

# Hardee's

CLINTWOOD, VA



## OFFERING MEMORANDUM



Marcus & Millichap  
Real Estate Investment Services

# Hardee's

CLINTWOOD, VA

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Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own 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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## TABLE OF CONTENTS

<b>Section 1</b>	PRICING AND FINANCIAL ANALYSIS
<b>Section 2</b>	PROPERTY DESCRIPTION
<b>Section 3</b>	DEMOGRAPHIC ANALYSIS

**FINANCIAL OVERVIEW**

**Location**

5012 Dickenson Highway  
Clintwood, VA 24228

Price	\$810,000
Down Payment	100% / \$810,000
Rentable Square Feet	3,091
Price/SF	\$262.05
CAP Rate	8.30%
Lot Size	41,184 SF
Type of Ownership	Fee Simple

**Annualized Operating Data**

Base Rent (\$15.44/SF)	*	\$47,727
2012 Percentage Rent Paid		\$19,507
<b>2012 Net Operating Income</b>		<b>\$67,234</b>

**\* In addition to Base Rent, the lease includes a Percentage Rent Clause of 6.50% of sales versus Base Rent. The annual breakpoint is \$734,261.**

**Tenant Summary**

Tenant Trade Name	Hardee's
Ownership	Private
Tenant	Boddie-Noell Enterprises, Inc.
Lease Guarantor	Boddie-Noell Enterprises, Inc.
Lease Type	Triple Net (NNN)
Roof and Structure	Tenant Responsible
Lease Term	10 Years
Lease Commencement	Upon Close of Escrow
Rent Commencement	Upon Close of Escrow
Lease Expiration Date	April 30, 2022
Term Remaining on Lease	9.5 Years
Percentage Rent Clause	6.50% of Annual Sales
Options	Four, Five-Year Options

**\* Under the terms of the Lease, this location is scheduled to undergo approximately \$120,000 worth of renovations in the next 12-18 months. Please contact the listing agent for additional details.**

TENANT OVERVIEW



- Headquartered in Rocky Mount, North Carolina, Boddie-Noell Enterprises, Inc. (BNE) is the largest and oldest Hardee's franchisee. The company currently owns or operates 334 Hardee's restaurants in North Carolina, Virginia, South Carolina and Kentucky.
- BNE is a family owned company, which celebrated its 50<sup>th</sup> anniversary this year.
- Since opening one of the first Hardee's restaurants in 1962, BNE has grown to become the largest privately held franchise operators of the chain.
- Over the years, BNE's business has expanded to include four additional restaurant concepts, and now employs more than 12,750 people.
- Nation's Restaurant News' ranked BNE among the 70 largest restaurant companies in the U.S. in the annual Foodservice Top 100.
- The company's holdings currently include:
  - Own or operate 334 Hardee's restaurants in North Carolina, Virginia, South Carolina and Kentucky.
  - 22 Texas Steakhouse & Saloon restaurants in North Carolina, Virginia and West Virginia.
  - 5 Moe's Southwest Grill franchise restaurant properties in Virginia.
  - 6 Café Carolina and Bakery restaurants in North Carolina.
  - Highway Diner located in Rocky Mount, NC.
  - Rose Hill Conference Center, a 250-year-old historic landmark and meeting facility located near Rocky Mount, N.C.
- BNE has led the way through the years introducing the Biscuit Breakfast, Chicken Fillet sandwich and Chicken Tenders into the Hardee's system.
- In 2011 BNE received the Hardee's Founders Award.


**FRANCHISOR INFORMATION**







The first Hardee's was opened in 1960 by Wilber Hardee in Greenville, North Carolina. Five months later, he had his first franchisee and the concept soon grew throughout the Midwestern and Southeastern US. Today, there are more than 1,900 Hardee's locations in 30 states and internationally in the Middle East.

Hardee's is a wholly-owned subsidiary of CKE Restaurants, Inc, which acquired the company in 1997. CKE Restaurants, Inc. is a privately held company founded in 1941 and headquartered in Carpinteria, California. As of the end of the first quarter of fiscal 2013, CKE Restaurants, Inc. had a total of 3,263 franchised or company-operated restaurants in 42 states and 25 foreign countries. In July 2010, CKE Restaurants, Inc. was acquired by a private equity group.

Hardee's has built its reputation on a unique breakfast menu featuring Hardee's Made from Scratch™ Biscuits. With a renewed emphasis on premium quality, Hardee's has taken the lunch/dinner segment to the next level with its line of 100 percent Black Angus beef Thickburgers™. Other menu favorites include charbroiled and crispy chicken sandwiches and Crispy Curly™ French Fries. There are several key initiatives and areas of focus at Hardee's. The brand emphasis on superior customer service coupled with its balanced menu gives Hardee's an ideal opportunity to build sales during all meal occasions. Hardee's is currently focusing on remodeling its existing franchised and licensed restaurants.\*



## Unique Competitive Positioning and Strong Brand Recognition (cont'd)

	<u>Taste or Flavor of Food</u>	<u>Quality of Ingredients</u>	<u>Temperature of Food</u>	<u>Friendliness/ Courtesy of Employees</u>	<u>Cleanliness of Restaurant</u>	<u>Accuracy in Filling Orders</u>
	#2	#2	#1	#1	#2	#1
	#4	#4	#4	#4	#3	#4
	#3	#3	#3	#3	#3	#3
	#1	#1	#1	#1	#1	#1

**CKE Brands enjoy industry-leading customer satisfaction**

\*For a full copy of CKE Filings please go to [www.investor.cke.com/sec\\_filings](http://www.investor.cke.com/sec_filings)

