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# POPEYES SALE-LEASEBACK

EXCLUSIVE NET-LEASE OFFERING



# OFFERING MEMORANDUM



17021 Canyon Parkway East, Frederickson, WA 98446

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# Investment Highlights

PRICE: \$3,719,576 | CAP: 4.75% | RENT: \$176,680



## About the Investment

- ✓ Brand New 19-Year Lease
- ✓ Triple Net (NNN) Lease with Zero Landlord Responsibilities
- ✓ Attractive Rental Increases of Two Percent (2.0%) Annually Beginning in Year 6
- ✓ Four (4) Tenant Renewal Periods of Five (5) Years Each

## About the Location

- ✓ Dense Urban Infill | Walmart, Target, Walgreens, HomeGoods, AutoZone, O'Reilly Auto Parts, Kohl's, Ross, AT&T, JoAnn Fabrics, Safeway, Taco Bell, McDonald's, and Starbucks, and More
- ✓ Nearby Student Presence | Rogers High School and Stahl Junior High School Within Minutes | Combined Enrollment Exceeding 2,550 Students
- ✓ Affluent Community | Average Income Within a Three-Mile Radius Exceeds \$100,000
- ✓ Strong Traffic Counts | Canyon Pky E and Meridian Ave | Average Daily Traffic Counts of 56,400 and 44,300 Vehicles, Respectively
- ✓ Compelling Location Fundamentals | Bedroom Community of Tacoma, WA | Third Largest City in Washington | Property Located on a Thoroughfare to Tacoma
- ✓ Robust Demographics | 195,014 Residing Within 5 Miles | 525,137 Within Ten Miles

## 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 150+ 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



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# Financial Analysis

PRICE: \$3,719,576 | CAP: 4.75% | RENT: \$176,680

## PROPERTY DESCRIPTION

Property	Popeyes
Property Address	17021 Canyon Parkway East
City, State ZIP	Frederickson, WA 98446
Year Built / Renovated	2022
Building Size (SF)	2,333
Lot Size (Acres)	+/- 0.91 Acres
Type of Ownership	Fee Simple

## THE OFFERING

Purchase Price	\$3,719,576
CAP Rate	4.75%
Annual Rent	\$176,680

## LEASE SUMMARY

Property Type	Net-Leased Restaurant
Guarantor*	Pacific Quick Serve Holdco, LLC (150+ units)
Original Lease Term	20 Years
Lease Commencement	9/30/2021
Lease Expiration	9/30/2041
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

## RENT SCHEDULE

Lease Year	Annual Rent	Monthly Rent	Rent Escalation
Year 1	\$176,680	\$14,723	-
Year 2	\$176,680	\$14,723	-
Year 3	\$176,680	\$14,723	-
Year 4	\$176,680	\$14,723	-
Year 5	\$176,680	\$14,723	-
Year 6	\$179,772	\$14,981	1.75%
Year 7	\$179,772	\$14,981	1.75%
Year 8	\$179,772	\$14,981	1.75%
Year 9	\$179,772	\$14,981	1.75%
Year 10	\$179,772	\$14,981	1.75%
Year 11	\$182,918	\$15,243	1.75%
Year 12	\$182,918	\$15,243	1.75%
Year 13	\$182,918	\$15,243	1.75%
Year 14	\$182,918	\$15,243	1.75%
Year 15	\$182,918	\$15,243	1.75%
Year 16	\$186,119	\$15,510	1.75%
Year 17	\$186,119	\$15,510	1.75%
Year 18	\$186,119	\$15,510	1.75%
Year 19	\$186,119	\$15,510	1.75%
Year 20	\$186,119	\$15,510	1.75%

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Popeyes located at 17021 Canyon Parkway East in Frederickson, WA. The property consists of 2,333 square feet of building space and is situated on an estimated 0.91-acres of land. The tenant is subject to a 20-year absolute triple net (NNN) lease, that commenced on 9/30/2021. The base rent is \$176,680 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.

