

BRAND NEW CONSTRUCTION

Absolute NNN Investment Opportunity

Closest Location to the University of Arizona



With Drive Thru



3700 E. SPEEDWAY BOULEVARD
TUCSON ARIZONA

REPRESENTATIVE PHOTO





PRESENTED TO

Designated Broker: Ed Beeh – SRS Real Estate Partners-West, LLC |
AZ Lic. No. BR032807000

PATRICK R. LUTHER, CCIM
Managing Principal
SRS Real Estate Partners-West, LLC

610 Newport Center Drive, Suite 1500
Newport Beach, CA 92660
D 949.698.1115
M 480.221.4221
Patrick.Luther@srsre.com
AZ License No. BR579712000

MATTHEW MOUSAVI
Managing Principal
SRS Real Estate Partners-West, LLC

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

JAKE B. PRATER
Associate
SRS Real Estate Partners- West, LLC

610 Newport Center Drive, Suite 1500
Newport Beach, CA 92660
D 949.698.1102
M 949.903.8099
Jake.Prater@srsre.com
CA License No. 02090490



CONTENTS

4

INVESTMENT SUMMARY

Offering Summary | Investment Highlights

8

PROPERTY OVERVIEW

Aerials | Site Plan | Location Map

15

AREA OVERVIEW

Demographics

17

FINANCIALS

Rent Roll | Brand Profile



INVESTMENT SUMMARY



SRS Real Estate Partners-West, LLC is pleased to offer the opportunity to acquire the fee simple interest (land & building ownership) in an absolute NNN leased, corporate guaranteed, freestanding, Dutch Bros Coffee investment property located in Tucson, Arizona. The tenant, BB Holdings AZ, LLC, recently signed a brand new 15-year lease with 3 (5-year) options to extend, demonstrating their long-term commitment to the site. The lease features 10% rental increases every 5 years throughout the initial term and at the beginning of each option period, growing NOI and hedging against inflation. The lease is absolute NNN with zero landlord responsibilities making it an ideal investment opportunity for a passive investor. Construction of the site is to be completed by May 24th 2020, with high quality materials used, featuring Dutch Bros Coffee most recent prototype. The offering represents a rare opportunity to acquire modern real estate within a dense, infill trade area with high barriers for new development.

Dutch Bros Coffee is located along E. Speedway Blvd, a major retail thoroughfare with 56,000 vehicles passing by daily. This Dutch Bros location will be equipped with a two-lane drive-thru, providing ease and convenience for customers. On average, stores with drive-thru generate higher sales than those without. The site benefits from excellent visibility via a large pylon sign and significant street frontage. The asset is within close proximity to a variety of national/credit tenants including Walgreens, McDonald's, CVS, Whole Foods Market, Starbucks, and more, increasing consumer draw to the immediate trade area promoting crossover shopping to the site. Moreover, the site is just 2 miles north of a Walmart Supercenter anchored shopping center that includes other national/credits tenants including The Home Depot, Target, In-N-Out, and more. In addition, Dutch Bros is located just 2.5 miles east of The University of Arizona, with a student enrollment population of 45,000 students, this **Dutch Bros location is the closest to the University of Arizona**. The University of Arizona recently ranked #117 in the 2020 edition of Best Colleges in the nation according to the U.S News. In addition, Dutch Bros is located just 4.2 miles northeast of St. Joseph's Hospital (486 beds), an accredited pain center that has recently been recognized by the American Heart and Stoke Association. The 5-mile trade area is supported by a population of over 279,000 with an average household income of \$57,000.

