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Offering Memorandum

**TEXAS ROADHOUSE GROUND LEASE AT COTTONWOOD MALL**

10030 COORS BYPASS NW

ALBUQUERQUE, NM 87114



**Marcus & Millichap**





RESIDENTIAL



COORS BYPASS NW (58,700 CPD)





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CIBOLA  
HIGH SCHOOL  
(2,200 STUDENTS)

COTTONWOOD MALL



**TEXAS ROAD HOUSE GROUND LEASE**

10030 Coors Bypass NW  
Albuquerque, NM 87114

FINANCIAL SUMMARY	
Price	\$3,000,000
Down Payment	100% \$3,000,000
Cap Rate	4.50%
Building SF	7,163 SF
Net Cash Flow	4.50% \$135,000
Year Built	2016
Lot Size	1.2 Acres

LEASE SUMMARY	
Lease Type	Absolute Triple-Net (NNN) Ground Lease
Tenant	Texas Roadhouse
Lease Guarantor	Corporate
Roof & Structure	Tenant Responsible
Rent Commencement Date	April 1, 2016
Lease Expiration Date	March 31, 2031
Approximate Lease Term Remaining	15 Years
Options	3, 5 Years
Rental Increases	10% Every 5 Years

ANNUALIZED OPERATING DATA		
LEASE YEARS	ANNUAL RENT	CAP RATE
4/1/2016 - 3/31/2021	\$135,000	4.50%
4/1/2021 - 3/31/2026	\$148,500	4.95%
4/1/2026 - 3/31/2031	\$163,350	5.44%

OPTION YEARS	ANNUAL RENT	
Option 1	\$179,685.00	5.98%
Option 2	\$197,653.50	6.58%
Option 3	\$217,418.85	7.24%

BASE RENT	\$135,000
Net Operating Income	\$135,000
Total Return	4.50% \$135,000





Tenant	Corporate
Ownership	Public
Headquartered	Louisville, KY
Stock Symbol	NASDAQ: TXRH
Locations	450+
Website	<a href="http://www.texasroadhouse.com">www.texasroadhouse.com</a>

Texas Roadhouse is a full service, casual dining restaurant chain, offering an assortment of specially seasoned and aged steaks hand-cut daily on the premises and cooked to order over open gas-fired grills. In addition to steaks, they also offer our guests a selection of ribs, fish, seafood, chicken, pork chops, pulled pork, vegetable plates, and an assortment of hamburgers, salads and sandwiches. The majority of the menu's entrees include two made-from-scratch side items, and all guests can enjoy a free unlimited supply of in-shell peanuts and made-from-scratch yeast rolls. Today, the Company operates over 450 restaurants system-wide in 49 states and 4 foreign countries.



## Investment Highlights

- New 15 Year Absolute Triple Net (NNN) Corporate Ground Lease
- No Landlord Responsibilities
- Brand New Construction
- Rare Corporate Guarantee (Texas Roadhouse, Inc.)
- Ten Percent Increases Every Five Years
- Visible to 58,700 Cars per Day from Coors Bypass NW
- Out Parcel to Cottonwood Mall, a 1 Million-Square-Foot Regional Mall Anchored by Macy's, Dillard's, JCPenney, Sears and Regal Cinemas - Owned by Simon Properties, a National REIT
- Strong Market Area - Over 172,890 Residents within a 5-Mile Radius
- Average Household Income Exceeds \$83,000 in a 1-Mile Radius
- Growing Market - Over 12 Percent Expected Population Growth by 2019

