provisions to be independently verified by Buyer during the Due Diligence Period.

(2) Based on 5/6/2023 rent increase.



McDonald's Quick Facts

#1

2021 QSR 50
QSR Magazine (2021)

#1

2021 QSR 50 BURGER SEGMENT
QSR Magazine (2021)

#157

FORTUNE 500
Fortune Magazine (2021)

INVESTMENT HIGHLIGHTS

- **Corporate Lease with Premier Credit Tenant:** McDonald's (NYSE: MCD) is an S&P BBB+ credit rated tenant and recognized globally as one of the most recognizable brands in the world
- **Proven Location and Operating History:** McDonald's has successfully operated at this location for more than 29 years and has exercised all lease options in advance
- **Over 11 Years of Primary Term Remaining on Absolute NNN Ground Lease** – Tenant is responsible for all maintenance obligations
- **Strong Upside Potential:** McDonald's is currently paying just \$1.36 per square foot, dramatically below market rent
- **Internet, Recession, and Pandemic Resistant:** Food service with drive thru capability is widely recognized as one of the most stable product categories in the face of growing online sales and economic uncertainty
- **McDonald's U.S. Sales Increased 13.8% in 2021, Making it the Highest U.S. Comparable Sales Ever Reported**
- **Affluent Demographics:** Average household income of \$82,000+ within a 5-mile radius
- **Excellent Access:** Located directly off Interstate 10 with an average traffic count of over 62,000 cars per day
- **Orange, TX is Known as the "Gateway to Texas", as it is Located on the West Bank of the Sabine River, Separating the States of Texas and Louisiana**



