



KFC
Syracuse, NY

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SYRACUSE, NY

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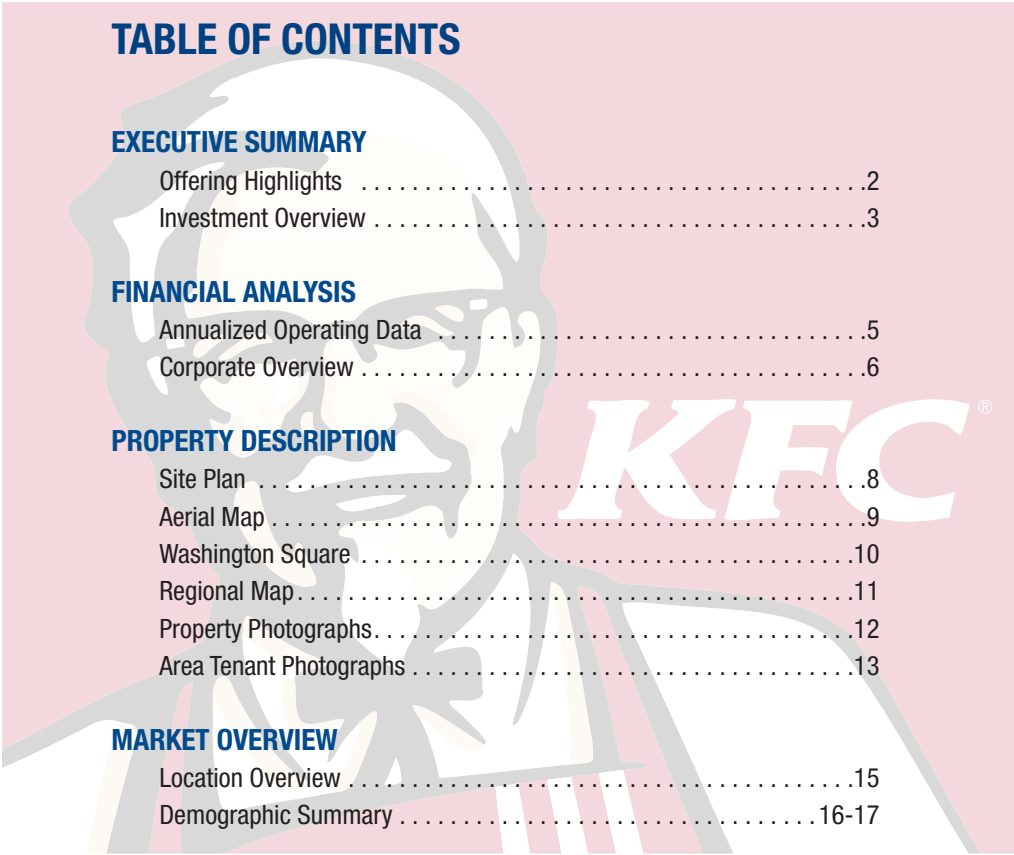
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summary

EXECUTIVE SUMMARY

OFFERING HIGHLIGHTS

KFC

825 Butternut Street
Syracuse, NY 13208

OFFERING SUMMARY

Price	\$827,037
Cap Rate	7.00%
Gross Leasable Area (GLA)	2,560 SF
Price/SF	\$323.09
Year Built	1998
Lot Size	0.56 Acres

VITAL DATA

Net Operating Income	\$57,899
Ownership	Fee Simple



LEASE SUMMARY

Lease Type	Groundlease
Roof and Structure	Tenant
Lease Guarantor	KFC U.S. Properties, Inc.
Lease Commencement Date	October 21, 1997
Rent Commencement Date	August 19, 1998
Lease Expiration Date	August 18, 2018
Increases	10% Increase Every Five Years
Lease Options	(4) Five Year Options

MAJOR EMPLOYERS

MAJOR EMPLOYERS	SERVICE
Upstate Medical University	3,657
University Hospital	3,503
Koreff-Wolf Bonnie	3,000
Upstate University Hospital	3,000
St. Josephs Home Care	2,800
Staff Leasing of Central NY	2,500
Crouse Irving Mem Hosp	2,300

