

# SINGLE TENANT NNN

Investment Opportunity



W/ Drive-Thru



4650 N. U.S. HIGHWAY 89

**FLAGSTAFF** ARIZONA

REPRESENTATIVE PHOTO







EXCLUSIVELY MARKETING BY

## MATTHEW MOUSAVI

Managing Principal  
SRS National Net Lease Group

610 Newport Center Drive, Suite 1500  
Newport Beach, CA 92660

**D** 949.698.1116

**M** 714.404.8849

Matthew.Mousavi@srsre.com

CA License No. 01732226

## ED BEEH

EVP & Designated Broker  
SRS Real Estate Partners-West, LLC

3131 E. Camelback Road, Suite 110  
Phoenix, AZ 85016

**D** 602.682.6040

**M** 602.980.3553

Ed.Beeh@srsre.com

AZ License No. BR032807000





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## INVESTMENT SUMMARY



SRS Real Estate Partners-West, LLC is pleased to offer the opportunity to acquire the fee simple interest (land & building ownership) in a NNN leased, investment grade (S&P:BBB+), corporate guaranteed, Starbucks investment property located in Flagstaff, Arizona. The tenant, Starbucks Corporation, recently executed a brand new 10-year lease with 4 (5-year) options to extend. The lease features 10% rental increases in 2024 and at the beginning of each option period, growing NOI and hedging against inflation. The lease is corporate guaranteed by Starbucks Corporation, an investment grade (S&P: BBB+), globally recognized, and established tenant, with over 25,000 locations. The lease is NNN with landlord responsibilities limited to roof and structure. The brand new state-of-the-art property is currently under construction and is slated to open in December 2019. The building will be equipped with a drive-thru, providing ease and convenience to customers. Additionally, the site will be complete with an outdoor patio area.

Starbucks is strategically located at the signalized intersection of N. Cummings Street and U.S. Highway 89, averaging a combined 26,600 vehicles passing by daily. The site is less than 1 mile north of Interstate 40 (36,400 VPD), a major west/east thoroughfare for the state of Arizona. Starbucks is an outparcel to Flagstaff Mall, a 347,000+ square foot mall anchored by Dillard's, Hobby Lobby, Planet Fitness, and JCPenney, thereby benefitting from crossover traffic. The building is ideally positioned in a dense retail corridor and is within close proximity to The Marketplace (268,000 SF), a shopping center anchored by The Home Depot, Marshalls, Best Buy, Petco, and Harkins Theatres, and the Flagstaff Auto Center, which includes the brand new Mercedes-Benz of Flagstaff dealership. Other nearby national/credit tenants include Safeway, OfficeMax, CVS, Aaron's, and more, increasing consumer draw and traffic to the trade area. Additionally, Flagstaff has a strong science and technology corridor with employers including Flagstaff Medical Center, W.L. Gore Technologies, and the U.S. Geological Survey Astrology Science Center. Further, the site is less than 5 miles from Northern Arizona University (29,000 students enrolled), providing a strong customer base to draw from. The 5-mile trade area is supported by a population of more than 57,000 residents and 35,000 employees. The 3-mile subject area boasts an average household income of \$85,104.





