

---

# OFFERING MEMORANDUM

---



**60 HAMPTON ROAD • MORRIS, ILLINOIS 60450**

ABSOLUTE NNN INVESTMENT



**savills**

**SAVILLS INVESTMENT PROPERTY GROUP LOS ANGELES**  
777 S Figueroa Street, 30<sup>th</sup> Floor • Los Angeles, CA 90017  
[www.sipgla.com](http://www.sipgla.com)

Broker of Record: Joshua Gorin  
Illinois License No. 475.101065  
Corporate License No. 478.000140

Actual Subject Property

# TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
INVESTMENT HIGHLIGHTS	4
LEASE SUMMARY	5
PROPERTY PHOTOS	6
AERIAL VIEW	8
SURROUNDING RETAILERS	9
LOCATION OVERVIEW	12
DEMOGRAPHICS	13
BRAND OVERVIEW	14
CONFIDENTIALITY & DISCLAIMER	15

## EXCLUSIVELY LISTED BY:

### SHAWN L. BAKKE

Senior Managing Director

t + 1 213 553 3818

c + 1 213 999 0998

[sbakke@savills.us](mailto:sbakke@savills.us)

License No. 01326433

### EMILY MITCHELL

Assistant Director

t + 1 213 553 3819

c + 1 909 289 0783

[emitcheil@savills.us](mailto:emitcheil@savills.us)

License No. 02051879

### SAVILLS INVESTMENT PROPERTY GROUP LOS ANGELES

777 S Figueroa Street, 30<sup>th</sup> Floor • Los Angeles, CA 90017

[www.sipgla.com](http://www.sipgla.com)

Broker of Record: Joshua Gorin

Illinois License No. 475.101065

Savills Illinois Corporate License No. 478.000140



# EXECUTIVE SUMMARY



Savills Inc., as the exclusive advisor to the seller, is pleased to present the absolute net lease investment opportunity in the fee simple interest of an IHOP restaurant located at 60 Hampton Road in Morris, Illinois.

The Property is subject to a twenty-five (25) year NNN Lease that commenced in December of 2019 with ten percent (10%) rental increases every five (5) years beginning in year 10 and at each of the four (4) 5-year Options to Extend. The property is offered at \$1,278,877, which is a 5.75% cap rate on annual rents of \$73,536.

Primary access to the Subject Property is provided by Hampton Road, which is an arterial street off of North Division Street. Interstate 80, which travels east and west connecting Chicago with Des Moines and Iowa City, Iowa, is approximately 0.32 miles south of the Subject Property. The interstate exit is adjacent to the Subject Property and generates traffic counts of  $\pm$ 37,000 cars per day.

<b>Address</b>	60 Hampton Road • Morris, IL 60450
<b>Purchase Price</b>	\$1,278,877
<b>NOI</b>	\$73,536
<b>Cap Rate</b>	5.75%
<b>Building Size (SF)</b>	5,008
<b>Lot Size (Acres)</b>	0.75
<b>Price PSF Building</b>	\$255.37
<b>Price PSF Land</b>	\$39.15
<b>Rent PSF</b>	\$14.68
<b>Year Built</b>	1998
<b>Effective Age/Remaining Life*</b>	10 years/30 years
<b>APN</b>	02-28-426-002
<b>Zoning</b>	B3 - Commercial District
<b>Parking Spaces</b>	40

\*As of most recent Appraisal dated 2016



**\$1,278,877**  
Purchase Price



**\$73,536**  
NOI



**5.75%**  
Cap Rate



**$\pm$ 24.75 YEARS**  
Primary Term Remaining

## LONG TERM NNN LEASE

- A new twenty-five (25) year NNN Lease was signed in December of 2019
- 10% Rental Increases every five years commencing in Year 10 throughout both the Primary Term and Option Periods

## ZERO LANDLORD RESPONSIBILITIES

- Absolute NNN investment
- Tenant pays for all taxes, insurance, utilities, repairs & maintenance
- Ideal property for investor seeking management-free, passive income