\*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



# Concept & Guarantor Overview

**POPEYES**  
LOUISIANA KITCHEN

## 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 - >\$1.8mm 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*



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## Ambrosia QSR

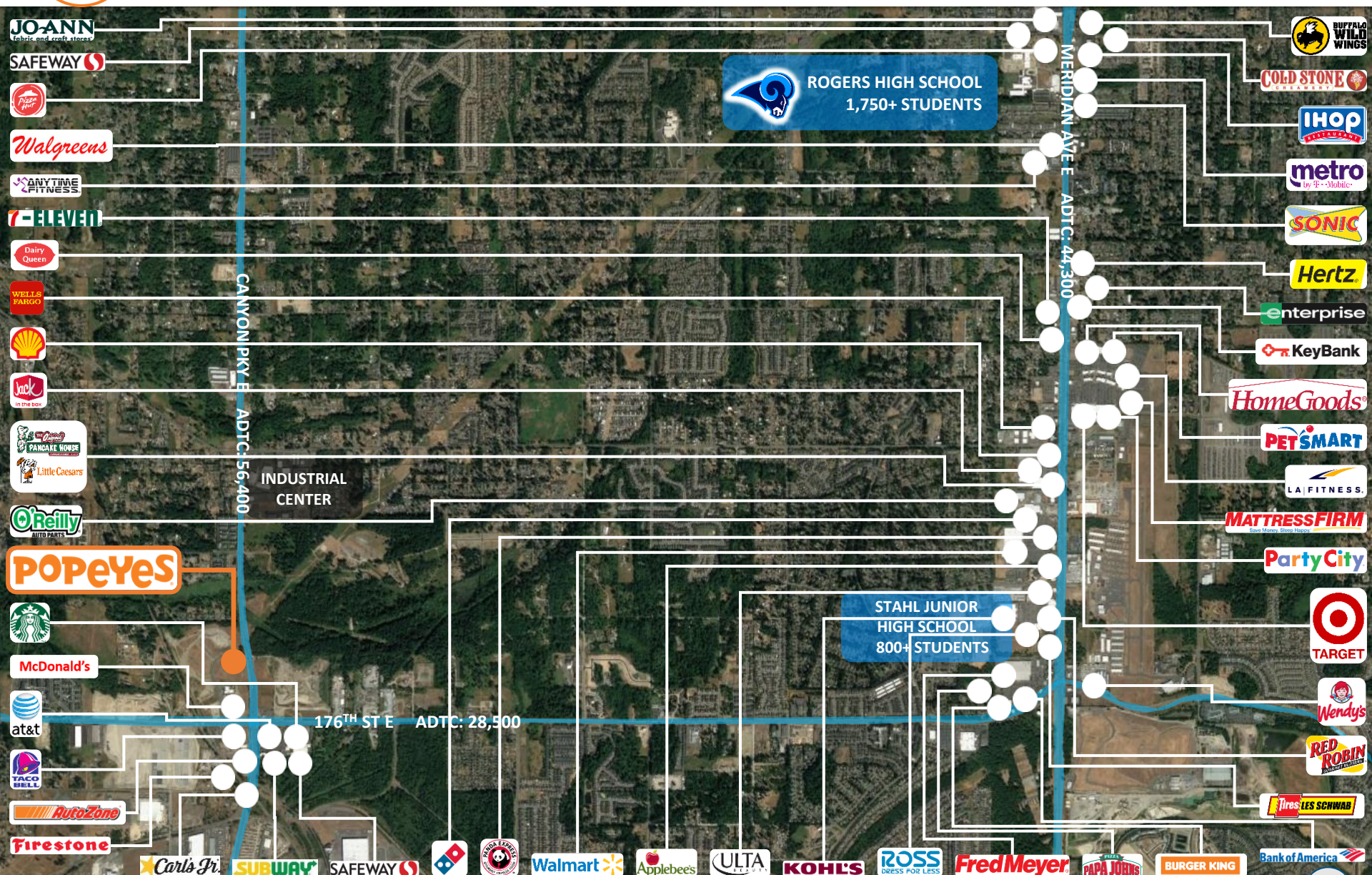
Ambrosia QSR is a well-funded developer and operator of Popeyes and Burger King locations. They are based out of Vancouver, WA with almost 150 locations throughout the Pacific Northwest. With new capital investors, the tenant is looking to expand, and the strength of the operator will only continue to 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.





