



OFFERING MEMORANDUM

PRESERVE  
WEST  
CAPITAL



Peet's Coffee  
Oakland, CA

[www.preservewestcapital.com](http://www.preservewestcapital.com)



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## Disclaimer

Michael Maffia (“Broker”) has been retained on an exclusive basis to market the property described herein (“Property”). Broker has been authorized by the Seller of the Property (“Seller”) to prepare and distribute the enclosed information (“Material”) for the purpose of soliciting offers to purchase from interested parties. More detailed financial, title and tenant lease information may be made available upon request following the mutual execution of a letter of intent or contract to purchase between the Seller and a prospective purchaser. You are invited to review this opportunity and make an offer to purchase based upon your analysis. If your offer results in the Seller choosing to open negotiations with you, you will be asked to provide financial references. The eventual purchaser will be chosen based upon an assessment of price, terms, ability to close the transaction and such other matters as the Seller deems appropriate.

The Material is intended solely for the purpose of soliciting expressions of interest from qualified investors for the acquisition of the Property. The Material is not to be copied and/or used for any other purpose or made available to any other person without the express written consent of Broker or Seller. The Material does not purport to be all-inclusive or to contain all of the information that a prospective buyer may require. The information contained in the Material has been obtained from the Seller and other sources and has not been verified by the Seller or its affiliates. The pro forma is delivered only as an accommodation and neither the Seller, Broker, nor any of their respective affiliates, agents, representatives, employees, parents, subsidiaries, members, managers, partners, shareholders, directors, or officers, makes any representation or warranty regarding such pro forma. Purchaser must make its own investigation of the Property and any existing or available financing, and must independently confirm the accuracy of the projections contained in the pro forma.

Seller reserves the right, for any reason, to withdraw the Property from the market. Seller has no obligation, express or implied, to accept any offer. Further, Seller has no obligation to sell the Property unless and until the Seller executes and delivers a signed agreement of purchase and sale on terms acceptable to the Seller, in its sole discretion. By submitting an offer, a purchaser will be deemed to have acknowledged the foregoing and agreed to release Seller and Broker from any liability with respect thereto.

Property walk-throughs are to be conducted by appointment only. Contact Broker for additional information.

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### Property Highlights

- Brand New 10-Year Corporate NNN Lease to Peet's Coffee
  - New Flagship Location for East Bay-Based Company
  - Rare 12.5% Rental Escalation in Primary Term with 15% and 18% Escalations at Options
- Irreplaceable Infill Setting in Oakland's Central Business District
  - Adjacent to Oakland City Center Retail and Office Hub
  - More than 84,000 Jobs in Downtown Oakland
  - Major Nearby Office Tenants Include Kaiser Permanente, Pandora, BART, State, Local, and Federal Government, & More
- Ideally Situated Between Two Major BART Stops with Excellent Access at the Prominent Intersection of Broadway and Telegraph
  - 12th Street/Oakland City Center and 19th Street BART Stations Serve as Entry or Exit Point for 1.3+ Million Passengers Per Month
- Superb Visibility with Seating at Latham Square Plaza
  - \$7 Million Plaza Renovation and Expansion Completed in 2017
  - Gateway to the Uptown Oakland Entertainment and Arts District
- Extensive Ongoing Development Activity Surrounding Site
  - More than 18,000 New Residential Units in Development Pipeline
  - 1+ Million Square Feet of New Office and Retail Space Nearing Completion
- Substantial Growth in Oakland Market
  - Population has Increased 9% Since 2010
  - Average Household Income has Increased 18%
  - Segment of Population Earning \$100,000+ Annually Up 26%
- Core Bay Area Location with Robust Demographics within 10 Miles of Site
  - Total Daytime Population of 1,624,365
  - Average Household Income of \$118,620



## Location

The property is located at 1615 Broadway in Oakland, California.

## Lot Size

Approximately 0.055 acres, or 2,385 square feet.

## Leased Improvements

A 1,701 square foot retail condominium for **Peet's** with an additional 660 square foot leased storage basement area.

## Basement

Premises include additional 2,690 square feet of unutilized subterranean space.

