

# PIZZA HUT

## 20-Year NNN Lease

EXCLUSIVE NET-LEASE OFFERING



# OFFERING MEMORANDUM



311 East Lincoln Way - Minerva, OH 44657

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# Investment Highlights

PRICE: \$1,401,355 | CAP: 5.00% | RENT: \$70,068



## 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, O'Reilly, AutoZone, Chase, Rite Aid, McDonald's, Hardee's, Dairy Queen, Taco Bell, Subway, Circle K And More
- ✓ Three Schools Less Than One Mile Away | Total Combined Enrollment is Over 980 Students
- ✓ Affluent Community | Average Household Income Exceeding \$67,000 Within a Five-Mile Radius
- ✓ Strong Traffic Counts | Over 11,400 Vehicles Per Day Along Highway 30

## 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: \$1,401,355 | CAP: 5.00% | RENT: \$70,068



## PROPERTY DESCRIPTION

Property	Pizza Hut
Property Address	311 East Lincoln Way
City, State ZIP	Minerva, OH 44657
Building Size (SF)	2,626
Lot Size (AC)	0.33
Type of Ownership	Fee Simple

## THE OFFERING

Purchase Price	\$1,401,355
CAP Rate	5.00%
Annual Rent	\$70,068

## 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	\$70,068	\$5,839	-
Year 2	3/1/2023	2/29/2024	\$70,068	\$5,839	-
Year 3	3/1/2024	2/28/2025	\$70,068	\$5,839	-
Year 4	3/1/2025	2/28/2026	\$70,068	\$5,839	-
Year 5	3/1/2026	2/28/2027	\$70,068	\$5,839	-
Year 6	3/1/2027	2/29/2028	\$70,068	\$5,839	-
Year 7	3/1/2028	2/28/2029	\$71,294	\$5,941	1.75%
Year 8	3/1/2029	2/28/2030	\$72,542	\$6,045	1.75%
Year 9	3/1/2030	2/28/2031	\$73,811	\$6,151	1.75%
Year 10	3/1/2031	2/29/2032	\$75,103	\$6,259	1.75%
Year 11	3/1/2032	2/28/2033	\$76,417	\$6,368	1.75%
Year 12	3/1/2033	2/28/2034	\$77,754	\$6,480	1.75%
Year 13	3/1/2034	2/28/2035	\$79,115	\$6,593	1.75%
Year 14	3/1/2035	2/29/2036	\$80,500	\$6,708	1.75%
Year 15	3/1/2036	2/28/2037	\$81,908	\$6,826	1.75%
Year 16	3/1/2037	2/28/2038	\$83,342	\$6,945	1.75%
Year 17	3/1/2038	2/28/2039	\$84,800	\$7,067	1.75%
Year 18	3/1/2039	2/29/2040	\$86,284	\$7,190	1.75%
Year 19	3/1/2040	2/28/2041	\$87,794	\$7,316	1.75%
Year 20	3/1/2041	2/28/2042	\$89,331	\$7,444	1.75%

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for the Pizza Hut located at 311 East Lincoln Way, Minerva, OH 44657. The site will consist of roughly 2,626 rentable square feet of building space on estimated 0.33-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 \$70,068 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 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+



