

# OFFERING MEMORANDUM



Construction Photo as of 7/5/20

# STARBUCKS

1530 E Colonial Drive, Orlando, FL 32803

Marcus & Millichap  
TURCHI VAUGHAN TEAM



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# TABLE OF CONTENTS

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**05** PROPERTY OVERVIEW  
*SECTION 1*

**21** MARKET COMPARABLES  
*SECTION 3*

**17** FINANCIAL ANALYSIS  
*SECTION 2*

**28** MARKET OVERVIEW  
*SECTION 4*



*section one*

# PROPERTY OVERVIEW

  
STARBUCKS



# Starbucks

1530 E Colonial Drive, Orlando, FL 32803

## INVESTMENT OVERVIEW

Subject property is a 2,642 rentable square foot Starbucks, located just minutes from Downtown Orlando. This is a brand-new location slated for grand opening in early October. The property has a drive-thru and outdoor seating available. Subject is situated on 0.60 acre with great street frontage on the corner of E Colonial Drive and N Ferncreek Avenue. E Colonial Drive benefits from average daily traffic counts of 68,500 vehicles and connects the property to main thoroughfare Interstate-4. Interstate-4 has traffic counts of over 200,000 vehicles daily.

Some nearby nationally recognized retail brands include Target, Subway, Publix Super Market, Chick-Fil-A, and much more. Fashion Square Mall and Colonial Plaza Mall are less than two miles from subject. AdventHealth Orlando and the Orlando Executive Airport are in very close proximity as well. Many new and upcoming developments are also just a short drive away. For example, the 68-acre Creative Village is emerging in the heart of Downtown Orlando, just 1.9 miles from the subject property.

