

# DAIRY QUEEN

Absolute NNN Lease | Largest Dairy Queen Operator (240+ Locations) | 200,000 People in 5-Miles



OFFERING MEMORANDUM  
SIOUX FALLS, SOUTH DAKOTA

Marcus & Millichap  
THE SULO GROUP

# CONFIDENTIALITY & DISCLAIMER

## Exclusively Listed by:

**Dominic Sulo**  
Senior Managing Director  
CHICAGO OAKBROOK  
Tel: (630) 570-2171  
DSulo@marcusmillichap.com  
License: IL 475.134920

## Co-Listed With:

**Brett Winger**  
Associate  
Tel: (407) 334-7548  
brett.winger@outlook.com  
License: IL 475.173343

## Broker of Record:

Jon Ruzicka  
License: 17724

Marcus & Millichap  
Oakbrook, IL  
1 Mid America Plaza #200  
Oakbrook Terrace, IL 60181  
P: +1 630-570-2200

Information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

### NON-ENDORSEMENT NOTICE

Marcus & Millichap is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of Marcus & Millichap, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of Marcus & Millichap, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

### ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.

### SPECIAL COVID-19 NOTICE

All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.)

### MARCUS & MILLICHAP HEREBY ADVISES ALL PROSPECTIVE PURCHASERS OF SINGLE TENANT NET LEASED PROPERTY AS FOLLOWS:

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a single tenant property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

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 single tenant property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors. Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any single tenant property to determine to your satisfaction with the suitability of the property for your needs.

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.

**By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this single tenant property.**

# OFFERING SUMMARY

## PROPERTY ADDRESS

### Dairy Queen Grill & Chill

204 N Kiwanis Ave

Sioux Falls, SD 57104

## OFFERING SUMMARY

Price:	\$1,280,000
Cap Rate:	5.60%
Net Operating Income:	\$71,658
Building Square Footage:	2,484 Sq Ft
Year Built   Renovated:	2000   2017
Lot Size:	+/- 0.69 Acres

## LEASE SUMMARY

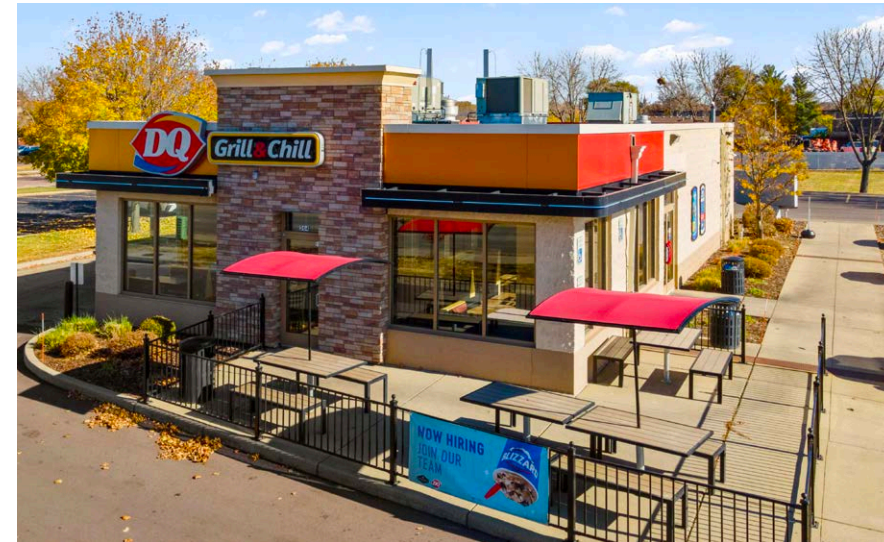
Tenant:	Frauenshuh Hospitality Group of Minnesota, LLC
Guaranty:	Franchise
Rent Commencement:	10/12/2017
Lease Expiration:	10/11/2037
Lease Term:	20 Years
Lease Type:	Absolute Net
Roof and Structure:	Tenant Responsible
Rental Increases:	7.00% Every 5 Years
Renewal Options:	Three, Five-Year
Right of First Refusal:	None