SITE PLAN / PARCEL MAP



NET RENTABLE AREA
2,961 SF



PARKING
±45 SPACES



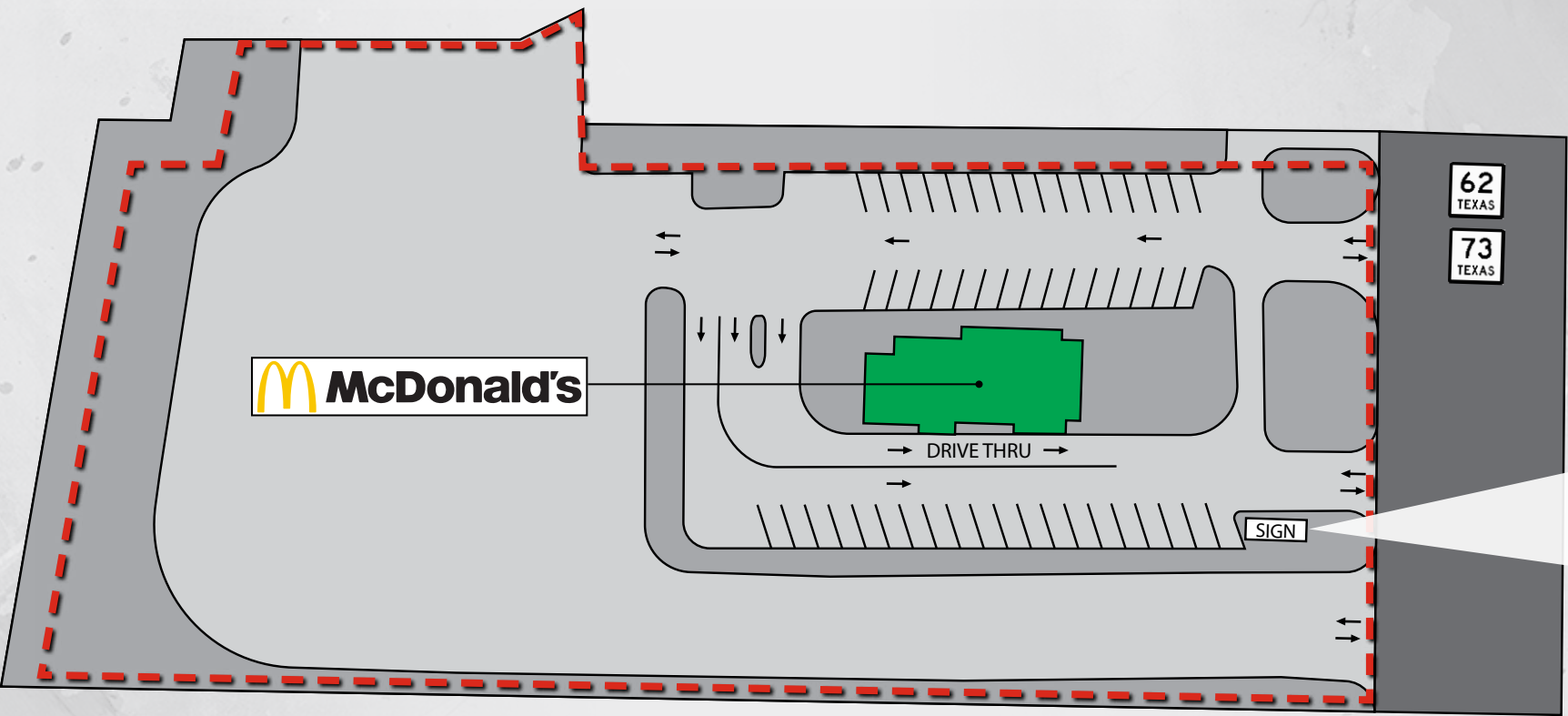
ACCESS
3 POINTS OF ACCESS



YEAR BUILT
1993



TRAFFIC COUNTS
±18,000 CPD



PYLON SIGNAGE

McDonald's

2311 Hwy 62 North
Orange, TX 77630



SUBJECT PROPERTY



PROPERTY PARCEL

APN: 000027-031401



SURROUNDING TENANTS



AERIAL OVERVIEW



AERIAL OVERVIEW

DEMOGRAPHICS

Population:

3-Mile Radius	5,762
5-Mile Radius	29,548
10-Mile Radius	65,152

Household Income:

3-Mile Radius	\$89,431
5-Mile Radius	\$84,135
10-Mile Radius	\$84,734

SUBJECT PROPERTY



REGIONAL MAP



TENANT PROFILE



McDonald's is the world's largest chain of hamburger fast-food restaurants. The company has more than 1.8 million employees, serving approximately 70 million customers daily in over 100 countries across the world. The golden arches franchise began in 1940 as a barbecue restaurant operated by Richard and Maurice McDonald. In 1948 they reorganized their business as a hamburger stand using production line principles. Businessman Ray Kroc later joined the company as a franchise agent in 1955. He subsequently purchased the chain and oversaw its worldwide growth. McDonald's primarily sells hamburgers, cheeseburgers, chicken, French fries, breakfast items, coffee, soft drinks, milkshakes, and desserts. In response to changing consumer tastes, the company has expanded its menu to include salads, wraps, smoothies, and fruit.

McDonald's is the leading global foodservice retailer with more than 39,000 restaurants worldwide. Over 36,500 (approximately 93%) of McDonald's restaurants are owned and operated by independent local franchisees. McDonald's restaurants are operated by either a franchisee, an affiliate, or the corporation itself. The McDonald's corporation's revenues come from the rent, royalties, and fees paid by the franchisees, as well as sales in company-operated locations. As of December 31, 2020, McDonald's Corporation had total revenues in excess of \$19.2 billion and a net income of \$4.7 billion.

Company Type:	Public (NYSE: MCD)
Locations:	39,000+
Website:	www.mcdonalds.com

#1
2021
QSR 50

QSR Magazine (2021)

#1
2021 QSR 50
Burger Segment

QSR Magazine (2021)

#157
Fortune
500

Fortune Magazine (2021)

