



OFFERING MEMORANDUM
FREDDY'S FROZEN CUSTARD & STEAKBURGERS
3541 HAMNER AVENUE | NORCO, CA 92860

Exclusively Marketed By:

Paul Z. Matysek, CCIM

310.405.0902

paul@matysekinvestment.com

Broker License # 01757671



MIG MATYSEK INVESTMENT GROUP
COMMERCIAL REAL ESTATE ADVISORS

INVESTMENT DESCRIPTION



Matysek Investment Group is pleased to present this sale-leaseback opportunity to purchase a brand new Freddy's Frozen Custard & Steakburgers on a 20-year, absolute NNN lease with 10% rental increases throughout the primary term and options. The yield jumps to 5.22% CAP in 5 years. The franchisee, Salim Development Group, LLC (SDG), will personally guarantee for 10 years (high net worth) and is a multi-concept operator with over 22 businesses (3 Freddy's, 17 Wienerschnitzels, and multiple car washes). Freddy's has a development agreement with SDG to build 12 total stores over the next 7 years, which is an aggressive yet calculated growth plan (contact Broker for article link). Freddy's currently has 512 locations which has grown from 400 just a few years ago. The site is scheduled to open early April of 2024, and is projected to do over \$3M in annual sales (their Fontana location is on pace to do ~\$2.9M in sales and Norco is projected to do more). SDG carefully hand picks all their locations, and self develops the majority. This care has led to SDG being one of the most profitable franchisees in each respective concept. This triple net lease includes an effective inflation hedge with 10% rental increases every 5 years including throughout the six 5-year options. Exceptionally located at the busy Hamner Avenue (37,000+ VPD), this location is projected to have exceptional sales volumes and be highly profitable, securing the investor sentiment that the rent will always be paid in full and on time.



INVESTMENT SUMMARY



| | |
|------------------------|------------------------------------|
| Tenant | Freddy's |
| Property Address | 3541 Hamner Ave Norco, CA 92860 |
| Property Type | Single Tenant Fast Food |
| Price | \$3,789,500 |
| Net Operating Income | \$180,000 |
| CAP Rate | 4.75% |
| Lease Type | NNN |
| Roof & Structure | Tenant Responsible |
| Lease Guarantor | Franchisee Guarantee |
| Lease Term Remaining | 20 Years |
| Occupancy | 100% |
| Building Size | 2,446 SF |
| Land Size | 21,344 SF |
| Year Built / Renovated | 2024 |
| APN | 131-230-027 |



INVESTMENT HIGHLIGHTS



- **Brand New 20-year NNN Sale-Leaseback** | Zero Landlord Responsibilities with 10% rental increases every five years and Six (6), five (5) year option periods.
- **Fast Growing Tenant** | has approximately 512 locations and ranked the #8 as the Fastest Growing Chains in the U.S.
- **Strong Experienced Guarantor** | The franchisee, Salim Development, LLC, operates more than 22 locations and multiple concepts, with plans for additional growth and will personally guarantee for 10 years



- **Strong Sales Projections** | Sales Projections are over \$3M annually based on similar stores
- **High Profile Location** | Located at the heart of heavily trafficked Hamner Avenue (37,000+ VPD)
- **Strong Demographics** | 290,000 residents within a 5 mile radius
- **Affluent Neighborhood** | Average median income of \$109,000 Within a 1 Mile Radius

RENT ROLL



| Tenant | SF | % of GLA | Rent | | Lease Dates | | Increase Schedule | Lease Type | Renewal Options |
|--|-------|----------|----------|-----------|-------------|-----------|-------------------|------------|--------------------|
| | | | Monthly | Annual | Start | End | | | |
| Freddy's | 2,446 | 100% | \$15,000 | \$180,000 | 3/31/2024 | 3/31/2044 | 10% every 5 Yrs | NNN | Six 5-Year Options |
| *Construction completion and opening for business is scheduled for early April | | | | | | | | | |
| TOTAL | 2,446 | 100% | \$15,000 | \$180,000 | | | | | |



TENANT OVERVIEW



Dutch Bros



Freddy's Drive-thru



Freddy's Drive-thru

TENANT OVERVIEW



Freddy's Frozen Custard & Steakburgers® was co-founded in 2002 by brothers Bill and Randy Simon with their friend and business partner, Scott Redler. It was named in honor of Bill and Randy's father. Together, they built a brand focused on quality, hospitality, cleanliness and timeless traditions.

