

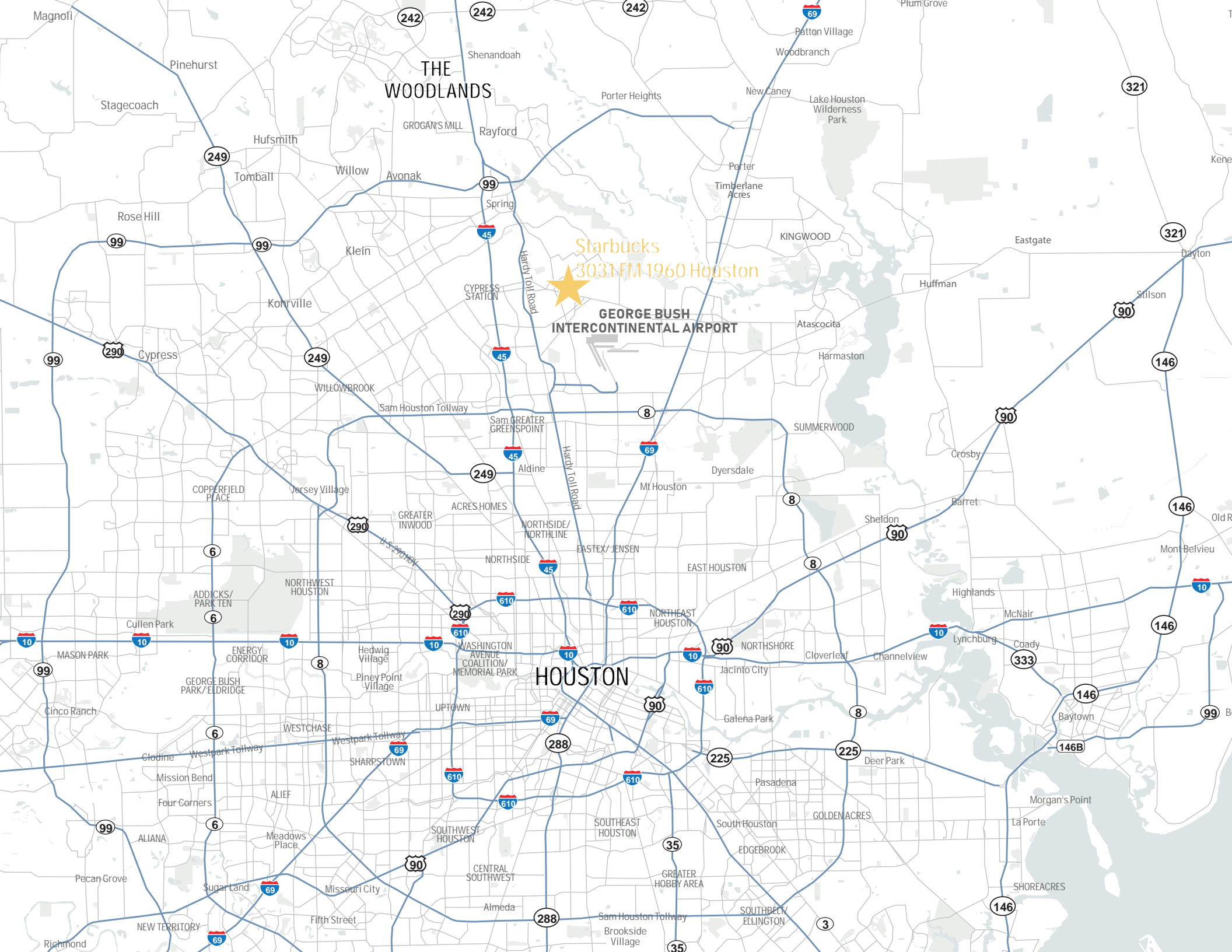


STARBUCKS

HOUSTON, TEXAS

OFFERING MEMORANDUM

Marcus & Millichap
THE ISAAC GROUP





STARBUCKS | 3031 FM 1960, HOUSTON, TX

OFFERING PRICE

\$1,630,000

CAP RATE

5.15%

EXCLUSIVELY LISTED BY

DREW ISAAC

Senior Vice President Investments

Marcus & Millichap Denver

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OFFERING SUMMARY

3031 FM 1960, HOUSTON, TX

PRICING

Price	\$1,630,000
NOI	\$83,904
CAP Rate	5.15%
Price/SF	\$931

PROPERTY DESCRIPTION

Building Size	1,750 SF
Lot Size	0.52 AC
Type of Ownership	Fee Simple
Year Built/Renovated	2006

