Northmarq

OFFERING MEMORADUM

1548 Montclair Road, Birmingham, AL 35210

ZAXBYS

Subject Property

Exclusively Offered by the
NATIONAL RESTAURANT GROUP

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Subject Property

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BY ACCEPTING THIS COM, YOU AGREE THAT: (1) all information contained herein, and all other information you have received or may hereafter receive from Northmarq relating to the Property, whether oral, written or in any other form (collectively, the "Information"), is strictly confidential; (2) you will not copy or reproduce, and claim as your own without attribution to Northmarq, all or any part of this COM or the Information; (3) upon request by Northmarq at any time, you will return and/or certify your complete destruction of all copies of this COM and the Information; (4) for yourself and all your affiliates, officers, employees, representatives, agents and principals, you hereby release and agree to indemnify and hold harmless Northmarq all of its affiliates, officers, employees, representatives, agents and principals, from and with respect to any and all claims and liabilities arising from or related to the receipt or use of this COM and/or any other Information concerning the Property; (5) you will not provide this COM or any of the Information to any other party unless you first obtain such party's acceptance and approval of all terms, conditions, limitations and agreements set forth herein, as being applicable to such party as well as to you; and (6) monetary damages alone will not be an adequate remedy for a violation of these terms and that Northmarq shall be entitled to equitable relief, including, but not limited to, injunctive relief and specific performance, in connection with such a violation and shall not be required to post a bond when obtaining such relief.

OUR TEAM

NORTHMARQ NATIONAL RESTAURANT GROUP

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PROPERTY OVERVIEW

OFFERING PRICE	CAP RATE	NOI
$2,944,215	6.00%	$176,653

ZAXBYS™

LEASE ABSTRACT	
Tenant	Zaxby's
Guarantor	Franchisee
Ownership Interest	Fee Simple
Address	1548 Montclair Rd, Birmingham, AL 35210
Building Size (SF)	2,799 SF
Lot Size (Acres)	0.67 AC
Year Built	2006
Base Lease Term	20 Years
Lease Expiration Date	5/31/2042
Lease Term Remaining	17 Years
Annual Base Rent	$176,653
Rental Increases	2% annually beginning 6/1/2028
Renewal Options	4, 5 yr
Expense Structure	Abs NNN
Landlord Responsibilities	None
Insurance	Tenant
Taxes	Tenant
CAM	Tenant
Utilities	Tenant

Subject Property

LEASE YEAR	MONTHLY RENT	ANNUAL RENT	RPSF	INCREASE
6/1/2022 - 5/31/2028	$176,653	$14,721.08	$63.11	-
6/1/2028 - 5/31/2029	$180,186	$15,015.51	$64.38	2.00%
6/1/2029 - 5/31/2030	$183,790	$15,315.82	$65.66	2.00%
6/1/2030 - 5/31/2031	$187,466	$15,622.13	$66.98	2.00%
6/1/2031- 5/31/2032	$191,215	$15,934.57	$68.32	2.00%
6/1/2032 - 5/31/2033	$195,039	$16,253.27	$69.68	2.00%
6/1/2033 - 5/31/2034	$198,940	$16,578.33	$71.08	2.00%
6/1/2034 - 5/31/2035	$202,919	$16,909.90	$72.50	2.00%
6/1/2035 - 5/31/2036	$206,977	$17,248.10	$73.95	2.00%
6/1/2036 - 5/31/2037	$211,117	$17,593.06	$75.43	2.00%
6/1/2037 - 5/31/2038	$215,339	$17,944.92	$76.93	2.00%
6/1/2038 - 5/31/2039	$219,646	$18,303.82	$78.47	2.00%
6/1/2039 - 5/31/2040	$224,039	$18,669.89	$80.04	2.00%
6/1/2040 - 5/31/2041	$228,519	$19,043.29	$81.64	2.00%
6/1/2041 - 5/31/2042	$233,090	$19,424.16	$83.28	2.00%
Option 1 6/1/2042 - 5/31/2047	$257,350	$21,445.84	$91.94	2% Annually
Option 2 6/1/2047 - 5/31/2052	$284,135	$23,677.94	$101.51	2% Annually
Option 3 6/1/2052 - 5/31/2057	$313,708	$26,142.36	$112.08	2% Annually
Option 4 6/1/2057 - 5/31/2062	$346,359	$28,863.28	$123.74	2% Annually

THE OFFERING

Northmarq Restaurant Group is pleased to offer for sale this exclusive single-tenant Zaxby's property in Birmingham, Alabama. This investment offers a fee simple, Absolute NNN opportunity with 17 years remaining on a 20 year lease, and 4 x 5 year options thereafter. The asset features rare 2% annual increases throughout term and in options, providing significant passive income and creating a steady hedge against inflation.

