



VIEW PROPERTY VIDEO

OFFERING MEMORANDUM

PRESERVE
WEST
CAPITAL



Chick-fil-A
Palestine, TX

This property is listed in conjunction with Texas-licensed real estate broker Delta Commercial.

www.preservewestcapital.com

TABLE OF CONTENTS



PROPERTY HIGHLIGHTS	1	AERIAL	5
PROPERTY OVERVIEW	2	ABOUT THE AREA	8
TENANT INFORMATION	3	DEMOGRAPHICS	10
SITE PLAN	4		

Disclaimer

Preserve West Capital ("Broker") has been retained on an exclusive basis to market the property described herein ("Property"). Broker has been authorized by the Seller of the Property ("Seller") to prepare and distribute the enclosed information ("Material") for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

The Material is intended solely for the purpose of soliciting expressions of interest from qualified investors for the acquisition of the Property. The Material is not to be copied and/or used for any other purpose or made available to any other person without the express written consent of Broker or Seller. The Material does not purport to be all-inclusive or to contain all of the information that a prospective buyer may require. The information contained in the Material has been obtained from the Seller and other sources and has not been verified by the Seller or its affiliates. The pro forma is delivered only as an accommodation and neither the Seller, Broker, nor any of their respective affiliates, agents, representatives, employees, parents, subsidiaries, members, managers, partners, shareholders, directors, or officers, makes any representation or warranty regarding such pro forma. Purchaser must make its own investigation of the Property and any existing or available financing, and must independently confirm the accuracy of the projections contained in the pro forma.

Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

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PROPERTY HIGHLIGHTS



- New 20-Year Absolute NNN Lease to Chick-fil-A
 - Scheduled 10% Rental Escalations Every 5 Years and at Options
 - Unique Fee Simple Chick-fil-A Property Including Improvements – Benefit of Depreciation
 - No Landlord Maintenance Responsibilities
- Brand New 2020 Construction
- Highly Functional Footprint Featuring Double Drive-Thru Component
- Excellent Access & Visibility Along South Loop 256
 - 27,544 AADT
- Strong Demographics in Surrounding Area
 - Total Daytime Population of 21,143 within Five Miles of Site
- Strategic Location within Dense Retail Hub
 - Nearby Anchor Tenants Include Walmart Supercenter, Lowe's, CVS, Walgreens, Hobby Lobby, Tractor Supply Co., & More
- Adjacent to Palestine Middle School & Palestine High School
- Less than Two Miles from Palestine Regional Medical Center
- Equidistant from Houston, Dallas, and Shreveport



Location

The property is located at 1940 South Loop 256 in Palestine, Texas.

Lot Size

Approximately 1.31 acres or 57,064 square feet.

Improvements

Construction completed in 2020 of an approximately 5,146 square foot building with a double drive-thru component for **Chick-fil-A**.

Lease

Leased to **Chick-fil-A, Inc.** for 20 years from October 22, 2020 through October 31, 2040 at an initial annual rent of \$221,397. There are thirteen (13) five-year options to renew the lease. Rent is to increase by 10% every 5 years and at the start of each option period. The lease is net with tenant responsible for all taxes, insurance, and maintenance.

Parking

There are a total of 47 parking spaces available on site.

Financing

The property will be delivered free and clear of permanent financing.

PRICE

\$6,326,000
3.50% Return

Annual Rent

Year		Annual Rent	Return
1-5		\$221,397	3.50%
6-10		\$243,537	3.85%
11-15		\$267,890	4.23%
16-20		\$294,679	4.66%
21-25	(Option 1)	\$324,147	5.12%
26-30	(Option 2)	\$356,562	5.64%
31-35	(Option 3)	\$392,218	6.20%
36-40	(Option 4)	\$431,440	6.82%
41-45	(Option 5)	\$474,584	7.50%
46-50	(Option 6)	\$522,043	8.25%
51-55	(Option 7)	\$574,247	9.08%
56-60	(Option 8)	\$631,671	9.99%
61-65	(Option 9)	\$694,839	10.98%
66-70	(Option 10)	\$764,322	12.08%
71-75	(Option 11)	\$840,755	13.29%
76-80	(Option 12)	\$924,830	14.62%
81-85	(Option 13)	\$1,017,313	16.08%



Chick-fil-A's average per-restaurant sales exceeded \$4.6 million in 2019.