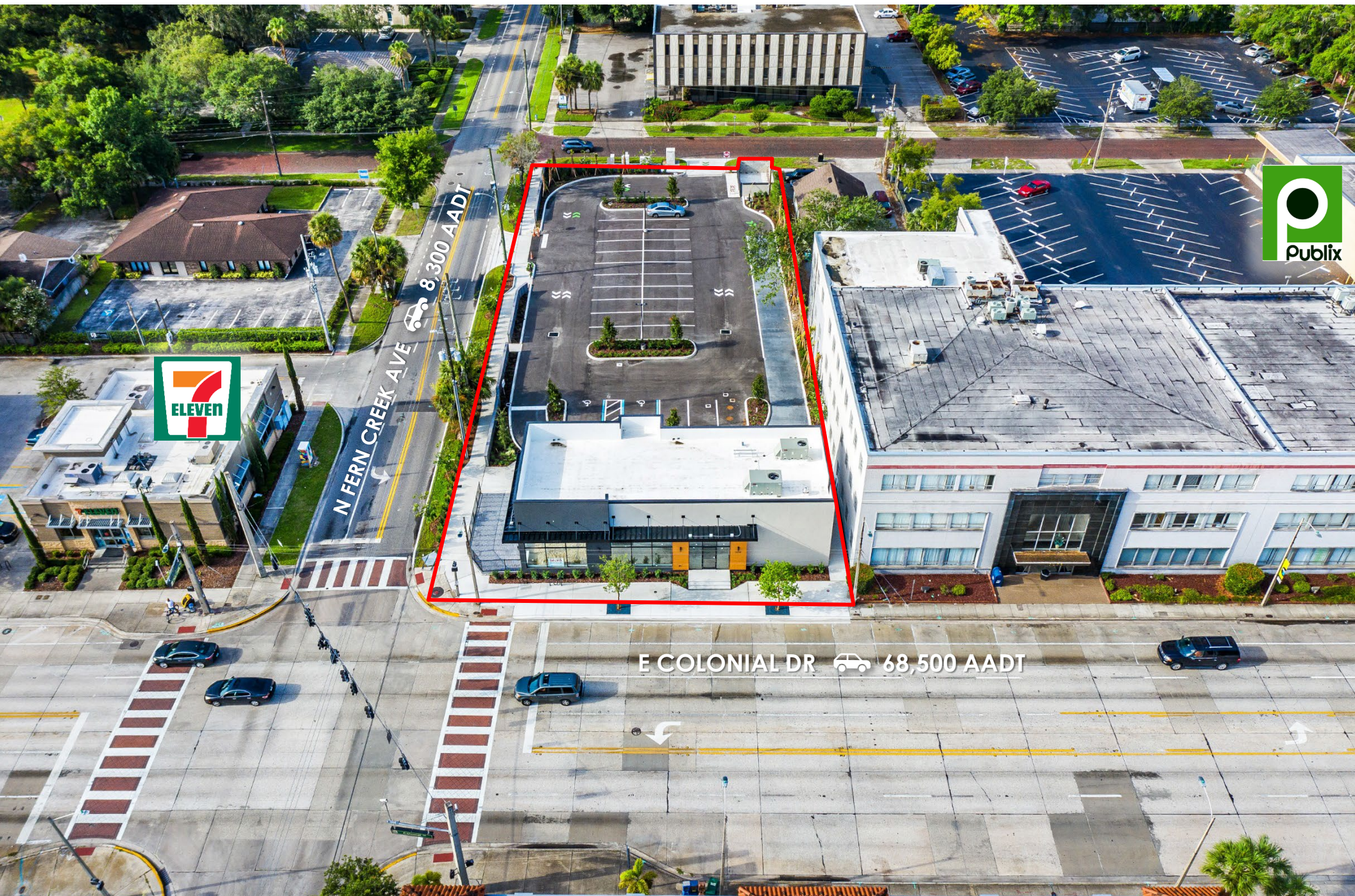


## INVESTMENT HIGHLIGHTS

- ▶ Brand New 2,642 Square Foot Starbucks Coffee With Drive-Thru and Outdoor Seating | Grand Opening Slated for Early October
- ▶ 10 Year NN Lease – Minimal Landlord Responsibilities
- ▶ No Early Termination Right and No Newly Proposed Starbucks Protective Language in Case of Force Majeure
- ▶ Corporate Guarantee from Starbucks Company | S&P BBB+ Rating
- ▶ Located on a Hard, Signalized Corner in Colonialtown North
- ▶ Just Minutes From Downtown Orlando
- ▶ Direct Frontage Along E Colonial Drive | Benefits from 68,500 ADT
- ▶ E Colonial Drive Connects Property to Interstate-4 | Daily Traffic Counts of Over 200,000 Vehicles
- ▶ 281,802 Population Within Five Mile Radius







E COLONIAL DR  68,500 AADT





Downtown Orlando



N FERN CREEK AVE 8,300 AADT

E COLONIAL DR 18,500 AADT











E COLONIAL DR

68,500 AADT



N FERN CREEK AVE  
8,300 AADT







# NEARBY DEVELOPMENTS

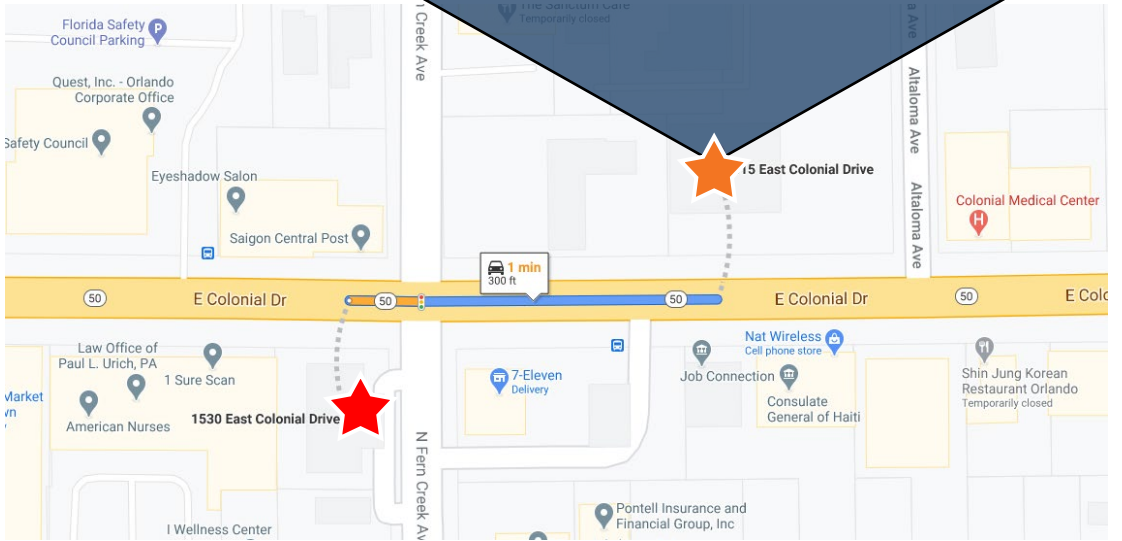
A vacant lot on East Colonial Drive that was previously slated for a Japanese steakhouse is now under contract to an Atlanta-based luxury apartment developer.

Trammell Crow Residential has rezoning request for a planned development with a density bonus on a four parcel assemblage at the corner of Colonial and N. Fern Creek Avenue for one of its Alexan branded communities. Alexan at Mills 50 would be a 5-story, mixed-use building with 246 residential units, including 15 live-work units on the ground floor, amenities and a dog park that would be open to the public.

The 2.1-acre site encompasses nearly an entire block located at 1615 E Colonial Drive. The site is just a block from another infill redevelopment project, Colonial Promenade at the corner of Colonial and Mills Avenue. The city's Municipal Planning Board approved a two-phased redevelopment that calls for renovations of three existing buildings on Colonial and Woodward, followed by the demolition of the standalone 7-11 store at 723 N. Mills Ave. to be replaced with a new 8,800-square-foot retail building.

Trammell Crow has been active in the Orlando market, having recently opened Alexan at Winter Park, the first of two apartment communities to be constructed on the campus of Cavalry Assembly of God just north of downtown Orlando. The company is building the second phase, Alexan North End along Clay Street. The two sister complexes have a combined 532 units. Both a 4-story, urban style buildings with structured parking. In 2016, the company completed Alexan Crossroads, with 314 units in Lake Buena Vista, and sold it two years later for \$64.5 million.

