

STARBUCKS



2021 Cumberland Avenue | Knoxville, TN

OFFERING MEMORANDUM

LEASEHOLD OPPORTUNITY: 12.17% RETURN



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INVESTMENT HIGHLIGHTS

- Industry-leading, **BBB+ (S&P) investment-grade credit** tenant with over 27,000 locations worldwide, market cap of over \$104 billion, and revenues of over \$26.5 billion in 2019 (NYSE: SBUX)
- **Rare opportunity to receive a 12%+ return** on a corporately guaranteed Starbucks asset
- Starbucks saw Q4 comparable store sales up 5% globally, led by 6% comp growth in the United States
- **Trophy college town location** with great visibility and access to Cumberland Avenue which has over **37,000 vehicles per day**
- **The only Starbucks with drive-thru serving The University of Tennessee**
- Hard-Corner, signaled location on over half-an-acre and with a drive-thru component
- **Walking distance to The University of Tennessee** which has over **28,000 students** enrolled and one of the most accomplished research programs in the country
- Stabilized cash flow, with **potential upside** in buying out the fee owner of the land
- Directly across the street from Slate at 901 - a 5-story, student housing apartment complex
- **Strong density**, with over 72,000 in a 3-mile radius and over 145,000 in a 5-mile radius
- Fort Sanders Regional Medical Center recently announced a \$115MM expansion to their campus
- **Walking distance to Neyland Stadium (102,000+ seats) and Thompson-Boling Arena (21,650+ seats)**, which are considered to be within the top, on-campus sporting facilities in the U.S.



FINANCIAL OVERVIEW



\$385,000
LIST PRICE



\$46,846
NOI



12.17%
CAP RATE

BUILDING INFO

Address	2021 Cumberland Ave Knoxville, TN 37916
APN	479249
Year Built	1984/R2005
GLA of Building	±2,631 SF
Lot Size	±25,101 SF (0.58 Acres)

TENANT SUMMARY

Trade Name	Starbucks
Ownership Type	Leasehold
Lease Guarantor	Corporate
Original Lease Term (Years)	15 YRS
Lease Expiration Date	2/28/26
Term Remaining	±6 YRS
Increases	5% Every Five Years
Options	Two (2), Five (5) Year Options

ANNUALIZED OPERATING DATA

Lease Commence		Monthly Rent	Annual Rent	Rent PSF	CAP
Current - 2/28/21	Starbucks Rent	\$7,983.35	\$95,800	\$36.41	
	Land Rent	(\$4,079.54)	(\$48,954.48)		
	NOI	\$3,903.81	\$46,846		12.17%
3/1/21 - 2/28/26	Starbucks Rent	\$8,382.52	\$100,590	\$38.23	
	Land Rent	(\$5,081.47)	(\$60,977.64)		
	NOI	\$3,301.05	\$39,612.60		10.29%
Option 1	Starbucks Rent	\$8,801.64	\$105,620	\$40.14	
	Land Rent	(\$5,691.27)	(\$68,295.24)		
	NOI	\$3,110.37	\$37,324.44		9.69%
Option 2	Starbucks Rent	\$9,241.73	\$110,901	\$42.15	
	Land Rent	(\$6,374.22)	(\$76,490.64)		
	NOI	\$2,867.51	\$34,410.12		8.94%

TENANT OVERVIEW



REPRESENTATIVE PHOTO

The Offering

PROPERTY NAME	
Property Address	Starbucks 2021 Cumberland Ave Knoxville, TN
SITE DESCRIPTION	
Number of Stories	One
Year Built	1984/R2005
Lot Size	±25,101 SF
Type of Ownership	Fee Simple
Landscaping	Professional
Topography	Generally Level

Tenant Overview

» Company Name	» Year Founded	» Headquarters	» S&P Credit Rating
Starbucks	1971	Seattle, WA	BBB+
» Ownership	» Industry	» No. of Employees	
Public	Coffee Shops	±300,000	

Starbucks Corporation operates as a roaster, marketer, and retailer of specialty coffee worldwide. Its stores offer coffee and tea beverages, packaged roasted whole bean and ground coffees, single-serve and ready-to-drink coffee and tea products, juices, and bottled water. The company's stores also provide fresh food and snack offerings; and various food products, such as pastries, and breakfast sandwiches and lunch items, as well as serve ware, beverage making equipment, and accessories.

\$24.7 B

2018 Sales

\$4.52 B

2018 Net Income

30,000 +

Locations Worldwide



± 28,900 TOTAL STUDENTS ENROLLED



SORORITY VILLAGE

ALCOA HWY
± 78,000 VPD



STUDENT
HOUSING



CUMBERLAND AVE
± 37,000 VPD



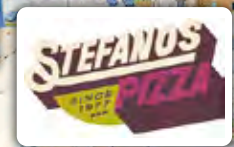
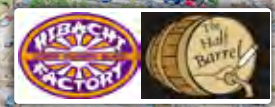
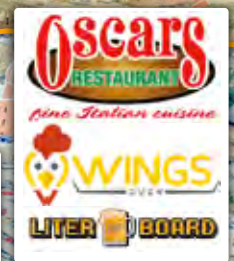


CUMBERLAND AVE
± 37,000 VPD

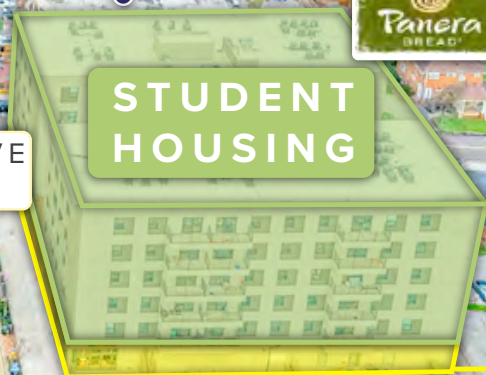
DOWNTOWN



- ± 28,900 TOTAL STUDENTS ENROLLED
- BEST SOUTHEASTERN COLLEGE BY THE PRINCETON REVIEW (2019)
- HOME OF ONE OF THE MOST ACCOMPLISHED RESEARCH PROGRAMS IN THE NATION.



