

EXCLUSIVE NET-LEASE OFFERING

# PANERA BREAD SALE-LEASEBACK

BRAND NEW CONSTRUCTION

Representative Photo



# OFFERING MEMORANDUM



5158 NC Highway 42 – Garner, NC 27529



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# Investment Highlights

PRICE: \$3,529,054 | CAP: 4.75% | RENT: \$167,630



## About the Investment

- ✓ Brand New Construction; Opening October 2019!
- ✓ Long-Term, 15-Year Absolute Triple Net (NNN) Lease
- ✓ Lease Commencement Upon Close of Escrow
- ✓ Eight Percent (8.0%) Rental Increases Every Five (5) Years
- ✓ Four (4), Five (5)-Year Tenant Renewal Options, Bringing the Potential Lease Term to 35 Years
- ✓ Corporate Tenant | Corporate Guarantee

## About the Location

- ✓ Dense Retail Corridor | Walmart, Lowe's, Walgreens, CVS Pharmacy, Dairy Queen, McDonald's, Burger King, Holiday Inn Express, Hampton Inn, as well as Many Others
- ✓ Strong Academic Presence | Less Than Ten Miles From Wake Technical Community College | Over 69,900 Students Enrolled
- ✓ Affluent Suburban Community | Average Income Within a Three-Mile Radius Exceeds \$89,175 | Population Exceeds 194,520 Individuals Within a 10-Mile Radius
- ✓ Excellent Real Estate Fundamentals | Within Five Miles of Raleigh, NC | Raleigh Durham International Airport (RDU) - Serves Over 11.6 Million Passengers Annually
- ✓ Strong Traffic Counts | Over 27,540 and 51,930 Vehicles Per Day Along NC Highway 42 and Interstate-40

## About the Tenant / Brand

- ✓ Panera has been one of the most successful restaurant companies in history
- ✓ Panera was the best-performing restaurant stock when measured over the last 20 years; delivering a total shareholding return 44 times better than the S&P 500 from 1997 to 2017
- ✓ Named "Sales Leader" by Nation's Restaurant News in the Bakery-Café Group – August 2018
- ✓ Pioneer in Advanced Technology – Driver of Ongoing Sales Growth and Improved Delivery-Catering Initiatives
- ✓ Acquired in 2017 by JAB Holdings, a European conglomerate that owns Krispy Kreme, Keurig, Peet's Coffee, Pret A Manger, among other assets; positioning the chain for continued growth and long-term returns





# Financial Analysis

PRICE: \$3,529,054 | CAP: 4.75% | RENT: \$167,630



## PROPERTY DESCRIPTION

Property	Panera Bread
Property Address	5158 NC Highway 42
City, State, ZIP	Garner, NC 27529
Estimated Store Opening*	October 25, 2019
Estimated Building Size	5,460 SF
Estimated Lot Size	+/- 1.41 Acres
Type of Ownership	Fee Simple

## THE OFFERING

Purchase Price	\$3,529,054 <sup>1</sup>
CAP Rate	4.75%
Annual Rent	\$167,630
Price / SF	\$646.35
Rent / SF	\$30.70

## LEASE SUMMARY

Property Type	Net Leased Casual Dining Restaurant
Tenant / Guarantor	Corporate; Panera LLC
Franchisor Ownership	Private; JAB Restaurant Holding Company
Original Lease Term	15 Years
Lease Commencement	Upon Close of Escrow
Lease Expiration	15 Years Upon COE
Lease Term Remaining	15 Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	8.0% Every Five (5) Years
Options to Renew	Four (4) Periods of Five (5) Years Each

\* Subject to Change

<sup>1</sup> Pricing is subject to change +/- \$200,000 based upon final construction costs.

## RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 1	\$167,630	\$13,969	-
Year 2	\$167,630	\$13,969	-
Year 3	\$167,630	\$13,969	-
Year 4	\$167,630	\$13,969	-
Year 5	\$167,630	\$13,969	-
Year 6	\$181,040	\$15,087	8.00%
Year 7	\$181,040	\$15,087	-
Year 8	\$181,040	\$15,087	-
Year 9	\$181,040	\$15,087	-
Year 10	\$181,040	\$15,087	-
Year 11	\$195,524	\$16,294	8.00%
Year 12	\$195,524	\$16,294	-
Year 13	\$195,524	\$16,294	-
Year 14	\$195,524	\$16,294	-
Year 15	\$195,524	\$16,294	-

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a brand-new Panera Bread located at 5158 NC Highway 42 in Garner, NC. This is a rare investment opportunity to participate in a direct sale leaseback with Panera Bread. The newly constructed site will consist of roughly 5,460 rentable square feet of building space on estimated 1.41-acre parcel of land. The café is scheduled to open in October of 2019.

