



# STARBUCKS

## DRIVE-THRU

10-YEAR LEASE | NEW CONSTRUCTION  
MINUTES FROM LARGEST MARINE CORPS TRAINING BASE IN THE U.S.



REPRESENTATIVE PHOTO

**#1** Most Valuable  
Restaurant Brand  
Worldwide  
- QSR Magazine (2018)

OFFERING MEMORANDUM  
TWENTYNINE PALMS, CALIFORNIA



**HANLEY INVESTMENT GROUP**  
REAL ESTATE ADVISORS



# OFFERING MEMORANDUM

## TWENTYNINE PALMS, CALIFORNIA

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# OFFERING SUMMARY

## STARBUCKS DRIVE-THRU



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### LOCATION

Starbucks Drive-Thru  
73690 Twentynine Palms Highway  
Twentynine Palms, CA 92277

### OFFERING SUMMARY

Price:	\$3,200,000
Year 1 Net Operating Income (NOI):	\$144,000
Year 1 Capitalization Rate:	4.50%
Year 6 Net Operating Income (NOI):	\$158,400
Year 6 Capitalization Rate:	4.95%
Net Rentable Area:	1,800
Year Built:	2020
Lot Size (Acres):	0.54

### LEASE TERMS (1)

Lease Commencement: (2)	2/13/2020
Lease Expiration: (2)	2/28/2030
Lease Type:	NNN
Roof & Structure:	Landlord Responsibility
Monthly Rent:	\$12,000
Annual Rent:	\$144,000
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 the Due Diligence Period.  
(2) Estimated lease commencement and lease expiration dates.



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)







- **New Single-Tenant Corporate Starbucks Drive-Thru:**

- New 10-year lease with 10% rental increases every five years
- Four 5-year options at 10% rental increases
- New 2020 construction; estimated opening February 13, 2020
- Corporate lease (NASDAQ: SBUX; S&P: BBB+)
- One of the "World's Most Admired Companies" - Fortune (2009-2018)
- First quarter 2019 consolidated net revenues up 9% to a record \$6.6 Billion
- Largest coffeehouse chain globally with approximately 30,000 stores in 78 countries

- **Favorable Café with Drive-Thru Format:** Approximately 60%-70% of all business for quick service restaurants come through a drive-thru and average Starbucks store sales are approximately 50% greater in locations that have a drive-thru

- **Twentynine Palms is an Underserved Starbucks Market:** The subject property is the only Starbucks drive-thru within a 20-mile radius

- **Ideally Situated at the Signalized Intersection of Highway 62/Twentynine Palms Highway and Adobe Road**

- **Highway 62/Twentynine Palms Highway is the Primary Thoroughfare in the Region and Runs Through the Mojave Desert from the Coachella Valley to the Arizona Border**