Zaxby's is surrounded by several national big box retail tenants including Walmart, The Home Depot, Publix, and the nearby Eastwood Plaza Shopping Center. The Property is also less than one mile from a new Amazon distribution and delivery warehouse. The site is well positioned, less than 10 minutes to the Birmingham-Shuttlesworth International Airport and 15 minutes from Downtown Birmingham. Zaxby's is less than 5 miles from two major developments in the Birmingham area, Edgehill at Southtown, a mixed use commercial district, and Maiden Heights, a luxury residential master planned community.

INVESTMENT HIGHLIGHTS

ABSOLUTE NNN LEASE | NO LANDLORD RESPONSIBILITY | 2% ANNUAL INCREASES | OPTIONS EXTEND INTO 2062

The Property is under an Absolute NNN Lease, leaving no responsibilities for the Landlord,. The Lease features 2% annual increases starting in 2028, extending through it's option periods that expires in 2062.

LESS THAN 10 MINUTES FROM BIRMINGHAM-SHUTTLESWORTH INTERNATIONAL AIRPORT

The Property is less than 10 minutes from the Birmingham-Shuttlesworth International Airport, which saw over 3 million travelers in 2023, a 14% increase from the previous year. As of April 2024, the airport had tracked more than 950,000 passengers, putting it on track to beat 2023 records, and indicating a significant increase in travel to the Birmingham area.

BEST-IN-CLASS OPERATOR | CAPITALSPRING

This Zaxby's is operated by CapitalSpring. CapitalSpring has a uniquely successful track record of operating restaurants in a wide vertical of restaurant products that include Panera Bread, Zaxby's, Wendy's, Denny's and more. This subsidiary of CapitalSpring contains 19 Zaxby's units and growing, located in Alabama, Georgia, Kentucky, and Oklahoma. The national Zaxby's brand is a popular chicken fast food concept with over 925 locations across 19 states.

1-MILE FROM HWY 78 AND I-20 INTERCHANGE | COMBINED 80,559 VPD

The Site is strategically located less than a mile from the interchange of Highway 78 (24,543 vehicles per day), and Interstate 20 (56,016 vehicles per day), benefiting from a combined traffic count of 80,559 vehicles per day, or 29.4 million cars annually.

EXCELLENT DEMOGRAPHICS | OVER 125K 5-MILE POPULATION | OVER $124K AVG ANNUAL HH INCOME

Zaxby's is located in the Birmingham MSA, with a population of over 125,000 people and an average income of over $124,000 in a 5-mile radius.

DENSE IMMEDIATE RETAIL TRADE AREA | CLOSE PROXIMITY TO SEVERAL NATIONAL BIG BOX RETAIL TENANTS AND RESTAURANTS

The immediate trade area consists of several national big box retail tenants such as Walmart, The Home Depot, Publix, and the Eastwood Plaza Shopping Center. There are also an abundant amount of prominent QSR and casual dining restaurants in the immediate area, reinforcing that this is a strong corridor for food.

