

# Starbucks & Salata



9333 Spring Green Boulevard  
Katy, TX 77494





# Investment Summary & Property *Overview*



Brand new **Starbucks & Salata** in one of Houston's fastest growing markets



## *Investment Highlights*

LONG TERM LEASES TO  
INVESTMENT GRADE TENANT  
AND A NATIONAL FAST  
CASUAL SALAD CHAIN



LOCATED DIRECTLY OFF THE  
TOLLWAY IN A RAPIDLY  
GROWING HOUSTON  
SUBMARKET



SITUATED AT ENTRANCE TO  
HIGHLY COVETED RETAIL HUB  
WITH STRONG NATIONAL  
TENANCY



OUTPARCEL TO LOWE'S AND  
ADJACENT TO KROGER AND  
HEB



FAVORABLE LOCAL  
ECONOMICS AND CUSTOMER  
DEMOGRAPHICS



# 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 franchisee dba Salata, Houston's health-focused salad concept that is rapidly expanding nationally (the "Property" or "Asset"). The Asset was recently constructed in 2018 and is located in one of Houston's fastest growing markets, featuring population growth of 153% over the past ten years within a 1-mile radius. The Property benefits from being an outparcel to Lowe's across the street from national retailers, such as Kroger, HEB, Specs, Walgreens, and Petco among other well-known retailers. 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	\$3,322,000
Cap Rate	5.90%

## 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 Salata franchise has established a track record of success, expanding to over 90 locations in 7 states, with an additional 20 locations in the pipeline at the end of 2019.
- Both tenants have more than eight years remaining on the current lease term.

## LOCATED DIRECTLY OFF THE TOLLWAY IN A RAPIDLY GROWING HOUSTON SUBMARKET

- Easily accessible to large customer base with strategic location directly off of the Westpark Tollway in Katy (Houston MSA).
- Katy has successfully integrated with the Energy District to become the premiere residential location for its employees.
- Total population within 1-mile of the Property has grown by 153% in the last ten years.

## SITUATED AT ENTRANCE TO HIGHLY COVETED RETAIL HUB WITH STRONG NATIONAL TENANCY

- Located at the lighted intersection of FM 1093 and Spring Green Boulevard, providing visibility to approximately 35,000 vehicles per day.
- Outparcel to Lowe's Home Improvement, providing additional customer traffic.
- Highly coveted retail hub featuring strong national tenancy, including Kroger, Walgreens, Petco, Bank of America, Burger King and more.

## FAVORABLE LOCAL ECONOMICS AND CUSTOMER DEMOGRAPHICS

- Katy is home to over 110,000 jobs and 11,000 companies with a diverse economy featuring high presence of energy, healthcare, education, manufacturing and professional services.
- Average household income and average home value are \$190,000 and \$410,000, respectively, providing access to an affluent retail customer base.
- Stable economy and educated community driven by Katy ISD, which was ranked #1 in the state of Texas in 2019.

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

## LONG TERM LEASES TO INVESTMENT GRADE TENANT AND GROWING CHAIN

TENANT	Starbucks Corporation
ADDRESS	9333 Spring Green Boulevard Katy, Texas 77494
LEASE SIZE	2,000 SF
PARCEL SIZE	54,607 SF
YEAR BUILT	2018
LEASE COMMENCEMENT	03/09/2018
RENT COMMENCEMENT	05/21/2018
LEASE EXPIRATION	05/31/2028
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	\$100,000   \$50.00
INCREASES	10% Every Five Years
RENEWAL OPTIONS	Four, Five-Year Options

### Rent Schedule

BEGIN	END	ANNUAL RENT	ANNUAL PSF	INCREASES
5/21/2018	5/31/2023	\$100,000	\$50.00	--
6/1/2023	5/31/2028	\$110,000	\$55.00	10.0%
RENEWAL OPTIONS				
6/1/2028	5/31/2033	\$121,000	\$60.50	10.0%
6/1/2033	5/31/2038	\$133,100	\$66.55	10.0%
6/1/2038	5/31/2043	\$146,420	\$73.21	10.0%
6/1/2043	5/31/2048	\$161,060	\$80.53	10.0%

