

# IHOP

770 Kidder St, Wilkes-Barre, PA 18702



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Activity ID #ZAC0010870

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Marcus & Millichap

## OFFERING SUMMARY



Listing Price  
**\$2,800,000**



Cap Rate  
**5.65%**



Price/SF  
**\$702.63**

### FINANCIAL

Listing Price	\$2,800,000
NOI*	\$158,125
Cap Rate*	5.65%
Price/SF	\$702.63

\*NOI as of June 1, 2023

### OPERATIONAL

Lease Type	Absolute Net
Tenant:	IHOP (Harvest 3614, Inc.)
Tenant Size:	20+ Units
Guarantor	Romulus Restaurant Group
Guarantor Size	110+ Units
Lease Expiration	05/31/2038
Gross SF	3,985 SF
Lot Size	0.67 Acres (29,276 SF)
Occupancy	100%
Year Built	2018



THE OFFERING	
Price	\$2,800,000
Capitalization Rate*	5.65%
Price/SF	\$702.63

PROPERTY DESCRIPTION	
Year Built / Renovated	2018
Gross Leasable Area	3,985 SF
Type of Ownership	Fee Simple
Lot Size	0.67 Acres

LEASE SUMMARY	
Tenant	IHOP (Harvest 3614, Inc.)
Rent Increases	10% Every 5 Years
Guarantor	Romulus Restaurant Group
Lease Type	Absolute Net
Lease Commencement	05/14/2018
Lease Expiration	05/31/2038
Renewal Options	Two 5-Year Options
Term Remaining on Lease (Yrs)	16 Years
Landlord Responsibility	None
Tenant Responsibility	All Operating Expenses

RENT SCHEDULE				
YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF	CAP RATE
Current*	\$143,750	\$11,979	\$36.07	5.13%
June 1, 2023	\$158,125	\$13,177	\$39.68	5.65%
June 1, 2028	\$173,938	\$14,495	\$43.65	6.21%
June 1, 2033	\$191,331	\$15,944	\$48.01	6.83%
June 1, 2038 (Option 1)	\$210,464	\$17,539	\$52.81	7.52%
June 1, 2043 (Option 2)	\$231,511	\$19,293	\$58.10	8.27%

\* Capitalization rate based on rent as of June 1, 2023

Seller will credit buyer with rent differential between COE and June 1, 2023



# IHOP

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## INVESTMENT OVERVIEW

Marcus & Millichap has been selected to exclusively market for sale IHOP located at 770 Kidder Street in Wilkes-Barre, Pennsylvania. The subject property is a single-tenant restaurant building located across from the Wyoming Valley Mall. The property was constructed as a build-to-suit for IHOP in 2018 and has just over 16 years remaining on the term. The lease has an absolute net expense basis with 10% rent increases every five years.

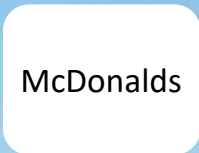
The franchisee operates more than 20 IHOP restaurants in Pennsylvania, Maryland, New Jersey, and Virginia. Additionally, the lease is guaranteed by Romulus Restaurant Group, one of the largest franchisees and developers of IHOP restaurants in the country. Romulus operates more than 110 IHOP restaurants in Arizona, Idaho, Pennsylvania, Oklahoma, Kansas, Texas, New Mexico, Indiana, and Ohio. They are consistently ranked in the “Franchise Top 100” by Restaurant Finance Monitor and have been named Franchisee of the Year by IHOP.

The building is located in a major commercial node that is developed with several large shopping centers. The Wyoming Valley Mall is located across the street. This mall is anchored by Macy’s, JCPenney, Ashley Homestore, and H&M. National retailers in the immediate area also include Walmart, Target, Sam’s Club, Home Depot, Lowe’s, Kohls, Burlington, Bed Bath & Beyond, Michaels, Marshalls, Ross, TJ Maxx, Dick’s Sporting Goods, Petco, and PetSmart.

In addition to the nearby retailers, the property is near the Wilkes-Barre VA Medical Center, Mohegan Sun Arena, Wyoming Valley Sports Dome, Mohegan Sun Pocono Casino, Geisinger Wyoming Valley Medical Center, and Allied Services Medical Center. There are numerous hotels in the area; Days Inn, Host Inn, Fairfield Inn & Suites, and Wilkes-Barre Quality Inn and Suites are located adjacent to IHOP. These major land uses and hotels create significant drawing power bringing thousands of people to the trade area each day.

