



DRIVE  
THRU  
OPEN

ONE-WAY  
DO NOT  
ENTER

FLAME GRILLING SINCE 1954

# BURGER KING

**ABSOLUTE NNN LEASE | 19.5 YEARS | DOUBLE DRIVE-THRU WINDOW**

**DAYTON, TN**



CAPITAL PACIFIC

# Contact the team

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# Investment Summary



## BURGER KING

3600 RHEA COUNTY HIGHWAY, DAYTON, TN 37321 

**\$3,238,095**

**PRICE**

**5.25%**

**CAP**

NOI: **\$170,000**

LEASE TYPE: **ABSOLUTE NNN**

LEASE TERM: **19.5 YEARS**

LEASABLE AREA: **3,020 SF**

LAND AREA: **1.2 ACRES**

PARKING: **39 SPACES**

**BURGER KING HOLDINGS OPERATES THE  
WORLDS #2 HAMBURGER CHAIN WITH MORE  
THAN 17,800 RESTAURANTS**

# Investment Highlights



**The investment is a free-standing Burger King, drive-thru restaurant operated by a 23-unit, award-winning operator with an approximately 19.5 year primary term (sale-leaseback).**

The restaurant was built by the franchisee and opened in November of 2019 and, according to the franchisee, is expected to average approximately \$2 million in gross sales (well above Burger King's average unit volume of approx \$1.4 million system-wide). The operator has set the rent at 8.5% of projected sales. Like all restaurants, this unit/franchisee are facing challenges related to the COVID crisis, but the franchisee and brand are well-positioned to weather the storm as detailed on page 5.

Burger King is located in Dayton, TN, approximately 35 miles from the franchisee's headquarters in Chattanooga, and 83 miles from Knoxville (home of The University of Tennessee), minutes off of I-75. The restaurant is on Rhea County Hwy (State Route 27), the primary commercial road in town, and is approximately 2,500 feet from Walmart SuperCenter and directly across from Lowe's Home Improvement. Several other national fast-food restaurant brands are nearby, including Wendy's, McDonald's, Captain D's, Zaxby's and Papa John's Pizza. Other notable retail close by include Dollar Tree, Family Dollar, Dollar General, Goodwill, Walgreens, Advance Auto, O'Reilly Auto, Tractor Supply Company, and several banks and restaurants.

The 3,020 sf building sits on a generous 1.2 acres which is elevated from the road, enhancing visibility, and features the latest Burger King prototype design and a large pylon sign. The restaurant features a double drive-thru window, which is especially critical at this time. According to the franchisee, prior to the COVID crisis, the drive-thru windows accounted for 67% of sales for this unit and the 22 others operated by the franchisee. The lease features 6% rental increases every 5 years and through four (4) option periods.

# The Tenant and Covid-19: Key Information for Your Consideration

## STATEMENT FROM THE FRANCHISEE (HOMETOWN FOLKS, LLC):

We hope and trust you are well and avoiding the Covid-19 virus. This virus has impacted many businesses as governments reduce the spread by closing down places where social gatherings occur. Fortunately, our restaurants have been less impacted than others in the industry. In ordinary times, more than 67% of our business comes from our drive-thru windows which have remained open. We are honored and grateful to have the capability of serving our guests in a safe and convenient way. In slower economic times, we are able to offer our guests reasonably priced quality food, served quickly, in attractive and clean surroundings.

Owners S. Elliott Davenport and Gordon Davenport were born into the QSR industry and have lived in it most of their professional career. Hometown Folks, LLC. opened in 2003 and has weathered recessions and other crises since that time. The company has grown from fifteen to twenty-three Burger King's and has development plans for the future. Gordon and Elliott were declared Brand Leadership Award Winners in both 2006 and 2018 and continue to invest in training, performance, operations, and image, even during unusual times such as these. They understand the importance maintaining strong leadership, culture and focusing on operations versus administration.

Hometown Folks has solid cash flow and reserves, enabling us to weather many potential future storms. All Hometown Folks stores remain open and are positioned to handle future economic times: either good or bad.

Hometown Folks successfully implemented the mandatory policies and procedures (right) during COVID-19. We started these practices mid-March when COVID-19 hit our area. We implemented both "Mandatory" and "Recommended" practices and all procedures. As this is a sale-leaseback, we are able to set a rent we are very comfortable with based on operating history of this store prior to COVID-19 and during COVID-19. Hometown Folks has appreciated our relationships with all our landlords and considers our landlords partners where we are in this business together. We are very confident we'll survive this storm.