1-MILE FROM NEW AMAZON DISTRIBUTION AND DELIVERY WAREHOUSE

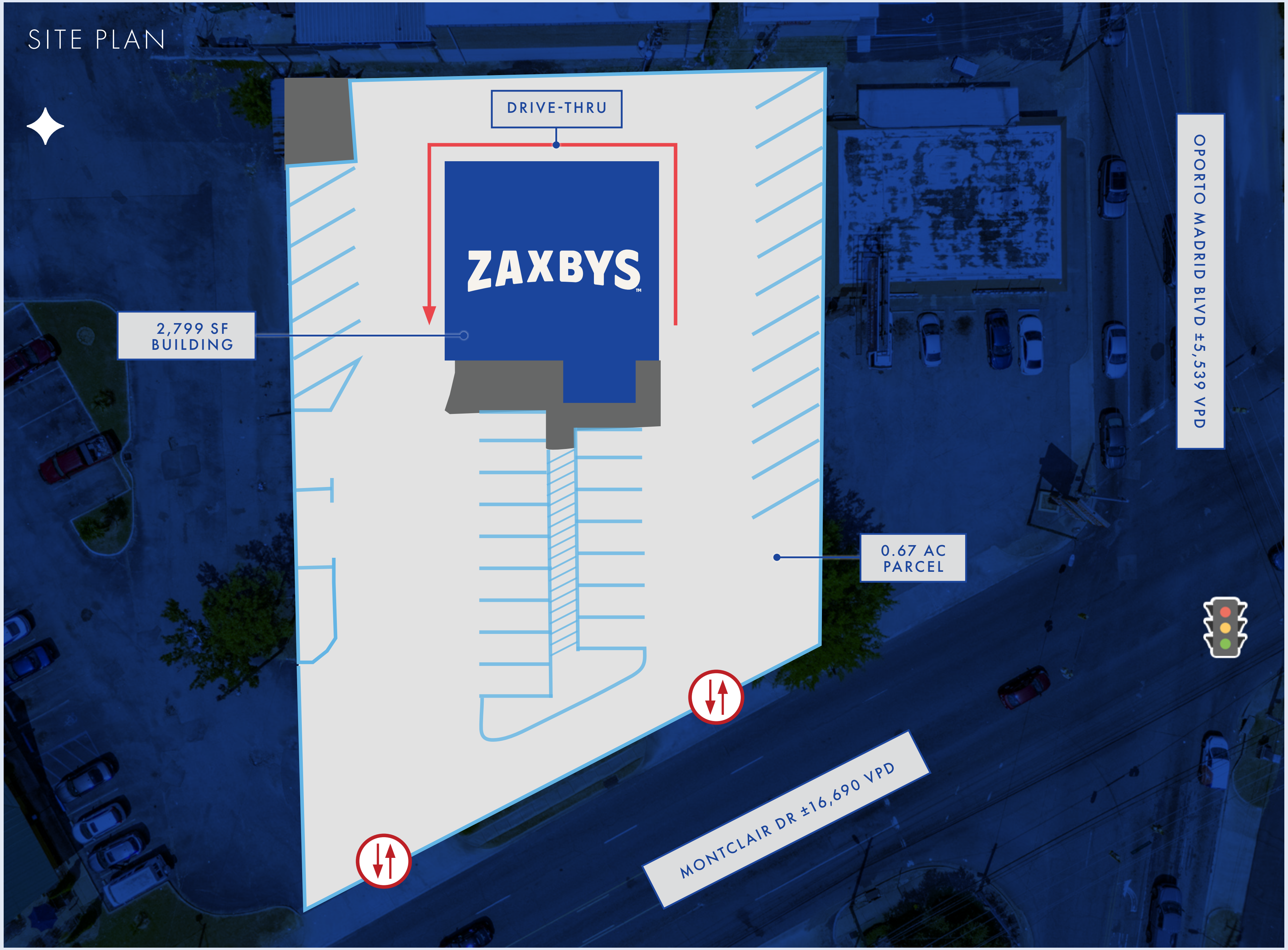
Zaxby's is one mile from Amazon's new distribution and delivery facility that was completed in 2021. The facility has contributed significant consumer traffic to the immediate area, and adds to Amazon's overall impact of 9,000 jobs statewide and $1 billion investment in Alabama infrastructure.

15 MINUTES FROM DOWNTOWN BIRMINGHAM

The Site is less than 15 minutes (7.7 miles) from Downtown Birmingham, benefiting from higher traffic levels from a vibrant Downtown. In 2024, there have been over 21 developments underway in the Downtown area, a city that has shown consistent growth throughout this decade.

5 MILES FROM SOUTHTOWN DEVELOPMENT AND MAIDEN HEIGHTS DEVELOPMENT

Zaxby's is less than 5 miles from The Edgehill at Southtown, a mixed-use community with greenspaces, shops, multifamily, office, retail and restaurants in the middle of Birmingham's research district. Maiden Heights, a new luxury home development in Highland Park, will include luxury duplex villas, Brownstone townhome designs, and larger Manor style homes that will be completed by the end of 2024.



ECONOMIC DEVELOPMENT

21 BIRMINGHAM DEVELOPMENTS WE'RE KEEPING AN EYE ON IN 2024

2023 was an exciting year for Birmingham, with tons of new developments and openings. Keep reading to see what's in store in 2024! Ascent Hospitality—the property management company that owns the Elyton Hotel—is redeveloping the neighboring, historic Brown-Marx Tower as a new dual-branded AC & Element Hotel. Once complete, the 117-year-old tower will have a total of 338 rooms for travelers. The AC Hotel portion will feature 190 rooms and will be geared toward business-oriented guests. The Element Hotel portion will feature 148 rooms designed for short- and long-term stays. Technically, the AC & Element Hotel at the Brown-Marx Tower won't be complete until January 2025. However, we're so dang excited we still wanted to include it!

