



OFFERING
MEMORANDUM

Starbucks Tumwater

NNN Leased Single Tenant Investment





Table of Contents

01 | INVESTMENT
SUMMARY

02 | FINANCIAL
ANALYSIS

03 | TENANT
PROFILE

04 | MARKET
OVERVIEW

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 **Kidder
Mathews**

01

Investment Summary

Investment Highlights

Property Overview

Site Plan

Site Aerial

Location Aerial



OFFERING PRICE

\$2,350,000

CAP RATE

4.58%

INITIAL LEASE TERM

10 Years

Investment Summary

Kidder Mathews is pleased to offer a unique, flagship Starbucks located on Yelm Highway in Tumwater, Washington. In 2015, a local investor purchased the subject property formerly known as the Chambers Prairie Grange No. 191. Over the next 3 years, the 110-year old building was a completely restored and in September 2018 it opened to become the third largest Starbucks in Washington.

The restoration thoughtfully preserved the original floors, doors, and window panes. Even the former grange hall stage, which was made of Douglas Fir, was saved and repurposed into an open beam area in the center of the store. All building systems are new including roof, electric, and plumbing.

The property is strategically located along Yelm Highway at the “main and main” intersection of Tumwater with over 27,000 vehicles per day. The YMCA is located directly across the street creating a community hub for the area. Starbucks is adjacent to a 138 acre master planned community with 848 existing residential units on site including senior housing, mixed use, and single family homes.

The lease includes 4 - 5 year option periods with 10% rental increases every 5 years (including the base term), giving a strong inflation hedge to an investor.



OFFERING PRICE

\$2,350,000

CAP RATE

4.58%

YEAR BUILT

1909 / 2018

TOTAL BUILDING AREA

±5,373 SF

GROSS LEASABLE AREA

±2,877 SF

LAND AREA

±50,095 SF

ZONING

CS (Community Service)

Investment Highlights

FULLY RESTORED HISTORIC BUILDING

This unique, pride of ownership investment was originally built in 1909 as Chambers Prairie Grange No. 191. The building has been completely renovated and historically preserved.

LONG TERM LEASE

Brand new 10-year corporately guaranteed lease with no early termination clause provides long term investor security.

DRIVE-THRU LOCATION

Starbucks is positioned at a highly visible intersection and is on “going to work” side of the street for a large daytime State of Washington workforce.

INVESTMENT GRADE TENANT

Starbucks is the largest coffeehouse chain in the world with over 28,000 stores. Starbucks is Rated A- by S&P and A3 by Moody's.

PASSIVE INVESTMENT

Triple net lease (NNN) with minimal landlord responsibilities. Landlord responsible for roof, structure and exterior maintenance. A new metal roof was added as part of the building restoration.

SIGNIFICANT TENANT INVESTMENT

In addition to the developer costs, Starbucks invested over \$600,000 in tenant improvements to fully restore the property.

LARGE FOOTPRINT STORE

Starbucks occupies 2,877 SF on the main level and has an option to pay additional rent and occupy the basement level. There is also a ~400 square foot patio area making this the third largest Starbucks in the state of Washington.

