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# STARBUCKS COFFEE

DRIVE THRU



**STATE STREET**  
CAPITAL REALTY

CONFIDENTIAL OFFERING MEMORANDUM

Representative Photo



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OFFERING MEMORANDUM DISCLAIMER: This Offering Memorandum, as it may be modified or supplemented (“Offering Memorandum”) is presented in connection with State Street Capital Realty LLC and SSC EASTGATE SQUARE GR, LLC (collectively, “Seller”) solicitation of offers for the purchase of Starbucks, located in Cincinnati, OH (the “Property”).

Prospective purchasers are advised that Seller’s review of offers will be based on Seller’s evaluation of a number of factors, including the current financial qualifications of each prospective purchaser. Prospective purchasers are further advised that the Seller expressly reserves the right, in its sole and absolute discretion, to evaluate the terms and conditions of any offer and to reject any offer without providing a reason therefore. Seller reserves the right to withdraw the Offering Memorandum and/or terminate the offer solicitation process at any time prior to full execution of a binding purchase agreement. Further, Seller reserves the right to negotiate with one or more prospective purchasers at any time.

The information contained in the Offering Memorandum is proprietary and strictly confidential. It is furnished solely for the purpose of review by a prospective purchaser of the Property and is not to be used for any other purposes or made available to any person without the express written consent of Seller. Acceptance of the Offering Memorandum constitutes an agreement on the part of the recipient and the recipient’s representatives to maintain the confidentiality of the information contained therein. The information in the Offering Memorandum has been compiled from sources deemed reliable, however, neither the information nor the reliability of such sources is guaranteed by Seller. Seller has not verified, and will not verify, any of the information contained in the Offering Memorandum nor does Seller make any representation or warranty whatsoever regarding the accuracy or completeness of the information provided therein. The information set forth in the Offering Memorandum does not purport to be complete and no obligation to update, augment, or otherwise revise such information is assumed by Seller. Prospective purchasers should conduct their own independent due diligence review of the Property including, but not limited to, engineering and environmental inspections, to determine the condition of the Property and its suitability for prospective purchaser’s intended use. Prospective purchasers are recommended to seek independent professional advice including legal, tax, environmental, engineering, and other as deemed necessary by prospective purchaser relative to acquisition of the Property. The information provided in the Offering Memorandum is not intended to provide, and should not be relied upon as accounting, legal, or tax advice or an investment recommendation.

No person has been authorized to give any information or make any representations regarding the prospective transaction, the Property, or information provided in the Offering Memorandum other than the information actually contained in the Offering Memorandum, which is subject to this Offering Memorandum Disclaimer and, if such unauthorized information or representations are or were given or made, the same must not be relied upon by prospective purchaser. Prospective purchaser’s sole and exclusive rights with respect to the prospective transaction, the Property, or information provided in the Offering Memorandum or otherwise in connection with the sale of the Property shall be limited to those expressly provided in a fully executed binding purchase agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or its affiliates, officers, directors, shareholders, owners, employees or agents, for any damages, liability, or causes of action relating to the prospective transaction, Offering Memorandum, solicitation process, or the marketing or sale of the Property.

# INVESTMENT HIGHLIGHTS

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## **BRAND NEW 12 YEAR CORPORATE LEASE | NO KICKOUT**

Newly constructed in 2019, this NN corporate Starbucks lease features a twelve (12) year term with no kickout, a 15 year roof warranty, and four (4) five-year options to renew, each with 10% increases. This store is scheduled to open on June 9, 2019.

## **CORPORATE GUARANTY/INVESTMENT GRADE TENANT**

This is a corporate lease with Starbucks Corporation (NASDAQ: SBUX). The company has over 30,000 retail stores in 70 countries, a market cap of \$89.68B, 1.24B shares outstanding, and an S&P rating of BBB+.

## **RELOCATION OF HIGH PERFORMING LOCATION**

This Starbucks is a relocation of their store just east on Eastgate North Drive. With the addition of the drive-thru feature, increased sales are anticipated at the new location.