LEASE SUMMARY

Lease Type	Double Net (NN)**
Lease Guarantor	Corporate
Original Lease Term	10 Years
Lease Commencement Date	03/01/2007
Lease Expiration Date	02/28/2027
Remaining Lease Term	8 Years
Increases	Yes
Options	3 x 5-Year Options

*Tenant shall pay as Additional Rent, Tenant's Pro Rata Share (100%) of Operating Expenses, Landlord's Insurance, and Real Property Taxes. The portion of Tenant's Additional Rent attributable to Operating Expenses (excluding Landlord's Insurance, Real Property Taxes, utilities, and mandatory minimum wage increases) shall not exceed 107% (on a non-cumulative basis) of the portion of Tenant's Operating Expenses for the previous year. Tenant's Additional Rent includes an administrative and/or management fee not to exceed 15% of the total cost of Operating Expenses.

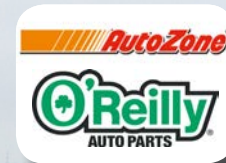
**Landlord is responsible for repairs and replacements for all structural components including the roof, foundation, and exterior walls.

ANNUALIZED OPERATING DATA

TERM	ANNUAL RENT	MONTHLY RENT
3/1/2017 - 2/28/2022	\$87,408	\$7,283.98
3/1/2022 - 2/28/2027	\$93,174	\$7,764.50
3/1/2027 - 2/29/2032 (Option 1)	\$102,491	\$8,540.95
3/1/2032 - 2/28/2037 (Option 2)	\$112,741	\$9,395.05
3/1/2037 - 2/28/2042 (Option 3)	\$124,009	\$10,334.11

PROFIT & LOSS*

Base Rent	\$87,408
Insurance Reimbursement	\$4,221
Property Tax Reimbursement	\$13,190
CAM Reimbursement	\$6,639
Management Fee Reimbursement	\$996
Total Income	\$112,454
Insurance Expense	\$4,221
Property Tax Expense	\$13,190
CAM Expense	\$6,639
Management Fee Expense	\$4,500
Total Expenses	\$28,550
Net Operating Income (NOI)	\$83,904
Price	\$1,630,000
CAP	5.15%



FM 1960 ROAD EAST

ALDINE WESTFIELD ROAD



INVESTMENT OVERVIEW

HIGHLIGHTS

- 8 YEARS OF TERM REMAINING ON LEASE
- RECENTLY EXERCISED OPTION EARLY & REMODELED INTERIOR
- STRONG CORPORATE GUARANTEE (NASDAQ: SBUX)
- RENT INCREASE IN MARCH 2022 & IN OPTION PERIODS
- 7 MILES WEST OF GEORGE BUSH INTERCONTINENTAL AIRPORT
- 3 MILES EAST OF I-45 AND 1.5 MILES EAST OF HARDY TOLL ROAD
- HOUSTON IS THE 4TH MOST POPULOUS CITY IN THE UNITED STATES

OVERVIEW

Marcus & Millichap is pleased to offer the Starbucks in Houston, Texas. Starbucks has 8 years remaining on their current lease term. The lease features three five-year options with rent increases every five years. The lease is corporately guaranteed by Starbucks, one of the strongest and most desirable credits in single-tenant net lease investments. Unlike many Starbucks leases, this lease does not include any termination options.

Located on FM 1960, Starbucks benefits from its proximity to George Bush International Airport. As Houston's largest airport and the 8th busiest airport in the U.S., George Bush International Airport sees more than 40 million passengers a year, including more than 10 million international passengers. The property benefits by being a Starbucks drive-thru location, as stores with car service do 70% of their sales through the window and approximately two-thirds higher sales than stores without a drive-thru.



