

# McDonald's

Absolute NNN Ground Lease | Pad to Top-Performing Costco | Irreplaceable Orange County Location



OFFERING MEMORANDUM  
FOUNTAIN VALLEY, CALIFORNIA





**HANLEY INVESTMENT GROUP**  
REAL ESTATE ADVISORS



**OAKS**  
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## TABLE OF CONTENTS

Offering Summary	3
Investment Highlights	4
Site Plan / Parcel Map	6
Surrounding Tenants	7
Aerial Overview	8
Regional Map	12
Tenant Profile	13
Tenant News	14
Area Overview	15
Demographics	17

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# OFFERING SUMMARY

## LOCATION

McDonald's  
11321 Talbert Avenue  
Fountain Valley, CA 92708



## OFFERING SUMMARY

Price:	\$4,206,000
Current Net Operating Income (NOI):	\$136,711
Current Capitalization Rate:	3.25%
Net Rentable Area:	3,500
Year Built:	2011
Lot Size (Acres):	1.04

## LEASE TERMS (1)

Tenant:	McDonald's USA, LLC
Rent Commencement:	5/27/2011
Lease Expiration:	5/26/2031
Lease Type:	Absolute NNN Ground Lease
Roof & Structure:	Tenant Responsibility
Monthly Rent:	\$11,393
Annual Rent:	\$136,711
Rental Increases:	5% Every 5 Years
Renewal Options:	Eight 5-Year @ 5% Increases

(1) All lease provisions to be independently verified by Buyer during the Due Diligence Period.



## McDonald's Quick Facts

**40,000+**

RESTAURANTS  
WORLDWIDE

**100+**

COUNTRIES  
SERVED

**\$25B**

2023  
REVENUE

# INVESTMENT HIGHLIGHTS

- **Corporate Guaranteed McDonald's Ground Lease:**

- Absolute NNN corporate ground lease; 7.5 years remaining on initial 20-year lease term
- 5% increases every 5 years during the initial term and each of the eight 5-year options
- Below market, long-term sustainable rent with significant future upside
- Drive-thru equipped; on average, stores with drive-thru's experience higher sales than those without
- Recent interior store remodel showing McDonald's continued long-term commitment to the location
- The subject property is one of the top-performing McDonald's locations nationwide (Placer.ai)
- Investment-grade national tenant (NYSE: MCD; S&P: BBB+)
- McDonald's is the world's leading global food service retailer with over 40,000 locations in over 100 countries



- **Outparcel to Top-Performing Costco-Anchored Center; Excellent Visibility & Access:**

- Strategically positioned as an out parcel to a Costco-anchored shopping center
- The Costco is within the top 10% performing Costco locations nationwide (Placer.ai)
- Other top performing national/credit tenants according to Placer.ai include Ross Dress for Less (top 30% nationwide), PetSmart (top 1% nationwide), Taco Bell (top 30% nationwide), Starbucks, and more, promoting crossover synergy within the center
- Exceptional visibility along Talbert Avenue (28,000+ CPD)
- The property has superior street frontage and excellent visibility due to its accompanying monument sign
- Multiple points of ingress/egress to the center



# INVESTMENT HIGHLIGHTS

- **Nearby Signalized, Hard-Corner Intersection; Proximity to Interstate 405 (320,000 CPD):**
  - The property is located near the signalized, hard corner intersection of Talbert Avenue and Newhope Street, averaging 45,000+ cars per day
  - Less than a half-mile north of the on/off ramps for Interstate 405, one of the busiest roadways in the entire country, averaging 320,000 CPD
- **Thriving Fountain Valley/Orange County Market; Dense, Infill Trade Area With Extremely High Barriers to Entry:**
  - Extremely dense population of more than 686,000 residents and 330,755 employees support the 5-mile trade area
  - Average household income of \$135,000 within a 1-mile radius



