

MATTHEWSTM
REAL ESTATE INVESTMENT SERVICES

NEW CONSTRUCTION | 15-YEAR LEASE | ABSOLUTE NNN



424 TWELVE MILE RD | MADISON HEIGHTS, MI 48071

OFFERING MEMORANDUM



424 TWELVE MILE RD | MADISON HEIGHTS, MI 48071

OFFERING MEMORANDUM

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PROPERTY OVERVIEW

CHIPOTLE | MADISON HEIGHTS, MI

INVESTMENT HIGHLIGHTS

ABSOLUTE NNN

Zero landlord responsibilities – Chipotle self-maintains CAM, taxes, and insurance and is fully responsible for all capital repairs and replacements to the building structure, foundation, and parking lot, making this a completely “hands-off” investment.

LOWE’S AND HOME DEPOT ANCHORED TRADE AREA

Surrounded by major national retailers including Lowe’s, Home Depot, BJ’s, Starbucks, McDonald’s among others, providing a strong regional customer draw to the area.

BRAND NEW 2024 CONSTRUCTION WITH HIGH-CAPACITY DRIVE-THRU

The Property is a new 2024 construction with Chipotle’s latest building prototype, which offers both dine in and “Chipotlane” drive-thru options.

EXCELLENT VISIBILITY AND ACCESSIBILITY

Situated along Twelve Mile Road, the trade areas primary commercial thoroughfare with excellent visibility and exposure to over 30,000 VPD. Site located less than 2000 feet from a full interchange of I-75, which sees around 154,000 VPD.

STRONG MARKET DEMOGRAPHICS

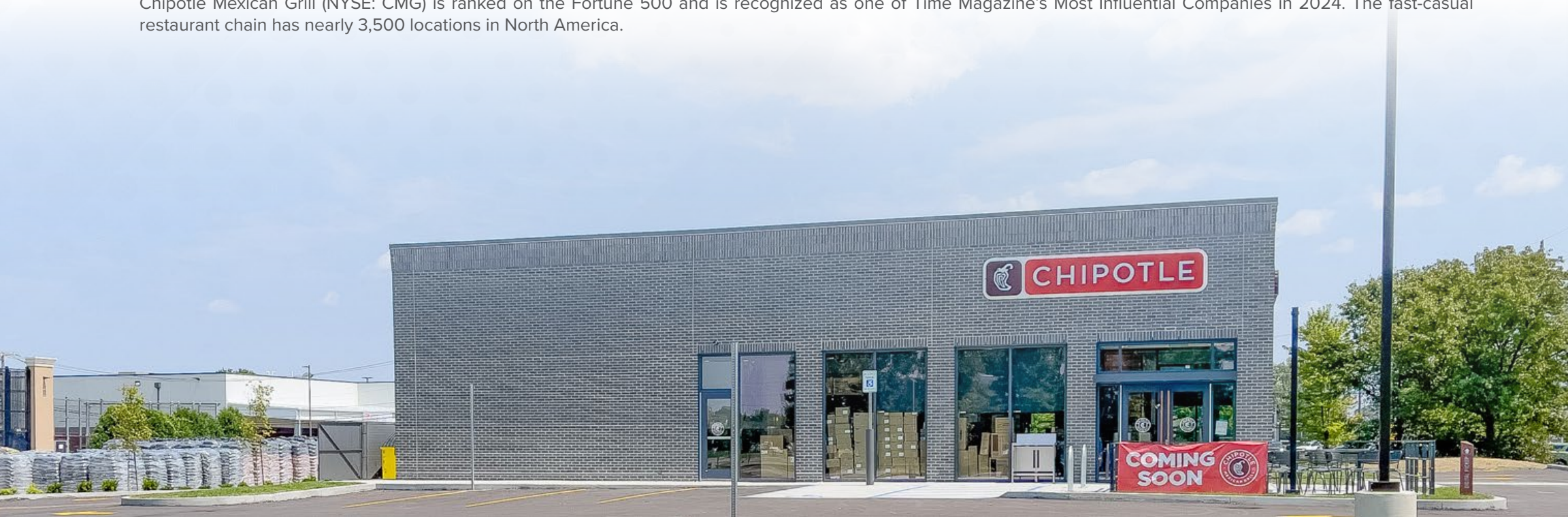
Located around 10 miles from downtown Detroit, Madison Heights is extremely dense, with a population of nearly 120,000 living within 3 miles of the site.