# Surrounding Area

**POPEYES**  
LOUISIANA KITCHEN





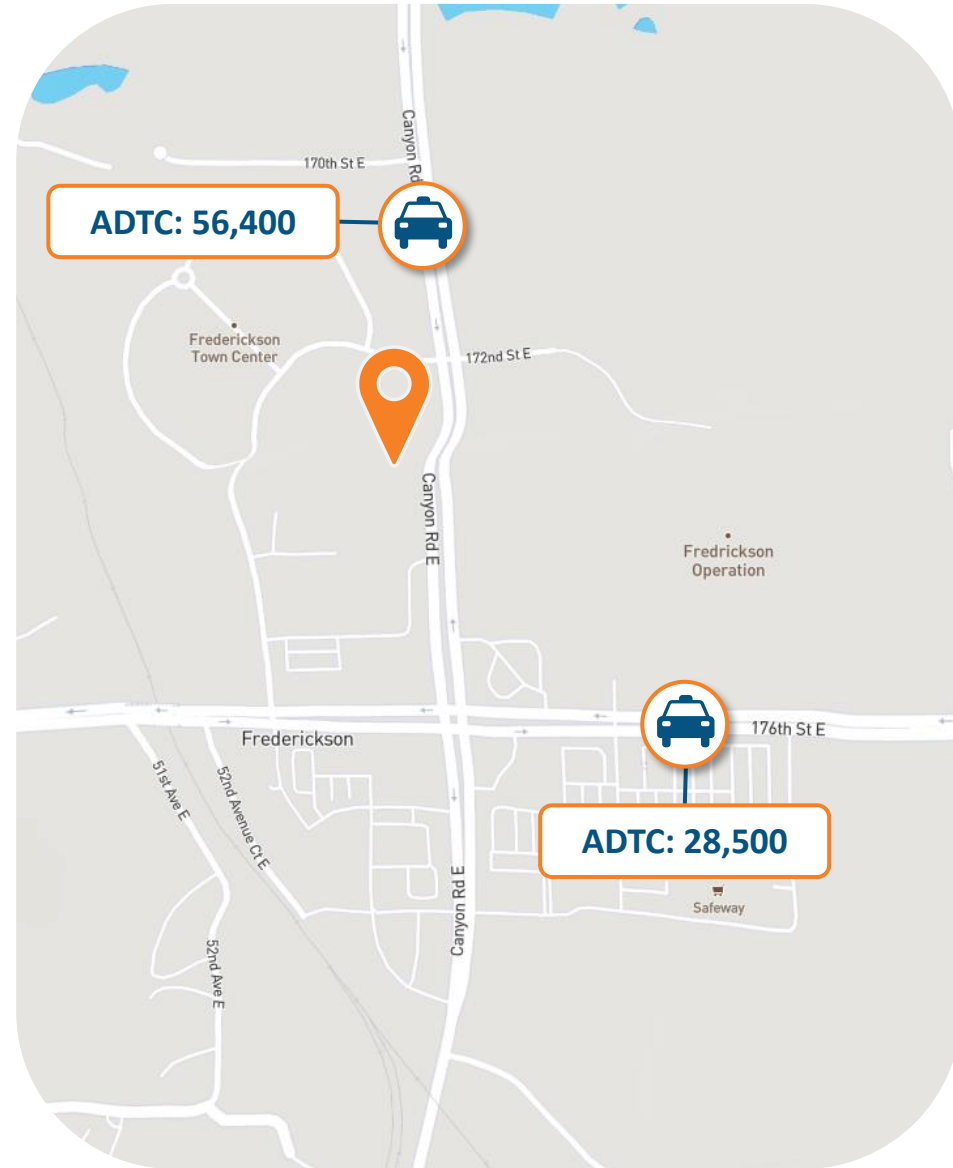


# Location Overview

The subject investment property is situated on the busiest road in the immediate area, Canyon Parkway East, surpassing average daily traffic counts of 56,400 vehicles. Directly intersecting with Canyon Pky is 176<sup>th</sup> St E, which supplies an additional 28,500 vehicles each day. The several shopping centers alongside Meridian Ave E attract 44,300 vehicles daily just east of the subject property. Canyon Pky E, on which the Popeyes stands, leads north into Tacoma, Washington, the state's third most popular city. This proximity to such a major city (less than 15 miles away) accounts for the robust demographics surrounding the Popeyes. There are 195,014 residents within a 5-mile radius of the property and 525,137 with a ten-mile radius.