## **SUPERIOR HIGHWAY ACCESS & VISIBILITY**

Located just off the I-275 SR-32 exit, this location benefits from great highway access and visibility on highly trafficked SR-32.

## **DOMINANT RETAIL CORRIDOR**

The Eastgate retail corridor is located in Clermont County's Union Township, one of the fastest growing townships in Ohio. The area boasts strong demographics, including a median household income that is 20% above state and national averages.

Located across the street from Eastgate Mall, featuring such anchors as Dillard's, JCPenney, and Kohl's, along with more than 90 specialty stores including Aeropostale, American Eagle Outfitters, Bath & Body Works, Charlotte Ruse, Christopher & Banks, Hollister Co., and H&M.

## **STRONG MARKET PROFILE**

Cincinnati is home to many major corporations, including Proctor & Gamble, The Kroger company, GE Aviation, Sunny Delight Beverages Co., Convergys and Fifth Third Bank. The Eastgate trade area includes 10 Fortune 500 companies and 18 Fortune 1000 companies.

## **HOUSING GROWTH**

The area has experienced phenomenal housing growth, adding more than 40 new home communities with prices ranging from \$220,000 to \$1,000,000. Homes in the high profile Ivy Trails development start at \$800,000. Strong growth to the south and west of Eastgate makes it the primary shopping destination for these residents.

## **TRAFFIC COUNTS:**

I-275 - 71,000 ADT  
SR-32 - 55,000 ADT  
Eastgate Blvd - 13,600 ADT





**LIST PRICE**  
**\$2,327,300**



**CAP RATE**  
**5.25%**



**NOI**  
**\$122,182**

# INVESTMENT SUMMARY

## **ADDRESS**

816 Eastgate North Drive  
Cincinnati, Ohio 45245

## **LIST PRICE**

\$2,327,300

## **CAP RATE**

5.25%

## **ANNUAL RENT**

\$122,182

## **RENT COMMENCEMENT**

February 1, 2019

## **TOTAL GLA**

± 2,450 SF

## **LAND AREA**

± 0.96 AC

## **YEAR BUILT**

2019

## **STORE OPENING DATE**

June 6, 2019

## **LEASE EXPIRATION DATE**

January 31, 2031

## **RENEWAL OPTIONS**

Four (4) five-year options to renew

A photograph of a Starbucks Coffee store exterior with a brick facade and large windows. A red car is parked in front, and some outdoor seating is visible on the left. The image is overlaid with a dark grey semi-transparent rectangle.

# **FORTUNE 500 COMPANY**

**with \$24.7 billion in  
revenue**

A photograph of a Starbucks Coffee store exterior with a brick facade and large windows. A red car is parked in front, and some outdoor seating is visible on the left. The image is overlaid with a dark blue semi-transparent rectangle.

# **EXPANSIVE AREA GROWTH**

**in the  
Eastgate market**

A photograph of a Starbucks Coffee store exterior with a brick facade and large windows. A red car is parked in front, and some outdoor seating is visible on the left. The image is overlaid with a dark grey semi-transparent rectangle.

# **RELOCATION OF**

**current store  
on Eastgate North Dr.**

A photograph of a Starbucks Coffee store exterior with a brick facade and large windows. A red car is parked in front, and some outdoor seating is visible on the left. The image is overlaid with a dark blue semi-transparent rectangle.

# **SUPERIOR HIGHWAY ACCESS & VISIBILITY**

**Traffic Count I-275 -  
71,000 ADT**



# SITE PLAN

sleep number.

