



REPRESENTATIVE PHOTO

STARBUCKS

**1337 & 1343 UNIVERSITY DRIVE SOUTH
FARGO, NORTH DAKOTA 58103**

**OFFERING
MEMORANDUM**

Represented by:
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**COMMERCIAL INVESTMENT ADVISORS, INC.
CIA BROKERAGE COMPANY**

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In Association with North Dakota Designated Broker:
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CIA
commercial
investment
advisors

INVESTMENT OVERVIEW

STARBUCKS
FARGO, NORTH DAKOTA

NAME	STARBUCKS
LOCATION	1337 & 1343 South University Drive Fargo, North Dakota 58103
MAJOR CROSS STREETS	NWC of S University Dr & 14 th Ave S
TENANT	STARBUCKS CORPORATION
PURCHASE PRICE	\$2,413,000
CAP RATE	5.35%
ANNUAL RENT	\$129,080
GROSS LEASEABLE AREA	2,307 SF
RENTAL ESCALATIONS	10% every 5 Years
LEASE TYPE	NN*
OWNERSHIP	(Building & Land) Fee Simple
YEAR BUILT	2019 (Under Construction)
LOT SIZE	±0.643 Acre
PARKING LOT	Concrete
ROOF	Rubber Membrane (15-Yr Warranty)
LEASE EXPIRATION	August 31, 2029
OPTIONS	Four 5-Year Renewal Options

**** Landlord is responsible for Roof, Structure/Foundation, Parking Lot (replacement only) and all Utility Systems, Plumbing, Water & Sewer Lines located outside of the Premises.**

POINTS OF INTEREST

RETAIL | SHOPPING | ENTERTAINMENT: Nearby retailers include Target, Walmart Supercenter, Sam's Club, Kohl's, Lowe's Home Improvement, Menards, Scheels, Hobby Lobby, Burlington, Macy's, Slumberland Furniture, Ashley HomeStore, Best Buy, Bed Bath & Beyond, Michaels, JOANN Fabrics, T.J. Maxx, Marshalls & HomeGoods, Kirkland's, Pier 1, Gordman's, PetSmart, Hornbacher's, Family Fare Supermarket, Natural Grocers, Savers, Dollar Tree

HIGHER EDUCATION: 2 miles from North Dakota State University (a distinctive as a student-focused, land-grant, public research university offering 100 undergraduate majors, 86 master's degrees & 50 doctoral degrees with total enrollment of 13,796)

HEALTH CARE: Half a mile from Sanford South University Medical Center (145 beds); Less than 6 miles from Sanford Medical Center Fargo (284 beds)

INVESTMENT HIGHLIGHTS

LEASE: Brand New 10-Year NN Lease with Attractive 10% Rental Escalations every 5 Years

TENANT: Starbucks Corporation (NASDAQ: SBUX | S&P "BBB+ Stable" Credit Rating | Moody's Baa1 Stable Rating)
Operates 30,184 Retail Stores in 78 Countries/Markets

BRAND NEW CONSTRUCTION: Starbucks Latest Prototype (Infill Location) – Slated for Completion September 2019

TRAFFIC COUNTS: Positioned on a Hard Corner with Great Drive-By Visibility where Traffic Counts Exceed 32,850 CPD!

2019 DEMOGRAPHICS (5-MI): Total Population: 166,621 | Average Household Income: \$67,465 | **Population Growth 2010-2019 (3-MI): 13.09%**

LOW UNEMPLOYMENT RATE: Fargo Rate at 2.5% - National Rate at 3.6% (Apr 2019 – Bureau of Labor Statistics)



FINANCIAL ANALYSIS

SUMMARY

TENANT	Starbucks Corporation	EXPENSE REIMBURSEMENT	This is an NN lease . Landlord is responsible for Roof, Structure/Foundation, Parking Lot (replacement only) and all Utility Systems, Plumbing, Water & Sewer Lines located outside of the Premises.
PURCHASE PRICE	\$2,413,000		
CAP RATE	5.35%		
GROSS LEASABLE AREA	2,307 SF		
YEAR BUILT	2019 (Under Construction)	FINANCING	All Cash or Buyer to obtain new financing at Close of Escrow.
LOT SIZE	±0.643 Acre		