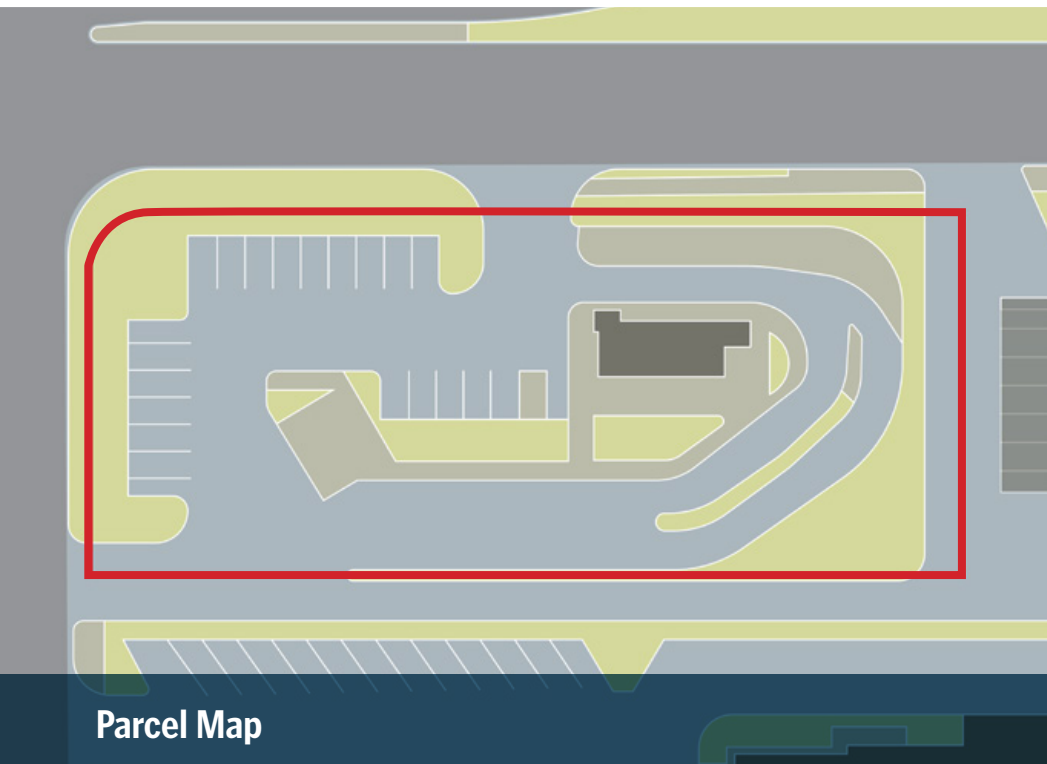


CONSTRUCTION MARCH 2020





OFFERING SUMMARY



Parcel Map

Offering

| | |
|---------------------------|---------------------|
| PRICING | \$2,300,000 |
| NET OPERATING INCOME | \$115,000 |
| CAP RATE | 5.00% |
| GUARANTY | Corporate |
| TENANT | BB Holdings AZ, LLC |
| LEASE TYPE | Absolute NNN |
| LANDLORD RESPONSIBILITIES | None |
| SALES REPORTING | No |

Property Specifications

| | |
|------------------|--|
| RENTABLE AREA | 862 SF |
| LAND AREA | 0.70 Acres |
| PROPERTY ADDRESS | 3700 E. Speedway Boulevard Tucson, AZ 85716 |
| YEAR BUILT | 2020 |
| PARCEL NUMBER | 125-10-023A, 125100220, 12510020C |
| OWNERSHIP | Fee Simple (Land & Building) |



INVESTMENT HIGHLIGHTS



Brand New 15-Year Lease | Corporate Guaranteed | Scheduled Rental Increases | Latest Prototype

- Corporate guaranteed by BB Holdings AZ, LLC
- BB Holdings AZ, LLC, recently signed a brand new 15-year lease with 3 (5-year) options to extend, demonstrating their long-term commitment to the site
- Construction of the site is to be completed by May 24th 2020, with high quality materials used, featuring Dutch Bros Coffee most recent prototype

Absolute NNN | Fee Simple Ownership | Zero Landlord Responsibilities

- Tenant pays for CAM, taxes, and insurance
- Zero landlord responsibilities
- Extremely rare absolute NNN Dutch Bros

Close Proximity to the University of Arizona (45,000 Students) | Nearby National/Credit Tenants | St. Joseph's Hospital

- Dutch Bros is located just 2.5 miles east of The University of Arizona (U of A), with a student enrollment population of 45,000 students
- Home of the Wildcats, The University of Arizona's main campus spans across 380 acres with 179 buildings
- Arizona Stadium is located on campus and hosts various events including U of A Football, concerts, and more with a seating capacity upwards of 51,000
- The asset is within close proximity to a variety of tenants including Walgreens, McDonald's, CVS, Whole Foods Market, Starbucks, and more
- Dutch Bros is located just 4.2 miles northeast of St. Joseph's Hospital (486 beds)

Drive Thru Building | Tenant Sales Resilient to Coronavirus

- The recent Coronavirus outbreak has challenged sit down restaurant sales
- Dutch Bros drive thru only and patio seating building prototype allow for sales & business to continue to operate

Strong Demographics in 5-Mile Trade Area

- More than 279,000 residents and 203,000 employees support the trade area
- \$57,000 average household income