## STRONG RETAIL LOCATION

- The Subject Property is located approximately 0.32 miles from Interstate 80, which experiences traffic counts in the amount of  $\pm 37,000$  vehicles per day
- A Costco distribution center — which employs more than 400 people — is located immediately behind the Subject Property

## HIGH YIELD INVESTMENT OPPORTUNITY

- Throughout the Primary Term, guaranteed rental revenue totals \$2,074,083 —  $\pm 162\%$  of the Purchase Price
- 6.49% average cap rate throughout the Primary Term



Actual Subject Property

# LEASE SUMMARY

Lease Year	Base Rent	Increase	Cap Rate
1	\$73,536		5.75%
2	\$73,536		5.75%
3	\$73,536		5.75%
4	\$73,536		5.75%
5	\$73,536		5.75%
6	\$73,536		5.75%
7	\$73,536		5.75%
8	\$73,536		5.75%
9	\$73,536		5.75%
10	\$73,536		5.75%
11	\$80,890	10.00%	6.33%
12	\$80,890		6.33%
13	\$80,890		6.33%
14	\$80,890		6.33%
15	\$80,890		6.33%
16	\$88,979	10.00%	6.96%
17	\$88,979		6.96%
18	\$88,979		6.96%
19	\$88,979		6.96%
20	\$88,979		6.96%
21	\$97,876	10.00%	7.65%
22	\$97,876		7.65%
23	\$97,876		7.65%
24	\$97,876		7.65%
25	\$97,876		7.65%
<b>PRIMARY TERM TOTAL</b>	<b>\$2,074,083</b>	<b>AVERAGE</b>	<b>6.49%</b>
Option 1 Total	\$528,320	10.00%	8.42%
Option 2 Total	\$592,152	10.00%	9.26%
Option 3 Total	\$651,368	10.00%	10.19%
Option 4 Total	\$716,504	10.00%	11.21%
<b>CUMULATIVE TOTAL</b>	<b>\$4,572,427</b>	<b>AVERAGE</b>	<b>9.11%</b>



## LEASE ABSTRACT

<b>Tenant</b>	IHOP Franchisee
<b>Lease Structure</b>	Absolute NNN
<b>Building Size</b>	5,008 SF
<b>Annual Rent</b>	\$73,536
<b>Annual Rent PSF</b>	\$14.68
<b>Rental increases</b>	10% every 5 years commencing in Year 10
<b>Commencement Date</b>	December 2, 2019
<b>Primary Term</b>	25 years
<b>Options to Extend</b>	Four 5-year Options
<b>Guarantor</b>	4-Unit Franchisee
<b>Right of First Refusal</b>	Yes
<b>Taxes</b>	Tenant Responsibility
<b>Repairs &amp; Maintenance</b>	Tenant Responsibility
<b>Utilities</b>	Tenant Responsibility
<b>Insurance</b>	Tenant Responsibility
<b>Landlord Responsibilities</b>	None
<b>Assignment</b>	With Landlord's prior written consent
<b>Alterations</b>	With Landlord's prior written consent