## CONSTRUCTION SEPTEMBER 2019







## ARTIST RENDERINGS



FRONT



SIDE



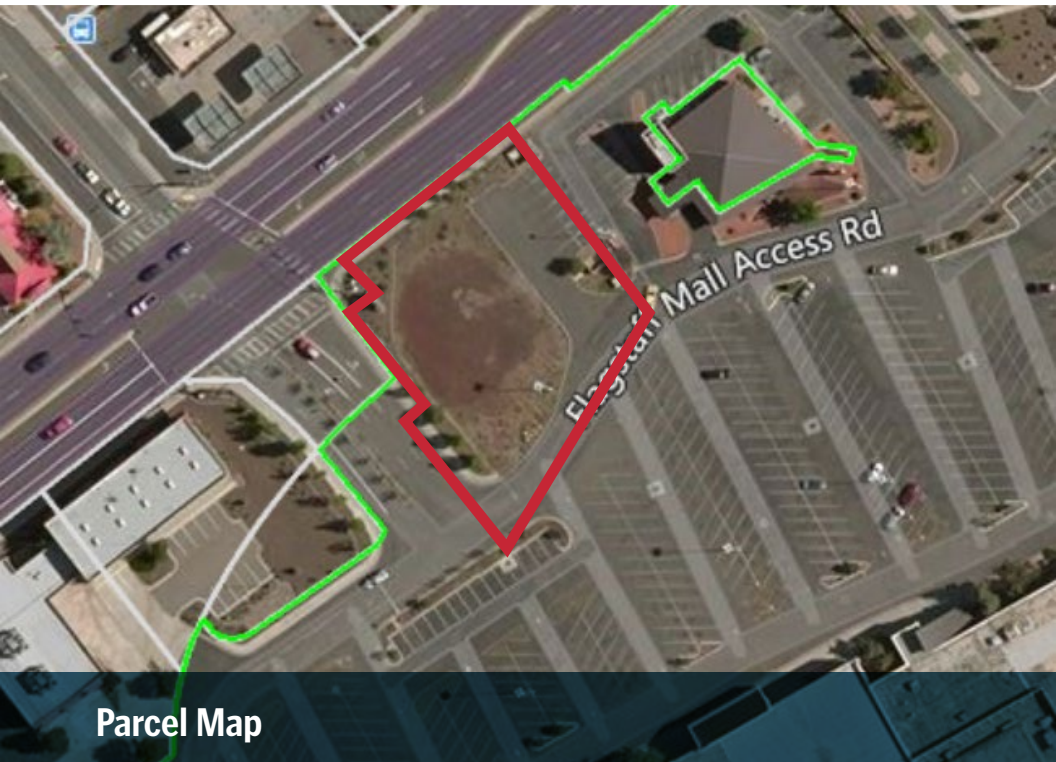
REAR



SIDE



## OFFERING SUMMARY



Parcel Map

## Offering

PRICING	\$2,594,000
NET OPERATING INCOME	\$120,600
CAP RATE	4.65%
GUARANTY	Corporate
TENANT	Starbucks Corporation
LEASE TYPE	NNN
LANDLORD RESPONSIBILITIES	Roof and Structure

## Property Specifications

RENTABLE AREA	2,400 SF
LAND AREA	0.54 Acres
PROPERTY ADDRESS	4650 N. U.S. Highway 89 Flagstaff, AZ 86004
YEAR BUILT	Slated to Open December 2019
PARCEL NUMBER	113-27-016L
OWNERSHIP	Fee Simple (Land & Building)





## INVESTMENT HIGHLIGHTS

### **Brand New 10-Year Lease | Corporate Guaranteed | Investment Grade Tenant (S&P: BBB+) | Rental Increases**

- Corporate guaranteed by Starbucks Corporation, an investment grade (S&P: BBB+), globally recognized, and established tenant, with over 25,000 locations
- The tenant recently executed a brand new 10-year lease with 4 (5-year) option periods
- Features 10% rental increases in 2024 and at the beginning of each option

### **NNN Lease | Fee Simple Ownership | Limited Landlord Responsibilities**

- Tenant pays for CAM, taxes, insurance and maintains most aspects of the premises
- Landlord responsibilities limited to roof and structure
- Ideal, low-management investment for an out-of-state, passive investor

### **New Build To Suit Property | Slated To Open December 2019 | Drive-Thru Equipped**

- The brand new state-of-the-art property is currently under construction and is slated to open in December 2019
- New 2,400 SF prototype
- Equipped with a drive-thru, providing ease and convenience to customers
- Additionally, the site will be complete with an outdoor patio area