In January, the Birmingham City Council approved the rezoning of Highland Plaza—the former site of the Western Supermarket on Highland Avenue—to make way for a new mixed-use development. Demolition of the Highland Plaza site began in late November, paving the way for the development, owned by Daniel Corporation.

Dubbed The James, the upcoming mixed-use property will include 272 apartment units and 10,000 square feet of retail space.

READ MORE >>

NEW DELIVERY WAREHOUSE & DISTRIBUTION CENTER
BOURBON STREET BAR & LOUNGE
CHINA WAY RESTAURANT
BRAD'S PAWN & JEWELRY
ON TIME FASHION
ZAXBYS
BIRMINGHAM, ALABAMA
6.6 MILES FROM SUBJECT PROPERTY
EL CAZADOR
NE
MONTCLAIR DR ±16,690 VPD
OPORTO MADRID BLVD

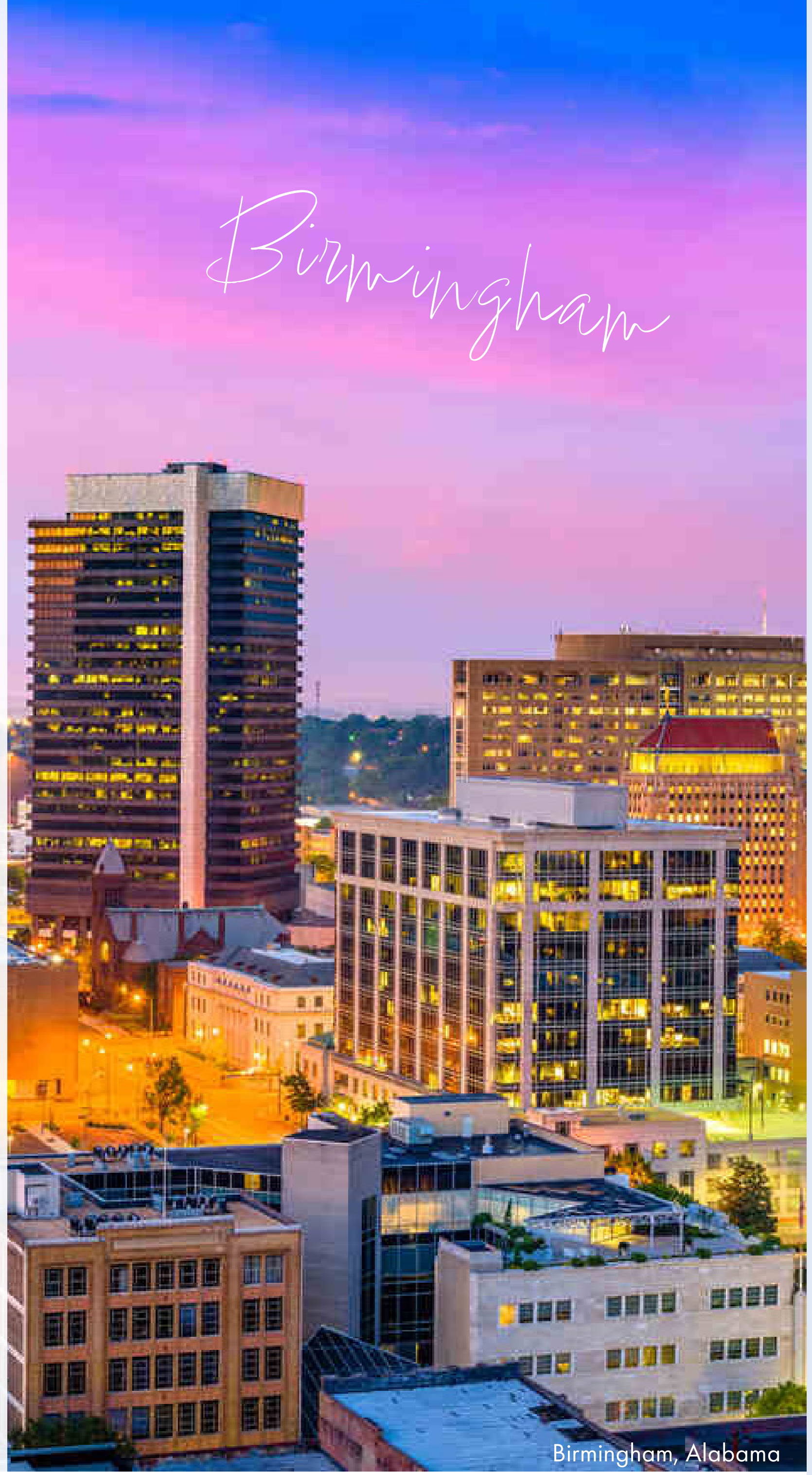

HOPE COMMUNITY CHURCH
Preschool Partners
Winn Dixie
The Union At Copper Hill Apartments (281 Units)
Publix
ExtraSpace Storage
SONIC
Spectrum
Fair Haven Assisted Living Facility
Methodist Homes For The Aging Retirement Home
PAPA JOHNS PIZZA
Pizza Hut
ACE Hardware
planet fitness
morningstar mini-storage
TRUIST
MILO'S
THE ORIGINAL SINCE 1946
State Farm
TACO BELL
the Purple Onion cafe
COX & CO. MOTORCARS
European Luxury Direct
Cooper Hill Pointe Apartments (100 Units)
EXPRESS OIL CHANGE
TIRE ENGINEERS
Chevron
EL CAZADOR
SANTOS
WE TALK DOG
Green Springs Animal Clinic
Hoke Animal Clinic
BOURBON STREET BAR & LOUNGE
ZAXBYS
OPORTO MADRID BLVD
easymoney
BRAD'S PAWN & JEWELRY
TEXACO
MONTCLAIR DR ±16,690 VPD
Advance Auto Parts
CHINA WAY RESTAURANT
SW

LOCATION OVERVIEW

