

# POPEYES

EXCLUSIVE NET-LEASE OFFERING



# OFFERING MEMORANDUM

**popeyes**

240 N Ely St, Kennewick, WA 99336

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# POPEYES



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**POPEYES**





# Investment Highlights

PRICE: \$4,959,432 | CAP: 4.75% | RENT: \$235,573

# POPEYES

## About the Investment

- ✓ Triple Net (NNN) Lease with Zero Landlord Responsibilities
- ✓ Brand New 20-Year Lease with 19.6 Years Remaining
- ✓ Attractive Rental Increases of 1.75% Percent Annually Beginning in Year 6
- ✓ Four (4) Tenant Renewal Periods of Five (5) Years Each

## About the Location

- ✓ Dense Retail Corridor | Walgreens, Dollar Tree, Big Lots, Rite Aid, T-Mobile, Starbucks, KFC, Taco Bell, McDonald's and Many More
- ✓ Strong Traffic Counts | West Clearwater Avenue and North Ely Street | Average Daily Traffic Counts of 21,000 and 36,400, Respectively
- ✓ Large Academic Presence | Columbia Basin College is Located Less Than Five-Miles from the Popeyes | Total Enrollment of Over 7,000 Students
- ✓ Robust Population | There are Approximately 89,600 Individuals Residing within Three-Mile Radius of the Subject Property and 171,500 Individuals within a Five-Mile Radius
- ✓ Affluent Community | Average Income Within a Five-Mile Radius Exceeds \$81,900
- ✓ **This Property is Located in the Income Tax-Free State of Washington**

## About the Tenant / Brand

- ✓ Popeyes is the World's Second Largest Quick Service Chicken Concept
- ✓ Popeyes is a Unique, Highly-Differentiated Brand - Internationally-Recognized Louisiana heritage Since 1972
- ✓ Ambrosia QSR is a Well-Funded Developer and Operator of Burger King and Popeyes Locations Throughout Washington and Oregon
- ✓ Lease Guaranteed by Pacific Quick Serve Holdco, LLC | A 100+ Unit Popeyes and Burger King Entity with Plans for Expansion\*

\*Guarantor entity is the full parent company. Once the Popeyes entity reaches 30 units, the guarantor will be replaced with Ambrosia QSR II, LLC. Contact listing broker for more information







# Financial Analysis

**POPEYES**

**PRICE: \$4,959,432 | CAP: 4.75% | RENT: \$235,573**

## PROPERTY DESCRIPTION

Property	Popeyes
Property Address	240 N Ely St
City, State ZIP	Kennewick, WA 99336
Year Built	Estimated Opening July 2022
Building Size (SF)	2,333
Lot Size (Acres)	+/- 0.73 Acres
Type of Ownership	Fee Simple

## THE OFFERING

Purchase Price	\$4,959,432
CAP Rate	4.75%
Annual Rent	\$235,573

## LEASE SUMMARY

Property Type	Net-Leased Restaurant
Guarantor*	Pacific Quick Serve Holdco, LLC (100+ units)
Original Lease Term	20 Years
Lease Commencement	9/30/2021
Lease Expiration	9/30/2041
Lease Term Remaining	19.6 Years
Lease Type	Triple Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	1.75% Annually Starting Year 6
Options to Renew	Four (4), Five (5)-Year Options

\*Guarantor entity is the full parent company. Once the Popeyes entity reaches 30 units, the guarantor will be replaced with Ambrosia QSR II, LLC. Contact listing broker for more information

\*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.

## RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent	Rent Escalation
Year 1	\$235,573	\$19,631	-
Year 2	\$235,573	\$19,631	-
Year 3	\$235,573	\$19,631	-
Year 4	\$235,573	\$19,631	-
Year 5	\$235,573	\$19,631	-
Year 6	\$239,696	\$19,975	1.75%
Year 7	\$243,890	\$20,324	1.75%
Year 8	\$248,158	\$20,680	1.75%
Year 9	\$252,501	\$21,042	1.75%
Year 10	\$256,920	\$21,410	1.75%
Year 11	\$261,416	\$21,785	1.75%
Year 12	\$265,991	\$22,166	1.75%
Year 13	\$270,646	\$22,554	1.75%
Year 14	\$275,382	\$22,948	1.75%
Year 15	\$280,201	\$23,350	1.75%
Year 16	\$285,105	\$23,759	1.75%
Year 17	\$290,094	\$24,174	1.75%
Year 18	\$295,170	\$24,598	1.75%
Year 19	\$300,336	\$25,028	1.75%
Year 20	\$305,592	\$25,466	1.75%

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Popeyes located on the corner of 240 North Ely Street in Kennewick, WA. The property consists of 2,333 square feet of building space and is situated on an estimated 0.73 acres of land. The tenant is subject to a 20-year absolute triple net (NNN) lease that has 19.6 years remaining on the base term. The base rent is \$235,573 and will increase by 1.75% percent annually starting in year six and continuing throughout the base term and into each of the four (4), five (5)-year tenant renewal option periods.



# Concept & Guarantor Overview **POPEYES**

## About Popeyes

Founded in 1972, Popeyes is the world's second largest quick service chicken concept as measured by total number of restaurants (only behind KFC). As of December 31, 2018, Popeyes owned or franchised a total of 3,102 restaurants. Popeyes restaurants are quick service restaurants that distinguish themselves with a unique "Louisiana" style menu featuring spicy chicken, chicken tenders, fried shrimp and other seafood, red beans and rice and other regional items. Popeyes was acquired on March 27, 2017 for a total consideration of \$1.7 billion by Restaurant Brands International (NYSE: QSR).

### Fun Facts:

- *Global Leadership in Chicken Segment - One of the largest players with rapidly-growing market share*
- *Unique, Highly-Differentiated Brand - Internationally-recognized Louisiana heritage since 1972*
- *Highly-Attractive Unit Economics - >\$1.4mm ARS and strong franchisee EBITDA margins*
- *Nearly Fully-Franchised Business Model - 98% franchised, leading to healthy margins and cash flow*
- *Significant Expansion Opportunity in the U.S. - Consistent track record of successful growth across the country*
- *International Growth Acceleration - Numerous development agreements signed in last few years*