Sincerely,  
S. Elliott Davenport  
Managing Partner

## CURRENT MANDATORY POLICIES AND PROCEDURES

Procedure	Description
Handwashing	Every 30 min
Cleaning Glove Usage	Cleaning guest contact surfaces, changing garbage, cleaning restrooms
Enhanced Dining Room Cleaning	After each guest use and if no Guest, every 60 min minimum; please use Kay Peroxide Multipurpose Cleaner within 10-minutes of human contact
Self-Serve Items Management	Remove self-serve items (napkins, lids, straws, sauce packages, and sauce pump). If self-serve drink will remain open, please use signage describing enhanced self-serve station cleaning procedures and pointing Guest to go to the Front Counter for Self-serve items. Please download from Gateway.
Delivery Procedures	Use delivery sticker to seal bag; do not hand bag to driver, place on counter
Delivery Drivers	Go through drive-thru for order pickup, all restaurants should allow this option for Delivery
Closing Procedures	Use decision tree. If closing Restaurant, please use signage downloaded from BK Gateway.
Reopening Restaurant	Use signage downloaded from BK® Gateway
Illness & Inclusion Policy	Review and use Illness & Inclusion Policy
Employee Temperature Taking	First, ask all employee's the COVID-19 Preventative Questions before the start of their shift. Next, take the employees temperature using approved FRANKE or RSI eRedbook thermometer. If temperature is above 100.0°F, try again in 5 minutes. If temperature is still above 100.0°F on the second take, the employee should be sent home. Record all responses and temperatures.
REV Inspector, DC Driver, Maintenance Personnel, & Vendor Temperature Taking	First, ask the REV Inspector or any personnel requesting to enter the BOH the COVID-19 Preventative Questions before allowing them access to the BOH. It is recommended to take their temperature if consent is given. If temperature is above 100.0°F, try again in 5 minutes. If temperature is still above 100.0°F on the second take, they should not be permitted inside the BOH. Record their answers and temperature in the Temperature Log only if they are turned away.
Team Member Commitment Form	Review, have all TMs sign, and keep in the Manager's office
Soft Serve	Serve cones in sundae cup. Please ensure that TM contact on the cone is solely on the cone wrap
OT Glove Usage	Use gloves to take orders
Contactless Procedures	Use 1/3 ready size pan to receive payment, wear gloves in front of house, use tray or pan to deliver food/drinks
Playground Area	Close playground and post sign Ensure sign is approved merch that has been downloaded from Gateway
Reduced Capacity Dining Room	Place table tent on every other table. Please place signage on closed table; only use approved signage that can be downloaded from Gateway.
Self-Serve Drink Station Management	If keeping open, clean after every Guest use and if no Guest, after every hour minimum. It is optional to close the self-serve drink station and provide drinks only from the DT drink station. If only serving from DT station, then no refills will be allowed. If you decide to close the drink station, please download signage from BK® Gateway.
Dine-in food in bags, not trays	All food will be packaged to-go and trays will not be handed out
Wearing Masks	All employees must use approved RSI masks in restaurant after receiving the first delivery



# Income & Expense

<b>PRICE</b>	<b>\$3,238,095</b>	
Price Per Square Foot:	\$1,072.22	
Capitalization Rate:	5.25%	
Total Rentable Area (SF):	3,020	
<b>STABILIZED INCOME</b>	<b>PER SQUARE FOOT</b>	
Scheduled Rent	\$56.29	\$170,000
Effective Gross Income	\$56.29	\$170,000
<b>LESS</b>	<b>PER SQUARE FOOT</b>	
Taxes	NNN	\$0.00
Insurance	NNN	\$0.00
<b>EQUALS NET OPERATING INCOME</b>	<b>\$170,000</b>	

The restaurant features a double drive-thru window, which is especially critical at this time. According to the franchisee, in normal times, the drive-thru windows account for 67% of sales.

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# Rent Roll

TENANT INFO		LEASE YEARS		RENT SUMMARY					
TENANT NAME	SQ. FT.			CURRENT RENT	MONTHLY RENT	YEARLY RENT	MONTHLY RENT/FT	YEARLY RENT/FT	
Burger King	3,020	11/10/2019	11/9/2024	\$170,000	\$14,166.67	\$170,000.00	\$4.69	\$56.29	
		11/10/2024	11/9/2029		\$15,016.67	\$180,200.00	\$4.97	\$59.67	
		11/10/2029	11/9/2034		\$15,917.67	\$191,012.00	\$5.27	\$63.25	
		11/10/2034	11/9/2039		\$16,872.73	\$202,472.72	\$5.59	\$67.04	
		Option 1	11/10/2039	11/9/2044		\$17,885.09	\$214,621.08	\$5.92	\$71.07
		Option 2	11/10/2044	11/9/2049		\$18,958.20	\$227,498.35	\$6.28	\$75.33
		Option 3	11/10/2049	11/9/2054		\$20,095.69	\$241,148.25	\$6.65	\$79.85
Option 4	11/10/2054	11/9/2059		\$21,301.43	\$255,617.14	\$7.05	\$84.64		
<b>TOTALS:</b>	<b>3,020</b>			<b>\$170,000</b>	<b>\$14,166.67</b>	<b>\$170,000</b>	<b>\$4.69</b>	<b>\$56.29</b>	



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# Site Plan

**sf**  
3,020  
RENTABLE SF

**ac**  
1.2  
ACRES

**39**  
SPACES



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# Tenant Overview

## ABOUT BURGER KING

Burger King Holdings operates the world's #2 hamburger chain (behind McDonald's) with more than 17,800 restaurants in the U.S. and more than 70 other countries. In addition to its popular Whopper sandwich, the chain offers a variety of burgers, chicken sandwiches, salads, and breakfast items.