DEMOGRAPHICS

	3-MILES	5-MILES	7-MILES
2013 Population	137,301	228,602	305,742
2018 Population	134,551	225,775	303,656
2013 Households	54,776	93,195	124,126
2018 Households	54,087	92,800	124,336
Median HH Income	\$33,289	\$39,903	\$46,340
Per Capita HH Income	\$20,015	\$23,712	\$26,044
Average HH Income	\$47,897	\$56,007	\$62,422

INVESTMENT OVERVIEW

Marcus & Millichap has been selected to exclusively market for sale the ground lease of a KFC located in Syracuse, New York. KFC signed the original 20-year lease in 1998 which includes (4) five year options and ten percent (10%) rental increases scheduled every five years throughout the option periods. Located in historic Washington Square, the 2,560-square foot building has a direct street frontage along Butternut Street. This is a well established site for KFC as they have occupied this site for over 16 years. Other tenants in the area include: Dollar General, Rite Aid, Dollar Tree, Burger King, and Family Dollar.

Washington Square is one of the 26 officially recognized neighborhoods of Syracuse, New York. Washington Square encompasses what used to be the old Village of Salina which has a concentration of two, three, and four- family structures, and larger apartments surrounded by single-family homes. The neighborhood contains mixed-use buildings along the North Salina Street corridor. Washington Square has the most historic rooming/boarding houses out of all the City's neighborhoods. Historic multiple residences ranked second highest, and apartment buildings ranked seventh. Almost 50 percent of Washington Square's mixed-use buildings have historic significance. The North Salina Street National Register District runs from the 500 Block (where Prospect Street meets N. Salina Street), to the end of the 900 block at Union Place. The City of Syracuse hired a consultant to initiate a streetscape enhancement plan, which includes improved sidewalks, new street furniture, improved parking, new landscaping, interpretive historic markers, and a pedestrian friendly atmosphere. This is intended to be a catalyst for store owners to rehabilitate or improve their own storefronts in order to attract more businesses to locate on this once magnificent 19th Century commercial strip. The Washington Square neighborhood consists of a mix of residential, commercial and industrial sectors. Businesses are concentrated along North Salina, North State Street, East Hiawatha Boulevard, and Wolf Street. Retail, professional, service, wholesale, and industrial type businesses populate the area. Franklin Elementary is the school located in the neighborhood. Schiller Park serves the needs for this area. Woodlawn Cemetery, though not a park, is often used for dog walking and strolling by the neighbors. Washington Square Park lies in the far western corner, along North Salina Street.

INVESTMENT HIGHLIGHTS

- 4 Years Remaining on Original 20-Year KFC Corporate Ground Lease with (4) Five Year Options
- 10 Percent Rental Escalations are Scheduled to Occur at the Beginning of Each Option Period
- Highly Visible Location Off of Interstate 81 and Interstate 690 Along Butternut Street
- Population of Over 228,000+ within a Five Mile Radius
- Area Tenants Include: Dollar General, Rite Aid, Dollar Tree, Burger King, and Family Dollar
- Well Established Location - KFC has Occupied this Site Since August 18, 1998

analysis

FINANCIAL ANALYSIS

ANNUALIZED OPERATING DATA

BASE RENT			
LEASE YEARS	ANNUAL RENT	MONTHLY RENT	ANNUAL RENT / SF
Current - August 18, 2018	\$57,898.56	\$4,824.88	\$22.62

OPTION RENT			
OPTION YEARS	ANNUAL RENT	MONTHLY RENT	ANNUAL RENT / SF
August 19, 2018 - August 18, 2023	\$63,688.32	\$5,307.36	\$24.88
August 19, 2023 - August 18, 2028	\$70,057.20	\$5,838.10	\$27.37
August 19, 2028 - August 18, 2033	\$77,062.92	\$6,421.91	\$30.10
August 19, 2033 - August 18, 2038	\$84,769.20	\$7,064.10	\$33.11

TENANT OVERVIEW

Property Name	KFC
Property Address	825 Butternut Street - Syracuse, NY 13208
Property Type	Net Leased Restaurant
Rentable SF	2,560
Ownership	Public
Tenant	Corporate
Lease Guarantor	KFC U.S. Properties Inc.
Credit Rating	BBB
Rating Agency	Standard & Poor's
Stock Symbol	YUM
Board	NYSE
Rank	#216 on Fortune 500
Sales Volume	\$13.57 Billion
Net Worth	\$31.75 Billion
Lease Commencement Date	October 21, 1997
Lease Expiration Date	August 18, 2018
Term Remaining on Lease	4 Years
Lease Type	Groundlease
Roof and Structure	Tenant
Lease Term	20 Years
Net Operating Income	\$57,898.56
First Right of Purchase	Yes
Increases	10% Increase Every Five Years
Options to Renew	(4) Five Year Options
No. of Locations	40,000+
Headquartered	Louisville, KY
Web Site	www.yum.com