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2002
Founded

Wichita, KS
Head Quarters

512 +
Locations

Near 1 Billion
Revenue

Website: www.freddys.com



Norco, CA

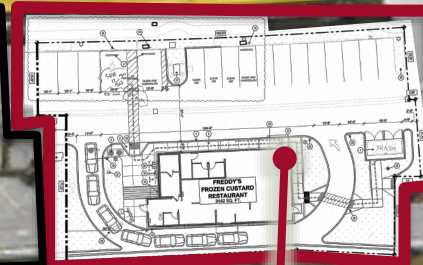
Norco is a city in Riverside County, in Southern California, United States. Located roughly 60 miles inland from the Pacific Ocean, to the east of Los Angeles, Norco is known as “Horsetown, USA” and prides itself on being a “horse community”. The area is dotted with corrals, farms, hitching posts, ranches, riding trails, and tack-and-feed supply stores; there are also city ordinances in-place requiring new construction to have a “traditional, rustic... Western flavor”.

The Census reported that Norco had a population of 27,063. The population density was 1,895.4 inhabitants per square mile . The racial makeup of Norco was 20,641 (76.3%) White (56.4% Non-Hispanic White), 1,893 (7.0%) African American, 248 (0.9%) Native American, 844 (3.1%) Asian, 59 (0.2%) Pacific Islander, 2,514 (9.3%) from other races, and 864 (3.2%) from two or more races. Hispanic or Latino of any race were 8,405 persons (31.1%).

According to the 2010 United States Census, Norco had a median household income of \$82,074, with 9.9% of the population living below the federal poverty line.



Hamner Avenue (37,000 VPD)



(157,000 VPD)





Norco Dr (27,600 VPD)



(157,000 VPD)

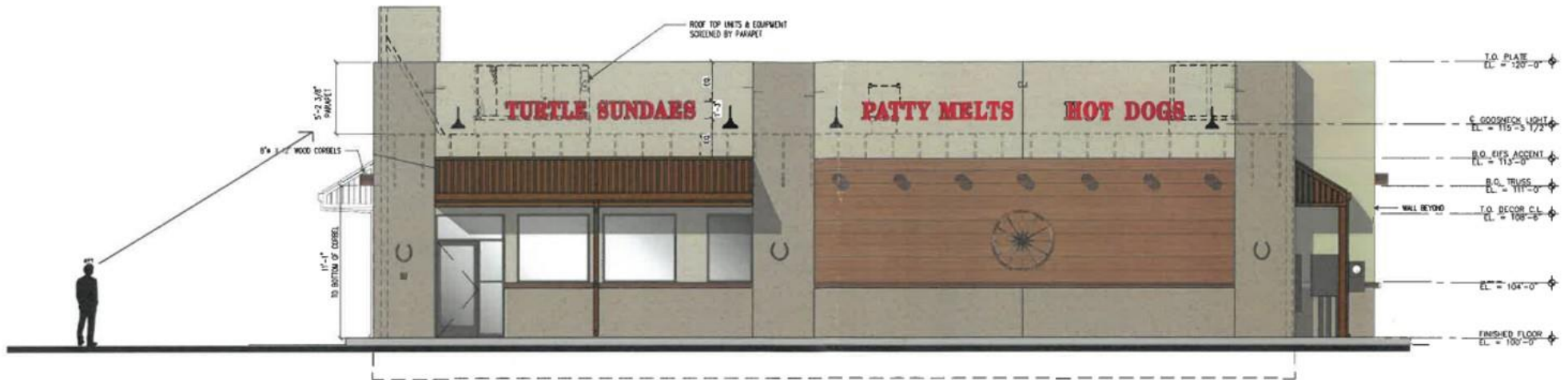


Hamner Avenue (37,000 VPD)

