



STARBUCKS

DRIVE-THRU

NEW 10-YEAR LEASE | 2019 CONSTRUCTION | 10% INCREASES EVERY 5 YEARS



REPRESENTATIVE PHOTO

OFFERING MEMORANDUM
FRESNO, CALIFORNIA



HANLEY INVESTMENT GROUP
REAL ESTATE ADVISORS



OFFERING MEMORANDUM

FRESNO, CALIFORNIA

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OFFERING SUMMARY

STARBUCKS DRIVE-THRU

LOCATION

Starbucks Drive-Thru
5211 W. Shaw Avenue
Fresno, CA 93722

OFFERING SUMMARY

Price:	\$2,855,000
Current Net Operating Income (NOI):	\$122,800
Capitalization Rate:	4.30%
Net Rentable Area:	2,100
Year Built:	2019
Lot Size (Acres):	0.45

LEASE TERMS (1)

Lease Commencement: (2)	9/1/2019
Lease Expiration: (2)	8/31/2029
Lease Term:	10 Years
Lease Type:	NNN
Roof & Structure:	Landlord Responsibility
Monthly Rent: (3)	\$10,233
Annual Rent: (3)	\$122,800
Rental Increases:	10% Every 5 Years
Renewal Options:	Four 5-Year @ 10% Each Option

(1) All lease provisions to be independently verified by Buyer during Due Diligence Period.

(2) Estimated lease commencement and expiration dates.

(3) Rent includes additional income from a 10-year billboard lease. Starbucks pays \$120,000 in annual rent.



STARBUCKS | QUICK FACTS

#5

**WORLD'S MOST
ADMIRED COMPANY**
- Fortune (2019)

#1

**MOST VALUABLE RESTAURANT
BRAND IN THE WORLD**
- QSR Magazine (2018)

#30

MOST INNOVATIVE COMPANY
- Forbes (2018)



- **Single-Tenant Corporate Starbucks Drive-Thru:**
 - New 10-year lease with 10% rental increases every 5 years
 - Four 5-year options at 10% rental increases
 - Brand new 2019 construction
 - Corporate guaranteed lease (NASDAQ: SBUX; S&P: BBB+); approximately 30,000 stores in 78 countries
 - Rare concrete parking lot and drive-thru
- **Favorable Café with Drive-Thru Format:** Approximately 60%-70% of all business for quick-service restaurants come through the drive-thru; average Starbucks store sales are approximately 50% greater in locations that have a drive-thru
- **Dominant Shaw Avenue and Highway 99 Freeway Location:**
 - 33,000 cars per day along Shaw Avenue, the main east/west thoroughfare in Fresno
 - Adjacent to Highway 99 (80,000 cars per day) with freeway visible signage
 - Highway 99 spans the length of California's Central Valley



REPRESENTATIVE PHOTO



- **High Barriers to Entry and Limited Competition:** The subject property will be the only Starbucks drive-thru east of Highway 99 in a 3-mile radius
- **Strong Synergy with Neighboring Drive-Thru Tenants:** QSR's in the immediate vicinity include In-n-Out, McDonalds, Carl's Jr., and Taco Bell (coming soon)
- **Close Proximity to Regional Universities:** Within 5 miles from California State University, Fresno (24,000 students) and 13 miles from Fresno Pacific University (3,000 students)
- **Dense San Joaquin Valley Demographics:** Over 187,000 people within a 5-mile radius
- **Regional Central Valley Location:** Located in the center of the central valley; 200 miles north of Los Angeles and 170 miles south of Sacramento
 - Two of California's major north-south highways intersect the city, Interstate 5 and Highway 99
 - Interstate 5 connects Fresno with Mexico to the south and Canada to the north
 - Highway 99 spans the length of California's Central Valley, connecting Sacramento, Bakersfield, Delano, Tulare, Visalia, Fresno, Madera, Merced, Modesto, and Stockton, among others



REPRESENTATIVE PHOTO



- **Economic Hub:** Fresno is the economic hub of Fresno County and California's Central Valley
 - One of the top agricultural regions in the U.S.
 - The county produces over 350 crops, contributing over \$7 billion to the economy in 2018 and supporting 20% of all jobs in the Fresno area
 - **Sun-Maid Expansion** – Sun-Maid Growers recently announced that they are moving the company's corporate offices from Kingsburg and satellite offices from northern California to a new consolidated headquarters in Fresno this summer
- **High Growth Location:**
 - The population of Fresno has grown more than 44% since 2000 within a 1-mile radius of the property; projected growth of nearly 9% in the next 5 years
 - Number of households are projected to increase 11% in the next 5 years within a 1-mile radius of the property
- **Favorable Nearby Residential Development:** The northwest region of Fresno has nearly 5,000 housing units either planned, proposed, or currently under construction