Birmingham is the seat of Jefferson County and the second-largest city in Alabama with an estimated population of 196,900. The greater Birmingham-Hoover, AL MSA has an estimated population of over 1.1 million and is projected to add an average of 3,585 residents per year through 2028. Birmingham has an estimated GDP of $70.8 billion which ranks 53rd out of the nation's 384 MSAs and generates a higher level of GDP per capita than Alabama overall. The city benefits from a diverse economic base with significant financial, trade, government, and industrial-using sectors. As of Q4 2023, total employment in the Birmingham MSA is over 565,000. From 2012-2022, employment rose by 47,600 jobs, representing a 9.3% increase, and the area's unemployment rate remains one of the lowest in the country at 2.3%.

Birmingham is a critical logistics hub and has one of the strongest industrial markets in the Southeast. The region is home to distribution centers for major operators including new facilities for Amazon (855,000 SF - $325 million investment), Lowe's (1.2 million SF), Carvana, Pepsi, and FedEx, as well as an additional one (1) million SF of industrial space currently under construction.

The University of Alabama at Birmingham (UAB) is the area's largest employer, with a staff of about 23,000. Other notable employers in the area include Regions Financial, St. Vincent's Health System, and Children's of Alabama. Furthermore, Alabama is an established center for automobile suppliers with nearly a fifth of the state's GDP coming from the manufacturing sector. Mercedes-Benz brought an additional 600 jobs to the area in 2021, and auto supplier Hyundai Mobis expanded in the metro in late 2020, adding 120 jobs to the region. It was also recently announced that state officials won the national auto-parts manufacturer Autocar's new facility bid which will create around 750 additional jobs.



Birmingham, Alabama

Ranked #2 "Cities With the Lowest Unemployment Rates"