GrowthSpotter





# NEARBY DEVELOPMENTS



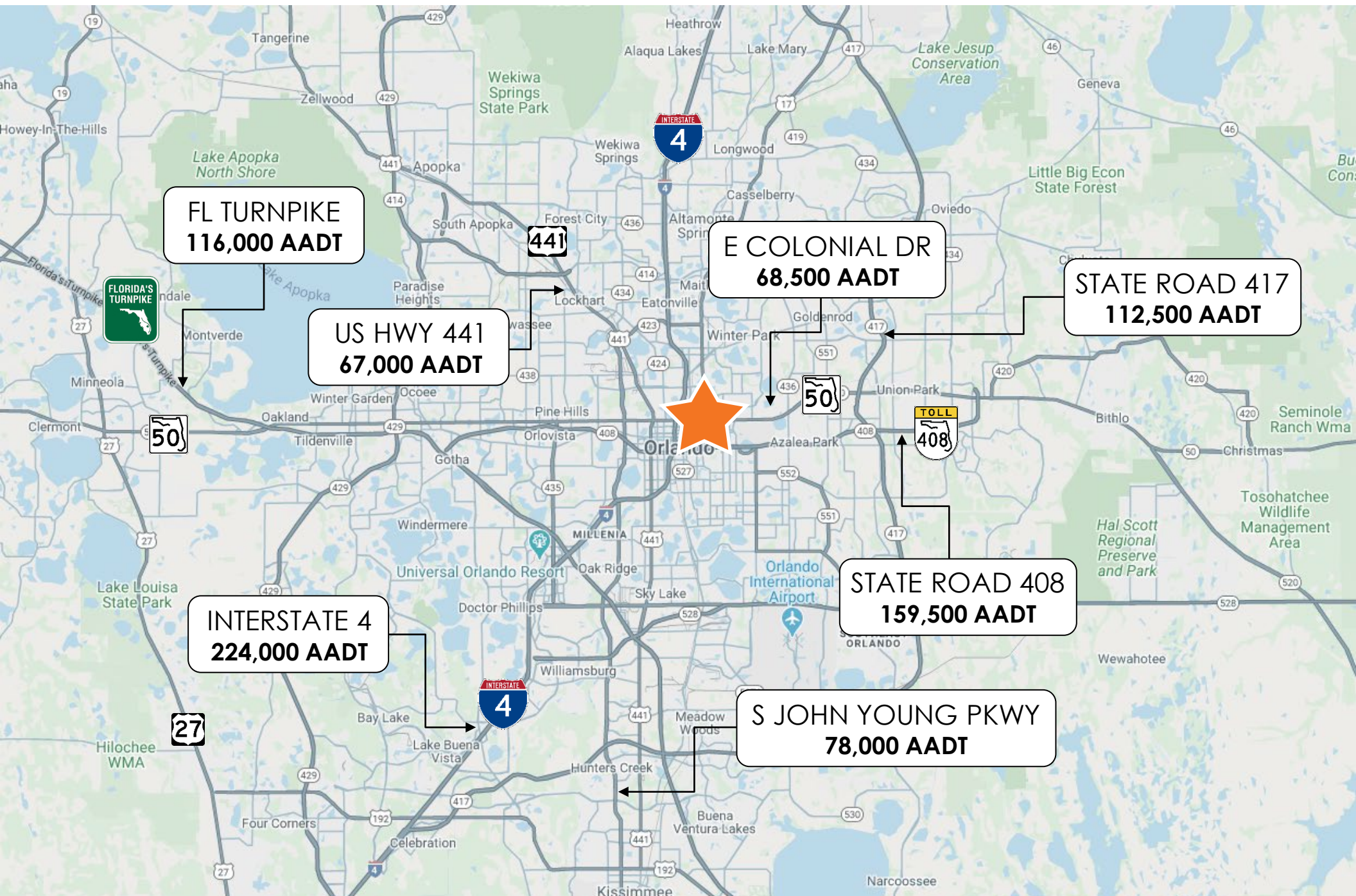


# RETAIL MAP

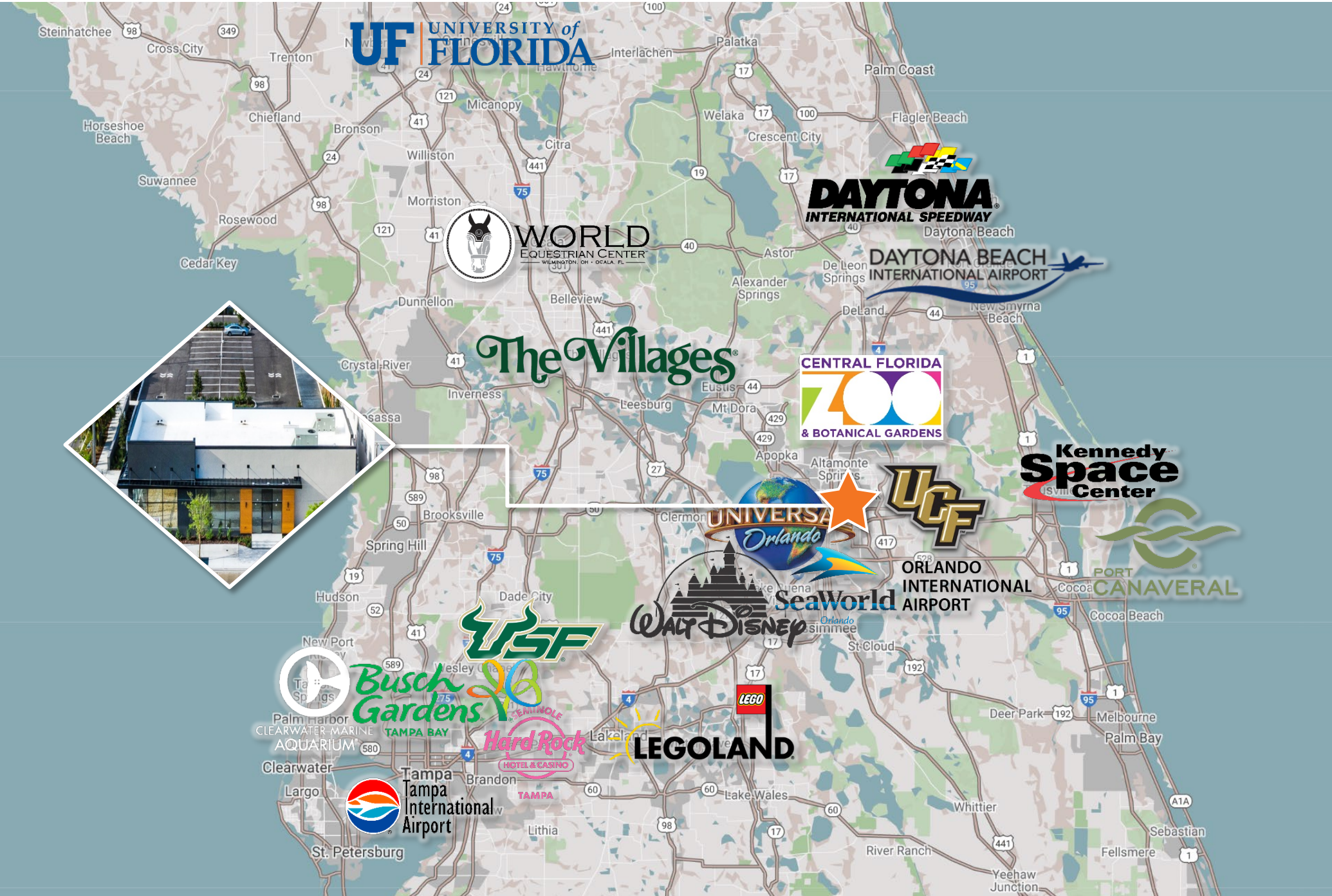




# TRAFFIC COUNTS MAP









*section two*

# FINANCIAL ANALYSIS

—  
STARBUCKS

# Lease Abstract

**TENANT:**

Starbucks

**LEASE GUARANTOR:**

Corporate Guarantee

**BUILDING SIZE:**

2,642 Square Feet

**LOT SIZE:**

0.60 Acre

**LEASE COMMENCEMENT:**

10/01/2020

**LEASE EXPIRATION:**

09/30/2030

**BASE TERM:**

10 Years (No Early Termination Right and No Newly Proposed Starbucks Protective Language in Case of Force Majeure)

**YEAR 1 NOI:**

\$13,333 per month/ \$160,000 annually (Year 1-10)

**BASE RENT:**

\$13,333 per month/ \$160,000 annually (Year 1-10)

**OPTIONS:**

Six (6), 5 Year Options

**OPTION RENT:**

Option 1: \$14,667 per month/ \$176,000 annually (Year 11-15)

Option 2: \$16,133 per month/ \$193,600 annually (Year 16-20)

Option 3: \$17,747 per month/ \$212,960 annually (Year 21-25)

Option 4: \$19,521 per month/ \$234,256 annually (Year 26-30)

Option 5: \$21,473 per month/ \$257,682 annually (Year 31-35)

Option 6: \$23,621 per month/ \$283,450 annually (Year 36-40)

**TENANT OBLIGATIONS:**

Mechanical, plumbing, HVAC, electrical, and lighting facilities and equipment within or on the Premises and exclusively serving the Premises, and the store front, doors, and plate glass of the Premises.

**LANDLORD OBLIGATIONS:**

Utility system outside of the building, roof system, foundation, structural components and parking areas.

**TENANT'S PAYMENT:**

Tenant shall pay to Landlord, as additional rent, 100% of Operating Expenses, Landlord's Insurance, and Real Property Taxes (collectively known as "Annual Additional Rent").