### **High Barriers To Entry For New Development**

- Flagstaff sits in the heart of the Coconino National Forest, creating high barriers to entry for new development
- Rare investment opportunity in the robust Flagstaff market

### **Signalized Intersection | Interstate 40 (36,400 VPD)**

- Strategically located at the signalized intersection of N. Cummings Street and U.S. Highway 89, averaging a combined 26,600 vehicles passing by daily
- Less than 1 mile north of Interstate 40 (36,400 VPD), a major west/east thoroughfare for the state of Arizona

### **Outparcel To Flagstaff Mall (347,000 SF) | Dense Retail Corridor**

- The site is an outparcel to Flagstaff Mall, a 347,000+ square foot mall anchored by Dillard's, Hobby Lobby, Planet Fitness, and JCPenney
- Nearby The Marketplace (268,000 SF) - Anchored by The Home Depot, Marshalls, Best Buy, Petco, and Harkins Theatres
- Close Proximity to Flagstaff Auto Center - Dealerships include the brand new Mercedes-Benz of Flagstaff, Flagstaff Subaru, and Planet Chrysler Dodge Jeep Ram of Flagstaff
- Other nearby national/credit tenants include Safeway, OfficeMax, CVS, Aaron's, and more
- Increases consumer draw and traffic to the trade area

### **Northern Arizona University | Science & Technology Corridor**

- Less than 5 miles from Northern Arizona University (29,000 students enrolled)
- Flagstaff has a strong science and technology corridor with employers including Flagstaff Medical Center, W.L. Gore Technologies, and the U.S. Geological Survey Astrology Science Center
- Provides a growing customer base to draw from

### **Strong Demographics In Trade Area**

- The 5-mile trade area is supported by a population of more than 57,000 residents and 35,000 employees
- The 3-mile subject area boasts an average household income of \$85,104



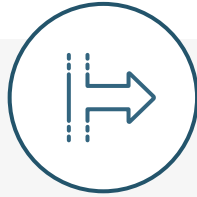


## PROPERTY OVERVIEW



### Location

Located in  
Coconino County



### Access

N. Cummings Street  
1 Access Point



### Traffic Counts

U.S. Highway 89  
26,600 Cars Per Day

Interstate 40  
36,400 Cars Per Day



### Improvements

There will be approximately  
2,400 SF of building area



### Parking

There are approximately  
13 parking spaces  
on the owned parcel.  
The parking ratio is  
approximately 5.41 stalls per  
1,000 SF of leasable area.



### Parcel

Parcel Number: 113-27-016L  
Acres: 0.54  
Square Feet: 23,444 SF



### Year Built

Slated To Open December 2019



### Zoning

HC - Highway Commercial













36,400  
CARS PER DAY

INTERSTATE 40

NORTHERN  
ARIZONA  
UNIVERSITY  
PONDEROSA  
HIGH SCHOOL

PARK SANTA FE

O'Reilly AUTO PARTS  
FAMILY DOLLAR  
HARBOR FREIGHT TOOLS  
CVS pharmacy  
STARLITE 66 LANES  
Aaron's