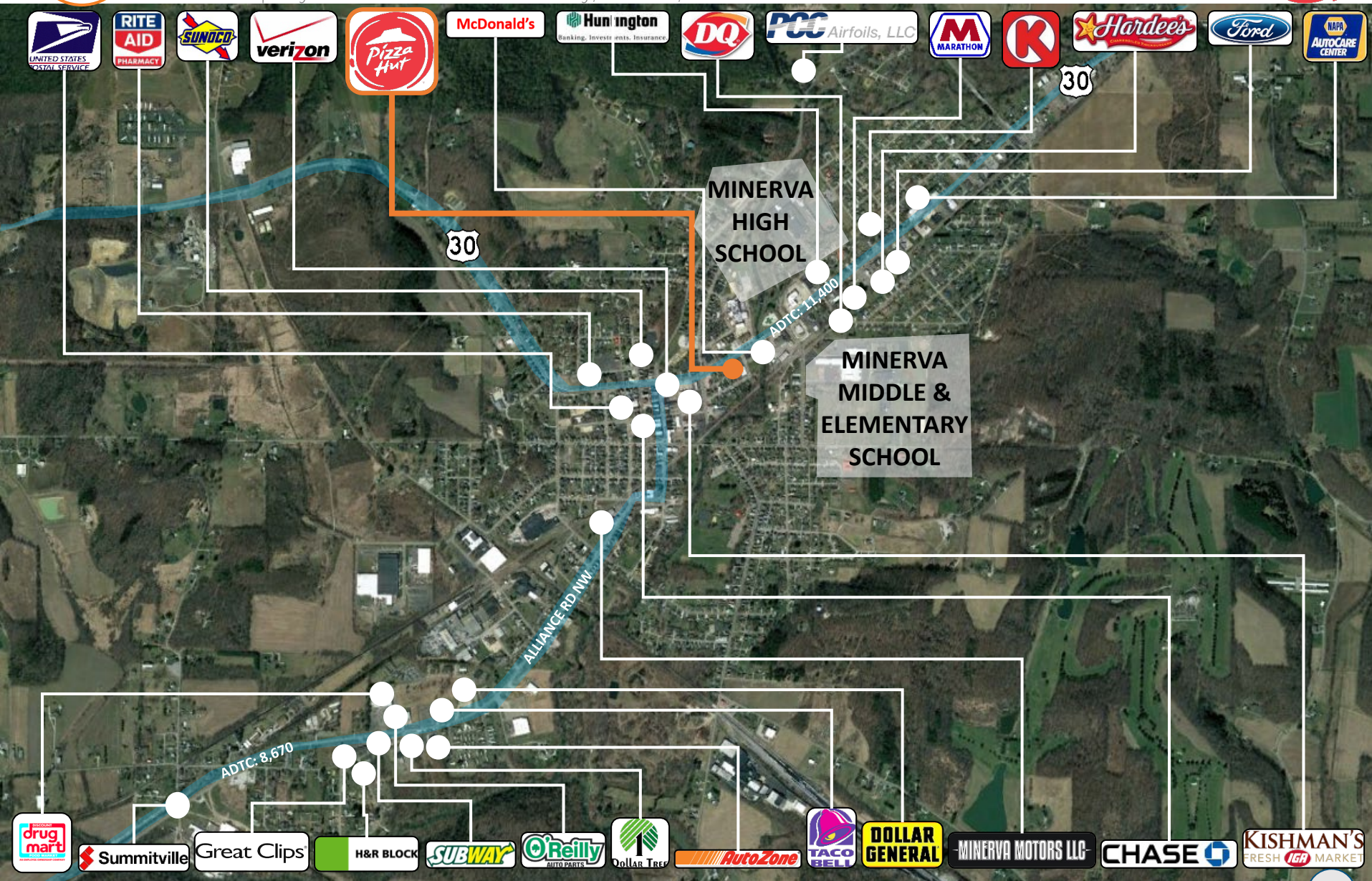
Representative Photo





# Surrounding Area

Property Address: 311 East Lincoln Way, Minerva, OH







# Location Overview

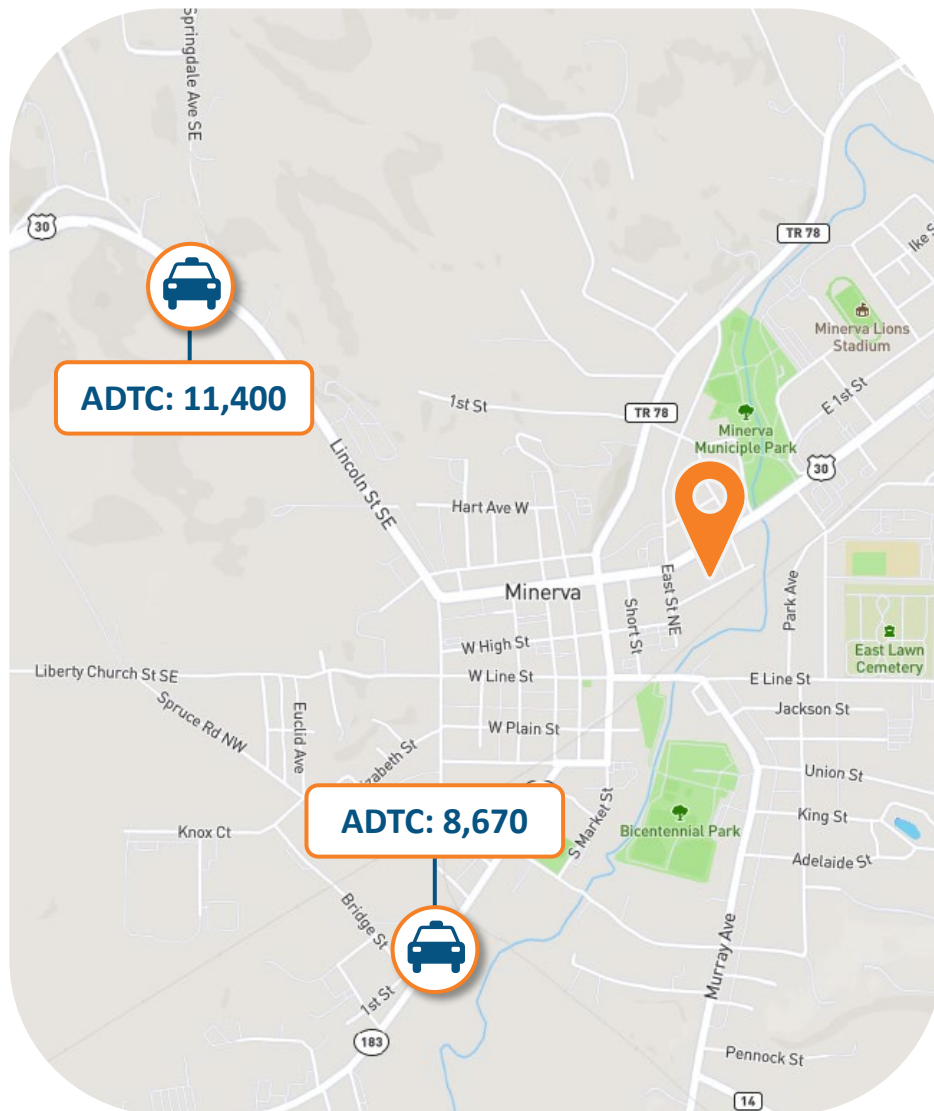
Property Address: 311 East Lincoln Way, Minerva, OH



The Pizza Hut property is situated on Highway 30, which boasts average daily traffic counts of 11,400 vehicles. Highway 30 intersects with Alliance Road Northwest less than a half mile from the subject property, which brings an additional 8,670 vehicles into the immediate area on average daily. There are more than 7,200 individuals residing within a three-mile radius of the property and more than 11,390 individuals within a five-mile radius.

The subject property benefits from being well-positioned in a dense retail corridor consisting of national and local tenants, and several schools, all within close proximity of this property. Major national tenants in the area include: Dollar General, Dollar Tree, O'Reilly, AutoZone, Chase, Rite Aid, McDonald's, Hardee's, Dairy Queen, Taco Bell, Subway, and Circle K. This Pizza Hut also benefits from its close proximity to Minerva Elementary School, Middle School, and High School.