10% RENT INCREASES EVERY 5 YEARS

Lease features attractive 10% rental increases every 5 years in base term and in each option period, guaranteeing contractual yield growth for the landlord.

CHIPOTLE CORPORATE GUARANTEE

Chipotle Mexican Grill (NYSE: CMG) is ranked on the Fortune 500 and is recognized as one of Time Magazine’s Most Influential Companies in 2024. The fast-casual restaurant chain has nearly 3,500 locations in North America.



PROPERTY DESCRIPTION

Tenant Name	Chipotle
Guarantor	Chipotle Mexican Grill, Inc. (NYSE: CMG)
Address	424 Twelve Mile Road, Madison Heights, MI 48071
County	Oakland County
Lease Type	Absolute NNN
Original Lease Term	15 Years
Rent Commencement Date	August 22, 2024
Lease Expiration Date	August 31, 2039
Year Built	2024

 **PRICE**
\$2,838,000

 **CAP RATE**
5.25%

 **NOI**
\$149,000

 **TERM REMAINING**
±15 YEARS

 **GLA**
±2,387 SF





W 12 MILE RD ± 30,320 VPD



BEST NAILS & SPA



Public Storage



State Farm



IRON BODY STUDIOS



SUBJECT PROPERTY



W 12 MILE RD ± 30,320 VPD



I-75 ± 154,395 VPD



SUBJECT PROPERTY



W 12 MILE RD ± 30,320 VPD









FINANCIAL OVERVIEW

CHIPOTLE | MADISON HEIGHTS, MI



BUILDING SIZE
±2,387 SF



NEW LEASE TERM
15 YEARS



YEAR BUILT
2024



LOT SIZE
±0.82 AC

ANNUALIZED OPERATING DATA

	LEASE YEAR	ANNUAL RENT	MONTHLY RENT	RENT INCREASE
	Years 1 - 5	\$149,000	\$12,416	-
	Years 6 - 10	\$163,900	\$13,658	10%
	Years 11 - 15	\$180,290	\$15,024	10%
1st Option	Years 16 - 20	\$198,319	\$16,526	10%
2nd Option	Years 21 - 25	\$218,150	\$18,179	10%
3rd Option	Years 26 - 30	\$239,965	\$19,997	10%
4th Option	Years 31 - 35	\$263,962	\$21,996	10%