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PROPERTY DESCRIPTION

MARKET OVERVIEW



KFC, a subsidiary of Yum! Brands, is the world's most popular chicken restaurant chain specializing in Original Recipe, Extra Crispy, Kentucky Grilled Chicken, Extra Crispy Strips and Extra Crispy Boneless, with home-style sides, Hot Wings, and freshly made chicken sandwiches.

Since the opening of the first KFC restaurant in 1952 to the newest restaurants in the farthest reaches of Africa, Latin America and Asia, the brand founded by Colonel Harland Sanders is one of the most loved and fastest growing retail chains in the world. It is the world's second largest restaurant chain (as measured by sales) after McDonald's, with 18,000+ outlets in 110+ countries and territories.



KFC was one of the first fast food chains to expand internationally, opening outlets in the United Kingdom, Mexico, and Jamaica by the mid-1960s. Throughout the 1970s and 1980s, KFC experienced mixed fortunes domestically, as it went through a series of changes in corporate ownership with little or no experience in the restaurant business. In the early 1970s, KFC was sold to the spirits distributor Heublein, who were taken over by the R.J. Reynolds food and tobacco conglomerate, who sold the chain to PepsiCo. The chain continued to expand overseas however, and in 1987 KFC became the first Western restaurant chain to open in China. The chain has since expanded rapidly in China, which is now the company's single largest market. PepsiCo spun off its restaurants division as Tricon Global Restaurants, which later changed its name to Yum! Brands.



"Together with our growth-ready franchise partners, Yum! Brands plans to invest \$10 Billion and have more than 20,000 restaurants in emerging markets by 2020", said David Novak, Chairman and CEO, Yum! Brands. "With only 2 restaurants per million people in the top 10 emerging markets, vs. 58 restaurants per million in the U.S., we are only on the ground floor of global growth."

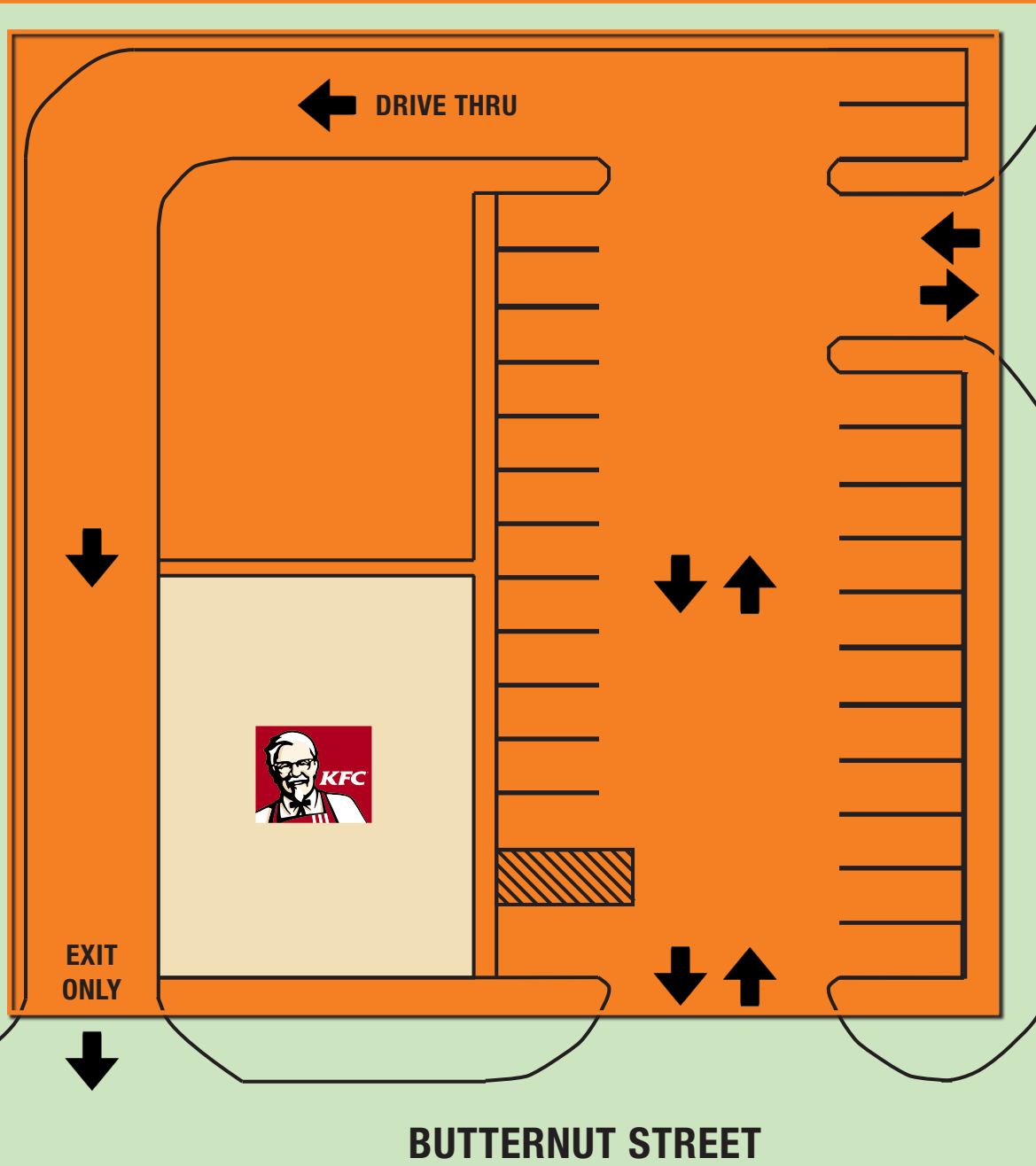
KFC is the fastest growing quick-service restaurant brand, tripling in size over the last five years. KFC is passionate about serving delicious food that lives up to the trust of their customers and meets the highest safety and quality standards in every aspect of their business—from sourcing and procurement to their food preparation and delivery.



