



# SINGLE-TENANT, ABSOLUTE NNN RETAIL INVESTMENT OPPORTUNITY

**1740 Centinela Ave, Inglewood (Los Angeles County), CA 90302**

La Cienega Blvd and Centinela Ave (128,000 VPD), Near SoFi Stadium and LAX, 10% Rent Increases Every 5 Years and 30%\* FMV Rent Reset in Yr 14



WALSETH INVESTMENT COMPANY OFFERING MEMORANDUM

ACTUAL SUBJECT PROPERTY



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Walseth Investment Company specializes in the sale and disposition of net leased assets nationwide. We offer brokerage for investment, owner-user, and institutional sales of all asset types. Additionally, we offer property management and consulting/advisory services. Michael Walseth is the President & Founder of the Walseth Investment Company. Michael built his company to serve the real estate needs of institutions, developers, and private investors. Michael has closed over 150 property transactions throughout his 20-year career accounting for an estimated \$3 billion (US) in total consideration. Michael and his transactions have been regularly featured in GlobeSt, Western Real Estate Business, Shopping Center Business, Bisnow, The Wall Street Journal, San Diego Business Journal, Orange County Business Journal, Los Angeles Business Journal, Orange County Register, and most other real estate and local publications.

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# INVESTMENT SUMMARY

**Walseth Investment Company is pleased to present the rare opportunity to acquire the leased fee (land ownership) interest in a freestanding, single-tenant, absolute NNN, drive-thru Starbucks investment property located in Inglewood, CA.**



The building is designed in the Starbucks modern modular store concept. The tenant, Starbucks Corporation, has approximately 14 years remaining on their original 20-year lease with 2 (5-year) options to extend.

The lease features 10% rental increases every 5 years throughout the initial term with one FMV option period, and one option with a 10% increase. The lease is corporate guaranteed by Starbucks Corporation (NASDAQ:SBUX), with an S&P investment grade credit rating of BBB+ and is absolute NNN.

The subject property is located at the signalized, hard corner intersection of S La Cienega Boulevard and W Centinela Avenue, one of the busiest intersections in Los Angeles County with over  $\pm 128,000$  vehicles per day. The asset is uniquely positioned adjacent to a Best Western with 58 rooms, making this Starbucks the perfect morning stop for hotel guests.

The site is adjacent to Grand Ladera Center, a  $\pm 119,000$ -square-foot shopping center anchored by Ralphs, Petco, and Ross. In addition, this Starbucks is located in a strong retail corridor with multiple nationally-recognized retailers including McDonald's, CVS, Bank of America, and more.

The property is approximately .6 miles from the 405 freeway ( $\pm 280,000$  VPD) and is approximately 2 miles from The Forum, SoFi Stadium, and the Intuit Dome. The 3-mile trade area is supported by a dense population of  $\pm 242,144$  people with a high average household income of  $\pm \$107,525$ . The trade area is supported by a daytime employee count of  $\pm 123,941$ .



# PROPERTY OVERVIEW

## OFFERING

PRICE	\$5,866,000
ANNUAL NOI	\$220,000
CAP RATE	3.75%

## PROPERTY SPECIFICATIONS

ADDRESS	1740 Centinela Ave, Inglewood, CA
APN	4001-020-033
YEAR BUILT	2017
BUILDING SIZE	± 880 SF (with Drive-Thru)
PARCEL SIZE	± .39 Acres
OWNERSHIP	Leased Fee (Land Ownership)
TENANT	Starbucks
ZONING	C-2 (Commercial)

TRAFFIC COUNT  
± 32,000 CARS/DAY

CENTINELA AVE



58  
Rooms



1740 CENTINELA AVE, INGLEWOOD, CA



# INVESTMENT HIGHLIGHTS



1740 CENTINELA AVE, INGLEWOOD, CA

## **Long-term lease with 10% rent increases every 5 years | Rare FMV adjustment in year 14 | ABS NNN – no landlord responsibilities | Rare Starbucks leased fee interest**