## OPERATING DATA

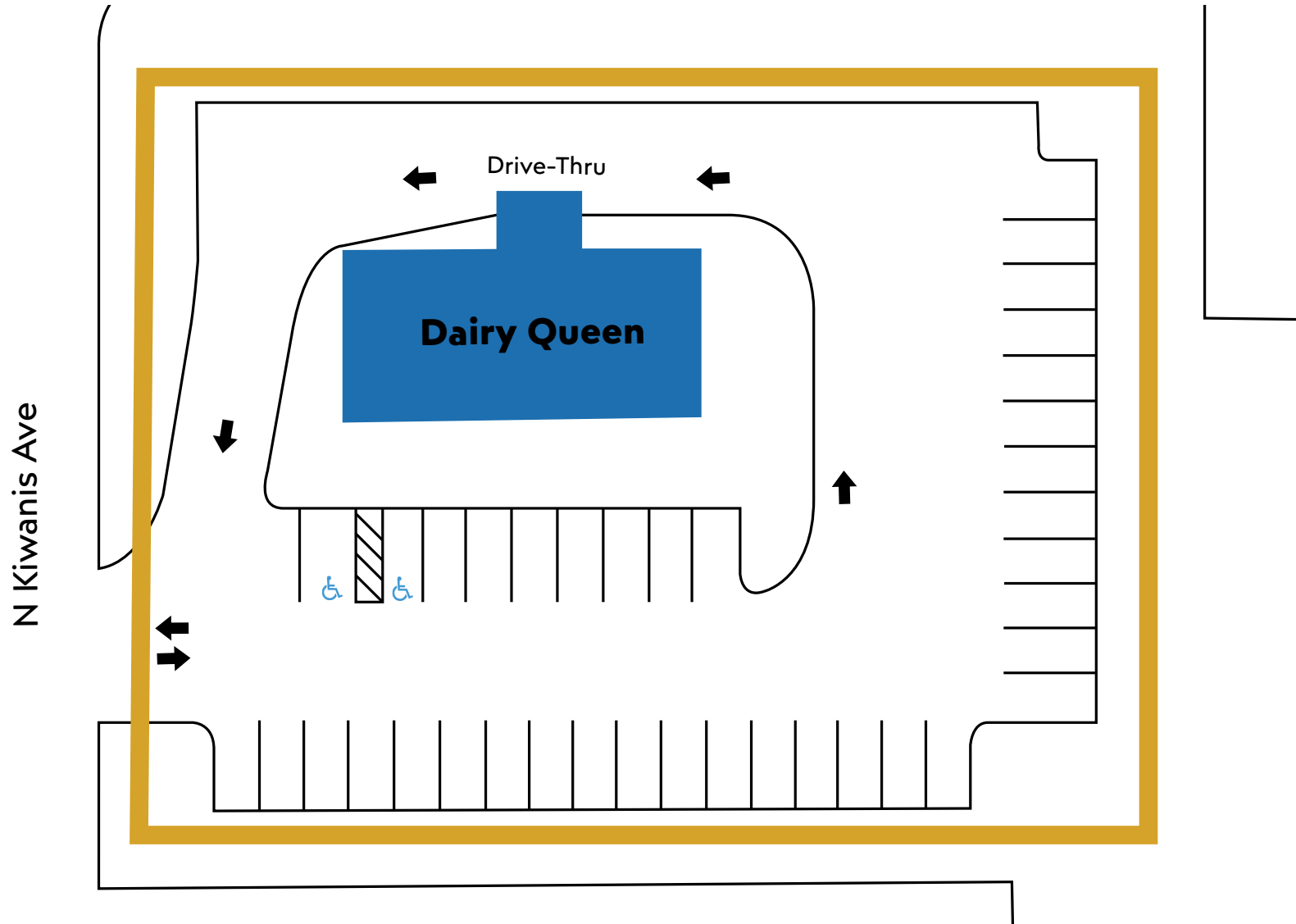
Year	Start Date	End Date	Annual Rent	Cap Rate
6-10	10/12/2022	10/11/2027	\$71,658	5.60%
11-15	10/12/2027	10/11/2032	\$76,674	5.99%
16-20	10/12/2032	10/11/2037	\$82,041	6.41%
21-25 <b>(Option 1)</b>	10/12/2037	10/11/2042	\$87,784	6.86%
26-30 <b>(Option 2)</b>	10/12/2042	10/11/2047	\$93,929	7.34%
31-35 <b>(Option 3)</b>	10/12/2047	10/11/2052	\$100,504	7.85%