RENT ROLL

TENANT INFO		LEASE TERMS	RENT SUMMARY		
TENANT NAME	SQ FT	TERM*	INCREASE	RENT	ANNUAL INVESTOR RETURN
Starbucks Corporation	2,307	Years 1-5: 09/01/19 to 08/31/24	Current	\$129,080	5.35%
		Years 6-10: 09/01/24 to 08/31/29	10%	\$141,988	5.88
		5.62% AVG ANNUAL RETURN			
RENEWAL OPTIONS		1 st Option: 09/01/29 to 08/31/34	10%	\$156,187	
		2 nd Option: 09/01/34 to 08/31/39	10%	\$171,805	
		3 rd Option: 09/01/39 to 08/31/44	10%	\$188,986	
		4 th Option: 09/01/44 to 08/31/49	10%	\$207,885	

* Estimated Rent Commencement Date

TENANT OVERVIEW

STARBUCKS
FARGO, NORTH DAKOTA



TYPE	PUBLIC
TRADED AS	NASDAQ: SBUX
INDUSTRY	RESTAURANTS – FAST FOOD
S&P CREDIT RATING	BBB+ (STABLE) Jun 20 2018
MOODY'S RATING	Baa1 Jun 20 2018
MARKET CAP	\$94.35 BILLION
# OF LOCATIONS	30,184 RETAIL STORES IN 78 COUNTRIES/MARKETS As of March 2019

<https://www.starbucks.com/>

Starbucks Corporation (NASDAQ: SBUX), together with its subsidiaries, operates as a roaster, marketer, and retailer of specialty coffee worldwide. The company operates in four segments: Americas; China/Asia Pacific; Europe, Middle East, and Africa; and Channel Development. Its stores offer coffee and tea beverages, roasted whole bean and ground coffees, single-serve and ready-to-drink coffee and tea products, and food and snacks; and various food products, such as pastries, breakfast sandwiches, and lunch items.

The company also licenses its trademarks through licensed stores, and grocery and foodservice accounts. It offers its products under the Starbucks, Teavana, Tazo, Seattle's Best Coffee, Evolution Fresh, La Boulange, Ethos, Frappuccino, Starbucks Doubleshot, Starbucks Refreshers, premium Tazo, and Starbucks VIA brand names.

As of March 31, 2019, there are 30,184 retail stores in 78 countries/markets.

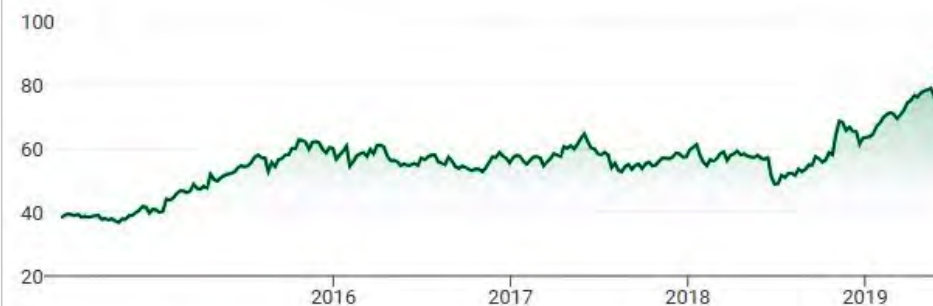
Starbucks Corporation was founded in 1971 and is based in Seattle, Washington.