TENANT OVERVIEW

Howard Schultz, the founder of Starbucks Corporation, once said, "If you dream small dreams, you may succeed in building something small. For many people, that is enough. But if you want to achieve widespread impact and lasting value, be bold." It is through being bold that Starbucks created a coffee empire and distinguished themselves as one of the largest and most successful coffee companies in the world.

The idea of Starbucks was crafted by three students at the University of San Francisco: Jerry Baldwin, Zev Siegl, and Gordon Bowker. They were originally inspired to sell high quality coffee beans and equipment after learning about coffee roasting from entrepreneur Alfred Peet. On March 31st, 1971, the first Starbucks opened in Seattle, Washington. In 1982, Howard Shultz was hired as the Director of Retail Operations and Marketing, allowing Starbucks to grow and begin providing coffee to fine restaurants and espresso bars. Schultz was inspired by the Italian coffeehouse culture while on a trip to Italy in 1983, convincing the Starbucks founders to implement this culture in their Seattle store. Howard Schultz founded the current idea of Starbucks, creating the Starbucks Corporation. By 1987, Starbucks had a total of 17 stores, 84 stores by 1990, 677 stores by 1995, and 3,501 by 2000. As of 2018, Starbucks operates and licenses a total of 28,218 stores across the globe.

In 2018, Starbucks reported a net revenue of \$24.7 billion and a net income of \$4.5 billion. These numbers rose from \$13.4 million and \$1.4 million in 2012 respectively. In the 2017 fiscal year, Starbucks stock (NASDAQ: SBUX) had a high at \$64.87 per share with a low of \$50.84 per share. As of November 10, 2017, Starbucks had around 18,100 shareholders. In 2017, Starbucks reported \$5.45 billion in shareholders' equity.

Starbucks locations have many qualities in common. They are generally located in neighborhoods with a median household income of \$60,000. Additionally, they prefer to be close to other business to create a draw, as well as near offices or industrial locations to increase the customer volume. Starbucks prefers being located at signalized corners with multiple access points on roads with traffic counts of at least 25,000 vehicles per day. They also look for spaces on the morning commute side of the road as a way to target customers who want to grab a coffee on their way to work. Moving forward, Starbucks plans to add 12,000 new stores globally, hoping to have a total of 37,000 stores by 2021. Starbucks also announced that in the next five years, they hope to grow revenue by 10% and earnings per share by 15-20%.



28,218 4.63%

Number of Stores

Worldwide

Knomea

Average SBUX CAP

10+ Years Remaining

Marcus & Millichap

\$24.7B \$4.5B

Net Revenue

NASDAQ

Net Income

NASDAQ

SELECT STARBUCKS COMPS

PROPERTY NAME	CITY	STATE	PRICE	CAP	NOI	LEASE TERM	COE
Starbucks	Colorado Springs	Colorado	\$2,732,000	4.75%	\$129,750	10	11/16/2018
Starbucks	Lompoc	California	\$3,100,000	4.19%	\$130,000	10	05/15/2018
Starbucks	Pembroke Pines	Florida	\$3,450,000	4.80%	\$165,760	10	11/19/2018
Starbucks	Victorville	California	\$2,200,000	4.95%	\$108,900	9	12/14/2018
Starbucks	Fountain Hills	Arizona	\$2,000,000	4.60%	\$92,000	10	07/31/2018
Starbucks	Gilbert	Arizona	\$2,580,000	4.65%	\$120,000	10	01/24/2018
Starbucks	Denver	Colorado	\$3,405,000	4.70%	\$160,000	10	09/20/2018
Starbucks	San Diego	California	\$2,710,933	4.50%	\$121,992	10	08/22/2018
Starbucks	Salt Lake City	Utah	\$2,979,591	4.90%	\$146,000	9	10/26/2018
Starbucks	Ridgecrest	California	\$1,680,000	4.29%	\$72,000	10	01/19/2018
Averages	Various	Various	\$2,678,392	4.63%	\$124,072	10	Trailing 12M



14' CLEARANCE

STARBUCKS COFFEE

Public Storage

Public Storage



FM 1960 ROAD EAST



Toll Road of the Greater Houston area. The route runs from Interstate 610 near central Houston to Interstate 45.