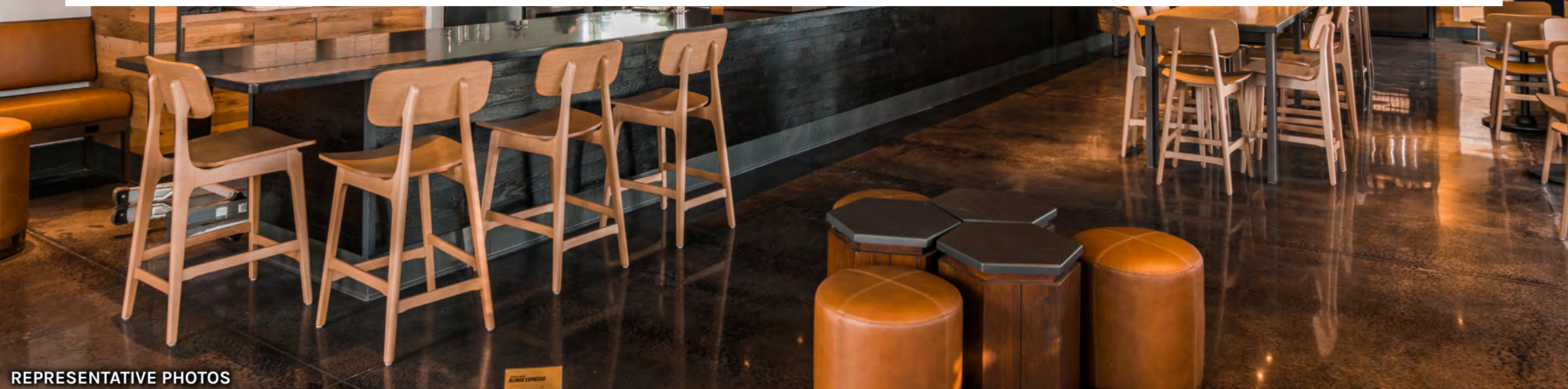
REPRESENTATIVE PHOTOS







- **Close Proximity to the U.S. Marine Corps Base:** The subject property is 6.5 miles from the Marine Corps Air Ground Combat Center (MCAGCC), the largest Marine Corps base in the United States
  - Major economic catalyst for the region; \$1.1 billion annual economic impact
  - Approximately 13,500 service members and civilians live at the base along with 7,430 of their family members
  - More than 50,000 active-duty and Reserve Marines and sailors, and other U.S. and allied forces train at the combat center each year
- **Centrally Located Between Popular Tourist Destinations:** Twentynine Palms is within a 1-hour drive to Palm Springs, 1.5 hours to Big Bear, 2.5 hours to Lake Havasu, and 3 hours to Las Vegas
  - *Joshua Tree National Park* – Home of the north entrance and headquarters of Joshua Tree National Park; nearly 3 million visitors annually
  - *Tortoise Rock Casino* – 1-mile from the subject property; 30,000 square foot casino with 490 slot machines, as well as several table games and poker tables
- **Located in the Heart of Downtown:**
  - Located in the hub of culture and performing arts, galleries, shopping, restaurants, and the seat of government with City Hall and administrative buildings
  - *Project Phoenix* – City's newest development project; located adjacent to the subject property
    - ◆ The plan spans three blocks and will focus on public buildings, pedestrian paseos, public parking, and other infrastructure
    - ◆ Other proposed private uses are restaurants, retail, and entertainment as well as 71 residential units