Brownsburg is a village in Carroll, Columbiana, and Stark counties in the U.S. state of Ohio. The Carroll and Stark County portions of Minerva are part of the Canton-Massillon, OH Metropolitan Statistical Area, while the Columbiana County portion is part of the Salem, OH Micropolitan Statistical Area. Minerva is a small town steeped in history and quiet charm. With many parks and recreation areas within the village limits, it is also conveniently close to nearby cities, transportation, shopping and entertainment. Close to home are downtown activities and festivals for all ages.







# Property Photos







# Surrounding Area Photos

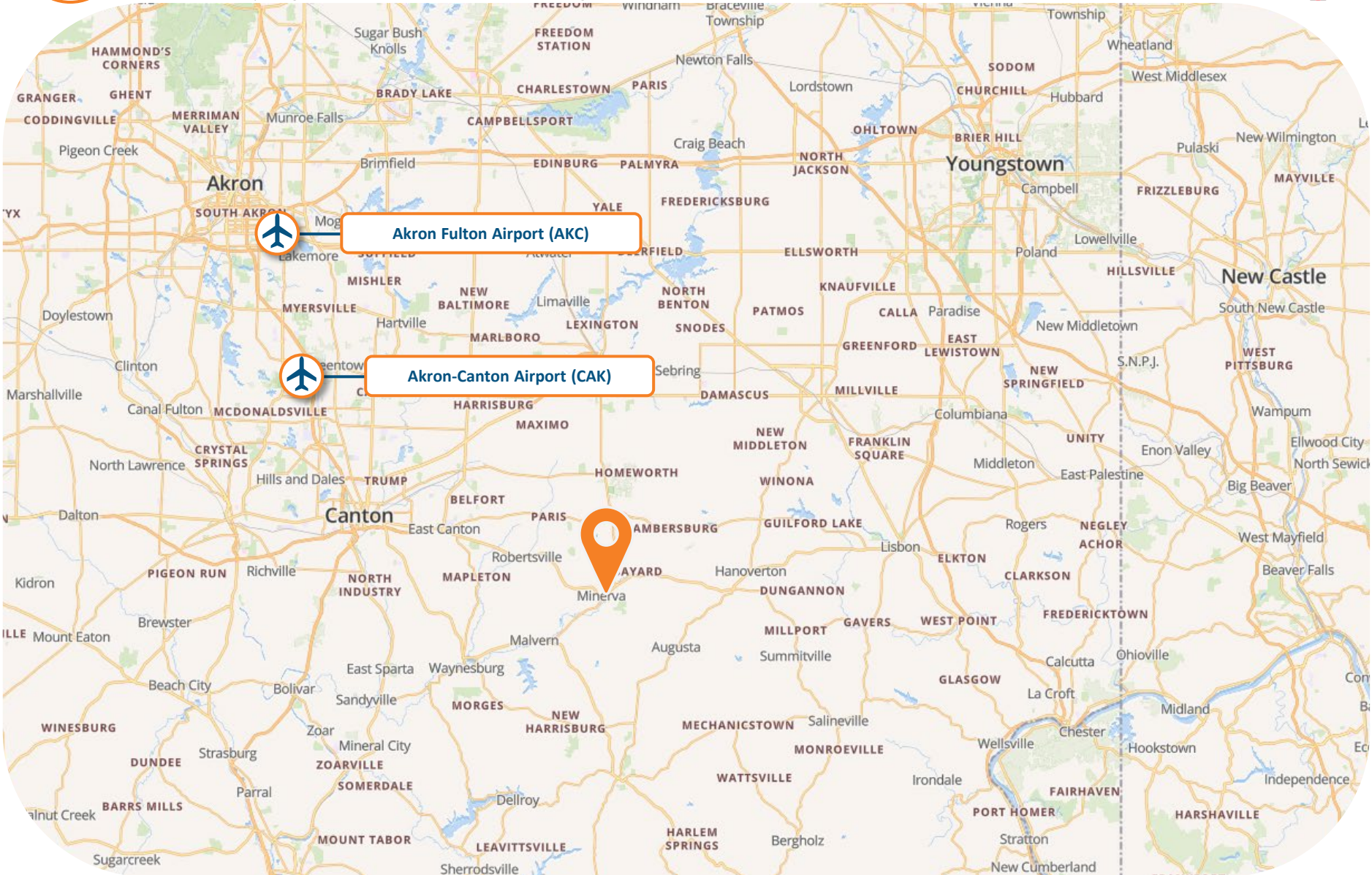






# Local Map

Property Address: 311 East Lincoln Way, Minerva, OH

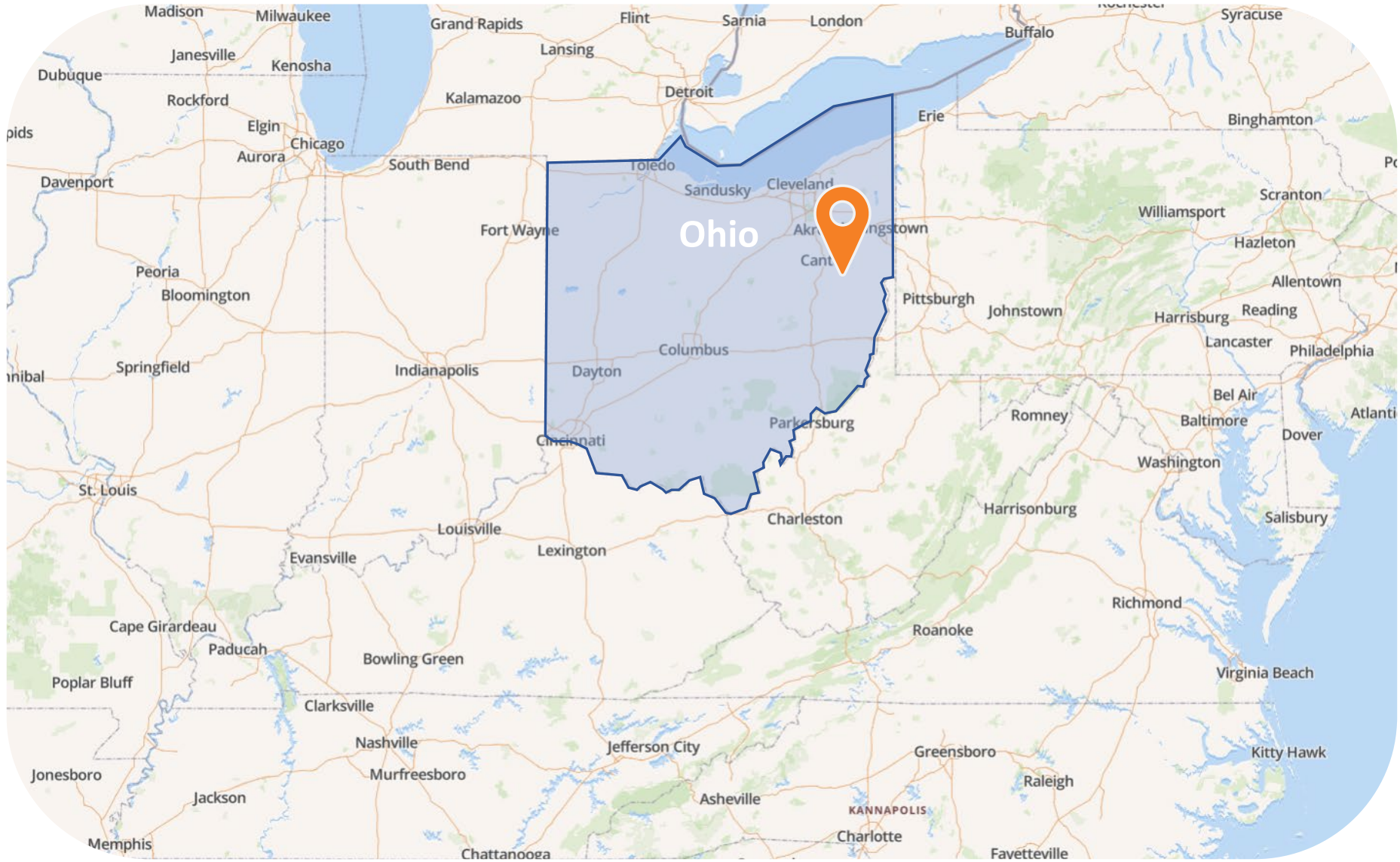






# Regional Map

Property Address: 311 East Lincoln Way, Minerva, OH







# Demographics

Property Address: 311 East Lincoln Way, Minerva, OH



**1 Mile 3 Miles 5 Miles**

## POPULATION TRENDS

2010 Population	3,886	7,778	12,504