## INVESTMENT HIGHLIGHTS

- Absolute net lease with guarantee from one of the largest IHOP franchisees in the system
- 16+ years remaining on the term
- 10% rent increases every five years
- Current franchisee has 20+ units on the East Coast and lease guarantor operates 110+ units
- IHOP is located across from the Wyoming Valley Mall, a +/-910,000 SF regional mall
- Major retailers in the area include Walmart, Target, Kohls, Lowe's, Home Depot, Sam's Club, and Burlington
- Located next to Days Inn, Fairfield Inn & Suites, Quality Inn & Suites, and Host Inn
- Significant drawing power from the VA Medical Center, Mohegan Sun Arena, and Mohegan Sun Pocono Casino







## TENANT HIGHLIGHTS

- IHOP has more than 1,800 restaurants
- Parent company is Dine Brands, Inc., which also owns Applebee's
- Dine Brands, Inc. has a market capitalization of \$1.3 billion
- Romulus Restaurant Group is one of the largest IHOP franchisees
- Romulus has 30 years of experience operating IHOP restaurants
- They have more than 110 locations in 11 states
- Company revenues exceed \$160 million

## GUARANTOR OVERVIEW

Company:	Romulus Restaurant Group
Founded:	1991
Locations:	110+
Employees:	6,000+
	\$160+ Million
Headquarters:	Phoenix, AZ
Website:	www.romulusinc.com

## RENT SCHEDULE

LEASE YEARS	ANNUAL RENT	BUMP	YIELD
Current	\$143,750	-	5.13%
June 1, 2023	\$158,125	10%	5.65%
June 1, 2028	\$173,938	10%	6.21%
June 1, 2033	\$191,331	10%	6.83%

## ABOUT ROMULUS

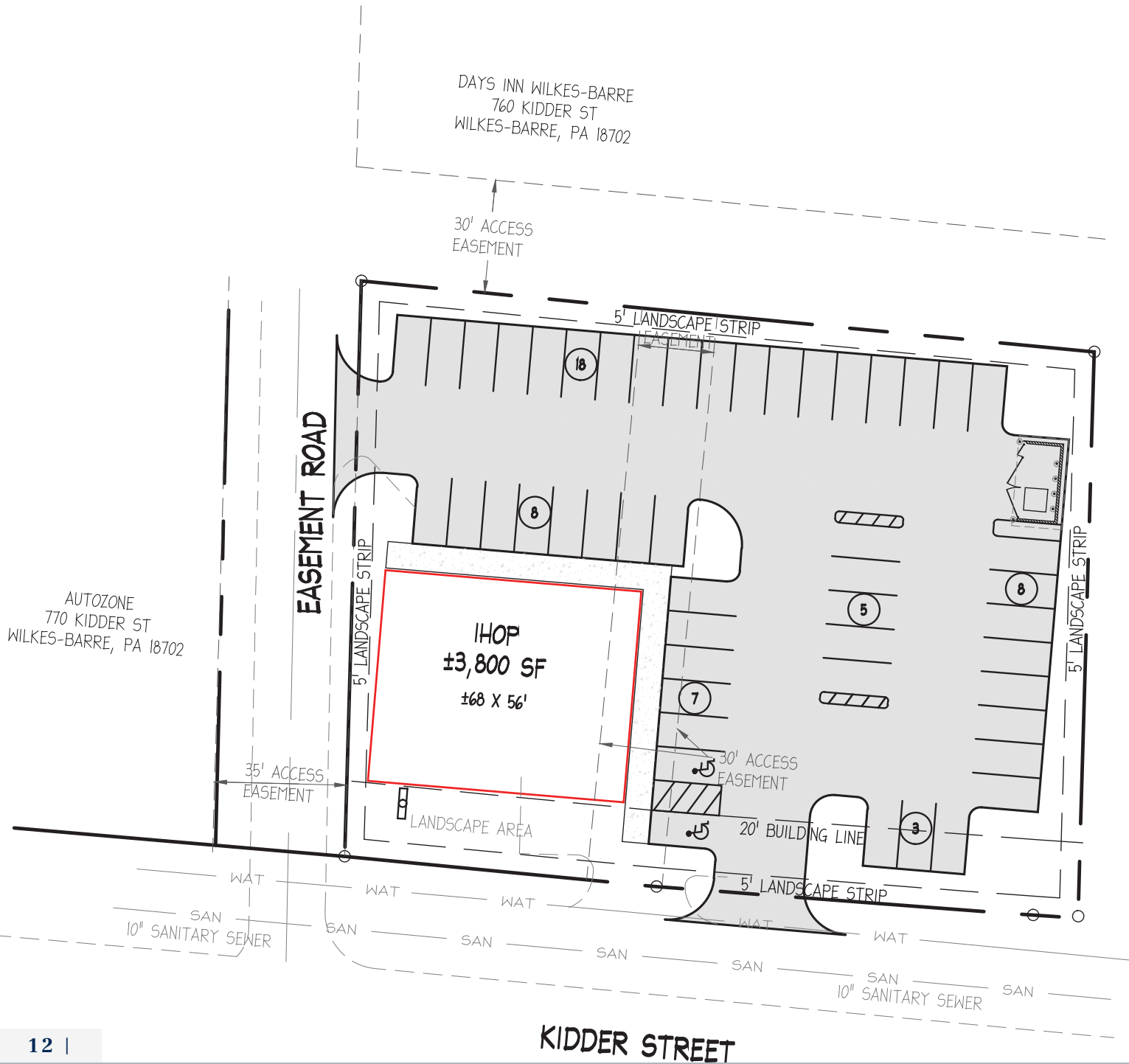
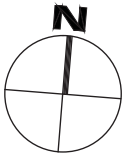
As a top-75 Franchise Times Restaurant 200 restaurant group, Romulus owns, operates, and invests in and around the restaurant industry. With their passions, people, and principles at the core of everything they do, they operation with the mission to enrich lives and the communities in which they operate.