REPRESENTATIVE PHOTOS



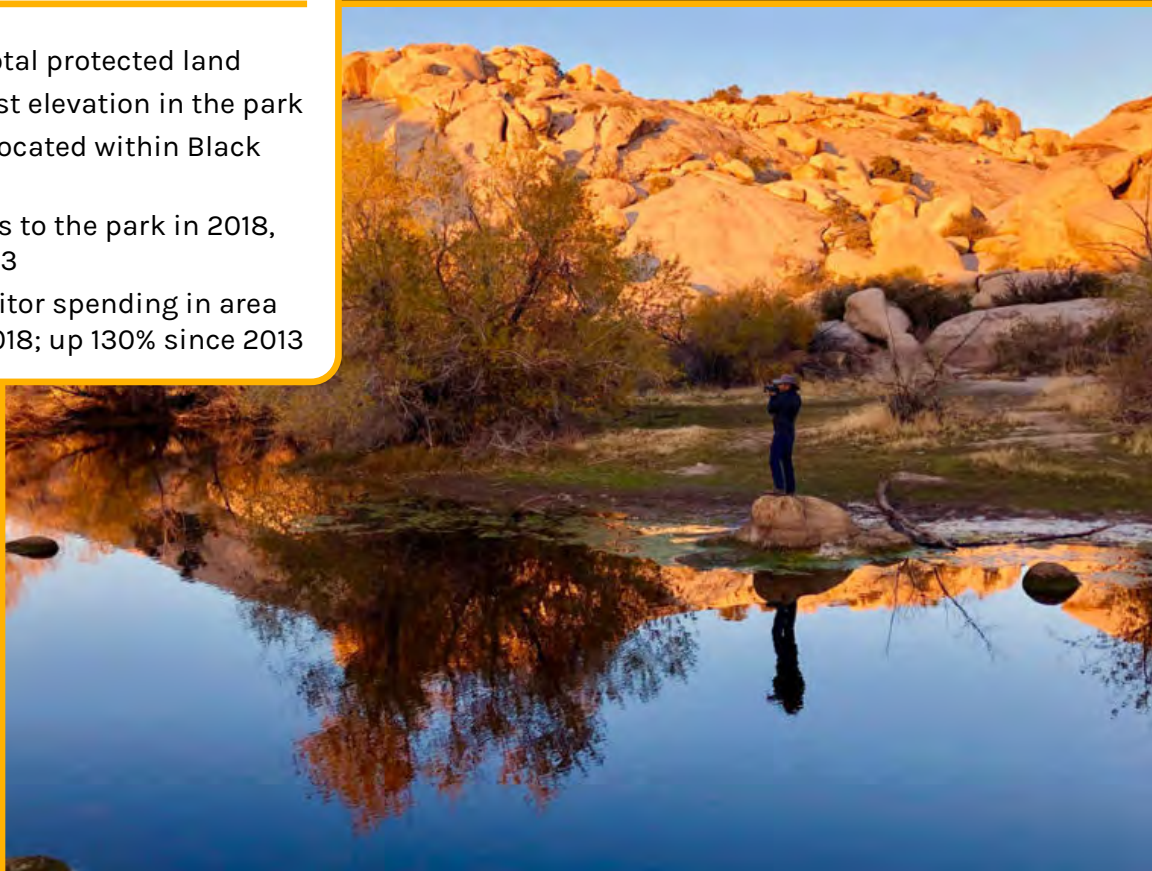




## JOSHUA TREE NATIONAL PARK

UNITED STATES DEPARTMENT OF THE INTERIOR  
NATIONAL PARK SERVICE

- ◆ **800,000 Acres** - Total protected land
- ◆ **5,813 FEET** - Highest elevation in the park
- ◆ **126 CAMPSITES** - Located within Black Rock Campground
- ◆ **3 MILLION** - Visitors to the park in 2018, doubling since 2013
- ◆ **\$146 MILLION** - Visitor spending in area communities in 2018; up 130% since 2013



