

# MERRITT SQUARE MALL OUTPARCEL

Absolute NNN (Ground Lease) Investment Opportunity



10+ Years Remaining | Close Proximity to Major New Developments | CFA's Average Unit Volume is \$8.68M



785 E Merritt Island Causeway

**MERRITT ISLAND** FLORIDA

ACTUAL SITE





**EXCLUSIVELY MARKETING BY**



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Qualifying Broker: Patrick Nutt, SRS Real Estate Partners-SOFLO LLC | FL License No. BK3120739



## SITE OVERVIEW





PROPERTY PHOTOS





## PROPERTY PHOTOS





## OFFERING SUMMARY



## OFFERING

Pricing	\$4,125,000
Net Operating Income*	\$165,000
Cap Rate	4.00%

## PROPERTY SPECIFICATIONS

Property Address	785 E Merritt Island Causeway Merritt Island, FL 32952
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Rentable Area	4,996 SF
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Land Area	Currently Being Subdivided – Contact Broker for Details
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Year Built	2018
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Tenant	Chick-fil-A, Inc.
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Guaranty	Corporate
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Lease Type	Absolute NNN (Ground Lease)
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Landlord Responsibilities	None
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Lease Term Remaining	10+ Years
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Increases	10% Every 5 Years & Beg. of Each Option
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Options	8 (5-Year)
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Rent Commencement	8/13/2018
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Lease Expiration	8/31/2033
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\*NOI accounts for rental increase effective September 1, 2023

## RENT ROLL & INVESTMENT HIGHLIGHTS



Tenant Name	Square Feet	LEASE TERM				RENTAL RATES			
		Lease Start	Lease End	Begin	Increase	Monthly	Annually	Cap Rate	Options
<b>Chick-fil-A</b>	4,996	8/13/2018	8/31/2033	Current	-	\$12,500	\$150,000	-	8 (5-Year)
(Corporate Guaranty)				9/1/2023	10%	\$13,750	\$165,000	4.00%	10% Increase Beginning of Each Option
				9/1/2028	10%	\$15,125	\$181,500	4.40%	

### 10+ Years Remaining | Upcoming 10% Increase in September 2023 | Established Tenant With \$8.68M AUV

- The lease is corporate signed by Chick-Fil-A, Inc., one of the largest American fast food restaurant chains
- Over 10 years remaining in the initial term with 8 (5-year) options to extend, demonstrating their long-term commitment to the site
- 10% rental increases in Sept. 2023, Sept. 2028, and at beginning of each option period, increasing NOI and hedging against inflation
- Chick-Fil-A, in its annual FDD, revealed it generated \$18.8 billion in U.S. systemwide sales in 2022
- The company operates more than 2,774 restaurants in 50 states, Washington, D.C., and Canada
- Chick-Fil-A's average unit volume is \$8.68 million making it the top performing QSR by AUV by a wide margin

### Absolute NNN Ground Lease | No State Income Tax | Zero Landlord Responsibilities | Undergoing Parcelization

- Tenant pays for CAM, taxes, insurance, and maintains all aspects of the premises
- No landlord responsibilities
- Ideal, management-free investment in a state with no state income tax
- The land for the Chick-Fil-A is currently being subdivided – contact broker for more details

### Signalized Hard Corner Intersection | Main Retail Corridor | Outparcel of Merritt Square Mall | Nearby Development

- Located near the signalized hard corner intersection of E Merritt Island Causeway (42,000 VPD) and S Sykes Creek Pkwy (12,200 VPD)
- Merritt Island Causeway is a major retail corridor with many national/credit tenants such as Publix, Macy's, Starbucks, Walgreens, and more
- Equipped with a dual-lane drive-thru, promoting ease of access for customers
- Located on an outparcel of Merritt Square Mall, anchored by Macy's, JCPenney, Sears, and Dillard's
- Strong tenant synergy promotes crossover traffic to the subject property
- Health First has received approvals to build a seven-story, 120-bed hospital with an adjoining medical office building and wellness village on a 15.05-acre site, across State Road 520 from Merritt Square Mall (see page 14 for more)

