

# OFFERING MEMORANDUM

4660 NORTH  
BRAESWOOD  
BOULEVARD

HOUSTON, TX



**CBRE**

Capital Markets | Net Lease Property Group

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### **Disclaimer**

This Memorandum contains select information pertaining to the Property and the Owner, and does not purport to be all-inclusive or contain all or part of the information which prospective investors may require to evaluate a purchase of the Property. The information contained in this Memorandum has been obtained from sources believed to be reliable, but has not been verified for accuracy, completeness, or fitness for any particular purpose. All information is presented "as is" without representation or warranty of any kind. Such information includes estimates based on forward-looking assumptions relating to the general economy, market conditions, competition and other factors which are subject to uncertainty and may not represent the current or future performance of the Property. All references to acreages, square footages, and other measurements are approximations. This Memorandum describes certain documents, including leases and other materials, in summary form. These summaries may not be complete nor accurate descriptions of the full agreements referenced. Additional information and an opportunity to inspect the Property may be made available to qualified prospective purchasers. You are advised to independently verify the accuracy and completeness of all summaries and information contained herein, to consult with independent legal and financial advisors, and carefully investigate the economics of this transaction and Property's suitability for your needs. ANY RELIANCE ON THE CONTENT OF THIS MEMORANDUM IS SOLELY AT YOUR OWN RISK.

The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions at any time with or without notice to you. All offers, counteroffers, and negotiations shall be nonbinding and neither CBRE, Inc. nor the Owner shall have any legal commitment or obligation except as set forth in a fully executed, definitive purchase and sale agreement delivered by the Owner.

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The CBRE logo is displayed in a bold, white, sans-serif font against a dark grey background.



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# EXECUTIVE SUMMARY

The CBRE Net Lease Property Group is pleased to exclusively offer a recently constructed 927-square-foot freestanding Starbucks situated on 0.51 acres in Houston, Texas. As America's fourth-largest city, Houston is a cosmopolitan destination, filled with world-class dining, arts, hotels, shopping and nightlife. The Greater Houston area encompasses nine counties along the Gulf Coast and its economy has a broad industrial base in energy, manufacturing, aeronautics, and transportation. Leading in health care sectors and building oilfield equipment, Houston has the second most Fortune 500 headquarters of any U.S. municipality within its city limits.

Starbucks' 8+ year lease contains minimal landlord responsibilities and includes 10% rent escalations every five (5) years during the initial term as well as in each of the two (2) 5-year renewal options. The site is strategically located with excellent access and high visibility on the hard corner of the 610 Loop (Combined Traffic Count: 213,791) and N. Braeswood (Traffic Count: 13,370 VPD) intersection. The 610 Loop is a major thoroughfare giving Starbucks direct access to anywhere in the city within minutes. Immediately next to the property are the Halstead Apartments (301 Units) and adjacent to the property are the Meyergrove Apartments (221 Units).



**\$1,810,000**  
PRICE



**5.25%**  
CAP RATE



**\$95K**  
NOI





# PROPERTY DETAILS

## ADDRESS

4660 N Braeswood Blvd. Houston,  
Texas 77096

## IN-PLACE NOI

\$95,000

## NET RENTABLE AREA

927 SF

## LAND AREA

0.51 Acres

## YEAR BUILT

2016

## PARKING

15 Spaces

## DEBT

Free & Clear

## RENEWAL OPTIONS

Two (2) five (5) year renewal options

## RENT ESCALATIONS

10% every five (5) years during the initial  
term as well as in each renewal option