www.kfc.com/about
Source: en.wikipedia.org/wiki/KFC
investors.yum.com

description

PROPERTY DESCRIPTION



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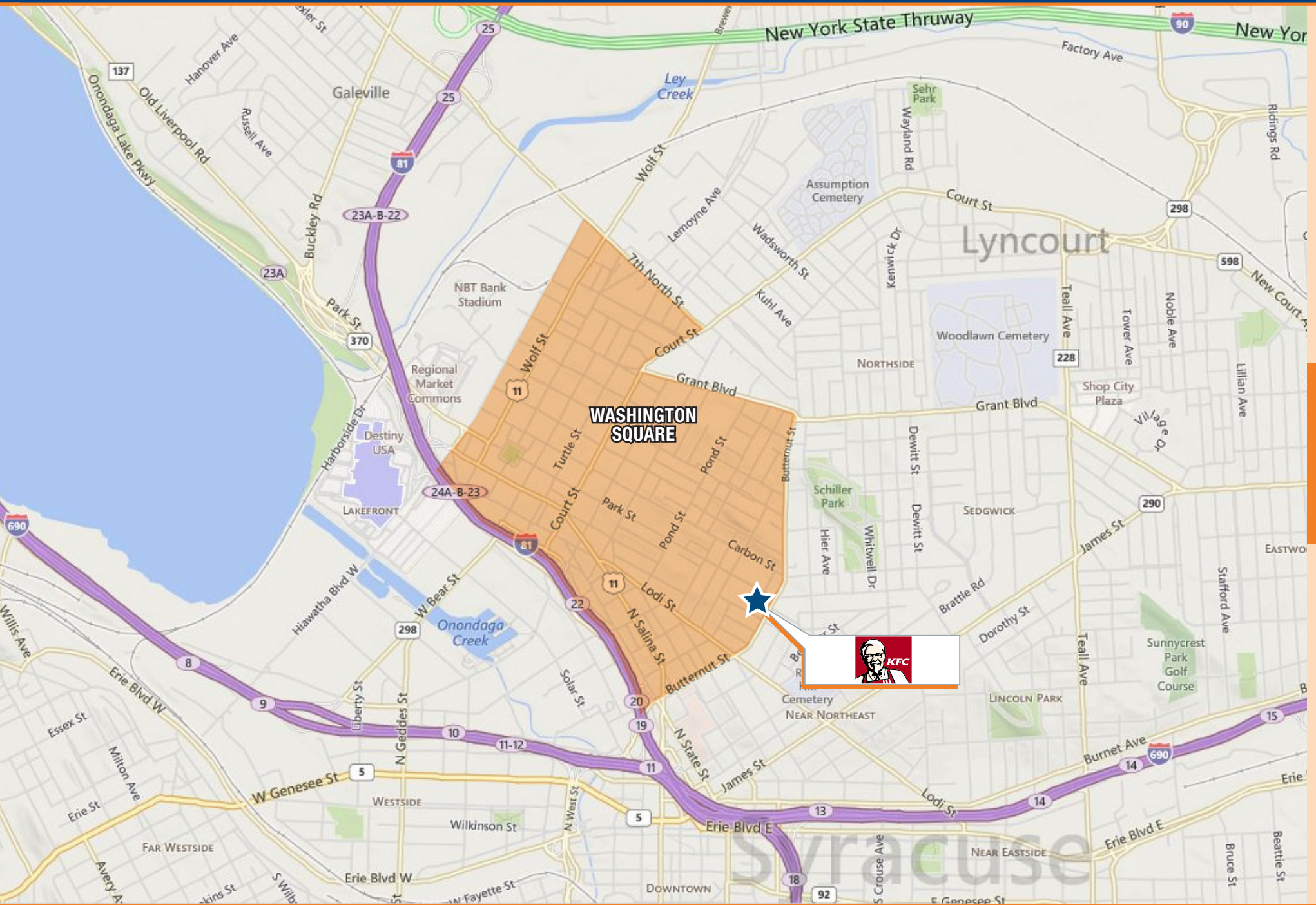