Market Summary > Starbucks Corporation NASDAQ: SBUX

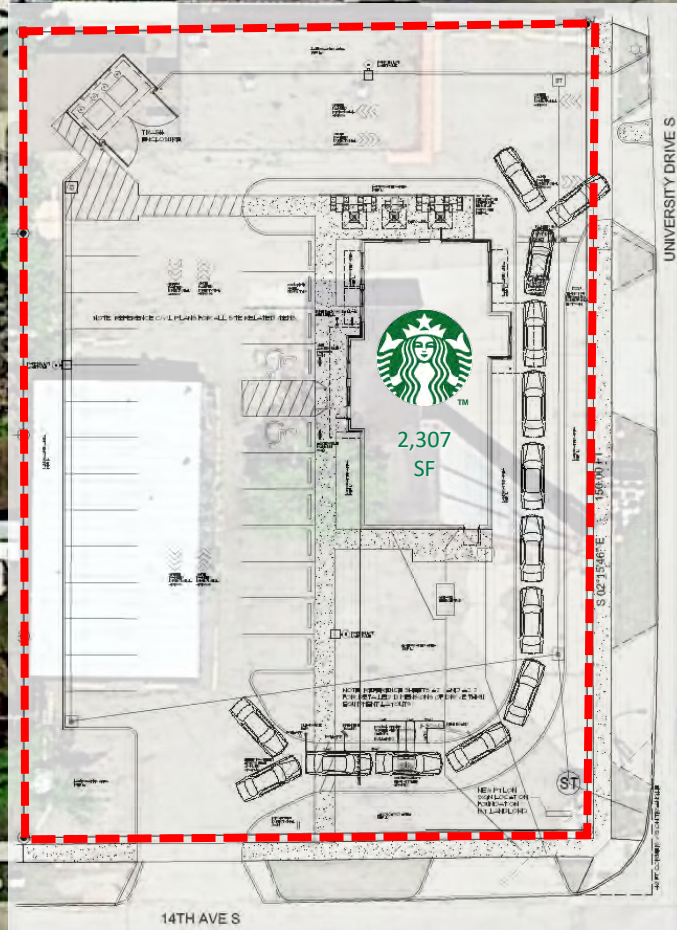
83.35 USD +0.42 (0.51%) ↑

Closed: Jun 13, 6:12 PM EDT - Disclaimer
After hours 83.41 +0.060 (0.072%)

1 day 5 days 1 month 6 months YTD 1 year **5 years** Max



SURVEY



LOT SIZE
±0.643 Acre

GLA
2,307 SF

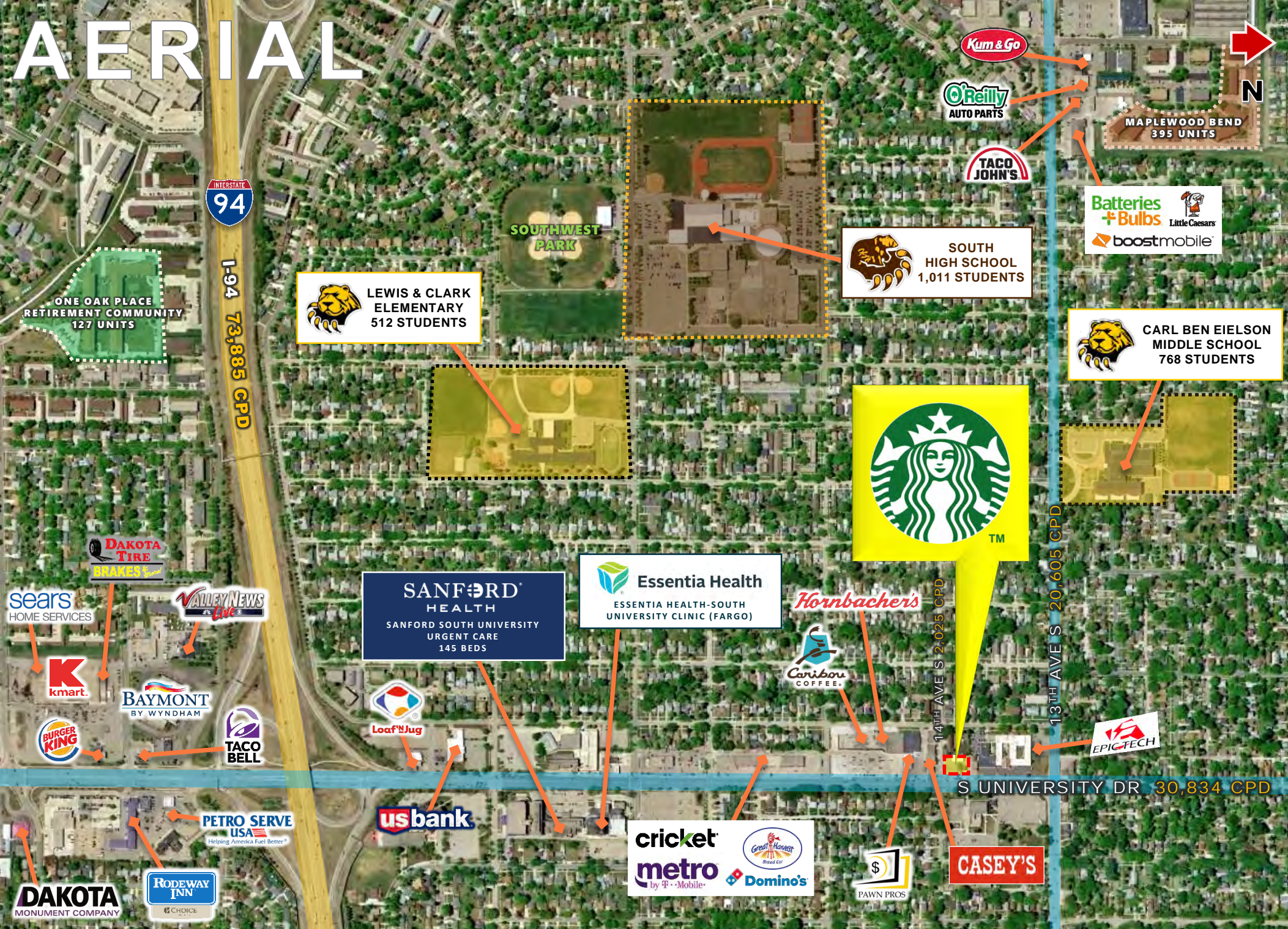
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The information contained herein has been obtained from sources we deem reliable. We cannot assume responsibility for its accuracy.