Representative Photo

## Ambrosia QSR

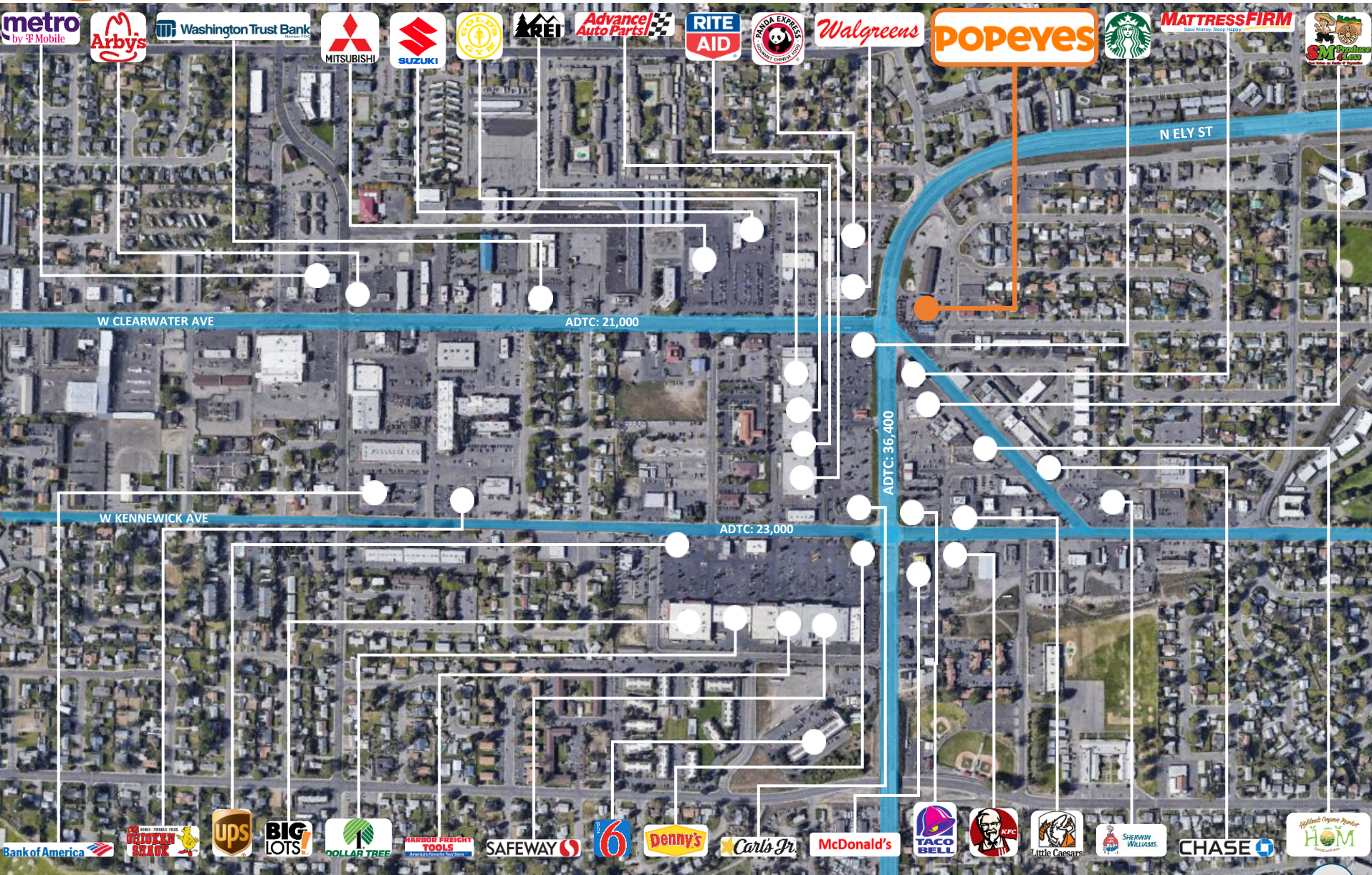
Ambrosia QSR is a well-funded developer and operator of Popeyes and Burger King locations. They are based out of Vancouver, WA with over 100 locations throughout the Pacific Northwest. With new capital investors, the tenant is looking to expand, and the strength of the operator will only continue to grow over the next few years. The operator is following a tactical and sophisticated development thesis by selecting high quality locations with tremendous upside potential. The guarantor is Ambrosia QSR II, LLC, a 12-unit Popeyes entity.





