

SONIC DRIVE-IN

PITTSBURG, CA



Representative 3D Rendering

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TABLE OF CONTENTS



3	Executive Summary
4	Investment Details
5	Brand & Tenant Profiles
6	Lease Abstract
7	Rent Schedule
8	Property Aerial
9	3D Rendering
10	Exterior Elevations
11	Site Plan
12	Surrounding Retailers & Points of Interest
15	Demographics
16	Location Summary
17	Confidentiality & Disclaimer



Executive Summary

3

\$3,888,888 | 4.50% Cap Rate

[Click Here to View Aerial Video](#)

Colliers International, as the exclusive advisor to the seller, is pleased to present the investment opportunity of the fee simple interest in a Sonic Drive-In restaurant located in Northern California's Bay Area.

The subject property is currently under construction and is scheduled to open in 1st quarter 2018. Upon close of escrow, the tenant will sign an absolute NNN lease with 10% rental increases every five (5) years throughout the Primary Term and the four (4) five (5) year Options to Extend.

The site is located just off of Highway 4 in the city of Pittsburg amidst a variety of retailers including The Home Depot, WinCo Foods, Starbucks, Public Storage, Chevron, WalMart, Gamestop, Taco Bell and Planet Fitness.



Address	1600 N Park Boulevard, Pittsburg, CA 94565
Building Size	2,720 SF
Lot Size	37,507 SF 0.86 Acres
Construction Completion	February 2018
APN	088-151-041-6
Restaurant Seats	64
Parking Spaces	21



Valuation Overview

Price:	\$3,888,888
NOI:	\$175,000
Cap Rate:	4.50%
Price PSF Building:	\$1,429.74
Price PSF Land:	\$103.68

Offering Highlights

Absolute **NNN** lease with experienced restaurant operator tenant and **personal guaranty**

10% rental increases every five (5) years throughout **20 year** Primary Term and **four 5 year** Options to Extend

Excellent access to CA Highway 4 providing **high traffic counts** in excess of **150,000** vehicles per day total

Annual store sales projected at **\$1,918,000** (projected sales provided by Birchwood Resultants)

Positive population growth of **8.69%** from 2010 to 2017 within a 5 mile radius

Close proximity to a multitude of various retailers and employers, and directly adjacent to Home Depot

Sonic Drive-In ranked **27th** on Franchise Times Top 200 list

Rare model featuring **indoor seating**

Brand new development scheduled for completion in **Q1 of 2018**



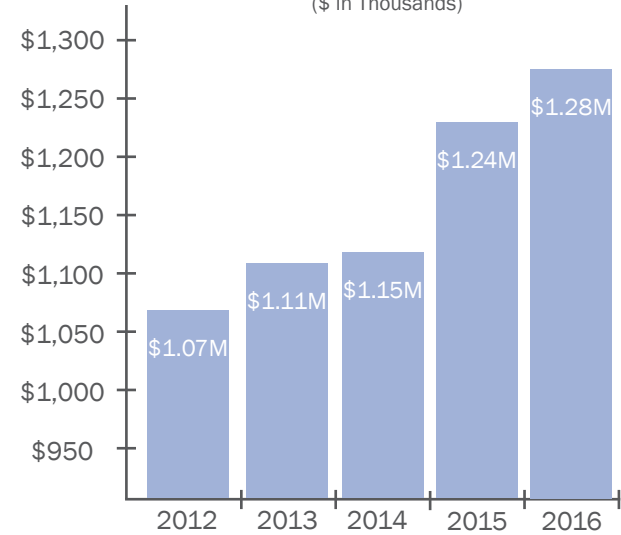
Brand & Tenant Profiles



Sonic Drive-In (NASDAQ: SONC) is the nation’s largest chain of drive-in restaurants and its history can be traced back to the 1950s. Originally founded under the name Top Hat in small-town Oklahoma, Sonic now has over 3,500 locations in nearly all 50 states and serves approximately 3 million customers per day. The brand is heavily franchised, with only 345 of Sonic locations company-owned.

Over the past five years, Sonic has seen incredible growth in sales. In 2012, average gross sales per store were \$1,072,000. As of 2016, that number has risen to \$1,283,000 with 27% of stores exceeding \$1,500,000.