Panera, LLC, the corporate operating entity, will enter into a brand new 15-year triple-net (NNN) sale leaseback with the purchaser upon close of escrow. The initial annual rent will be \$167,630 and will increase by eight percent (8.0%) every five (5) years throughout the term of the lease and in each option period. There will be four (4), five (5)-year tenant renewal options, extending the total possible lease term to 35 years.

## About Panera Bread

Thirty years ago, at a time when quick service meant low quality, Panera set out to challenge this expectation. They believed that food that was good and that you could feel good about, served in a warm and welcoming environment by people who cared, could bring out the best in all of us. To them, that is food as it should be and that is why they exist. So they began with a simple commitment: to bake fresh bread every day in their bakery-cafes. No short cuts, just bakers with simple ingredients and hot ovens. Each night, any unsold bread and baked goods were shared with neighbors in need.

These traditions carry on today, as they have continued to find ways to be an ally to its guests. That means crafting a menu of soups, salads and sandwiches that they are proud to feed their families. Like poultry and pork raised without antibiotics on our salads and sandwiches. A commitment to transparency and options that empower their guests to eat the way they want. Seasonal flavors and whole grains. And a commitment to removing artificial additives (flavors, sweeteners, preservatives and colors from artificial sources) from the food in its bakery-cafes. Why? Because they think that simpler is better and they believe in serving food as it should be. The company is also focused on improving quality and convenience. With investments in technology and operations, they now offer new ways to enjoy your Panera favorites -- like mobile ordering and Rapid PickUp for to-go orders -- all designed to make things easier for its guests.

As of April 2019, there are more than 2,360 bakery-cafes in 48 states and in Ontario, Canada operating under the Panera Bread(R) or Saint Louis Bread Co. (R) names.

For more information, visit [panerabread.com](http://panerabread.com) or find them on Twitter (@panerabread), Facebook ([facebook.com/panerabread](https://www.facebook.com/panerabread)) or Instagram (@panerabread).

## About JAB Holding Company

JAB Holding, a privately held company and investment arm of the Reimann family, is no stranger to the coffee business. It began building its position in coffee and breakfast in 2012 when it took a stake in D.E. Master Blenders and bought Peet's Coffee & Tea, a premier specialty coffee and tea company, for \$974 million and Minnesota-based Caribou Coffee, a specialty retailer of high-quality premium coffee products, for \$340 million. In the years that followed, the European company would go on to spend billions expanding its coffee empire. Eventually in 2013, JAB agreed to pay \$9.8 billion to purchase D.E. Master Blenders. That company became Jacobs Douwe Egberts (JDE) when JAB merged it with the coffee division of Mondelez International in 2015, which it bought for around \$4 billion, becoming the largest pure-play FMCG coffee company in the world. In 2014, JAB scooped up Einstein Bagels' parent company, Espresso House and Baresso Coffee and in 2015, the company purchased Keurig Green Mountain, a leader in single-serve coffee and beverage technologies, for \$14 billion along with coffee roaster and retailer Stumptown Coffee and coffee bar chain Intelligentsia coffee. Krispy Kreme, a global specialty retailer and wholesaler of premium-quality sweet treats, was added to the portfolio in 2016 and later completed its acquisition of Panera Bread Company in July 2017 for \$7.5 billion and Au Bon Pain (304 units) for an undisclosed sum later that year. Panera Bread's acquisition of Au Bon Pain brings the two companies together again since having split in 1999 and offers a strategic opportunity for the company. The caffeine-fueled company, which has been steadily building a coffee and breakfast empire over the last five years, announced early April 2018 that it has expanded its coffee empire, making a major investment in the launch of online craft coffee retailer "Trade". Trade's website features more than 400 roasts, each with a description of where the coffee was sourced, its flavor profile and how best to brew it. Investing in Trade gives JAB one more foothold in the coffee market, this time online. Only one month later, JAB acquired Pret A Manger, a leading company in the ready-to-eat food market. Pret maintains a strong presence in the U.K. and boasts a rapidly growing international footprint with a presence in the U.S., Hong Kong/China, and France. The company operates over 530 stores worldwide, generating group revenues of £879 million. Today, JAB has broadened its expansion with its announcement to buy a majority stake in Compassion-First Pet Hospitals, moving its portfolio into yet another sector.