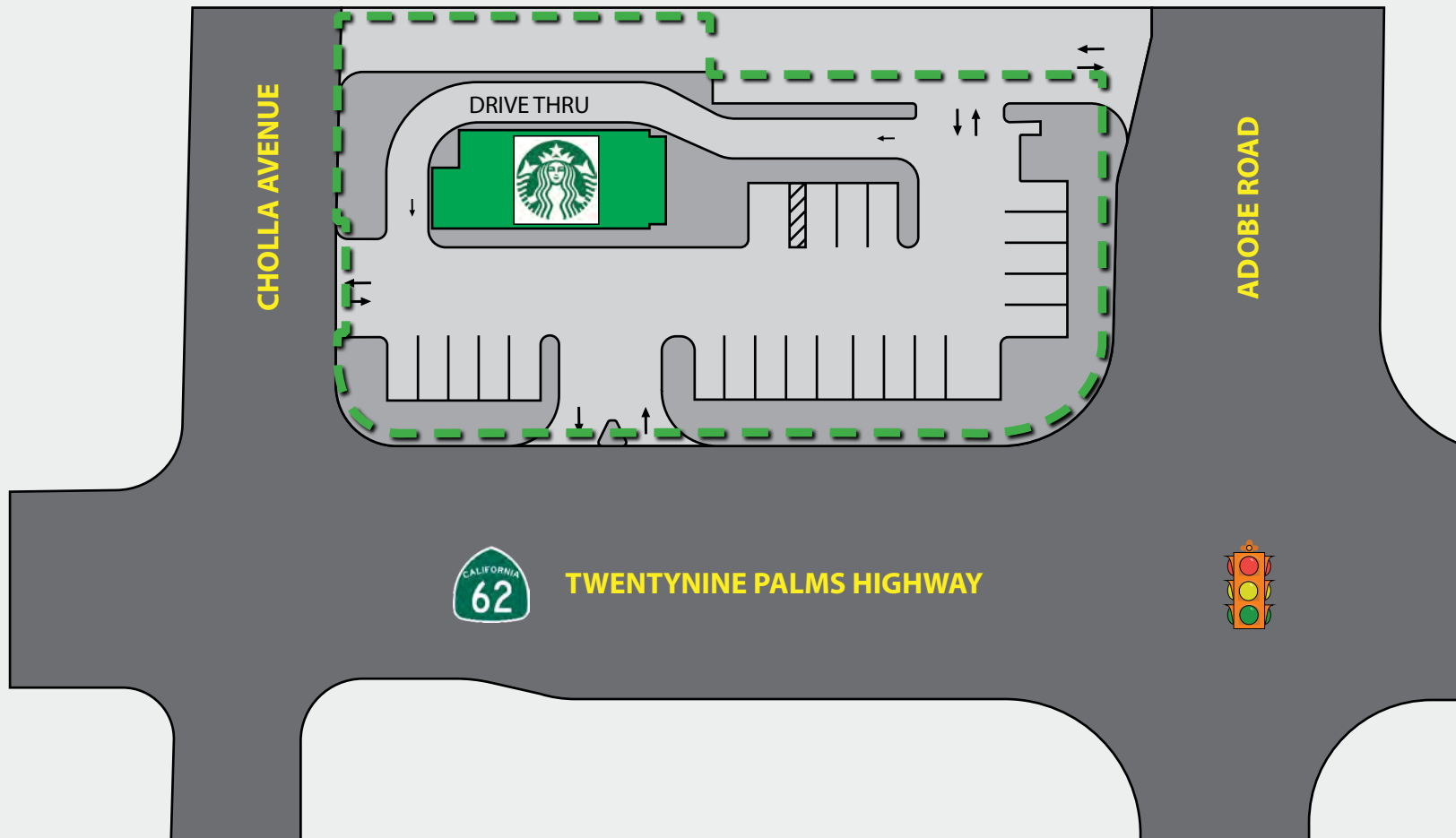


# SITE PLAN / PARCEL MAP

STARBUCKS DRIVE-THRU



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-  SUBJECT PROPERTY
-  PROPERTY PARCEL
- APN: 0618-236-15-0000





**PALM SPRINGS**  
- 1-HOUR DRIVE TIME -

**#1 LARGEST MARINE CORPS TRAINING BASE IN THE U.S.**  
**MARINE CORPS AIR AND GROUND COMBAT CENTER**  
- 6.5 MILES AWAY; 10-MINUTE DRIVE -  
- 13,500 ACTIVE DUTY MEMBERS -

**SUBJECT PROPERTY**

**EL RANCHO DELORES MOTEL**  
- 31 ROOMS -

**ampm SUBWAY**

**Little Caesars**

**OpusBank**

**usbank**

**FAMILY DOLLAR**

**AutoZone**

**McDonald's**

**7-ELEVEN**

**Jack in the box**

**CALIBER COLLISION**

**LIBBY'S REALTY**  
... come home to Libby's

**Chevron**

**Curves**

**Papa Murphy's**  
TAKE 'N BAKE PIZZA

**Denny's**

**24,000 CPD - INTERSECTION -**

**Exxon Mobil**

**THE KING OF KITCHEN CHINESE FOOD**

**K**

**Pizzeria**

**DEMOGRAPHICS**

**Population:**

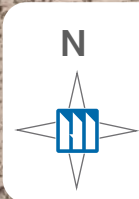
1-Mile Radius	5,669
3-Mile Radius	15,395
5-Mile Radius	17,951