MoneyGeek, 2024

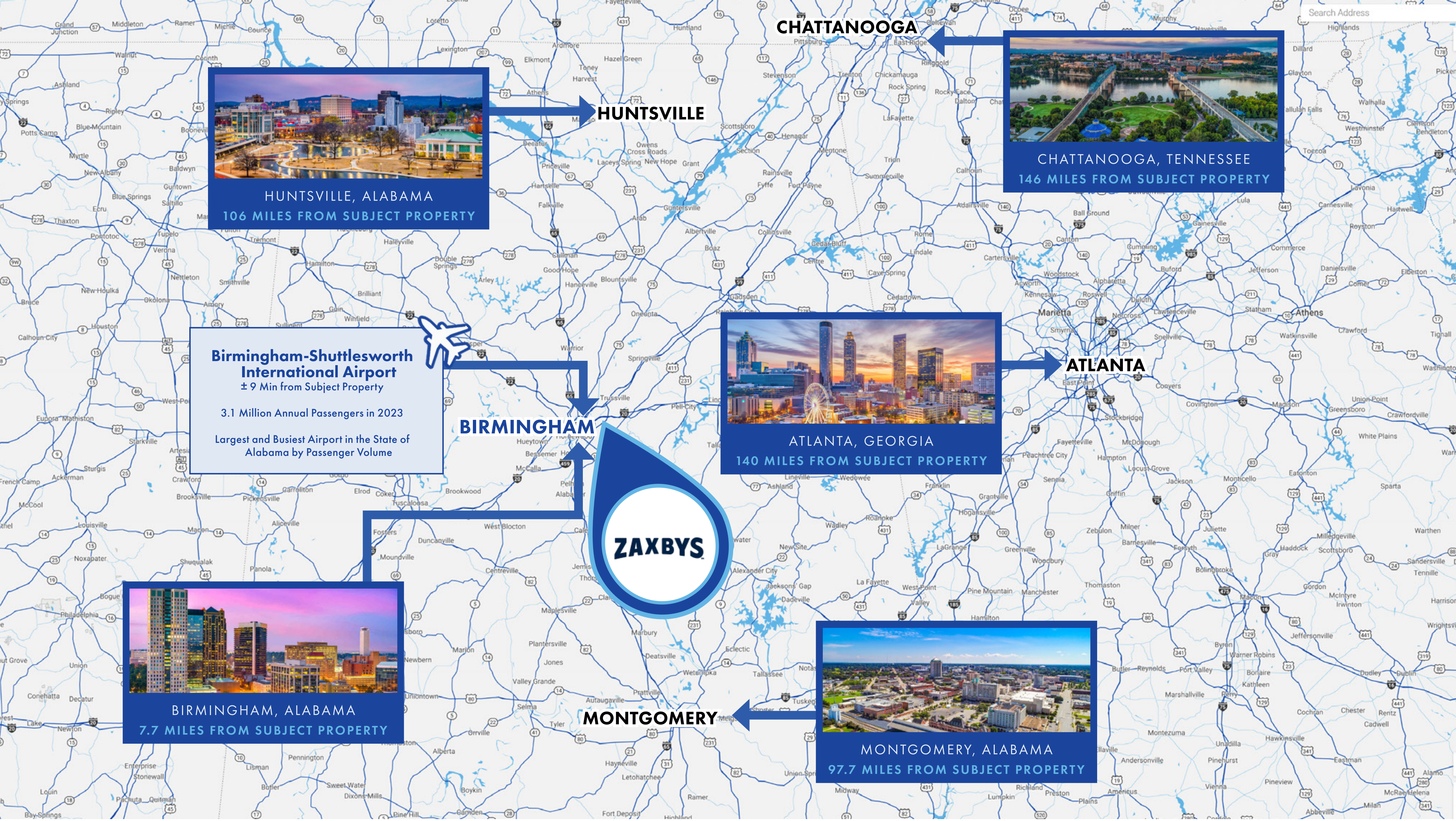
Top Employers in Birmingham	
Company	# of Employees
1. University of Alabama at Birmingham	23,000
2. Regions Financial Corporation	9,000
3. St. Vincent's Health System	5,100
4. Children's of Alabama	5,000
5. AT&T	4,517
6. Honda Manufacturing of Alabama	4,500
7. Brookwood Baptist Health	4,459
8. Jefferson County Board of Education	4,400
9. City of Birmingham	4,200
10. Mercedes-Benz U.S. International, Inc.	3,600

#1 Largest Metro in Alabama
Population 1.1M+

2nd-Largest City in Alabama

Home to Over 10,000 Businesses
155,000+ Employees

Home To University of Alabama At Birmingham
(Students 44,578 | Staff 23,000)


CHATTANOOGA
HUNTSVILLE
HUNTSVILLE, ALABAMA
106 MILES FROM SUBJECT PROPERTY
CHATTANOOGA, TENNESSEE
146 MILES FROM SUBJECT PROPERTY
Birmingham-Shuttlesworth International Airport
± 9 Min from Subject Property
3.1 Million Annual Passengers in 2023
Largest and Busiest Airport in the State of Alabama by Passenger Volume
BIRMINGHAM
ATLANTA
ATLANTA, GEORGIA
140 MILES FROM SUBJECT PROPERTY
ZAXBYS
BIRMINGHAM, ALABAMA
7.7 MILES FROM SUBJECT PROPERTY
MONTGOMERY
MONTGOMERY, ALABAMA
97.7 MILES FROM SUBJECT PROPERTY

Subject Property

Subject Property

Subject Property

Subject Property

TENANT OVERVIEW

Founded in 1990 by childhood friends Zach McLeroy and Tony Townley, **Zaxby's** was created as an alternative to fast food that provides customers with a fun, relaxing atmosphere and quality food. The first Zaxby's location opened in Statesboro, Georgia near the Georgia Southern University Campus. Since then, Zaxby's has grown to more than 925 locations across 19 states. In 2022, for the second year in a row, Zaxby's iconic Signature Sandwich won Thrillist's Fasties Award for Best Fried Chicken Sandwich.