# INVESTMENT HIGHLIGHTS

- **Long Term Absolute Triple Net Lease with Zero Landlord Responsibilities**
  - There are just under 13 years remaining on an original 20-year lease term with three, five-year options to renew.
  - The lease features 7% rental increases throughout the initial term and continuing into the option periods, growing NOI and hedging against inflation.
  - An investor can enjoy a completely passive ownership structure as the lease features zero landlord responsibilities and the tenant is solely responsible for taxes, insurance, and maintenance.
- **Strong Guarantee from Largest Dairy Queen Franchisee (240+ Locations)**
  - Fourteen Foods is Dairy Queen's largest franchisee and operates over 240 Dairy Queen restaurants in Alabama, Florida, Indiana, Iowa, Kentucky, Louisiana, Minnesota, Mississippi, Nebraska, North Carolina, South Dakota, Tennessee, and Wisconsin.
  - Through acquisitions and expansion into new markets, Fourteen Foods has grown over 230 locations since its current CEO took over in 2006.
  - Fourteen Foods is continuing their expansion efforts in the Southeast and recently moved their corporate headquarters from Minneapolis to Franklin, TN in January 2024.
- **Surrounded by Major Economic Drivers**
  - The subject property is strategically located near traffic drivers that are synergistic to DQ's business. Some of these include Sioux Falls Convention Center (1.4 Miles), W. H. Lyons Fairgrounds, Great Plains Zoo (0.8 miles), Empire Mall (3 miles), Falls Park (2.8 miles), Sioux Falls Stadium (1.3 miles), Howard Wood Relays (1.6 miles), Terrace Park (1.8 miles), Veterans Memorial Park (1.9 miles), Sherman Park (0.8 miles), and many others.
  - The subject property is surrounded by major employers such as Sanford USD Medical Center and Hospital, VA Medical Center, Smithfield Foods, Sioux Falls Regional Airport, etc.
- **Sioux Falls is a Top Growth Market in the United States**
  - Sioux Falls is South Dakota's largest city and is home to more than 30% of the entire state's population.
  - According to U.S. Census Data, Sioux Falls is the fastest-growing city in the Midwest with its population growing by nearly 9% since 2020 to over 213,000 residents.
  - In 2023, building permit valuations in Sioux Falls exceeded \$1.1 billion, which is their second highest total ever, behind 2022 when total valuations neared \$2 billion.
  - Sioux Falls has an extremely business-friendly tax environment with no personal or corporate income taxes.



# SITE PLAN





# TENANT PROFILE

## FRANCHISE

### About Fourteen Foods

Since 2002 our recipe for success has been simple, a combination of restaurant excellent teams, raving fans, and a commitment to our communities. We believe deeply in the importance of our mission of “changing lives, one smile and a story at a time.” Fourteen Foods is a multi-unit owner and operator of 240+ DQ Grill & Chill® restaurants and Dairy Queen Braziers in Alabama, Florida, Indiana, Iowa, Kentucky, Louisiana, Minnesota, Mississippi, Nebraska, North Carolina, South Dakota, Tennessee, and Wisconsin. Our passion drives us to provide an escape from the ordinary, with a place to enjoy life’s every day celebrations. So come and see our soft serve artists and chicken strip basket crafters create everyday magic as the heart and soul of DQ. Whether you are next in line or the next generation, here’s to you, our customers and our greatest fans.

### Mission & Purpose

**Shepherding world-class restaurants that celebrate our commitment to faith, people, and community.**

Our purpose is deeply rooted in faith; to serve our customers, communities, and teams to believe and live out God’s calling.

### Our Values

- We believe that character matters.
- We treat others with dignity and respect
- We bring our hands, head, and heart to grow everyday.
- We have a passion to hope, care, and serve people and community
- We all win together

## CREED OF CHAMPIONS



Here we stand a family of champions.

We speak with honesty and stand on the foundation of our faith.

We promise to bring our A-game every day.

We improve our communities through unexpected opportunities, One red spoon at a time.

We are Memory Makers.

We are Smile Servers.

We are Fourteen Foods.

## TENANT

International Dairy Queen Inc., (IDQ), headquartered in Minneapolis, Minnesota, is the parent company of American Dairy Queen Corporation and Dairy Queen Canada, Inc. Through its subsidiaries, IDQ develops, licenses and services a system of more than 7,500 locations in 20 countries. IDQ is a subsidiary of Berkshire Hathaway Inc., which is led by Warren Buffett, the legendary investor and CEO of Berkshire.

a globally recognized food and treat company that values our customers and franchisees alike. We established the pace for franchising over 80 years ago, and since then we’ve catered to millions of satisfied customers worldwide, while preserving our legacy. We’re delighted to share that we’re ranked #16 on the 2022 QSR 50, and our brand enjoys an impressive 85% consumer recognition.

The Dairy Queen® brand expanded rapidly, growing from 100 locations in 1947 to 2,600 by 1955. In these early days of franchising we set a record-breaking pace and are proud to be one of the largest food systems in the world. Our franchisees love what they do and the relationships they have with our corporate support team. The Dairy Queen® brand offers the thrilling experience and resources you need along with the comfort and recognition of world-famous brand.