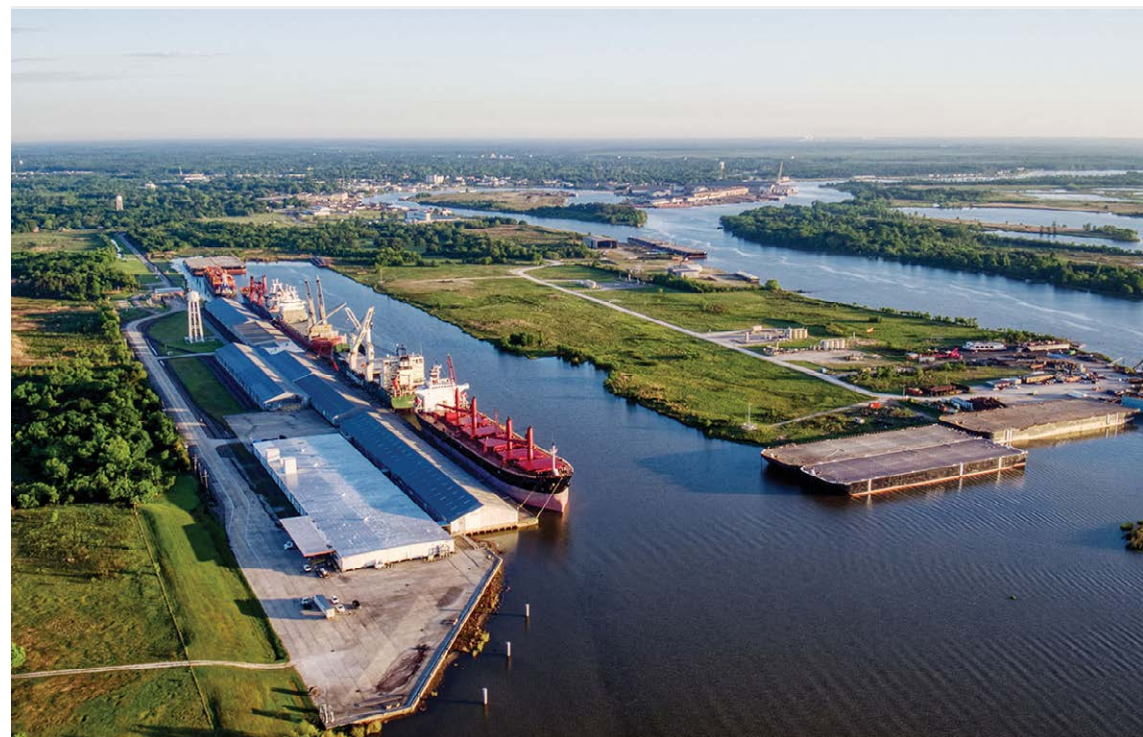
AREA OVERVIEW

The Golden Triangle

The term “Golden Triangle” refers to the metropolitan area of extreme Southeast Texas near the Louisiana border. It is referred to as “Golden” due to the wealth of the area that resulted from the Spindletop oil boom in 1901. It is formed by the cities of which are the largest in the area, Beaumont, Port Arthur, and Orange, roughly 20-miles from one another.

Sabine Pass

The Sabine Pass is located approximately 35 miles south of Orange, TX. It lies on the west bank of the Sabine River, between Louisiana and Texas. It is home to Golden Pass LNG, a \$10 billion dollar project by Qatar Petroleum and ExxonMobil to add natural gas liquefaction and export capabilities to the existing terminal in Sabine Pass, Texas, creating hundreds of direct jobs, enhance U.S. energy security and help bring clean energy from Texas to power the world.



AREA OVERVIEW

Orange

- Suburb located in the southwestern corner of Texas, in the eastern section of the Beaumont-Orange-Port Arthur metropolitan statistical area (MSA), known as the “Golden Triangle”; 113 miles from Houston
- 19,830+ total residents; 6.6% growth rate between 2010 and 2021 (versus 5.7% for the U.S.)
- City is served by Interstate 10, as well Port Orange, a deep-water seaport for the Gulf of Mexico
- #7 “Best Suburbs to Live in Beaumont Area” - Niche (2022)

ECONOMY

- The largest industries are manufacturing, health care, and retail trade
- Top employers in the city are El DuPont de Nemours & Co., Invista, Little Cypress-Mauriceville ISD, Orange County, West Orange Cove Consolidated ISD, International Paper, and Kellogg - Brown & Root
- Home to Lamar State College-Orange, a public community college serving 2,300 students and member of the Texas State University System; 3 school districts serve over 7,500 students
- **International Paper** - Global company that manufactures renewable fiber-based packaging, pulp, and paper products with operations in North America, Latin America, Europe, North Africa, and Russia
- **DowDuPont** - Recently invested approximately \$100 million to expand manufacturing capacity and modernize facilities at the Sabine River Works plant
- Southeast Texas Regional Airport offers commercial aviation service and general aviation service is provided by Orange County Airport

DEVELOPMENTS

- **Gisela Houseman Medical Campus** - CHRISTUS Southeast Texas Health System is building a new medical campus; Phase I includes a 55,000 square foot medical office building; Spring 2023 opening
- **Port of Orange** - \$2.5 million in improvements to attract new customers, such as a local chemical plant that designated the County as a potential site for \$8 billion expansion; in planning
- **Entergy Texas** - Construction and operation of an Orange County Advanced Power Station in nearby Bridge City providing more than 7,000 direct jobs in Texas and nearly \$1.8 billion in economic activity for the regional economy; plant to be in service by summer 2026



THE SABINE RIVER



LAMAR STATE COLLEGE - ORANGE



GISELA HOUSEMAN MEDICAL CAMPUS RENDERING



\$74,258 Average Household Income

AREA OVERVIEW



CISION

Texas' Economic Dominance Continues, Ranks No. 1 in U.S. in GDP Growth

By Texas Economic Development Corporation | March 31, 2022

AUSTIN, Texas, March 31, 2022 /PRNewswire/ -- Texas, the ninth largest economy in the world according to Gross Domestic Product (GDP), saw a 10.1% increase in the annual rate growth of real GDP in the last quarter of 2021 — compared to the national average of 6.9% — according to data from the Bureau of Economic Analysis released today, March 31.