### Local Demographics in 5-Mile Trade Area | FL's Space Coast | Merritt Island - Desirable Location

- Nearly 90,000 residents and 43,000 employees support the trade area
- Features an average household income of \$94,370
- Florida's "Space Coast" is roughly 50 miles east of Orlando and 80 miles south of Daytona Beach, which includes towns like Cocoa, Satellite Beach, Titusville, Merritt Island, Palm Bay and Melbourne
- According to Forbes, "Hotels in the region are also getting a nice lift from the return of corporate and business travel, which lapsed during the pandemic. . . 2022 hotel performance has surpassed pre-pandemic highs—with room night demand (hotel rooms rented) up 5% year over year"

# PROPERTY OVERVIEW



## LOCATION



Merritt Island, Florida  
Brevard County  
Palm Bay – Melbourne – Titusville MSA

## ACCESS



E. Merritt Island Causeway: 3 Access Points  
S. Sykes Creek Pkwy: 2 Access Points

## TRAFFIC COUNTS



E. Merritt Island Causeway: 42,000 VPD  
S. Sykes Creek Pkwy: 12,200 VPD

## IMPROVEMENTS



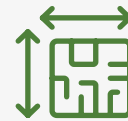
There is approximately 4,996 SF of existing building area

## PARKING



There are approximately 70 parking spaces on the owned parcel.  
The parking ratio is approximately 14.01 stall per 1,000 SF of leasable area.