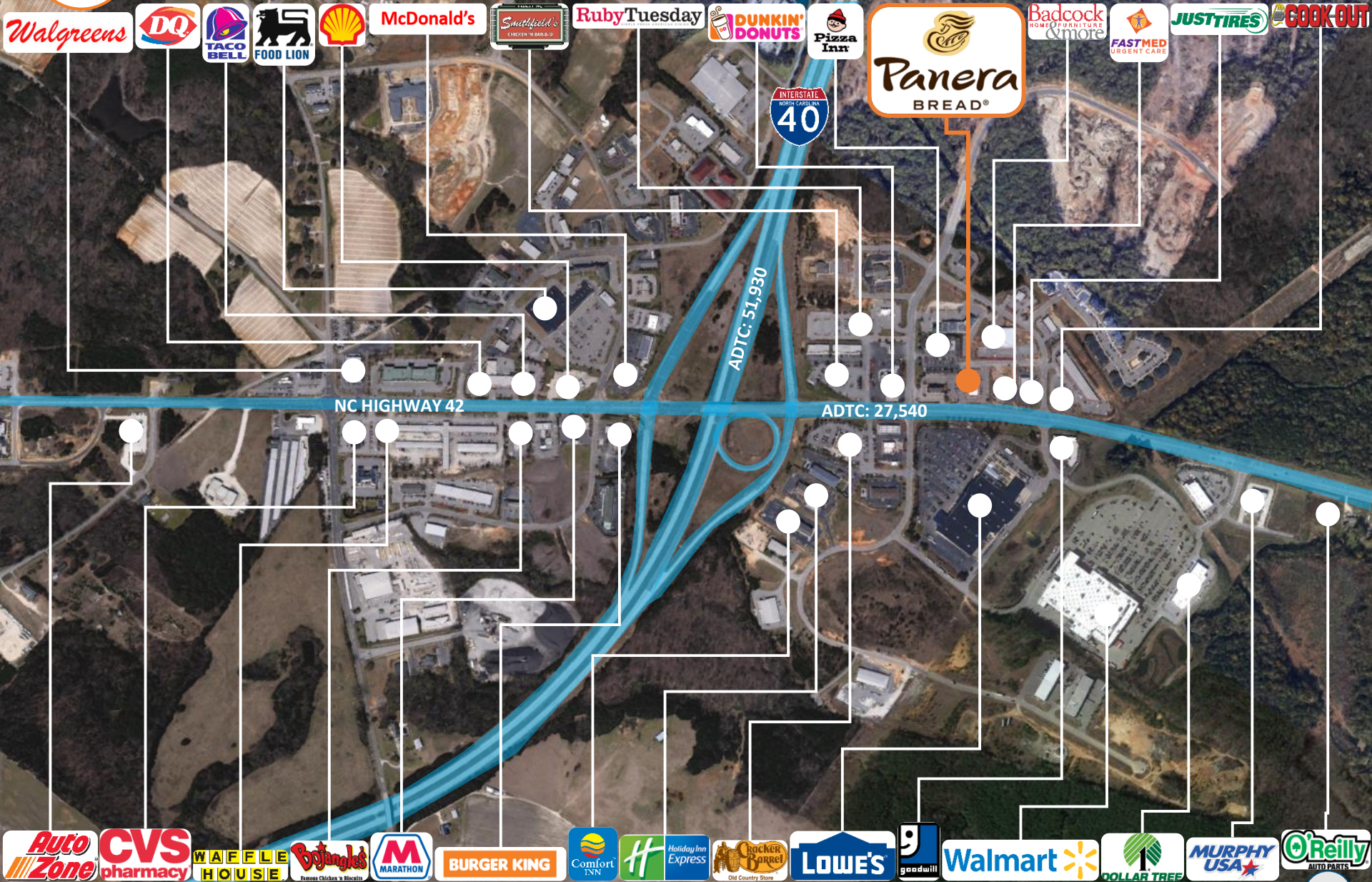
For more information about JAB investments, please visit the company's website: <http://www.jabholco.com>  
Additional Source: <https://www.cnbc.com/2018/04/05/jab-expands-coffee-empire-with-investment-in-online-coffee-shop-trade.html>  
<https://www.jabholco.com/documents/6/press-release-s-p-jab-pret-a-manger.pdf>  
<https://www.reuters.com/article/us-compassionfirst-m-a-jab/jab-broadens-expansion-with-stake-in-pet-hospitals-idUSKCN1QE1M9>