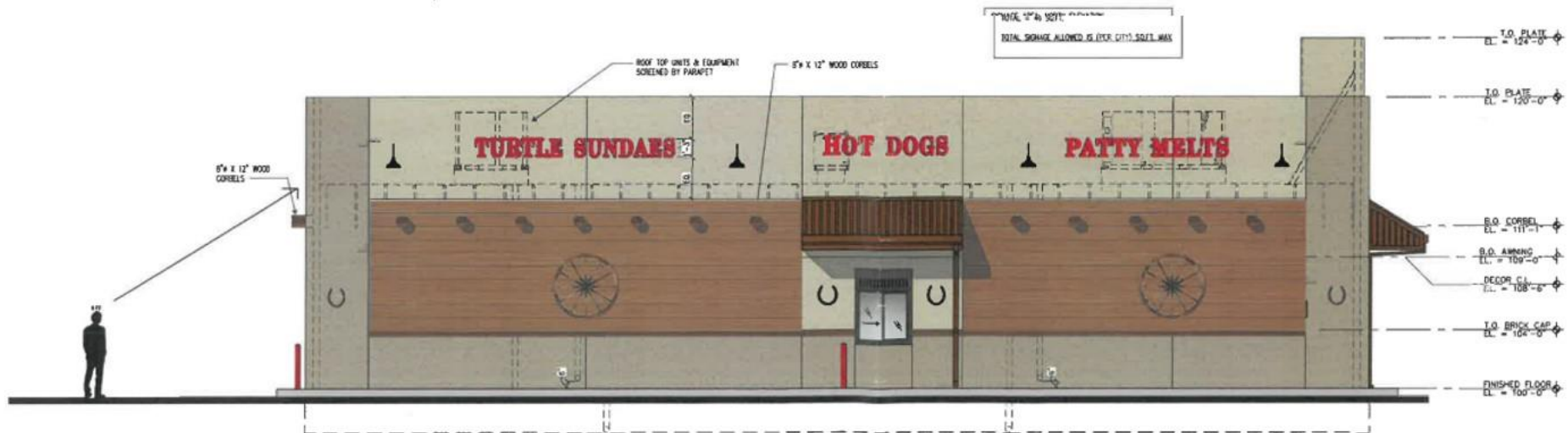




ELEVATIONS

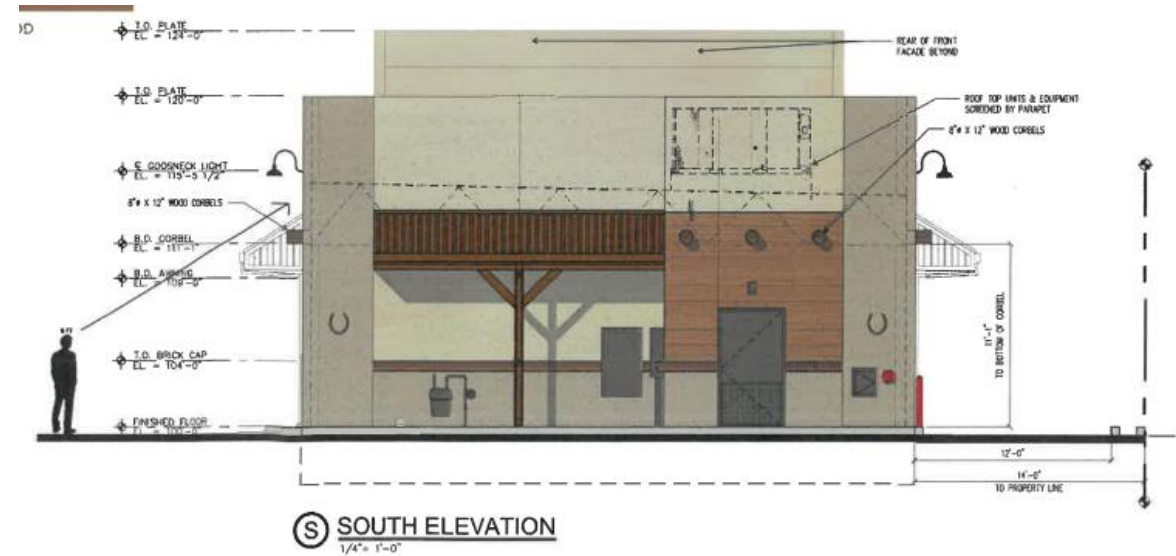