## PARCEL



TBD (Undergoing Parcelization)  
Contact Broker for More Details

## CONSTRUCTION



Year Built: 2018

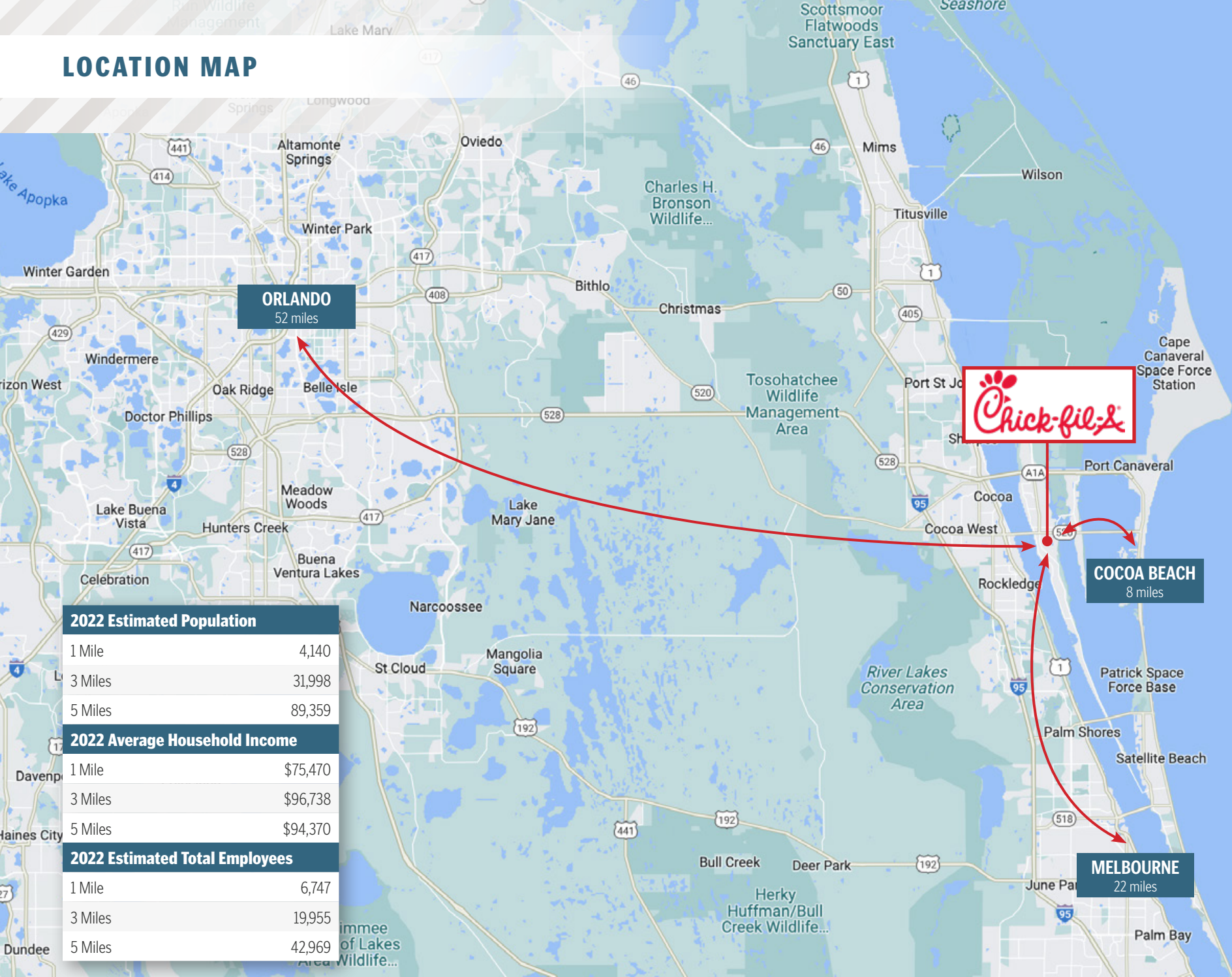
## ZONING



Commercial



## LOCATION MAP























### Brevard Planning Board OKs zoning change, variances for new Merritt Island hospital

Posted May 11, 2022

Despite concerns raised by residents of a neighboring condominium development, a county advisory board this week approved zoning changes and variances that would allow Health First to build a new hospital and «wellness village» on Merritt Island.

The unanimous approval Monday from the Brevard County Planning and Zoning Board follows a similar unanimous vote on April 28 from the Merritt Island Redevelopment Agency. Health First's proposal now goes to the Brevard County Commission for a potential final vote on May 26.

Health First wants to build a seven-story, 120-bed hospital with an adjoining medical office building and «wellness village» on a 15.05-acre site, across State Road 520 from Merritt Square Mall. The \$508 million complex would replace the current six-story, 150-bed Cape Canaveral Hospital off State Road 520 in Cocoa Beach, which would close when the new hospital opens.

All the rooms in the new hospital would be private, in contrast with the current Cape Canaveral Hospital, where the majority of the rooms are semiprivate — designed for two patients.

Among the components of the health village will be a fitness center, a spa, an education center for health and wellness education, a concierge tower, a child care center, a restaurant, a coffee shop, a market/juice bar and retail space. Proponents of the project see it as creating a «downtown» feel for that section of Merritt island, in conjunction with the mall and the nearby Brevard Veterans Memorial Center.



Source: Florida Today  
Read Full Article [HERE](#)





## Americans Moved to Low-Tax States in 2022

Posted January 10, 2023

Americans were on the move in 2022 and chose low-tax states over high-tax ones. That's the finding of recent U.S. Census Bureau population data and commercial datasets released this week by U-Haul and United Van Lines.

The U.S. population grew 0.4 percent between July 2021 and July 2022, an increase from the previous year's historically low rate of 0.1 percent. While international migration helped numbers on the national level, interstate migration was still a key driver of state population numbers. New York's population shrunk by 0.9 percent between July 2021 and July 2022, Illinois lost 0.8 percent of its population, and Louisiana (also 0.8 percent), West Virginia (0.6 percent), and Hawaii (0.5 percent) rounded out the top five jurisdictions for population loss. At the same time, Florida gained 1.9 percent, while Idaho, South Carolina, Texas, South Dakota, Montana, Delaware, Arizona, North Carolina, Utah, Tennessee, Georgia, and Nevada all saw population gains of 1 percent or more.