Chick-fil-A Inc., is a fast food restaurant chain headquartered in College Park, GA, that specializes in chicken sandwiches. The company has more than 2,669 locations nationwide, the majority of which are franchised, and is credited with the invention of the boneless chicken sandwich. The company initially focused on locations in shopping mall food courts, but shifted its focus in the mid-80's to freestanding franchises. Though primarily concentrated in the southern United States, the chain has expanded in recent years with franchise locations in 48 states and Canada.

According to Restaurant Business, Chick-fil-A's sales in 2019 were estimated to be about \$11.3 billion. Chick-fil-A's average sales per restaurant consistently outpace competitors: in 2019, the company's average sales per unit was approximately \$4.6 million, easily surpassing competitors such as KFC, Popeye's, and McDonald's.

Chick-fil-A uses a business model significantly different from other restaurant franchises, most notably retaining ownership of each restaurant. Chick-fil-A typically selects the location, builds the restaurant, and retains ownership of the store. Chick-fil-A gets a larger share of revenue from its franchises than other chains, but the formula works well for operators because the up-front cost of becoming a franchisee is lower compared to other competing chains. Chick-fil-A franchisees make an average of \$190,000 per year.

Chick-fil-A was the top restaurant brand for 2019-20 according to the American Customer Satisfaction Index restaurant report, marking the sixth straight year that Chick-fil-A has been ranked No.1 for this industry report.