A franchised chain of fast-casual restaurants, Zaxby's offers chicken wings, chicken fingers, sandwiches, and salads. A variety of signature dipping sauces are offered that range from mild, to moderate "Zax Sauce," up to the intensely hot "Nuclear" and "Insane" sauces. Uniquely decorated dining rooms provide a distinctive experience across all Zaxby's locations with often varying themes for each location and region.

One of Zaxby's main objectives over the years has been carefully preserving the personality of the company, and year after year, they've grown their customer base around this important nucleus. Blake Bailey, chief financial officer for Zaxby's, also attributes the chain's continued growth to an ongoing focus on speed of service, an LTO-centric marketing strategy, and the recruiting of franchisees that tend to have more people skills than restaurant skills.

All Zaxby's locations are full-service restaurants in freestanding buildings that provide in-store seating and drive-thru windows. The average restaurant is 3,300-3,800 square-feet. Approximately one commercial acre is required, though this can vary depending on zoning or other requirements. Average unit volume for Zaxby's stores was $2.59 million in 2022. In 2022, Zaxby's reported system wide sales of $2.28 billion.

925+
Locations

$2.59M
Avg. Unit Volume (2022)

Best Fried Chicken Sandwich
Thrillist's Fasties Award (2021, 2022)

FRANCHISEE OVERVIEW

capitalspring
Dedicated Restaurant Investors

$3B+
Invested

100+
Investments

70+
Brands

6,500+
Locations

CapitalSpring is a scaled institutional investor with deep expertise and an expansive network of relationships across the restaurant industry, as well as significant capital resources dedicated to the long-term health and growth prospects of the companies in their portfolio. Founded in 2005, CapitalSpring raises and invests out of committed capital funds (currently out of a $950mm Fund VI), with $3B+ invested in 100+ transactions to-date.

They bring a long-term outlook and willingness to invest in their platforms and the teams behind them, which provides strategic alignment and stability to support healthy operations and sustainable growth. In addition to capital partnership, CapitalSpring has the capability to support core business functions including day-to-day operations, financial and statistical analysis, strategic business planning, and cash flow management.