This population shift paints a clear picture: people left high-tax, high-cost states for lower-tax, lower-cost alternatives.

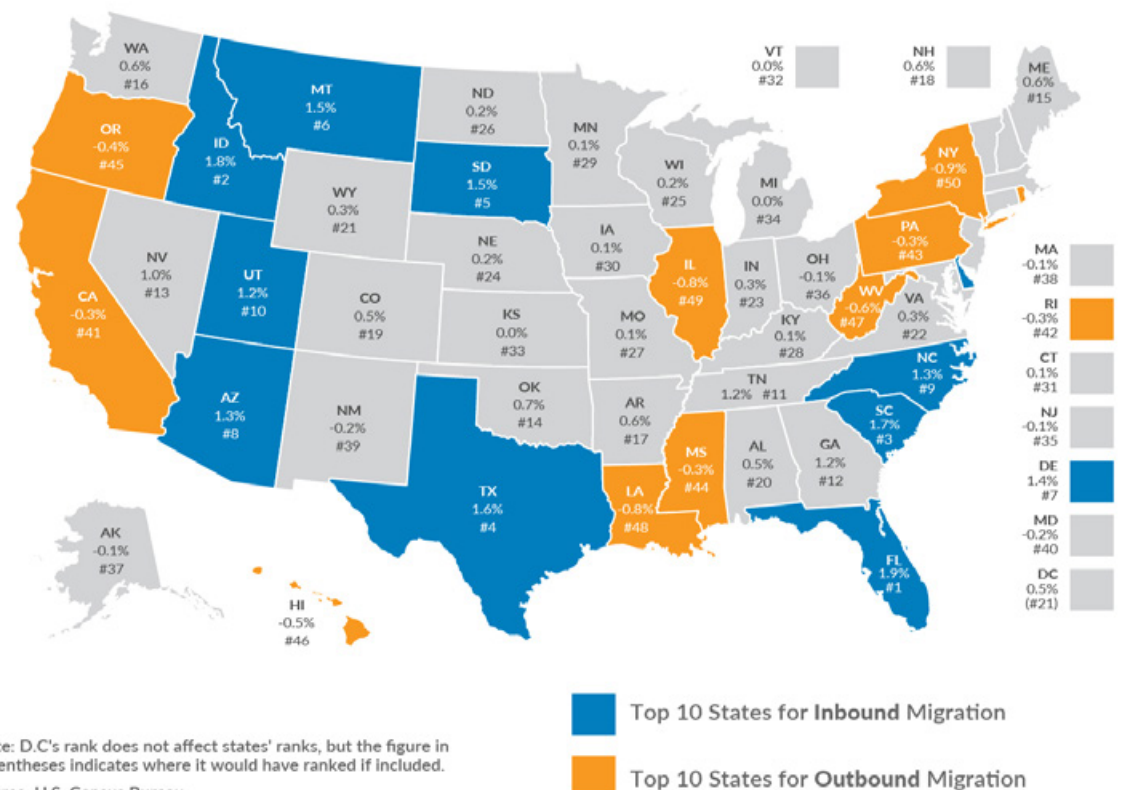
The individual income tax is illustrative here (though only one component of overall tax burdens, it is often highly salient). In the top third of states for population growth (including D.C.), the average combined top marginal state income tax rate is about 4.0 percent. In the bottom third, it's about 6.6 percent.

Six states in the top third forgo taxes on wage income (Florida, Texas, South Dakota, Tennessee, and Nevada, as well as Washington, which taxes capital gains income but not wage income), and the highest top rate in that cohort is Maine's 7.15 percent. Among the bottom third, five jurisdictions—California, Hawaii, New Jersey, New York, and

Oregon—have double-digit income tax rates, and—excepting Alaska, with no income tax—the lowest rate is in Pennsylvania, where a low state rate of 3.07 percent is paired with some of the highest local income tax rates in the country. Six states in the bottom third have local income taxes; only one in the top third does.