# LEASE ABSTRACT

<b>TENANT</b>	Starbucks Corporation (S&P: A-)
<b>RENT COMMENCEMENT</b>	7/08/2016
<b>LEASE EXPIRATION</b>	6/31/2026
<b>TERM REMAINING</b>	8+ Years
<b>LEASE TYPE</b>	NN
<b>NOI</b>	\$95,000
<b>RENT INCREASES</b>	10% every five (5) years during the initial term as well as in each renewal option
<b>OPTIONS</b>	Two (2) Five (5) Year Options
<b>OPTION RENT INCREASES</b>	10% in Each Option
<b>TAXES</b>	Landlord shall pay when due all Real Property Taxes. Tenant shall pay Landlord, as additional rent, Tenant's Pro Rata Share (100%) of Real Property Taxes.
<b>INSURANCE</b>	During the Term, Tenant shall obtain and keep in full force and effect the following insurance which may be provided under blanket insurance policies covering other properties as well as the Premises and shall be maintained with an insurance company with an A.M. Best Company ("Best's") rating of at least A- and a Best's financial performance rating of at least VII. Liability Insurance. Bodily injury, personal injury and property damage insurance, naming Landlord, as well as Landlord's managing agent or management company upon Landlord's written request, as additional insureds, against liability arising out of Tenant's use, occupancy, or maintenance of the Premises and Tenant's outdoor seating area (if any). Such insurance shall include an "each occurrence" limit of not less than One Million Dollars (\$1,000,000) and a general aggregate limit of not less than Two Million Dollars (\$2,000,000). Tenant's insurance shall be primary as respects Tenant's operations. Property Insurance. Commercial property form insurance with a special form endorsement providing coverage on a replacement cost basis for Tenant's trade fixtures, equipment and inventory in the Premises. Workers' Compensation Insurance. Workers' Compensation insurance, as required by applicable law and in the minimum coverage required by applicable law, for all persons employed by Tenant at the Premises.

## OPERATING EXPENSES

Commencing on the Rent Commencement Date, for each calendar year of the Term (prorated for any calendar year falling partially within the Term), Tenant shall pay to Landlord as additional rent Operating Expenses, Landlord's Insurance and Real Property Taxes (collectively known as "Annual Additional Rent"). Prior to the Rent Commencement Date and at least forty five (45) days after the beginning of each calendar year thereafter, (a) the amount Landlord estimates Landlord will pay for Operating Expenses (broken down into reasonable categories), Real Property Taxes and Landlord's Insurance for the then upcoming calendar year; (b) Landlord's estimate of Tenant's Annual Additional Rent; and (c) a calculation of one-twelfth (1/12) of Landlord's estimate of Tenant's Annual Additional Rent ("Monthly Estimated Rent").

## REPAIRS & MAINTENANCE

Tenant, at Tenant's expense, shall keep the Premises in good order and repair, including maintaining all plumbing, HVAC, electrical and lighting facilities and equipment within the Premises and exclusively serving the Premises, and the store front, doors, and plate glass of the Premises and the Building. Tenant shall also maintain and pay for any inspections of the grease trap serving the Premises, and Tenant shall maintain all exterior lighting other than the anticipated light fixtures mounted on three (3) parking lot light poles (for which Landlord shall be responsible). Tenant shall further be responsible for maintaining the outdoor seating area, including keeping such area clean and free of trash and grime as described. Landlord shall maintain, repair and make replacements to the remises, the Building, and the Exterior Areas. Landlord shall, at its sole cost and expense (subject to Tenant's payment obligation), make the repairs and replacements and perform such work that is necessary to maintain the Building in a condition comparable to other first-class, free-standing restaurant buildings of the same type of construction and use in the Houston, Texas metropolitan area. Such repairs, replacements and maintenance shall include (without limitation): (a) the upkeep of the roof, roof membrane and roof systems (gutters, downspouts and the like), foundation, exterior walls, interior structural walls, and all structural components of the Premises and the Building; and (b) the maintenance and repair of all parking areas (including striping, the parking lot lighting mounted on three (3) parking lot light poles as referenced above, and electricity for energizing the parking lot lights), sidewalks, landscaping, irrigation and irrigation water, and drainage systems on the Property and all utility systems (including mechanical and electrical systems) and plumbing systems which are located outside of the Premises.

# INVESTMENT HIGHLIGHTS



## INVESTMENT GRADE TENANT

Headquartered in Seattle, Washington, Starbucks Corporation (NASDAQ Symbol: SBUX, S&P: A) is the premier roaster, marketer and retailer of specialty coffee in the world, operating 25,085 stores in 75 countries. The company currently has a net worth in excess of \$5.6 billion, TTM revenue of \$22.3 billion and TTM net income of \$2.8 billion as of October 2017.