# Surrounding Area

# POPEYES







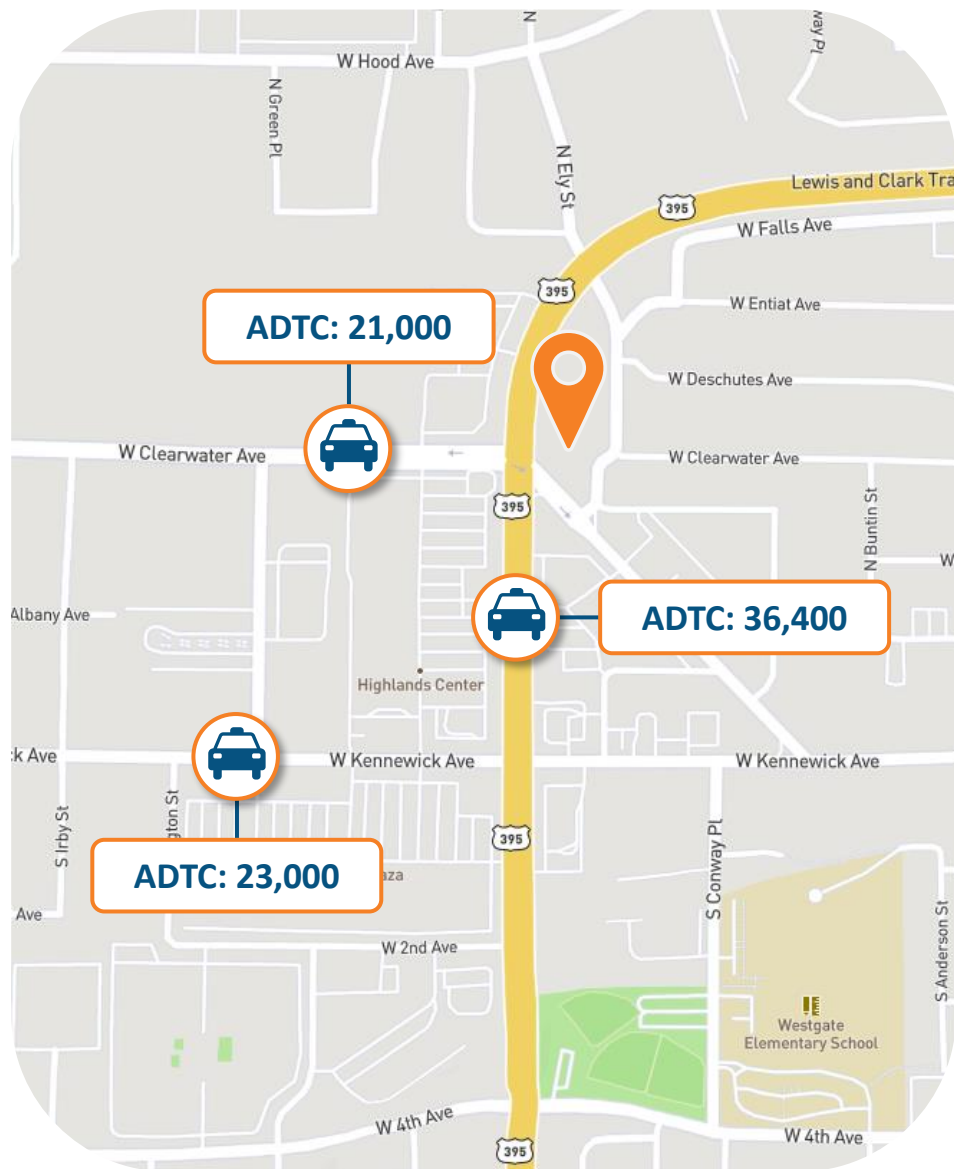
# Location Overview

**POPEYES**

The subject investment property is situated on North Ely Street, which experiences average daily traffic counts exceeding 36,400 vehicles. West Clearwater Avenue and West Kennewick Avenue intersect North Ely Street, bringing in an additional 21,000 and 23,000 vehicles to the immediate area on average daily. There are approximately 89,600 individuals residing within a three-mile radius, as well as approximately 171,500 individuals within a five-mile radius. The average household income exceeds \$81,950 within a five-mile radius.

This Popeyes property benefits from being well-positioned in a strong retail corridor surrounded by national and local tenants, shopping centers, and academic institutions. Major national tenants in the immediate area include Walgreens, Dollar Tree, Big Lots, Rite Aid, T-Mobile, Starbucks, KFC, Taco Bell, McDonald's, as well as many more. The subject property benefits from being located within a five-mile radius of the several academic institutions. Most notable of these being Columbia Basin College, located less than five miles away. The public institution has over 7,000 students enrolled. Additionally, Tri-Cities Airport is less than six miles from the subject property and is the fourth largest commercial airport in the state of Washington.