## State Population Change in 2022

State Migration Patterns, from Most Inbound to Most Outbound, 2022

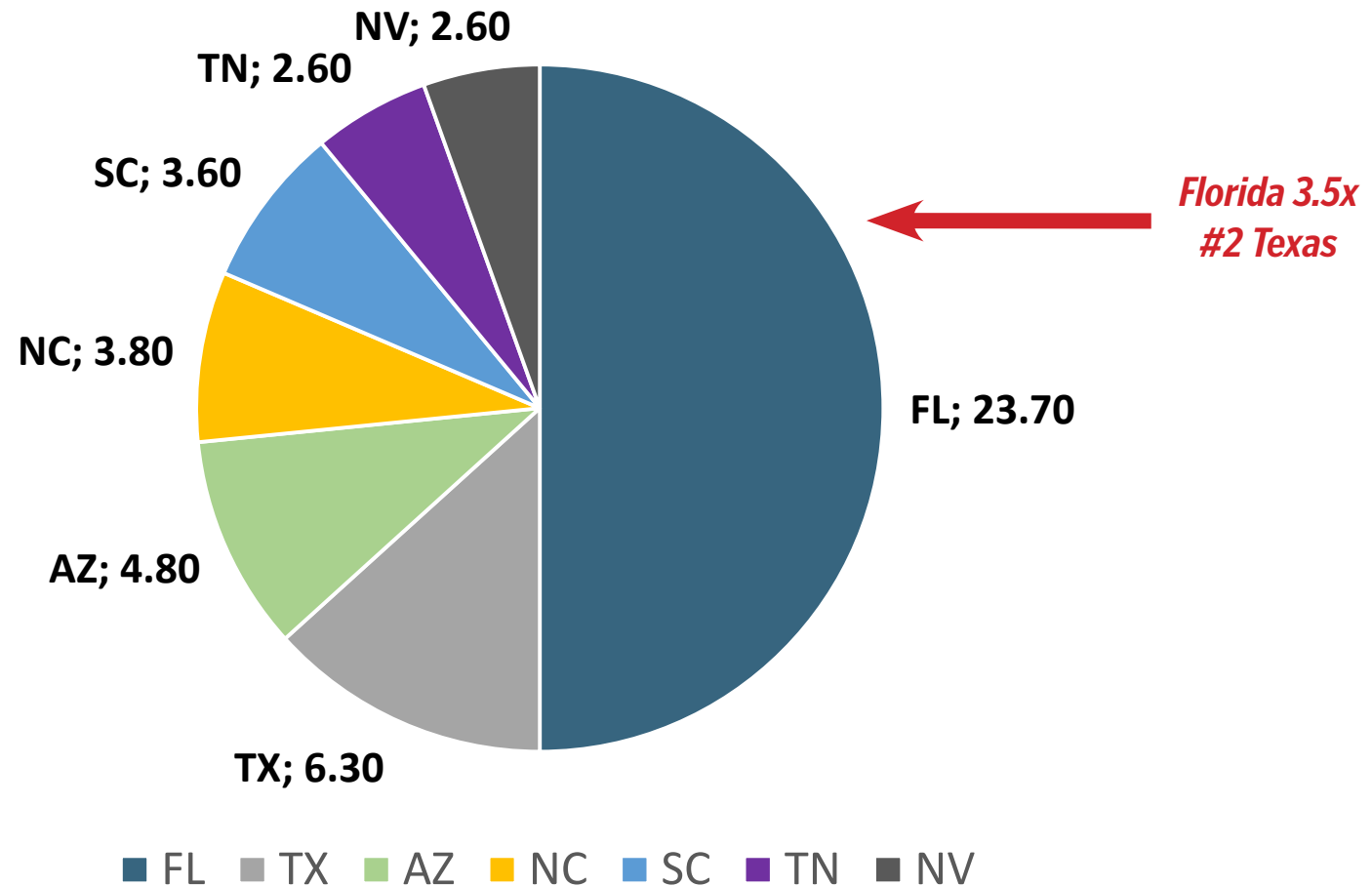


Source: Tax Foundation  
Read Full Article [HERE](#)





## NET INCOME MIGRATION (\$ BILLIONS): TOP 7



Florida has experienced the largest net income migration since the onset of the coronavirus pandemic. The latest available IRS data shows \$23.7 billion in net annual income migration and the Florida Chamber Foundation expects that figure to continue expanding as people from other states come to Florida. This figure is roughly 3.5 times higher than the Texas which saw the second highest net income growth.