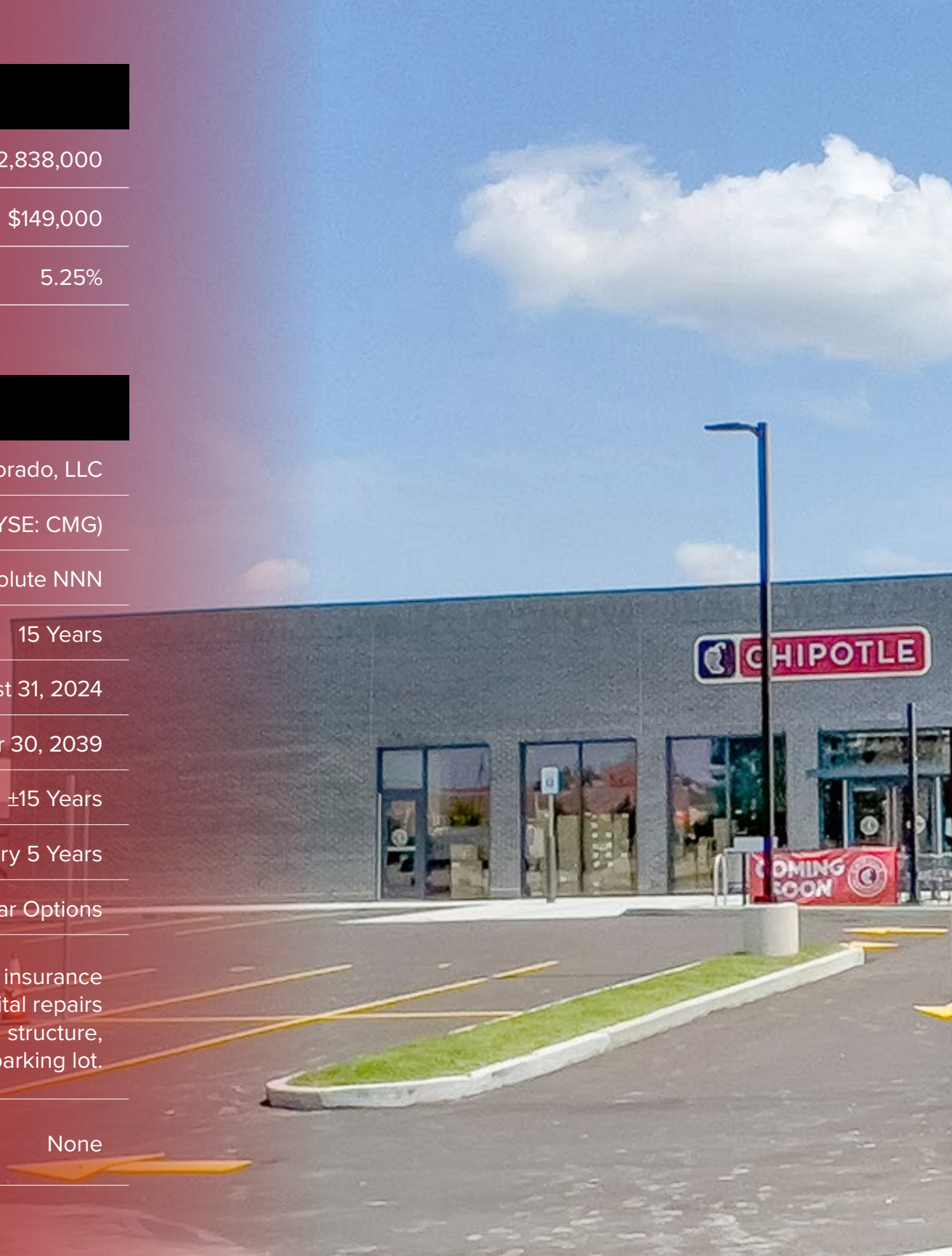


INVESTMENT SUMMARY

Price	\$2,838,000
NOI	\$149,000
Cap Rate	5.25%

LEASE ABSTRACT

Tenant	Chipotle Mexican Grill of Colorado, LLC
Lease Guarantor	Chipotle Mexican Grill, Inc (NYSE: CMG)
Lease Type	Absolute NNN
Original Lease Term	15 Years
Rent Commencement Date	August 31, 2024
Lease Expiration Date	September 30, 2039
Term Remaining on Lease	±15 Years
Rental Increases	10% Every 5 Years
Option Periods	Four, 5-Year Options
Tenant Responsibility	Chipotle self maintains CAM, taxes, insurance and is fully responsible for all capital repairs and replacements to the building structure, foundation, and parking lot.
Landlord Responsibility	None





TENANT OVERVIEW

CHIPOTLE | MADISON HEIGHTS, MI



When Chipotle first opened, the idea was simple: show that food served fast didn't have to be a "fast-food" experience. They use high-quality raw ingredients and classic cooking methods, serve in a distinctively designed atmosphere, and provide an exceptional customer experience- features more frequently found in the world of fine dining. As a fast-growing company, they're always looking for new people to join their team. Chipotle provides real opportunity for advancement and a fun, exciting work environment.