- The site offers a rare 20-year leased fee interest with approximately 14 years remaining
- The lease is absolute NNN with no landlord responsibilities
- Absolute NNN leases are ideal for a passive or out-of-state investors
- The lease features regular 10% increase every 5 years (next increase March 1, 2028) which adds inflation protection
- The first option in 2038 has a very rare fair market value adjustment (10% floor and 30% ceiling) to protect against inflation
- The remaining option has a 10% rent increase

## **Less than 1 mile from the 405 freeway (±280K VPD) | Less than 3 miles from LAX (±5.5M passengers/mo)**

- The site is approximately .55 miles from the 405 freeway, which has a traffic volume of more than ±280,000 vehicles per day
- The Starbucks is approximately 2.6 miles from Los Angeles International Airport, which is the 4th busiest airport in the world, the 2nd busiest airport in the United States, and has a monthly passenger volume of over ±5.5 million people (Nov 2022)

## **Strong corporate tenant (Starbucks, NASDAQ: SBUX, S&P BBB+) with +37,000 stores worldwide | Recession-resistant investment**

- Starbucks is a Fortune 500 company (#125) with more than 400,000 employees
- Starbucks is a globally-recognized category leader and was rated #1 most valuable restaurant brand in the world by QSR magazine (2021)
- Starbucks holds an investment-grade rating with S&P (BBB+)
- Largest coffeehouse chain globally with approximately 34,000 stores in 83 countries
- Starbucks recently announced plans to open 22,000 locations to bring his massive store count to 55,000 by 2030

## **Drive-thru format (average 50% higher sales)**

- Approximately 60-70% of all business for quick-service restaurants comes through a drive-thru and average Starbucks store sales are approx 50% greater in locations that have a drive-thru
- During the fourth quarter of 2020, 75% percent of all Starbucks' US sales were generated through the drive-thru



# INVESTMENT HIGHLIGHTS

***Ideally located at an incredibly busy intersection (±128,000 VPD) | Close proximity to world-class stadiums and venues (SoFi Stadium, Kia Forum, and Intuit Dome) | Significant economic investment in the Intuit Dome (\$2B) and SoFi Stadium (\$5B)***

- The adjacent intersection has a vehicle volume of over ±128,000 vehicles per day
- The adjacent Best Western has 58 rooms, and travelers are easily able to visit this Starbucks for their morning coffee
- The site is less than 2.5 miles from the \$5.5B SoFi Stadium (home of the Los Angeles Rams and the Chargers), the largest expandable NFL stadium with a capacity of over 100,000 people
- In 2022, SoFi stadium became the first stadium to host a conference championship game and the Super Bowl in the same year (2023, hosted Super Bowl LVI and the College Football Championship). Is scheduled to host the opening and closing ceremonies of the 2028 Summer Olympic Games
- The site is approximately 2 miles from a 17,000-person-capacity arena, The Forum, which is listed on the National Register of Historic Places
- The property is also close to the 18,000-person-capacity Intuit Dome (est. completion 2024, a \$2B investment by former Microsoft CEO) which will be the new home of the LA Clippers, moving from the Crypto.com Arena
- The Intuit Dome will be the 3rd most expensive US arena ever built



- 238-acre Hollywood Park is the largest mixed-use development on the West Coast, featuring 5 million square feet of creative office space, up to 890,000 square feet of retail, a 6,000-seat performance venue, a 300-room hotel, a 110,000-square-foot casino, and 2,200 new residences

***Strong trade area fundamentals | High average household income (more than 100K per year) | Strong cross-tenant retail synergy***

- Nearby tenants include Ralphs, CVS, Chick-fil-A, KFC, Panda Express, Smart & Final, Exxon, TGI Fridays, Chipotle, Valvoline, Marshalls, Bath and Body Works, El Pollo Loco, Wingstop 99 Cents Only Store, McDonald's, Amazon Fresh, and Bank of America
- High average household income, 3-mile average HH income is ±\$107,525/ year
- Dense LA County population, 3-mile trade area has a population of ±242,144 and the 5-mile radius has an estimated population of ±806,770 people
- Area expected to gain in wealth, predicted 3-mile radius average HH income (2027) is ±\$134,827