The company was founded in 1991 by Chris Milisci. Mr. Milisci started Romulus with the acquisition of an under-performing store in the Phoenix metro area. He the grew the company to more than 110 locations and 6,000+ employees. They are one of the largest franchisees and developers of IHOP restaurants in the nation. Currently, Romulus operates in Arizona, Idaho, Pennsylvania, Oklahoma, Kansas, Texas, New Mexico, Indiana, and Ohio.

REGIONAL MAP // IHOP







FRIENDLY'S  
778 KIDDER ST  
WILKES-BARRE, PA 18702



# MAJOR LAND USES // IHOP





# DEMOGRAPHICS // IHOP

<b>POPULATION</b>	<b>1 Mile</b>	<b>3 Miles</b>	<b>5 Miles</b>
<b>2026 Projection</b>			
Total Population	5,736	56,840	115,431
<b>2021 Estimate</b>			
Total Population	5,740	56,738	115,419
<b>2010 Census</b>			
Total Population	5,735	56,811	116,105
<b>2000 Census</b>			
Total Population	6,171	59,860	122,177
<b>Daytime Population</b>			
2021 Estimate	11,231	84,177	134,342
<b>HOUSEHOLDS</b>			
<b>2026 Projection</b>			
Total Households	2,436	24,634	50,428
<b>2021 Estimate</b>			
Total Households	2,423	24,388	50,068
Average (Mean) Household Size	2.3	2.2	2.2
<b>2010 Census</b>			
Total Households	2,418	24,215	49,972
<b>2000 Census</b>			
Total Households	2,556	25,329	51,745
<b>Occupied Units</b>			
2026 Projection	2,783	28,404	57,436
2021 Estimate	2,755	28,020	56,833
<b>HOUSEHOLDS BY INCOME</b>			
<b>2021 Estimate</b>			
\$150,000 or More	4.2%	5.1%	5.5%
\$100,000-\$149,999	11.9%	11.2%	12.3%
\$75,000-\$99,999	11.6%	12.7%	13.6%
\$50,000-\$74,999	22.1%	20.3%	19.9%
\$35,000-\$49,999	12.2%	12.2%	12.4%
Under \$35,000	38.1%	38.5%	36.4%
Average Household Income	\$61,585	\$62,727	\$65,072
Median Household Income	\$49,602	\$48,848	\$51,723
Per Capita Income	\$26,337	\$27,825	\$28,697