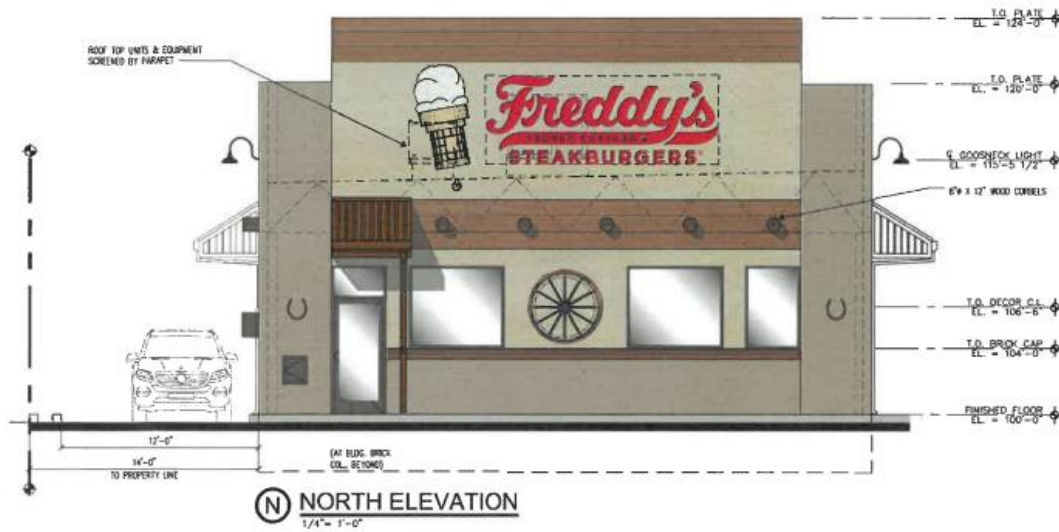


(W) WEST ELEVATION
1/4" = 1'-0"