**INSURANCE:**

Property insurance for full replacement value: liability (\$1M per occurrence); \$2M (general aggregate)

**TAXES:**

For each Lease Year during the Term, Tenant shall pay Landlord, as additional rent, 100% of Real Property Taxes. This Includes Any Increase Due to the Initial Sale/Transfer of The Property.

**UTILITIES:**

Tenant shall pay directly to the applicable utility provider the utility charges for all water, sewer, gas and electricity used by Tenant during the Term.

**RIGHT OF FIRST REFUSAL:**

Landlord agrees that Tenant will be granted a right of first refusal ("Right of First Refusal") to purchase the Premises during the Lease Term. *This does not apply to the first transfer.*



# Tenant Summary

Starbucks Corporation is an American coffee company and coffeehouse chain. The company was founded in Seattle, Washington in 1971. It currently operates over 28,218 locations worldwide. Starbucks is the world's largest coffee retailer and is considered the main representative of "second wave coffee," initially distinguishing itself from other coffee serving venues in the US by taste, quality, and customer experience, while popularizing darkly roasted coffee.

Selling over 2 billion cups of coffee every year, Starbucks locations serve more than just hot and cold drinks. They also sell whole-bean coffee, micro ground instant coffee, espresso, café latte, full- and loose-leaf teas including Teavana tea products, Evolution Fresh juices, Frappuccino beverages, pastries, and snacks such as chips, crackers, and some seasonal products, more specific to the locality of the store.