## ATTRACTIVE RENT ESCALATIONS

The lease includes 10% rent escalations every five (5) years during the initial term as well as in each of the two (2) 5-year renewal options.



## EXCELLENT ACCESS/VISIBILITY

The recently constructed property is situated with excellent frontage and visibility on N. Braeswood Blvd. (Traffic Count: 13,600 VPD) and the 610 W. Loop South frontage road (Traffic Count: 213,791 VPD), which is the primary interstate artery for the region.



## STRATEGIC LOCATION

Starbucks is next to a 301 unit multi-family development, with two additional complexes totaling more than 460 units located on either side. National Retailers in the immediate area include Walmart, Target, Best Buy, Marshall's, Lowe's, Hobby Lobby, and Burlington Coat Factory.



## STRONG CORRIDOR

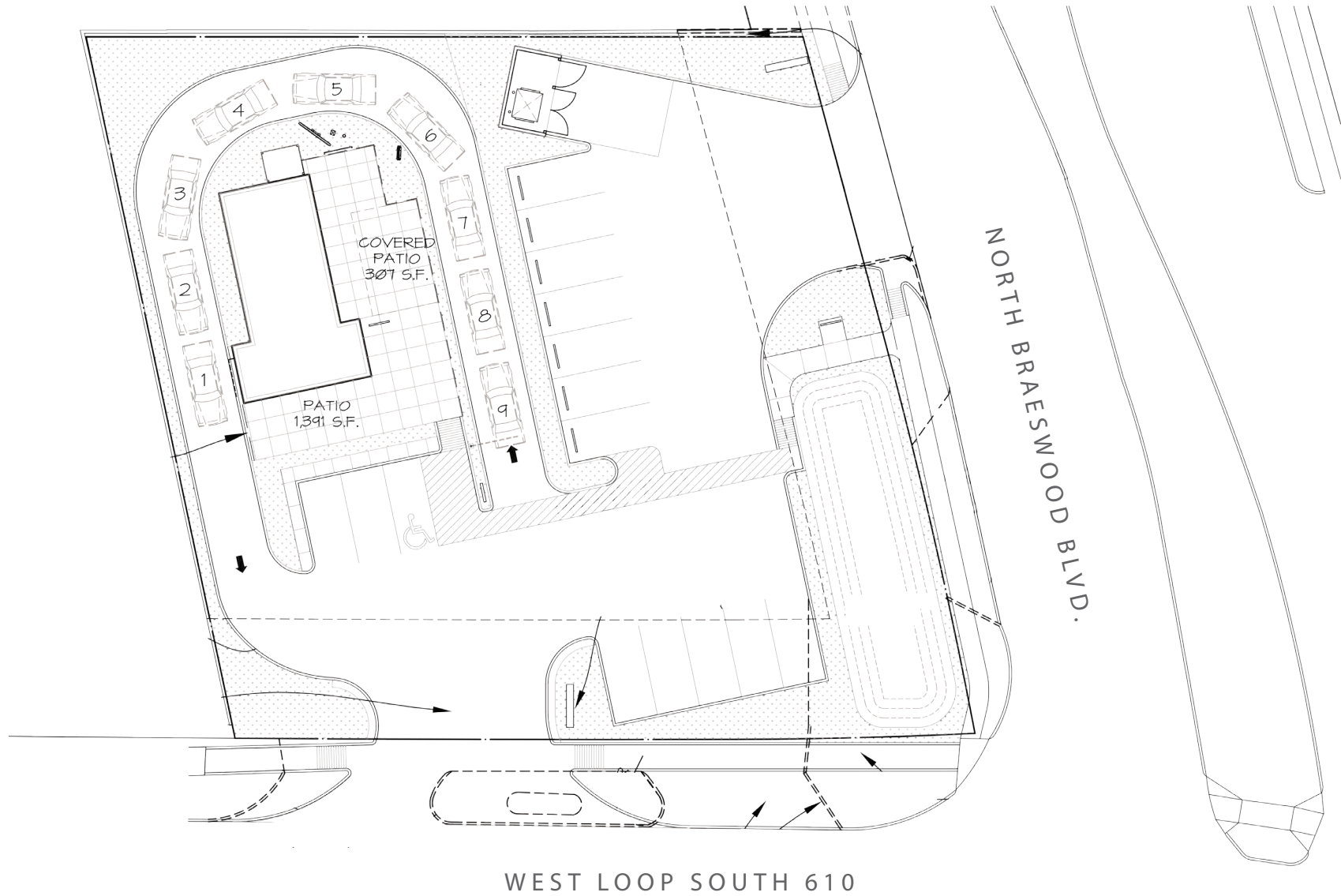
Approximately 10.5 MSF of retail, 6.6 MSF of office, 7.8 MSF of industrial space, and 2,946 multifamily units are within a 3-mile radius. Notable office tenants include Centerpoint Energy, Chase Bank, HHS Texas Management, Gulf Coast Brain & Spine Institute, AT&T, Texas Children's Hospital, and Terra Energy Partners.