# SITE PLAN / PARCEL MAP

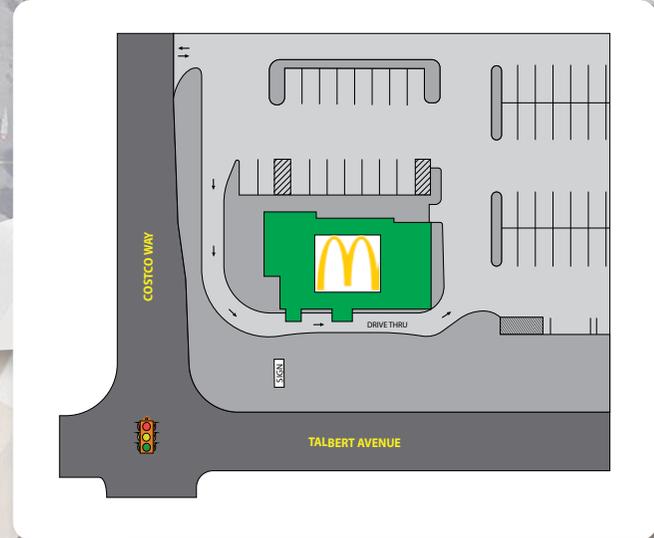


**McDonald's**  
11321 Talbert Avenue  
Fountain Valley, CA 92708

 SUBJECT PROPERTY

 PROPERTY PARCEL

APN: 169-222-27



# SURROUNDING TENANTS

TOP 30% PERFORMING  
LOCATION NATIONWIDE



Placer.ai



TOP 10% PERFORMING  
LOCATION NATIONWIDE



Placer.ai



TOP 1% PERFORMING  
LOCATION NATIONWIDE



Placer.ai



TOP 30% PERFORMING  
LOCATION NATIONWIDE



Placer.ai



# AERIAL OVERVIEW



**ANAHEIM**  
- \$107,000 AHHI -

**FOUNTAIN VALLEY**  
- \$146,00 AHHI -



**TALBERT AVENUE**  
28,000 CPD



# AERIAL OVERVIEW



HUNTINGTON BEACH  
- \$143,000 AHHI -

320,000 CPD



28,000 CPD

TALBERT AVENUE

NEWHOPE STREET

16,600 CPD

SUBJECT PROPERTY



# AERIAL OVERVIEW

## DEMOGRAPHICS

### Population:

1-Mile Radius	10,145
3-Mile Radius	216,812
5-Mile Radius	686,179

### Household Income:

1-Mile Radius	\$135,045
3-Mile Radius	\$127,233
5-Mile Radius	\$117,658

### SOUTH COAST PLAZA



**IRVINE**  
- \$154,000 AHHI -

**COSTA MESA**  
- \$129,000 AHHI -



SUBJECT PROPERTY



TALBERT AVENUE

28,000 CPD

# AERIAL OVERVIEW



# REGIONAL MAP



# TENANT PROFILE



McDonald's is the world's largest chain of hamburger fast-food restaurants. The company has more than 1.8 million employees, serving approximately 70 million customers daily in over 100 countries across the world. The golden arches franchise began in 1940 as a barbecue restaurant operated by Richard and Maurice McDonald. In 1948 they reorganized their business as a hamburger stand using production line principles. Businessman Ray Kroc later joined the company as a franchise agent in 1955. He subsequently purchased the chain and oversaw its worldwide growth. McDonald's primarily sells hamburgers, cheeseburgers, chicken, French fries, breakfast items, coffee, soft drinks, milkshakes, and desserts. In response to changing consumer tastes, the company has expanded its menu to include salads, wraps, smoothies, and fruit.

McDonald's is the leading global foodservice retailer with more than 40,000 restaurants worldwide. Over 38,000 (approximately 95%) of McDonald's restaurants are owned and operated by independent local franchisees. McDonald's restaurants are operated by either a franchisee, an affiliate, or the corporation itself. The McDonald's corporation's revenues come from the rent, royalties, and fees paid by the franchisees, as well as sales in company-operated locations. As of December 31, 2020, McDonald's Corporation had total revenues in excess of \$19.2 billion and a net income of \$4.7 billion.

**Company Type:** Public (NYSE: MCD; S&P: BBB+)  
**Locations:** 40,000+  
**Website:** [www.mcdonalds.com](http://www.mcdonalds.com)

**#1**

**2023  
QSR 50**

QSR Magazine (2023)

**#1**

**Top Fast-Food Burger  
Chain in America**

QSR Magazine (2023)

**#38**

**World's Most  
Admired Company**

Fortune (2023)



## Forbes

### McDonald's Plans 'Fastest Period Of Growth In Brand's History' With 10,000 New Stores By 2027

By James Farrell | December 7, 2023

McDonald's is planning to open 10,000 new stores globally by 2027, in what the world's largest fast food chain says would be the "fastest period of growth" in the brand's history, while also announcing a partnership with Google to automate restaurants using artificial intelligence.