Our goal is to give every Dairy Queen® franchisee the same success story so they can become part of our timeless tradition and create excellent customer experiences for DQ® fans around the world.

### Company Type:

Private

### Location:

Minneapolis, Minnesota (7,500+ Locations)

### Website:

<https://www.dairyqueen.com/en-us/>

**\$3.6B**

2023  
Revenue

**4,300+**

Locations in  
the U.S.

**1940**

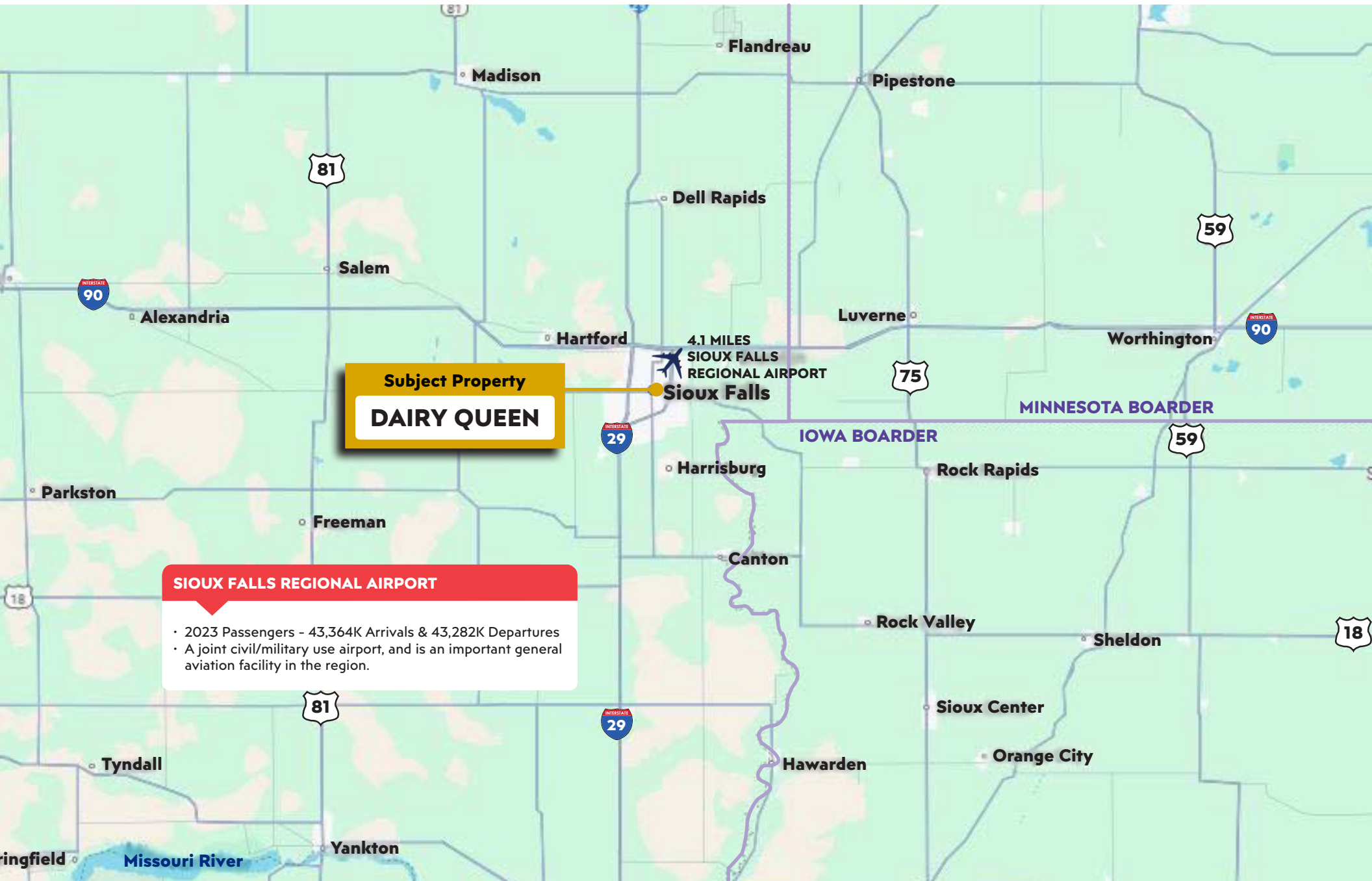
Year  
Founded

# PROPERTY PHOTOS





# REGIONAL MAP



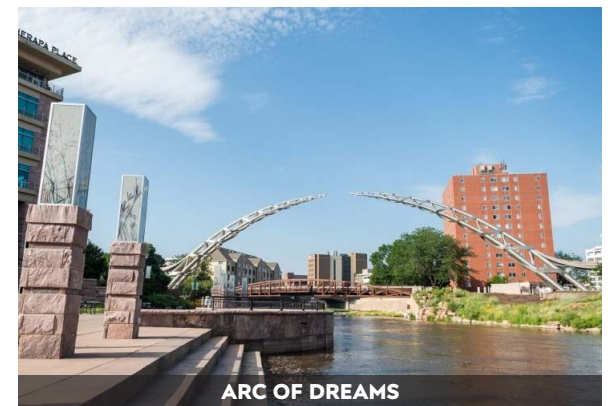
**SIOUX FALLS REGIONAL AIRPORT**

- 2023 Passengers - 43,364K Arrivals & 43,282K Departures
- A joint civil/military use airport, and is an important general aviation facility in the region.

# AREA OVERVIEW

## SIoux FALLS


- Sioux Falls is a vibrant, growing community of nearly 200,000 people and is South Dakota's largest city, Sioux Falls is packed with cultural attractions, family-friendly activities and history.
- A healthy economy, supportive business environment and community-centric spirit.
- A top ten city for entrepreneurs, the third best city for getting a job in 2020 and one of the most business-friendly climates in the country.
- Sioux Falls is named for the Sioux tribe of American Indians and the waterfalls of the Big Sioux River, located a few blocks from today's downtown district.
- Explore the Kirby Science Discovery Center in the Washington Pavilion, experience the habitat of over 800 free-flying butterflies at the Butterfly House & Aquarium, meet the Great Plains Zoo's hundreds of animals or walk through tall prairie grasses at the Outdoor Campus.
- Falls Park, the city's namesake, is comprised of over 128-acres and located just north of downtown, along the Big Sioux River. An average of 7,400 gallons of water drop 100 feet over the course of the Falls each second.
- From big-city malls to locally-owned boutiques. Fashion and clothing, antiques, home decor, sports gear—there's almost too much variety.