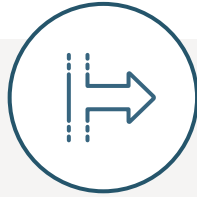


PROPERTY OVERVIEW



Location

Located in
Tucson, AZ
Pima County



Access

E. Speedway Boulevard
1 Access Point

N. Dodge Boulevard
2 Access Points



Traffic Counts

E. Speedway Boulevard
56,000 Cars Per Day



Improvements

There is approximately
862 SF of existing building area



Parking

There are approximately
22 parking spaces
on the owned parcel.
The parking ratio is
approximately 25.52 stalls per
1,000 SF of leasable area.



Parcel

Parcel Number: 125-10-023A
125100220, 12510020C
Acres: 0.70
Square Feet: 30,492 SF



Year Built

2020



Zoning

Commercial / Retail Trade



THE UNIVERSITY
OF ARIZONA



THE UNIVERSITY
OF ARIZONA

Walgreens

WHOLE
FOODS

BUICK GMC

CROSSFIT
PURGATORY

ARIZONA
PARTY RENTAL

BANNER - UNIVERSITY
MEDICAL CENTER
TUCSON

DISCOUNT
TIRE

feast

DUTCH BROS
Coffee

N. DODGE BLVD.

E. SPEEDWAY BLVD.

56,000
CARS PER DAY





SPROUTS
FARMERS MARKET

CUBEsmart
self storage

Pep Boys

RINCON HIGH
SCHOOL

CACTUS
JACKS

jiffy lube

Hotels

McDonald's

BASIS TUCSON
PRIMARY

CVS pharmacy

TUCSON FEDERAL
CREDIT UNION

E. SPEEDWAY BLVD.

56,000
CARS PER DAY

Dutch Bros
Coffee

N. DODGE BLVD.





56,000
CARS PER DAY



E. SPEEDWAY BLVD.

PYLON SIGN

DUTCH BROS
Coffee

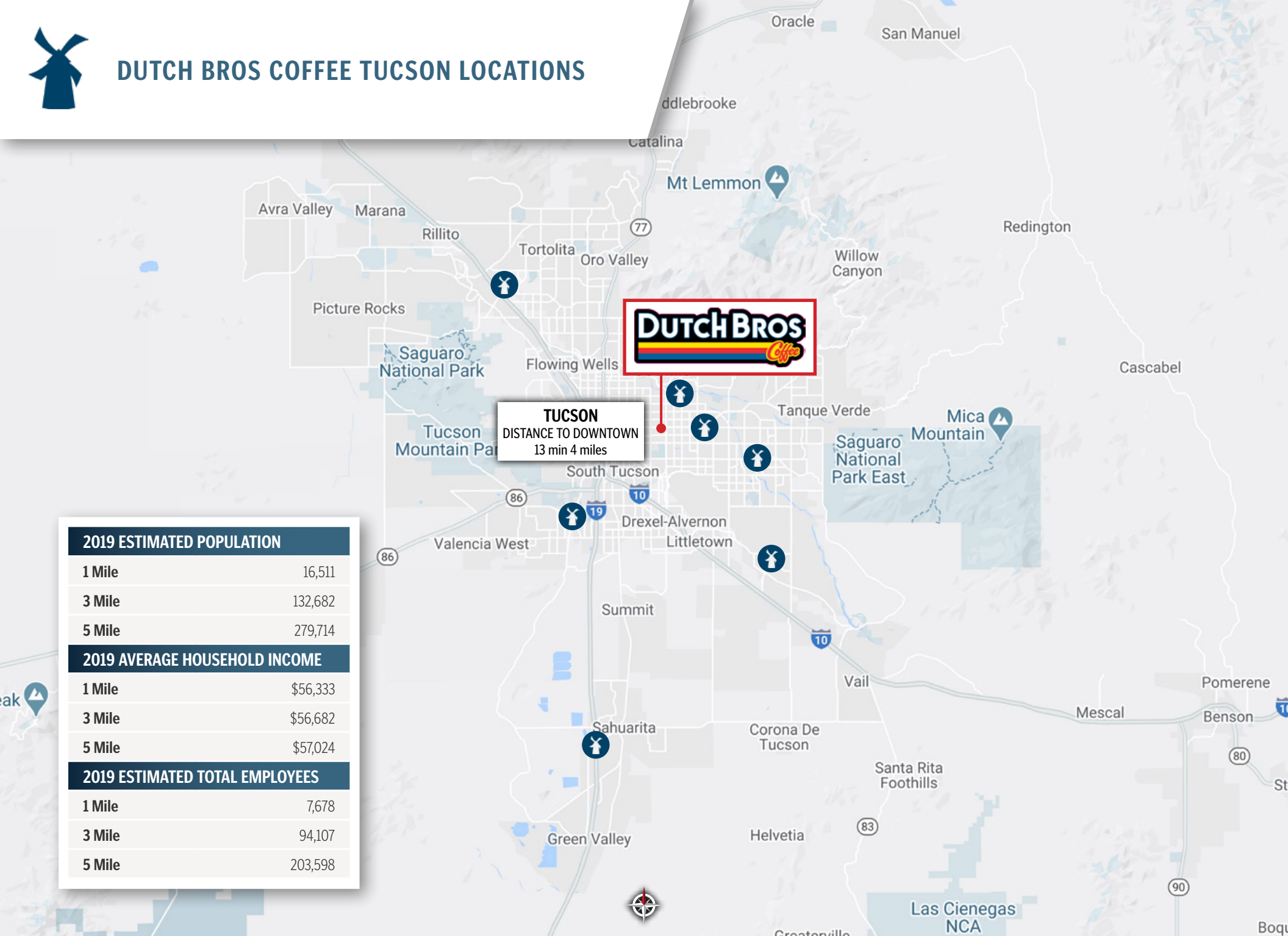
SPEEDWAY VETERINARY

N. DODGE BLVD.





DUTCH BROS COFFEE TUCSON LOCATIONS



2019 ESTIMATED POPULATION

| | |
|--------|---------|
| 1 Mile | 16,511 |
| 3 Mile | 132,682 |
| 5 Mile | 279,714 |

2019 AVERAGE HOUSEHOLD INCOME

| | |
|--------|----------|
| 1 Mile | \$56,333 |
| 3 Mile | \$56,682 |
| 5 Mile | \$57,024 |

2019 ESTIMATED TOTAL EMPLOYEES

| | |
|--------|---------|
| 1 Mile | 7,678 |
| 3 Mile | 94,107 |
| 5 Mile | 203,598 |



AREA OVERVIEW



Tucson, Arizona

Tucson is Southern Arizona's largest city and the second largest city in the State of Arizona. It is located 100 miles southeast of Phoenix and 60 miles north of the U.S. – Mexico border. Tucson is situated in the Sonoran Desert and is surrounded by five mountain ranges. The City is home to the University of Arizona and Davis-Monthan Air Force Base. The City's industries include electronics and missile production. Tucson is the seat of Pima County. The City of Tucson is the 2nd largest city in Arizona with a population of 541,841 as of July 1, 2018.