**INVESTMENT OVERVIEW**

**Investment Highlights**

- Tenant is the Largest Hardee's Franchisee - 334 Restaurants in Four States
- Fronts Dickenson Highway (SR-83), the Main Corridor Through Town
- In Close Proximity to Pizza Hut, Subway, Valero, Long John Silver's, and Wells Fargo
- Approximately Two Blocks from Clintwood High School
- Site Scheduled to Undergo Approximately \$120,000 Worth of Renovations



This Hardee's is a freestanding restaurant on approximately 41,000 square feet of land in Clintwood, Virginia. The subject property is absolute net leased to Boddie-Noell Enterprises, the largest and oldest Hardee's franchisee with approximately 334 locations. Hardee's fronts Dickenson Highway (State Route 83), which also serves the main corridor through Clintwood. Pizza Hut, Subway, Valero, Long John Silver's and Wells Fargo are within close proximity to the site. Clintwood High School is roughly two blocks away leading into the downtown section of town. Rite Aid, Citgo, and Huddle House are also nearby national tenants.

**CLINTWOOD, VIRGINIA**

Located in Dickenson County, the town of Clintwood sits near the Virginia/Kentucky border in southwestern Virginia. It is roughly 60 miles north of Kingsport, TN. Clintwood is a historical town with an abundance of local tourist attractions including the Ralph Stanley Museum and Traditional Mountain Music Center, a state-of-the-art interactive museum. Music is a large part of the culture in Dickenson County and has deeply influenced the roots of the people who live there. Dickenson County enjoys gorgeous mountain views, unique museums, and world class fishing, camping, and wildlife watching.



**PROPERTY PHOTOS**



AREA PHOTOS

Views of Dickenson Highway



**AERIAL PHOTO**



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Local Map



Regional Map



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**DEMOGRAPHIC REPORT**

	1 Mile	3 Miles	5 Miles
1990 Population	706	3,874	7,340
2000 Population	727	3,759	6,960
2010 Population	679	3,560	6,600
2011 Population	670	3,513	6,513
2016 Population	644	3,364	6,233
1990 Households	264	1,478	2,765
2000 Households	269	1,551	2,910
2010 Households	257	1,512	2,842
2011 Households	250	1,471	2,764
2016 Households	226	1,329	2,498
2011 Average Household Size	2.48	2.34	2.33
2011 Daytime Population	251	1,044	1,368
1990 Median Housing Value	\$51,907	\$47,437	\$43,822
2000 Median Housing Value	\$68,168	\$65,123	\$62,662
2000 Owner Occupied Housing Units	59.92%	69.61%	71.36%
2000 Renter Occupied Housing Units	27.59%	18.38%	16.49%
2000 Vacant	12.45%	11.98%	12.13%
2011 Owner Occupied Housing Units	68.69%	67.55%	68.38%
2011 Renter Occupied Housing Units	19.85%	20.74%	19.78%
2011 Vacant	11.45%	11.71%	11.84%
2016 Owner Occupied Housing Units	68.14%	67.04%	67.89%
2016 Renter Occupied Housing Units	20.38%	21.18%	20.18%
2016 Vacant	11.48%	11.79%	11.92%
\$ 0 - \$14,999	25.9%	24.0%	25.0%
\$ 15,000 - \$24,999	19.1%	26.2%	25.0%
\$ 25,000 - \$34,999	25.7%	19.9%	18.4%
\$ 35,000 - \$49,999	10.5%	10.0%	9.1%
\$ 50,000 - \$74,999	7.0%	10.0%	11.5%
\$ 75,000 - \$99,999	7.6%	5.6%	6.9%
\$100,000 - \$124,999	2.8%	1.8%	2.0%
\$125,000 - \$149,999	0.1%	0.5%	0.4%
\$150,000 - \$199,999	0.1%	0.9%	1.0%
\$200,000 - \$249,999	0.0%	0.1%	0.0%
\$250,000 +	1.1%	1.0%	0.8%
2011 Median Household Income	\$26,627	\$24,909	\$25,019
2011 Per Capita Income	\$15,709	\$16,297	\$15,621
2011 Average Household Income	\$36,217	\$36,962	\$36,331

Demographic data © 2010 by Experian/Applied Geographic Solutions.

## SUMMARY REPORT

### Geography: 5 Miles

#### Population

In 2011, the population in your selected geography was 6,513 . The population has changed by -6.43% since 2000. It is estimated that the population in your area will be 6,233 five years from now, which represents a change of -4.29% from the current year. The current population is 50.1% male and 49.9% female. The median age of the population in your area is 44.6 , compare this to the U.S. average which is 36.9. The population density in your area is 82.85 people per square mile.

#### Households

There are currently 2,764 households in your selected geography. The number of households has changed by -5.01% since 2000. It is estimated that the number of households in your area will be 2,498 five years from now, which represents a change of -9.62% from the current year. The average household size in your area is 2.33 persons.

#### Income

In 2011, the median household income for your selected geography is \$25,019 , compare this to the U.S. average which is currently \$53,620. The median household income for your area has changed by 3.64% since 2000. It is estimated that the median household income in your area will be \$26,697 five years from now, which represents a change of 6.71% from the current year.

The current year per capita income in your area is \$15,621 , compare this to the U.S. average, which is \$28,713. The current year average household income in your area is \$36,331 , compare this to the U.S. average which is \$73,458.

#### Housing

The median housing value in your area was \$62,662 in 2000, compare this to the U.S. average of \$110,796 for the same year. In 2000, there were 2,364 owner occupied housing units in your area and there were 546 renter occupied housing units in your area. The median rent at the time was \$272 .

#### Employment

In 2011, there are 1,368 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 41.2% of employees are employed in white-collar occupations in this geography, and 58.8% are employed in blue-collar occupations. In 2011, unemployment in this area is 10.02% . In 2000, the median time traveled to work was 23.8 minutes.

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