## Chick-fil-A Nearing \$19 Billion in Sales

FAST FOOD | APRIL 6, 2023 | DANNY KLEIN

Chick-fil-A was one of the industry's top performers ahead of the pandemic, a reality that only anchored deeper as drive-thrus became the lifeline of quick service. Chick-fil-A operators turned parking lots into transaction centers, lines into double and triple makeshifts, with the brand's outside order-takers roaming through stacks wrapped around buildings.

In QSR's 2022 Drive-Thru Report in tandem with Intouch Insights, Chick-fil-A lagged the field in average service time at 325.47 seconds. However, this wasn't so much a signal of the brand's clock slowing as much as it illustrated how busy Chick-fil-A truly was. The chain was given a 93 percent for speed of service satisfaction, per QSR's Drive-Thru survey, which trailed only Arby's (96 percent).

Source: QSR Magazine

Read Full Article [HERE](#)

The reason owes to a double-sided point: When it came to the number of cars in line when mystery shoppers pulled up, Chick-fil-A began at the bottom—only 11 percent of the time there were no cars ahead—and rocketed into its own stratosphere at the five-car mark. There, shoppers saw five vehicles lined up nearly 11 percent of the time. The closest brand was McDonald's and Burger King at 4 percent.

The average cars in line went as follows: Chick-fil-A, 5.45; McDonald's, 3.13; Wendy's, 2.67; Arby's, 2.28; Burger King, 2.19; Taco Bell, 2.17; Dunkin', 2.11; KFC, 1.8; Hardee's, 1.64; and Carl's Jr. 1.63.

Here's average total time by cars in line. Simply, Chick-fil-A was moving people quicker than anybody else.

1. Chick-fil-A: 107.41 (seconds)
2. McDonald's: 118
3. Taco Bell: 127.58
4. Arby's: 139.92
5. Dunkin': 140.21
6. Wendy's: 141.67
7. Burger King: 147.43
8. KFC: 142.84
9. Hardee's: 180.21
10. Carl's Jr. 193.6

Chick-fil-A's total revenue and income in 2022 was \$6,373,786,108. In 2021, it was \$5,764,153,899 and \$4,321,122,548 the year before.

Along this path, Chick-fil-A has posted steady growth. It expanded by a net of 100 stores in 2022, climbing from 2,311 franchised and company-run units to 2,411. In the past three years, the chain has added 100, 102, and 98 units, each calendar, respectively. Last year, Chick-fil-A trimmed its company-owned restaurant count by eight stores from 81 to 73, but grew its franchised footprint 108 venues from 2,230 to 2,338.

As always, where Chick-fil-A emerges is at the store level. For freestanding and drive-thru locations (non-mall environments), of which about 1,925 locations counted and were opened at least a full calendar year, the median annual sales volume was \$8.51 million and average annual sales volume \$8.676 million, with 919 of the 1,925 locations, or 48 percent, hitting that mark or higher. One operator pulled in \$16.985 million. Roughly 34 percent reported annual sales volumes less than \$7.6 million. About 33 percent fell between \$7.6 and \$9.5 million. And, in maybe the most pulsing stat, 33 percent of operators in this freestanding field generated annual sales volumes north of \$9.5 million.

In 2021, the figure was \$8.142 million, which was nearly 15 percent higher than Chick-fil-A's 2020 result of \$7.096 million.