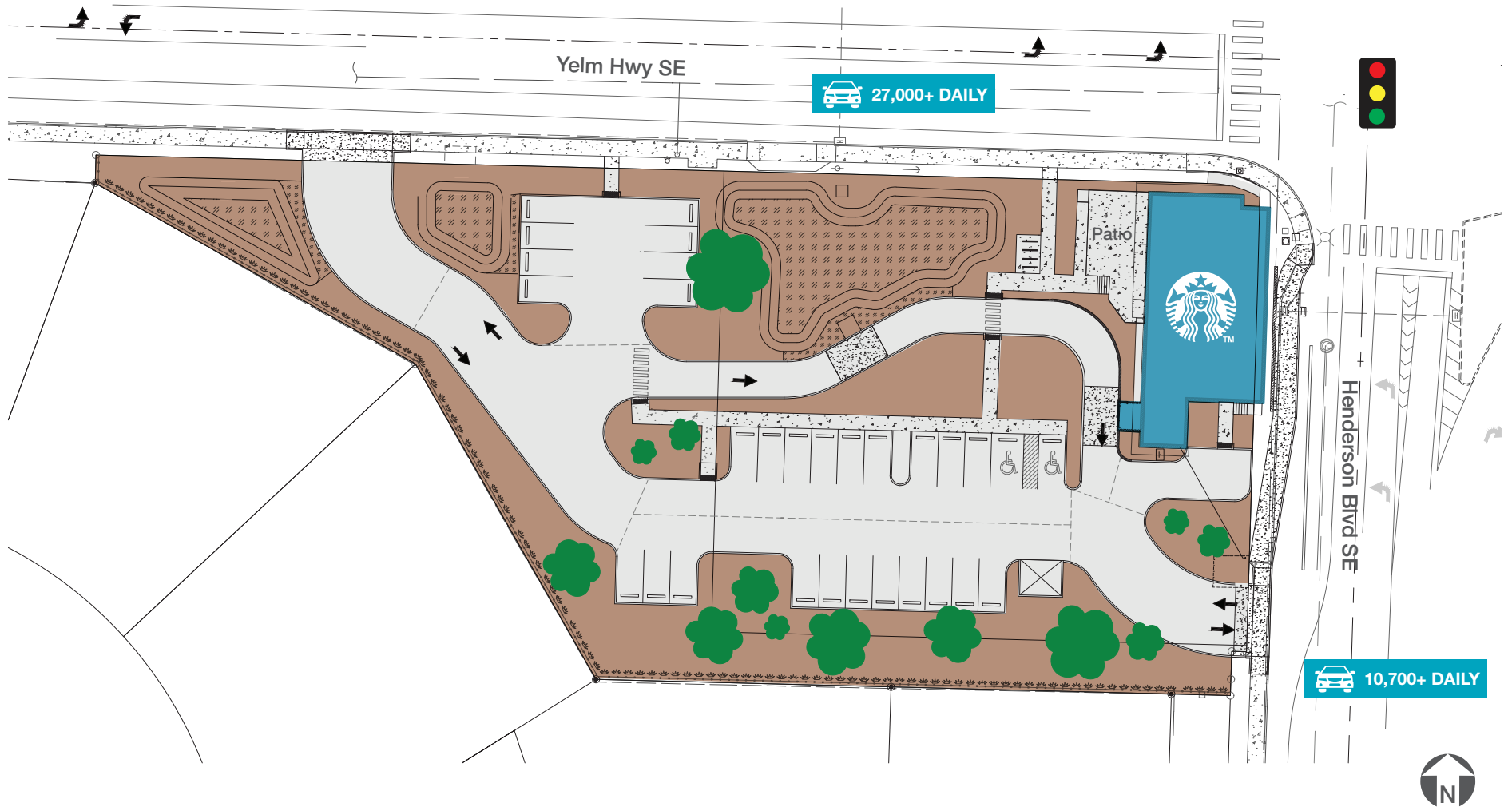


Property Overview

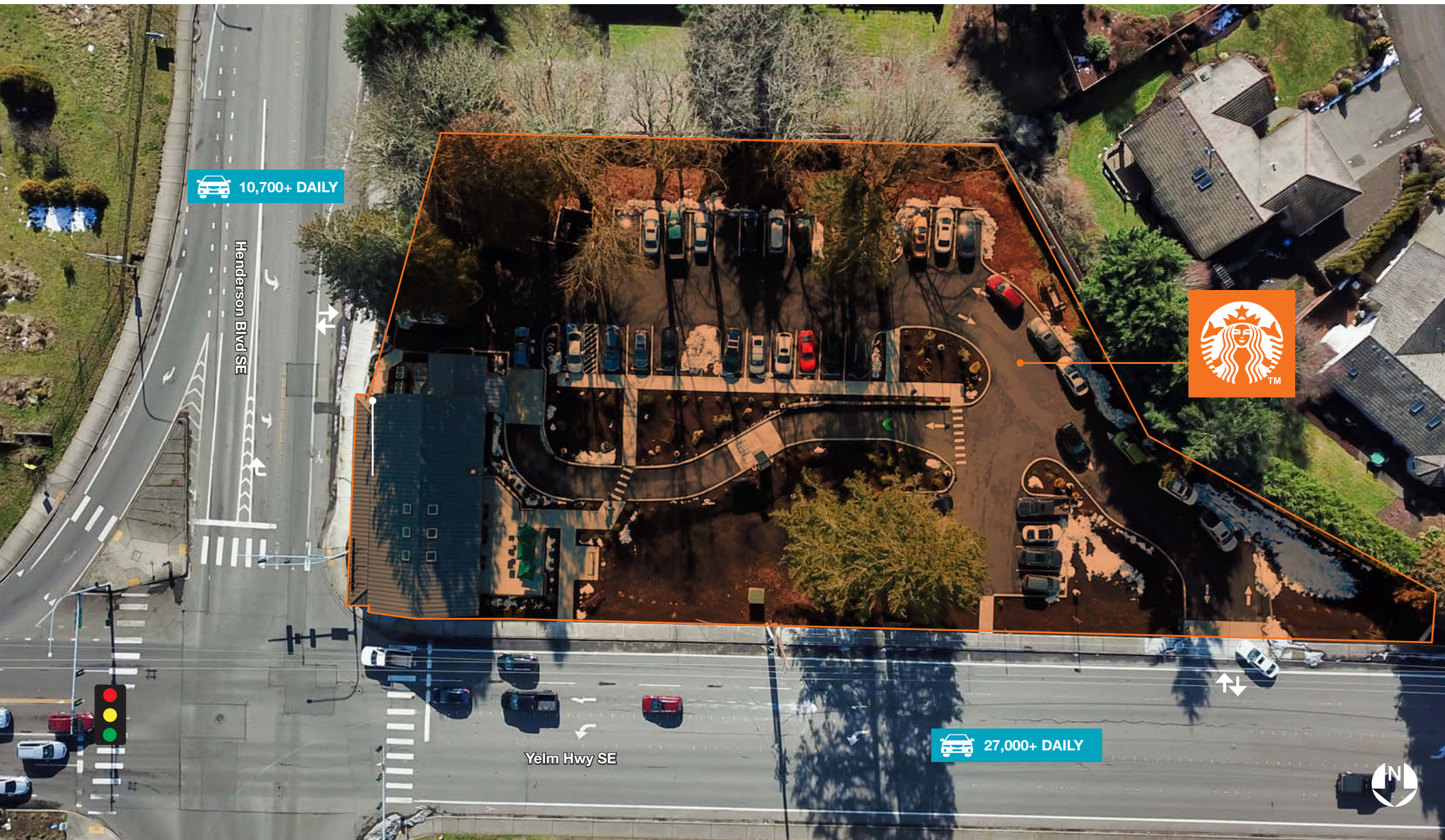
ADDRESS	1301 Yelm Highway SE, Tumwater, WA 98501
PARCEL NUMBER	12836320100
COUNTY	Thurston
MUNICIPALITY	City of Tumwater
YEAR BUILT	1909 / 2018
TOTAL BUILDING SF	±5,373 SF
MAIN FLOOR GROSS LEASABLE SF	±2,877 SF
BASEMENT AREA	±2,496 SF (Unfinished)
STORIES	1
LAND AREA	±50,094 SF (±1.15 acres)
PARKING STALLS	±30 spaces
PARKING RATIO	10.4 Per 1,000 SF
ACCESS	2 curb cuts with ingress/egress on Yelm Highway and Henderson Blvd.
FRONTAGE	±377' on Yelm Highway & ±124' on Henderson Blvd
ZONING	CS (Community Service)
SIGNAGE	Building & Monument Signs