TENANT (dba  )	KTM Cinco Ranch, LLC (Karen Macinnes)
ADDRESS	9333 Spring Green Boulevard Katy, Texas 77494
LEASE SIZE	3,000 SF
PARCEL SIZE	54,607 SF
YEAR BUILT	2018
LEASE COMMENCEMENT	02/01/2017
RENT COMMENCEMENT	08/06/2018
LEASE EXPIRATION	08/31/2028
LEASE STRUCTURE	NNN
LANDLORD RESPONSIBILITIES	CAM Cap: Operating expenses cannot exceed 5% of previous calendar year
ADMINISTRATIVE FEE	Up to 15% of Operating Expenses
NOI   PSF	\$96,000   \$32.00
INCREASES	10% Every Five Years
RENEWAL OPTIONS	Four, Five-Year Options

### Rent Schedule

BEGIN	END	ANNUAL RENT	ANNUAL PSF	INCREASES
8/6/2018	8/31/2023	\$96,000	\$32.00	--
9/1/2023	1/31/2029	\$105,600	\$35.20	10.0%
RENEWAL OPTIONS				
9/1/2028	8/31/2033	\$116,160	\$38.72	10.0%
9/1/2033	8/31/2038	\$127,776	\$42.59	10.0%
9/1/2038	8/31/2043	\$140,554	\$46.85	10.0%
9/1/2043	8/31/2048	\$154,609	\$51.54	10.0%