## ROBUST POPULATION

Houston, the fourth most populous city in the United States is a global center for medicine, international business, energy and technology. Houston is the seat of Harris County, Texas, and is located on the upper Gulf Coast approximately 50 miles from the Gulf of Mexico. The Houston MSA is home to an estimated 6.47 million people and has been continuously recognized as one of the fastest growing cities in the nation in terms of population and job growth. The Houston MSA is expected to grow by another three million people over the next 35 years, reaching a population of more than 7.6 million by 2050.

# SITE PLAN



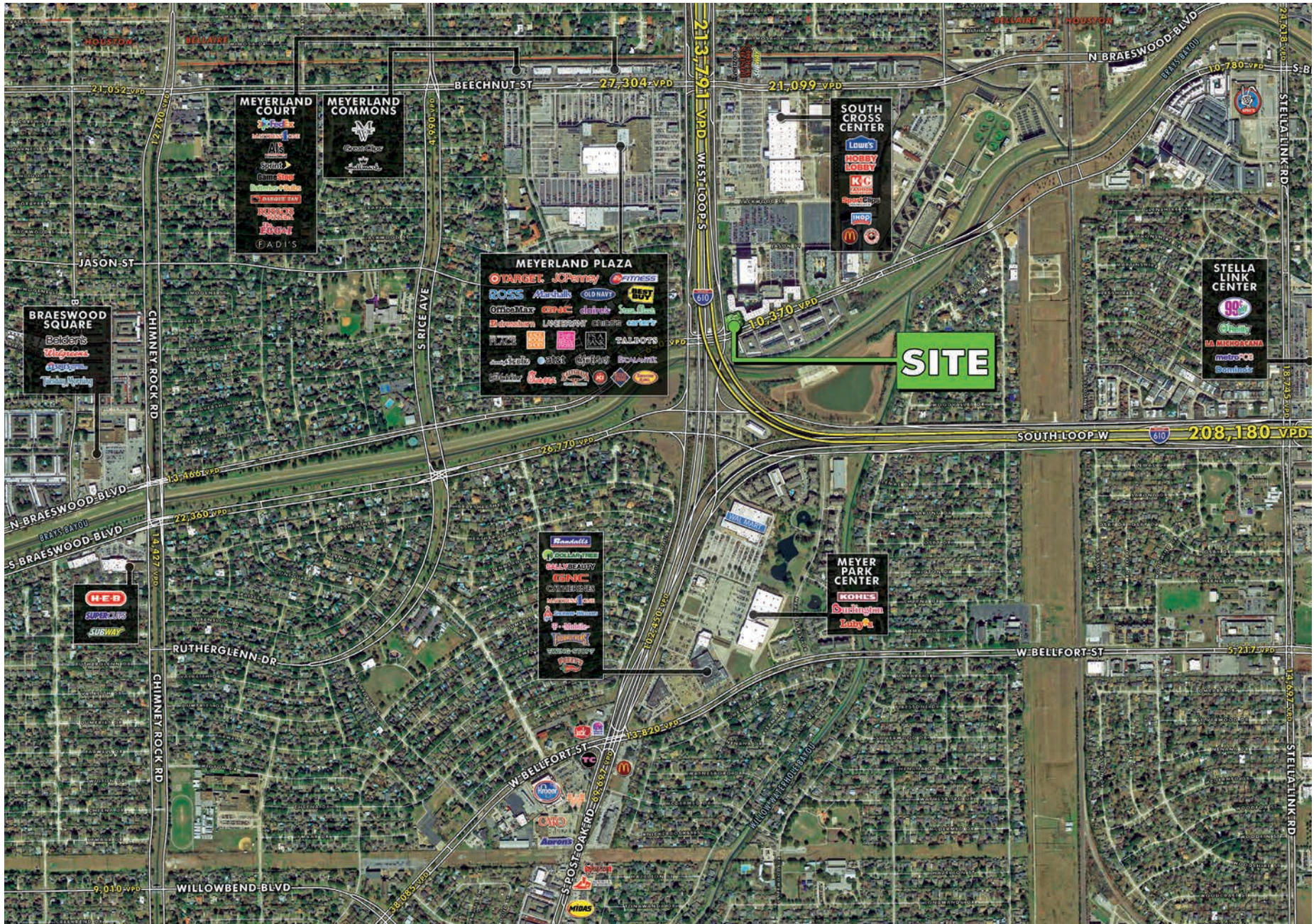














# TENANT SUMMARY

Starbucks is the premier roaster, marketer and retailer of specialty coffee in the world, operating 27,339 stores in 75 countries. Originally founded in 1971, Starbucks Corporation's common stock trades on the NASDAQ Global Select Market ("NASDAQ") under the symbol "SBUX" and has an investment-grade credit rating of A-. Starbucks provides regular and decaffeinated coffee beverages, Italian-style espresso beverages, cold blended beverages, iced shaken refreshment beverages, premium teas, packaged roasted whole bean coffees, and soluble coffees. The company's stores also offer various fresh food items, including pastries, prepared breakfast and lunch sandwiches, oatmeal, and salads, as well as juices and bottled water. Further, the company provides various coffee and tea products, and licenses its trademarks through other channels, such as licensed stores, grocery, and national foodservice accounts. In addition to Starbucks, its brand portfolio includes Teavana, Tazo, Seattle's Best Coffee, Evolution Fresh, La Boulange and Ethos.