## General Information

### TENANT TRADE NAME:

Starbucks Coffee

### OWNERSHIP:

Starbucks Corporation

### S&P CREDIT RATING:

BBB+

### MOODY'S CREDIT RATING:

Baa 1

### HEADQUARTERS:

Seattle, WA

### WEBSITE:

[www.starbucks.com](http://www.starbucks.com)

### NUMBER OF LOCATIONS:

28,218



# Property Summary

## THE OFFERING

Property	Starbucks
Property Address	1530 E Colonial Drive Orlando, FL 32803
Price	\$3,230,000
Capitalization Rate	4.95%
Price/SF	\$1,222.56

\*Financing Available – See Agent for Details

## PROPERTY DESCRIPTION

Year Built / Renovated	2020
Gross Leasable Area	2,642 SF
Type of Ownership	Fee Simple
Lot Size	0.60 Acre

## LEASE SUMMARY

Property Subtype	Net Leased Restaurant
Tenant	Starbucks
Rent Increases	10% Every 5 Years, Beginning in Year 11
Lease Type	NN
Lease Commencement	10/01/2020
Lease Expiration	09/30/2030
Lease Term	10 Years
Renewal Options	Six, Five-Year Options
Landlord Responsibility	Roof, Structure & Parking Lot
Right of First Refusal	Does Not Apply to First Transfer

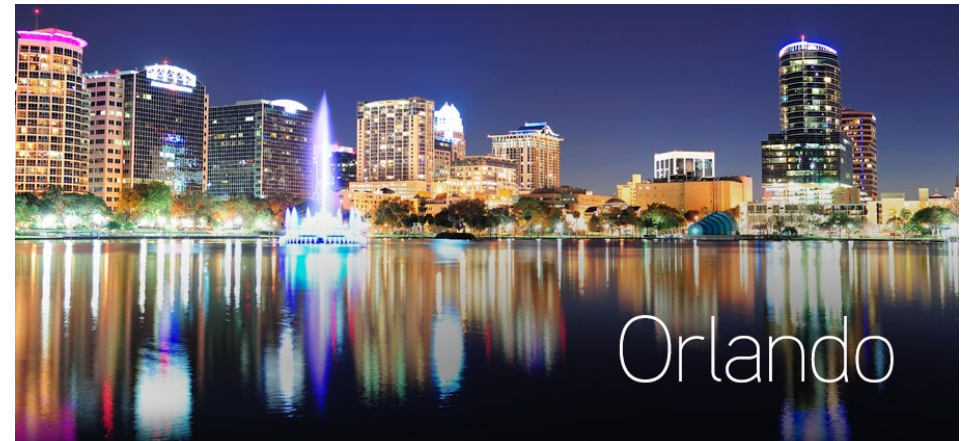
## ANNUALIZED OPERATING INFORMATION

### INCOME

Net Operating Income	\$160,000
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### RENT SCHEDULE

YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF	CAP RATE
Current	\$160,000	\$13,333	\$60.56	4.95%
Option 1 (Year 11-15)	\$176,000	\$14,667	\$66.62	5.45%
Option 2 (Year 16-20)	\$193,600	\$16,133	\$73.28	5.99%
Option 3 (Year 21-25)	\$212,960	\$17,747	\$80.61	6.59%
Option 4 (Year 26-30)	\$234,256	\$19,521	\$88.67	7.25%
Option 5 (Year 31-35)	\$257,682	\$21,473	\$97.53	7.98%
Option 6 (Year 36-40)	\$283,450	\$23,621	\$107.29	8.78%