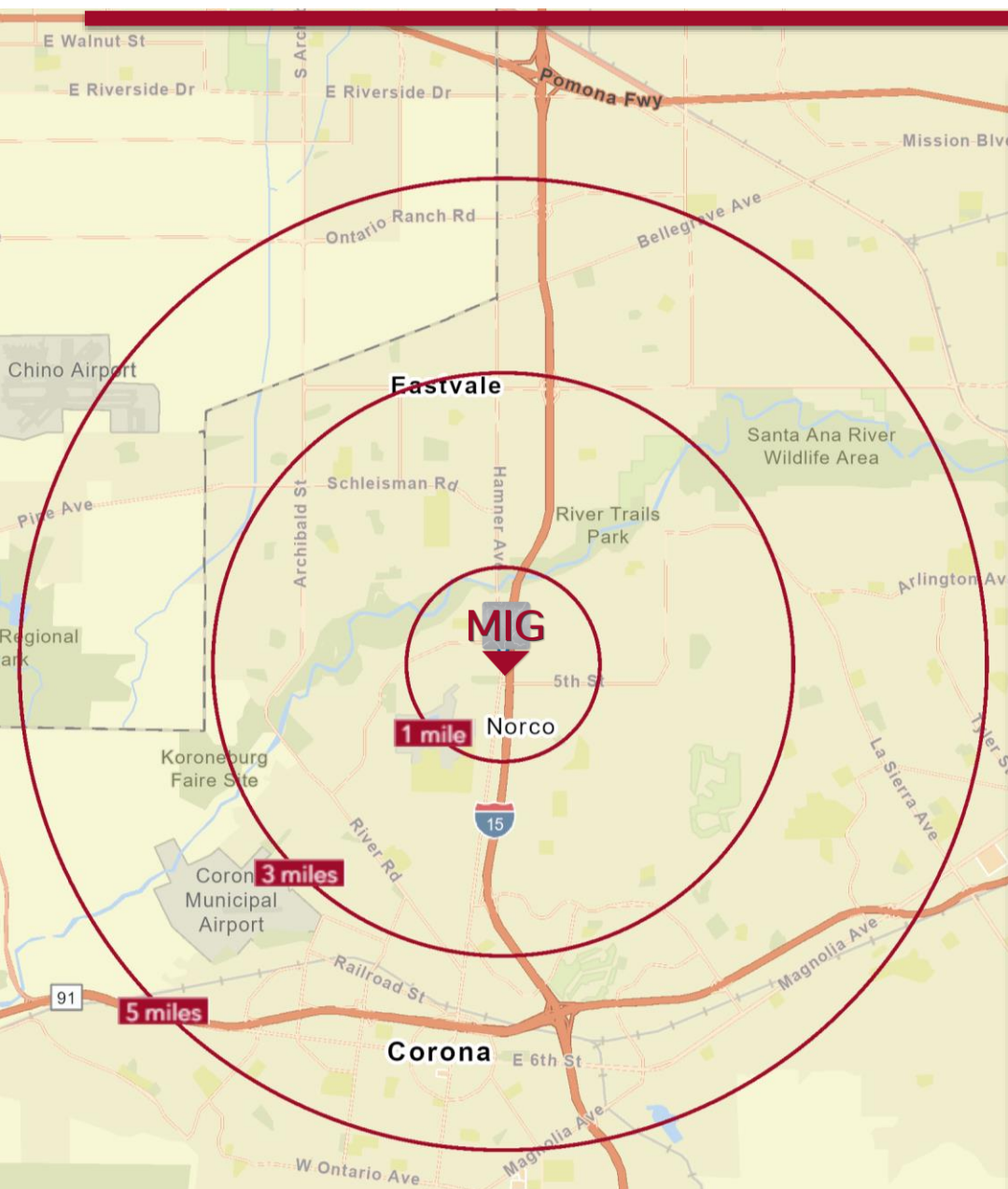


(E) EAST ELEVATION
1/4" = 1'-0"

ELEVATIONS



DEMOGRAPHICS



| | 1 Mile | 3 Miles | 5 Miles |
|------------------------|--------|---------|---------|
| Population | | | |
| 2023 Population | 9,347 | 97,740 | 290,494 |
| 2028 Population | 9,328 | 98,911 | 295,269 |
| 2020-2023 Annual Rate | -0.27% | 0.14% | 1.27% |
| 2023-2028 Annual Rate | -0.04% | 0.24% | 0.33% |
| 2020 Male Population | 67.9% | 51.3% | 49.8% |
| 2020 Female Population | 32.1% | 48.7% | 50.2% |
| 2020 Median Age | 39.5 | 37.1 | 34.9 |
| 2023 Male Population | 64.2% | 51.0% | 50.4% |
| 2023 Female Population | 35.8% | 49.0% | 49.6% |
| 2023 Median Age | 37.6 | 34.7 | 33.5 |

Median Age

The median age in this area is 33.5, compared to U.S. median age of 39.1.