<b>HOUSEHOLDS BY EXPENDITURE</b>	<b>1 Mile</b>	<b>3 Miles</b>	<b>5 Miles</b>
Total Average Household Retail Expenditure	\$109,820	\$108,318	\$112,182
<b>Consumer Expenditure Top 10 Categories</b>			
Housing	\$19,039	\$18,862	\$19,481
Transportation	\$8,704	\$8,485	\$8,820
Food	\$7,707	\$7,525	\$7,783
Personal Insurance and Pensions	\$5,808	\$5,807	\$6,043
Healthcare	\$4,776	\$4,736	\$4,921
Entertainment	\$2,703	\$2,653	\$2,750
Apparel	\$1,613	\$1,572	\$1,613
Education	\$1,137	\$1,229	\$1,276
Gifts	\$954	\$954	\$984
Cash Contributions	\$921	\$896	\$940
<b>POPULATION PROFILE</b>			
<b>Population By Age</b>			
2021 Estimate Total Population	5,740	56,738	115,419
Under 20	22.0%	21.9%	21.8%
20 to 34 Years	20.0%	23.1%	21.0%
35 to 39 Years	6.1%	5.7%	5.9%
40 to 49 Years	11.5%	10.6%	11.2%
50 to 64 Years	19.6%	18.9%	19.9%
Age 65+	20.7%	19.8%	20.1%
Median Age	41.7	39.3	41.2
<b>Population 25+ by Education Level</b>			
2021 Estimate Population Age 25+	4,171	39,503	82,320
Elementary (0-8)	4.9%	3.9%	3.2%
Some High School (9-11)	9.1%	8.3%	7.8%
High School Graduate (12)	43.8%	36.8%	38.4%
Some College (13-15)	16.6%	18.4%	18.4%
Associate Degree Only	7.6%	8.7%	9.7%
Bachelor's Degree Only	11.6%	15.8%	14.7%
Graduate Degree	6.4%	8.0%	7.9%





### POPULATION

In 2021, the population in your selected geography is 115,419. The population has changed by -5.5 percent since 2000. It is estimated that the population in your area will be 115,431 five years from now, which represents a change of 0.0 percent from the current year. The current population is 48.6 percent male and 51.4 percent female. The median age of the population in your area is 41.2, compared with the U.S. average, which is 38.4. The population density in your area is 1,467 people per square mile.



### EMPLOYMENT

In 2021, 52,904 people in your selected area were employed. The 2000 Census revealed that 59.9 percent of employees are in white-collar occupations in this geography, and 40.1 percent are in blue-collar occupations. In 2021, unemployment in this area was 9.0 percent. In 2000, the average time traveled to work was 16.6 minutes.



### HOUSEHOLDS

There are currently 50,068 households in your selected geography. The number of households has changed by -3.2 percent since 2000. It is estimated that the number of households in your area will be 50,428 five years from now, which represents a change of 0.7 percent from the current year. The average household size in your area is 2.2 people.



### HOUSING

The median housing value in your area was \$103,944 in 2021, compared with the U.S. median of \$227,827. In 2000, there were 32,449 owner-occupied housing units and 19,295 renter-occupied housing units in your area. The median rent at the time was \$367.



### INCOME

In 2021, the median household income for your selected geography is \$51,723, compared with the U.S. average, which is currently \$65,694. The median household income for your area has changed by 68.9 percent since 2000. It is estimated that the median household income in your area will be \$54,491 five years from now, which represents a change of 5.4 percent from the current year.

The current year per capita income in your area is \$28,697, compared with the U.S. average, which is \$36,445. The current year's average household income in your area is \$65,072, compared with the U.S. average, which is \$94,822.