This Popeyes property benefits from being well-positioned in a strong industrial and retail corridor surrounded by national and local tenants, shopping centers, and academic institutions. Major national tenants in the immediate area include Walmart, Target, Walgreens, HomeGoods, AutoZone, O'Reilly Auto Parts, Kohl's, Ross, AT&T, JoAnn Fabrics, Safeway, Taco Bell, McDonald's, and Starbucks, among many others. Additionally there are several academic institutions, most notably the nearby Rogers High School and Stahl Junior High School, which combine for an enrollment number exceeding 2,550 students. Two industrial centers in direct proximity to the subject property host numerous industries and their respective employees, contributing to this dense radius of workers, shoppers, and students.

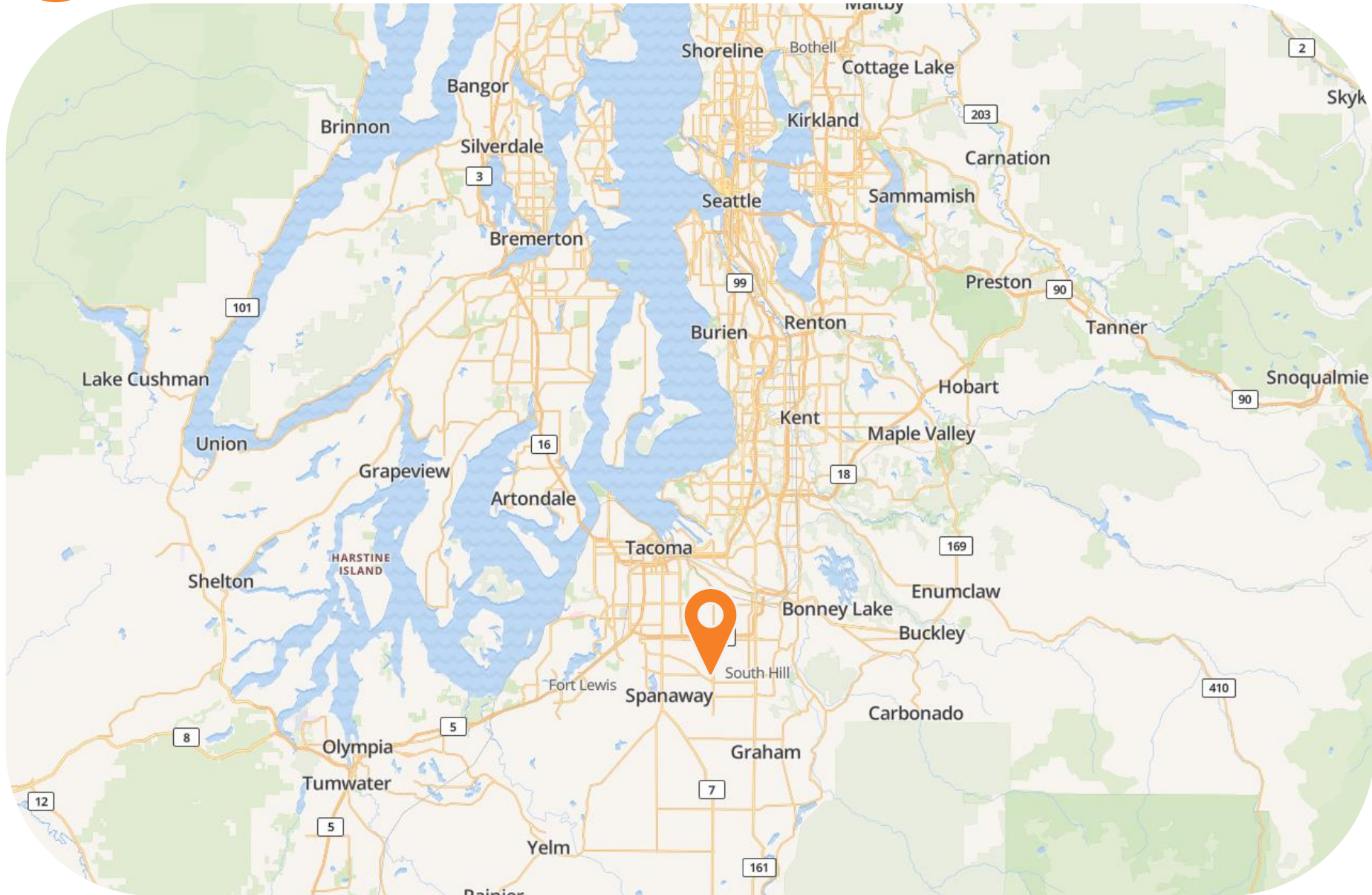
Frederickson, Washington boasts an ideal suburban location. Its proximity to Washington's twin cities, Tacoma and Seattle, drives traffic through Frederickson in high numbers disproportionate to the town's population. Such traffic accounts for the dense concentration of quick-service restaurants within the surrounding towns. Still, Frederickson is for more than passersby. Its popular parks, expansive public school system, and industrial centers and factories still growing to this day, all make Frederickson a great town to reside in. Within a three-mile radius of the subject property, the average household income is an impressive \$106,722, and Pierce County, in which Frederickson sits, has made significant investments in the town's infrastructure with plans to do so in the future.