## Lease

Leased to **Peets Operating Company, Inc.** for 10 years from November 13, 2018 through November 30, 2028 at an initial annual rent of \$155,000. There are two (2) five-year options to renew the lease. Rent is to increase by 12.50% in year 6 and by 15% and 18% respectively at the start of each option period. The lease is net with tenant responsible for all taxes, insurance, HOA dues, and maintenance, excluding roof, structure, and management fees.

Tenant's share of expenses, including taxes, insurance, and HOA dues, is capped at \$35,000 in the first lease year. Increases in HOA dues are capped at 2% annually on a cumulative basis; however, HOA dues are not to increase by more than 3% in any year on a non-cumulative basis.

## Financing

This property will be delivered free and clear of permanent financing.

## PRICE

# \$4,117,000

## 4.00% Return (Blended Yield)

## Net Annual Income

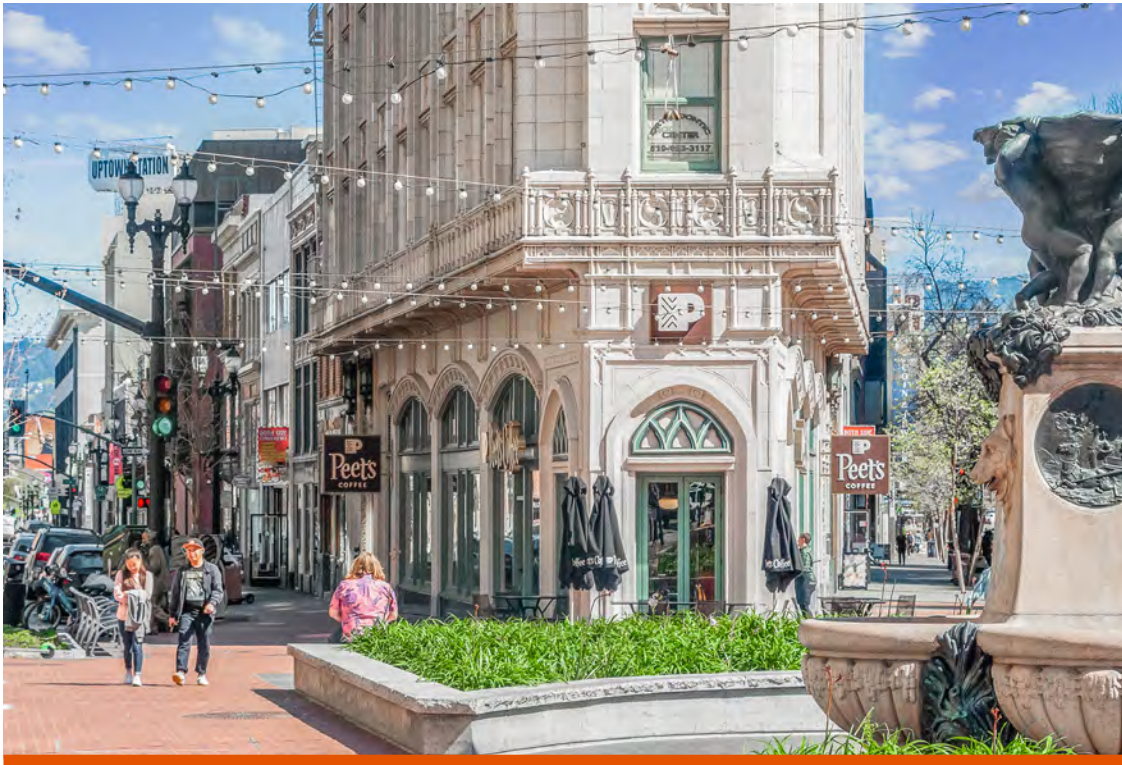
Years	Annual Rent	Return	Blended Income Over Term	Return
1-5	\$155,000	3.76%	\$164,688	4.00%
6-10	\$174,375	4.24%		
11-15 (Option 1)	\$200,531	4.87%		
16-20 (Option 2)	\$236,627	5.75%		

## Percentage Rent

Peet's is responsible for percentage rent in the amount of 6% of gross sales exceeding the annual breakpoint, which is calculated as the base rent for that year divided by 6%.

In year one, the percentage rent breakpoint is \$2,583,333. Landlord will be at an advantage having sales transparency going forward.