The UPS Store

Sprint



SR 32 WEST ENTRANCE RAMP

SR 32 WEST EXIT RAMP

EASTGATE NORTH DR



MIKE'S  
CARWASH



DRIVE-THRU



SR 32

EASTGATE NORTH DR





# AERIAL

EASTGATE MALL



**Dillard's**  
**KOHL'S** **JCPenney**

EASTGATE CROSSING



**JOANN**  
**Marshalls**

EASTGATE MARKETPLACE

**HOBBY LOBBY** 



**meijer** 



EASTGATE PAVILION



**DSW**



**FIVE GUYS**  
BURGERS and FRIES

32 EAST / BIGG'S PLACE



**Michael's** **Party City**  
**HomeGoods** **five BELOW**

**Walmart** 



Glen Este-Withamsville Rd

Este-Withamsville Rd

own Rd

Summerside Rd

275

32

275

275

32

32

TERRACE



# AERIAL



71,000 ADT

EASTGATE MALL

EASTGATE CROSSING

SR-32 55,000 ADT

EASTGATE NORTH DR



MIKE'S  
CARWASH



HOBBY  
LOBBY





# AERIAL



32 EAST / BIGG'S PLACE

SR-32 55,000 ADT

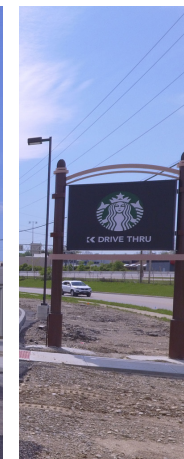


**HOBBY  
LOBBY®**





# SITE PHOTOS





# TENANT SUMMARY

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# TENANT PROFILE



Representative Photo

## STARBUCKS CORPORATION

Starbucks, founded in 1971 when its first store opened in Seattle, WA, was incorporated in 1985 and has grown to be the premier roaster and retailer of specialty coffee in the world.

With nearly 30,000 stores and 350,000 employees world-wide, Starbucks proudly serves 100 million customers weekly.

Starbucks Corporation went public in June of 1992. Their common stock trades on the NASDAQ Global Select Market under the symbol "SBUX". As of March 2019, Starbucks Corporation has a market cap of 89.676 billion and 1.24 billion shares outstanding.

Starbucks stores offer premium coffee and tea beverages, packaged whole bean and ground coffees, and a variety of single-serve and ready-to-drink coffee and tea products, along with fresh food and snack offerings. Starbucks retail stores are neighborhood gathering places where customers can enjoy quality service, welcoming atmospheres, and exceptional beverages.

<b>CREDIT RATING</b>	BBB+
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<b>NASDAQ</b>	SBUX
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<b>MARKET CAP</b>	89.676B
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<b>ANNUAL REVENUE</b>	\$24.7B
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<b>OWNERSHIP</b>	Public
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<b>EMPLOYEES</b>	+350,000
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<b>LOCATIONS</b>	30,000
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# KEY LEASE TERMS



## TENANT

Starbucks Corporation

## LEASE TERM

12 Years

## RENT COMMENCEMENT

February 1, 2019

## ANNUAL RENT

\$122,182 | \$49.87/SF

## STARBUCKS INCENTIVE

As an incentive to Starbucks and in the event they have two stores operating in the same submarket at the rent commencement date the Landlord shall pay Tenant \$5,000 per month until the earlier of February 1, 2020 or the date that Tenant ceases operations in its existing location at 866 Eastgate North Drive. *Seller shall escrow any remaining rent abatement at closing.*

## OPTIONS

Tenant has option to extend term for four (4) consecutive five (5) year periods.

## OPTION RENT

1 <sup>st</sup> Option	\$134,407   \$54.86/SF
2 <sup>nd</sup> Option	\$147,833   \$60.34/SF
3 <sup>rd</sup> Option	\$162,631   \$66.38/SF
4 <sup>th</sup> Option	\$178,899   \$73.02/SF

## EXISTING EXCLUSIONS & RESTRICTIONS

- Standard noxious use restrictions
- No sale of arts and crafts supplies, fabrics, frames, except as an incidental use in amounts not to exceed the lesser of 400 SF of gross sales area or 10% of gross sales area
- No restaurant, drive-thru or walk-up eating/drinking facility that specializes in the sale of hamburgers or any other type of ground beef products served in sandwiches
- No tenant whose primary use is the sale of wireless phones, services, or accessories
- No operation of a quick lube service center
- No store selling beer, liquor, or wine
- No on-site dry cleaner





# KEY LEASE TERMS



## **ADDITIONAL ANNUAL RENT**

Tenant shall pay to Landlord as additional rent Tenant's pro rata share of operating expenses, landlord's insurance, and real property taxes. Tenant's pro rata share shall mean 100%.