Average Gross Sales for the 12-Month Period Ending August 31, 2017
(\$ in Thousands)



In one year, Sonic:



sells enough tater tots to circle the earth twice



sells enough Footlong Quarter Pound Cones to border the 48 contiguous United States



sells enough Cherry Limeades to fill 15 Olympic size swimming pools

The tenant is an experienced restaurant operator and is self-developing the property. Presently the tenant operates various restaurant/retail concepts including:

- 24 Popeyes - 30 by end of 2017
- 8 Black Bear Diners - 10 by end of 2017
- 1 Twin Peaks - 2 by Q1 2018
- 1 Arco/AMPM - 4 by end of 2018
- 2 Sonics to open in 2018

A personal guaranty will be in place with the lease at the time of its execution, which will cross-collateralize all of the above-mentioned operating assets into said guaranty. This rare diversification of the sponsor guaranty across 5 national and regional brands provides an investor with a more stable and reliable income stream.



PRIMARY TERM

20 years

OPTIONS TO EXTEND

Four 5-year Options

ANNUAL BASE RENT

\$175,000

RENTAL INCREASES

10% every five years throughout Primary Term and Option Periods

LEASE TYPE

Absolute NNN

MAINTENANCE & REPAIR

Tenant responsibility

UTILITIES

Tenant responsibility

INSURANCE

Tenant responsibility

TAXES

Tenant responsibility

ALTERATIONS

With Landlord consent

ASSIGNMENT

With Landlord consent

HOLDING OVER

125% of Base Rent

RIGHT OF FIRST REFUSAL (ROFR)

No



Rent Schedule



Primary Term			
Year	Annual Base Rent	Increase	Cap Rate
1	\$175,000.00		4.50%
2	\$175,000.00		4.50%
3	\$175,000.00		4.50%
4	\$175,000.00		4.50%
5	\$175,000.00		4.50%
6	\$192,500.00	10%	4.95%
7	\$192,500.00		4.95%
8	\$192,500.00		4.95%
9	\$192,500.00		4.95%
10	\$192,500.00		4.95%
11	\$211,750.00	10%	5.45%
12	\$211,750.00		5.45%
13	\$211,750.00		5.45%
14	\$211,750.00		5.45%
15	\$211,750.00		5.45%
16	\$232,925.00	10%	5.99%
17	\$232,925.00		5.99%
18	\$232,925.00		5.99%
19	\$232,925.00		5.99%
20	\$232,925.00		5.99%
Total	\$4,060,875.00	Average	5.22%