The company has almost doubled their footprint as they expanded from 15,000 stores to more than 27,000 in the last 10 years. In fiscal 2017, the company opened hundreds of new stores, primarily in the Americas and China/Asia Pacific segments. Total net revenues increased 5% to \$22.3 billion in fiscal 2017 compared to \$21.3 billion in fiscal 2016. Starbucks currently has a net worth in excess of \$5.4 billion and produced net income of \$2.8 billion as of October 2017.

## FINANCIAL HIGHLIGHTS

	FYE 10/1/2017	FYE 10/2/2016	FYE 9/27/2015
<b>TOTAL REVENUE</b>	\$22,387	\$21,316	\$19,163
<b>OPERATING INCOME</b>	\$4,135	\$4,172	\$3,601
<b>NET INCOME</b>	\$2,885	\$2,819	\$2,759
<b>ASSETS</b>	\$14,366	\$14,613	\$12,446
<b>LIABILITIES</b>	\$8,909	\$8,722	\$7,172
<b>NET WORTH</b>	\$5,457	\$5,891	\$5,274

# MARKET OVERVIEW

The Houston Metropolitan Statistical Area (MSA) encompasses 10 counties and more than 10,000 square miles. Houston is the fifth most populous metropolitan area in the U.S. and the fourth most populous city, trailing only New York, Los Angeles and Chicago. It is the largest city in the state of Texas and the southern U.S. Houston was also the fastest growing metro area in the nation from 2000 through 2010. Most recently, U.S. Census Bureau estimates show that the Houston MSA led the nation in population growth, adding nearly 980,000 people since April 2010.