1740 CENTINELA AVE, INGLEWOOD, CA



# LEASE OVERVIEW



## STARBUCKS

NOI	\$220,000
LEASE EXPIRATION	Feb 28, 2038
OPTIONS REMAINING	Two (2) 5-year options remaining
INCREASES	10% increases every 5 years
	Yr 14 FMV reset
	2nd option 10% increase (March 1, 2043)
LEASE TYPE	Absolute NNN
LANDLORD RESPONSIBILITIES	None
GUARANTY	Corporate: Starbucks Corporation (NASDAQ: SBUX, S&P BBB+)



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# RENT ROLL



1740 CENTINELA AVE, INGLEWOOD, CA

LEASE TERM AND DETAILS							RENTAL RATES					
Tenant Name	SF	Lease Start	Lease End	Options	Lease Type	Term Start	Increase	Monthly	Monthly PSF	Annual	Annual PSF	
STARBUCKS	880	10/05/2017	2/28/2038	2 5-yr options	Leased-fee, Absolute NNN	Current		\$18,333	\$20.83	\$220,000	\$250	
						3/1/2028	10%	\$20,167	\$22.92	\$242,000	\$275	
						3/1/2033	10%	\$22,183	\$25.21	\$266,200	\$303	
						Option 1	3/1/2038	FMV: 30%*	\$28,838	\$32.77	\$346,060	\$393
						Option 2	3/1/2043	10%	\$31,722	\$36.05	\$380,666	\$433

\* Lease stipulates 10-30% FMV rent increase. Based on current and historical market inflation trends, 30% increase is demonstrated.

**\$5,866,000**

OFFERING PRICE

**\$220,000**

NOI

**3.75%**

CAP

FOR FINANCING OPTIONS & LOAN QUOTES, PLEASE CONTACT:

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# QUICK FACTS



## LOCATION

1740 Centinela Ave, Inglewood, CA 90302

Located in Los Angeles County



## ACCESS

La Cienega Blvd 1 access point

W Centinela Ave 1 access point



## TRAFFIC COUNTS

Intersection of La Cienega Blvd and Centinela Ave:

±128,000 vehicles per day



## IMPROVEMENTS

Total Square Footage:

±880 SF building with drive-thru



## PARKING

9 parking spaces on the parcel, the drive-thru accomodates 9 vehicles



## PARCEL

Parcel No. 4001-020-033

Parcel Acreage: ± .39



## YEAR BUILT

2017



## ZONING

C-2 (Commercial)



# SITE PLAN/PARCEL MAP



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## KEY

- SUBJECT PROPERTY
- LANDSCAPING
- WALKWAY/SIDEWALK
- ADJACENT PROPERTY
- ROAD/DRIVEWAY



# 128,000 VPD SUPPORTS STRONG RETAIL CORRIDOR



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# LESS THAN .6 MI FROM 405 FREEWAY (±280,000 VPD)



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# SOFI STADIUM, THE FORUM, AND THE INTUIT DOME APPROXIMATELY 2 MILES FROM PROPERTY



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# LAX, THE FORUM, SOFI STADIUM, & INTUIT DOME



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# REGIONAL MAP



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# TENANT PROFILE

**Starbucks Corp. engages in the production, marketing, and retailing of specialty coffee.**

It operates through the following segments: Americas; China/Asia Pacific (CAP); Europe, Middle East, and Africa (EMEA); and Channel Development. The Americas, CAP, and EMEA segments sell coffee and other beverages, complementary food, packaged coffees, single-serve coffee products, and a focused selection of merchandise through company-oriented stores and licensed stores.

The Channel Development segment sells packaged coffee, tea, and ready-to-drink beverages to customers outside of its company-operated and licensed stores. The company brands include Evolution Fresh, Teavana, Tazo Tea, and Seattle's Best.

Starbucks was founded by Jerry Baldwin and Howard D. Schultz on November 4, 1985 and is headquartered in Seattle, WA.