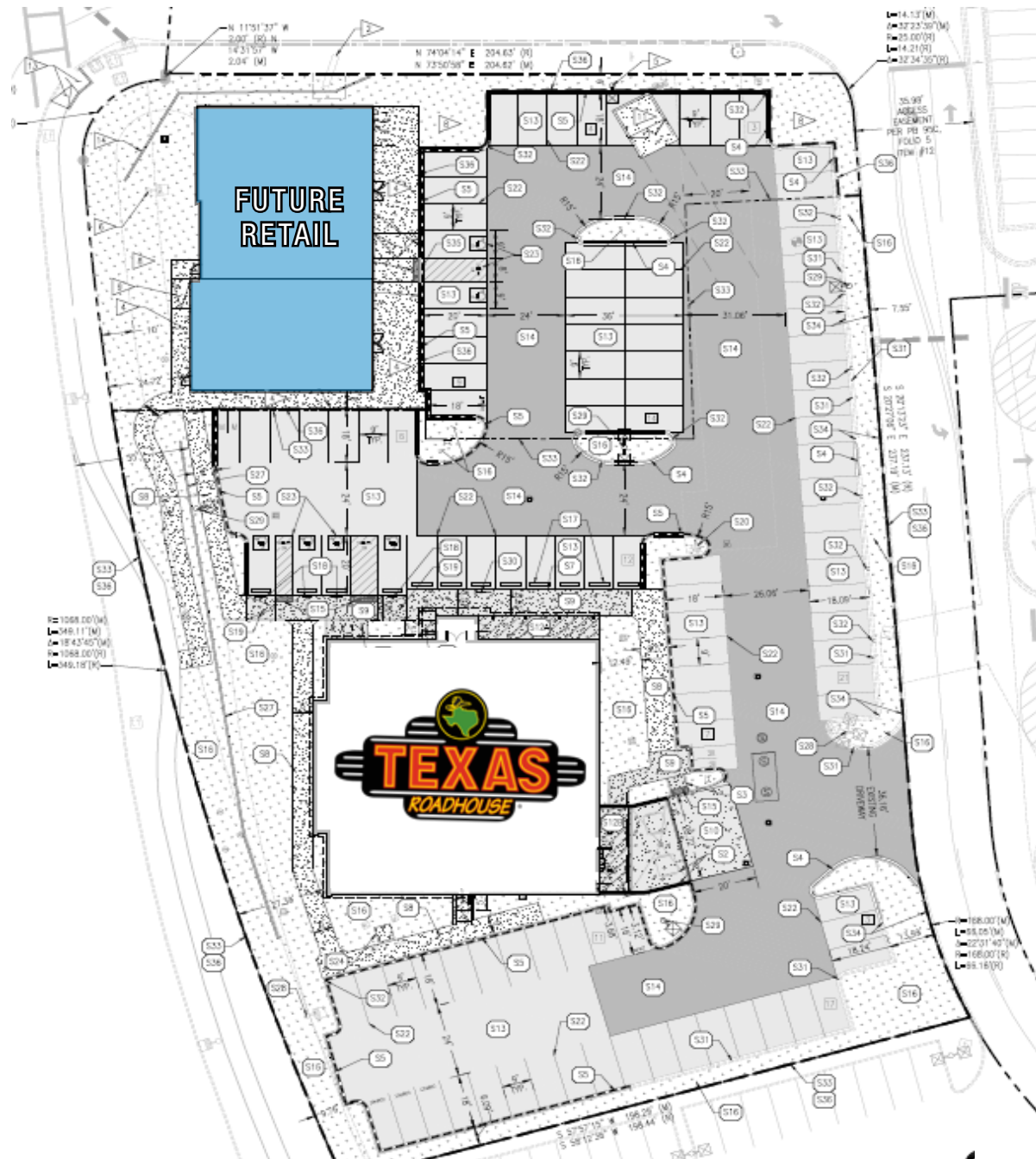


## Investment Overview

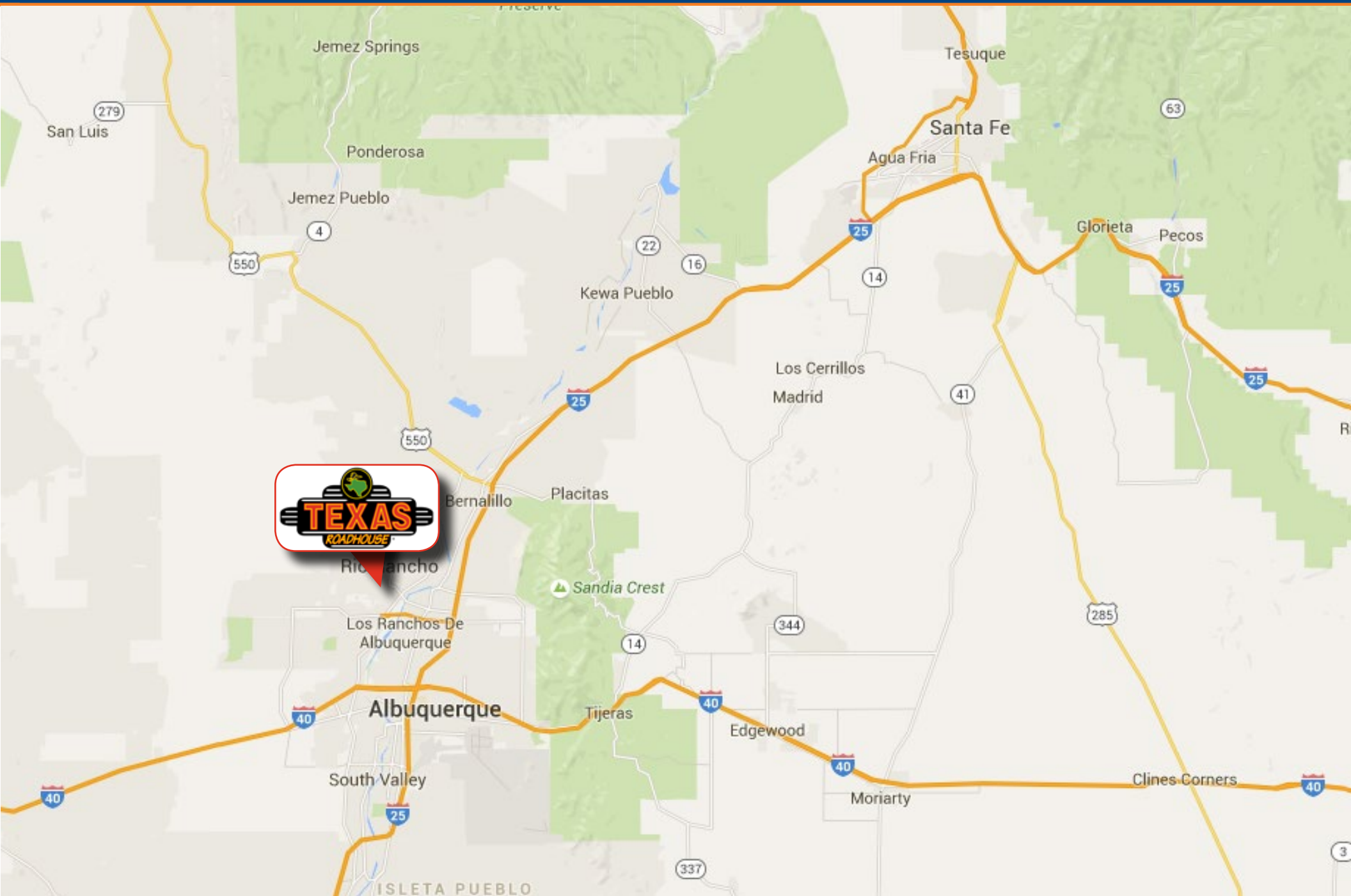
Texas Roadhouse is located at 10030 Coors Bypass NW in Albuquerque, New Mexico. The subject property is expected to be complete by late March 2016, and open in April. It is to be a 7,163-square-foot single tenant building on +/- 1.2 acres of land. There are 15 years remaining on the brand new absolute triple-net (NNN) corporate ground lease with no Landlord responsibilities. The offering provides three, five year options with ten percent increases every five years. Texas Roadhouse (NASDAQ: TXRH) is a full service, casual dining restaurant chain with over 450 restaurants in 49 states and four foreign countries.