SITE PLAN

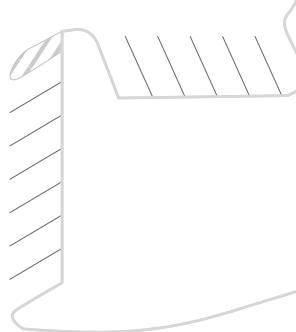
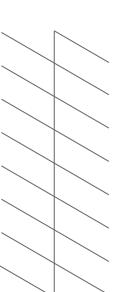
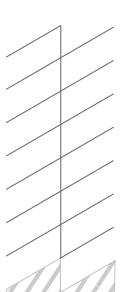
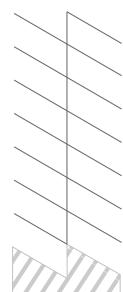
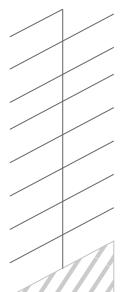
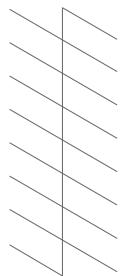
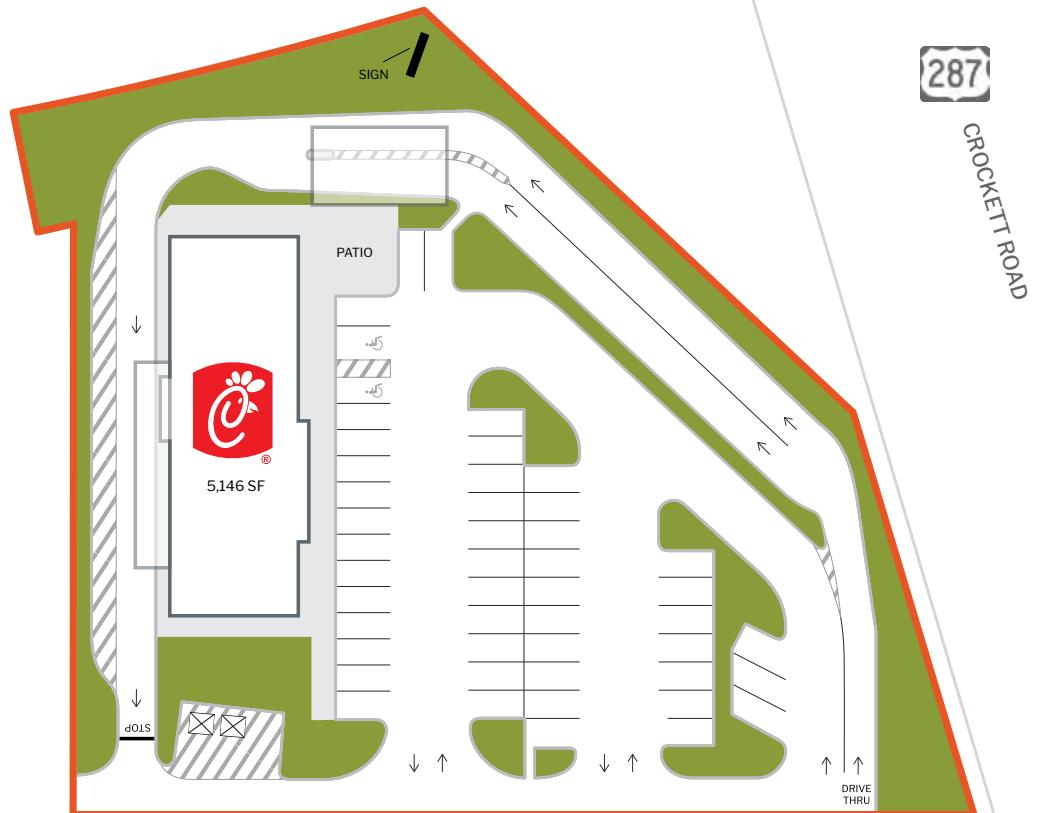
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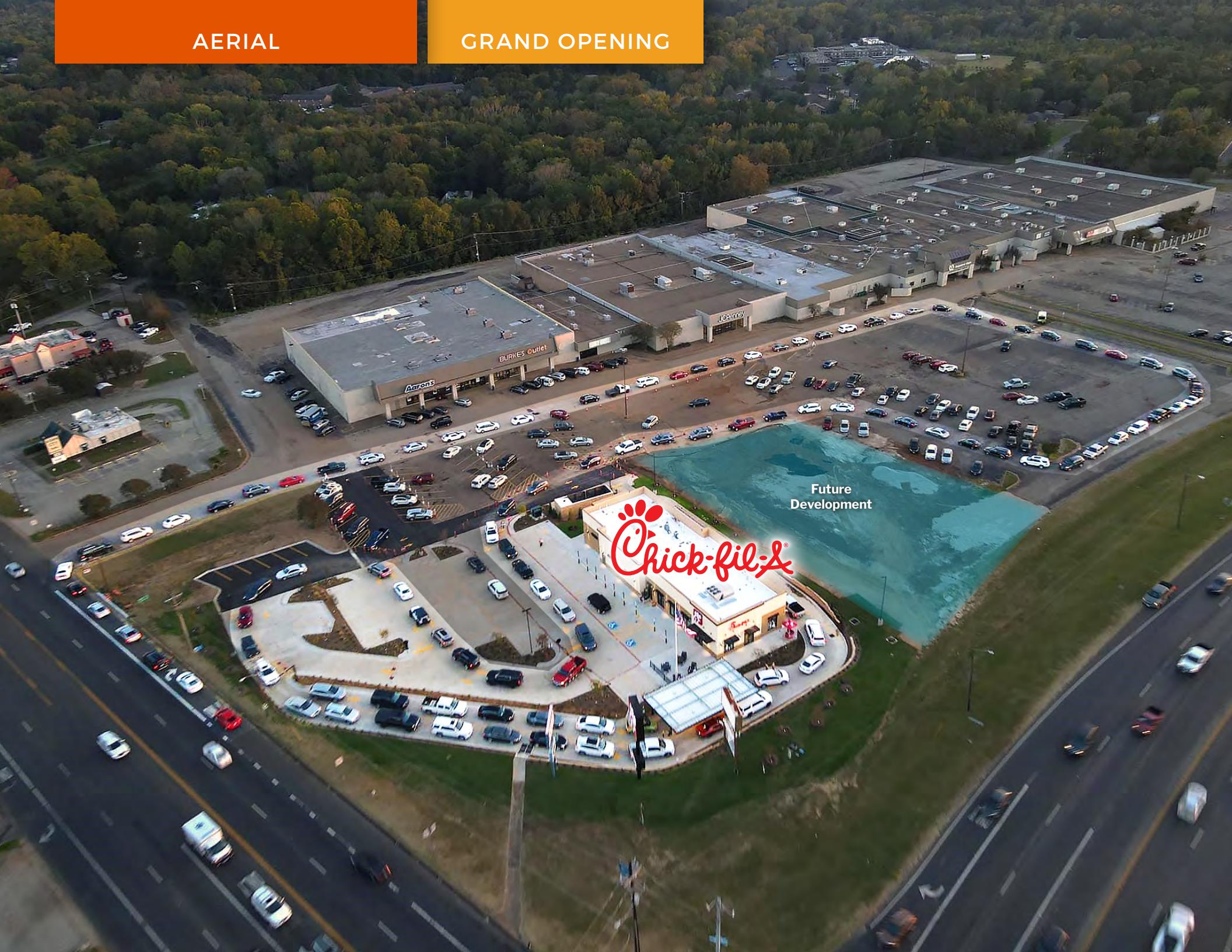
CROCKETT ROAD

