



Starbucks

906 Indianapolis Boulevard, Hammond, IN 46327
Confidential Offering Memorandum



STARBUCKS

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Summary

Executive Summary

Starbucks – Hammond, IN





Newly Constructed Starbucks in Chicago MSA

STARBUCKS
HAMMOND, IN

CHICAGO MSA LOCATION WITH
DENSELY-POPULATED CONSUMER
BASE

BRAND NEW DRIVE THRU
CONSTRUCTION AND LONG TERM NET
LEASE

HARD CORNER LOCATION
SURROUNDED BY AREA'S LARGEST
EMPLOYERS

INVESTMENT GRADE TENANCY &
INDUSTRY LEADER

PART OF HAMMOND MARINA
DISTRICT'S MAJOR RETAIL
DEVELOPMENT PROJECT



The Offering

JLL is pleased to offer for sale the fee simple interest in a freestanding Starbucks (the “Property” or “Asset”) located in Hammond, Indiana (Chicago MSA).

The Property is a newly constructed, freestanding retail building leased to Starbucks, the world’s leading coffee provider with over 30,000 retail locations and \$24.7 billion in annual revenue. Starbucks is operating on a newly-signed net lease with ten years of primary term remaining and ten percent rental increases every five years throughout the primary term and renewal options. Located along Indianapolis Boulevard (30,000 VPD) and proximate to Interstate 90 (50,000 VPD), the Property sits within a highly-trafficked thoroughfare that includes the area’s largest employers including Walmart, Horseshoe Hammond Casino, Cargill, and Unilever. This offering presents the opportunity to acquire a brand new retail asset leased to an investment-grade and industry-leading tenant with minimal landlord obligations.

INVESTMENT HIGHLIGHTS

- Located in the greater Chicago MSA, the Property sits within a dense market featuring over 168,000 residents within a five-mile radius. This northwest Indiana location offers great exposure to the Chicagoland area while benefitting from Indiana’s lower cost of living.
- The Property is newly constructed with a modern drive-thru format along a signalized intersection, offering maximum visibility and ease-of-access for the 30,000 vehicles passing the Property on a daily basis.
- A newly-signed lease to Starbucks offers investment-grade tenancy (Moody’s: ‘Baa1’) and an industry leader with \$24.7 billion in annual revenue and over 30,000 locations around the world.
- The net lease structure features contractual rental increases every five years during the primary term and in each of the four, five-year renewal options, providing long-term income growth and a hedge against inflation.
- Three of Hammond’s top ten employers, Horseshoe Casino, Unilever, and Cargill, are all located within immediate proximity and naturally drive traffic to the area. Horseshoe Casino had over 3.3 million visitors and revenues of \$407 million in 2018.
- The Property sits as an outparcel to the recently-developed Marina District retail center that features a robust lineup of retail tenants including Walmart, Ross Dress For Less, and Dollar Tree.