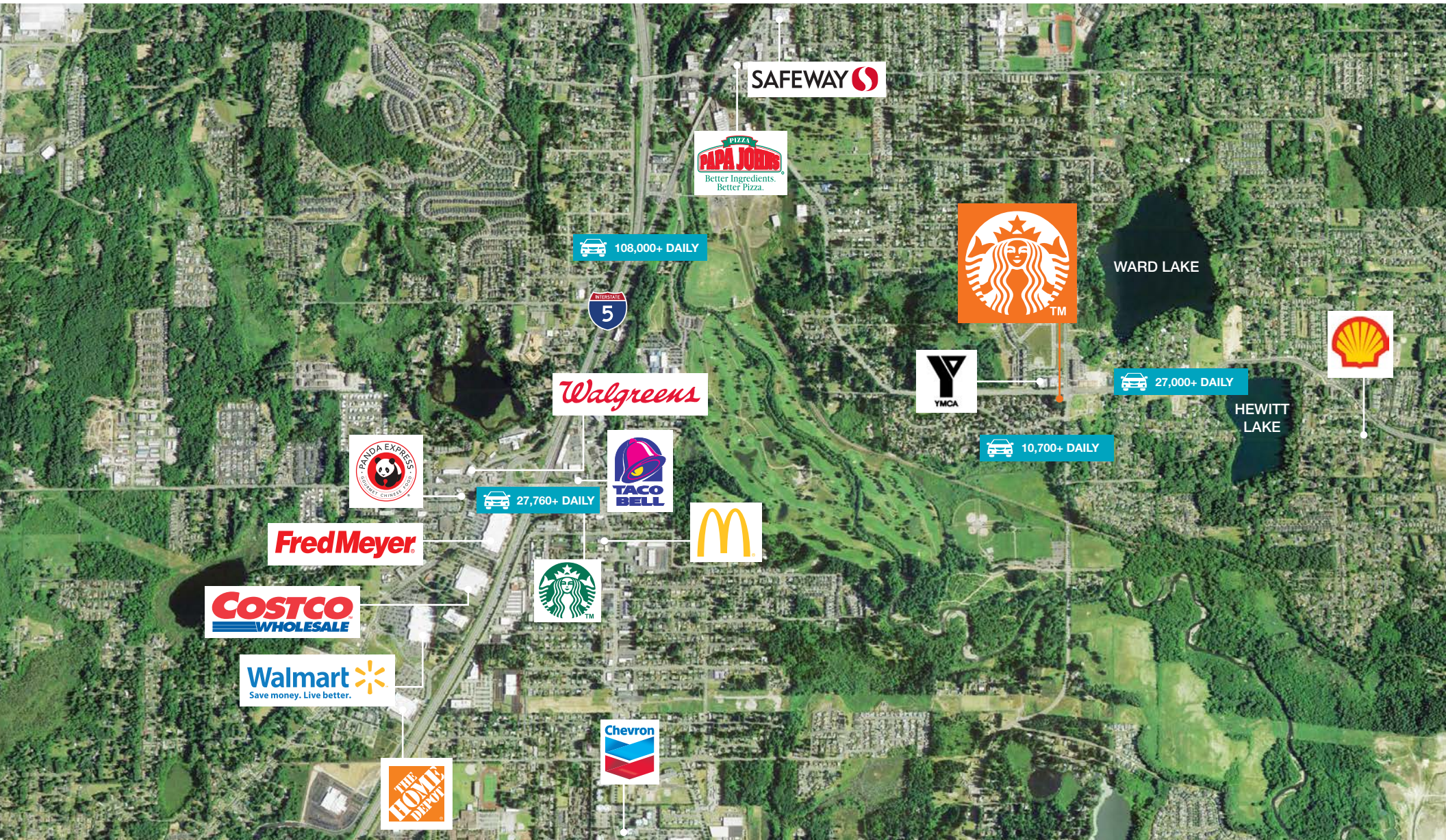
Site Plan



Site Aerial



Location Aerial



02

Financial Analysis

Rent Roll and Expenses
Lease Abstract



OFFERING PRICE

\$2,350,000

CAP RATE

4.58%

INITIAL LEASE TERM

10 Years

Starbucks Rent Schedule

TENANT	MONTHLY RENT	ANNUAL RENT	ANNUAL RENT PER SF	START	END	% INCREASE	COMMENTS
Starbucks	\$8,974.33	\$107,691.96	\$37.43	10/01/18	09/30/23		Primary Lease Term Year 1-5
	\$9,871.76	\$118,461.16	\$41.18	10/01/23	09/30/28	10.00%	Primary Lease Term Year 6-10
	\$10,858.94	\$130,307.27	\$45.29	10/01/28	09/30/33	10.00%	First 5 Year Option
	\$11,944.83	\$143,338.00	\$49.82	10/01/33	09/30/38	10.00%	Second 5 Year Option
	\$13,139.32	\$157,671.80	\$54.80	10/01/38	08/31/43	10.00%	Third 5 Year Option
	\$14,453.25	\$173,438.98	\$60.28	09/01/43	08/31/48	10.00%	Fourth 5 Year Option

* Rent Commencement 3/1/19

Starbucks Reimbursable Expenses

EXPENSES				
		PER SF	% OF EXPENSES	SOURCE/COMMENTS
Property Taxes	\$8,336.35	\$2.94	35.03%	2019 Statement/First full calendar year cap of \$6.93/SF
Insurance	\$1,074.60	\$0.38	4.52%	Estimate/First full calendar year cap of \$1.48/SF
Operating Expenses	\$14,385.00	\$5.08	60.45%	Estimate/First full calendar year cap of \$5.50/SF
Total Expenses	\$23,795.95	\$8.40		

Lease Abstract

TENANT	Starbucks
LEASE TYPE	NNN
SECURITY DEPOSIT	None
RENEWAL OPTIONS	Four - Five Year Options
BASEMENT RENT	If Tenant converts the Basement for use and occupancy by store customers, Tenant shall, upon the Basement Rent Commencement Date, begin to pay Base Rent for the Basement in an amount equal to fifty percent (50%) of the then current Base Rent Per Square Foot Per Year for the Premises. The "Basement Rent Commencement Date" shall be the first day of the month following the date Tenant opens the Basement for use and occupancy by store customers.
UTILITIES	Tenant to pay direct all water, sewer, gas, and electricity used by tenant.