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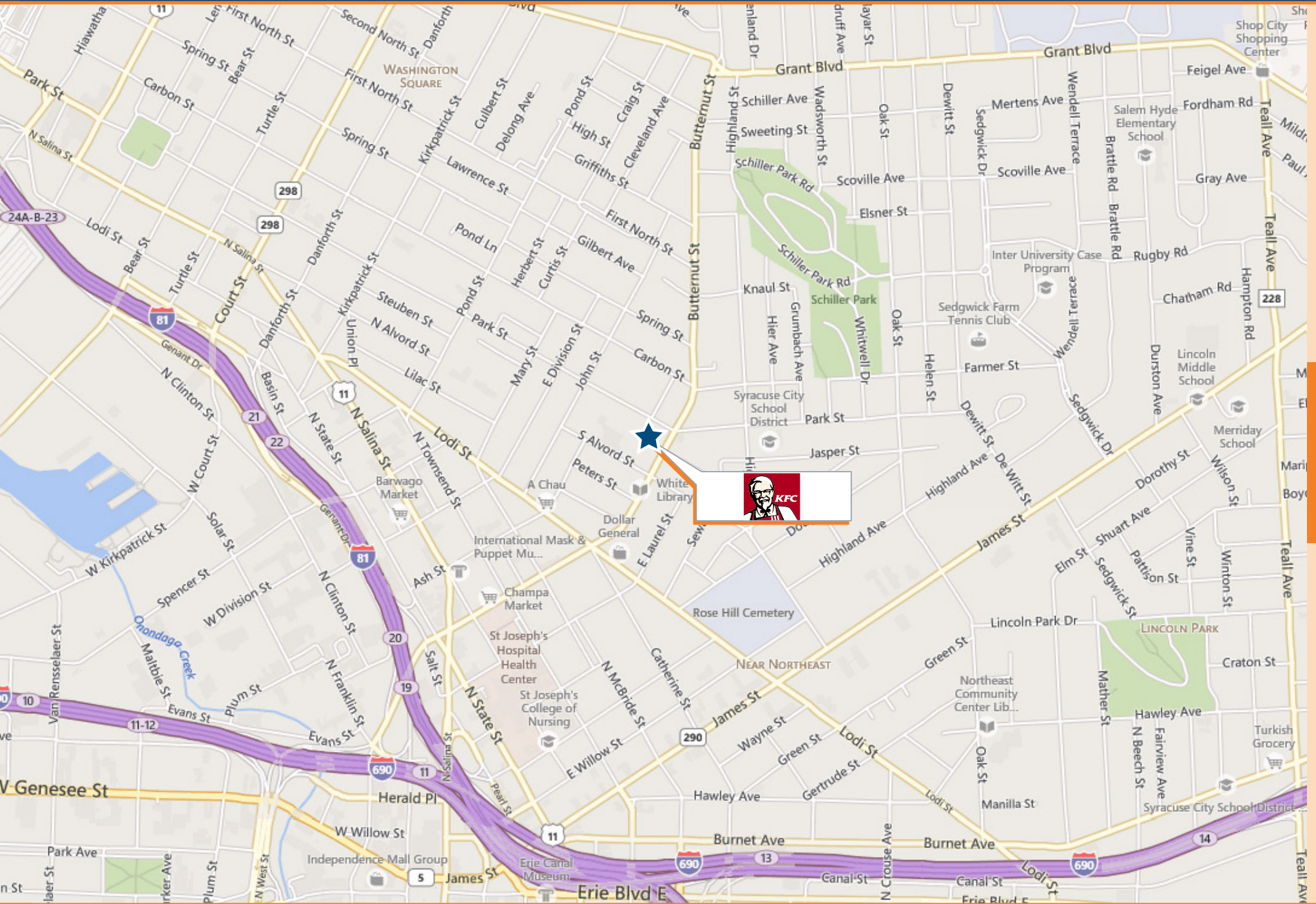