Houston CBD

Brand New Development  
Lago Verde Estates  
\$700,000 - \$1,000,000+

Avalon at Seven Meadows  
\$450,000 - \$1,100,000

Seven Meadows  
\$275,000 - \$650,000

Brand New Development  
Lakes of Bella Terra  
\$200,000 - \$350,000

Seven Lakes High School  
Ranked #1 High School in Katy ISD

Cinco Ranch Southwest  
\$250,000 - \$550,000

Brand New Development  
Lakes of Bella Terra West  
\$250,000 - \$400,000

**SUPERCUTS** **ME** Massage Envy  
**SUBWAY** **SMOOSH** **WINGSTOP**

**Kroger**

**BLUEWAVE** **PEI WEI**  
**SONIC** **REGIONS** **BURGER KING**  
It's time to expect more.

**FIRST CHOICE**  
EMERGENCY ROOM

**Bank of America**

**Kroger FUEL**

SPRING GREEN BLVD | 11,000 VPD

WESTPARK  
TOLLWAY

21,000 VPD

**W**

**salata**  
salad kitchen

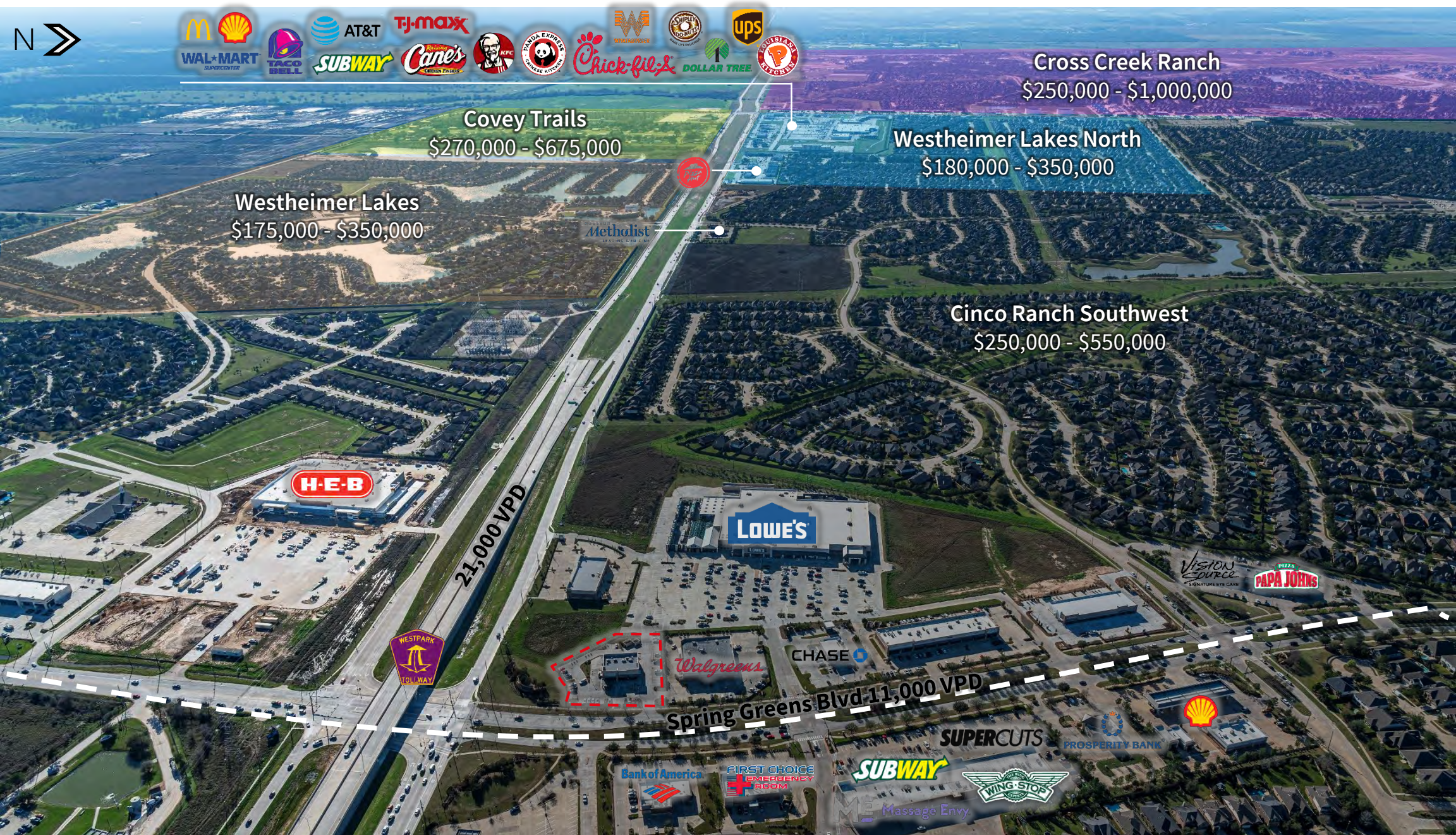
**Starbucks**

Location & Market  
*Overview*





**SITUATED AT ENTRANCE TO HIGHLY COVETED RETAIL HUB WITH STRONG NATIONAL TENANCY**  
AN OUTPARCEL TO LOWE'S AND ADJACENT TO KROGER AND HEB



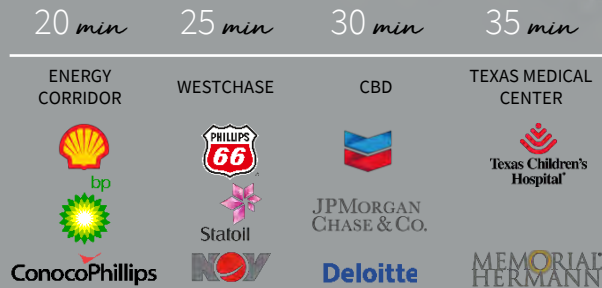




## FAVORABLE LOCAL ECONOMICS AND POTENTIAL CUSTOMER PROFILE IN KATY, TX

ONE OF HOUSTON'S MOST NOTABLE SUBURBS, Katy provides residents with access to key employment center and a high quality of life

### PROXIMATE TO MAJOR EMPLOYMENT CENTERS



### SUPERIOR QUALITY OF LIFE

- Katy ISD ranked #1 best school district in Houston and #14 in Texas
- 10 parks, 4 museums and 4 public golf courses

### EDUCATED & AFFLUENT DEMOGRAPHICS

	1 Mile	3 Mile	5 Mile
2020 Population Est.	15,938	74,126	159,350
2010 to 2020 Growth	187%	177%	105%
Avg. Household Income	\$187,424	\$184,134	\$160,471
Median Home Value	\$409,506	\$408,711	\$373,102
% with Bachelor's Degree or higher*	68%	66%	59%