The subject property is positioned off of Coors Bypass NW. The restaurant is ideally positioned as an out parcel to Cottonwood Mall (the second largest mall in New Mexico), a one million-square-foot regional mall anchored by Macy's, Dillard's, JCPenney, Sears and Regal Cinemas. There are several other tenants in the immediate area including Costco, Sam's Club, Home Depot, Walmart Supercenter, Target, Kohl's, Michael's, several auto dealerships and more. Texas Roadhouse is situated within a strong market area with over 172,890 residents and 67,500 households in a five mile radius. The average household income exceeds \$83,000 within a one-mile radius. A tremendous growth area, Albuquerque is the largest city in New Mexico with roughly 558,700 residents.

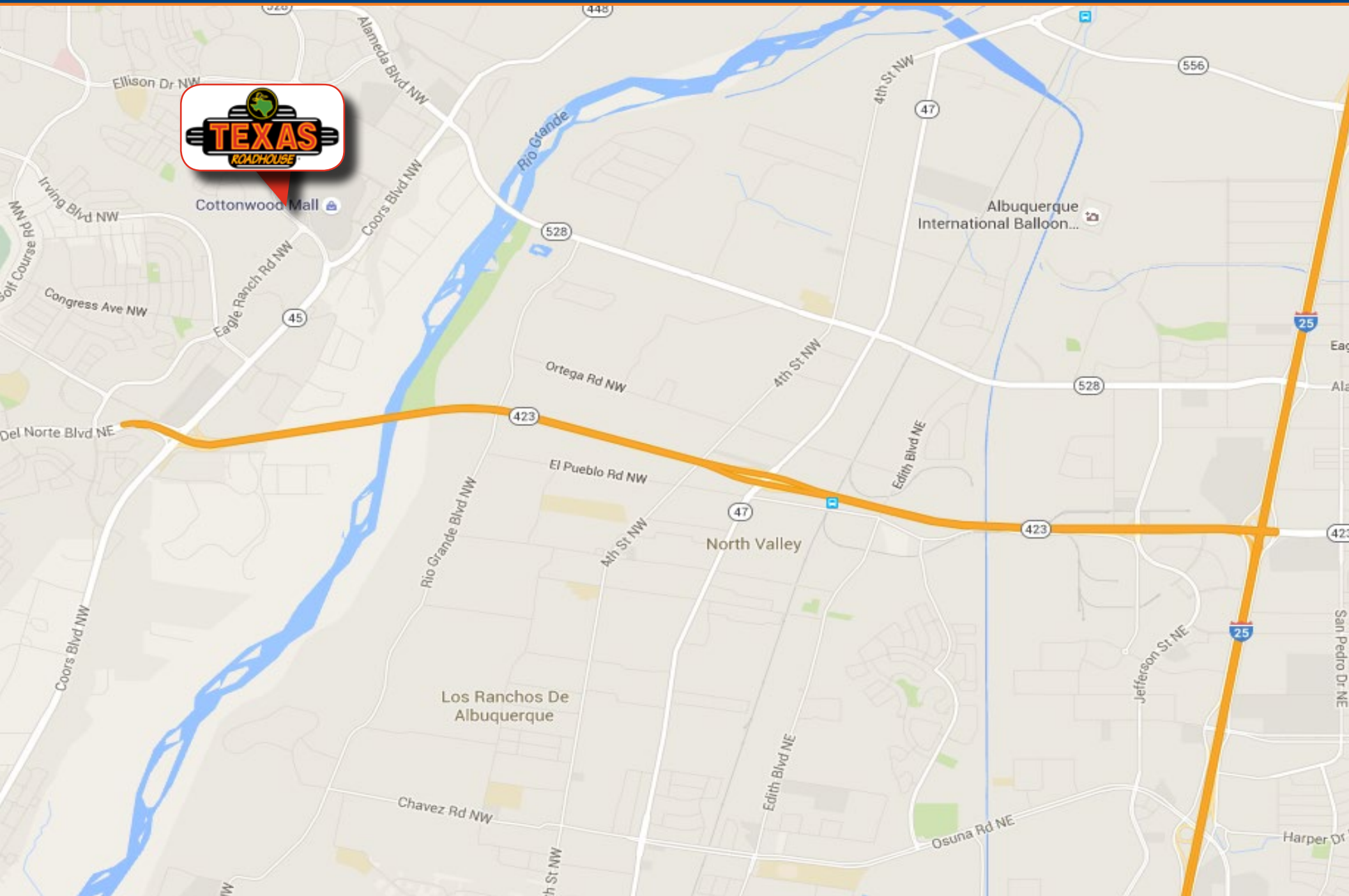


















## Cottonwood Mall

From its strategic location in West Mesa, Albuquerque's fastest-growing area, Cottonwood Mall attracts shoppers with the state's finest lineup of popular department stores, more than 135 specialty shops, and unique design elements—offering retailers an excellent opportunity in a promising market. At 1,041,680-square-foot, it is the second largest mall in the state of New Mexico.

### ANCHORS:

- Dillards
- Macy's
- Sears
- Regal Cinemas
- JCPenney

### SURROUNDING RETAIL CENTERS:

**Cottonwood Corners (I, II, III):** Best Buy, Sam's Club, Kohl's, Barnes & Noble, Olive Garden, Red Lobster, Toys "R" Us

**The Plaza at Cottonwood:** The Home Depot, Party City, PetSmart, Staples

**Surrounding Retail & Restaurants:** Pei Wei, Chuck E. Cheese's, The Men's Wearhouse, Starbucks Coffee, Walmart, Dick's Sporting Goods, World Market, PETCO, Gordmans, Bed Bath & Beyond, Panera Bread, Costco Warehouse, Longhorn Steakhouse





## Albuquerque MSA

### Metro

The Albuquerque metropolitan area spans Bernalillo, Sandoval, Torrance and Valencia counties. The metro has grown by 25 percent since 2000, to nearly 911,500 citizens. Albuquerque is the largest city with roughly 558,700 residents followed by Rio Rancho. Over the next five years, the population of the metro will increase by 1.1 percent annually.