SITE PLAN / PARCEL MAP

STARBUCKS DRIVE-THRU





431 UNITS
PAPILLON & GREYSTONE
APARTMENTS

220 UNITS
VILLA SA VINI
CONDOMINIUMS

TARGET
Foodmaxx Smart & Final

FASHION FAIR
- 963K SF; 130+ STORES -

MANCHESTER CENTER
- 300K SF; 53+ STORES -

FRESNO CITY COLLEGE
- 24,000 STUDENTS -

Walmart Supercenter
Target
Dick's Sporting Goods
Planet Fitness
PetSmart
Smart & Final
Stain Mart
BIG5

Whole Foods
CVS
Banana Republic
Pottery Barn

TJ-maxx Rite Aid
Walmart Supercenter
Petco
Grocery Outlet

Save Mart Supermarkets
Dd's Discounts
O'Reilly Auto Parts
Dollar Tree

99c Only CVS

Walmart Supercenter
Big Lots
Grocery Outlet
Office Depot
Del Taco
IHOP
Applebees
Ethiopia

Walmart Supercenter

Foodmaxx
Regal
Ross
Dress for Less

Foods Co
Kohl's

WinCo Foods
Harbor Freight
Dollar Tree

Costco Wholesale

Public Storage

STARBUCKS
SUBJECT PROPERTY

La Quinta Inns & Suites

In-N-Out Burger

Ramada by Wyndham

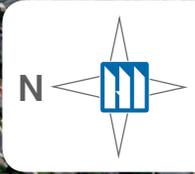
McDonald's

Caribou
Subway

Quality Inns

DEMOGRAPHICS

Population:		
	1-Mile Radius	13,347
	3-Mile Radius	108,320
	5-Mile Radius	187,545
Household Income:		
	1-Mile Radius	\$62,015
	3-Mile Radius	\$76,699
	5-Mile Radius	\$76,795



AERIAL OVERVIEW

STARBUCKS DRIVE-THRU



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LIMITED COMPETITION: EAST OF HIGHWAY 99 THERE IS ONLY 1 OTHER STARBUCKS IN A 3-MILE RADIUS