FUTURE
DEVELOPMENT



AERIAL

GRAND OPENING



AERIAL

WEST VIEW

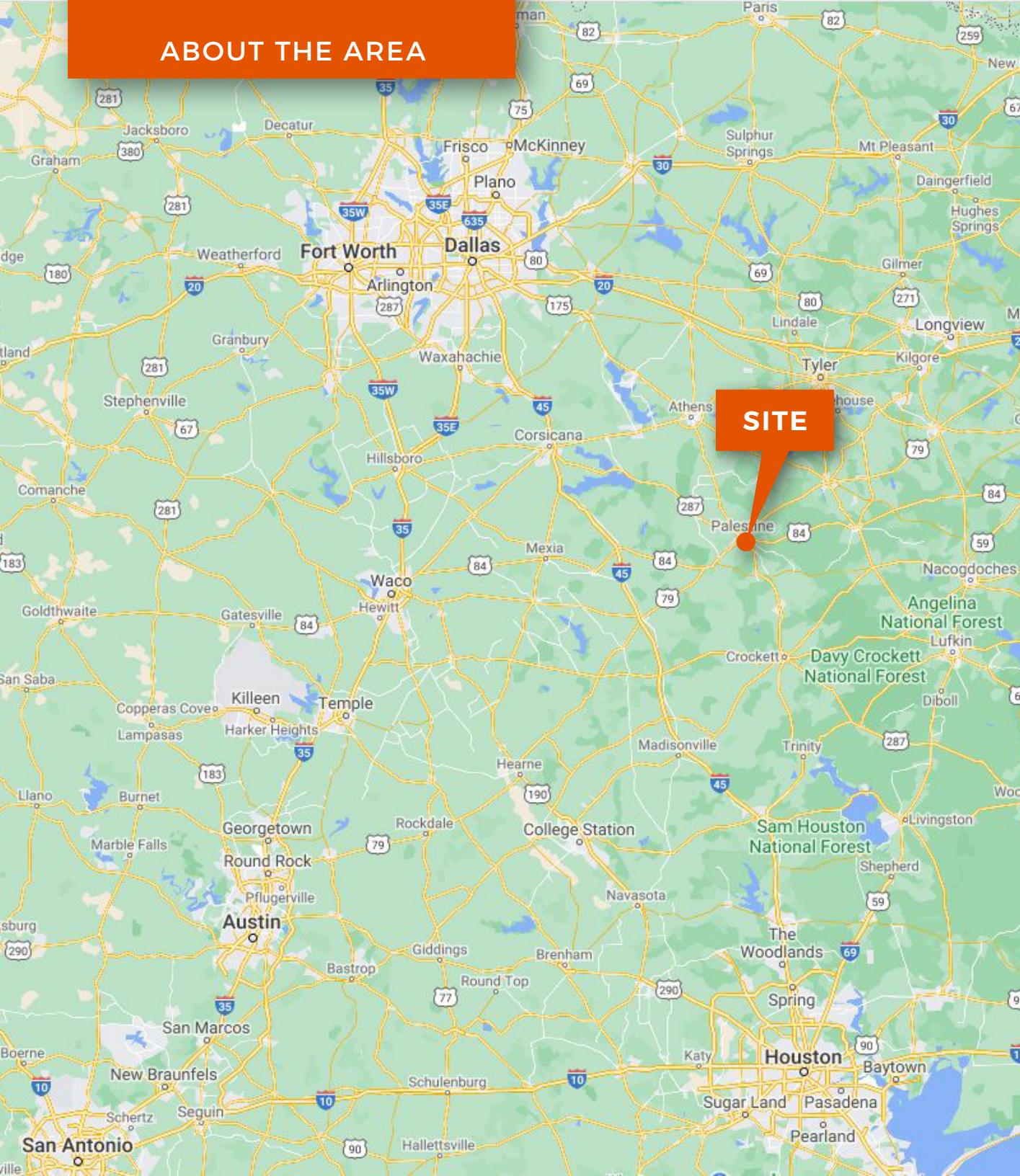


AERIAL

NORTH VIEW



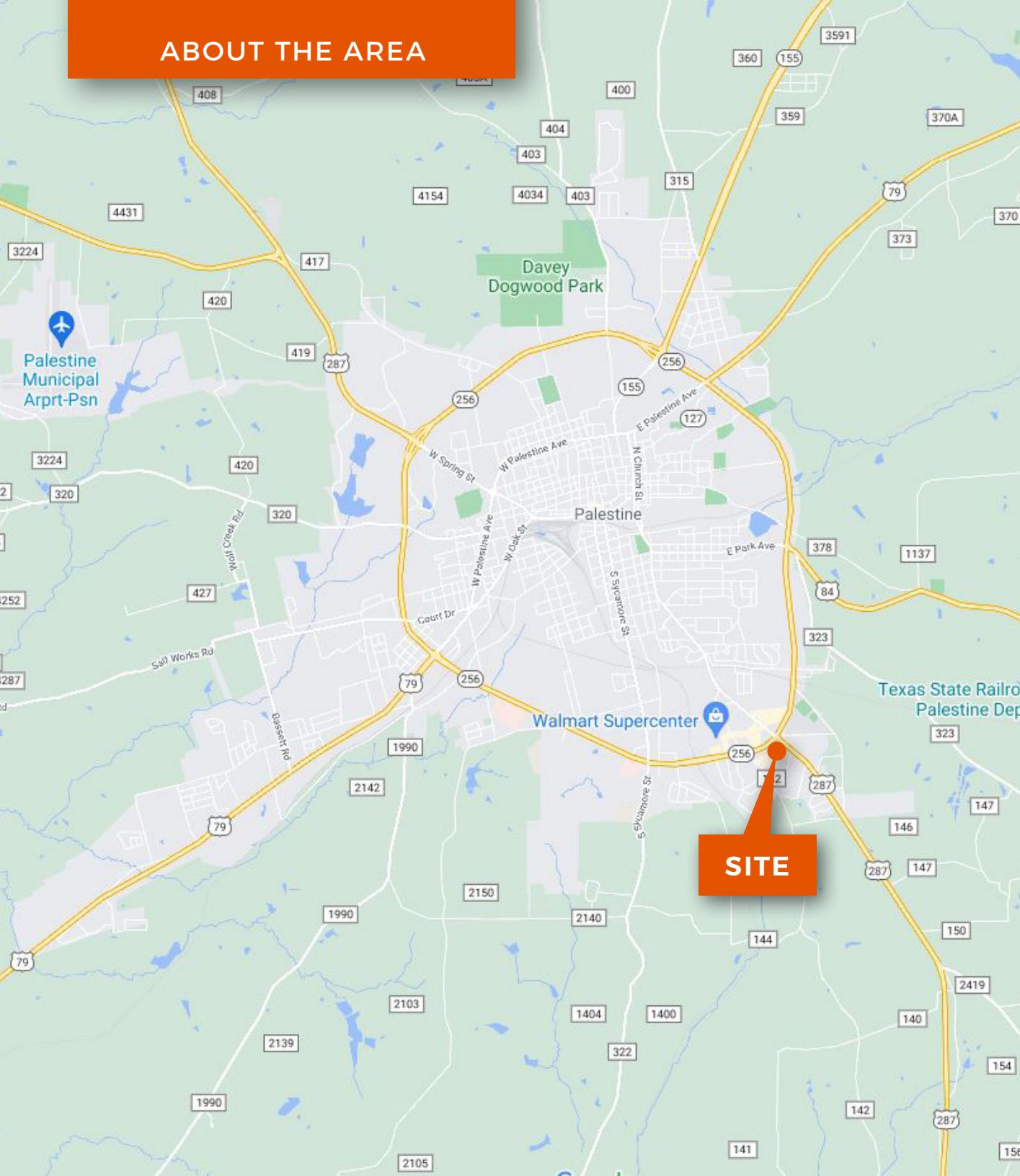
ABOUT THE AREA



General Overview

Palestine (population 17,989) is the seat of Anderson County located approximately equidistant from Dallas, Houston, and Shreveport. The city benefits from excellent accessibility at the junction of five major highways, and is located approximately 112 miles from Dallas, 136 miles from Shreveport, 152 miles from Houston, and 176 miles from Austin. The city is home to more than 1,800 historic sites and neighbors Lake Palestine, a popular recreational destination.

ABOUT THE AREA



Site Information

The subject property is strategically located with excellent access and visibility along S Loop 256 (27,544 AADT) adjacent to its junction with Crockett Road (14,269 AADT). The site benefits from robust demographics with a total daytime population of 24,143 within a five mile radius and average household income of \$59,078 within one mile of the property.

The site benefits from a prominent retail location within Palestine's primary retail and commercial hub. The property is located outparcel to Palestine Mall, anchored by Burke's Outlet. Other major retail tenants in the surrounding area include Walmart Supercenter, CVS, Walgreens, Tractor Supply Company, Hobby Lobby, Lowe's, Brookshires, Dollar Tree, PetSense, and more. The site is also located adjacent to Palestine High School and Palestine Middle School, drawing additional traffic from students, parents, and teachers to the site. In addition, the property is situated less than 1.5 miles from Palestine Regional Medical Center, a 133-bed hospital among the town's largest employers with a staff of 500.