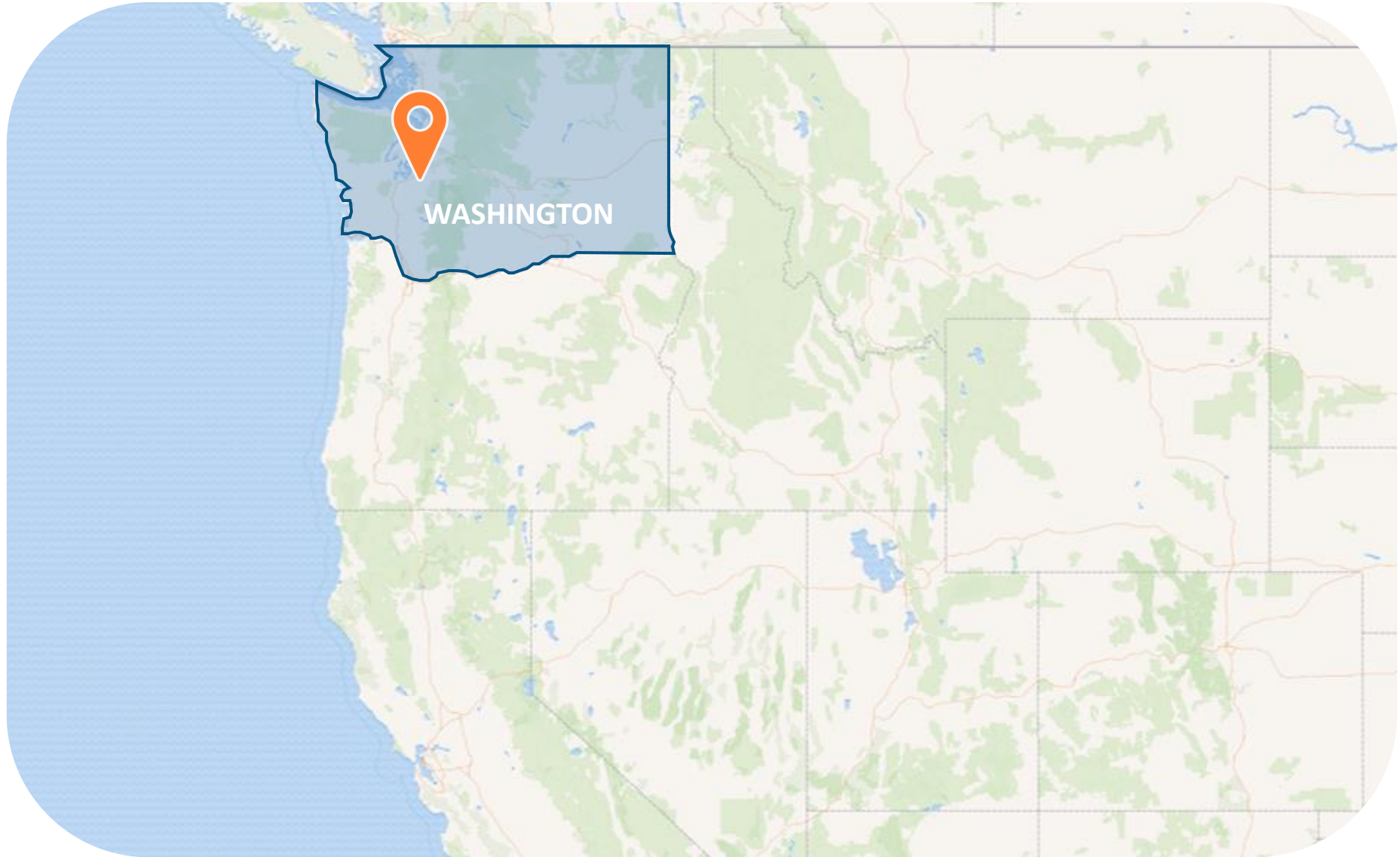


# Local Map





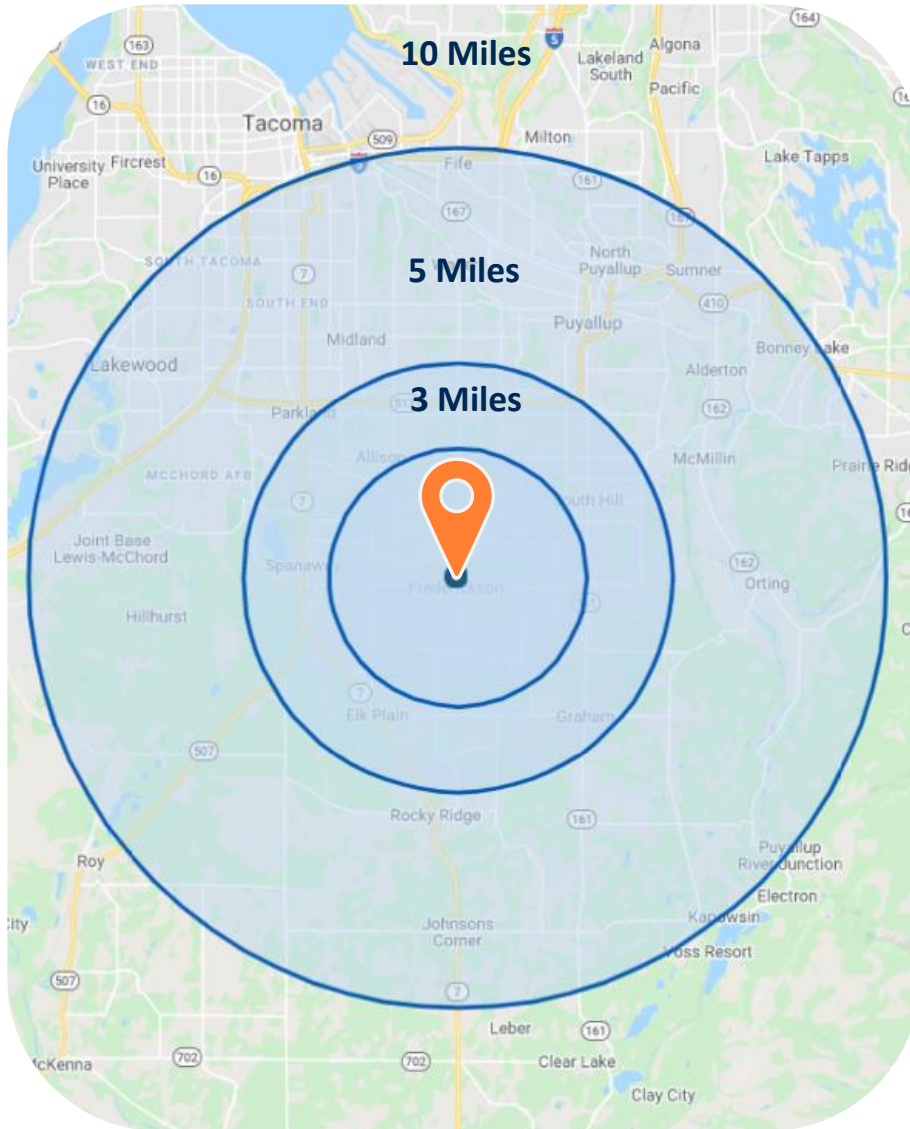
# Regional Map







# Demographics



## 3 Miles 5 Miles 10 Miles

### POPULATION TRENDS

2010 Population	65,260	154,684	438,413
2021 Population	84,173	195,014	525,137
2026 Population Projection	90,976	210,183	562,286
Annual Growth 2010-2021	2.60%	2.40%	1.80%
Annual Growth 2021-2026	1.60%	1.60%	1.40%

### POPULATION BY RACE (2020)

White	58,756	141,149	374,809
Black	7,428	15,260	43,763
American Indian/Alaskan Native	1,210	2,910	10,786
Asian	6,847	13,934	41,227
Hawaiian & Pacific Islander	2,582	5,518	12,645
Two or More Races	7,350	16,242	41,908
Hispanic Origin	9,863	21,764	71,863

### HOUSEHOLD TRENDS

2010 Households	21,622	54,289	160,208
2021 Households	28,269	69,106	191,762
2026 Household Projection	30,624	74,622	205,438
Annual Growth 2010-2021	2.40%	2.10%	1.40%
Annual Growth 2021-2026	1.70%	1.60%	1.40%

### AVERAGE HOUSEHOLD INCOME (2020)

\$106,722	\$98,132	\$91,343
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### MEDIAN HOUSEHOLD INCOME (2020)

\$93,288	\$84,796	\$75,691
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### HOUSEHOLDS BY HOUSEHOLD INCOME (2020)