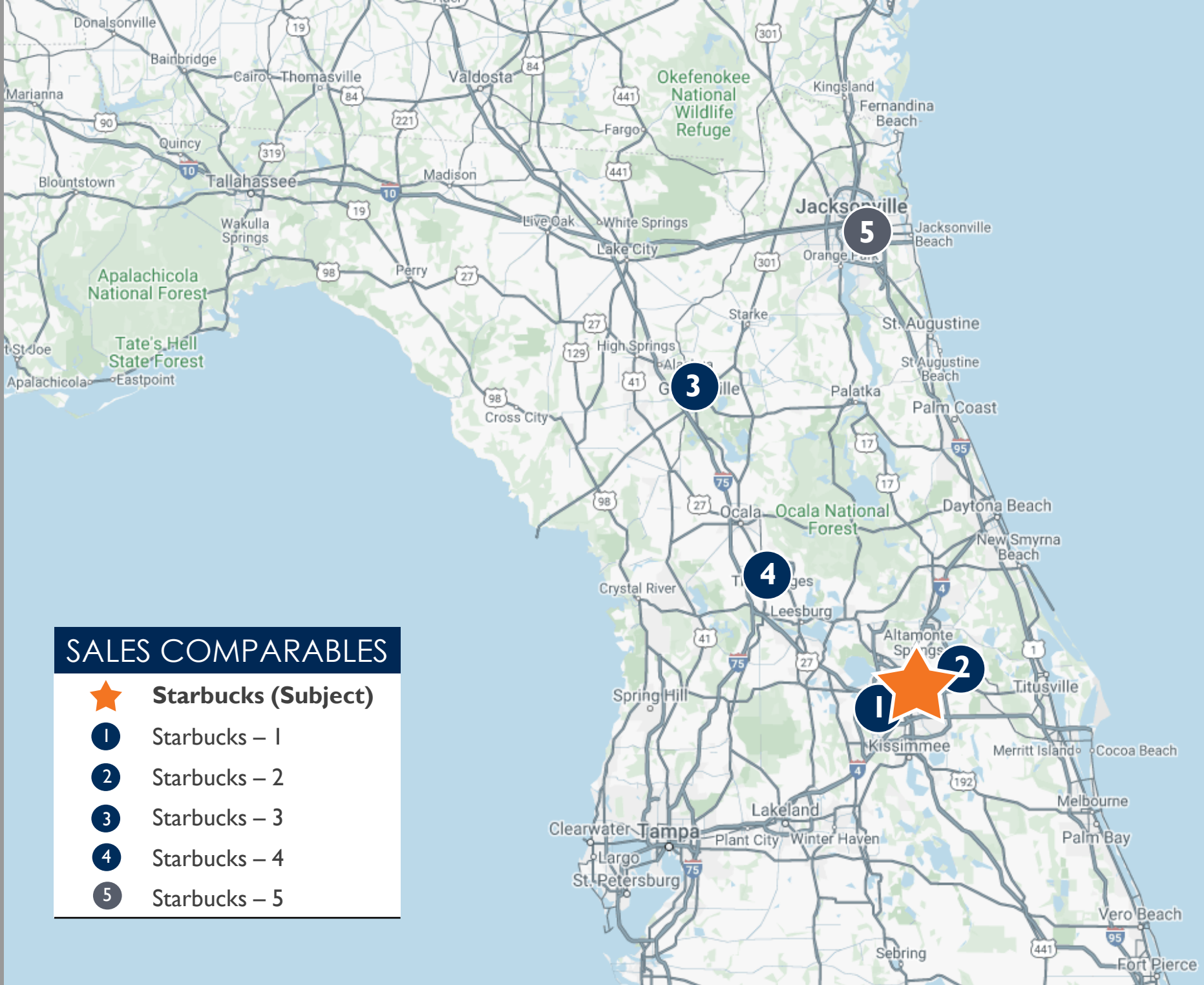


*section three*

# MARKET COMPARABLES

 **STARBUCKS**





## SALES COMPARABLES



**Starbucks (Subject)**



Starbucks – 1



Starbucks – 2



Starbucks – 3



Starbucks – 4

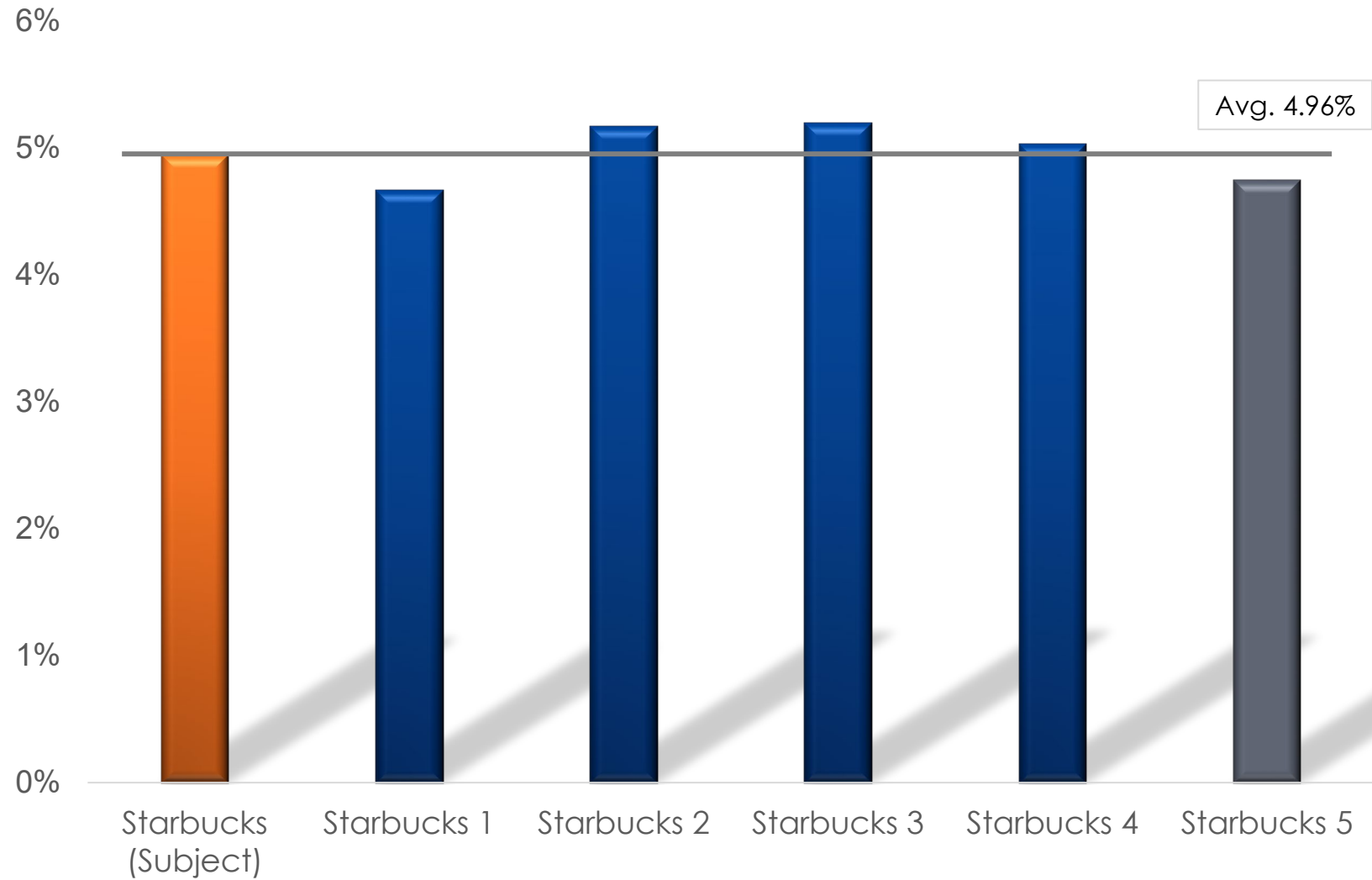


Starbucks – 5



# SALES COMPARABLES

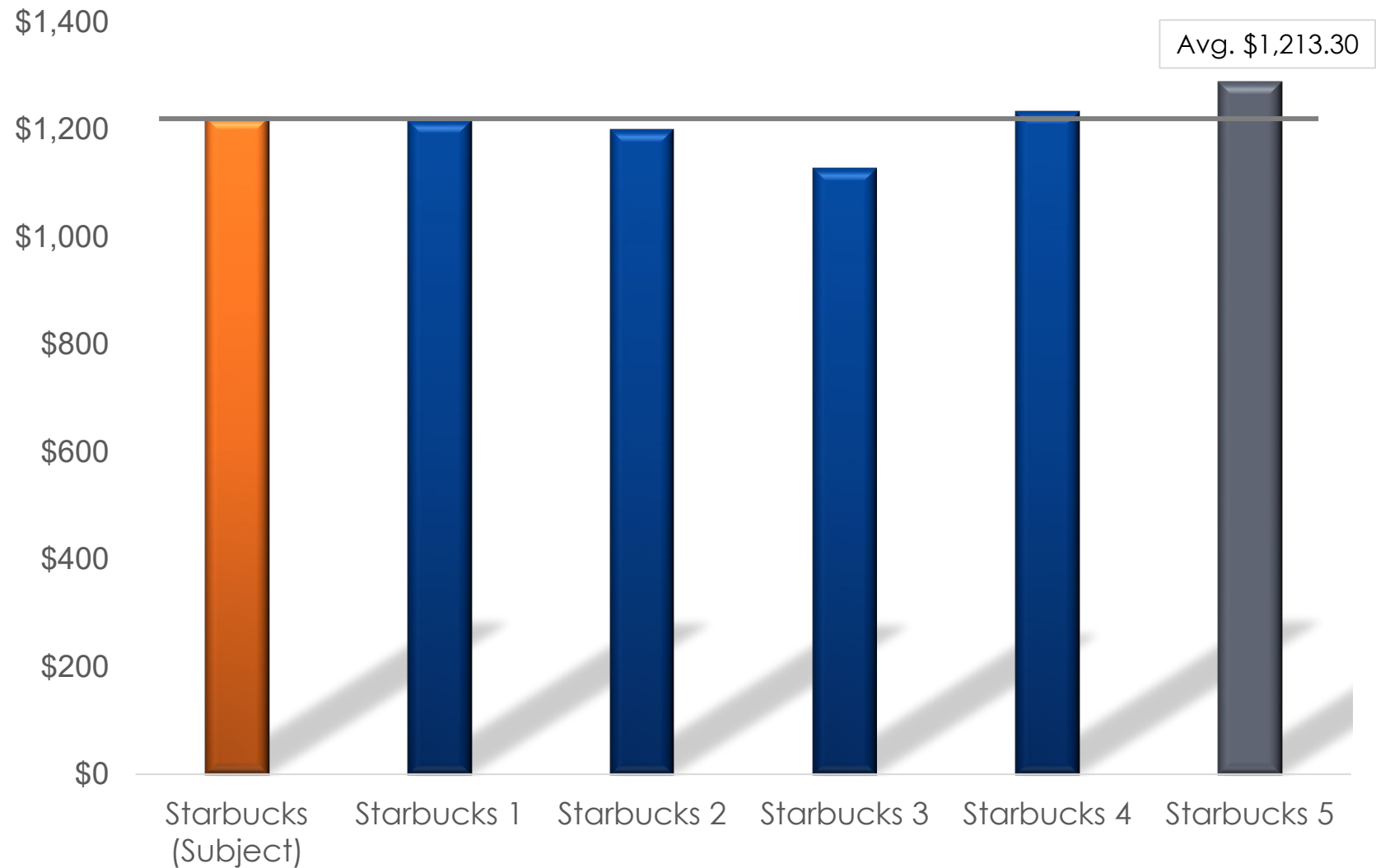
Average CAP Rate





# SALES COMPARABLES

Average Price Per Square Foot





# SALES COMPARABLES



## STARBUCKS (SUBJECT)

1530 E Colonial Dr, Orlando, FL 32803

Offering Price:	\$3,230,000
Rentable SF:	2,642
Price/SF:	\$1,222.56
CAP Rate:	4.95%
Year Built:	2020

### Notes:

- 10% increases every 5 years
- No early termination right
- Rent is \$60.56/SF NN
- Freestanding with Drive-Thru