# PROPERTY PHOTOS



Actual Subject Property

# PROPERTY PHOTOS



AERIAL VIEW





# SURROUNDING RETAILERS



# SURROUNDING RETAILERS



# SURROUNDING RETAILERS



# LOCATION OVERVIEW



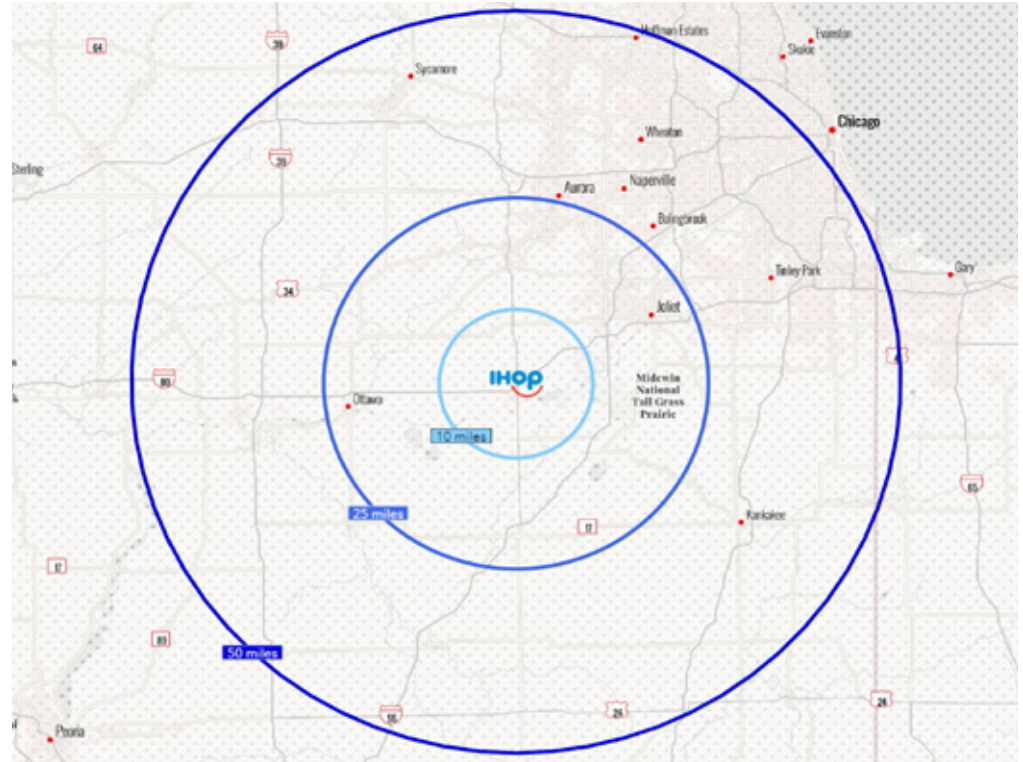
## MORRIS, ILLINOIS

The Subject Property is located in Morris, Illinois, which is approximately 60 miles southeast of Chicago. Morris is a city in Grundy County, Illinois and is included in the larger Chicago-Naperville-Elgin Metropolitan Statistical Area.

Morris' downtown district has been called a "Rockwellian" downtown by the Chicago Tribune and is known for its quaint atmosphere, interesting shops and fine restaurants. Downtown Morris is situated along the I&M Canal and has been included in Chicago Magazine's "50 Great Day Trips" due to its location just an hour's drive from Chicago.

Primary access to the Subject Property is provided by Hampton Road, which is an arterial street off of North Division Street. Interstate 80, which travels east and west connecting Chicago with Des Moines and Iowa City, Iowa, is approximately 0.32 miles south of the Subject Property. The interstate exit is adjacent to the Subject Property and generates traffic counts of  $\pm 37,000$  cars per day.

The Subject Property is located immediately west of a Costco distribution center which employs over 400 people. A Days Inn & Suites by Wyndham is located on the parcel to the Subject Property's north, and an Amoco gas station is to its east. Other major retailers in the immediate vicinity include a WalMart Supercenter, Menard's, Aldi, Pilot Travel Center, Holiday Inn Express & Suites, Travel Centers of America Truck Stop, Maurice's and AMC Theaters. Saratoga Elementary School, Saratoga School District, Grundy County Farm Bureau and Morris Illinois Secretary of State Facility are all also located within  $\pm 0.5$  miles of the Subject Property as well.