AERIAL



STARBUCKS | FARGO, NORTH DAKOTA



STARBUCKS | FARGO, NORTH DAKOTA

AERIAL CITY VIEW



SHEYENNE HIGH SCHOOL
1,008 STUDENTS

SHEYENNE RIVER



SANFORD HEALTH
PROPOSED HEART & VASCULAR CENTER
(SEE PRESS RELEASE)

FAMILY FARE, **slumberland FURNITURE**, **LOWE'S**, **MENARDS**, **Walmart**, **maurices**, **Sams Club**, **Michael's**, **Marshall's**, **Hardee's**, **KFC**, **HomeGoods**, **PET SMART**, **TEXAS**, **Banquet's**, **Culver's**

SANFORD HEALTH
SANFORD MEDICAL CENTER
284 BEDS



HOBBY LOBBY, **DOLLAR TREE**, **Kirkland's**



Walmart Supercenter

Fleet Farm

target, **KOHL'S**, **BED BATH & BEYOND**, **Pier 1**, **TJ-maxx**, **JOANN**, **OfficeMax**



BARNES & NOBLE

HECTOR INTERNATIONAL AIRPORT

- 3 RUNWAYS
- 2,500 ACRES
- AIRLINES: ALLEGIAANT AIR, AMERICAN, DELTA, FRONTIER AND UNITED
- 788,000 ANNUAL ENPLANEMENTS

DAVIES HIGH SCHOOL
1,250 STUDENTS

Essentia Health
ESSENTIA HEALTH-FARGO
133 BEDS



SCHEELS

macy's, **JCPenney**, **BEST BUY**, **savers**, **FOREVER 21**

NORTH DAKOTA

Hornbacher's

RED RIVER

FAMILY FARE, **Pizza Hut**, **Great Clips**

SANFORD HEALTH
SANFORD SOUTH UNIVERSITY URGENT CARE (SEE PRESS RELEASE)
145 BEDS

MINNESOTA

FARGO



NDSU
NORTH DAKOTA STATE UNIVERSITY
13,796 STUDENTS

CONCORDIA COLLEGE
2,097 STUDENTS

MINNESOTA STATE UNIVERSITY MOORHEAD
5,836 STUDENTS



STARBUCKS | FARGO, NORTH DAKOTA

LOCATION OVERVIEW




Fargo, with a population greater than 123,000, is the most populous city in the state of North Dakota accounting for nearly 17% of the state population. Fargo is a core city of the Fargo-Moorhead metropolitan area, which also includes Moorhead, and Dilworth as well as outlying communities. Fargo sits on the west bank of the Red River, in a flat geographic region known as the Red River Valley.

West Acres Shopping Center is a 950,000 square foot regional shopping mall near the intersection of I-29 and I-94. It is the largest mall in North Dakota with over 130 stores and a 750-seat food court. They are developing the remainder of the property into The District at West Acres - a curated collection of restaurants. Phase one of The District opens this summer including CRAVE American Kitchen & Sushi. The mall is also home to The Roger Maris Museum.

Sanford Health is an integrated health system headquartered in the Dakotas. It is the largest rural, non-for-profit health care system in the nation. They provide access to integrated health care, genomic medicine, senior care and services, global clinics, research and affordable insurance. The organization includes 44 hospitals, 1,400 physicians and more than 200 Good Samaritan Society senior care locations. They are the largest employer in Fargo, with over 6,000 employees.