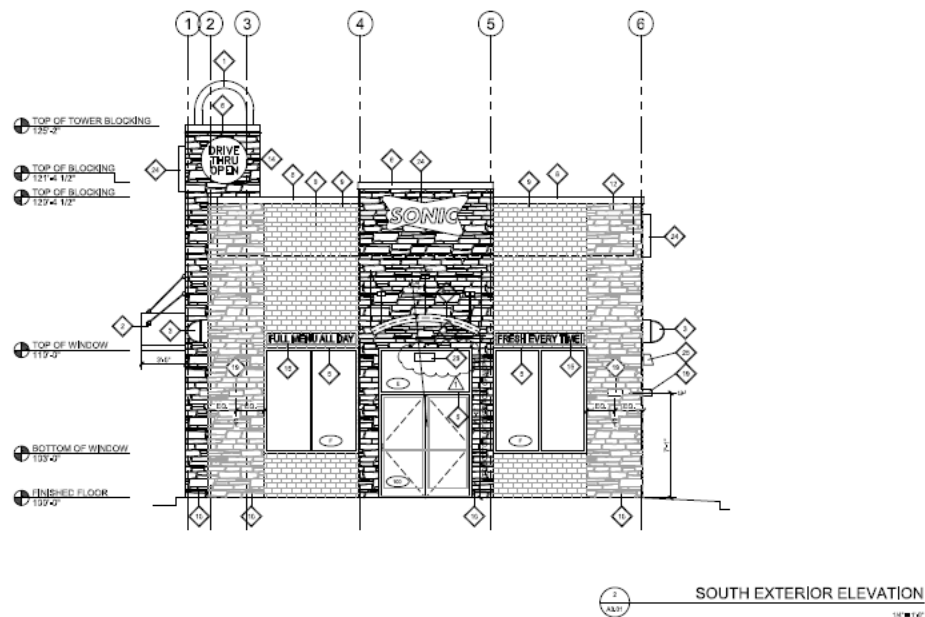
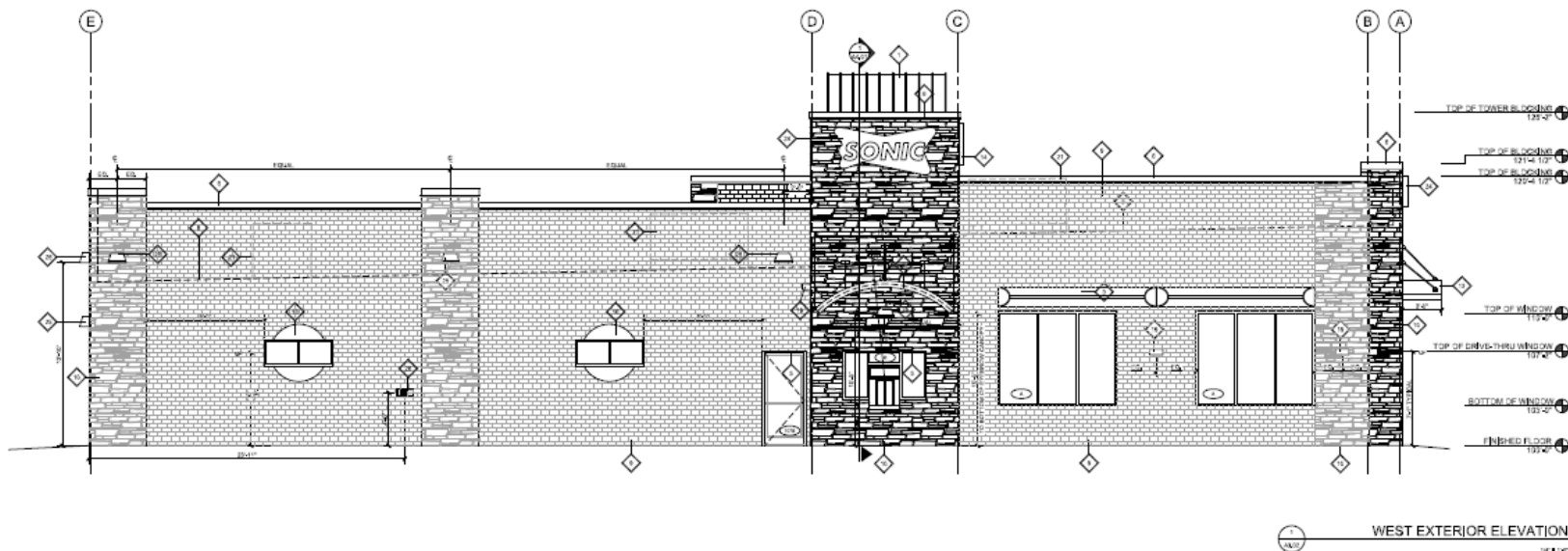
Option Period 1			
Year	Annual Base Rent	Increase	Cap Rate
1	\$256,217.50	10%	6.59%
2	\$256,217.50		
3	\$256,217.50		
4	\$256,217.50		
5	\$256,217.50		
Total	\$1,281,087.50	Average	6.59%
Option Period 2			
1	\$281,839.25	10%	7.25%
2	\$281,839.25		
3	\$281,839.25		
4	\$281,839.25		
5	\$281,839.25		
Total	\$1,409,196.25	Average	7.25%
Option Period 3			
1	\$310,023.18	10%	7.97%
2	\$310,023.18		
3	\$310,023.18		
4	\$310,023.18		
5	\$310,023.18		
Total	\$1,550,115.88	Average	7.97%
Option Period 4			
1	\$341,025.49	10%	8.77%
2	\$341,025.49		
3	\$341,025.49		
4	\$341,025.49		
5	\$341,025.49		
Total	\$1,705,127.46	Average	8.77%
Primary Term and Options Total	\$10,006,402.09	Average	7.16%