#33 FASTEST GROWING LARGE CITY IN AMERICA



AERIAL OVERVIEW

STARBUCKS DRIVE-THRU

180 UNITS
COURTYARD CENTRAL
PARK APARTMENTS

FREEWAY VISIBLE

Brand New 10-Year Billboard Lease
Visible From Highway 99



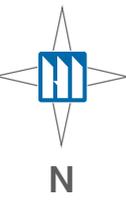
SHAW AVENUE

33,000 CPD



4
HOTELS

WITHIN WALKING
DISTANCE OF THE
SUBJECT PROPERTY

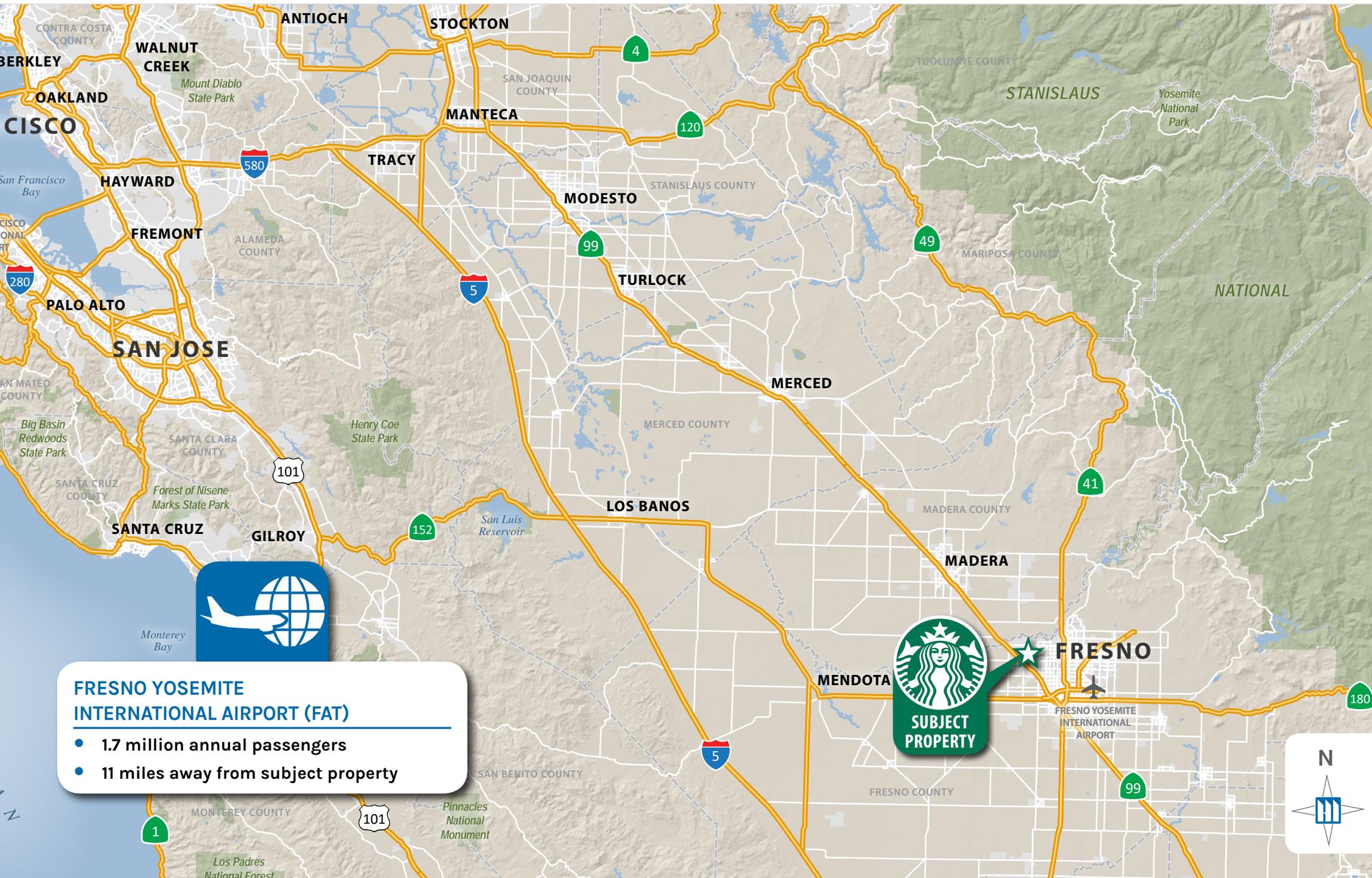


REGIONAL MAP

STARBUCKS DRIVE-THRU



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The information contained herein has been obtained from sources we deem reliable. We cannot assume responsibility for its accuracy.

TENANT PROFILE

STARBUCKS DRIVE-THRU



Starbucks Corporation is the world's largest roaster, marketer, and retailer of coffee. Each Starbucks location offers more than 170,000 ways to customize beverages, so that customers can create their own favorite drink that fits their individual needs. Over the past 5 years, the company has seen a doubling in market value and top-line revenue growth from \$14 billion to \$23 billion.

Starbucks consistently maintains top-line, double-digits sales growth, while the industry averages have gone as low as -3% at times. Despite being saturated in a plethora of markets, the company has been able to significantly outperform industry-level revenue growth. In 2018, Starbucks announced that fiscal 2018 was a transformative year, highlighted by double digit growth in top-line revenue of \$24.7 billion, up 10% over the prior year. The company delivered non-GAAP earnings per share growth of at least 10%.

One reason that the company continues to deliver record financial performances is because of their 3-fold strategy – increase digital engagement, grow relevancy in China, and promote the Starbucks Reserve brand as the company's innovation lab for the future. Perhaps its greatest opportunity lies in China where the number of stores have grown to 3,200 in the past 5 years, with an average of one new store opening every 15 hours. Starbucks has stated that it remains on track to open more than 5,000 stores in China by 2021.

Starbucks recently announced that the brand will focus on strengthening their drive-thru experience. It's become clear to the company that consumers prefer ease, convenience, and speed afforded by a drive-thru. Starbucks' reinvention of the drive-thru has initiated the largest capital expenditure in the company's history—an investment to ensure an aggressive expansion of the number of Starbucks locations with drive-thrus, anticipating that drive-thru sales will account for the majority of its business. More than 80% of stores built in the next few years will have a drive-thru.