Nordian Mutual Insurance Company is an insurer headquartered in Fargo with over 1,300 employees. It offers health, dental and life insurance, under several brands; including Blue Cross Blue Shield of North Dakota, which is the largest health insurance provider in the state of North Dakota.

Fargo is home to North Dakota State University, a public research university that sits on a 258-acre campus with over 14,500 students and 6,010 employees. NDSU was founded in 1890 as the state land grant university focusing on agriculture, engineering and science, but has since branched out to cover many other fields of study. NDSU, along with Minnesota State University Moorhead and Concordia College in Moorhead, form the Tri-College University system of Fargo-Moorhead. The student community of over 25,000 can take classes at any of the three institutions

	2019 DEMOGRAPHICS		
	1-MI	3-MI	5-MI
TOTAL POPULATION	13,718	115,223	166,621
POPULATION GROWTH 2010-2019	-9.65%	13.09%	11.53%
DAYTIME POPULATION	14,249	115,924	171,170
HOUSEHOLD GROWTH 2010-2019	-9.40%	13.73%	12.55%
AVERAGE HOUSEHOLD INCOME	\$56,775	\$61,883	\$67,465

SANFORD PLANS NEW HEART CENTER

BONE MARROW TRANSPLANT PROGRAM AS PART OF FARGO GROWTH PLAN

July 26, 2018 | Source: Inforum

Sanford plans a new heart and vascular health center to be built adjacent to its recently opened medical center as part of a slate of \$200 million in investments over the next decade to expand services for a growing patient base.

The announcement coincides with the one-year anniversary of the opening of the \$594 million Sanford Medical Center, where patient volumes are exceeding projections, according to Nate White, Sanford's chief operating officer and executive vice president of Sanford Fargo.

Plans call for construction on the new heart and vascular health center to begin in two or three years, in what Sanford administrators expect will be the first of a series of clinical buildings to expand the medical campus in the coming years.

"We are trying to create a one-stop destination for all of our service lines," clustering related services at its three Fargo medical campuses as Sanford strives to expand its role as a regional, destination medical center, White said.

"For a lot of things we're trying to do our competition is Minneapolis or Denver," he said.

Many heart procedures already are performed in the cardiac catheterization lab at the medical center, but clinical services for cardiologists and cardiovascular surgeons still are based at the downtown center.

Adding the heart and vascular center to the main medical campus at 5225 23rd Ave. S. will eliminate the back-and-forth drives — a 7- or 8-mile trip each way — for physicians and staff.

"It's more efficient for our staff ... and obviously more convenient for patients," White said.

"This is a vision we already had our arms around when we built this medical center," he added, referring to development of the campus over time.

Before settling on expansion plans, "We wanted to be open a year to have a better feel of what needs to be out here," White said.

This fall, work begins on adding 18 new hospital rooms in space that was shelled off to allow for future growth at the new medical center.

Also, Sanford plans an architectural facelift and expansion for its orthopedic and rehabilitation center on South University Drive. The remodeling, which has begun, is expected to cost \$25 million and will include features to give the medical center the Collegiate Gothic architectural style that is Sanford's signature look.

In a second phase, expected to cost \$75 million, work will include the addition of four new operating rooms, along with some related diagnostic services.

Plans also call for additional services at the Roger Maris Cancer Center, including a bone marrow transplant program, which would be the first in North Dakota or South Dakota, White said.

"It isn't a money-maker, but it's an important service for the community," he said. It will keep patients and their families closer to home and provide care that is less costly than at major out-of-state medical centers, White said.

"We feel we can provide better value for payers," both public and private, he said.

Soon, remodeling of the former emergency room at the downtown campus will be completed, expanding the number of infusion rooms from 30 to 40.

In other plans, Sanford envisions new primary care clinics to keep up with population growth in southern Fargo and West Fargo. The Veterans Square Clinic is expected to open late spring 2019, with almost 6,000 square feet for children's and primary care services.

Since opening a year ago, patient volumes at the new medical center have grown more than anticipated, White said.

"It's exceeded every one of our expectations," he said. Hospital admissions are up almost 5 percent, and the birth center saw an 18-percent increase during a recent one-year period. Sanford's three campuses had a record hospital census of 495 patients on Feb. 15, and now have a daily average of 400 patients.



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