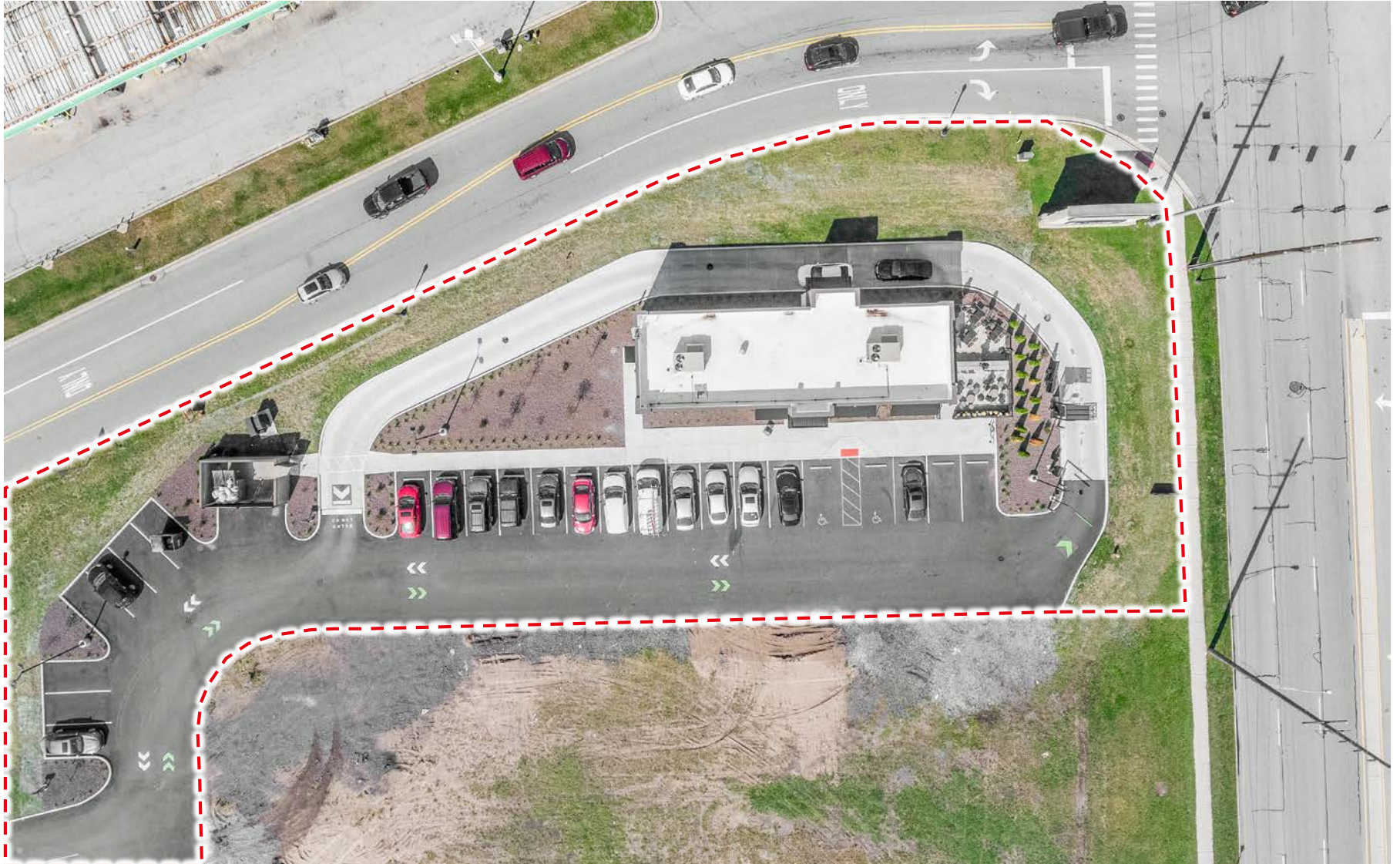
PROPERTY SUMMARY

Price	\$1,783,000
Cap Rate	5.30%
Address	906 Indianapolis Blvd., Hammond, IN 46327
NOI PSF	\$94,500 \$45.00
Lease Type	NN
Gross Leasable Area	2,100 SF
Owner Interest	Fee simple
Tenant	Starbucks Corporation
Lease Expiration	9/30/2029
Rental Increases	10% every 5 years
Options	4 x 5 year options

Aerial facing S









Lease & Tenant

Lease & Tenant Overview



Walmart 



STARBUCKS
DRIVE THRU

Property

Price / PSF	\$1,783,000 / \$849
NOI / PSF	\$94,500 / \$45.00
Cap Rate	5.30%
Lease Expiration	9/30/2029
Rental Increases	10% every 5 years