# Surrounding Area

Property Address: 5158 NC Highway 42, Garner, NC 27529







# Location Overview

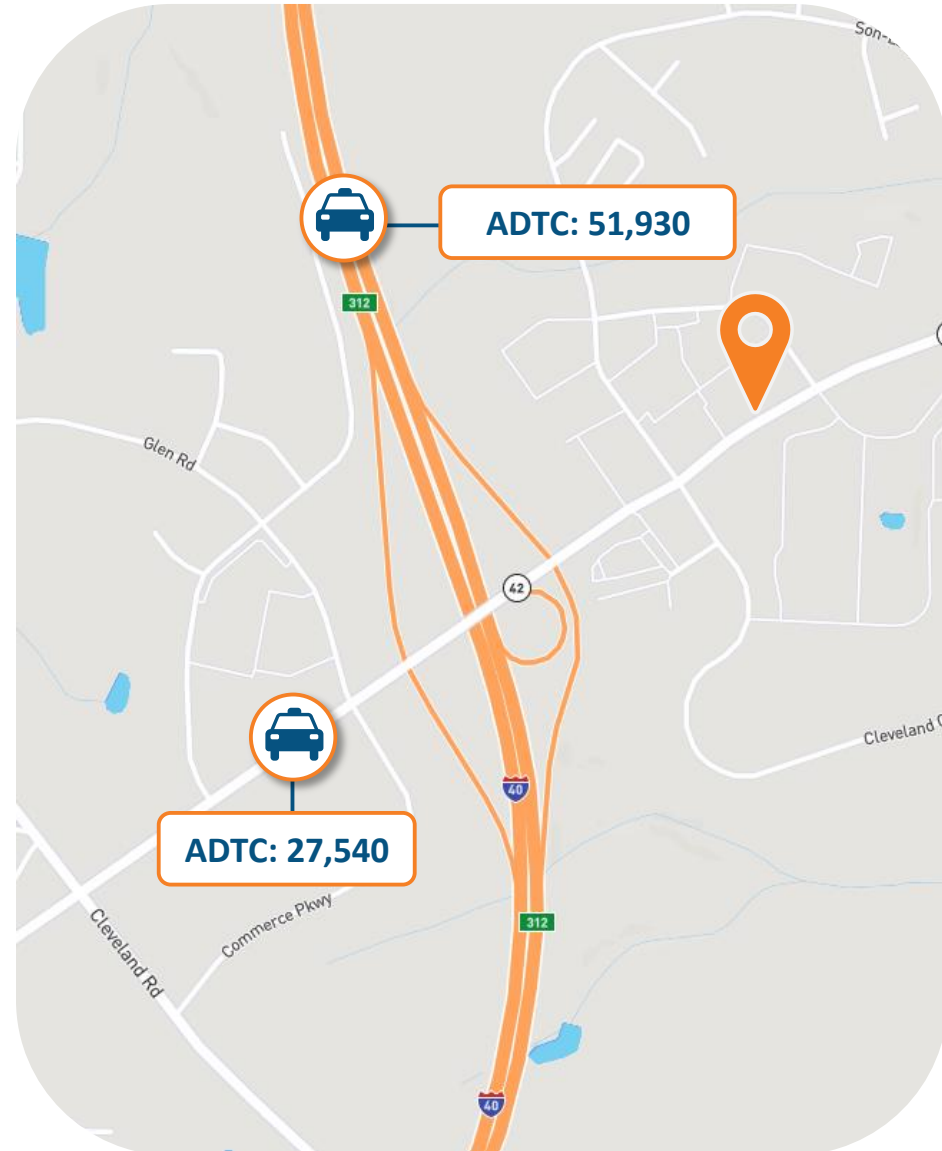
Property Address: 5158 NC Highway 42, Garner, NC 27529



The subject investment property is situated on NC Highway 42, which experiences an average daily traffic count of 27,540 vehicles, respectively. Intersecting with NC Highway 42 is Interstate-40, which brings an additional 51,930 vehicles into the immediate area on average daily. There are more than 47,430 individuals residing within a five-mile radius of the property and more than 194,520 individuals within a ten-mile radius. This Panera Bread property is situated in an affluent suburban community with an average household income of over \$89,175 within a three-mile radius.