**Household Income:**

1-Mile Radius	\$43,559
3-Mile Radius	\$50,651
5-Mile Radius	\$51,426

**3M VISITORS TO JOSHUA TREE NATIONAL PARK ANNUALLY**

**JOSHUA TREE NATIONAL PARK**  
- 5 MILES AWAY; 8-MINUTE DRIVE -  
- \$146 MILLION IN VISITOR SPENDING; 800K SF PARK -

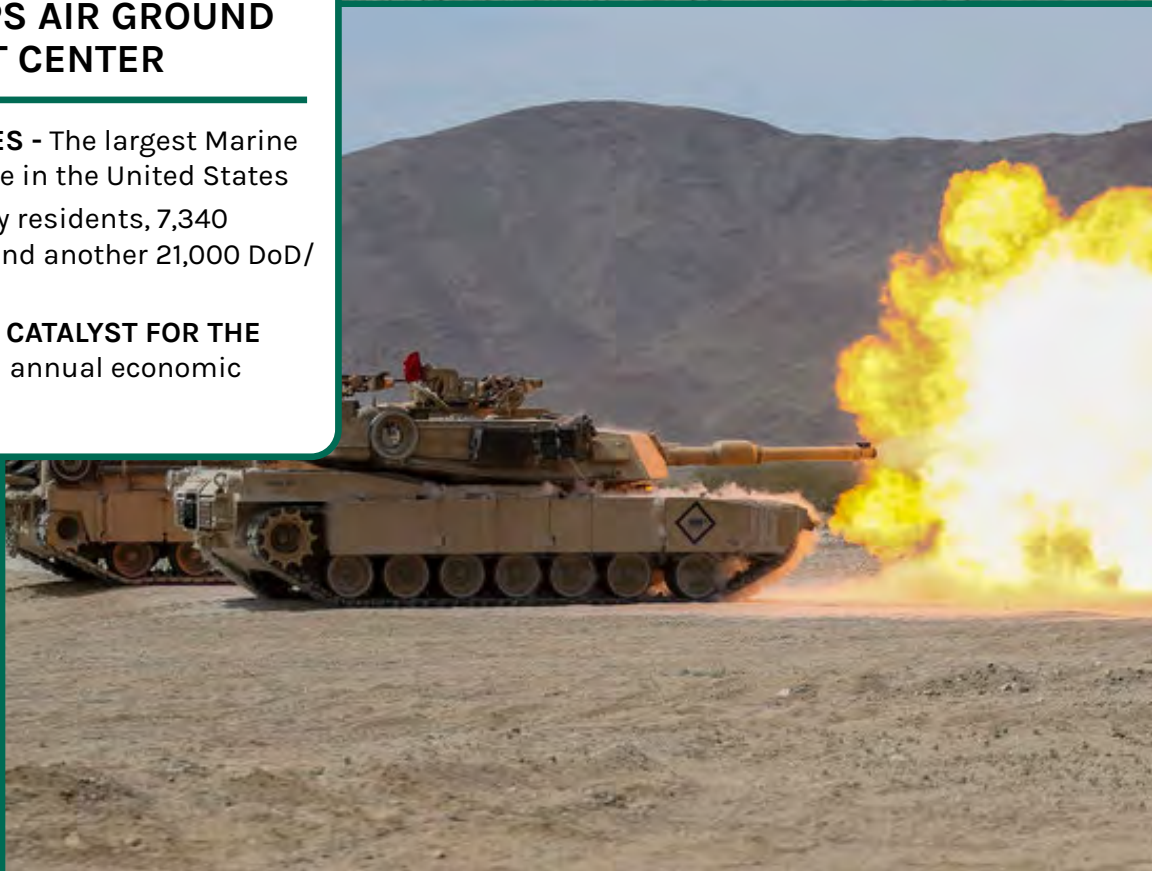






## MARINE CORPS AIR GROUND COMBAT CENTER

- ◆ **1,100 SQUARE MILES** - The largest Marine Corps training base in the United States
- ◆ **13,500** - Active duty residents, 7,340 family members, and another 21,000 DoD/Contractors
- ◆ **MAJOR ECONOMIC CATALYST FOR THE REGION** - \$1 billion annual economic impact





# REGIONAL MAP

## STARBUCKS DRIVE-THRU



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**#1** Inland Empire had the Highest Job Growth Rate in California

**#1** Inland Empire has the Highest Home Price Growth In Southern California





# TENANT PROFILE

## STARBUCKS DRIVE-THRU



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**STARBUCKS**

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](http://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."