1.5 Miles
From Starbucks Location



I-45
3 MILES
←



**GEORGE BUSH
INTERCONTINENTAL AIRPORT**

Our Starbucks location is located 7 miles from George Bush Intercontinental Airport and is the first Starbucks you will hit going into the city. This airport serves the Greater Houston Metropolitan Area and is accessible from Interstate 45, U.S. Highway 59, The Hardy Toll Road, and the Sam Houston Tollway and covers 10,000 acres. In 2017, the airport served 40,696,189 passengers, making it the 48th busiest airport in the world and the second largest passenger hub for United Airlines.

HOUSTON
27 MILES SOUTH
↓



COUNTRYSIDE
VILLAGE
SHOPPING CENTER

PINNACLE RAIL
OPERATIONS INC.



PARKER
ELEMENTARY
SCHOOL

CHESTER
W. NIMITZ
HIGH SCHOOL

CLIFFORD
M DUNN
ELEMENTARY
SCHOOL



FM 1960 ROAD EAST

ALDINE WESTFIELD ROAD



LOCATION

HOUSTON, TEXAS

As the fifth most populous metro area in the United States, Houston houses nearly 6.9 million people in southeastern Texas. The market is composed of nine counties: Harris, Galveston, Brazoria, Fort Bend, Chambers, Montgomery, Austin, Liberty, and Waller. The Gulf of Mexico, which borders the metro to the southeast, provides access to markets around the world via the Port of Houston, making it a prime location for exports. Local industries have diversified from oil to technology and healthcare. Houston is known for being a global city, with strengths in culture, medicine, and research. The city also comes from many different ethnic and religious backgrounds. Many companies provide goods and services for the large population growth, which has sprawled, primarily to the north and west. The city of Houston is the largest in the metro with 2.3 million residents.

METRO HIGHLIGHTS



CORPORATE GROWTH

Houston will remain a top destination for corporate relocations due to its business-friendly environment. Twenty Fortune 500 companies are headquartered in the metro.



HIGHER EDUCATION

Over 40 post-secondary educational institutions are located in the metro. Nearly 30 percent of residents have attained a bachelor's degree, with 11 percent also holding a graduate or professional degree.



LOW COST OF LIVING, DOING BUSINESS

Houston has a lower cost of living than many major metros, no state income tax, and a median home price below the national level.

overview



STARBUCKS - HOUSTON, TX

DEMOGRAPHICS

HOUSTON, TEXAS

POPULATION	1-MILE	3-MILES	5-MILES
2023 Projection			
Total Population	10,977	76,494	208,237
2018 Estimate			
Total Population	9,537	71,599	193,428
2010 Census			
Total Population	6,492	60,003	160,125
2000 Census			
Total Population	4,464	38,030	96,702
Current Daytime Population			
2018 Estimate	82,576	123,223	233,215

HOUSEHOLDS	1-MILE	3-MILES	5-MILES
2023 Projection			
Total Households	3,726	24,740	72,144
2018 Estimate			
Total Households	3,184	23,033	66,820
Average (Mean) Household Size	2.96	3.07	2.89
2010 Census			
Total Households	2,176	19,351	55,512
2000 Census			
Total Households	1,777	13,851	37,451
Occupied Units			
2023 Projection	3,726	24,740	72,144
2018 Estimate	3,306	24,800	73,450

HOUSEHOLDS BY INCOME	1-MILE	3-MILES	5-MILES
2018 Estimate			
\$150,000 or More	7.02%	4.95%	6.07%
\$100,000 - \$149,000	17.88%	14.04%	12.75%
\$75,000 - \$99,999	10.60%	14.82%	13.03%
\$50,000 - \$74,999	18.07%	22.71%	20.82%
\$35,000 - \$49,999	16.11%	16.00%	15.66%
Under \$35,000	30.34%	27.48%	31.66%
Average Household Income	\$76,410	\$69,353	\$68,964
Median Household Income	\$54,173	\$57,724	\$53,091
Per Capita Income	\$25,509	\$22,311	\$23,843