A diverse and welcoming community, Tucson offers an outstanding quality of life along with a low cost of doing business. The manufacturers lead the way in innovation, in sectors as varied as aerospace, biotech, defense, information technology, optics, solar, and water. Tucson has the highest concentration of startups of any U.S. city its size. Just 60 miles from the Mexico border, with high-capacity border and transportation infrastructure, Tucson is the natural choice for companies doing business in the U.S. and Mexico. Tucson has a broad based economy that is anchored in tourism, higher education, retail, military, government, various high – tech and health care employers.

The Tucson region is fast becoming one of the nation's most innovative business centers. Life sciences programs at the University of Arizona are international leaders in scientific research and education. The aerospace and defense sector is a major contributor to the region's economy. The neighboring State of Sonora is quickly becoming one of Mexico's biggest and most important aerospace clusters as well, making Tucson the closest major U.S. city to companies manufacturing there. Recognized globally as a location of choice for solar energy activities, Tucson's emerging solar industry promises a bright future. The region has valuable resources for technology development, manufacturing and solar power generation. While Tucson is already well known for its abundant sunshine, the region is also becoming known for its abundant human capital, state of the art research and development, ample supply chain opportunities and competitive operating costs.

Tucson's unique location near Mexico and their deep-water ports, as well as its substantial transportation infrastructure, means excellent access for trade, connecting people and products in today's competitive global marketplace. The Union Pacific's main line runs east to west through Tucson, giving the City an advantage in transportation and logistics. The Port of Tucson, a multifaceted rail facility, provides a wide variety of rail oriented transportation options including intermodal container handling, boxcar access, and team track.