## Twentynine Palms, California

- Medium-sized city in the southern Mojave Desert located in San Bernardino County
  - 140 miles east of Los Angeles and 50 miles northeast of Palm Springs
- Known as "The Gateway to the California Outback"

### ECONOMY

- Primarily a military town with one third of the workforce employed by the armed forces
  - **Marine Corps Air Ground Combat Center** - Located within the town, it is the largest Marine Corps training base in the United States, spanning more than 1,100 square miles
  - Major economic catalyst for the region
  - \$1 billion annual economic impact
  - 50,000 active duty and reserve marines, sailors, and other U.S. allied forces train at the combat center annually
    - ◆ 13,500 active duty, 7,000+ family members, and another 21,000 DoD/Contractors
- 25,000 residents in the city in addition to the base personnel
- Largest civilian employers are public administration, accommodation and food services, and retail trade
- \$51,854 average household income with the cost of living nearly 20% below the U.S. average
- Military dependents, local labor pool, and the community college provide a large inventory of skilled workers at competitive wages
  - The job market increased 2.3% over the last year, and it is predicted to jump 35.8% over the next 10 years

### TRANSPORTATION

- Palm Springs International Airport (PSP) and Ontario International Airport (ONT) are located within a 2-hour drive
- Morongo Basin Transit Authority (MBTA) services the entire Morongo Basin, including both the Twentynine Palms Marine Base as well as area neighborhoods



**\$81K**

**AVERAGE HOUSEHOLD  
INCOME IN THE CITY**

**#1**

**LARGEST MARINE CORPS  
TRAINING BASE IN THE U.S.**

**35%**

**PREDICTED 10-YR  
JOB MARKET INCREASE**

**20%**

**COST OF LIVING IS 20%  
BELOW THE U.S. AVERAGE**





### TOURISM

- Travelers come to the area to enjoy some of the best stargazing, hiking, rock climbing and wildflowers in the world
- **Joshua Tree National Park** - 800,000-acre protected area characterized by rugged rock formations, stark desert landscapes, and the region's twisted, bristled Joshua trees
  - Popular for its world class rock climbing and star gazing
  - 11th most visited national park in the county
  - 3 million visitors in 2018
  - Visitors spent \$146 million in the Joshua Tree area, supporting 1,830 jobs
- **Skies the Limit Observatory & Nature Center** - Not-for-profit organization that provides hands-on learning opportunities for residents and visitors to the area
  - Hosts public stargazing parties throughout each month

### DEVELOPMENTS

- **Phoenix Project** - An economic stimulation plan for the local downtown area focusing on public buildings, pedestrian paseos, public parking, and other infrastructure
  - The project will be funded with Redevelopment Bonds, as well as other public and private resources
- **Joshua Tree National Park** - Projects and developments are in the works to update and construct infrastructure to accommodate the exponential growth seen at the national park in recent years
  - Plans include a newly constructed on-site visitor's center, an off-site visitor's center/museum located in town, updates to campgrounds, 125 new luxury camping accommodations, and more

### EDUCATION

- **Copper Mountain College** - Community college offering associates degrees and nursing programs; 1,900 students
- **Mayfield College** - Offers a training program to prepare active duty service members for careers in the heating, ventilation, air conditioning, and refrigeration (HVAC/R) industry



**\$146M**

**JOSHUA TREE TOURISM  
ECONOMIC IMPACT**

**3M**

**ANNUAL VISITORS TO JOSHUA  
TREE NATIONAL PARK**

**1,800+**

**JOBS FROM  
TOURISM**

**1,900**

**STUDENTS AT COPPER  
MOUNTAIN COLLEGE**





## Inland Empire

- Comprised of Riverside and San Bernardino Counties, its borders span from the Orange and Los Angeles County lines on the west, and more than 100 miles east to the communities of Palm Desert
- Home to more than 4.6 M people; region is larger than 24 of the 50 U.S. states; \$195.3 billion gross metropolitan product
- \$7.7 billion total construction building permit valuation (combined residential and commercial) projected in 2019 (versus \$4.1 in 2010)