1740 S RAY WILSON DRIVE, ANAHEIM, CA

TM

**PUBLIC (NASDAQ: SBUX) \$26.58B**

COMPANY TYPE

NET REVENUE (2022)

**BBB+**

S&P CREDIT RATING

**402,000**

NO. OF EMPLOYEES (2022)

**\$27.978B**

ASSETS (2022)

**125**

FORTUNE 500 RANKING

**\$3.321B**

NET INCOME (2022)

**#1 MOST VALUABLE**

#1 MOST VALUABLE RESTAURANT BRAND IN THE WORLD - QSR MAGAZINE (2021)





# TENANT NEWS



1740 CENTINELA AVE, INGLEWOOD, CA



## **Starbucks Reports Q1 Fiscal 2023 Results**

February 02, 2023

“Starbucks’ performance in Q1 demonstrates the strength and resilience of our business and accelerating demand for Starbucks Coffee all around the world,” said Howard Schultz, interim CEO. “We posted today’s strong results despite challenging global consumer and inflationary environments, a soft quarter for retail overall and the unprecedented, COVID-related headwinds that unfolded in China in Q1,” Schultz added.

Global comparable store sales increased 5%

The company opened 459 net new stores in Q1, ending the period with 36,170 stores globally.

Consolidated net revenues are up 8%, to a record \$8.7 billion.



## **90% of New Starbucks Stores Will Have Drive-Thrus**

May 04, 2022

Starbucks will accelerate its new store growth, outfitting 90% of new stores with a drive-thru, interim CEO Howard Schultz said Tuesday during an earnings call.

The drive-thrus will incorporate new store designs and technology, including more handheld devices and equipment aimed at increasing efficiency, speed, and

profitability.

The company is investing \$1 billion in its employees and technology this fiscal year to meet ongoing consumer demand across drive-thru, mobile order and pay -- which makes up 70% of store volume -- as well as delivery and in-store orders, Schultz said.



## **Starbucks, DoorDash Ink Delivery Partnership in Canada**

March 14, 2023

Starbucks Corporation (NASDAQ: SBUX) and DoorDash Inc (NYSE: DASH) entered a new partnership to offer on-demand delivery of Starbucks at participating locations in Canada.

Beginning March 14, DoorDash customers will be able to avail delivery of Starbucks favorites from more than 500

stores.

The new partnership also expands Starbucks Delivers to nearly 50 new communities for the first time, including Saint John, New Brunswick, Squamish, British Columbia and the province of Prince Edward Island.



# INGLEWOOD, CA

***Inglewood is Southern California's hottest submarket with several world-class projects under construction and three professional sports teams: Rams, Chargers, and Clippers.***

## **HOLLYWOOD PARK: SOFI STADIUM & NFL MEDIA TOWER**

Opened in 2022. The Hollywood Park project includes the SoFi Stadium, the Stadium Complex, NFL Media Tower, 500,000+ square feet of retail space, and 2,200 residential units.

## **\$5.5B | SOFI STADIUM | 100,000-SEAT | RAMS AND CHARGERS**

The stadium has or is scheduled to host the Rams, Chargers, major music tours (Taylor Swift, Rolling Stones, Guns N Roses), and the 2028 Summer Olympic Games Opening & Closing Ceremonies.

It recently hosted the 2022 Super Bowl LVI and the 2022 Football National Championships.

## **450,000 SQUARE FEET | NFL MEDIA TOWER**

Hosts office and studio space for the NFL Network.

## **\$400 MILLION | THE FORUM | HISTORIC LOCATION**

Clippers owner Steve Ballmer invested \$400 million by purchasing The Forum in May of 2020. Last year, The Forum hosted nearly 100 events, including concerts, boxing, and mixed martial arts. On the register of historical places, it was previously the home of the NBA's Los Angeles Lakers and NHL's Los Angeles Kings.

## **INTUIT DOME | LA CLIPPERS | OPENING IN 2024**

The Intuit Dome will be the new home of the LA Clippers (moving from the Crypto.com arena).

The project will include an 85,000-square-foot practice and athletic training facility, 71,000 square feet of office space for the Clippers, a 25,000-square-foot sports medicine clinic, 63,000 square feet of ancillary retail, a public plaza featuring a large LED screen, a concert stage, and basketball courts, a 150-room hotel, and parking for 4,125 vehicles

## **\$1B TRANSIT EXPANSION | COMPLETION IN 2026**

The City of Inglewood was awarded \$95.2 million for the construction of a 1.6-mile automated transit system to connect Downtown Inglewood's metro station to The Forum, SoFi Stadium, and the Intuit Dome. The full project is budgeted at more than \$1B. Estimated completion is 2026.