Peet's Coffee operates more than 200 retail locations in the U.S.



**Peet's Coffee**, is a specialty coffee roaster and retailer selling brewed coffee and espresso beverages, cold brew, and freshly roasted coffee beans, as well as tea and food items. Founded in Berkeley, the company was one of the first to introduce specialty coffee and tea to the United States, and remains one of the premier specialty coffee roasters and retailers in the U.S. market. The company operates 200+ retail locations in the U.S., and sells its products in more than 15,000 in grocery stores nationwide. In 2014, the company acquired Mighty Leaf tea, allowing expansion of their tea-related product line. In 2015, Peet's acquired Stumptown Coffee Roasters, a leading producer of ready-to-drink cold brew coffee beverages, as well as Intelligentsia Coffee, a Chicago-based "super-premium" coffee retailer. In 2012, Peet's Coffee was acquired by **JAB Holding Company** for \$977.6 million.

**Peet's Operating Company, Inc.** is the former name of the corporate entity for Peet's Coffee; the name was changed to **Peet's Coffee Inc.** in 2017.



AERIAL

WEST VIEW

SAN FRANCISCO



San Francisco-Oakland Bay Bridge

INTERSTATE 880

INTERSTATE 980

THE CATHEDRAL BUILDING  
Peet's COFFEE

Marriott OAKLAND CONVENTION CENTER

New Apartments (288 units)

OAKLAND CITY CENTER  
CITY HALL  
FEDERAL BLDG  
FRANK H. OGAWA PLAZA  
Walgreens  
Jamba Juice  
Panda Express

FOX OAKLAND

PARAMOUNT THEATRE OF THE ARTS

ALAMEDA

OAKLAND ESTUARY

JACK LONDON SQUARE

INTERSTATE 880

CHINATOWN

OLD OAKLAND

DOWNTOWN

New Hotel

Station on 12th (333 units + retail)

New Apartments (262 units)

The Key at 12th (18 flr; office + retail)

Atlas Tower (633 units + retail)

Tribune Tower

CIVIC CENTER

LAKESIDE

Rotunda Building

New Apartments (206 units + retail)

New Apartments (224 units)

Lake Merritt Plaza

UPTOWN

Square  
Uptown Station (400k+ sf office + retail)

pandora HQ

HIVE OAKLAND  
DRAKES  
dosa  
RED DAY

Mason at Hive (106 units)

New Housing Projects

KAISER PERMANENTE  
Corporate Offices

Kaiser Center Tower & Mall  
CVS/pharmacy  
FITNESS

KAISER PERMANENTE  
Corporate Offices

AGAVE UPTOWN  
LUKA'S

LAKE MERRITT

LAKESIDE PARK



## AERIAL

## NORTH VIEW



INTERSTATE  
CALIFORNIA  
580

INTERSTATE  
CALIFORNIA  
980

New Housing

THE CATHEDRAL BUILDING

Peet's  
COFFEE

PARAMOUNT THEATRE  
OF THE ARTS

1955 Broadway  
(356k+ sf)

FOX  
OAKLAND

Square

bART

1640 Broadway  
Residential Tower  
(421,180 sf)

pandora  
HQ

2100 Franklin  
(±217k sf)

KAISER  
PERMANENTE  
Corporate Offices

KAISER  
PERMANENTE  
Corporate Offices

Kaiser Center  
Tower & Mall  
bART HQ

Lake Merritt  
Plaza  
ORACLE

1700 Webster  
New Apartments  
(206 units + retail)

1721 Webster  
New Apartments  
(250 units)

19th & Harrison  
New Apartments  
(224 units)