Rent Schedule

Start Date	End Date	Annual Rent	Rent PSF	% Increase
9/27/2019	9/30/2024	\$94,500	\$45.00	-
10/1/2024	9/30/2029	\$103,950	\$49.50	10%
Renewal Options				
10/1/2029	9/30/2034	\$114,345	\$54.45	10%
10/1/2034	9/30/2039	\$125,790	\$59.90	10%
10/1/2039	9/30/2044	\$138,369	\$65.89	10%
10/1/2044	9/30/2049	\$152,208	\$72.48	10%

Lease Abstract

Tenant	Starbucks Corporation, a Washington corporation
GLA	±2,100 SF
Parcel Size	0.93 acres
Lease Type	Fee Simple
Delivery of Possession	7/15/2019
Initial Term	10 years
Rent Commencement Date	9/27/2019
Current Term Expiration	9/30/2029
Annual Rent	\$94,500
Rent PSF	\$45.00
Increases	10% every 5 years
Options	4 x 5-year options
Real Property Taxes	For each Lease Year during the Term, Tenant shall pay Landlord, as additional rent, Tenant's Pro Rata Share of Real Property Taxes.
Insurance	Tenant's responsibility.
Utilities	Tenant shall pay directly to the applicable utility provider the utility charges for all water, sewer, gas and electricity used by the Tenant during the Term.
Tenant's Obligations	Tenant, at Tenant's expense, shall keep the Premises in good order and repair, including maintaining all plumbing, HVAC, electrical and lighting equipment within the Premises, and the store front, doors, and plate glass of the Premises.
Landlord Obligations	Landlord shall, at Landlord's sole cost and expense, make the repairs and replacements and perform such work that is necessary to maintain the Building in a condition comparable to other first-class buildings in Lake County, Indiana. Such repairs, replacements and maintenance shall include without limitation: (a) the upkeep of the roof, roof membrane and roof systems, foundation, exterior walls, interior structural walls, and all structural components of the Premises, and (b) the maintenance and repair of all parking areas, sidewalks, landscaping and drainage systems on the Property.

The Tenant

- As the preeminent coffee company and coffeehouse chain, Starbucks (NASDAQ: SBUX) operates over 30,600 locations in more than 75 countries and serves nearly five billion cups of coffee annually. Furthermore, the Company is the largest coffee provider in the world and benefits from its strong brand loyalty.

Industry Overview

- Since 2010, the coffee production and coffee/snack shop industries have experienced revenue growth of 28.1% and 58.1%, respectively.
- The global coffee market is expected to expand at 4.32% CAGR from 2018 to 2023, with a projected valuation of \$102.28 billion by 2023.
- The coffee production industry has performed well in recent years, exhibiting growth due to several increases in coffee commodity prices that were passed along to end consumers.
- The coffee industry in the next five years is expected to grow with an increased emphasis from consumers for premium-coffee products.

Recent Performance

- Starbucks (Moody's rated "Baa1/stable") has performed very well in recent years, exhibiting steady growth in revenue and increases in all reportable segments. In fiscal 2018, Starbucks' total revenues increased 10.4% over fiscal 2017, up to \$24.7 billion. Moreover, global store sales grew 3% and were driven by a definitive increase in average purchases.
- During 2019, Starbucks has opened 2,000 company-operated stores with 600 in the Americas, 1,100 in Asia, and 300 licensed stores in EMEA.

STARBUCKS OVERVIEW

Company	Starbucks Corporation
Ticker Symbol	NASDAQ: SBUX
Headquarters	Seattle, WA
Employees	330,000+
Net Income (TTM 2019)	\$3.55 billion
Assets (TTM 2019)	\$20.89 billion
Moody's Rating	Baa1
Number of Locations	30,000+
Business Summary	Coffee shop
Company Website	www.starbucks.com



STARBUCKS

An aerial night view of the Chicago skyline, showing numerous illuminated skyscrapers and city lights. The sky is a deep blue with some light clouds. A dark, textured brushstroke-like shape is overlaid on the left side of the image, containing the text.