# DEMOGRAPHICS



## POPULATION

	3 MILES	5 MILES	10 MILES
Estimated Population 2018	14,806	17,715	43,286
Projected Population 2023	14,994	17,745	44,557
Median Age	39.1	39.8	37.1

## HOUSEHOLDS

	3 MILES	5 MILES	10 MILES
Estimated Households 2018	6,016	7,101	15,573
Projected Households 2023	6,118	7,217	16,029
2018 Average Household Size	2.42	2.47	2.76

## RACE & ETHNICITY

	3 MILES	5 MILES	10 MILES
White Alone	91.3%	91.9%	90.5%
Black Alone	1.2%	1.1%	2.2%
Native American Alone	0.3%	0.3%	0.3%
Asian Alone	0.8%	0.8%	1.1%
Pacific Islander Alone	0.0%	0.0%	0.0%
Other Race	4.5%	4.2%	4.0%
Two or More Races	1.7%	1.6%	2.0%
Hispanic Origin	12.0%	11.1%	12.1%

## INCOME

	3 MILES	5 MILES	10 MILES
Average 2018 Household Income	\$79,319	\$82,236	\$91,767
Projected 2023 Household Income	\$91,227	\$95,535	\$104,692
Growth Projection 2018 - 2023	2.87%	2.84%	2.67%

KEY FACTS - 5 MILE RADIUS



**17,715**  
Population



**\$82,236**  
Average HH Income



**7,101**  
Households



**39.8**  
Median Age

## TOP EMPLOYERS

TOP EMPLOYERS	EMPLOYEES
Morris Hospital	1,350
Exelon	900
D Construction	550
Trader Joe's Distribution Center	450
Grainger Distribution Center	450
Costco Distribution Center	415
WalMart	350
LyondellBasell	320
Jewel-Osco	250
Chicago Aerosol	240
NFI	220
US Cold Storage	190

### IHOP

International House of Pancakes® was founded in 1958 in the Los Angeles suburb of Toluca Lake. Today, the restaurant chain is more commonly known by its acronym, IHOP, and is headquartered in Glendale, California. International House of Pancakes, LLC is a wholly-owned subsidiary of Dine Brands Global.

Within four years of opening the first IHOP location, the brand grew to over 50 locations. The 1990s were a period of rapid, strategic growth for IHOP, with total restaurant counts increasing from 490 to over 800, accomplished primarily through the company's newly formed franchising objectives. In 1998, IHOP's system-wide retail sales surpassed \$1B for the first time and in 2001, the 1000th IHOP location opened in Layton, Utah.

In 2014, IHOP continued its growth as a truly International House of Pancakes with more than 70 locations in Bahrain, Canada, Dubai (UAE), Guatemala, Kuwait, Mexico, The Philippines, Puerto Rico, Saudi Arabia and the U.S. Virgin Islands. As of June 30th, 2016, there were 1,695 IHOP restaurants across 50 states, the District of Columbia, Bahrain, Canada, Dubai (UAE), Guam, Guatemala, Kuwait, Mexico, Panama, The Philippines, Puerto Rico, Qatar and Saudi Arabia.

In 2007, IHOP acquired the Applebee's chain of casual dining restaurants and formed DineEquity, Inc., the parent company of both brands. Now known as Dine Brands Global, the company is traded on the NYSE under the symbol "DIN" and is one of the largest full service restaurant companies in the world.

The IHOP brand prides itself on its seven core visions and values: Integrity, Excellence, Innovation, Accountability, Inclusion, Trust and Community.

Sources: <https://www.ihop.com/en/about-ihop/ihop-media>, <http://investors.dinebrands.com/our-profile>

### FRANCHISEE REQUIREMENTS

#### Financial Capabilities

- Net worth: A minimum net worth of \$1,500,000 per restaurant is required for the first 3 restaurants. Thereafter, each additional IHOP location requested will require an additional net worth of \$750,000.
- Liquid assets: A minimum amount of \$500,000 of liquid assets per restaurant is required for the first 3 restaurants. Thereafter, each additional IHOP location requested will require an additional amount of \$250,000 of liquid assets.

#### Operational Capabilities

- Restaurant experience or identification of an operator with full-service restaurant experience
- Management experience
- Demonstrated leadership skills
- Business acumen

### DINE BRANDS GLOBAL INC.

Dine Brands Global, Inc., through its subsidiaries, operates and franchises IHOP and Applebee's Neighborhood Grill & Bar. There are approximately 3,700 restaurants combined in 18 countries and approximately 380 franchisees, making Dine Brands Global one of the largest full-service restaurant companies in the world.