JCPenney

MATTRESS FIRM

STARBUCKS COFFEE

Pizza Hut

Wendy's

DEL TACO

SUMMIT HIGH SCHOOL

U.S. HIGHWAY 89

Valvoline  
Instant Oil Changes

zumiez

GameStop

WELLS FARGO

Dillard's



CHASE

26,600  
CARS PER DAY

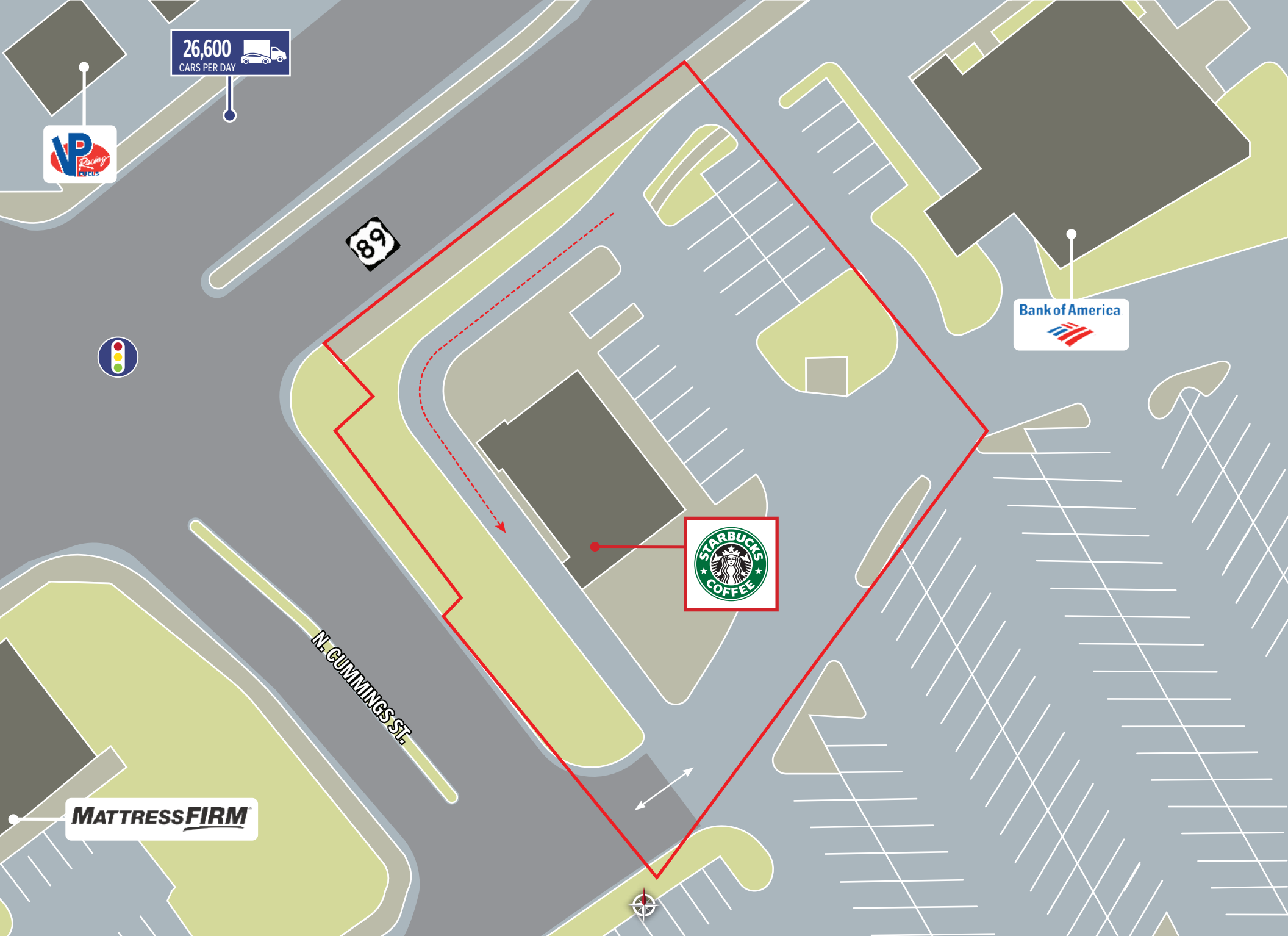
E. MARKETPLACE DR.