## **MAINTENANCE OBLIGATIONS**

Tenant shall maintain, at its sole cost, all portions of the premises, in good order and repair, with the exception of the roof and building structure, which landlord shall maintain at its sole cost and expense.

## **OPERATING EXPENSES**

Operating expenses include costs and expenses for maintaining, operating, repairing or providing services to and for the Common Areas. Tenant shall pay pro rata share as additional annual rent.

## **UTILITIES**

Tenant shall pay utilities charges for water, sewer, gas and electricity directly.

## **PROPERTY TAXES**

Landlord shall pay property taxes directly. Tenant shall pay pro rata share as additional annual rent.

## **TENANT'S INSURANCE**

Tenant shall obtain and keep in full force and effect liability insurance of not less than \$2,000,000 per occurrence, as well as commercial property insurance.





# MARKET OVERVIEW

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# MARKET OVERVIEW



**Ranks 9<sup>th</sup> on Forbes Best Cities for Raising a Family List**

*-Forbes*

**Ranks 10<sup>th</sup> on the Livability Best Affordable Places to Live List**

*-Livability*

**Ranks 49<sup>th</sup> in Best Places to Live in 2018**

*-U.S. News & World Report*

**Ranks 10<sup>th</sup> Best City for Teleworking**

*-Sperling's Best Places*

**Ranks 9<sup>th</sup> Safest City**

*-Forbes*

## CINCINNATI OHIO

Cincinnati is the 3<sup>rd</sup> largest city in the state of Ohio.

The city of Cincinnati is well positioned for growth. The metro area has seen the second-greatest rate of population growth in the past 5 years, and is Ohio's largest metro area with an estimated population of 2.1 million. Indicators forecast economic growth to occur predominantly in service-providing industries including trade, transportation, utilities, information, financial activities, professional and business services, education, health, leisure and hospitality, and government. While costs increase elsewhere, Cincinnati remains a financially suitable place to live with its cost of living residing well below the national average. With more than 1.56 million workers living within 50 miles of downtown Cincinnati, employers have ample access to a workforce that can help their businesses grow and prosper.

The University of Cincinnati (UC) is the region's largest public institution of higher learning. It is ranked among the top 100 public universities by U.S. News & World Report and is a national leader in providing rigorous, relevant, student-centered learning. UC is redefining what it means to be an urban research university by offering more than 30 nationally ranked programs, including top-tier programs in medicine, entrepreneurship, architecture, criminal justice, and the arts. Their award-winning co-op program is one of the nation's most comprehensive, allowing students to earn valuable professional experience while they complete their degrees. UC's affiliated colleges and satellite campuses provide numerous opportunities for student enrollment at convenient locations.



# MARKET OVERVIEW

## TOP EMPLOYERS

- The Kroger Company
- University of Cincinnati
- Cincinnati Children's Hospital Medical Center
- The Procter & Gamble Company
- TriHealth, Inc.
- UC Health
- GE Transportation
- St. Elizabeth Healthcare
- Fifth Third Bank

## CINCINNATI OHIO

One of the most resounding and influential assets to the city of Cincinnati is its nine Fortune 500 companies. Consumer products, financial services, and marketing services companies all have a strong presence in Cincinnati. The regional economy has successfully diversified across industries including: aerospace, bioscience, chemistry, automotive production, consumer products, marketing and financial services.

The diversified and talented workforce powering Cincinnati's economic engine stems largely from the production of its many colleges, universities and vocational schools whose targeted programs supplement the region's array of industries with skilled personnel. More than 1 million students are enrolled at more than 299 colleges and universities within a 200-mile radius of Cincinnati. Out of those, 33,000 scientists and engineers are located within 50 miles of the city. With more than 1.56 million workers living within 50 miles of Downtown Cincinnati, employers have access to an abundance of talent to help their businesses grow and prosper.