## AREA DEMOGRAPHICS



	1 Mile	3 Miles	5 Miles
<b>Population</b>			
2022 Estimated Population	4,140	31,998	89,359
2027 Projected Population	4,116	32,070	90,050
2022 Median Age	51.2	51.2	48.7
<b>Households &amp; Growth</b>			
2022 Estimated Households	1,807	14,378	38,539
2027 Projected Households	1,799	14,436	38,877
<b>Race &amp; Ethnicity</b>			
2022 Estimated White	82.9%	77.9%	71.0%
2022 Estimated Black or African American	1.9%	6.9%	12.4%
2022 Estimated Asian or Pacific Islander	2.5%	2.4%	2.2%
2022 Estimated American Indian or Native Alaskan	0.5%	0.4%	0.4%
2022 Estimated Other Races	2.1%	2.0%	3.6%
2022 Estimated Hispanic	8.8%	9.0%	11.2%
<b>Income</b>			
2022 Estimated Average Household Income	\$75,470	\$96,738	\$94,370
2022 Estimated Median Household Income	\$90,486	\$114,735	\$110,450
<b>Businesses &amp; Employees</b>			
2022 Estimated Total Businesses	806	2,515	5,139
2022 Estimated Total Employees	6,747	19,955	42,969







Field Manor

## MERRITT ISLAND, FLORIDA

Merritt Island is a census-designated place on the eastern coast of Florida. It is home to a world-renowned space center, a wildlife refuge, and a vast collection of natural wonders. You can find it in Brevard County, facing the western side of the North Atlantic Ocean.

It encompasses a good division of residential spaces and commercial and industrial regions across its 17.5-square-mile land zone. Merritt Island is a peninsula that links to other Florida counties and natural waterways. It makes for an accessible destination for tourists visiting the Sunshine State. These are the best things to do in Merritt Island, Florida, that you should include in your itinerary.

- As one of NASA's ten field centers, Kennedy Space Center is among the most popular sites on Merritt Island, located at Space Commerce Way. Its visitor's arm, the Kennedy Space Center Visitor Complex, opened in 1967. The center allows access to displays and exhibits about spacecraft and outer space explorations. Located inside the space center, it welcomes millions of visitors annually, with 1.7 million recorded in 2016.
- Windsurfing on Merritt Island is an everyday recreational sport made even more famous by Calema Windsurfing and Watersports. Visitors of the peninsula should go for a day of exciting activity inside Kelly Park.
- Tour Merritt Island and its nearby areas by booking a flight with Beachside Helicopters at Manor Drive, Merritt Island Airport. This aerial tour allows you to have a VIP view of the peninsula over water and its city attractions aboard the amphibious helicopter Robinson R44 Clipper II.
- If you are interested in history, spend a day at Field Manor to walk down the past of Merritt Island.
- Kayak around Pine Island Conservation Area. Pine Island Conservation Area at Pine Island Road is an 880-acre sanctuary for diverse marine wildlife.
- Golf enthusiasts will likely enjoy a day at Savannahs Golf Course, an 18-hole course with wetlands across its range.
- Check Out Military Displays at Brevard Veterans Memorial Center Military Museum.
- Merritt Island has one of the finest views for a rocket launch, the Rocket Launch Viewing Area at Kelly Park East on Banana River Drive.



## BRAND PROFILE



### CHICK-FIL-A

**chick-fil-a.com**

**Company Type:** Private

**Locations:** 2,770+

Atlanta-based Chick-fil-A, Inc. is a family owned and privately held restaurant company founded in 1967 by S. Truett Cathy. Chick-fil-A, Inc. owns, operates, and franchises a chain of quick-service chicken restaurants in the United States. Its restaurant concepts include mall/in-line restaurants; stand-alone restaurants; drive-thru only outlets; full-service restaurants; non-traditional outlets; and satellite/lunch-counters. The company also includes a '50s diner-themed concept frill restaurant; and a restaurant concept that offers fresh seafood items, as well as other Hawaii-inspired dishes. In addition, it offers catering services. Devoted to serving the local communities in which its franchised restaurants operate, and known for its original chicken sandwich, Chick-fil-A serves freshly prepared food in more than 2,774 restaurants in 50 states, Washington, D.C., and Canada.







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