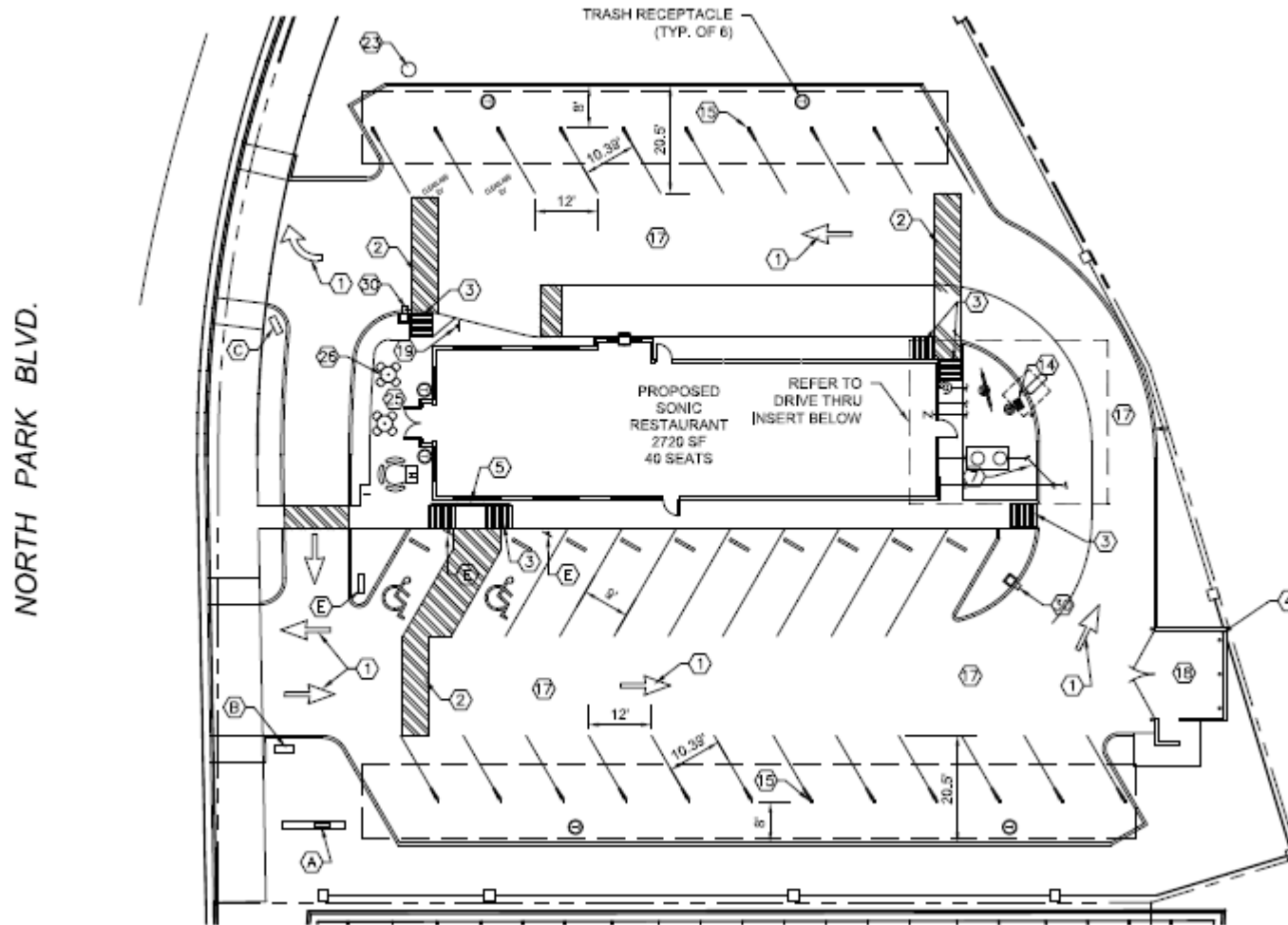






Exterior Elevations





Surrounding Retailers



14,250 VPD

2,511 VPD

11,120 VPD

North Park Boulevard

Loveridge Road

Surrounding Retailers

**WinCo
FOODS**



**dd's
DISCOUNTS**



11,120 VPD

14,250 VPD

2,511 VPD

Lovrig Road

North Park Boulevard

Surrounding Retailers



126,000 VPD

14,250 VPD

2,511 VPD

4



11,120 VPD



Demographics

	1 Mile	3 Miles	5 Miles
Population			
2010 Census	11,173	82,000	138,564
2017 Estimate	11,825	88,345	150,602
2022 Projection	12,356	93,174	159,334
Growth 2010-2017	5.83%	7.74%	8.69%
Growth 2017-2022	4.49%	5.47%	5.80%