2021 Population	3,683	7,209	11,393
2026 Population Projection	3,624	7,057	11,109

## POPULATION BY RACE (2021)

White	3,586	7,017	11,037
Black	16	35	107
American Indian/Alaskan Native	11	27	41
Asian	13	25	42
Hawaiian & Pacific Islander	0	0	0
Two or More Races	57	104	166
Hispanic Origin	35	80	149

## HOUSEHOLD TRENDS

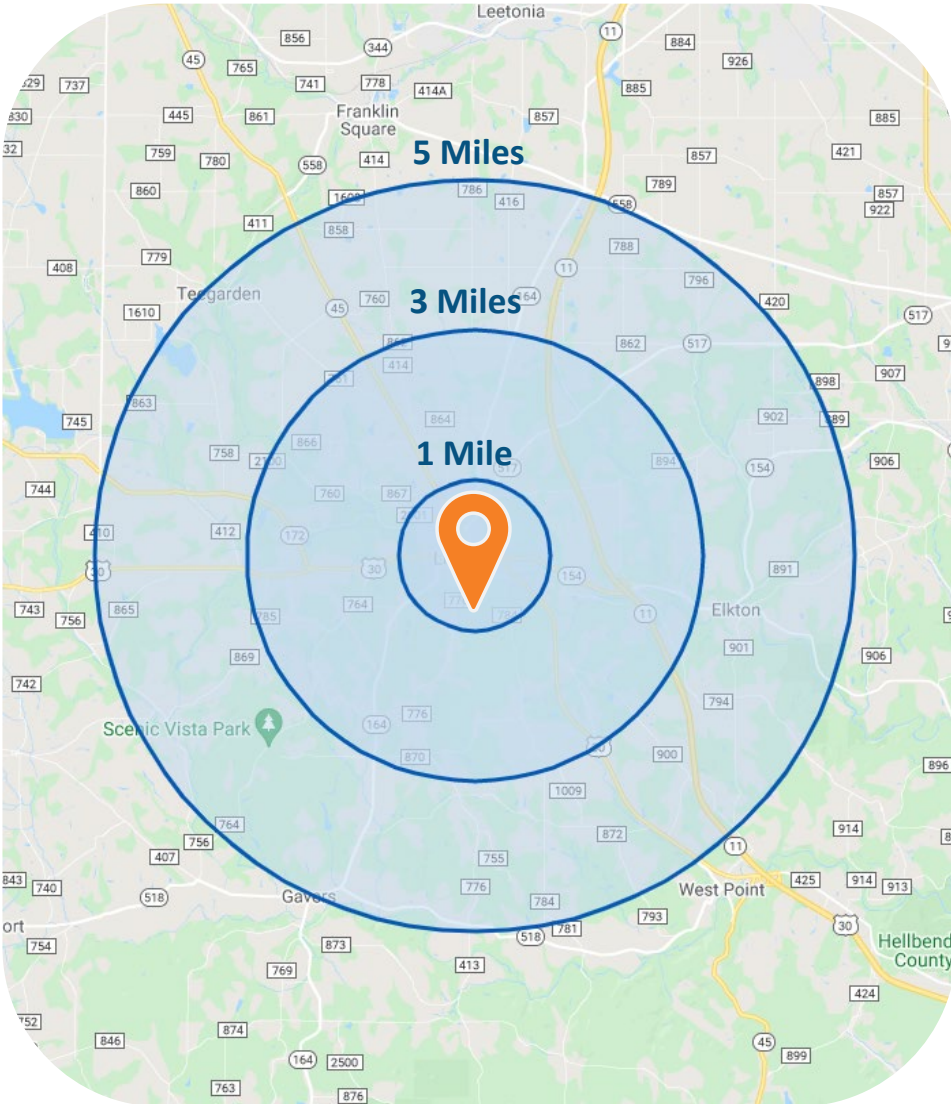
2010 Households	1,586	3,073	4,927
2021 Households	1,504	2,848	4,485
2026 Household Projection	1,480	2,788	4,373
Growth 2010-2021	0.10%	0.10%	0.00%