HOUSEHOLD BY EXPENDITURE	1-MILE	3-MILES	5-MILES
Total Average Household Retail Expenditure	\$68,790	\$69,810	\$66,298
Consumer Expenditure Top 10 Categories			
Housing	\$18,068	\$18,382	\$17,571
Transportation	\$14,149	\$14,352	\$13,693
Shelter	\$9,940	\$10,155	\$9,753
Food	\$7,066	\$7,241	\$6,917
Personal Insurance and Pensions	\$6,411	\$6,671	\$6,264
Utilities	\$4,240	\$4,271	\$4,093
Health Care	\$3,970	\$3,910	\$3,705
Entertainment	\$2,787	\$2,824	\$2,675
Household Furnishings and Equipment	\$1,870	\$1,937	\$1,829
Apparel	\$1,803	\$1,854	\$1,777

POPULATION PROFILE	1-MILE	3-MILES	5-MILES
Population By Age			
2018 Estimate Total Population	9,537	71,599	193,428
Under 20	31.57%	33.82%	32.69%
20 to 34 Years	23.29%	23.84%	24.91%
35 to 39 Years	7.45%	8.18%	8.00%
40 to 49 Years	12.08%	13.26%	13.04%
50 to 64 Years	15.69%	14.19%	14.38%
Age 65+	9.92%	6.69%	6.99%
Median Age	32.14	30.59	30.67
Population 25+ by Education Level			
2018 Estimate Population Age 25+	5,862	42,109	115,508
Elementary (0-8)	6.57%	5.31%	5.01%
Some High School (9-11)	7.30%	7.58%	7.65%
High School Graduate (12)	26.22%	30.54%	27.45%
Some College (13-15)	32.19%	27.95%	28.44%
Associate Degree Only	5.60%	7.64%	7.91%
Bachelors Degree Only	13.23%	13.09%	15.09%
Graduate Degree	6.86%	5.51%	6.33%

SUMMARY OF TERMS

INTEREST OFFERED

Marcus & Millichap is marketing for sale to qualified investors an opportunity to acquire 100 percent fee simple Interest in the subject property. Seller shall assign to purchaser all leases encumbering the property at Closing.

OFFERING PROCESS

The property is being offered on an open bid basis. Prospective purchasers will be notified if a call for offers or best and final date is set; however, Seller intends to review offers as they are submitted and will respond promptly to all offers. Please contact the listing brokers to discuss submitting a Letter of Intent to purchase.

FINANCING

The property is being offered free and clear of any existing debt and prospective purchasers shall be afforded the opportunity to obtain a new financing for acquisition. Prospective purchasers are encouraged to submit proof of funds, expected loan terms, and a preliminary approval from lender with a Letter of Intent. Marcus & Millichap Capital Corporation has also sourced potential lenders for this acquisition and the listing brokers can provide terms upon request.

COOPERATIVE BROKERAGE COMMISSION

Marcus & Millichap is offering a cooperative brokerage commission equal to 50 percent of the gross commission by seller to brokers that represent purchasers that were not directly contacted by the listing brokers and that successfully close on the property at terms acceptable to seller.

PROPERTY TOURS

Prospective purchasers are encouraged to visit the subject property prior to submitting a Letter of Intent; however, all property tours must be arranged with the listing broker or landlord only. Under no circumstances should any prospective purchaser or related entity contact the tenant, on-site management, or employees. Recipients of this offering memorandum acknowledge that such contact may damage the tenant's operations which may impair the financial results. The landlord/seller reserves the right to seek legal redress for any damage that may occur from such interference with their relationship with tenant.

CONFIDENTIALITY & DISCLAIMER

NON-DISCLOSURE NOTICE

The information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

NON-ENDORSEMENT NOTICE

Marcus & Millichap Real Estate Investment Services, Inc. ("M&M") is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation or M&M, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of M&M, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

DO NOT CONTACT TENANT

All property showing are by appointment with the listing broker or landlord only. Under no circumstances, should any prospective purchaser or related entity contact the tenant or any of the employees at these stores. Recipients of this offering memorandum acknowledge that such contact may damage the tenant's operation which would impair the financial results. Landlord reserves the right to seek legal redress for any damage that may occur from such interference with landlord's relationship with tenant.

NET LEASE DISCLAIMER

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.



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