Race and Ethnicity

| | | | |
|--|-------|-------|-------|
| 2023 White Alone | 45.2% | 34.5% | 29.5% |
| 2023 Black Alone | 12.1% | 7.9% | 6.7% |
| 2023 American Indian/Alaska Native Alone | 1.4% | 1.1% | 1.4% |
| 2023 Asian Alone | 1.9% | 20.0% | 16.5% |
| 2023 Pacific Islander Alone | 0.1% | 0.3% | 0.3% |
| 2023 Other Race | 28.6% | 19.6% | 27.7% |
| 2023 Two or More Races | 10.7% | 16.6% | 17.8% |
| 2023 Hispanic Origin (Any Race) | 41.1% | 41.0% | 52.4% |

Median Household Income

| | | | |
|------------------------------|-----------|-----------|-----------|
| 2023 Median Household Income | \$109,462 | \$121,851 | \$101,256 |
| 2028 Median Household Income | \$118,489 | \$136,744 | \$111,162 |
| 2023-2028 Annual Rate | 1.60% | 2.33% | 1.88% |

Average Household Income

| | | | |
|-------------------------------|-----------|-----------|-----------|
| 2023 Average Household Income | \$130,240 | \$156,652 | \$129,617 |
| 2028 Average Household Income | \$147,889 | \$177,923 | \$148,277 |
| 2023-2028 Annual Rate | 2.57% | 2.58% | 2.73% |

Data for all businesses in area

| | | | |
|-------------------------------|-------|--------|---------|
| Total Businesses: | 477 | 2,477 | 9,428 |
| Total Employees: | 3,103 | 19,654 | 85,184 |
| Total Residential Population: | 9,347 | 97,740 | 290,494 |

CONFIDENTIALITY AGREEMENT & DISCLOSURE



This Offering Memorandum is confidential and is furnished to Prospective purchasers of the Property described herein subject to the terms of the Confidentiality Agreement previously provided to and executed by such prospective purchasers. This Memorandum is intended solely to assist prospective purchasers in their evaluation of the Property and their consideration of whether to purchase the Property. It is not to be used for any other purpose or made available to any other person without the prior written consent of the Seller of the Property.

This Memorandum was prepared on the basis of information available to the Seller and to Matysek Investment Group, the Seller's exclusive agent in connection with the sale of the Property. This Memorandum Contains pertinent information about the Property and the surrounding area but it does not contain all the information necessary for a complete evaluation of the Property. The projected cash flow and other financial information contained herein are for reference only.

Although the information contained in this Memorandum is believed to be accurate and reliable, neither the Seller nor its agent guarantees its accuracy or completeness. Because of the foregoing and because the Property will be sold on an "as is" basis, prospective purchasers should make their own independent assessments, investigations, and projections regarding the Property. Although additional material, which may include engineering, environmental or other reports, may

be provided to certain prospective purchasers as appropriate, such parties should confer with their own engineering and environmental experts, counsel, accountants, and other advisors.

The Seller expressly reserves the right, in its sole discretion, to reject any offer to purchase the Property or to terminate any negotiations with any party at any time, with or without notice. The Seller shall have no legal commitment or obligation to any prospective purchaser unless and until a written Purchase and Sale Agreement has been fully executed and delivered and any and all conditions to the Seller's obligations there under have been fully satisfied or waived.

The Seller is responsible for any commission due Matysek Investment Group in connection with a sale of the Property. The Seller shall not be responsible for any commission claimed by any other agent or broker in connection with a sale of the Property. No other person, including Matysek Investment Group, is authorized to make any representation agreement on behalf of the Seller. This Memorandum remains the Property of the Seller and Matysek Investment Group and may be used only by parties approved by the Seller and Matysek Investment Group. No portion of this Memorandum may be copied or otherwise reproduced or disclosed to anyone except as provided herein and as permitted by the express terms of the Confidentiality Agreement.

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