Market

Market Overview - Chicago



Hammond, Indiana

The city of Hammond is located in northwest Indiana within the Chicago MSA. With over 78,000 residents, Hammond has passed Gary as the largest city by population in Lake County.

Hammond is located approximately 20 miles southeast of downtown Chicago, offering direct access to the largest city in the Midwest while benefitting from Indiana's low costs of doing business. In addition to Indiana's low costs of doing business, Northwest Indiana offers a particularly business friendly environment with countless incentives that attract large companies from industries such as manufacturing, retail, and healthcare.

Northwest Indiana's sophisticated transportation infrastructure offers unparalleled logistical advantages for businesses in a variety of industries. Direct access to numerous U.S. Highways and Interstates connects Northern Indiana with the Midwest and beyond, as evidenced by the ability to access 80 percent of the U.S. population within a one-day drive. Other major transportation systems include CSX and Canadian National railways, the Port of Indiana, and Gary/Chicago International Airport

These business incentives have drawn large companies to Hammond. Cargill has a manufacturing plant in Hammond that employs 240 people, and Unilever has a soap-making factory in Hammond that employs 260 people. Hammond is also home to Hammond Horseshoe Casino, the largest casino in Indiana with over 3.3 million annual visitors and revenues of \$407 million. Hammond Horseshoe Casino has a profound impact on the local economy, employing more than 1,800 people and generating over \$135 million in annual tax revenue.

Demographic Profile

	1-mile radius	3-mile radius	5-mile radius
POPULATION			
2017 Estimate	9,923	52,848	168,596
2017 Daytime Population	9,817	45,410	151,226
2017 Number of Households	3,558	17,726	60,873
ESTIMATED HH INCOME			
Less than \$35,000	29.4%	40.8%	46.3%
\$35,000 - \$49,999	13.4%	14.9%	14.9%
\$50,000 - \$74,999	24.4%	18.5%	16.9%
\$75,000 - \$99,999	12.5%	10.6%	9.1%
More than \$100,000	20.3%	15.3%	12.7%
Average HH Income	\$69,366	\$57,863	\$52,490
Median HH Income	\$55,173	\$43,087	\$37,798





Chicago Overview

A bold metropolis, Chicago is the eminent cultural compass of the Midwest. Situated along Lake Michigan, it is the nation's third-largest metropolitan area, home to an estimated 9.7 million people. Its central location, diverse economy, and superior schools and attractions position Chicago as one of the most influential cities in the world. As one of the world's top job centers, its extensive urban infrastructure has made Chicago's CBD a growth engine, attracting companies from around the globe. The CBD continues to gain momentum, as major corporations have decided to relocate or maintain their headquarters in Chicago. Strategically positioned as a major technology/creative hub, Chicago will continue to attract innovative firms and top talent from universities across the country, while the city's economic diversity insulates the local leasing market from downturns in any sector.

Thriving Chicago CBD...



400+

Corporate Headquarters



38

Fortune 500 HQs



\$100+ Billion

Foreign Direct Investment





Recent Chicago Accolades

#1 Most Diversified Economy in the U.S.

#1 Metro for Corporate Investment in the U.S.

-*Site Selection Magazine* (2013 – 2018)

#3 in “Top 5,000 Fastest Growing Cities in the U.S.”
only behind New York and Los Angeles

-*Inc. Magazine*

Top 10 U.S. Cities for Start-Ups

-*National Venture Capital Association*

#2 “Most Economically Competitive Cities of 2025,”
only New York ranks higher nationally

-*The Economist Magazine, Special Report*

#1 U.S. City for Foreign Direct Investment Projects

-*IBM’s Global Location Trends Report*

#7 in “Most Economically Powerful City in the World”

-*Martin Prosperity Institute Global Economic Power Index*

#7 in “Global Cities Index” in 2017, trailing only New
York and Los Angeles in the U.S.

-*A.T. Kearney*

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