### ECONOMY

- #3 "Job Growth in the U.S." - Forbes (2018)
- 2nd fastest growing nonfarm employment rate among California's MSAs with job gains occurring in every sector
  - 3.3% annual job growth vs. in Orange County
- Projected to add 44,000 company payroll jobs in 2019, boosting its corporate employment to 1.54 million
- Transportation and warehousing have grown the fastest in the area, more than doubling from 60,000 to 128,000 between 2010-2017
- Healthcare is the 2nd largest employment industry; 22% employment growth in the last 6 years
- Total personal income for Inland Empire residents will hit a record \$200 billion in 2019
- Arrowhead Regional Medical Center, Stater Bros. Markets, County of San Bernardino, and Ontario International Airport
- \$260+ billion worth of cargo passes through the Port of Los Angeles each year; 80% of those goods pass through the Inland Empire, either on trucks or on trains

- Robust housing market with both rent and home prices increasing; region's affordability advantage, relative to higher-cost markets in Los Angeles and Orange County, has made the area an attractive destination for new residents
- Annual new-home permits projected to hit 14,100 in 2019 (up from 10,100 in 2014)
- Consumer spending continues to pump up demand for retail space with a 9.4% retail vacancy rate (as of Q3 2018)
- 300,000 square feet of retail space opened in the last year; \$23 per square foot average asking rate for retail space, a 1.7% increase from the year prior

### LOGISTICS

- One of the nation's most important players in the logistics industry
- Amazon has 16,000 employees and 10 e-commerce centers in the Inland Empire with another opening in Beaumont
- Has more industrial space leased than Dallas and Atlanta combined, the 2nd and 3rd largest, busiest cities in the U.S.



## TRADE AREA HIGHLIGHTS

**22%**  
EMPLOYMENT GROWTH  
IN THE PAST 6 YEARS

**4.6M**  
PEOPLE LOCATED  
IN THE REGION

**\$200B**  
PERSONAL INCOME  
RECORD INCOME FOR THE AREA



DOWNTOWN RIVERSIDE



PALM SPRINGS



RIVERSIDE COMMUNITY HOSPITAL







	<u>1-Mile</u>	<u>3-Mile</u>	<u>5-Mile</u>
<b>Population</b>			
2023 Projection	5,675	15,390	17,965
2018 Estimate	5,669	15,395	17,951
2010 Census	5,394	14,662	17,086
2000 Census	4,374	13,154	16,060
Growth 2000-2010	23.32%	11.46%	6.39%
Growth 2010-2018	5.10%	5.00%	5.06%
<b>Households</b>			
2023 Projection	2,370	5,999	7,054
2018 Estimate	2,353	5,943	6,970
2010 Census	2,240	5,633	6,583
2000 Census	1,715	4,925	5,792
Growth 2000-2010	30.61%	14.38%	13.66%
Growth 2010-2018	5.04%	5.50%	5.88%
Growth 2018-2023	0.72%	0.94%	1.21%
<b>2018 Est. Population by Single-Classification Race</b>			
White Alone	3,569	10,064	11,966
Black or African American Alone	504	1,379	1,538
American Indian and Alaska Native Alone	65	180	208
Asian Alone	253	733	820
Native Hawaiian and Other Pacific Islander Alone	100	328	350
Some Other Race Alone	618	1,276	1,443
Two or More Races	532	1,366	1,545
<b>2018 Est. Population by Ethnicity (Hispanic or Latino)</b>			
Hispanic or Latino	1,670	3,850	4,416
Not Hispanic or Latino	3,999	11,545	13,535
<b>2018 Est. Average Household Income</b>	<b>\$43,559</b>	<b>\$50,651</b>	<b>\$51,426</b>



# CONFIDENTIALITY AGREEMENT

STARBUCKS DRIVE-THRU



**HANLEY INVESTMENT GROUP**  
REAL ESTATE ADVISORS

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.*