

IHOP - NEW 20 YR ABS. NNN LEASE

7735 MARSHA SHARP FREEWAY, LUBBOCK, TX 79424



REPRESENTATIVE PHOTO

OFFERING MEMORANDUM

Marcus & Millichap



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Executive Summary

7735 Marsha Sharp Freeway, Lubbock, TX 79424

FINANCIAL SUMMARY

Price	\$3,962,000
Cap Rate	5.30%
Building Size	+/- 4,126 SF
Net Cash Flow	5.30% \$210,000
Year Built	2024
Lot Size	1.02 Acres

LEASE SUMMARY

Lease Type	Absolute Triple-Net (NNN) Lease
Tenant	RMLS HOP TEXAS, LLC
Guarantor	RMLS Hop, LLC
Roof & Structure	Tenant Responsible
Rent Commencement Date	Upon Close of Escrow
Lease Expiration Date	20 Years from Close of Escrow
Lease Term	20 Years
Rental Increases	10% Every 5 Years
Renewal Options	6, 5 Year Options

ANNUALIZED OPERATING DATA

Lease Years	Annual Rent	Cap Rate
Years 1 - 5	\$210,000.00	5.30%
Years 6 - 10	\$231,000.00	5.83%
Years 11 - 15	\$254,100.00	6.41%
Years 16 - 20	\$279,510.00	7.05%
Renewal Options	Annual Rent	Cap Rate
Option 1	\$307,461.00	7.76%
Option 2	\$338,207.10	8.54%
Option 3	\$372,027.81	9.39%
Option 4	\$409,230.59	10.33%
Option 5	\$450,153.65	11.36%
Option 6	\$495,169.02	12.50%

Base Rent	\$210,000
Net Operating Income	\$210,000
Total Return	5.30% \$210,000





Covenant Park

COVENANT PARK is a unique lifestyle development, combining health and wellness with a high quality destination for shopping, dining, and entertainment. This 72-acre medical-anchored regional mixed-use development is located at the intersection of Marsha Sharp Freeway and 82nd Street. Covenant Park is located west of the Milwaukee corridor and off Upland Avenue, the fastest-growing area in the region with more than 13,000 new homes either under construction or planned to be built. West Lubbock has been the highest new home growth area in the region for the past three years. Additionally, a sports facility located across the freeway from the project was booked 42 weekends for tournaments last year, increasing the need for more nearby hotels and restaurants.

Key aspects of the Covenant Park project include:

- » The hospital has approximately 375 employees during the day and performed 11,000 surgical procedures in 2023.
- » The 83,000-square-foot Schulman's Movie Bowl Grilled broke ground in Q2 2024 and will include movie theaters, bowling, indoor pickleball courts, an arcade, a full restaurant, and a two-story brewery.
- » Covenant Park will feature a green space to host concerts and other live music events, as well as movie nights, yoga in the park, and more.
- » Leases have been signed or are under LOI with a number of tenants, including an upscale Italian concept, a boutique fitness concept, a major QSR brand, a bank, full-service restaurants, a haircut franchise, a hotel, and more.



Property Description



INVESTMENT HIGHLIGHTS

- » **New 20-Year Absolute Triple-Net (NNN) Lease with a Top IHOP Franchisee - 118**
- Location Operator/Guarantor**
- » 10 Percent Rental Increases Every Five Years with Multiple Renewal Options
- » **Easily Accessible Location with Close Proximity to US 62 (25,418 Cars per Day)**
- » Part of the Future Covenant Park Development [72-Acre Mixed Use Development]
- » **Location within a 15-Minute Drive of Downtown Lubbock**
- » Average Household Income Exceeds \$123,000 in a 3-Mile Radius
- » **361,000 Residents within a 10-Mile Radius in a Growing Trade Area**
- » Located Across from Tenants such as Tractor Supply, Sonic, HF&C Feeds Inc, & Phillips 66



DEMOGRAPHICS

3-miles

5-miles

10-miles

Population

2028 Projection	15,528	143,693	378,267
2023 Estimate	15,093	138,087	361,842
Growth 2023 - 2028	2.88%	4.06%	4.54%

Households

2028 Projection	16,149	50,369	120,764
2023 Estimate	14,529	45,943	111,432
Growth 2023 - 2028	11.15%	9.63%	8.38%

Income

2023 Est. Average Household Income	\$123,275	\$100,362	\$85,073
2023 Est. Median Household Income	\$90,293	\$70,437	\$58,600