Kennewick is a city in Benton County Washington. It is located along the southwest bank of the Columbia River, just southeast of the confluence of the Columbia and Yakima rivers and across from the confluence of the Columbia and Snake rivers. It is the most populous of the three cities collectively referred to as the Tri-Cities, the others being Pasco and Richland. Kennewick hosts a number of events throughout the year, many of which are held outdoors in public parks during the warm season. The largest event in town is the Tri-Cities Water Follies, which fill the weekend of the HAPO Gold Cup, a hydroplane race taking place every July in the Columbia River just upstream of the Blue Bridge. The arid climate and warm temperatures during the summer draw people to Kennewick from around the Pacific Northwest. Many summertime visitors engage in boating and other water related activities in the Columbia, Snake, and Yakima rivers. Kennewick's economy is closely tied to the rest of the Tri-Cities and is heavily influenced by the Hanford Site and the national laboratory. The agriculture and healthcare industries also employ many residents. The region is experiencing consistent job growth, which is creating a large population boom.

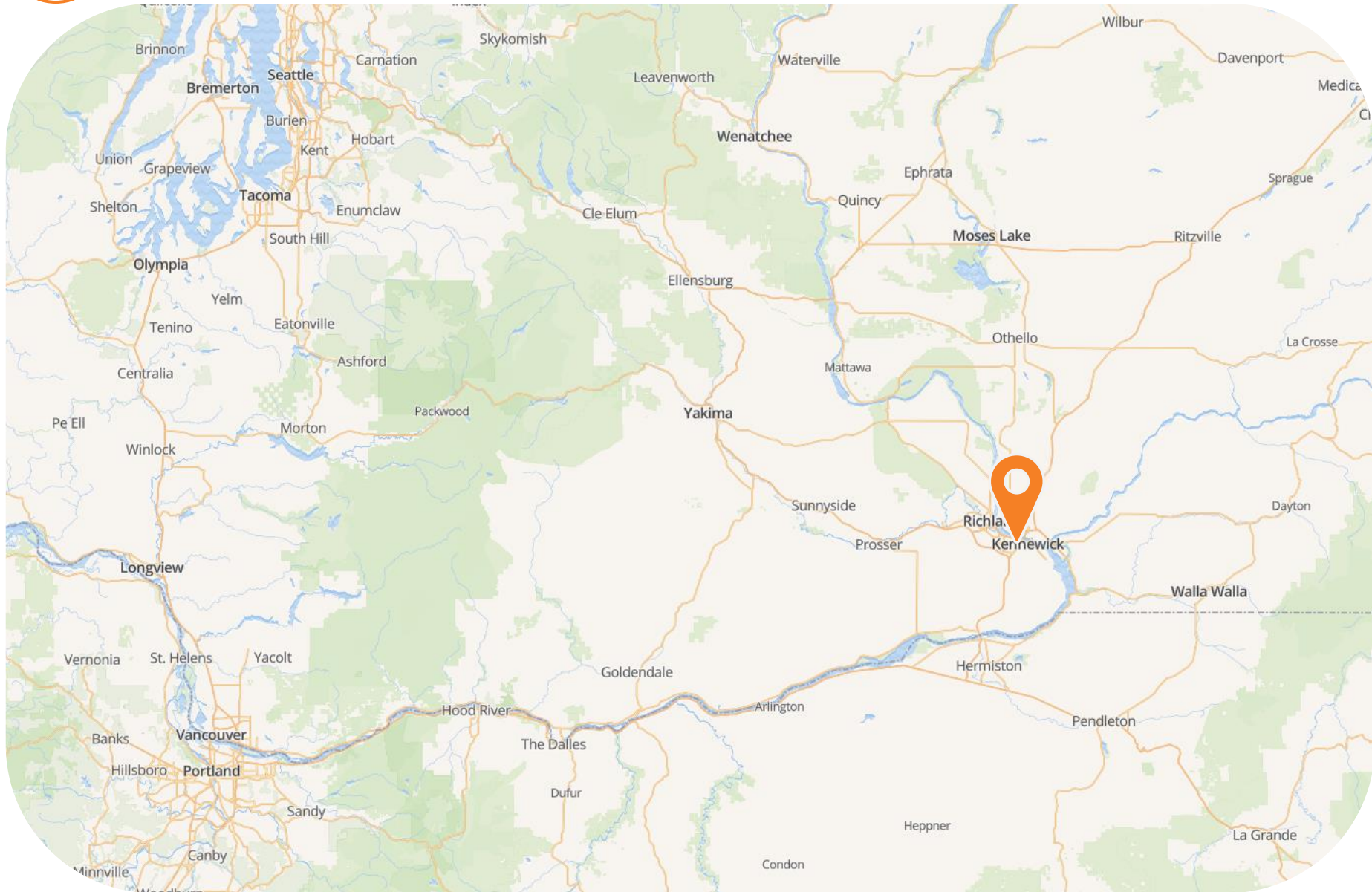






# Local Map

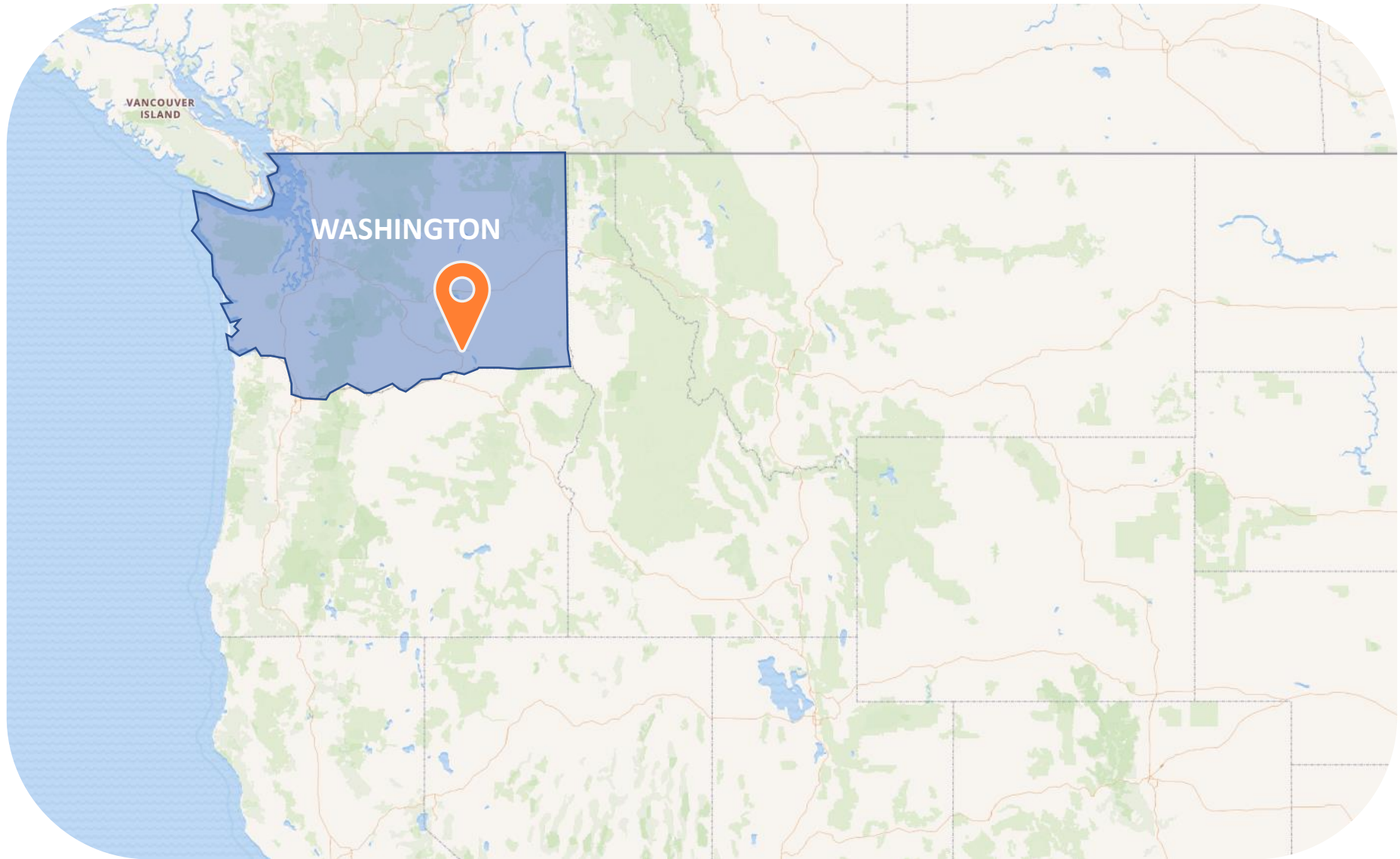
**POPEYES**





# Regional Map

**POPEYES**

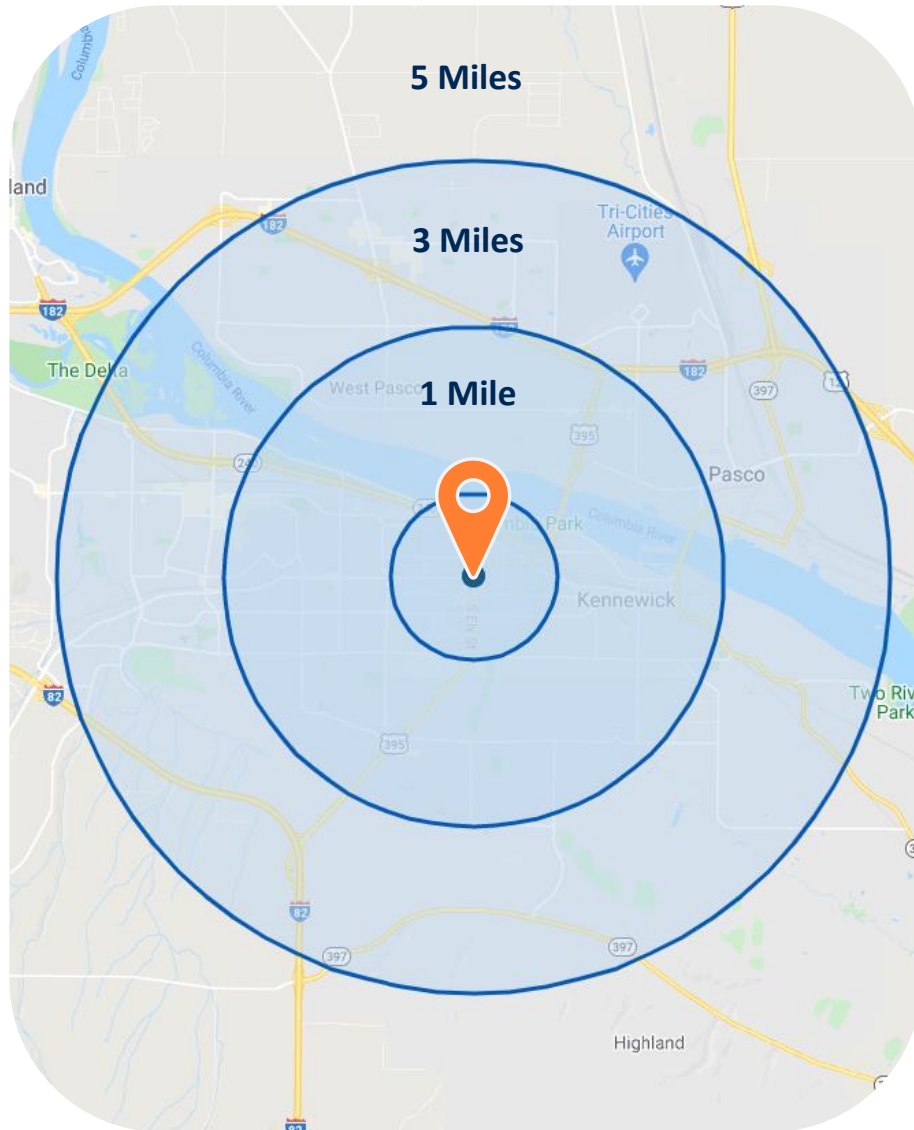






# Demographics

**POPEYES**



## POPULATION TRENDS

	1 Mile	3 Miles	5 Miles
2010 Population	11,736	80,480	142,160
2021 Population	12,258	89,675	171,561
2026 Population Projection	12,966	95,638	184,692
Annual Growth 2010-2021	0.40%	1.00%	1.90%
Annual Growth 2021-2026	1.20%	1.30%	1.50%

## HOUSEHOLD TRENDS

	1 Mile	3 Miles	5 Miles
2010 Households	4,645	28,372	49,067
2021 Households	4,856	31,525	58,801
2026 Household Projection	5,130	33,585	63,232
Annual Growth 2010-2021	0.20%	0.90%	1.60%
Annual Growth 2021-2026	1.10%	1.30%	1.50%

## AVG HOUSEHOLD INCOME (2021)

## MEDIAN HOUSEHOLD INCOME (2021)

## HOUSEHOLDS BY HOUSEHOLD INCOME (2021)

	1 Mile	3 Miles	5 Miles
AVG HOUSEHOLD INCOME (2021)	\$62,483	\$74,813	\$81,985
MEDIAN HOUSEHOLD INCOME (2021)	\$46,953	\$55,526	\$62,240
HOUSEHOLDS BY HOUSEHOLD INCOME (2021)			
< \$25,000	1,045	6,524	10,114