#### The Albuquerque Metro is:

280 miles from El Paso

400 miles from Phoenix

450 miles from Denver

775 miles from Los Angeles

### Employers

Albuquerque's economic activity relies partially on the government and defense sectors, which are increasing payrolls in the metro. The largest employer of the region is Kirtland Air Force Base, with more than 30,000 civilians and thousands of additional military workers. Additionally, Sandia National Laboratories, Honeywell Defense & Space Electronic Systems and Northrop Grumman provide a substantial amount of the vocational opportunities in the region.

Manufacturing is another significant economic driver in the metro. Employers such as Intel Corp., SCHOTT Solar, Thomas & Betts, General Mills, and Tempur-Pedic provide substantial employment opportunities to the local community.

While the metro has its share of large employers, small employers provide the majority of new positions. Establishments with one to 20 employees make up approximately 97 percent of the total employment base. Existing firms and startups in many industries are drawn to the business-friendly environment and tax incentives allowing companies to leverage many different resources.

### Economy

The major drivers of the Albuquerque economy are government, defense, manufacturing and high tech. Since recovering from the recent recession, the local economy is now accelerating. Gross metropolitan product (GMP) will rise 0.2 percent through 2015 and is forecast to expand by 1.5 percent in the following year. Retail sales will register 4.5 percent growth this year, falling just below the national average.