GDP is a measure of the size and strength of an economy.

"Thanks to the hardworking people of Texas, the Lone Star State leads the nation with the largest increase in fourth quarter GDP," said Gov. Greg Abbott. "This achievement is yet another testament to the prosperous economic climate we have cultivated by developing a highly skilled workforce, cutting red tape, and investing in our robust infrastructure."

[CLICK FOR ARTICLE](#)



The Dallas Morning News

'Firing on All Cylinders': Texas Adds Nearly 78,000 Jobs in February as Jobless Rate Dips

By Mitchell Schnurman | March 25, 2022

Texas added 77,800 nonfarm jobs in February, and the state's unemployment rate ticked down again as COVID-19 cases declined and the economic expansion continued to gain momentum.

The Texas economy got a strong lift from rising oil and gas prices as the fallout from the Russian invasion of Ukraine spread.

Texas added 4,500 jobs in mining and logging, a gain of 2.3% in February. For the past year, mining and logging jobs grew over 13%, double the rate of the total Texas labor market, according to the Texas Workforce Commission.

There was widespread strength in the job market last month with notable growth in both the goods-producing sector and services. Texas also added 40,000 to the civilian workforce, which is important to filling thousands of open jobs in the state.

[CLICK FOR ARTICLE](#)

AREA OVERVIEW



McDonald's Corporation: Super-Sized Earnings

By InvestorBrandNetwork | September 24, 2021

Shares of McDonald's Corporation (NYSE: MCD) traded today at \$247.38, eclipsing its 52-week high. Approximately 867,000 shares have changed hands today, as compared to an average 30-day volume of 2.3 million shares.

McDonald's Corporation is currently priced 31.9% above its average consensus analyst price target of \$167.22.

In the past 52 weeks, shares of McDonald's Corporation have traded between a low of \$202.73 and a high of \$247.38 and are now at \$245.48, which is 21% above that low price.

McDonald's Corporation is the largest restaurant owner-operator in the world, with 2020 systemwide sales of \$93 billion across 39,000 stores and 119 countries. McDonald's revolutionized the restaurant industry with a cheap and fast core menu, building its impressive footprint through partnerships with independent restaurant franchisees.

[CLICK FOR ARTICLE](#)



DEMOGRAPHICS

POPULATION	3-Mile	5-Mile	10-Mile
2025 Projection	5,871	30,793	68,118
2020 Census	5,762	29,548	65,152
2010 Census	5,769	28,196	61,796
2000 Census	5,777	29,805	64,678
Growth 2020-2025	1.89%	4.21%	4.55%
HOUSEHOLDS			
2025 Projection	2,456	12,288	26,210
2020 Census	2,390	11,713	24,905
2010 Census	2,389	11,168	23,602
2000 Census	2,377	11,640	24,202
Growth 2010-2020	0.04%	4.88%	5.52%
Growth 2020-2025	2.76%	4.91%	5.24%
2020 POPULATION BY SINGLE-CLASSIFICATION RACE			
White Alone	4,819	21,895	52,767
Black or African American Alone	519	5,103	7,382
American Indian and Alaska Native Alone	40	186	430
Asian Alone	142	505	853
Native Hawaiian and Other Pacific Islander Alone	6	18	46
Some Other Race Alone	112	1,099	2,091
Two or More Races	123	708	1,502
2020 POPULATION BY ETHNICITY (HISPANIC OR LATINO)			
Hispanic or Latino	403	2,802	5,797
Not Hispanic or Latino	5,359	26,746	59,355
2020 AVERAGE HOUSEHOLD INCOME			
	\$89,431	\$84,135	\$84,734

ORANGE SNAPSHOT



65,152

POPULATION (10-Mile)



18,685

DAYTIME POPULATION (10-Mile)



4.55%

POPULATION GROWTH (10-Mile, 2020-2025)



\$89,431

AVERAGE HOUSEHOLD INCOME (3-Mile)



\$132,706

AVERAGE HOME VALUE (3-Mile)



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\$9 BILLION
retail sales nationwide



SHARED DATABASE
collaborative proprietary database

GlobeSt.com™

GLOBEST. INFLUENCERS
in retail & net lease sales



NATIONWIDE REACH
retail & investors across the U.S.



\$2.6 BILLION IN RETAIL SOLD
over 500 transactions in last 36 mos.



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 Supervisor of Sales Agent/ Associate	License No.	Email	Phone
Sales Agent/Associate's Name	License No.	Email	Phone

Buyer/Tenant/Seller/Landlord Initials

Date