This café benefits from being well-positioned in a dense retail corridor consisting of national and local tenants and hospitality accommodations all within close proximity of this property. Major national tenants within the immediate area include: Walmart, Lowe's, Walgreens, CVS Pharmacy, O'Reilly Auto Parts, Dairy Queen, McDonald's, Burger King, as well as many others. Accommodations in the immediate area include: Hampton Inn, Holiday Inn Express, Comfort Inn, WoodSpring Suites, Sleep Inn, and more. This Panera Bread benefits from its close proximity to several academic institutions. Most notable is Wake Technical Community College, which has a total enrollment exceeding 69,900 students and is located within a ten-mile radius of the subject café. Raleigh Durham International Airport (RDU), serves over 11,600,000 passengers annually and is located approximately 30 miles from the subject café.

Garner, a town in Wake County, is a suburb of Raleigh and is part of the Research Triangle region. The Triangle, is a region in the Piedmont of North Carolina, anchored by the three major research universities of North Carolina State University, Duke University, and University of North Carolina at Chapel Hill, as well as the cities of Raleigh and Durham and the town of Chapel Hill. Garner is located in a region consistently ranked among America's best places to live, work and earn a quality education. In addition to being known for its hometown character, historic downtown area, top-rated schools and quiet neighborhoods, Garner also offers an excellent climate for new, relocating or expanding businesses. The town was named an All-America City in 2013 because of innovative, citizen-led projects that improve the quality of life and expand educational and cultural opportunities for citizens of all ages. Garner offers world-class performing arts, museums and cultural festivals in next-door Raleigh as well as access to cutting-edge health care, education and technology. Garner is only situated five miles outside the bustling city of Garner, NC.