Tenant Overview



GLENDALE, CALIFORNIA

Headquarters



1,800+

Locations



IHOP.COM

Website



1958

Founded



NYSE: DIN

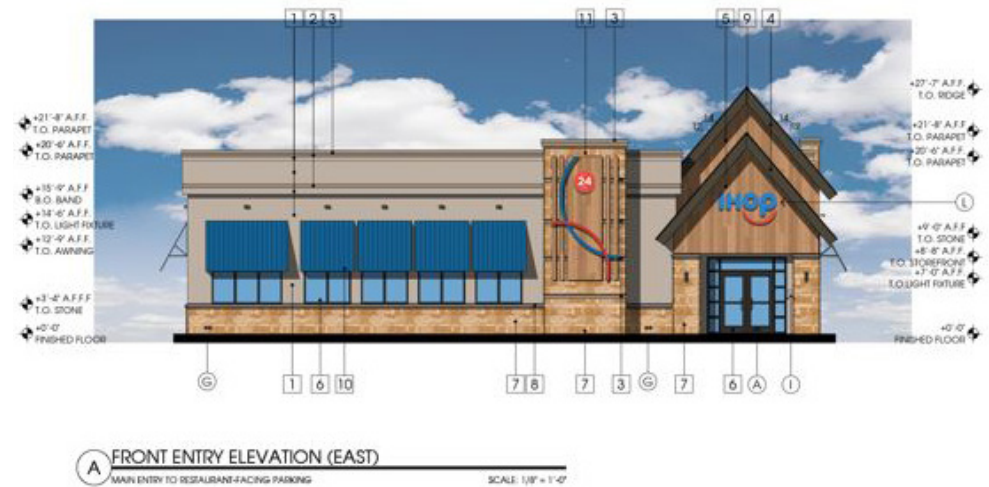
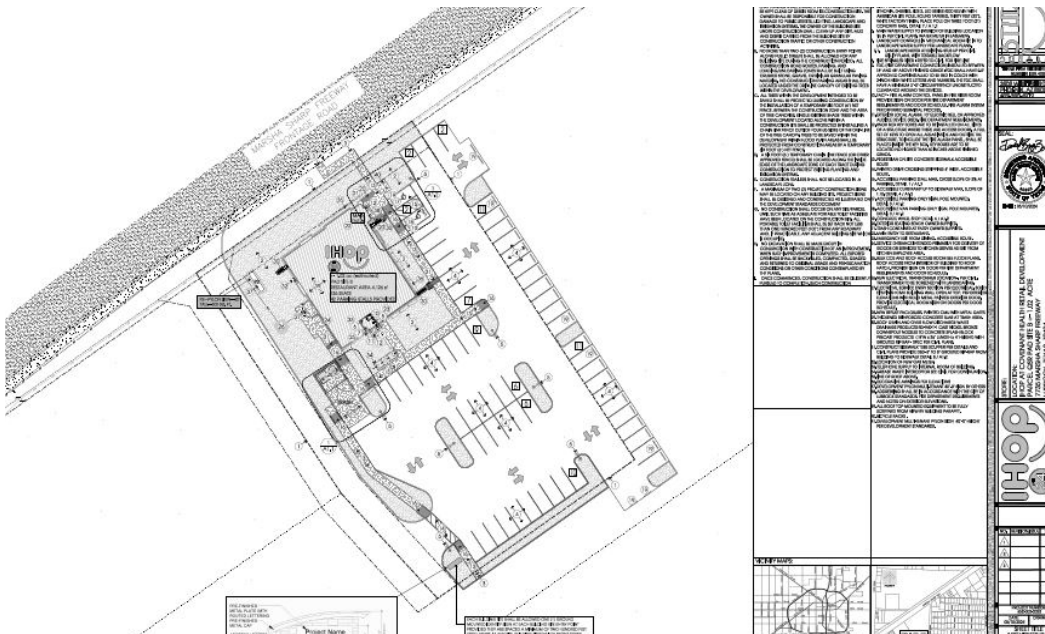
Stock Symbol

IHOP® competes in the Family Dining segment of the restaurant industry, and all IHOP restaurants are owned by independent franchise operators. For 65 years, the IHOP family restaurant chain has served its world famous pancakes and a wide variety of breakfast, lunch and dinner items that are loved by people of all ages. IHOP offers its guests an affordable, everyday dining experience with warm and friendly service.