OfficeMax









26,600  
CARS PER DAY



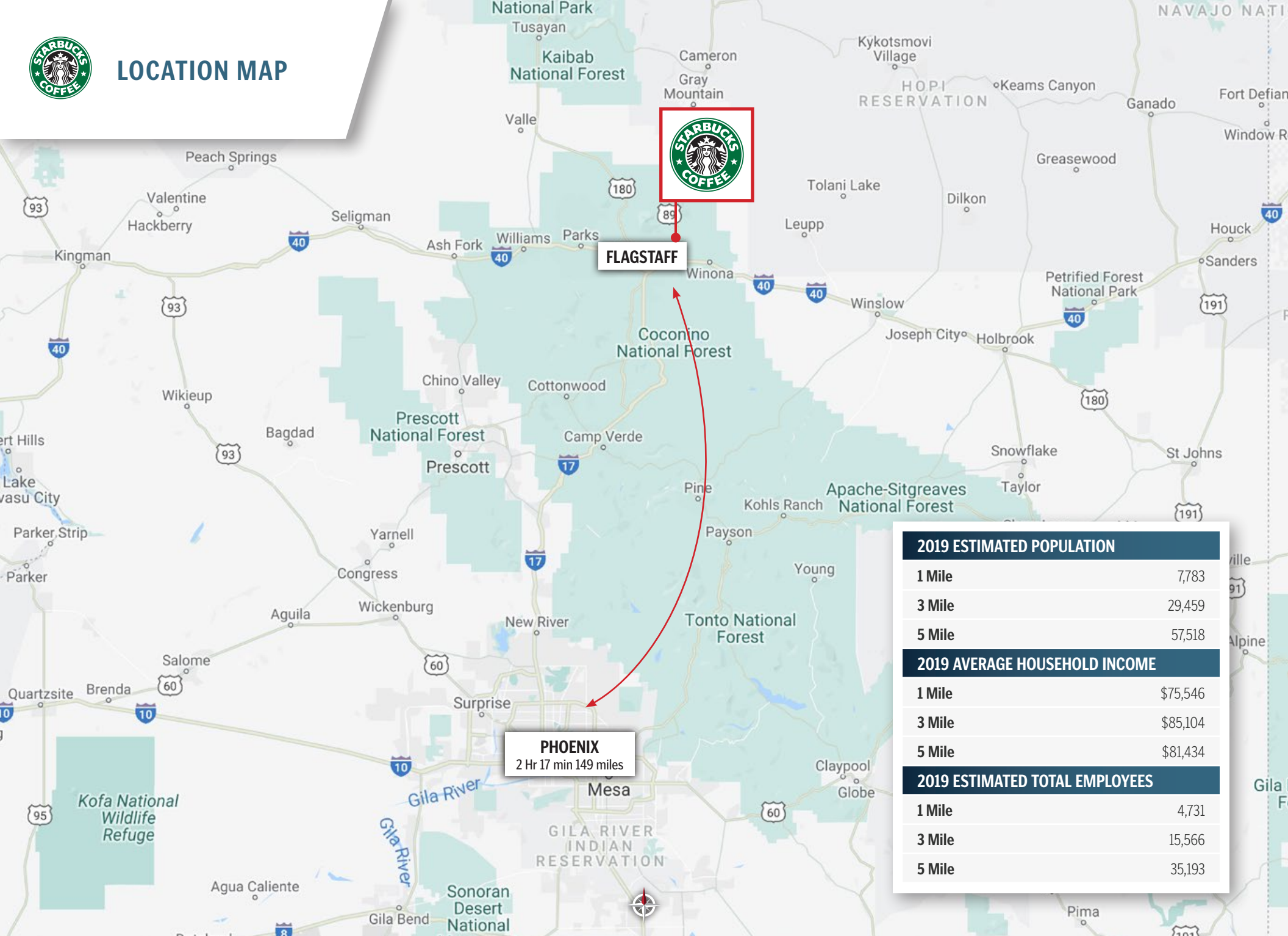
**MATTRESS FIRM**

N. CUNNING ST.





## LOCATION MAP



### 2019 ESTIMATED POPULATION

1 Mile	7,783
3 Mile	29,459
5 Mile	57,518

### 2019 AVERAGE HOUSEHOLD INCOME

1 Mile	\$75,546
3 Mile	\$85,104
5 Mile	\$81,434

### 2019 ESTIMATED TOTAL EMPLOYEES

1 Mile	4,731
3 Mile	15,566
5 Mile	35,193





## AREA OVERVIEW



## Flagstaff, Arizona

The city of Flagstaff, located in northern Arizona, is the county seat of Coconino County. It is served by two interstate highways, Interstate 17 which connects the city to Phoenix and Interstate 40 leading to Albuquerque, New Mexico. Surrounded by national forests and situated only 80 miles south of the Grand Canyon, Flagstaff sits at the foot of Arizona's highest mountain, the 12,634-foot tall Humphrey's Peak. The City of Flagstaff had a population of 75,653 as of July 1, 2019.

The largest industries in Flagstaff, AZ are Educational Services, Accommodation & Food Services, and Retail Trade, and the highest paying industries are Mining, Quarrying, & Oil & Gas Extraction, Manufacturing, and Transportation & Warehousing.

Flagstaff is a decidedly white-collar city, with fully of the workforce employed in white-collar jobs, well above the national average. Overall, Flagstaff is a city of professionals, sales and office workers, and service providers. There are especially a lot of people living in Flagstaff who work in office and administrative support, food service, and sales jobs.

Flagstaff is home to several attractions, starting with the Lowell Observatory, which welcomes visitors year-round for tours and telescope viewing. Winter at the Arizona Snowbowl means snow skiing and summer means scenic sky rides and disc golf. The Arboretum at Flagstaff is a 200-acre botanical garden and nature preserve offering visitors spectacular views and nature trail hikes through ponderosa pine forests.