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

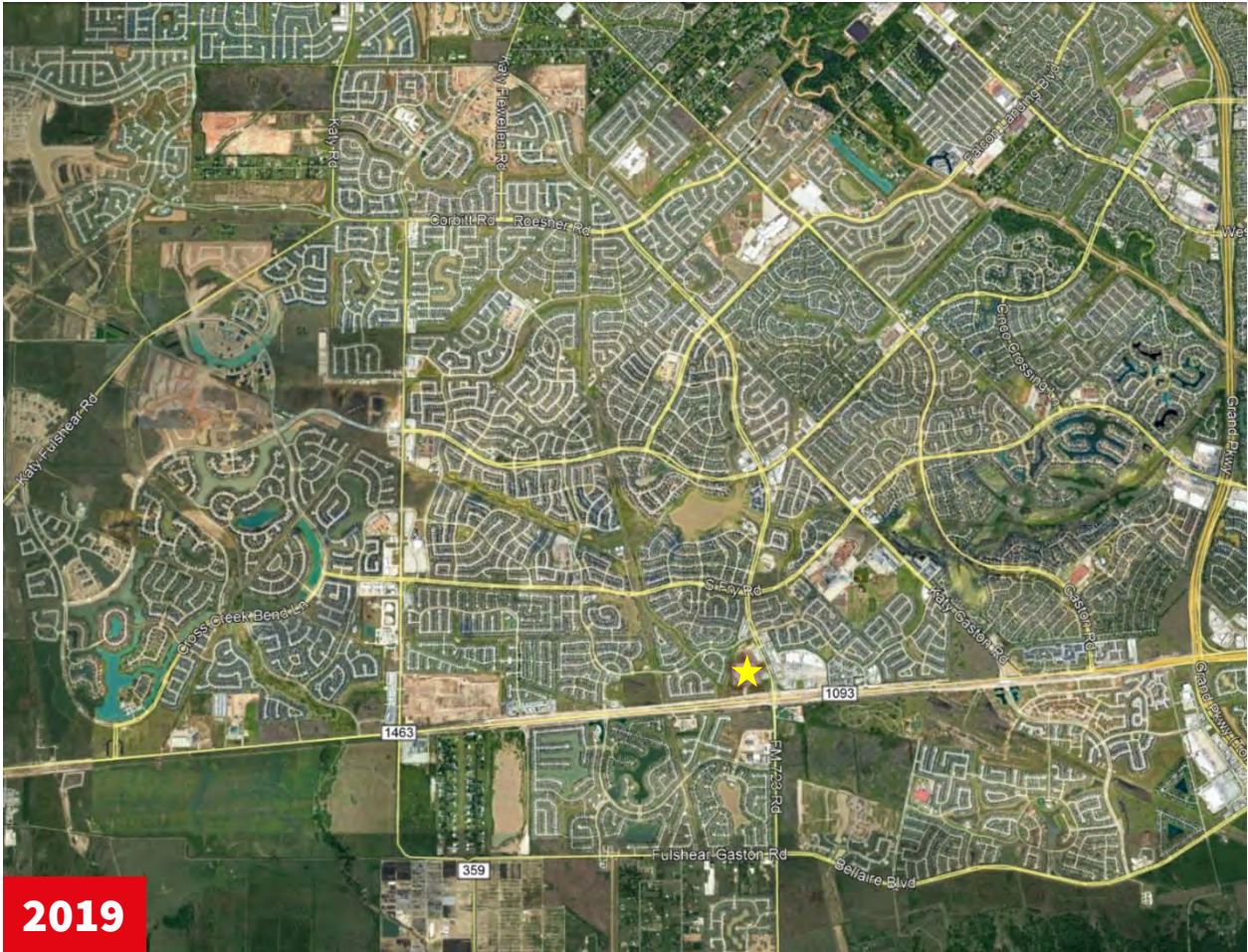
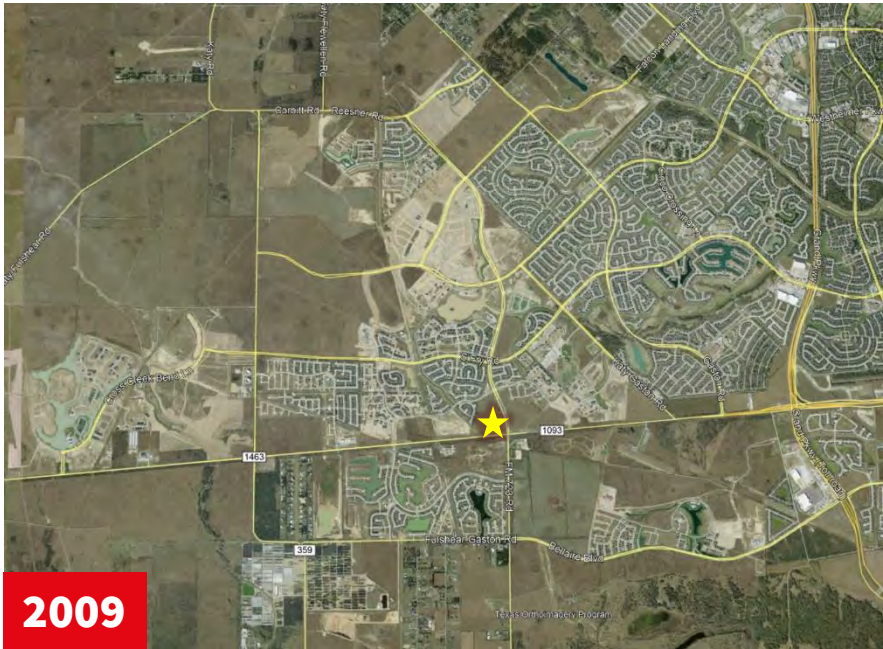