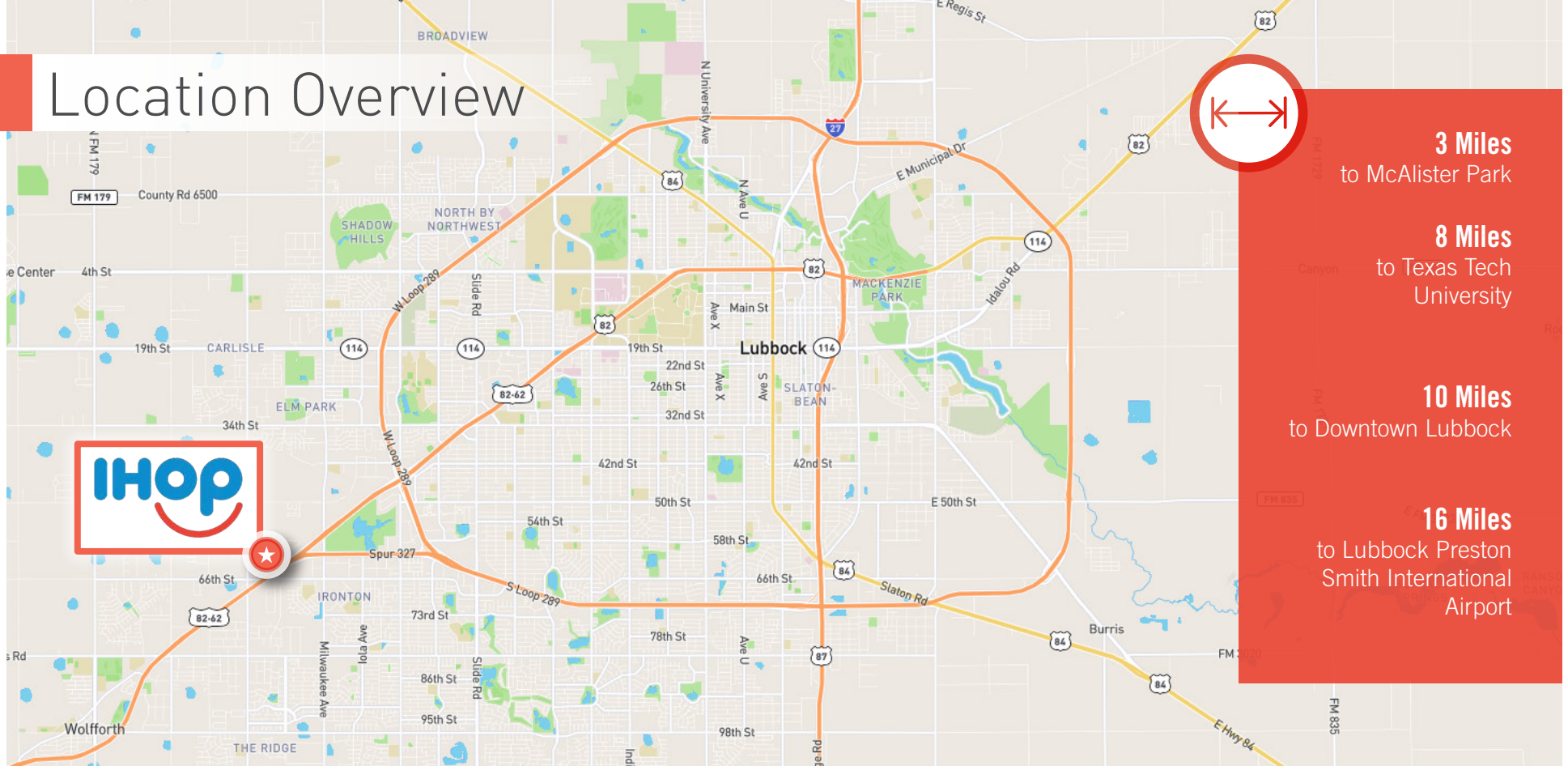
As of 2024, there are over 1,800 IHOP restaurants worldwide. International House of Pancakes, LLC is a wholly-owned subsidiary of Dine Brands Global (NYSE: DIN). Dine Brands Global (DINE) is one of the world's largest full-service dining companies and franchisor of Applebee's Grill + Bar and IHOP, two of America's most iconic and enduring brands. DINE operates over 3,530 locations in 17 countries.

FRANCHISEE: ROMULUS RESTAURANT GROUP – Headquartered in Phoenix, Arizona and founded in 1991, Romulus Restaurant Group operates 118 IHOP restaurants in Arizona, Idaho, Oklahoma, Kansas, Texas, New Mexico, Indiana, Illinois, Tennessee, Ohio, and Washington. 12 of these IHOP locations reside in the Tulsa, Oklahoma market. The subject property is the franchise's 118th location and is projected to open by the end of 2024. Romulus has consistently ranked in the "Franchise Top 100" by the Restaurant Finance Monitor and received numerous awards from IHOP corporate including Franchisee of the Year.

Site Plan & Building Renderings



Location Overview



Home to Texas Tech, one of the largest universities in the state, Lubbock is also the most populous metro in the western Texas and eastern New Mexico region. The county seat of Lubbock County, the city is home to an estimated 329,000 residents. The Lubbock metro is known for its oil, cotton production, and education and health care sectors. The Midland Basin, which encompasses Lubbock, is one of the largest contiguous oil fields in the United States. Lubbock, nicknamed “Hub City,” is the economic, education, cultural, entertainment, and health-care hub of the region.

Located within Lubbock, Texas Tech University is the largest employer in the metro with nearly 21,000 employees. The university enrolls over 40,000 students each

year. Other higher education institutions in the metro include Lubbock Christian University, Wayland Baptist University, and South Plains College. Overall, the metro is home to more than 52,000 college students, providing a young and skilled labor pool.

Energy efficiency, telecommunications, and technology have a strong impact on Lubbock’s local economy, accounting for 15 percent of the city’s total gross product. The market has a thriving agriculture industry, and is the location of the United States Department of Agriculture plant, livestock, and water conservation research efforts. Monsanto has a cotton seed processing facility that contributes to the area’s cotton industry, while adding high-paying jobs to the economy.



Information About Brokerage Services

11-2-2015

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

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:

o that the owner will accept a price less than the written asking price;

o that the buyer/tenant will pay a price greater than the price submitted in a written offer; and

o 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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Regulated by the Texas Real Estate Commission		Buyer/Tenant/Seller/Landlord's Initials	Date

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investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

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