» COMPANY NAME	Chipotle
» OWNERSHIP	Public
» YEAR FOUNDED	1993
» INDUSTRY	Restaurants
» HEADQUARTERS	Newport Beach, CA
» WEBSITE	chipotle.com



AREA OVERVIEW

CHIPOTLE | MADISON HEIGHTS, MI

MADISON HEIGHTS, MI

Madison Heights, a suburb of Detroit located in Oakland County, Michigan, is known for its diverse community and robust local economy. With a population of approximately 30,000 residents, Madison Heights stands out for its cultural diversity, featuring a mix of ethnic backgrounds that contribute to the city's dynamic community life. The local economy is strong, supported by various industries, including manufacturing, retail, and healthcare. Its strategic location near major highways and proximity to Detroit make Madison Heights an attractive spot for businesses. The city's business environment is further enhanced by several industrial parks and a supportive city government. Madison Heights is well-connected, with excellent transportation infrastructure. Major highways such as I-75 and I-696 provide easy access to Detroit and neighboring areas. Public transportation is available through the Suburban Mobility Authority for Regional Transportation (SMART) bus system. Residents of Madison Heights enjoy a high quality of life with access to numerous parks, recreational facilities, and community events. The city offers a variety of amenities, including shopping centers, restaurants, and entertainment options. Popular destinations like the Red Oaks Waterpark and Nature Center add to the community's appeal.



PROPERTY DEMOGRAPHICS			
POPULATION	1-MILE	3-MILE	5-MILE
2023 Population	13,045	121,494	326,800
HOUSEHOLDS	1-MILE	3-MILE	5-MILE
2023 Households	5,432	54,151	139,840
INCOME	1-MILE	3-MILE	5-MILE
Avg. Household Income	\$76,903	\$86,013	\$84,917

AREA OVERVIEW

DETROIT, MI

Detroit is the largest and most populous city in the U.S. state of Michigan, the largest city on the United States–Canada border, and the seat of Wayne County. The city of Detroit has a population of 639,111, making it the 27th-most populous city in the United States. The metropolitan area, known as Metro Detroit, is home to over 4.3 million people, making it the second largest in the Midwest after the Chicago metropolitan area. Regarded as a major cultural center, Detroit is known for its contributions to music and as a repository for art, architecture, and design.

The City of Detroit anchors the third-largest regional economy in the Midwest, behind Chicago and Minneapolis–Saint Paul, and the 17th largest in the United States. Detroit is best known as the center of the U.S. automobile industry, and the “Big Three” auto manufacturers General Motors, Ford, and Chrysler are all headquartered in Metro Detroit. Detroit is the commercial capital of Michigan and a major economic and industrial center of the nation.



An aerial view of the Detroit skyline at sunset. The sky is a mix of orange, yellow, and blue. The city lights are on, and the buildings are silhouetted against the bright sky. The foreground shows a dense urban area with many buildings and streets.

ECONOMY

While Detroit is the world's epicenter of mobility and advanced transportation solutions, today's Detroit is so much more than just Motor City. With a diverse offering of competitive advantages, Detroit is a smart choice for businesses looking to expand, relocate, and invest. The city is home to major companies in the financial, technology, education, and health care sectors.

Detroit offers a suite of incentive programs designed to help businesses thrive with a talented workforce, innovative educational institutions, successful private/public partnerships attracting international attention, and affordable, unique real estate.

Within Detroit beats the heart of a major metropolitan city featuring a thriving downtown district and vibrant neighborhood communities. Detroit has world-class hospital systems and rich history of art, theater, music, and culture.

TOURISM

Tourism in Detroit, Michigan is a significant factor for the region's culture and economy, comprising nine percent of the area's two million jobs. About 15.9 million people visit Metro Detroit annually, spending an estimated \$4.8 billion. Detroit is one of the largest American cities and metropolitan regions to offer casino resort hotels. Leading multiday events throughout Metro Detroit attract super-sized crowds of hundreds of thousands to over three million people. More than fifteen million people cross the highly traveled nexus of the Ambassador Bridge and the Detroit-Windsor Tunnel annually. Detroit is at the center of an emerging Great Lakes Megalopolis. An estimated 46 million people live within a 300-mile radius of Metro Detroit.