Houston is firmly established as a premier global city and is a leading destination for investment by all capital sources due to its unique combination of stability and dynamic growth. Houston holds significant depth in the healthcare, technology and distribution industries to create an economic composition that serves as a buffer to national economic trends and provides stability and continued growth. According to the most recent estimates by The Perryman Group, a Texas-based economic and financial analysis firm, the Houston MSA's real gross product (RGP) was approximately \$480 billion in 2016. The firm also projects that Houston's RGP will increase by 4.5% annual rate through 2021, for a gain of more than \$111 billion.

Houston is home to the Texas Medical Center—the largest medical complex in the world—which has an annual economic impact of \$15 billion and employs more than 106,000 healthcare professionals. Texas Medical Center also is an academic center of the Southwest with 70,000 life science students. Additionally, Houston is home to the 1,700-acre NASA Johnson Space Center that has an annual economic impact of \$1.8 billion and employs highly compensated workers including engineers and scientists. Houston is also the birthplace of nanotechnology, and the Houston Technology Center is the largest technology business incubator and accelerator in Texas. Houston offers its residents and businesses high quality-of-life attributes including a low cost structure, no state income tax, abundant tax incentives, ample cultural and recreational resources, quality public education, good weather and easy access to public services. Additionally, Houston workers earn more, on average, than the national and state averages. As of 2017, the average household income for Houston is 14.9% high than the national average and 14.1% higher than the Texas average.



# HOUSTON ACCOLADES

U.S. Cities With Fastest-Growing Economies (#4)

— Forbes (2016)

Houston ranks #2 on the list of best places to live in the world

— InterNations 2016

Houston ranks in the top ten global cities for the future

— Kearney 2017

Houston ranks in the top ten Energy Star cities

— Energy Star (reported by Bisnow) 2017

Houston ranked #3 in U.S. metro for job growth from 2006-2016

— U.S. Bureau of Labor Statistics 2016

Houston ranked #4 in U.S. for industrial real estate transactions

— Colliers (reported by Houston Chronicle) 2017

Houston ranks #6 on America's best places to start a business

— CNBC 2016

Houston ranks #5 on America's best cities for first-time home buyers

— CNBC 2016

Houston Market poised for tremendous growth by 2040

— American City Business Journal 2016

Houston ranks #2 on America's friendliest cities

— Travel + Leisure 2016

Houston ranked top destination city for the 7th consecutive year

— U-Haul 2016

Airports Power Rankings (#3)

— ACBJ (2017)



# DEMOGRAPHICS

POPULATION	1 MILE	3 MILE	5 MILE
2017 POPULATION - CURRENT YEAR ESTIMATE	14,381	175,144	491,899
2022 POPULATION - FIVE YEAR PROJECTION	15,242	188,711	530,878
2010-2017 POPULATION GROWTH RATE	7.7%	10.4%	10.8%
2017-2022 POPULATION GROWTH RATE	5.9%	7.5%	7.7%
HOUSEHOLDS	1 MILE	3 MILE	5 MILE
2017 HOUSEHOLDS - CURRENT YEAR ESTIMATE	6,000	69,114	199,307
2022 HOUSEHOLDS - FIVE YEAR PROJECTION	6,332	74,237	214,906
2010-2017 HOUSEHOLD GROWTH RATE	6.7%	9.8%	10.2%
2017-2022 HOUSEHOLD GROWTH RATE	5.4%	7.2%	7.6%
HOUSEHOLD INCOME	1 MILE	3 MILE	5 MILE
2017 AVERAGE HOUSEHOLD INCOME	\$165,264	\$116,414	\$99,856
2022 AVERAGE HOUSEHOLD INCOME	\$181,901	\$127,470	\$111,921
HOUSING VALUE	1 MILE	3 MILE	5 MILE
2017 AVG VALUE OF OWNER OCC. HOUSING UNITS	\$518,855	\$460,743	\$391,301



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