AETNA

VSCO  
BROADLY  
BROADLY.COM

Rotunda Building

LATHAM  
SQUARE

ARUP

1330 Broadway  
(±320k sf)

BlueCross  
BlueShield

Tribune Tower

1314 Franklin  
Atlas Tower  
(633 units + retail)

FRANK H. OGAWA  
PLAZA

505 City Center  
(±172k sf)

475 City Center  
(±180k sf)

1333 Broadway  
(±239k sf)

1300 Clay  
(±195k sf)

THE CLOROX COMPANY  
Eponent  
GENEXUS  
HNTB  
TEECOM

1221 Broadway  
(±505k sf)

1111 Broadway  
(±553k sf)

CITY  
CENTER





## Downtown Oakland Development

Oakland's ongoing population growth and the consistently robust Bay Area economy has driven substantial development activity, with more than 18,000 new residential units and more than a million square feet of new retail and office space recently completed, under construction, and planned in the area surrounding the site. Major residential and retail developments in the vicinity include 1640 Broadway, which will include approximately 254 residential units in addition to retail and restaurant space upon its completion in 2019; Atlas Tower, which will include nearly 20,000 square feet of retail space and more than 630 residential units; W12, with 339 residential units and 23,000 square feet of retail space; 19th & Harrison, featuring 5,000 square feet of retail space and 224 apartment units; 325 7th, with 380 residences and approximately 9,000 square feet of retail space; 1100 Clay Street, with 288 residential units and 2,000 square feet of retail space; 1700 Webster, a sustainably constructed 206-unit residential tower with 4,300 square feet of retail space; 1900 Broadway, with more than 450 residential units; Station on 12th, with 333 residential units and 24,239 square feet of retail space; 1721 Webster, with approximately 250 new residential units; and many more. Other major development projects include Uptown Station, a retail-office restoration/redevelopment project with more than 355,760 square feet of office space, now fully leased to Square, and approximately 50,000 square feet of retail space; The Key, a redeveloped 345,300 square foot 18-story office tower featuring an additional 10,000 square feet of retail space; 1221 Broadway, a 500,000+ square foot office tower with ground floor retail space; and many others.





## ABOUT THE AREA

**SITE**

## General Overview

Oakland (population 425,195) is the largest city in the East Bay region of the San Francisco Bay Area and the seat of Alameda County. The city is the third largest city by population in the Bay Area, the eighth largest in California, and the 45th largest city in the U.S. The city is home to the busiest port in Northern California and the fifth busiest in the U.S., with more than \$33 billion of goods passing through the Port of Oakland each year. The city is ideally situated at the crossroads of major freeways and mass transit systems, with access to the robust workforce, employment centers, and residential hubs of the Bay Area.

Oakland has grown substantially in recent years as a result of exponential growth throughout the region, with an estimated population increase of nearly 9% since 2010. The city has experienced record low unemployment rates in recent years, with unemployment currently estimated at 3.3%. Average household income in the city has increased 18% since 2010 to approximately \$87,000, with nearly 30% of the population earning more than \$100,000 annually, a 26% increase since 2010. The city benefits from a robust, well-educated workforce ranking eighth nationwide in measures of educational attainment; more than 100,000 students attend colleges and universities in the East Bay region, which include the University of California, Berkeley, California State University, East Bay, Mills College, and others. Oakland has benefited from regional workforce and business trends, with many new residents and businesses attracted by the relatively lower cost of living and doing business as compared to San Francisco.

The city benefits from a diversified economy with a broad base in health care, transportation and logistics, hospitality, professional services, and education; growth is anticipated in the advanced manufacturing and technology sectors in years to come. The city also benefits from strong federal, state, and local government employment, playing host to regional offices of the IRS and US Postal Service as well as to offices of the University of California, the Bay Area Rapid Transit (BART) system, East Bay Regional Park District, East Bay Municipal Utilities District, Alameda County Superior Court, and more. With more than 27 million square feet of office space and growing, the city is among the largest office markets in the Bay Area and is the largest office market in the East Bay. Vacancy rates are currently at an all-time low, with strong demand for new office developments and higher average asking rents for office space.



