



Starbucks & Transcendental



13211 Memorial Drive
Houston, TX 77079



CONFIDENTIAL OFFERING MEMORANDUM

Subject Property



Investment Summary
& Property *Overview*

Brand new Starbucks & Transcendental in one of Houston's top business corridors



Investment Highlights

LONG TERM LEASES TO
INVESTMENT GRADE TENANT
AND LONGSTANDING
HOUSTON DENTISTRY



WELL POSITIONED TO CAPTURE
BENEFITS OF HOUSTON'S
WESTWARD MIGRATION TREND



FAVORABLE LOCAL ECONOMICS
AND CUSTOMER DEMOGRAPHICS
FROM HIGH-END MEMORIAL
NEIGHBORHOOD



PROXIMATE TO SOME OF HOUSTON'S
TOP BUSINESS CORRIDORS



TOP NOTCH ACCESSIBILITY WITH
IMMEDIATE PROXIMITY TO CROSS
SECTION OF I-10 AND SAM
HOUSTON PARKWAY

The Offering

JLL is pleased to offer for sale the fee-simple interest in a two-tenant retail building leased to Starbucks Corporation and a long standing Houston-based dentistry dba Transcendental (the “Property” or “Asset”). The Asset was recently constructed in 2017 and is adjacent to the Energy Corridor, Galleria/Uptown, Westchase and Katy Freeway East, some of Houston’s premier business submarkets. These corporate hubs help provide the market with a large customer base and longstanding economic stability. Located in an affluent and growing neighborhood, the Asset provides investors long term, stable income with the assurance of two strong tenants with contractual rent growth within each of the leases.

Pricing	\$3,760,000
Cap Rate	6.55%



Note: Valuation assumes fully recovery of operating expenses and no CAM in excess of cap limits

RECENTLY EXECUTED LONG TERM LEASES WITH EXCELLENT TENANT LINEUP

- Recently executed long term leases with ten percent escalations every five years.
- Starbucks carries investment grade rating (Moody's: Baa1) and Transcendental franchise has established a track record of success, serving the Houston community for over 18 years across two different locations
- Well positioned for future renewals and built in growth with both leases featuring multiple five year options with in place rental escalations

EASILY ACCESSIBLE LOCATION WITHIN ONE OF HOUSTON'S TOP BUSINESS CORRIDORS

- The Asset has immediate proximity to the cross-section of I-10 and the Sam Houston Parkway, which sees a combined 420,000+ vehicles per day
- Proximate to diverse set of key employment centers, including Westchase, Energy Corridor, CBD, and Texas Medical Center
- Less than 2 miles from downtown Memorial City, which features ±1.7M SF mall and attracts 20 million visitors annually

WELL POSITIONED TO CAPTURE BENEFITS OF HOUSTON'S WESTWARD MIGRATION TREND

- Memorial Drive region has successfully integrated with the Energy District to become a premiere residential location for its employees.
- Briarforest and Memorial neighborhoods provide affordable and well located housing for several large corporations, including the headquarters for BP, Conoco Phillips, and Sysco.
- Prime location central to affluent surrounding neighborhoods including Memorial Villages where home values start at \$1.0M

FAVORABLE LOCAL ECONOMICS AND CUSTOMER DEMOGRAPHICS

- Houston economy represents a quarter of Texas's entire employment base and ranks 7th amongst the largest US metro economies.
- Average household income and median home value within 1-mile are \$178,000 and \$710,000, respectively, providing access to an affluent retail customer base.
- 69% of the population within 1-mile has a bachelor's degree or higher, providing support for future economic growth and stability.

LONG TERM LEASES TO INVESTMENT GRADE TENANT AND GROWING CHAIN

TENANT	Starbucks Corporation
ADDRESS	13211 Memorial Drive Houston, Texas 77079
LEASE SIZE	2,000 SF
PARCEL SIZE	21,780 SF
YEAR BUILT	2017
LEASE COMMENCEMENT	07/10/2017
RENT COMMENCEMENT	04/02/2018
LEASE EXPIRATION	04/30/2028
LEASE STRUCTURE	NNN
LANDLORD RESPONSIBILITIES	CAM Cap: Operating expenses cannot exceed 5% of previous calendar year
ADMINISTRATIVE FEE	Up to 10% of Operating Expenses
NOI PSF	\$139,000 \$69.50
INCREASES / NEXT INCREASE	10% Every Five Years / May 1, 2023
RENEWAL OPTIONS	Four, Five-Year Options

Rental Schedule

BEGIN	END	ANNUAL RENT	ANNUAL PSF	INCREASES
4/2/2018	4/30/2023	\$139,000	\$69.50	--
5/1/2023	4/30/2028	\$152,900	\$76.45	10.0%
RENEWAL OPTIONS				
5/1/2028	4/30/2033	\$168,190	\$84.09	10.0%
5/1/2033	4/30/2038	\$185,009	\$92.50	10.0%
5/1/2038	4/30/2043	\$203,510	\$101.75	10.0%
5/1/2043	4/30/2048	\$223,861	\$111.93	10.0%