The U.S. military plays a vital role in the local economy, attracting private and government high-tech institutions, a well-trained labor force and capital investment to the region. The local government shows strong support for the expansions and relocations of business. Both government and business officials in the region have aggressively sought to provide tax incentives and create economic zones to encourage such growth.

Sandia National Laboratories, a government-owned research center operated by Lockheed Martin, and the Air Force Research Laboratory provide key support to the aerospace sector. The state provides various tax deductions for aerospace companies, along with various tax incentives for capital investment and work development in the field. The newest trend to emerge in the region is the number of companies capitalizing on the need for UAS (Unmanned Aircraft Systems), or drones. The White Sands Missile Range south of the metro offers the perfect setting to test multiple aerospace initiatives.

### Quality of Life

The Albuquerque metro offers a wide array of recreational opportunities. Skiing, golfing, mountain biking, camping and hiking are a few of the activities available in the Sandia and Manzano mountains to the east of Albuquerque. The Sandia Peak Tramway provides access to ski resorts and an outstanding view of the beautiful mountains. Furthermore, the region is home to more than 400 miles of trails for biking and hiking.

Cultural experiences are abundant from the architecture to the museums. Old Town Albuquerque historic village offers 18th century architecture coupled with world famous artwork covering the Spanish, Native American and Anglo heritages. The Albuquerque Museum and Explora Science Center & Children's Museum are two of the most visited venues in the metro, along with the Popejoy Hall. Concertgoers enjoy eclectic performances by the New Mexico Philharmonic and Albuquerque's Opera Southwest each performance season.

### Market Highlights

#### Population growth

More than 64,000 people will be added to the metro in the next five years.

#### Economic drivers

Defense, manufacturing, government and high tech lead the local economy.

#### Economic expansion

Tax incentives and economic trade zones encourage business growth.

#### Well-educated workforce

Roughly 29 percent of adults have earned a bachelor's degree.





Population	1-Mile	3-Miles	5-Miles
2019 Projection	10,921	76,682	192,250
2014 Estimate	9,720	68,542	172,890
Growth 2014 - 2019	12.36%	11.88%	11.20%
2000 Census	6,356	46,089	118,423
2010 Census	9,468	65,629	166,137
Growth 2000 - 2010	48.97%	42.40%	40.29%

Households	1-Mile	3-Miles	5-Miles
2019 Projections	4,738	30,273	75,361
2014 Estimate	4,192	27,007	67,535
Growth 2014 - 2019	13.04%	12.09%	11.59%
2000 Census	2,696	17,572	44,729
2010 Census	4,080	25,893	64,941
Growth 2000 - 2010	51.34%	47.35%	45.19%
2014 Occupied Units	4,411	28,250	70,782
Owner Occupied	1,793	18,607	48,697
2014 Est. Daytime Population	4,926	18,021	62,376

2014 Income	1-Mile	3-Miles	5-Miles
\$200,000 or More	3.96%	4.32%	3.75%
\$150,000 - \$199,999	5.05%	5.83%	5.28%
\$100,000 - \$149,999	14.18%	16.31%	15.69%
\$75,000 - \$99,999	15.08%	16.79%	15.77%
\$50,000 - \$74,999	21.56%	20.13%	20.45%
\$35,000 - \$49,999	13.97%	12.13%	13.36%
\$25,000 - \$34,999	11.77%	9.14%	8.89%
\$15,000 - \$24,999	7.52%	7.80%	8.76%
\$10,000 - \$14,999	2.57%	3.10%	3.46%
Under \$9,999	4.35%	4.46%	4.59%
2014 Est. Average Household Income	\$83,128	\$85,527	\$80,885
2014 Est. Median Household Income	\$61,414	\$66,652	\$63,579
2014 Est. Per Capita Income	\$35,851	\$33,789	\$31,736



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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.

**By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services as well as the Property Owner and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.**



exclusively listed

Exclusively listed by:

Marcus & Millichap

IN COOPERATION WITH



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