More than 1,300 Burger King locations are company-owned, while the rest are owned and operated by franchisees.

In 2014, Burger King Corporation purchased Canadian restaurant brand, Tim Horton's. After the deal, Burger King Corporation was renamed Restaurant Brands International (RBI). RBI is one of the world's largest quick service restaurant companies with \$34 billion in system-wide sales and over 27,000 restaurants in more than 100 countries.

**\$34 B+**

**17.800+**

**BURGER KING  
LOCATIONS IN 70  
COUNTRIES AND  
U.S. TERRITORIES**

**RBI SYSTEM-WIDE  
SALES**

## ABOUT THE FRANCHISEE

Hometown Folks, LLC was established in 2003 in Chattanooga, TN. The company operates 23 Burger King franchises in Chattanooga and the surrounding area and has sales of approximately \$33 million. The franchise owners come from a rich restaurant background and organizations that started concepts including Krystal and Central Park. Their vast experience and history has created their long term, high operational standards and refined systems. According to the franchisee, their average unit volume exceeds the system's average by approximately 22%.

# Surrounding Retail



# Retail Aerial



**LOWE'S**

**DAYTON POWER SPORTS & EQUIPMENT LLC**

**DAYTON SELF STORAGE**

**Summit**

**CROWN MOTORS**

**COLDWELL BANKER PIVOR REALTY, INC.**

**O'Reilly AUTO PARTS**

**MEDIA VAULT**

**27**  
**29**

**18,650 VPD**

**RHEA COUNTY HIGHWAY**

**FOOD CITY**  
**FAMILY DOLLAR**  
**Krystal**

**DAYTON CITY SCHOOL**

**NAPA**  
**WE CARE THRIFT CENTER**  
**Auto Simple**

**UNITED FOOD STORES**  
**DOLLAR GENERAL**  
**PAPA JOHN'S**

**SouthEast**  
**MATTRESS NOOK**  
**KINNEY POOLS INC**

**Save**  
**Subway**  
**Wendy's**  
**Arby's**

**SLEEP INN**

**Scottish INNS**

**Home Depot**  
**TRACTOR SUPPLY CO.**  
**REGIONAL FINANCE**  
**Citizens Savings & Loan**  
**WALKER HOUSE**  
**ZAXBY'S**  
**VIETNAMESE BISTRO**  
**WORKOUT ANYTIME**  
**World Finance**  
**GONDOLIER**  
**McDonald's**

**HERITAGE SENIOR LIVING HOME**

**BURGER KING**

**Walmart**

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**CHATTANOOGA**  
**(35 MILES)**

**KNOXVILLE**  
**(83 MILES)**

**18,650**  
**VPD**

**20,520**  
**VPD**



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# Demographics



## POPULATION

	3-MILE	5-MILES	10-MILES
2010	9,560	16,062	29,720
2019	10,093	16,786	31,522
2024	10,398	17,244	32,559



## 2019 HH INCOME

	3-MILE	5-MILES	10-MILES
Average	\$49,514	\$51,821	\$56,825

## RHEA COUNTY TOP EMPLOYERS

EMPLOYER	# OF EMPLOYEES
La-Z-Boy	1,400
Rhea County School District	650
Tennessee Valley Authority	1,100
International Automotive Components Group	626
Robinson Manufacturing Company	400



**THE AVERAGE HOUSEHOLD INCOME WITHIN A 10-MILE RADIUS IS OVER \$56K**

# DAYTON, TENNESSEE



**DAYTON** is the county seat in Rhea County and lies on Richland Creek near the Tennessee River. It has an estimated population of 7,393 residents and is located about 35 miles north of Chattanooga and 83 miles southwest of Knoxville. The city's economy is based on agriculture (tomatoes, pumpkins, apples, cabbage, and strawberries) and manufacturing (furniture, hosiery, clothing, and heating equipment).

Dayton's Main Street revitalization has resulted in many unique shops and dining facilities as well as renovated lofts for those who wish to reside in the historic district. Dayton is a fisher's haven due to its close proximity to Chickamauga Lake, which is famous for huge bass, and draws fishing tournaments to the region.

La-Z-Boy, a major employer in Dayton, invested over \$38 million into a new innovation center, which opened in September 2019, and improvements to their existing production plant. The company employs over 1,400 in Dayton.

Nokian Tyres, a Finland-based tire maker, opened their new \$360 million factory in Dayton in October 2019 and in March 2020 began producing tires for commercial sale. The 830,000-square foot complex is one of the most advanced tire production facilities in the industry, and will ultimately employ as many as 400 workers at the facility.

# Contact us.

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