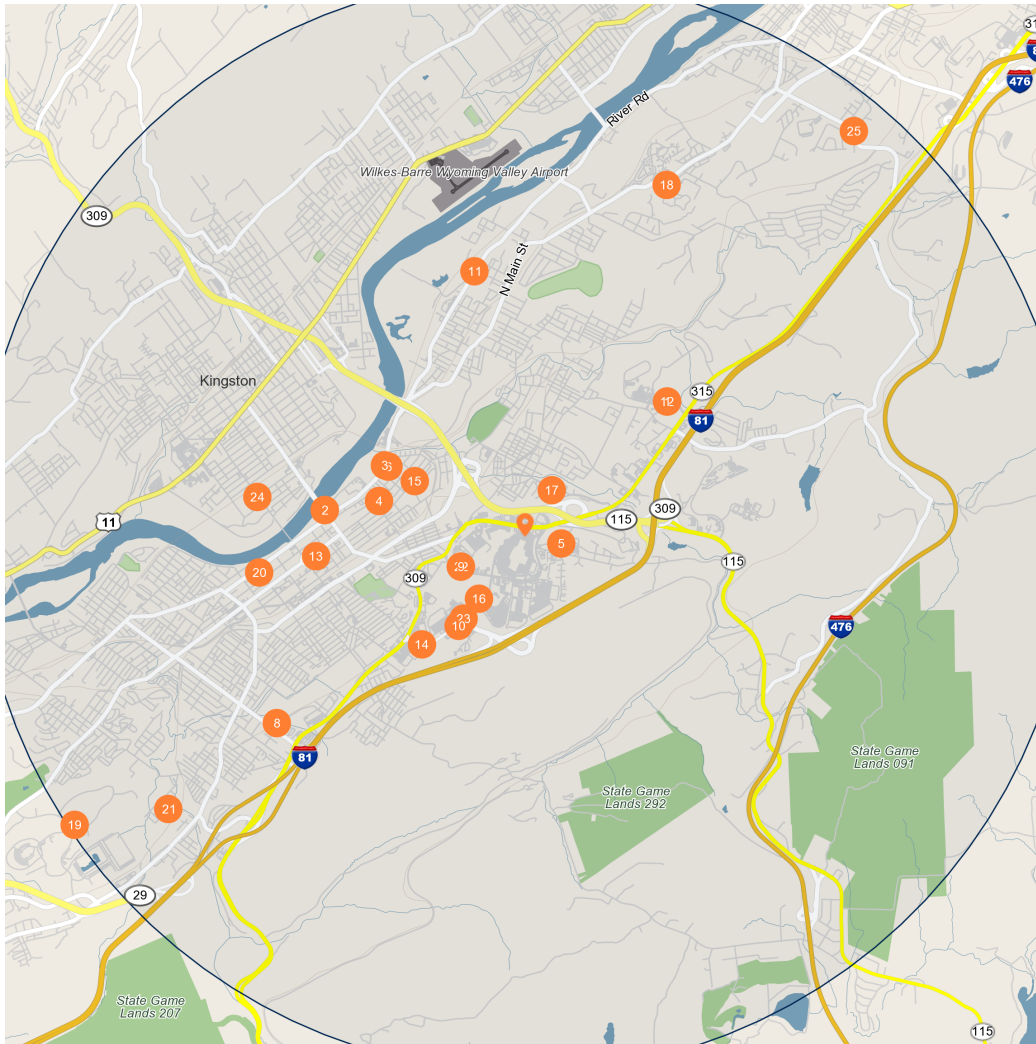
### EDUCATION

The selected area in 2021 had a higher level of educational attainment when compared with the U.S. averages. Only 7.9 percent of the selected area's residents had earned a graduate degree compared with the national average of 12.0 percent, and 14.7 percent completed a bachelor's degree, compared with the national average of 19.5 percent.

The number of area residents with an associate degree was higher than the nation's at 9.7 percent vs. 8.3 percent, respectively.

The area had more high-school graduates, 38.4 percent vs. 27.2 percent for the nation, but the percentage of residents who completed some college is lower than the average for the nation, at 18.4 percent in the selected area compared with the 20.5 percent in the U.S.