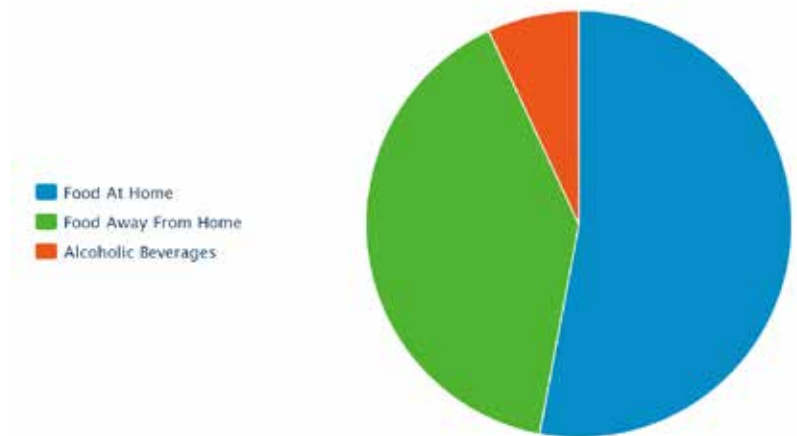
Population by Single Classification			
White	4,178	34,875	61,596
African American	2,925	15,985	25,415
American Indian & Alaskan Native	120	908	1,415
Asian	1,352	9,516	19,255
Hawaiian & Pacific Islander	174	935	1,384
Some Other Race	2,207	19,073	30,005
Two or More Races	868	7,053	11,532

2017 Estimated Average Age	36.0	35.7	36.4
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Households			
2010 Census	2,681	19,453	33,235
2017 Estimate	2,868	21,074	36,099
2022 Projection	3,011	22,282	38,221
Growth 2010-2017	7.20%	8.39%	8.54%
Growth 2017-2022	5.13%	5.75%	5.84%

2017 Average Household Income	\$75,056	\$73,204	\$80,319
2017 Median Household Income	\$57,643	\$57,034	\$61,771

QSR Competitors	Annual Unit Volume*	System Average**	Distance (miles)
El Pollo Loco	\$2,035,000	\$1,798,000	1.56
McDonald's	\$2,810,000	\$2,500,000	1.20
Wendy's	\$1,566,000	\$1,540,000	0.31
Popeyes	\$1,596,000	\$1,458,500	0.33
Burger King	\$1,725,000	\$1,337,400	1.38
Jack in the Box	\$2,039,000	\$1,510,000	1.31



Consumer Expenditures	\$ per Household	Total (\$000s)	%
Food At Home	\$4,711	\$100,331	53%
Food Away From Home	\$3,566	\$75,950	40%
Alcoholic Beverages	\$619	\$13,189	7%
Total	\$8,898	\$189,470	