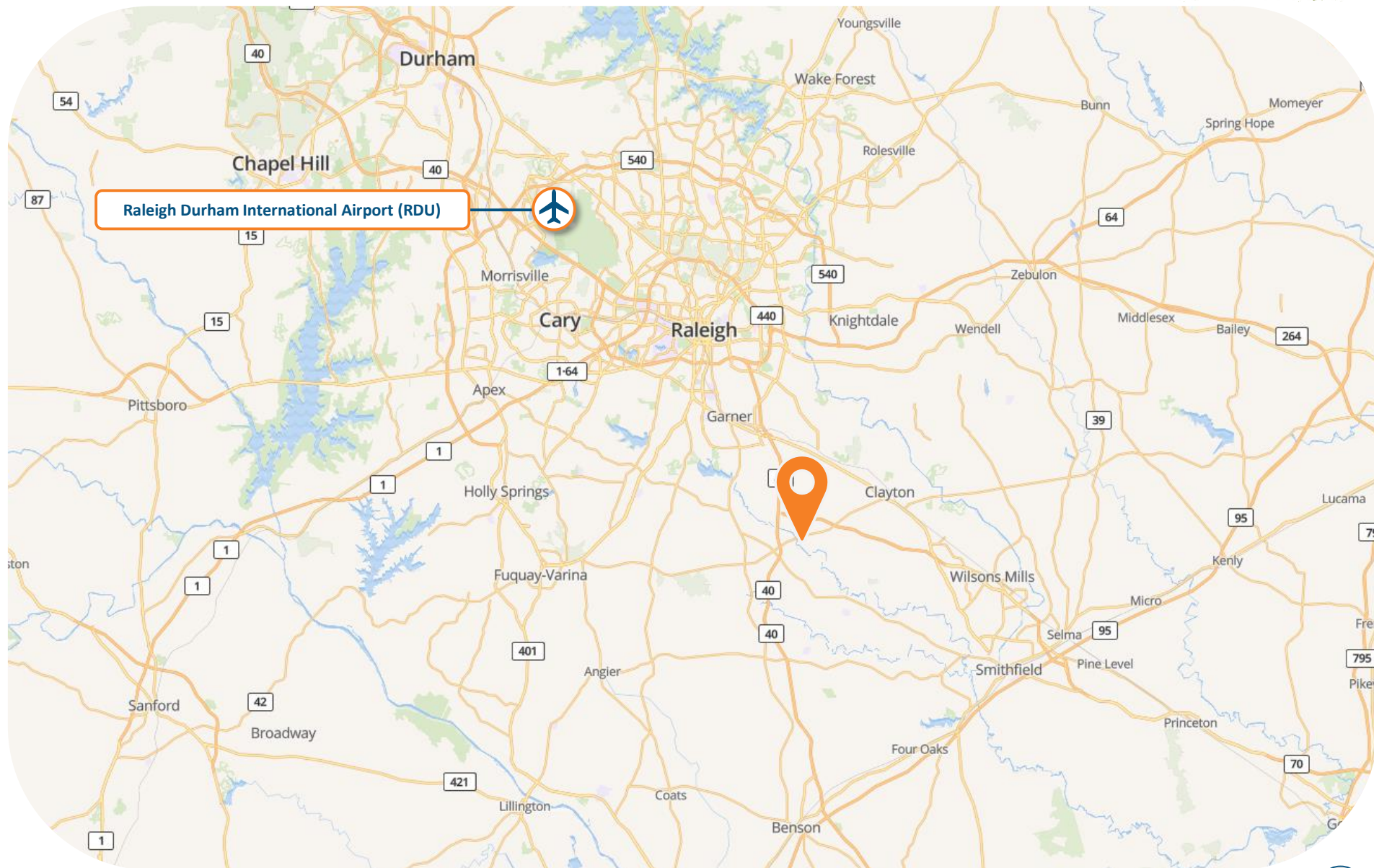






# Local Map