Founded in 1971, Starbucks operates more than 30,000 stores in a total of 78 countries. As part of its long-term growth strategy, Starbucks announced their plans to open 12,000 new stores globally and 3,400 in the U.S., including 100 more U.S. military family stores to support military communities by 2021.

- **#5 "World's Most Admired Company"** – Fortune (2019)
- **#1 "Most Valuable Restaurant Brand in the World"** – QSR Magazine (2018)
- **#30 "World's Most Innovative Companies"** – Forbes (2018)
- **#34 "World's Most Valuable Brand"** – Forbes (2018)

www.starbucks.com | Company Type: Public (NASDAQ: SBUX; S&P: BBB+) | Locations: 30,000+

MarketWatch



Starbucks Celebrates A Year of Transformation

Press Release | March 20, 2019

In the largest shareholder meeting in company history, Starbucks celebrates transformative year in fiscal 2018, highlighted by double digit growth in topline revenue of \$24.7 billion, up 10% over the prior year; reaffirms ongoing growth algorithm of consolidated revenue growth of 7% to 9% and non-GAAP earnings per share growth of at least 10%.

Company unveils plans to modernize the Starbucks Experience with a focus on three key attributes: convenience, comfort and connection. Announced \$100 million cornerstone investment in Valor Siren Ventures to accelerate innovation in "new retail." With a focus on disciplined growth in U.S. and China, Starbucks celebrates the 30,000th store opening. Company demonstrates latest innovations in sustainable coffee: further reduction of straws; greener cups; and digitally traceable coffee that shows the journey from bean to cup.



CNN BUSINESS



Starbucks is Modernizing its Stores

By Danielle Wiener-Bronner | March 20, 2019

For years, Starbucks has invested in making sure its stores are seen as a third place for people to spend time, following home and work. It still wants to be a third place. But it's time for an update.

The company said on Wednesday that it will modernize its stores to focus on "convenience, comfort and connection," starting this summer in New York City. Serving as a third place helps Starbucks differentiate itself from other coffee shops, and try to retain a home-grown feel even as it expands rapidly.

As part of the modernization, Starbucks is thinking about the full "portfolio" of stores in the neighborhoods it serves, according to CEO Kevin Johnson told CNN Business. "Every store, every community, has its own personality," Johnson said. For example, in an area with 20 stores, Johnson said Starbucks is thinking critically about how many should have drive-thrus, how many should be designed for mobile ordering, and how many should be full cafes. The idea is to "serve the multiple needs of that community."



Fresno, California

- Largest city in the Central Valley of California
 - 5th largest city in the state and 34th largest city in the nation
- 538,000+ population in the city; 1.1+ million in the metropolitan area
 - 5.8% population growth between 2013-2018; 4.3% projected population growth from 2018-2023
 - #33 "Fastest Growing Large Cities in America" by WalletHub (2018)
- 150 miles from Silicon Valley, 170 miles south of the state capital, and 75 miles (or less) from 3 national parks

ECONOMY

- Economic hub of Fresno County and California's San Joaquin Valley
 - \$53.2 billion gross metropolitan product; 5.6% growth in 2018
- Ideal location for manufacturing and distribution due to strategic location, low business costs, and affordable housing
 - **Amazon Fulfillment Center** - 855,000 square foot development opened in Summer 2018; 1,500 jobs added
 - ◆ 2nd location opened in Winter 2018; 400 jobs added
 - **Gap Pacific Distribution Center** - \$100 million expansion in 2018; 515 jobs added
 - **ULTA Beauty Fulfillment Center** - 670,500 square foot distribution warehouse opened in 2018; 540 jobs added
- Diversifying economy built on agriculture, education, government; and trade, transportation, and utilities
 - \$7 billion agricultural production in Fresno County in 2018; 13.6% growth over the prior year
 - ◆ Notable companies include Del Monte, Kraft Foods, Foster Farms, and Harris Ranch
- #22 in "Job Growth in the Nation" by Forbes (2019)
 - 3.9% job growth in 2018; 1.4% projected annual job growth
- 13.2% projected average household income growth between 2017-2022



\$53.2B

GROSS METROPOLITAN PRODUCT
(5.6% GROWTH IN 2018)



5.8% POPULATION GROWTH
BETWEEN 2013-2018

#22

"JOB GROWTH IN THE NATION"
BY FORBES IN 2019

#33

"FASTEST GROWING LARGE
CITIES IN AMERICA"