McDonald's says it expects nearly 2% growth in system-wide sales from its new restaurants, according to a press release. A McDonald's spokesperson told CBS the United States would see 900 new restaurants, while the rest would open internationally.

The company also plans to revamp parts of its menu, rolling out a "Best Burger Initiative"—an effort to improve the quality of its burgers—to nearly all of its markets by 2026, and will invest more in its growing chicken business by expanding its McCrispy chicken sandwich to nearly all markets by 2025.

[CLICK FOR ARTICLE](#)



## CBS NEWS

### McDonald's is Opening a New Chain Called CosMc's

By Aimee Picchi | December 12, 2023

McDonald's said it is opening a new chain called CosMc's that will focus on coffee and other drinks, a step that is viewed as a challenge to Starbucks and Dunkin' as the fast-food giant seeks to boost afternoon sales.

The company opened its first CosMc's location in Illinois on December 7, with plans to open additional restaurants in 2024.

The rationale for the restaurant stems from the growing demand for an "afternoon beverage pick-me-up occasion," a \$100 billion market where McDonald's currently isn't a strong presence, said McDonald's CEO Chris Kempczinski, speaking at an investor presentation on December 6. The new chain will allow the company to create customized beverages that are difficult for McDonald's restaurants to create, he added.

[CLICK FOR ARTICLE](#)

# AREA OVERVIEW

## Fountain Valley

- A suburban city located in the heart of Orange County on the I-405 Freeway, just north of Huntington Beach, Costa Mesa, and Newport Beach, and just south of Santa Ana and Anaheim
- 56,843 total residents
- Known for its sunny weather, seaside location, outdoor activities, and direct access to Los Angeles
- Only minutes from popular destinations like Disneyland, Knott's Berry Farm, the Honda Center, Angel Stadium, John Wayne Airport, and world-class shopping

## ECONOMY

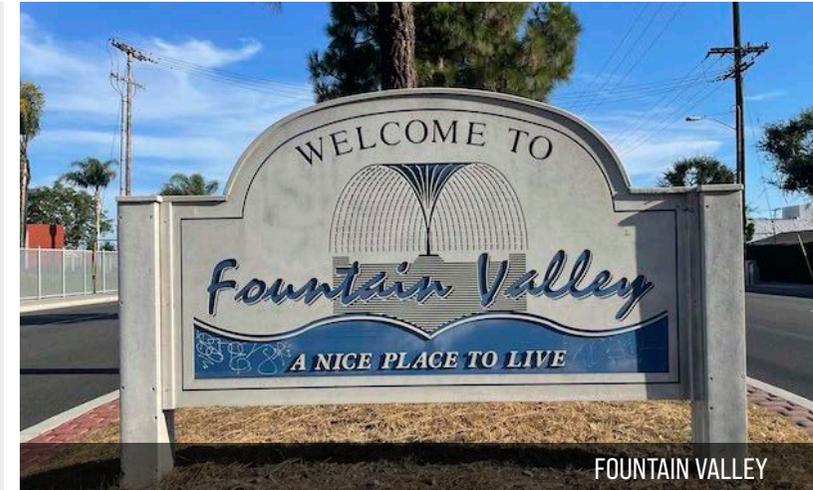
- Largest industries are manufacturing, health care, and retail trade
- Principal employers include Fountain Valley Regional Hospital, Orange Coast Memorial Medical, Memorial Health Services, Kingston Technologies Company, and Hyundai Motor America, Inc.
- Over 5,000 businesses call the City "A Nice Place to do Business"
- The city is comprised of 80% single-family homes, 5% multi-family units, and 15% commercial/industrial space according to the planning and building director
- Fountain Valley Schools rate 9 out of a possible 10 in terms of quality education by GreatSchools.org
- \$146,310 average household income

## DEVELOPMENTS

- **Fountain Valley Crossings** - 162-acre mixed-use community; this area will feature districts and an activity core that will draw new retailers, restaurants, commercial business relocation opportunities, and a limited amount of residential housing
- **Village Center Shopping Center** - Construction has begun for a new Dutch Bros coffee establishment with a double drive-through
- **Plaven Plaza** - New 4,000 square foot restaurant building; currently under construction
- **Fountain Valley Plaza** - New grocery store opening in the former Office Depot; under construction