Source: <http://www.thinkpittsburg.com/demographics.html>

*Based on SIC Code Data for Year End 2016

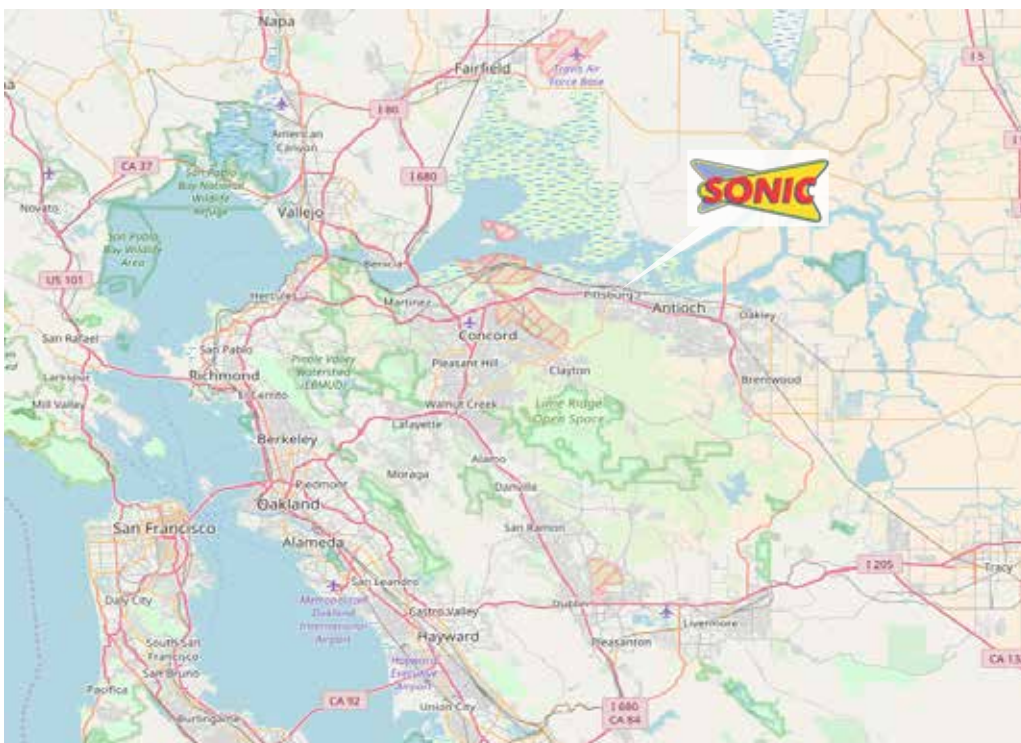
**Source: <https://www.qsrmagazine.com/reports/qs50-2016-top-50-chart>

Location Summary



Situated in California's Bay Area, Pittsburg is included in the San Francisco-Oakland-San Jose DMA. The city's close proximity to San Francisco and lower costs of living seem to have spurred significant growth in the population. Additionally, Pittsburg's BART station provides an easy commute to those who work in San Francisco and Oakland. There are many popular vacations near Pittsburg which may provide incentives to an investor while visiting the property:

- San Francisco • 40 miles
- Sonoma • 50 miles
- Napa • 43 miles
- Yosemite • 135 miles
- Lake Tahoe • 191 miles



Pittsburg has experienced significant growth over past years and is projected to continue growing. The population within a 5-mile radius of Sonic Drive-In's site has increased by 8.69% since 2010, and is expected to increase by another 5.80% by 2022. Commercial developments continue to mirror the upwards population trend in the area to support the increased population. Various development projects are either underway or upcoming such as the expansion of Antioch Building Material's (the company has seven locations supplying needed concrete and asphalt to the growing community) improvements, located just to the subject site's north, a new Ford dealership and over 500 single family homes. Significant commercial developments near the subject site are the Civic Tower (containing 85,663 SF of commercial space) and the Delta Gateway Expansion, which offers roadway improvements as well as additional commercial buildings.

Some of the largest employers in Pittsburg include Dow Chemical Company, Mi Pueblo Foods, Angelica (nation's largest medical linens supplier), Ramar Foods (nation's largest supplier of Filipino foods), Wal-Mart, WinCo Foods and Los Medanos College, which has nearly 10,000 students and is less than one mile from the subject site.



This Offering Memorandum contains select information pertaining to the business and affairs of a privately owned Sonic Drive-In to be constructed at 1600 North Park Boulevard, Pittsburg, CA 94565 (Property). It has been prepared by Colliers International. This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Owner or Colliers International. The material is based in part upon information supplied by the Owner and in part upon financial information obtained by Colliers International from sources it deems reliable. Neither Owner, nor their officers, employees, or agents make any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their Own due diligence.

By acknowledging your receipt of this Offering Memorandum from Colliers International, you agree:

- 1) The Offering Memorandum and its contents are confidential;
- 2) You will hold it and treat it in the strictest of confidence; and
- 3) You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Owner.

Owner and Colliers International expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered. If you wish not to pursue negotiations leading to the acquisition of Sonic Drive-In or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Owner or Colliers International or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date of this Offering Memorandum.

November 1, 2017 4:23 PM

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