PROPERTY TAXES	Tenant to reimburse landlord
INSURANCE	Tenant to reimburse landlord
OPERATING EXPENSES	Tenant to reimburse landlord
LANDLORD MAINTENANCE	Landlord shall maintain, repair and make replacements to the Premises, the Building, and the Property (including the Exterior Areas). 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, sidewalks, landscaping and drainage systems on the Property and all utility systems (including mechanical, electrical, and HVAC systems) and plumbing systems which serve the Building as a whole and not a particular tenant's premises. Landlord shall not be required to maintain the interior surface of exterior walls, windows, doors or plate glass and storefronts (except where maintenance of the same is caused by Landlord's negligence or failure to perform its obligations under this Section).
TENANT MAINTENANCE	Tenant 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 storefront, doors, and plate glass of the Premises.
ESTOPPELS	Tenant to provide within 30 days
TENANT FINANCIALS	Public Company (NASDAQ: SBUX)
RIGHT TO FIRST OFFER	None
OPTION TO PURCHASE	None
EARLY TERMINATION RIGHT	None

The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to review the original lease to verify all information contained herein.

03

Tenant Profile



Tenant Profile

Starbucks Corporation

Starbucks Corporation was founded in 1971 in Seattle, Washington and engages in the purchase, roasting, and sale of whole bean coffees worldwide. Millions of people around the globe visit Starbucks daily to purchase a multitude of ever-evolving products including brewed coffees, Italian-Style espresso beverages, blended beverages, teas, and various food items. Starbucks recently acquired the San Francisco-based bakery La Boulange and now proudly serves their artisanal pastries. Starbucks annual revenue for 2018 was \$24.72B, a 10.42% increase from 2017.