The company has successfully transformed both the IHOP and Applebee's brands into nearly 100% franchised restaurant systems and has focused on revitalizing both brands through menu innovation, enhanced marketing and operational strategies.

Savills Inc., representative of the Seller, is solely authorized to present this property investment offering (the “Offering”). This is a confidential Memorandum intended solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of (the “Property”).

Prior to submitting an offer to purchase the Property, interested parties should perform and rely upon their own investigations, analyses, estimates and projections and otherwise satisfy any concerns regarding material aspects of the proposed transaction including, but not limited to legal, municipal, environmental, operational, seismic, financial and physical issues, and all other matters affecting or pertaining to the Property. The Seller will be offering the Property including all appurtenances and tenant improvements, solely on an “As-Is, With-All-Fault” basis, without any representations or warranties. No person is authorized to make any representations or warranties on behalf of the Seller regarding the Property. Any and all information regarding the Property provided to any interested party by the Seller or Savills Inc., including all information contained in the Offering, is provided without any representation or assurance express or implied, regarding the accuracy, completeness or current status of applicability of such

information. Each interested party is expected to undertake such reviews and investigations and make such inquiries as such party may believe to be necessary, appropriate or advisable for the purpose of forming a decision to make an offer to acquire the Property.

The Owner expressly reserves the right, as its sole discretion, to reject any or all expressions of interest or offers to purchase the Property and/or to terminate discussions with an entity at any time with or without notice which many arise as a result of review of this Memorandum. The Owner shall have no legal commitment or obligation to any entity reviewing this Memorandum or making an offer to purchase the Property unless and until written agreement(s) for the purchase of the Property have been fully executed, delivered and approved by the Owner and any conditions to the Owner’s obligations therein have been satisfied or waived.

The material contained herein is confidential and is presented strictly as information for the exclusive use of the prospective purchaser. Receipt and review of this Offering by the prospective purchaser constitutes an agreement not to divulge, share or distribute the information to any other party, except the prospective purchaser’s legal counsel and financial advisors, without the prior specific

written authorization of the Seller or Savills Inc. Each prospective purchaser shall also agree to and comply with the provisions of the confidentiality agreement executed by such prospective purchaser prior to receipt of this Offering.

This Offering is submitted subject to errors, changes, omissions, changes in price, market and other conditions. It contains selected information pertaining to the Property and does not purport to be all-inclusive or to contain all of the information that prospective purchasers may desire. It should be noted that any and all market analyses, estimates, and projections contained in this Offering are provided for general reference purposes only and are based on assumptions related to the general economy, competitions, real estate market trends, and other factors beyond the control of the Seller or Savills Inc.

Such analyses, estimates and projections are therefore subject to material variation, and may not be consistent with the views or assumptions held by other professionals.

ANY RELIANCE ON THE CONTENT OF THIS MEMORANDUM IS SOLELY AT YOUR OWN RISK.

© 2020 Savills Inc. All Rights Reserved



# OFFERING MEMORANDUM

**60 HAMPTON ROAD • MORRIS, ILLINOIS 60450**



**SAVILLS INVESTMENT PROPERTIES GROUP LOS ANGELES**

Broker of Record: Joshua Gorin  
Illinois License No. 475.101065

Illinois Corporate License No. 478.000140

## EXCLUSIVELY LISTED BY:



**SHAWN BAKKE**  
Senior Managing Director  
CA License No. 01326433  
(213) 553-3818  
[sbakke@savills.us](mailto:sbakke@savills.us)



**EMILY MITCHELL**  
Assistant Director  
CA License No. 02051879  
(213) 553-3819  
[emitchell@savills.us](mailto:emitchell@savills.us)



777 South Figueroa St.  
30th Floor  
Los Angeles, CA 90017  
License No. 00388260