1940 South Loop 256 | Palestine, TX 75801



2020 TOTAL POPULATION

22,716



AVERAGE HOME VALUE

\$159,243



AVG. HOUSEHOLD INCOME

\$59,078

Population Summary

1 Mile

3 Miles

5 Miles

2010 Total Population

3,151

12,857

22,192

2020 Total Population

3,194

13,060

22,716

2025 Total Population

3,204

13,112

22,902

2020 Total Daytime Population

4,629

16,039

24,143

Average Household Income

2020

\$59,078

\$54,965

\$55,272

2025

\$63,213

\$59,665

\$59,962

Average Home Value

2020

\$159,243

\$134,622

\$137,595

2025

\$170,555

\$145,121

\$149,942

Top Employers in Palestine

of Employees

Sanderson Farms 1,376

Walmart Distribution Center #6036 882

Walmart Distribution Center #0345 503

Palestine ISD 500

Palestine Regional Medical Center 500

Walmart Supercenter 390

The Results Companies 315

Westwood ISD 265

Anderson County 206

City of Palestine 180

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

Information About Brokerage Services

Before working with a real estate broker, you should know that the duties of a broker depend on whom the broker represents. If you are a prospective seller or landlord (owner) or a prospective buyer or tenant (buyer), you should know that the broker who lists the property for sale or lease is the owner's agent. A broker who acts as a subagent represents the owner in cooperation with the listing broker. A broker who acts as a buyer's agent represents the buyer. A broker may act as an intermediary between the parties if the parties consent in writing. A broker can assist you in locating a property, preparing a contract or lease, or obtaining financing without representing you. A broker is obligated by law to treat you honestly.

IF THE BROKER REPRESENTS THE OWNER:

The broker becomes the owner's agent by entering into an agreement with the owner, usually through a written listing agreement, or by agreeing to act as a subagent by accepting an offer of subagency from the listing broker. A subagent may work in a different real estate office. A listing broker or subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first. The buyer should not tell the owner's agent anything the buyer would not want the owner to know because an owner's agent must disclose to the owner any material information known to the agent.

IF THE BROKER REPRESENTS THE BUYER:

The broker becomes the buyer's agent by entering into an agreement to represent the buyer, usually through a written buyer representation agreement. A buyer's agent can assist the owner but does not represent the owner and must place the interests of the buyer first. The owner should not tell a buyer's agent anything the owner would not want the buyer to know because a buyer's agent must disclose to the buyer any material information known to the agent.

IF THE BROKER ACTS AS AN INTERMEDIARY:

A broker may act as an intermediary between the parties if the broker complies with The Texas Real Estate License

Act. The broker must obtain the written consent of each party to the transaction to act as an intermediary. The written consent must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. The broker is required to treat each party honestly and fairly and to comply with The Texas Real Estate License Act. A broker who acts as an intermediary in a transaction:

- (1) shall treat all parties honestly;
- (2) may not disclose that the owner will accept a price less than the asking price unless authorized in writing to do so by the owner;
- (3) may not disclose that the buyer will pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer; and
- (4) may not disclose any confidential information or any information that a party specifically instructs the broker in writing not to disclose unless authorized in writing to disclose the information or required to do so by The Texas Real Estate License Act or a court order or if the information materially relates to the condition of the property.

With the parties' consent, a broker acting as an intermediary between the parties may appoint a person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under that Act and associated with the broker to communicate with and carry out instructions of the other party.

If you choose to have a broker represent you, you should enter into a written agreement with the broker that clearly establishes the broker's obligations and your obligations. The agreement should state how and by whom the broker will be paid. You have the right to choose the type of representation, if any, you wish to receive. Your payment of a fee to a broker does not necessarily establish that the broker represents you. If you have any questions regarding the duties and responsibilities of the broker, you should resolve those questions before proceeding.

Real estate licensee asks that you acknowledge receipt of this information about brokerage services for the licensee's records.

Buyer, Seller, Landlord or Tenant

Date



Texas Real Estate Brokers and Salespersons are licensed and regulated by the Texas Real Estate Commission (TREC). If you have a question or complaint regarding a real estate licensee, you should contact TREC at P.O. Box 12188, Austin, Texas 78711-2188 or 512-465-3960.

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