Procter & Gamble has one of the largest and strongest portfolios of trusted brands, including Pampers, Tide, Ariel, Always, Pantene, Bounty, Pringles, Charmin, Downy, Iams, Crest and Olay. The company is home to 50 Leadership Brands, which are among the world's best known household names and which account for 90% of sales and more than 90% of profits. Leadership Brands include 24 Billion-Dollar Brands (each generating more than \$1 billion in annual sales). Consistently one of the world's top advertisers Procter & Gamble invested more than \$8 billion in 2010.





## **CINCINNATI**

is the government  
seat of  
Hamilton County

## **9 FORTUNE 500**

companies  
headquartered in  
Cincinnati

## **THE UNIVERSITY OF CINCINNATI**

is 2<sup>nd</sup> largest university  
in Ohio

## **HOME TO 3 MAJOR LEAGUE**

sports teams

## **3<sup>RD</sup> LARGEST**

city

in the state of  
Ohio

## **LOCATED WITHIN 500 MILES**

of 60% of the U.S.  
population

## **65<sup>TH</sup> LARGEST**

city in the

United States

## **CINCINNATI MSA**

has population over  
2.1 million

## **RANKS IN TOP 100**

places to  
live



# DEMOGRAPHICS

Population	1-Mile Radius	3-Mile Radius	5-Mile Radius
2018 ESTIMATED POPULATION	6,076	49,863	102,870
2023 PROJECTED POPULATION	6,250	51,146	104,870
2010 CENSUS POPULATION	5,808	48,258	99,793
2000 CENSUS POPULATION	4,814	44,211	92,515
2018 MEDIAN AGE (YEARS)	40.2	37.1	38.9

Households			
2018 ESTIMATED HOUSEHOLDS	2,447	20,521	41,535
2023 PROJECTED HOUSEHOLDS	2,522	21,052	42,209
2010 CENSUS HOUSEHOLDS	2,249	19,046	38,677
2000 CENSUS HOUSEHOLDS	1,977	17,347	35,073

Income			
2018 EST. AVG. HOUSEHOLD INCOME	\$79,793	\$88,099	\$104,972
2018 EST. MEDIAN HOUSEHOLD INCOME	\$69,542	\$71,902	\$81,931
2018 EST. PER CAPITA INCOME	\$32,286	\$36,282	\$42,463
HOUSEHOLD INCOME \$50,000+	67.0%	64.5%	68.1%

Education	1-Mile Radius	3-Mile Radius	5-Mile Radius
2018 HIGH SCHOOL GRADUATE	29.3%	30.7%	25.9%
2018 SOME COLLEGE	19.0%	18.3%	17.5%
2018 ASSOCIATE DEGREE ONLY	12.6%	11.2%	10.2%
2018 BACHELOR DEGREE ONLY	21.5%	23.0%	26.2%
2018 GRADUATE DEGREE	8.8%	8.9%	13.6%

Daytime Demos			
NUMBER OF BUSINESSES	653	1,777	4,136
TOTAL NUMBER OF EMPLOYEES	10,047	21,248	49,067
EMPLOYEE POPULATION PER BUSINESS	15.4 to 1	12.0 to 1	11.9 to 1
RESIDENTIAL POPULATION PER BUSINESS	9.3 to 1	28.1 to 1	24.9 to 1
ADJUSTED DAYTIME POPULATION	12,011	34,066	76,812

Consumer Expenditure			
TOTAL RETAIL EXPENDITURE (2018)	\$70.5M	\$632M	\$1.43B
TOTAL RETAIL EXPENDITURE (PER HOUSEHOLD PER MONTH)	\$2,400	\$2,565	\$2,873







## STATE STREET CAPITAL REALTY

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State Street Capital Realty is a team of investment sales professionals focusing on providing white-glove service to our clients. A division of CASTO, State Street Capital Realty has the market access, tenant knowledge and strong industry relationships to execute at the highest levels. Committed to excellence, we expertly leverage our extensive portfolio experience to maximize value for our corporate and investment clients' real estate holdings.



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