CUMBERLAND AVE
± 37,000 VPD





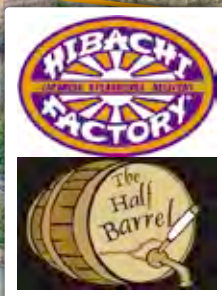
± 110,500 VPD

- OVER 600 TOP PHYSICIANS
- OVER 1,000 NURSES, TECHNOLOGISTS, THERAPISTS, PHARMACISTS, DIETICIANS, & OTHERS
- ONE OF AMERICA'S BEST EMPLOYERS BY FORBES

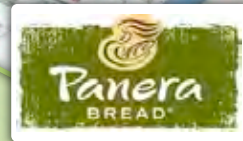
± 28,900 TOTAL STUDENTS ENROLLED



- AMONG THE THREE LARGEST CHEMICAL PRODUCERS IN THE WORLD
- EMPLOYS 54,000 PEOPLE WORLDWIDE



CUMBERLAND AVE
± 37,000 VPD



STUDENT
HOUSING



AREA OVERVIEW

KNOXVILLE, TENNESSEE

Knoxville retains the charm of a small southern town while providing the amenities of a big city. It is home to the main campus of the University of Tennessee, which has been classified by the Carnegie Commission as a university with “very high research activity.” The 400-acre university campus is located along the waterfront just to the southwest of the downtown area, adding a notable college-town element. A short walk from the university campus, downtown Knoxville has emerged as a thriving hub for socializing. Downtown’s Market Square is a hotspot for happy hour, dinner and Sunday brunch, offering a number of shops and restaurants. Next to Market Square, Gay Street features the Tennessee and Bijou Theaters, both of which offer well-known musical acts, stage productions and the Knoxville Symphony. Knoxville’s rich arts community is supplemented with a number of quality museums and many festivals held throughout the year.

Outside of downtown there are a variety of nice, older neighborhoods and suburbs, offering a good family lifestyle and proximity to the heart of the city. With the added benefit that Tennessee does not collect income tax, Knoxville offers an affordable cost of living. This, combined with an abundance of recreational activities, has made the area one of the fastest-growing regions for retirees as well as workers. Knoxville has been ranked as a top 10 city for college graduates for its diverse business climate and growing downtown. In addition to the University of Tennessee, seventeen other training programs and colleges provide a ready supply of trained workers.

Full of history and culture, Knoxville’s Appalachian roots are apparent in the surrounding scenery. From floating along the Tennessee River or on one of the major lake ways in the region to hiking in the Great Smoky Mountains National Park, visitors and residents can take in the area’s natural beauty.

DEMOGRAPHICS

POPULATION	1-MILE	3-MILE	5-MILE
2025 Projection	15,415	74,715	150,211
2020 Estimate	14,980	72,230	145,568
2010 Census	14,178	67,772	138,438
Growth 2020-2025	2.90%	3.44%	3.19%
Growth 2010-2020	5.66%	6.58%	5.15%
HOUSEHOLDS	1-MILE	3-MILE	5-MILE
2025 Projection	3,930	30,807	64,555
2020 Estimate	3,771	29,632	62,374
2010 Census	3,507	27,386	58,813
Growth 2020-2025	4.22%	3.96%	3.50%
Growth 2010-2020	7.53%	8.20%	6.05%
INCOME	1-MILE	3-MILE	5-MILE
2020 Avg Household Income	\$41,030	\$53,507	\$59,734



DOWNTOWN KNOXVILLE

Downtown Knoxville is the hub of business and government activity. Main Street features a number of historic structures and a modern-day hotel. Gay Street consists of several historic buildings, restaurants, banks, and shops. Historic Market Square features popular restaurants, shops, and music venues. Volunteer Landing serves as a boat dock and also has a marina, high-quality restaurants, a historic park, and a riverboat cruise. The World's Fair Park contains the famous Sunsphere, various water fountains, floral gardens, a war memorial, and more. Downtown Knoxville is also a popular venue for many festivals held throughout the year.



THE UNIVERSITY OF TENNESSEE

0.3 MILES FROM SUBJECT PROPERTY

The University of Tennessee, founded in 1794, was designated as the state land-grant institution in 1869. The Knoxville campus now has more than 26,000 students and 400 academic programs and includes an agricultural campus, a veterinarian campus, and a 581-bed teaching hospital. UT has one of the strongest athletics departments in the nation. The VOLS football team have been national champions as have the Lady VOLS basketball team.



\$1.7 BILLION IN ECONOMIC IMPACT



294 BUILDINGS



29,460 STUDENTS

CONFIDENTIALITY AGREEMENT & DISCLAIMER

This Offering Memorandum contains select information pertaining to the business and affairs of **Starbucks** located at **2021 Cumberland Avenue, Knoxville, TN 37916** (“Property”). It has been prepared by Matthews Real Estate Investment Services. This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews Real Estate Investment Services. The material is based in part upon information supplied by the Seller and in part upon financial information obtained from sources it deems reliable. Owner, nor their officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Owner and Matthews Real Estate Investment Services expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser’s sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Matthews Real Estate Investment Services or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.

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