- With over 700 restaurants, Sioux Falls can cater to everyone's taste. Enjoy elegant, eclectic, and ethnic options—or sample regional specialties like hearty Midwestern steaks, gourmet game, or locally grown produce. From award-winning local favorites to casual breweries.
- Minutes from downtown is Good Earth State Park at Blood Run, a National Historic Landmark that served as a crossroads of Native American civilizations from 1300 to 1700.
- For arts and culture, visitors can stroll through downtown to see 55 sculptures along the SculptureWalk, which includes the stainless-steel Arc of Dreams sculpture that spans the Big Sioux River, and then watch a live performance at the indoor Washington Pavilion or the Levitt at the Falls outdoor amphitheater.



# DEMOGRAPHICS

POPULATION	1-MILE	3-MILE	5-MILE
2010 Population	8,924	66,971	145,001
2020 Population	8,945	69,948	166,313
2023 Population	8,985	72,659	175,454
2028 Population	9,365	78,126	191,821
HOUSEHOLDS			
2010 Households	4,214	27,948	58,401
2020 Households	4,262	30,074	68,017
2023 Households	4,398	31,738	72,417
2028 Households	4,617	34,388	79,494
OWNER OCCUPIED HOUSING UNITS			
2010 Owner Occupied Housing Units	40.8%	49.3%	57.4%
2020 Owner Occupied Housing Units	41.1%	46.5%	55.7%
2023 Owner Occupied Housing Units	37.7%	46.1%	55.8%
2028 Owner Occupied Housing Units	37.5%	46.3%	56.0%
RENTER OCCUPIED HOUSING UNITS			
2010 Renter Occupied Housing Units	50.2%	42.8%	35.7%
2020 Renter Occupied Housing Units	50.5%	45.9%	38.4%
2023 Renter Occupied Housing Units	53.9%	46.4%	38.3%
2028 Renter Occupied Housing Units	54.2%	46.3%	38.3%
AVERAGE HOUSEHOLD INCOME	<b>\$59,842</b>	<b>\$70,167</b>	<b>\$90,282</b>


AREA SNAPSHOT



175,454

POPULATION (5-MILE)


---



231,072

DAYTIME POPULATION (5-MILE)


---



72,417

HOUSEHOLDS (5-MILE)

---



\$90,282

AVERAGE HOUSEHOLD INCOME (5-MILE)