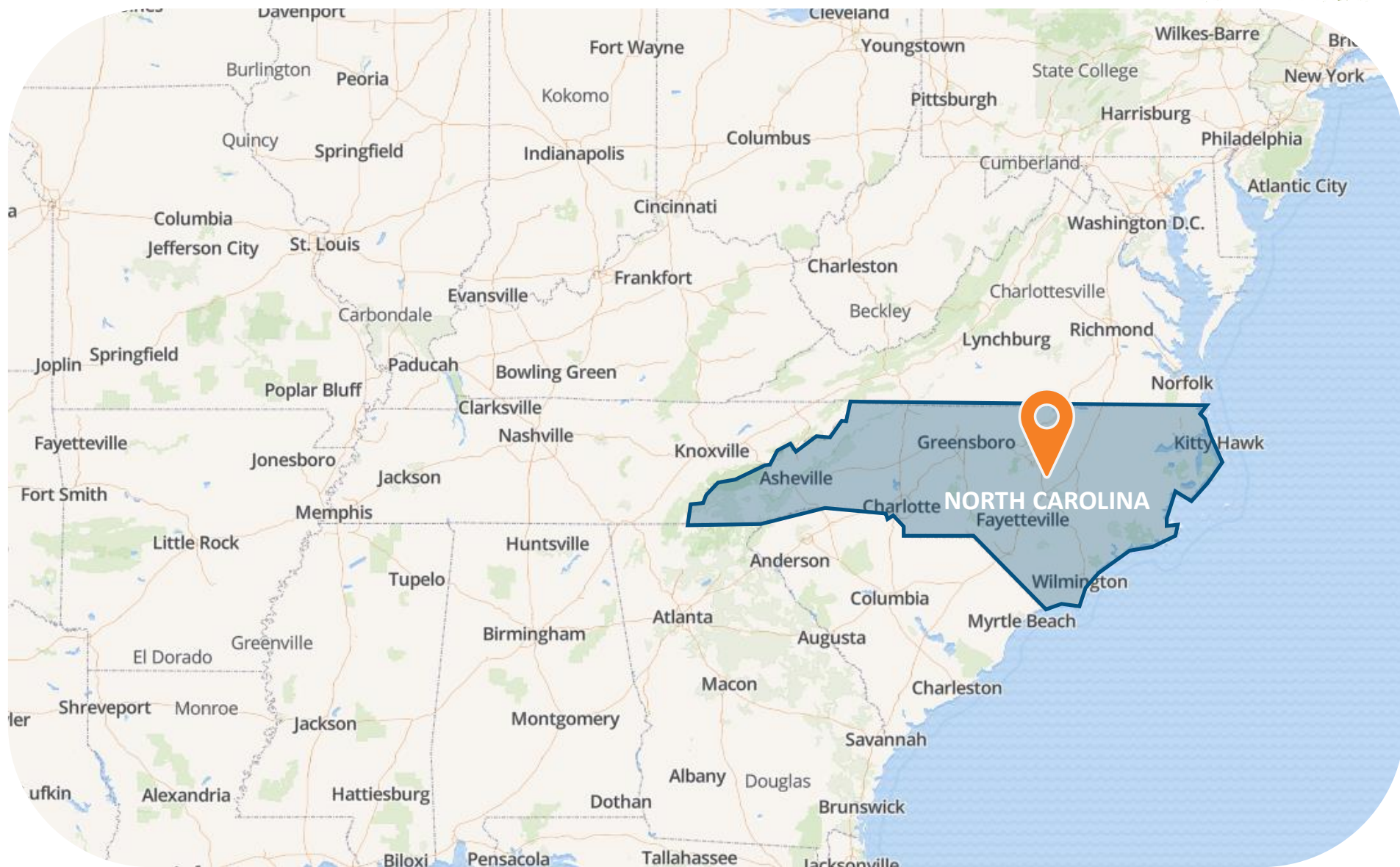
Property Address: 5158 NC Highway 42, Garner, NC 27529