AREA DEMOGRAPHICS

| | 1 MILE | 3 MILES | 5 MILES |
|--|----------|----------|----------|
| 2019 Estimated Population | 16,511 | 132,682 | 279,714 |
| 2024 Projected Population | 16,808 | 135,345 | 287,005 |
| 2010 Census Population | 16,220 | 129,574 | 270,352 |
| Projected Annual Growth 2019 to 2024 | 0.36% | 0.40% | 0.52% |
| Historical Annual Growth 2010 to 2019 | 0.20% | 0.25% | 0.38% |
| 2019 Estimated Households | 8,030 | 58,380 | 121,175 |
| 2024 Projected Households | 8,186 | 59,681 | 124,659 |
| 2010 Census Households | 7,865 | 56,876 | 116,851 |
| Projected Annual Growth 2019 to 2024 | 0.39% | 0.44% | 0.57% |
| Historical Annual Growth 2010 to 2019 | 0.24% | 0.28% | 0.41% |
| 2019 Estimated White | 80.09% | 78.89% | 77.44% |
| 2019 Estimated Black or African American | 5.66% | 5.27% | 5.58% |
| 2019 Estimated Asian or Pacific Islander | 4.19% | 4.98% | 4.19% |
| 2019 Estimated American Indian or Native Alaskan | 2.71% | 2.31% | 2.90% |
| 2019 Estimated Other Races | 9.65% | 10.77% | 14.11% |
| 2019 Estimated Hispanic | 28.40% | 31.91% | 38.38% |
| 2019 Estimated Average Household Income | \$56,333 | \$56,682 | \$57,024 |
| 2019 Estimated Median Household Income | \$36,815 | \$37,999 | \$37,580 |
| 2019 Estimated Per Capita Income | \$27,671 | \$25,175 | \$24,829 |
| 2019 Estimated Total Businesses | 817 | 6,609 | 14,882 |
| 2019 Estimated Total Employees | 7,678 | 94,107 | 203,598 |





RENT ROLL

| TENANT NAME | SQUARE FEET | Lease Term | | | | Rental Rates | | | | | |
|----------------------|-------------|-------------|-----------|-------------|----------|--------------|---------|-----------|----------|--------------------------------------|------------|
| | | LEASE START | LEASE END | BEGIN | INCREASE | MONTHLY | PSF | ANNUALLY | PSF | RECOVERY TYPE | OPTIONS |
| Dutch Bros | 862 | April-2020 | May-2034 | Years 1-5 | - | \$9,583 | \$11.12 | \$115,000 | \$133.41 | Absolute NNN | 3 (5-Year) |
| (Corporate Guaranty) | | | | Years 6-10 | 10% | \$10,542 | \$12.23 | \$126,500 | \$146.75 | 10% Increases at Beg. of Each Option | |
| | | | | Years 11-16 | 10% | \$11,596 | \$13.45 | \$139,150 | \$161.43 | | |

FINANCIAL INFORMATION

| | |
|----------------------|--------------|
| Price | \$2,300,000 |
| Net Operating Income | \$115,000 |
| Cap Rate | 5.00% |
| Lease Type | Absolute NNN |

PROPERTY SPECIFICATIONS

| | |
|---------------|---|
| Year Built | 2020 |
| Rentable Area | 862 SF |
| Land Area | 0.70 Acres |
| Address | 3700 E. Speedway Boulevard, Tucson, AZ 85716 |



For financing options and loan quotes:

Please contact our SRS Debt & Equity team at debtequity-npb@srsre.com.



BRAND PROFILE



Dutch Bros. Coffee

Dutch Bros. Coffee is the country's largest privately held, drive-through coffee chain, with 379 locations and 12,000 employees in 7 states. The company was founded in 1992 and is based in Grants Pass, Oregon. Dutch Bros stated that they would like to hit 800 locations within the next 5 years. In 2018 Restaurant Business reported that Dutch Bros had \$494 million in revenue.

COMPANY TYPE

Private

LOCATIONS

379

WEBSITE

dutchbros.com



275+

**RETAIL
PROFESSIONALS**

25+

OFFICES

#1

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

2100+

**RETAIL
TRANSACTIONS**
in 2019
company wide

485

**PROPERTIES
SOLD**
in 2019

\$1.5B

**TRANSACTION
VALUE**
in 2019

This Offering Memorandum has been prepared by SRS Real Estate Partners-West, LLC 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 2019

REPRESENTATIVE PHOTO

SRSRE.COM