**\$146,310 Average Household Income**



FOUNTAIN VALLEY



FOUNTAIN VALLEY REGIONAL HOSPITAL



HYUNDAI MOTOR AMERICA, INC. HEADQUARTERS

# AREA OVERVIEW

## Orange County

- Iconic beach towns and 42 miles of coastline dub the area “The Gold Coast of California”
  - Home to some of the world’s most popular tourist attractions such as The Disneyland Resort, Knott’s Berry Farm, Mission San Juan Capistrano, South Coast Plaza, and Segerstrom Hall
- 3.17 million population; 4th most populous county in California; 6th most populous in the U.S.
- #14 “Best Counties to Live in America” - Niche (2022)

## ECONOMY

- Gross Domestic Product (GDP) exceeds \$259 billion; 9th largest economy by county in the U.S.
- 2nd largest labor force in California with 1.63 million workers
- Leads the nation in medical device manufacturing; home to companies such as Edwards Lifesciences, University Lab Partners, ICU Medical, and Johnson & Johnson’s vision surgical division
- 3rd most diverse tech sector in the U.S. with major growth in cybersecurity, FinTech, and E-sports
- Strong tourism industry hosts 50+ million visitors each year; pre-pandemic visitor spending reached \$14.5 billion in 2019
  - John Wayne Airport in Santa Ana accounts for 43,000 jobs and an economic impact of \$6 billion
- \$134,610 average household income vs. \$87,864 U.S. average household income
- The largest employers include The Walt Disney Company (30,000), University of California (23,884), County of Orange (17,271), St. Joseph Health (14,000), and Kaiser Permanente (8,178)

## DEVELOPMENTS

- **UC Irvine Hospital Campus** - A \$1.3 billion, 144-bed acute care hospital complex and associated facilities
  - Expected to open in phases between 2023 and 2025
- **Angel Stadium Project** - A 150-acre development in the Platinum Triangle District of Anaheim to construct 2.7 million square feet of office space, 5,175 housing units, 1.1 million square feet of retail and restaurant space, 943 hotel rooms, and 12,500 parking spaces



MILES OF COASTLINE



MISSION SAN JUAN CAPISTRANO



ANGEL STADIUM PROJECT RENDERING



**\$21.3 Billion Generated by Tourism in 2019**

# DEMOGRAPHICS

POPULATION	1-Mile	3-Mile	5-Mile
2027 Projection	10,167	218,394	696,894
2022 Census	10,145	216,812	686,179
2010 Census	9,860	212,448	661,911
2000 Census	9,187	214,252	670,189
Growth 2010-2020	2.89%	2.05%	3.67%
Growth 2022-2027	0.22%	0.73%	1.56%
HOUSEHOLDS			
2027 Projection	3,738	65,944	205,373
2022 Census	3,700	65,236	201,532
2010 Census	3,615	63,642	193,004
2000 Census	3,105	63,411	191,307
Growth 2000-2010	16.43%	0.36%	0.89%
Growth 2010-2020	2.35%	2.50%	4.42%
Growth 2022-2027	1.03%	1.09%	1.91%
2022 POPULATION BY SINGLE-CLASSIFICATION RACE			
White Alone	5,662	104,894	337,875
Black or African American Alone	121	3,014	8,852
American Indian and Alaska Native Alone	36	1,431	4,666
Asian Alone	3,169	58,518	155,831
Native Hawaiian and Other Pacific Islander Alone	22	889	2,607
Some Other Race Alone	623	38,007	145,813
Two or More Races	497	9,858	29,389
2022 POPULATION BY ETHNICITY (HISPANIC OR LATINO)			
Hispanic or Latino	1,546	82,939	314,724
Not Hispanic or Latino	8,599	133,873	371,455
2022 AVERAGE HOUSEHOLD INCOME			
	\$135,045	\$127,233	\$117,658

AREA SNAPSHOT


686,179  
 POPULATION (5-Mile)

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330,755  
 DAYTIME POPULATION (5-Mile)

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3.67%  
 POPULATION GROWTH (5-Mile, 2010-2020)

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\$117,658  
 AVERAGE HOUSEHOLD INCOME (5-Mile)

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\$717,720  
 AVERAGE HOME VALUE (1-Mile)



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**\$10.4 BILLION**  
retail sales nationwide



**SHARED DATABASE**  
collaborative proprietary database



**GLOBEST. INFLUENCERS**  
in retail & net lease sales



**NATIONWIDE REACH**  
retail & investors across the U.S.



**\$3 BILLION IN RETAIL SOLD**  
570+ transactions in last 36 mos.