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Burger King | 623 Butternut Street



Dollar Tree | 601 Butternut Street



Dollar General | 601 Butternut Street



Rite Aid | 519 Butternut Street

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overview

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LOCATION OVERVIEW

Syracuse is a city in, and the county seat of, Onondaga County, New York, United States. Syracuse is also well-provided with convention sites, with a downtown convention complex and, directly west of the city, the Empire Expo Center, which hosts the annual Great New York State Fair. Syracuse was named after the original Syracuse, (Siracusa in Italian) a city on the eastern coast of the Italian island of Sicily. The city has functioned as a major crossroads over the last two centuries, first between the Erie Canal and its branch canals, then of the railway network. Today, Syracuse is located at the intersection of Interstates 81 and 90, and its airport is the largest in the region. Syracuse is home to Syracuse University, a major research university, as well as several smaller colleges and professional schools. In 2010 Forbes rated Syracuse 4th in the top 10 places to raise a family. Syracuse's top employers are primarily in education and the service industry. University Hill is Syracuse's fastest growing neighborhood, fueled by expansions by Syracuse University and Upstate Medical University (a division of the State University of New York), as well as dozens of small medical office complexes.

According to the United States Census Bureau, the city has a total area of 25.6 square miles, of which 25.1 square miles of it is land and 0.6 square miles of it (2.15%) is water. The city stands at the northeast corner of the Finger Lakes region. The city has many neighborhoods which were originally various villages that joined the city over the years. Although the central part of Syracuse is flat, many of its neighborhoods are located on small hills such as University Hill and Tipperary Hill. Land to the north of Syracuse is generally flat while land to the south is hilly. Syracuse's main water source is Skaneateles Lake, one of the country's cleanest lakes, located 15 miles southwest of the city. Onondaga Creek, a waterway that runs through downtown, flows northward through the city. There are plans and aspirations to create a creek walk that will connect the Lakefront and Inner Harbor to Franklin Square, Armory Square, The Valley, and ultimately the Onondaga Nation. The creek is navigable, yet can be quite a challenge as its channelized nature speeds up its flow, particularly in the spring, when it may be dangerous. Drownings of youngsters resulted in fencing of the creek through some residential areas.

Washington Square is one of the 26 officially recognized neighborhoods of Syracuse, New York. It borders three other Syracuse neighborhoods, with Northside to the east, Near Northeast to the southeast, and Lakefront to the west. Washington Square encompasses what used to be the old Village of Salina which has a concentration of two, three, and four- family structures, and larger apartments surrounded by single-family homes. The neighborhood contains mixed-use buildings along the North Salina Street corridor. Washington Square has the most historic rooming/boarding houses out of all the City's neighborhoods. Historic multiple residences ranked second highest, and apartment buildings ranked seventh. Almost 50 percent of Washington Square's mixed-use buildings have historic significance.