\$25,000 - 50,000	1,567	7,744	13,099
\$50,000 - 75,000	899	5,937	11,691
\$75,000 - 100,000	665	3,617	6,740
\$100,000 - 125,000	320	2,838	6,235
\$125,000 - 150,000	66	1,926	3,980
\$150,000 - 200,000	164	1,571	3,979
\$200,000+	130	1,368	2,964



# Market Overview

## Tri-Cities

are three closely linked cities (Kennewick, Pasco, and Richland) at the confluence of the Yakima, Snake, and Columbia Rivers in the Columbia Basin of Eastern Washington. Each city borders one another, making the Tri-Cities seem like one uninterrupted mid-sized city. The three cities function as the center of the Tri-Cities metropolitan area, which consists of Benton and Franklin counties. The Tri-Cities Airport is located in Pasco and provides the region with commercial and private air service. Pasco is the seat of Franklin County, while the other two cities are located in Benton County. In 2010, Kiplinger rated the Tri-Cities among the Top 10 best places to raise a family, and CNN/Money ranked the Tri-Cities one of the top 10 best bets for gains in housing value, due to its relatively stable economic conditions since the early 2000s.

Historically, the area is likely best known for the Hanford Site a nuclear production complex operate by the federal government to produce components for nuclear weapons. Since the 2000s began, the area has seen rapid growth due in part to a large influx of retirees from various areas of the Northwest. During this time, and the corresponding nationwide housing boom, all three cities have flourished and grown significantly with Pasco holding the title of the fastest growing city in Washington at different times. In 2005, the Census Bureau reported that Pasco's population had surpassed Richland's for the first time since before the arrival of the Hanford Site. Fueled by the boom, Chiawana High School was founded, and by 2019 it had become the largest high school in the entire state of Washington.

Despite the economic recession of the late 2000s, the Tri-Cities area has continued to maintain steady growth and a stable economic climate due in part to the American Recovery and Reinvestment Act of 2009.

# POPEYES

*Tri-Cities, Washington*



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**POPEYES**

Marcus & Millichap

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