# Regional Map

Property Address: 5158 NC Highway 42, Garner, NC 27529

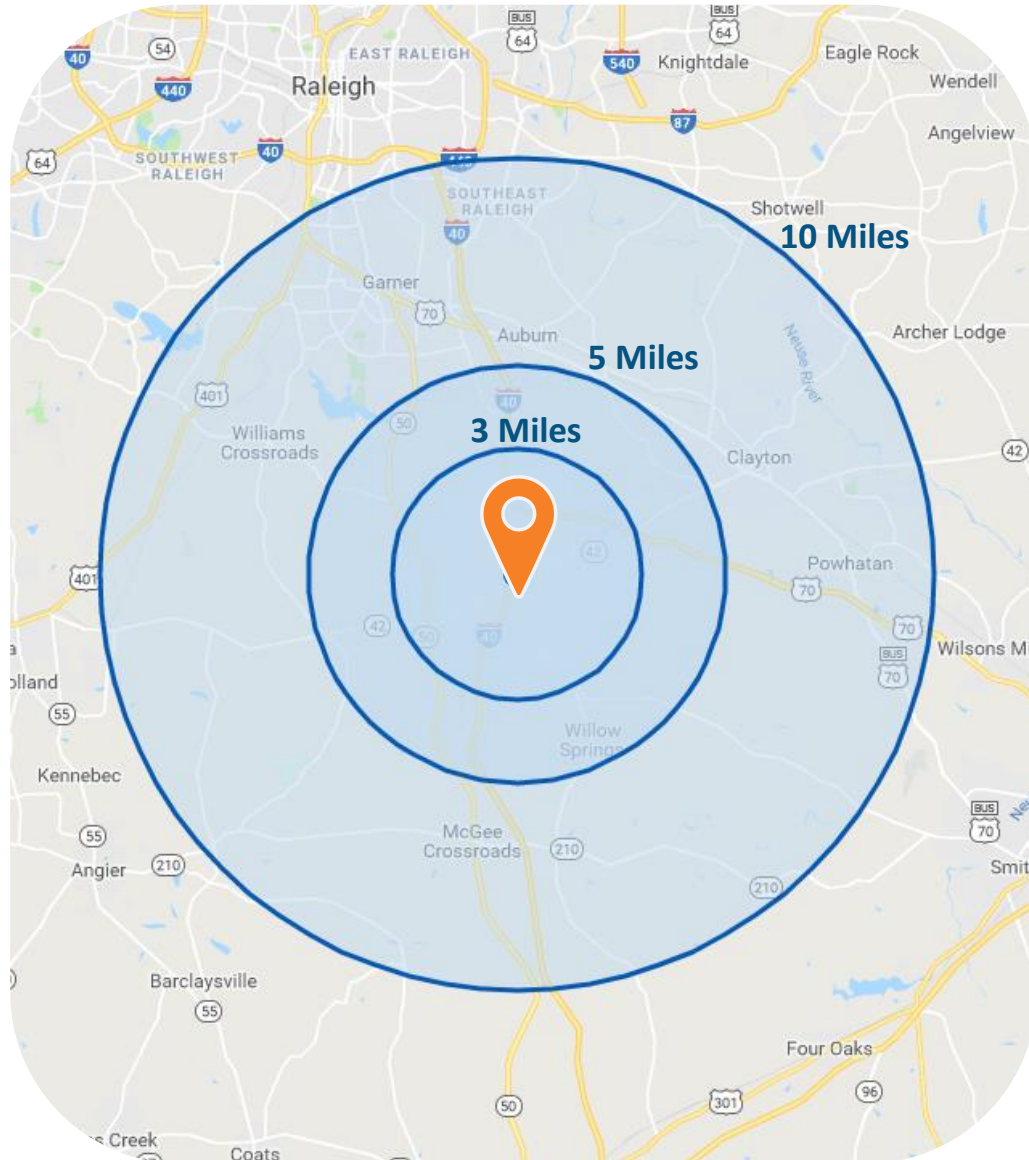






# Demographics

Property Address: 5158 NC Highway 42, Garner, NC 27529



## Population Trends:

2024 Projection	24,317	52,799	215,149
2019 Estimate	21,539	47,431	194,527
2010 Census	16,791	40,547	168,097
Growth 2017 - 2024	12.90%	11.32%	10.60%
Growth 2010 - 2019	28.28%	16.98%	15.72%
2017 Population Hispanic Origin	1,673	4,139	24,065

## Population by Race (2019):

White	17,610	37,926	134,162
Black	2,886	7,253	50,794
American Indian & Alaskan	186	383	2,001
Asian	273	672	3,024
Hawaiian & Pacific Island	26	44	147
Other	559	1,154	4,399

## Household Trends:

2024 Projection	8,394	18,734	77,472
2019 Estimate	7,449	16,866	70,175
2010 Census	5,810	14,464	60,934
Growth 2019 - 2024	12.69%	11.08%	10.40%
Growth 2010 - 2019	28.21%	16.61%	15.17%
Owner Occupied	6,467	14,093	54,185
Renter Occupied	982	2,773	15,990

## Average Household Income (2019):

## Households by Household Income (2019):

<\$25,000	633	1,537	8,910
\$25,000 - \$50,000	1,609	3,598	15,975
\$50,000 - \$75,000	1,341	3,433	15,202
\$75,000 - \$100,000	1,311	3,101	11,946
\$100,000 - \$125,000	1,270	2,411	8,355

## Median Household Income (2019):

\$77,708	\$74,025	\$66,405
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# Market Overview

City: Garner | County: Wake | State: North Carolina

## *Raleigh, North Carolina*



**Raleigh** the capital of North Carolina, is the second largest city behind Charlotte with an estimated 2017 population of 458,880 distributed over a land area of about 143 square miles. Located at the northeast part of the state, the city is the center of the Raleigh-Durham-Chapel Hill Combined Statistical Area (CSA), one of the states most populous areas. The estimated population of the Raleigh-Durham-Chapel Hill Statistical Area is just over 2.3 million. Raleigh's industrial base includes banking/finance services, electrical, medical, electronic, telecommunications equipment, clothing and apparel, food processing, paper products, and pharmaceuticals. Raleigh is a part of North Carolina's research triangle one of the country's largest and most successful research parks, and a major centers in the United States for high-tech and biotech research. The city also holds many prestigious public and private research institutions including North Carolina State University, Shaw University, and St. Augustine's University. Raleigh Public schools are also nationally respected and praised for their innovative efforts to maintain a socially, economically, and racial balanced system by using income as a prime factor in assigning students to schools.

Raleigh, while being a great place to call home is also a great place to visit with many fine attractions and points of interest. Art lovers can appreciate the North Carolina Museum of Art while those with an interest in science can enjoy The North Carolina Museum of Natural Sciences. History buffs can take a tour of the North Carolina State Capitol and a jaunt through the North Carolina Museum of History. And for outdoor lovers, Raleigh contains a number of parks, including Umstead and Pullen. Sports fans can also stop and watch the National Hockey League's Carolina Hurricanes.

## Major Employers

Employer	Estimated # of Employees
Forest Resources	2,000
Coca-Cola	1,245
Town of Garner	1,231
Walmart	800
Caterpillar	536
Honeywell Authorized Dealer	522
Pepsi Bottling Ventures LLC	500
Telerent Lease Funding Corp I	482
McDonalds	428
Dapi	390
Asplundh Tree Expert LLC	300



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