# LOS ANGELES INT'L AIRPORT

*The subject property is strategically located close to LAX's \$6B expansion to the 405 freeway.*

## ±66 MILLION PASSENGERS/YR | \$14B MODERNIZATION

LAX (Los Angeles International Airport) is the fourth (4th) busiest airport in the world and second (2nd) busiest in the United States.

±50,000 employees oversee 69 air carriers and ±66 million passengers per year (2022).

LAX has several plans to modernize its premises, which will cost \$14 billion. The construction of Concourse 0 and Terminal 9 (ahead of the 2028 Summer Olympics, which will be hosted in Los Angeles) accounts for \$6 billion.

A 6.4-million-square-foot parking complex with space for 18,000 vehicles, the largest parking structure in the world, will be coming to LAX soon, and is nearing completion.



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# LOS ANGELES COUNTY, CA

*Los Angeles County is the most populous county in the United States.*

Los Angeles County is located in the southern part of California. The county seat is Los Angeles, which is the largest city in the state of California and the second-largest city in the United States, trailing only New York City. With more than 10 million residents, the county has a diverse population, with hundreds of ethnicities and cultures represented.

The county's geography is as varied as its people, spanning a vast and diverse area from the edge of the Pacific Ocean to the boundaries of neighboring counties. This includes beautiful beaches, forests, mountainous regions, and desert lands.

The economy of Los Angeles County is highly diversified, with a broad range of sectors contributing to its GDP. Some of the key industries in Los Angeles County include:

**Entertainment:** The county is known globally as the home of Hollywood, which is the center of the American film and television industry. This industry supports a large number of jobs, both directly in production and indirectly in supporting roles. It also boosts tourism and creates demand for local services.

**Aerospace and Technology:** Los Angeles County has a rich history in the aerospace industry. The county also has a burgeoning tech scene, with the so-called "Silicon Beach" area in the western part of the county seeing substantial growth in tech start-ups and leading tech companies.



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**Manufacturing and Trade:** Los Angeles County has one of the largest manufacturing sectors in the country, and the Port of Los Angeles is one of the busiest seaports in the world. These industries provide a large number of jobs and contribute significantly to the local economy.

**Healthcare:** Healthcare is a major industry in Los Angeles County, with many hospitals and medical centers serving the large population. The region is also home to several world-class research institutions and universities.

**Real Estate and Construction:** The real estate market in Los Angeles County is large and active, driven by both residential and commercial demands. Construction is also a significant industry, supporting the ongoing growth and development of the region.



# DEMOGRAPHICS

## POPULATION

	1 Mile	3 Mile	5 Mile
2022 ESTIMATE	36,939	242,144	806,770
2027 PROJECTION	35,787	240,806	798,455
2010 CENSUS	35,849	240,137	806,819
GROWTH 2022 - 2027	-0.6%	-0.1%	-0.2%
GROWTH 2010 - 2020	0.5%	0.3%	0.2%
MEDIAN AGE	38.2	38.3	36.6

## HOUSEHOLDS

	1 Mile	3 Mile	5 Mile
2022 ESTIMATE	16,557	93,910	303,566
2027 PROJECTION	16,262	94,600	304,251
2010 CENSUS	15,460	88,152	291,075
GROWTH 2022 - 2027	-0.4%	0.1%	-
CHANGE 2010 - 2022	0.6%	0.5%	0.4%

## 2022 EMPLOYMENT & INCOME

	1 Mile	3 Mile	5 Mile
AVG HH INCOME	\$103,530	\$107,525	\$107,122
MEDIAN HH INCOME	\$82,289	\$83,714	\$80,993
PER CAPITA INCOME	\$46,448	\$41,870	\$40,478
TOTAL BUSINESSES	1,491	12,333	35,598
TOTAL EMPLOYEES	10,939	123,941	345,914



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