Locations	21,000+
Ownership	Public (NYSE: SBUX)
Employees	238,000
2018 Revenue	\$24.72 Billion
Market Cap	\$88.36 Billion
Credit Rating	S&P A-
Founded	1971
Headquarters	Seattle, WA



04

Market Overview

Tumwater Overview
Demographics



Market Overview

Tumwater Location Summary

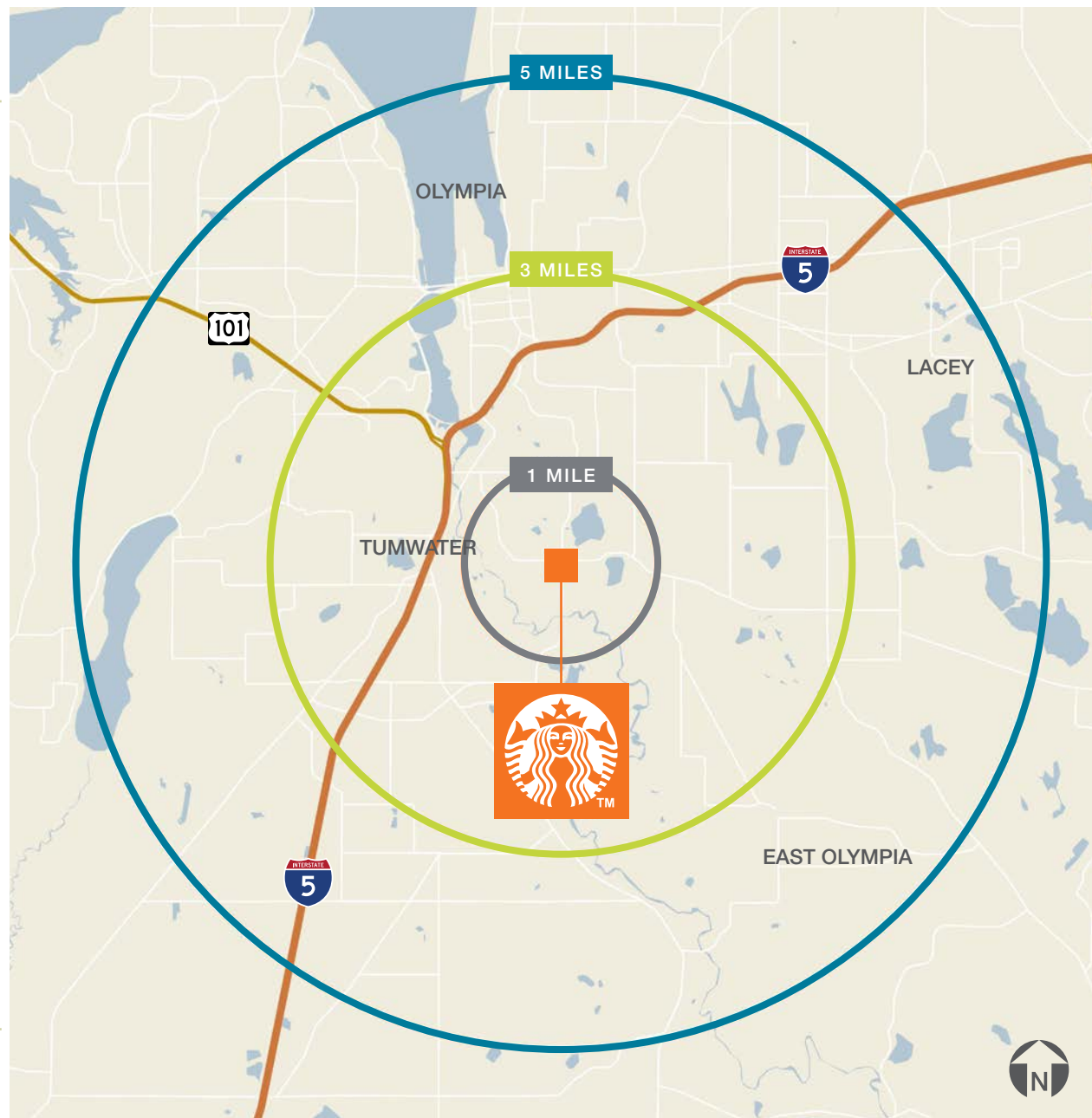
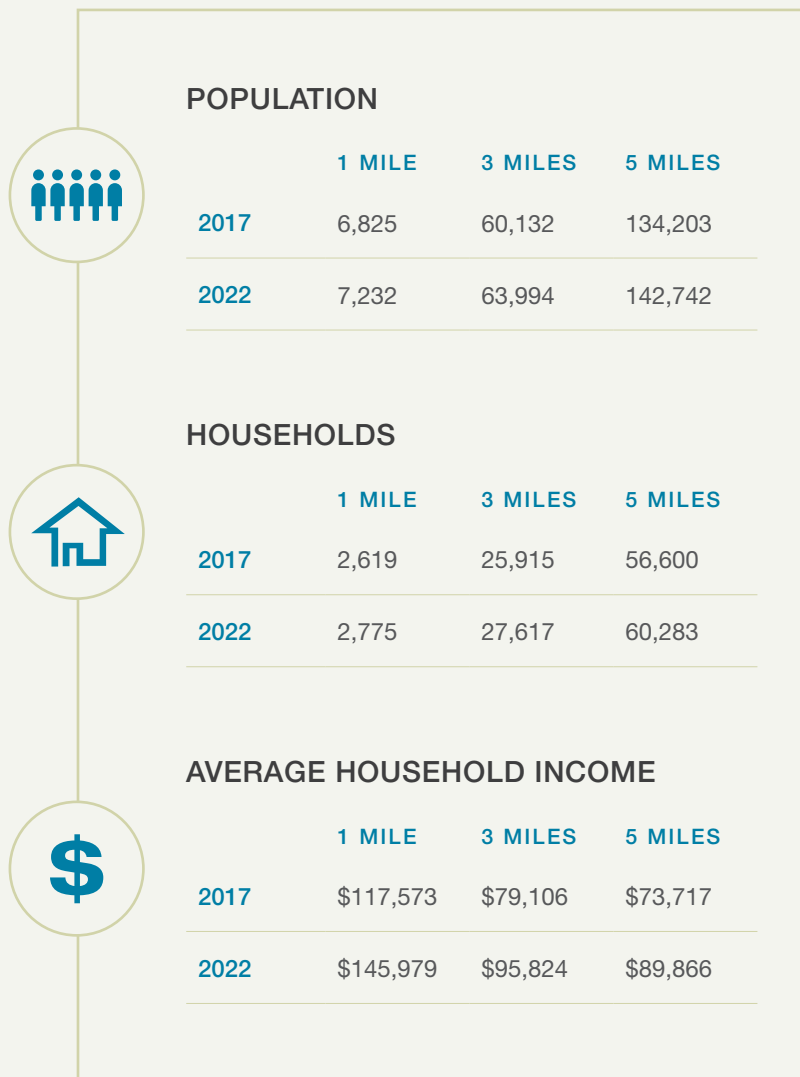
The offering is located in the city of Tumwater, 60 miles south of Seattle in Thurston County, Washington. Tumwater closely neighbors the state capital of Olympia and the city of Lacey, forming a community of over 100,000 in population. Tumwater is in close proximity to strong employment centers such as the state capital, Providence Saint Peter Hospital, and the Joint Lewis-McChord Air Force Base - the largest military installation in the United States. Forbes Magazine ranked Thurston county as one of the top ten places in the country to do business twice in the last 5 years. This is largely due to the county's high performance in cost of living, job growth, recreational and cultural opportunities, and scholastic achievement. The population in Thurston county has been one of the fastest growing counties in the state, with an average 2% population increase over the past decade.

DRIVE TIMES

CITY	DISTANCE
Olympia, WA	2 minutes
Lacey, WA	5 minutes
Tacoma, WA	35 minutes
Seattle, WA	60 minutes
Portland, OR	90 minutes



Demographics





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This information has been secured from sources we believe to be reliable. We make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Recipient of this report must verify the information and bears all risk for any inaccuracies.

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