Detroit's unique culture, distinctive architecture, and revitalization and urban renewal efforts in the 21st century have given Detroit increased prominence as a tourist destination in recent years.

ATTRACTIONS

FORD FIELD

Located in downtown Detroit, Ford Field is the home of the Detroit Lions. The football stadium has a seating capacity of approximately 65,000 people but is expandable with up to 70,000 seats for football fans and up to 80,000 seats for basketball fans.

COMERICA PARK

Located in downtown Detroit, Comerica Park is the home of the Detroit Tigers. The ballpark has a seating capacity of over 41,000 people.

LITTLE CAESARS ARENA

Located in Midtown Detroit, Little Caesars Arena is a mixed-use arena. It is the home of the Detroit Pistons and the Detroit Red Wings. The arena has a seating capacity of around 20,000 people for sporting events and around 22,000 people for concerts.

SPORTS

DETROIT LIONS – NFL: Average attendance: 51,522 (Statista, 2021)

DETROIT TIGERS – MLB : Average attendance: 49,694 (Baseball America, 2022)

DETROIT PISTONS – NBA : Average attendance: 17,961 (ESPN, 2022)

DETROIT RED WING – NHL: Average attendance: 16,984 (Statista, 2022)





HIGHER EDUCATION

WAYNE STATE UNIVERSITY

Located in Midtown, Wayne State University is Michigan's third-largest university with over 25,000 students. WSU is a public research university consisting of 13 schools and colleges and offers over 350 programs. Just steps away from world-renowned galleries, restaurants, theatres, arenas, and corporations, Wayne State University students can easily live, learn, and play in Detroit. As the 10th largest employer in Detroit, WSU has an annual economic impact of \$2.6 billion.

- **Awarded \$320M in research awards, grants, and contracts in 2021**
- **\$244M in annual research expenditures**
- **Nearly 75% of Wayne State alumni remain and work in Michigan**



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CONFIDENTIALITY AGREEMENT & DISCLAIMER

This Offering Memorandum contains select information pertaining to the business and affairs of the property owner and its tenant for real property located at **424 Twelve Mile Rd, Madison Heights, MI 48071** (“Property”). The Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews Real Estate Investment Services™. The material and information in the Offering Memorandum is unverified. Matthews Real Estate Investment Services™ has not made any investigation, and makes no warranty or representation, with respect to square footage, income and expenses, the future financial performance of the property, future rent, and real estate value market conditions, the condition or financial prospects of any tenant, or the tenants’ plans or intentions to continue to occupy space at the property. All prospective purchasers should conduct their own thorough due diligence investigation of each of these areas with the assistance of their accounting, construction, and legal professionals, and seek expert opinions regarding volatile market conditions given the unpredictable changes resulting from the continuing COVID-19 pandemic. The information is based in part upon information supplied by the Owner and in part upon financial information obtained from sources the Owner deems reliable. Neither owner, nor their officers, employees, or real estate agents make any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum, or any of its content, and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner.

Matthews Real Estate Investment Services™ is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee in the Offering Memorandum. The presence of any entity’s name or logo, including any commercial tenant’s name or logo, is informational only and does not indicate or suggest any affiliation and/or endorsement of Matthews Real Estate Investment Services™, the property, or the seller by such entity.

Owner and Matthews Real Estate Investment Services™ expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser’s sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Owner or Matthews Real Estate Investment Services or any of their affiliates or any of their respective officers, directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date of this Offering Memorandum.

Net Lease Disclaimer: There are many different types of leases, including gross, net, single net (“N”), double net (“NN”), and triple net (“NNN”) leases. The distinctions between different types of leases or within the same type of leases, such as “Bondable NNN,” “Absolute NNN,” “True NNN,” or other NNN leases, are not always clear. Labels given to different leases may mean different things to different people and are not defined legal terms. Buyers cannot rely on the labels or marketing descriptions given to any lease when making their purchasing decisions. Buyers must closely review all lease terms and are advised to seek legal counsel to determine the landlord and tenant’s respective rights and duties under the lease to ensure the lease, regardless of how labeled or described, meets the buyers’ particular needs.