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POPULATION	3 MILES	5 MILES	7 MILES
2000 Population	137,864	229,269	306,743
2010 Population	137,814	229,277	306,473
2013 Population	137,301	228,602	305,742
2018 Population	134,551	225,775	303,656

HOUSEHOLDS	3 MILES	5 MILES	7 MILES
2000 Households	56,238	94,649	124,152
2010 Households	55,046	93,537	124,459
2013 Households	54,776	93,195	124,126
2018 Households	54,087	92,800	124,336
2013 Average Household Size	2.32	2.29	2.33
2013 Daytime Population	113,468	181,747	210,718
2000 Median Housing Value	\$68,067	\$74,858	\$77,641
2000 Owner Occupied Housing Units	36.98%	45.97%	52.18%
2000 Renter Occupied Housing Units	49.98%	43.77%	39.27%
2000 Vacant	12.30%	9.97%	8.53%
2013 Owner Occupied Housing Units	39.28%	48.94%	55.85%
2013 Renter Occupied Housing Units	60.72%	51.06%	44.15%
2013 Vacant	11.67%	9.62%	8.47%
2018 Owner Occupied Housing Units	39.26%	49.08%	56.08%
2018 Renter Occupied Housing Units	60.74%	50.92%	43.92%
2018 Vacant	11.57%	9.56%	8.44%

INCOME	3 MILES	5 MILES	7 MILES
\$ 0 - \$14,999	24.1%	19.4%	16.1%
\$ 15,000 - \$24,999	15.1%	13.6%	12.1%
\$ 25,000 - \$34,999	12.8%	12.1%	11.4%
\$ 35,000 - \$49,999	13.7%	13.6%	13.3%
\$ 50,000 - \$74,999	17.0%	18.4%	19.6%
\$ 75,000 - \$99,999	8.3%	10.1%	11.8%
\$100,000 - \$124,999	4.4%	5.8%	7.1%
\$125,000 - \$149,999	1.8%	2.6%	3.4%
\$150,000 - \$199,999	1.3%	2.2%	2.8%
\$200,000 - \$249,999	0.7%	0.9%	1.0%
\$250,000 +	0.8%	1.2%	1.4%
2013 Median Household Income	\$33,289	\$39,903	\$46,340
2013 Per Capita Income	\$20,015	\$23,712	\$26,044
2013 Average Household Income	\$47,897	\$56,007	\$62,422

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Geography: 5-Miles

POPULATION

In 2013, the population in your selected geography was 228,602. The population has changed by 0.29% since 2000. It is estimated that the population in your area will be 225,775 five years from now, which represents a change of -1.23% from the current year. The current population is 47.5% male and 52.4% female. The median age of the population in your area is 34.1, compare this to the U.S. average which is 37. The population density in your area is 2,959.94 people per square mile.

HOUSEHOLDS

There are currently 93,195 households in your selected geography. The number of households has changed by -1.53% since 2000. It is estimated that the number of households in your area will be 92,800 five years from now, which represents a change of 0.42% from the current year. The average household size in your area is 2.29 persons.

INCOME

In 2013, the median household income for your selected geography is \$39,903, compare this to the U.S. average which is currently \$53,535. The median household income for your area has changed by 28.54% since 2000. It is estimated that the median household income in your area will be \$44,538 five years from now, which represents a change of 11.61% from the current year.

The current year per capita income in your area is \$23,712, compare this to the U.S. average, which is \$28,888. The current year average household income in your area is \$56,007, compare this to the U.S. average which is \$75,373.

RACE AND ETHNICITY

The current year racial makeup of your selected area is as follows: 67.95% White, 20.35% African American, 0.95% Native American and 4.55% Asian/Pacific Islander. Compare these to U.S. averages which are: 72.20% White, 12.65% African American, 0.96% Native American and 5.01% Asian/Pacific Islander.

People of Hispanic origin are counted independently of race. People of Hispanic origin make up 7.03% of the current year population in your selected area. Compare this to the U.S. average of 16.55%.

HOUSING

The median housing value in your area was \$74,858 in 2000, compare this to the U.S. average of \$110,781 for the same year. In 2000, there were 48,336 owner occupied housing units in your area and there were 46,020 renter occupied housing units in your area. The median rent at the time was \$451.

EMPLOYMENT

In 2013, there are 181,747 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 62.0% of employees are employed in white-collar occupations in this geography, and 38.0% are employed in blue-collar occupations. In 2013, unemployment in this area is 5.20%. In 2000, the median time traveled to work was 15.9 minutes.

Demographic data © 2010 by Experian/Applied Geographic Solutions.



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