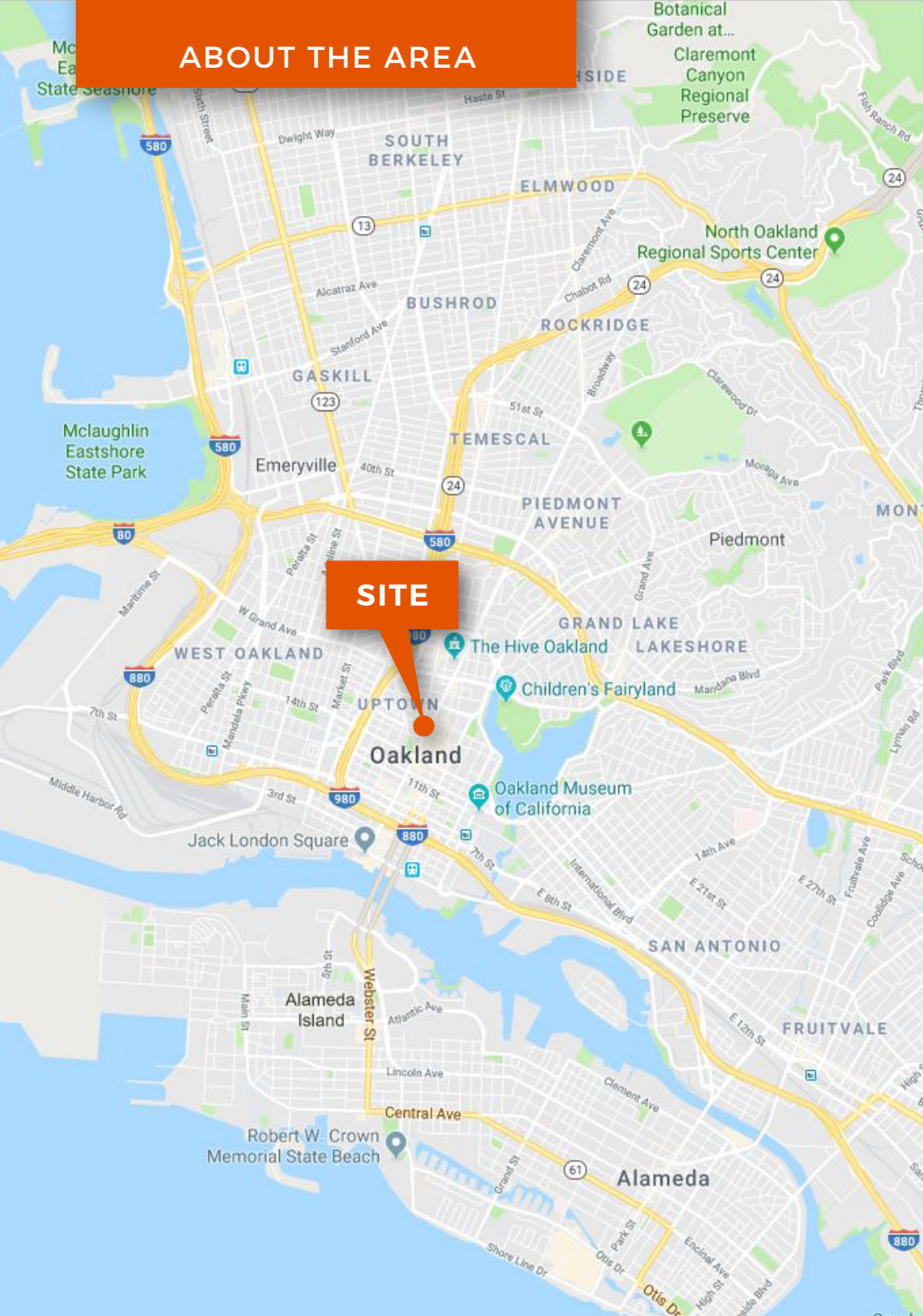
# Major San Francisco Bay Area Companies

The San Francisco-Oakland Bay Area region is best known as a hotbed of high-tech innovation, and is home to a plethora of major companies. Fortune 1000 companies headquartered in the region include Adobe, Alphabet Inc, the parent company of Google, Apple, Facebook, Hewlett-Packard, Intel, Cisco, eBay, Applied Materials, Netflix, Oracle, NVIDIA, Tesla, Symantec, Visa, Electronic Arts, Salesforce, Advanced Micro Devices, Agilent Technologies, Intuit, Juniper Networks, KLA Tencor, Lam Research, LSI Logic, Marvell Semiconductors, National Semiconductor, NetApp, VMware, Western Digital Corporation, Xilinx, Yahoo, and more. Other notable companies with significant presence in the region include Amazon.com, Microsoft, LinkedIn, Twitter, Uber, Yelp, Youtube, Asus, Atari, Broadcom, Dell, E\*Trade, Fujitsu, IBM, Hitachi, Infosys, Nokia, Panasonic, Paypal, GoPro, Genentech, Charles Schwab Corporation, Gilead Sciences, Groupon, Pixar, Samsung, Siemens, SolarCity, TiVo, Qualcomm, SAP, Sony, Sun Microsystems, Square, Mozilla, McAfee, Logitech, SurveyMonkey, and Zynga. The region benefits from extensive presence of venture capital firms and investors, further fueling the growth and concentration of high-tech startups.