Map above shows neighborhood home values and Katy ISD rankings for elementary, middle and high school, respectively





**POPULATION HAS MORE THAN DOUBLED** in the past 10 years within 1 and 3 miles of the property



	1 Mile Radius	3 Mile Radius	5 Mile Radius
2000 Census	531	4,329	23,050
2010 Census	3,998	36,692	94,866
2020 Estimate	10,112	79,454	177,957
2025 Projection	11,182	88,000	196,865
2010 to 2020 Growth	153%	117%	88%





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



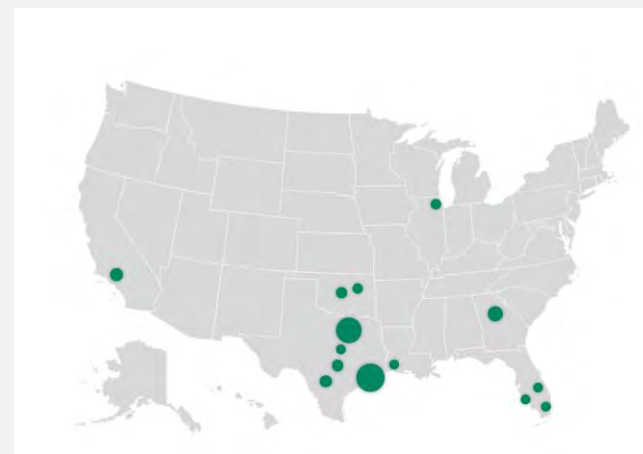
Salata is a Houston restaurant chain that focuses on serving fast-casual salads and wraps. The company offers 50 ingredients and over a dozen dressings for customers to choose from. The chain puts its primary emphasis on the customers ability to customize its salad across its platform.

Since its inception in 2005, the company has expanded rapidly. It currently operates 90 locations across 47 different cities and 7 states. Late in 2019, Salata had 20 new locations in the pipeline nationally and a goal of securing 25 additional franchise contracts.

To continue its growth story, the company has begun a large rebranding and new developments effort. In addition to a new logo, website, and uniforms for customers, the company has added new initiatives such as a blog, nutrition builder, loyalty program/app, and delivery services.

● Location; Size density represents number of locations

90  
LOCATIONS  
47  
CITIES  
7  
STATES





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