DEMOGRAPHICS

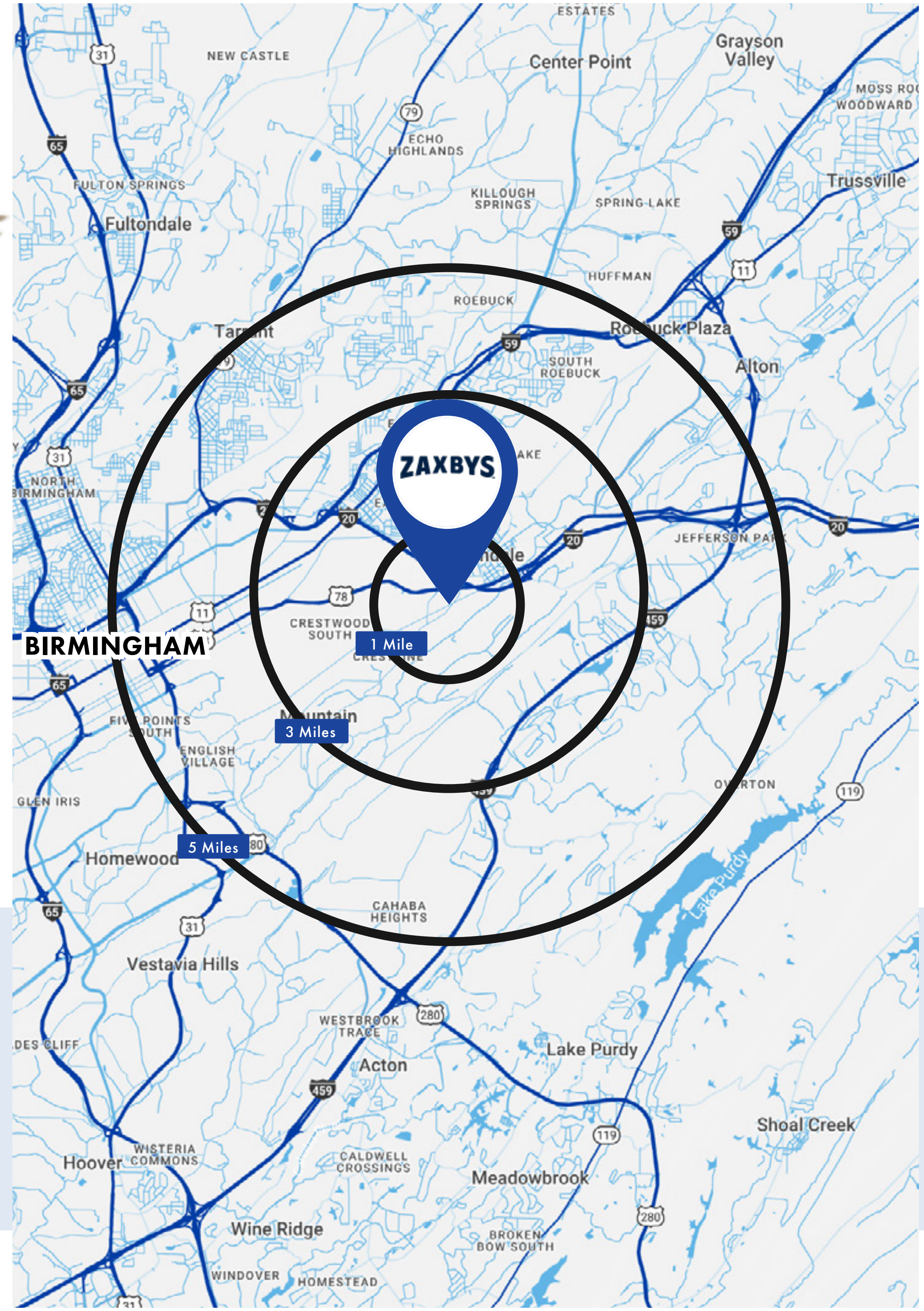
POPULATION	1 MILE	3 MILES	5 MILES
2024 Population	8,687	54,310	125,387
2029 Population	8,559	54,022	127,617

HOUSEHOLDS	1 MILE	3 MILES	5 MILES
2024 Households	4,000	22,799	52,790
2029 Households	3,946	22,817	54,311

HOUSEHOLD INCOME	1 MILE	3 MILES	5 MILES
2024 Average Household Income	$105,132	$123,642	$124,257
2029 Average Household Income	$118,692	$139,273	$140,013
2024-2029 Annual Rate	2.46%	2.41%	2.42%

$124,257
Average HH Income (5-mile)

125,387
2024 Population (5-mile)



ZAXBY'S WINS 2024 FRANCHISE TIMES ZOR AWARD AS TOP BRAND TO BUY

Feb 26, 2024, franchisetimes.com

Winner: Zaxby's
Finalists: Bojangles and Bonchon

Sterling Coleman had zero restaurant experience when he signed his first franchise agreement with Zaxby's in 2003. Neither did Tom Little when he put pen to paper as an early operator with the brand in 2004. But that didn't stop Zaxby's co-founders Tony Townley and Zach McLeroy from taking a chance on the two eager entrepreneurs. Coleman and Little signed multi-unit deals with the then-emerging chicken brand despite both being restaurant industry novices. It has proven to be a mutually beneficial relationship, with each franchisee now operating more than a dozen stores in the South as top performers for the quick-service brand.

READ MORE >>

$377.7+ M
2024 Total Food Spending (5-mile)

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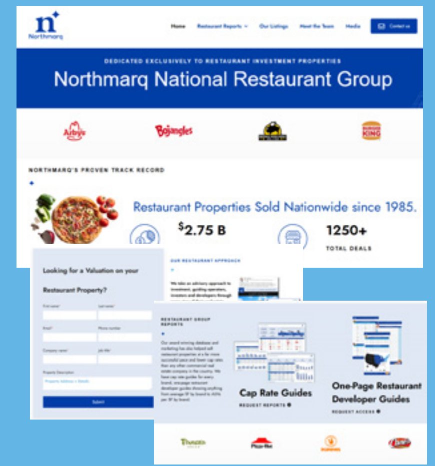

THE NORTHMARQ NATIONAL RESTAURANT GROUP

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VIEW THE TEAM'S PAGE