- #6 "10 Awesome Cities with Little to No Traffic" by Livability (2019); 22.3 minute average commute time
- **Community Regional Medical Center** - Region's largest private employer with 7,100 employees
 - 135,000 visits each year; \$1 billion operating budget
 - Only combined burn and level 1 trauma units between Los Angeles and Sacramento
- Top employers are Fresno Unified School District (10,552 employees), Community Regional Medical Center (7,100 employees), County of Fresno (6,655 employees), Internal Revenue Service (4,040 employees), City of Fresno (3,650), St. Agnes Medical Center (2,800), California State University Fresno (2,542 employees), and Amazon (2,500 employees)

DEVELOPMENTS

- 2,400 multifamily units currently under development in the city of Fresno; 882 housing units added in 2018
- **Westerra** - 800-unit housing development in the ever-growing west region of the city (recently completed and under construction)
- 250 million square feet of industrial space delivered in 2018
- \$70 million in grants were delivered for developments in the city since 2017
- **West Fresno Satellite College Campus** - \$89 million, 40-acre campus located in southwest Fresno (2023 completion)
- **South Stadium** - Two phase retail/entertainment development which includes a four-story mixed use apartment complex, three restaurants, two bars, a stage for live performances, outdoor seating, and office space
- **Marketplace at El Paso** - Two phase, 75-acre retail development which began in 2013; phase two includes Regal Cinemas, Hobby Lobby, Carters, Que Pasa Mexican Café, Cold Stone Creamery and broke ground in 2018

EDUCATION

- **California State University Fresno** - 25,000 students and 2,542 employees; 26 nationally accredited programs
 - 41,000 seat Fresno State Bulldogs stadium sells out regularly
 - \$27+ million of improvements and new construction recently completed or under development
- **Fresno City College** - Nearly 34,000 students and over 100 associate of arts and science degree programs



\$89M

**COLLEGE CAMPUS
OPENING IN 2023**

2,400

**HOUSING UNITS
UNDER DEVELOPMENT**

1.1M

**PEOPLE LOCATED IN
THE FRESNO-MADERA MSA**

250M SF

**INDUSTRIAL SPACE
DELIVERED IN 2018**



	<u>1-Mile</u>	<u>3-Mile</u>	<u>5-Mile</u>
Population			
2023 Projection	14,513	117,262	196,901
2018 Estimate	13,347	108,320	187,545
2010 Census	12,234	100,262	176,924
2000 Census	9,070	75,538	148,729
Growth 2000-2010	34.88%	32.73%	18.96%
Growth 2010-2018	9.10%	8.04%	6.00%
Growth 2018-2023	8.74%	8.26%	4.99%
Households			
2023 Projection	4,253	39,298	68,687
2018 Estimate	3,839	35,884	64,660
2010 Census	3,494	33,016	60,647
2000 Census	2,622	26,099	53,294
Growth 2000-2010	33.26%	26.50%	13.80%
Growth 2010-2018	9.87%	8.69%	6.62%
Growth 2018-2023	10.78%	9.51%	6.23%
2018 Est. Population by Single-Classification Race			
White Alone	5,422	53,943	98,817
Black or African American Alone	1,555	9,792	14,722
American Indian and Alaska Native Alone	252	1,571	2,851
Asian Alone	1,798	13,930	19,974
Native Hawaiian and Other Pacific Islander Alone	28	249	413
Some Other Race Alone	3,214	21,707	39,403
Two or More Races	990	6,597	10,722
2018 Est. Population by Ethnicity (Hispanic or Latino)			
Hispanic or Latino	7,077	48,700	84,991
Not Hispanic or Latino	6,270	59,620	102,554
2018 Est. Average Household Income	\$62,015	\$76,699	\$76,795



CONFIDENTIALITY AGREEMENT

STARBUCKS DRIVE-THRU



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The information contained herein does not purport to provide a complete or fully accurate summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information which prospective buyers may need or desire. All financial projections are based on assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and Broker and, therefore, are subject to material variation. This Marketing Package does not constitute an indication that there has been no change in the business or affairs of the Property or the Owner since the date of preparation of the information herein. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective buyers.

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\$6+ BILLION

retail sales nationwide



SHARED DATABASE

collaborative proprietary database



TOP BROKERAGE GLOBALLY

in investment sales



COSTAR POWER BROKER

top sales brokers & firm in OC



NATIONWIDE REACH

retail & investors across the U.S.