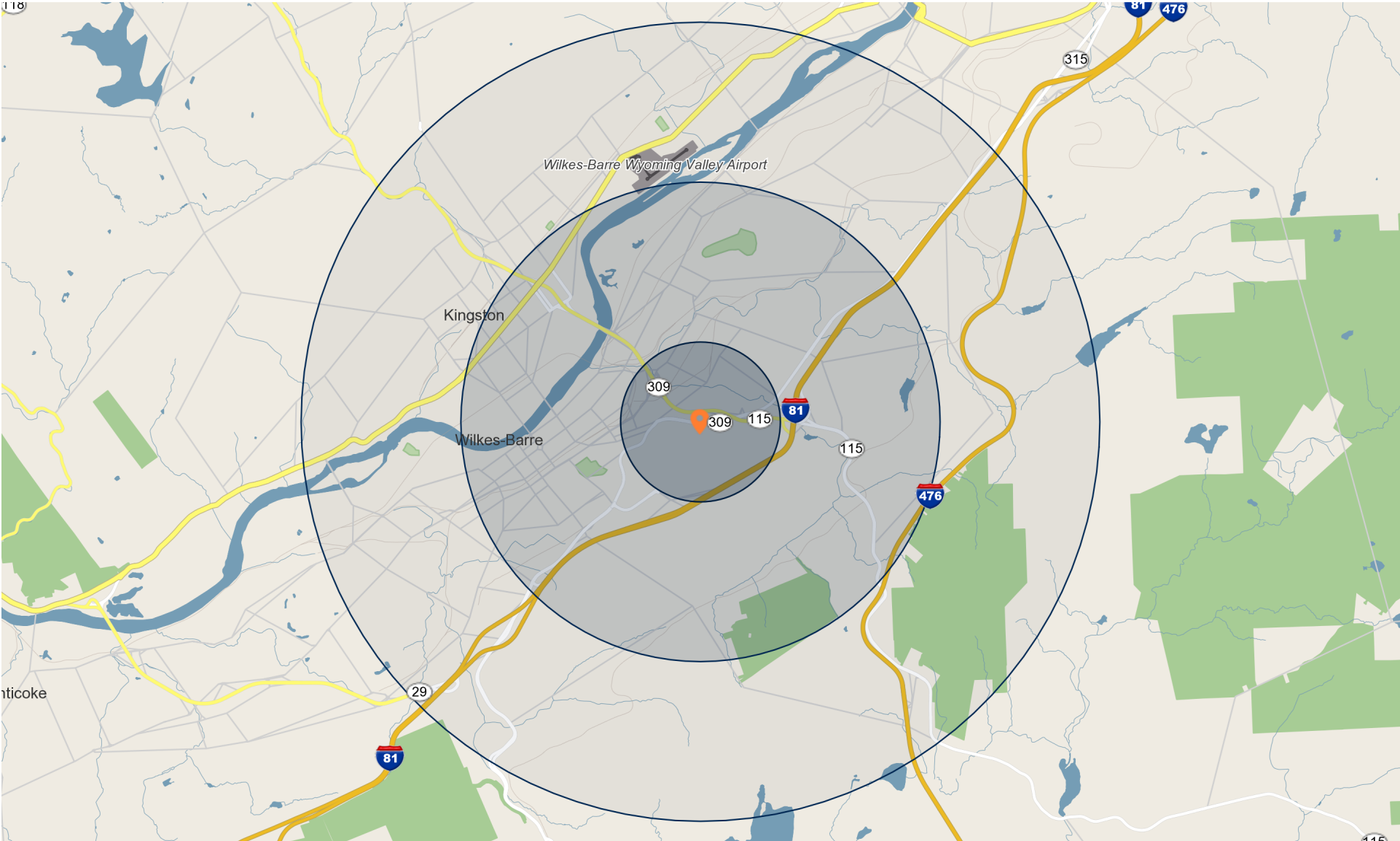
# DEMOGRAPHICS // IHOP



## Major Employers

## Employees

1	Downs Racing LP	4,795
2	Cce Holdings LLC	2,248
3	Wilkes-Barre Hospital Co LLC	2,000
4	Social Security Administration	2,000
5	Veterans Health Administration	1,500
6	Wilkes-Barre General Hospital	1,400
7	Southern Union Panhandle LLC	1,100
8	Verizon Communications Inc	776
9	Allied Health Care Services	600
10	Luzerne Cnty Cnvntion Ctr Auth	500
11	Luzerne County	500
12	Mill Creek Land LP	457
13	Highmark Inc	429
14	Wegmans Food Markets Inc	400
15	Intermetro Industries Corp	400
16	Dowd Marketing Inc	397
17	Motorworld Auto Group Inc	385
18	Umh NY Corp	380
19	Bridon-American Corporation	358
20	Wilkes University	356
21	Core-Mark Midcontinent Inc	350
22	John Heinz Institute of Rehabi	345
23	Lord & Taylor LLC	338
24	Army National Guard PA	329
25	Pittston Area School District	325



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Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a Net Lease property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

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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.

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