TENANT	TranscenDental Smiles of Memorial, PLLC
ADDRESS	13211 Memorial Drive Houston, Texas 77079
LEASE SIZE	2,900 SF
PARCEL SIZE	21,780 SF
YEAR BUILT	2017
LEASE COMMENCEMENT	10/11/2017
RENT COMMENCEMENT	07/01/2018
LEASE EXPIRATION	06/30/2029
LEASE STRUCTURE	NNN
LANDLORD RESPONSIBILITIES	CAM Cap: Operating expenses cannot exceed 5% of previous calendar year
ADMINISTRATIVE FEE	Up to 10% of Operating Expenses
NOI PSF	\$107,300 \$37.00
INCREASES / NEXT INCREASE	10% Every Five Years / February 1, 2024
RENEWAL OPTIONS	Two, Five-Year Options

Rental Schedule

BEGIN	END	ANNUAL RENT	ANNUAL PSF	INCREASES
7/1/2018	1/31/2024	\$107,300	\$37.00	--
2/1/2024	6/30/2029	\$118,030	\$40.70	10.0%
RENEWAL OPTIONS				
7/1/2029	6/30/2034	\$129,833	\$44.77	10.0%
7/1/2034	6/30/2039	\$142,816	\$49.25	10.0%

MEMORIAL DRIVE: ±24,250 VPD

DENTISTRY



CHASE





MEMORIAL CITY
~2 miles

CBD
~15 miles

UPTOWN / GALLERIA
~11 miles



Memorial Middle School
Ranked #3 in SBISD

CITYCENTRE
~1 mile

Memorial Villages
\$1,000,000 - \$6,500,000



Rummel Creek Elementary
Ranked #4 in SBISD

Memorial
\$400,000 - \$1,600,000
West of Beltway, South of I-10



Memorial Drive
24,250 VPD



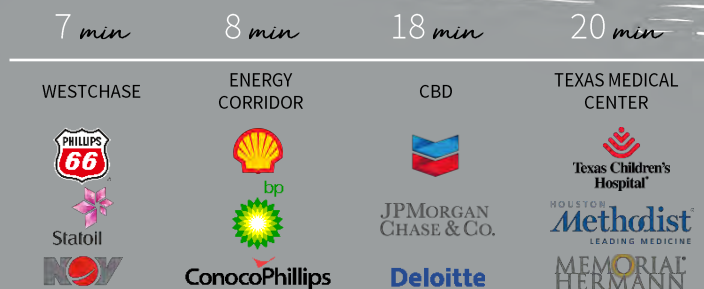
Location & Market
Overview



FAVORABLE LOCAL ECONOMICS AND POTENTIAL CUSTOMER PROFILE IN MEMORIAL AREA

A TOP DESTINATION FOR FAMILIES AND YOUNG PROFESSIONALS migrating westward for a better quality of life

PROXIMATE TO MAJOR EMPLOYMENT CENTERS



SUPERIOR QUALITY OF LIFE

- #1 Best Neighborhood to Live in Houston
- #1 Best Neighborhood to Raise a Family in Houston
- Several top ranked Spring Branch ISD schools and private schools in the vicinity
- Surrounded by 22 parks and popular retail destinations including CityCentre and Memorial City

EDUCATED & AFFLUENT DEMOGRAPHICS

	1 Mile	3 Mile	5 Mile
2020 Population Est.	15,015	140,417	382,185
2010 to 2020 Growth	19%	13%	13%
Avg. Household Income	\$177,944	\$124,778	\$102,227
Median Home Value	\$710,290	\$427,341	\$350,105
% with Bachelor's Degree or higher*	69%	54%	44%

*Only 34% of US has bachelor's degree or higher



Map above shows neighborhood home values and Spring Branch ISD rankings for elementary, middle and high school, respectively



Tenant
Overview



As the preeminent coffee company and coffeehouse chain, Starbucks (NASDAQ: SBUX) operates over 31,000 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.

Starbucks has performed very well in recent years, exhibiting steady growth in revenue and increases in all reportable segments. In fiscal year 2019, Starbucks' net revenues increased 7% year-over-year, reaching \$27.0 billion and reflective of a 10.0% CAGR since 2014. Additionally, in 2019, Starbucks opened 1,932 stores (26% company-operated), highlighted by 602 new company-operated stores in China, a key growth region. Existing stores have also experienced growth as Starbucks has experienced average annual comparable store sales growth of 4.4% since 2015.

Tenant Overview

COMPANY:	Starbucks Corporation
YEAR FOUNDED:	1971
HEADQUARTERS:	Seattle, Washington
OWNERSHIP TYPE:	Public (NASDAQ: SBUX)
SECTOR:	Restaurants
LOCATIONS:	31,000
NUMBER OF EMPLOYEES:	291,000
CREDIT RATING (MOODY'S):	'Baa1 / Stable'
ANNUAL REVENUE (FY 2019):	\$27.0 Billion
GROSS PROFIT (FY 2019):	\$7.7 Billion
TOTAL ASSETS (FY 2019):	\$27.7 Billion



Transcendental Smiles of Memorial is a Houston dental practice, owned and operated by Bill So. The company operates two locations and has served the Houston Market for over 18 years. As a local operator, the tenant has developed a strong relationship with the community and has served over 4,000 clients with 300 five star reviews.

SERVICES PROVIDED

- General Dentistry
- Restorative Dentistry
- Cosmetic Dentistry
- Sedation Dentistry
- Pediatric Dentistry
- Periodontics

18 Yrs.

SERVING HOUSTON

4,320

SMILING CLIENTS

300

FIVE STAR REVIEWS



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