## ABOUT THE AREA



## Site Information

The subject property is ideally situated in a dense infill location at the intersection of Broadway and Telegraph Avenue within the heart of Oakland's central business district. The property is ideally situated to serve the substantial volume of pedestrian traffic passing the site, and benefits from excellent public transportation access in a thriving downtown location between the 12th Street/Oakland City Center and 19th Street BART stations, which serve as entry or exit points for more than 1.3 million passengers each month. The site benefits from robust demographics with a total daytime population of 1,624,365 and average household income of \$118,620 within ten miles of the site.

The site benefits from a highly-visible location within the recently renovated, historic Cathedral Building and will serve as a flagship location for the tenant. The property is located immediately adjacent to Latham Square Plaza, which recently underwent a \$7 million renovation and expansion. The plaza, which had historically functioned as both a transit and social hub within the city, serves as a gateway to the revitalized uptown arts and entertainment district, which is home to numerous restaurants, shops, theaters, and bars. The site additionally neighbors Frank H. Ogawa Plaza, City Hall, and the Oakland City Center, a major retail and office hub featuring approximately 4.9 million existing and 900,000 planned square feet of office space. Retail tenants within Oakland City Center include Walgreens, Wells Fargo, Panda Express, Jamba Juice, Popeye's, and more.

The property neighbors numerous major office complexes and notable tenants, including the 1.3 million square foot headquarters of Kaiser Permanente, with more than 12,000 employees; as well as the headquarters of Pandora, which employs more than 1,100; Blue Bottle Coffee, VSCO, and more. In addition, Square recently leased all 256,000 square feet of office space in the recently developed Uptown Station Building, marking a continued shift of technology company office space from San Francisco into Oakland. Other major office tenants neighboring the site include Oracle, Blue Shield, BART, the California Department of Transportation, Arup, Clovis Oncology, AECOM, Merrill Lynch, HNTB, Clear Channel Communications, and many others. In addition, the property neighbors Oakland City Hall, Federal Buildings, and State Building, which comprise nearly 2 million square feet of office space. Overall, more than 84,000 people are estimated to work in the Downtown Oakland area and that number is expected to grow as additional office developments are completed. Major national retail tenants surrounding the site include CVS, Walgreens, Whole Foods, Sprouts Farmers Market, Wells Fargo, Starbucks, Chase Bank, and more, in addition to numerous local and regional restaurant, retail, and bar tenants.



## DEMOGRAPHICS



1615 Broadway | Oakland, CA 94612



TOTAL DAYTIME POPULATION  
WITHIN 1 MILE

**93,454**



MEDIAN HOME VALUE

**\$783,046**



AVG. HOUSEHOLD INCOME

**\$118,620**

### Population Summary

	1 Mile	3 Miles	5 Miles
2010 Total Population	43,127	468,288	1,243,149
2018 Total Population	47,121	503,760	1,355,806
2023 Total Population	51,944	532,235	1,434,830
2018-2023 Annual Rate	1.97%	1.11%	1.14%
<b>2018 Total Daytime Population</b>	<b>93,454</b>	<b>521,138</b>	<b>1,624,365</b>

### Average Household Income

2018	\$66,860	\$102,842	\$118,620
2023	\$81,833	\$121,710	\$140,878

### Median Home Value

2018	\$426,704	\$705,919	\$783,046
2023	\$464,529	\$748,338	\$827,356

## Top Employers in Oakland

## # of Employees

Kaiser Permanente	12,287
Oakland Unified School District	5,080
County of Alameda	4,490
City of Oakland	3,500
Bay Area Rapid Transit	3,288
State of California	3,186
UCSF Children's Hospital Oakland	2,675
Alameda Health Systems (Highland Hospital)	2,300
Southwest Airlines	2,256
Sutter Hospitals, Medical Foundation, & Support Services	2,257





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