< \$25,000	1,813	6,441	24,000
\$25,000 - 50,000	3,090	10,364	35,061
\$50,000 - 75,000	5,368	13,180	36,005
\$75,000 - 100,000	5,282	11,657	29,522
\$100,000 - 125,000	4,732	10,251	25,851
\$125,000 - 150,000	3,189	6,705	15,188
\$150,000 - 200,000	2,830	6,596	15,598
\$200,000+	1,966	3,912	10,538



# Market Overview



*Seattle, WA*

**Seattle** is the largest and most populous city in the U.S. State of Washington. It is a major port of the Pacific Northwest, situated on an isthmus between Puget Sound and Lake Washington. As of 2019, Seattle had an estimated population of 753,675, making it the most populous city in the Pacific Northwest with a metropolitan area population of 3.98 million, the 15<sup>th</sup> largest in the United States.

Logging was Seattle's first major industry, but by the late 19th century, the city had become a commercial and shipbuilding center as a gateway to Alaska during the Klondike Gold Rush. The city's prospered after World War II, partially due to the local Boeing company which established Seattle as a center for aircraft manufacturing. The Seattle area developed into a technology center from the 1980s onwards with companies like Microsoft becoming established in the region. Internet retailer Amazon was founded in Seattle in 1994, and major airline Alaska Airlines is based in SeaTac, Washington, serving Seattle's international airport, Seattle-Tacoma International Airport. The stream of new software, biotechnology, and Internet companies led to an economic revival, which increased the city's population by almost 50,000 between 1990 and 2000. Seattle also has a significant musical history. Between 1918 to 1951, nearly two dozen jazz nightclubs existed along Jackson Street, from the current Chinatown/International District to the Central District. The jazz scene nurtured the early careers of Ray Charles, Quincy Jones, Ernestine Anderson, and others. Seattle is also the birthplace of rock musician Jimi Hendrix, as well as the origin of the bands Nirvana, Pearl Jam, Soundgarden, Alice in Chains, Foo Fighters, and the alternative rock movement grunge.





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Marcus & Millichap

**EXCLUSIVE NET LEASE OFFERING**

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