## AVERAGE HOUSEHOLD INCOME (2021)

<b>MEDIAN HOUSEHOLD INCOME (2021)</b>	\$52,427	\$55,042	\$55,529
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## HOUSEHOLDS BY HOUSEHOLD INCOME (2021)

< \$25,000	286	532	844
\$25,000 - 50,000	441	775	1,200
\$50,000 - 75,000	330	613	937
\$75,000 - 100,000	258	467	724
\$100,000 - 125,000	103	232	363
\$125,000 - 150,000	42	128	214
\$150,000 - 200,000	19	49	98
\$200,000+	25	53	105





# Market Overview

Property Address: 311 East Lincoln Way, Minerva, OH



**Canton** is a city in and the county seat of Stark County, Ohio, United States. It is located approximately 60 miles south of Cleveland and 20 miles south of Akron in Northeast Ohio. The city lies on the edge of Ohio's extensive Amish country, particularly in Holmes and Wayne counties to the city's west and southwest. Canton is the largest municipality in the Canton-Massillon, OH Metropolitan Statistical Area, which includes all of Stark and Carroll counties.

Canton is chiefly notable for being the home of the Pro Football Hall of Fame and the birthplace of the National Football League. 25th U.S. President William McKinley conducted the famed front porch campaign, which won him the presidency of the United States in the 1896 election, from his home in Canton. The McKinley National Memorial and the William McKinley Presidential Library and Museum commemorate his life and presidency.

Beginning in 2015, Canton began experiencing an urban renaissance, anchored by its growing and thriving arts district centrally located in the downtown area. Several historic buildings have been rehabilitated and converted into upscale lofts, attracting hundreds of new downtown residents into the city. Furthering this downtown development, in June 2016, Canton became one of the first cities in Ohio to allow the open consumption of alcoholic beverages in a "designated outdoor refreshment area".

The Canton area's economy is primarily industrial, with significant health care and agricultural segments. The city is home to the TimkenSteel Corporation, a major manufacturer of specialty steel. Several other large companies operate in the greater-Canton area, including Timken Company a maker of tapered roller bearings; Belden Brick Company, a brick and masonry producer; Diebold, a maker of ATMs, electronic voting devices, and bank vaults, and Medline Industries, a manufacturer and distributor of health care supplies. The area is also home to several regional food producers, including Nickles Bakery (baked goods), Case Farms (poultry), and Shearer's Foods (snack foods). Poultry production and dairy farming are also important segments of the Canton area's economy.

Malone University, a private, four-year liberal arts college affiliated with the Evangelical Friends Church, is located on 25th Street NW. Catholic-run Walsh University is located nearby in North Canton. Stark State College and a branch of Kent State University are also nearby, in Jackson Township. Also, in downtown Canton, there is a small annex for Stark State College to be used by the early college high school students who are located on the Timken Campus.



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# Marcus & Millichap

## EXCLUSIVE NET LEASE OFFERING



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