Flagstaff is an ideal starting point for day trips to attractions in neighboring areas. The Walnut Canyon National Monument, located 10 miles east of Flagstaff, offers a look at the dwellings and vegetation of life as it was over 800 years ago. Sunset Crater, named for the remarkable hue of its cone, is 12 miles outside of Flagstaff on US-89. Thirty miles north of Flagstaff is Wupatki National Monument, the ancient home of several tribal groups. Other nearby attractions include Oak Creek Canyon, The Arboretum at Flagstaff, Barringer Crater, and the Museum of Northern Arizona. Grand Canyon National Park lies 80 miles north of Flagstaff along U.S. Route 180. Glen Canyon National Recreation Area can be found about 135 miles north of the city along U.S. Route 89.

There are 19 public schools, in the Flagstaff Unified School District. In addition to the numerous public schools, there are several charter schools operating in the Flagstaff area including Flagstaff Junior Academy, Northland Preparatory Academy, the Flagstaff Arts and Leadership Academy, Pine Forest Charter School, BASIS Flagstaff and the Montessori Schools of Flagstaff.





## AREA DEMOGRAPHICS

	1 MILE	3 MILES	5 MILES
2019 Estimated Population	7,783	29,459	57,518
2024 Projected Population	8,441	30,963	60,293
2010 Census Population	6,232	26,689	50,276
Projected Annual Growth 2019 to 2024	1.64%	1.00%	0.95%
Historical Annual Growth 2010 to 2019	2.43%	1.07%	1.47%
2019 Estimated Households	2,949	10,837	19,081
2024 Projected Households	3,205	11,458	20,276
2010 Census Households	2,369	9,738	16,887
Projected Annual Growth 2019 to 2024	1.68%	1.12%	1.22%
Historical Annual Growth 2010 to 2019	2.40%	1.16%	1.33%
2019 Estimated White	68.69%	71.97%	75.93%
2019 Estimated Black or African American	1.90%	1.73%	2.27%
2019 Estimated Asian or Pacific Islander	1.19%	1.61%	2.38%
2019 Estimated American Indian or Native Alaskan	19.08%	16.21%	12.58%
2019 Estimated Other Races	9.87%	11.33%	8.26%
2019 Estimated Hispanic	24.86%	24.64%	20.04%
2019 Estimated Average Household Income	\$75,546	\$85,104	\$81,434
2019 Estimated Median Household Income	\$59,395	\$62,223	\$57,534
2019 Estimated Per Capita Income	\$28,091	\$31,224	\$27,726
2019 Estimated Total Businesses	345	1,343	2,781
2019 Estimated Total Employees	4,731	15,566	35,193







## RENT ROLL

TENANT NAME	Lease Term					Rental Rates					
	SQUARE FEET	LEASE START	LEASE END	BEGIN	INCREASE	MONTHLY	PSF	ANNUALLY	PSF	RECOVERY TYPE	OPTIONS
Starbucks Corporaion	2,400	12/1/2019	11/30/2029	12/1/2019	-	\$10,050	\$4.19	\$120,600	\$50.25	NNN	4 (5-Year)
(Corporate Guaranteed)				12/1/2024	10%	\$11,055	\$4.61	\$132,660	\$55.28		10% Increases at the Beginning of Each Option Period

<sup>1</sup> CAM expenses will be \$4.00/PSF in Year 1. There is a 105% cap on CAM. The cap excludes utilities & ice and snow removal.

<sup>2</sup> Combined Administrative and Management Fees may not exceed 10%.

### FINANCIAL INFORMATION

Price	\$2,594,000
Net Operating Income	120,600
Cap Rate	4.65%
Lease Type	NNN

### PROPERTY SPECIFICATIONS

Year Built	Slated To Open December 2019
Rentable Area	2,400 SF
Land Area	0.54 Acres
Address	4650 N. U.S. Highway 89 Flagstaff, AZ 86004







## BRAND PROFILE

### Starbucks starbucks.com

Since 1971, Starbucks Coffee Company has been committed to ethically sourcing and roasting high-quality arabica coffee. Today, with stores around the globe, the company is the premier roaster and retailer of specialty coffee in the world. Through our unwavering commitment to excellence and our guiding principles, we bring the unique Starbucks Experience to life for every customer through every cup.



#### COMPANY TYPE

**Public (NASDAQ: SBUX)**

#### 2018 EMPLOYEES

**291,000**

#### 2018 REVENUE

**\$24.72 B**

#### 2018 NET INCOME

**\$4.52 B**

#### 2018 ASSETS

**\$24.16 B**

#### 2018 EQUITY

**\$1.17 B**

#### CREDIT RATING

**S&P: BBB+**





275+

**RETAIL  
PROFESSIONALS**

25+

**OFFICES**

#1

**LARGEST REAL ESTATE  
SERVICES FIRM**  
in North America  
exclusively dedicated to retail

1500+

**RETAIL LISTINGS**  
in 2018

\$2.6B

**TRANSACTION  
VALUE**  
in 2018

This Offering Memorandum has been prepared by SRS Real Estate Partners-West, LLC (SRS) and has been approved for distribution by the owner. Although effort has been made to provide accurate information, neither the owner nor SRS can warrant or represent accuracy or completeness of the materials presented herein or in any other written or oral communications transmitted or made available to the purchaser. Many documents have been referred to in summary form and these summaries do not purport to represent or constitute a legal analysis of the contents of the applicable documents. Neither owner nor SRS represents that this offering summary is all inclusive or contains all of the information a purchaser may require. All of the financial projections and/or conclusions presented herein are provided strictly for reference purposes and have been developed based upon assumptions and conditions in effect at the time the evaluations were undertaken. They do not purport to reflect changes in the economic performance of the property or the business activities of the owner since the date of preparation of this Offering Memorandum. The projected economic performance of the property, competitive submarket conditions, and selected economic and demographic statistics may have changed subsequent to the preparation of the package. Qualified purchasers are urged to inspect the property and undertake their own independent evaluation of the property, the market and the surrounding competitive environment.

\*Statistics are for 2018

REPRESENTATIVE PHOTO

**SRSRE.COM**