## STARBUCKS - I

5894 Conroy Windermere Rd, Orlando, FL 32835

Close of Escrow:	12/04/2019
Sales Price:	\$2,675,000
Rentable SF:	2,200
Price/SF:	\$1,215.91
CAP Rate:	4.67%
Year Built:	2018

### Notes:

- 10% increases every 5 years
- No early termination right
- Rent is \$56.80/SF NN
- Freestanding with Drive-Thru



# SALES COMPARABLES



## 2 STARBUCKS - 2

13627 E Colonial Dr, Orlando, FL 32826

Close of Escrow:	12/09/2019
Sales Price:	\$3,000,000
Rentable SF:	2,500
Price/SF:	\$1,200.00
CAP Rate:	5.17%
Year Built:	2019

### Notes:

- 10% increases every 5 years
- No early termination right
- Rent is \$62.00/SF NN
- Freestanding with Drive-Thru



## 3 STARBUCKS - 3

5480 NW 43<sup>rd</sup> St, Gainesville, FL 32653

Close of Escrow:	11/05/2018
Sales Price:	\$2,595,000
Rentable SF:	2,300
Price/SF:	\$1,128.26
CAP Rate:	5.20%
Year Built:	2017

### Notes:

- 10% increases every 5 years
- No early termination right
- Rent is \$58.78/SF NN
- Freestanding with Drive-Thru



# SALES COMPARABLES



## 4 STARBUCKS - 4

3320 Wedgewood Ln, The Villages, FL 32162

Close of Escrow:	04/01/2020
Sales Price:	\$3,083,000
Rentable SF:	2,500
Price/SF:	\$1,233.20
CAP Rate:	5.03%
Year Built:	2019

### Notes:

- 10 Year NN Lease with Six, Five-Year Options
- No early termination right
- Rent is \$61.72/SF
- Freestanding with Drive-Thru



## 5 STARBUCKS - 5

Baymeadows Cir W, Jacksonville, FL 32256

On Market	
List Price:	\$3,242,100
Rentable SF:	2,515
Price/SF:	\$1,289.11
CAP Rate:	4.75%
Year Built:	2020

### Notes:

- Brand New 2020 Construction
- 10 Year Lease with Starbucks Corporate
- 10% increases every 5 years
- Freestanding with Drive-Thru



*section four*

# MARKET OVERVIEW

—  
STARBUCKS





# ORLANDO, FL

Population  
285,705







# ORLANDO

A warm climate and a favorable tax structure attract visitors, employers and residents to the region. The metro is among the largest and fastest growing in Florida, with a population of more than 2.4 million residents. It is also one of the nation's most popular tourist destinations with roughly 67 million visitors annually. The Orlando metro encompasses four counties: Osceola, Orange, Seminole and Lake, covering more than 4,000 square miles in central Florida. There are numerous lakes scattered across the region and the topography is generally flat with few impediments to development. Orlando is the area's largest city, approaching 280,000 residents, followed by Kissimmee and Sanford, each with less than 100,000 residents.

While Orlando's economy has strong business and professional services as well as tourism components, distribution, high-tech, defense contracting, and healthcare also are prevalent. Florida has low state and local taxes in addition to no state personal income tax, attracting businesses to the region. Orlando's population is expected to increase by 242,200 people over the next five years, as job gains outpace the national average.

Orlando residents enjoy a remarkable quality of life, highlighted by a sunny climate, professional sports teams, outdoor recreational activities, cultural venues, world-famous attractions and beaches nearby. The region offers healthcare facilities and exceptional community services such as Orlando Health and Florida Hospital. Cultural opportunities are offered at the Dr. Phillips Center for the Performing Arts, Civic Theatre of Central Florida, the Orlando Opera Company, the Orlando Ballet Company and the Bach Festival Society. Amway Center in downtown is the Orlando Magic's arena. Large educational institutions in the area include the University of Central Florida and Valencia Community College.

- Key industries in the region include aerospace and defense systems, modeling, simulation and training, digital media tourism and biotechnology.
- The metro is transforming into a digital media hub, housing hundreds of media companies.
- Orlando is a top vacation and business convention destination and is home to theme parks and tourist attractions, which support retail sales and a large hospitality sector.
- The local life sciences, biotech and medical technology industries are growing. Lake Nona Medical City is a 650-acre health and life sciences park located in the metro.
- The metro is expected to add nearly 242,200 people over the next five years and during this period roughly 103,000 households will be formed.
- A median age below the U.S. median contributes to a homeownership rate of 62 percent, which is slightly below the national rate.
- Millennials, those in the cohort of 20- to 34-year old's, comprise 22 percent of the population, slightly above the U.S. level of 20 percent.



# QUALITY OF LIFE

Orlando is one of the world's most visited family destinations, and while its illustrious themed attractions may steal the limelight, with a vibrant and well-kept city center and a climate that averages around 75° Fahrenheit (25° Celsius), there is a surprising amount of things to experience here. Welcoming tens-of-millions of visitors per year, both Disney World and Universal Orlando pack in an entire trip's worth of fun on their own. But it would be a mistake to overlook Orlando's other activities because the rest of 'The City Beautiful' is full of similar family-friendly attractions like waterparks, giant aquariums and zoos, exciting shows, airboat tours around the swamps and plenty of golfing opportunities.

The area is a major tourist destination and is the home of Universal Orlando Resort and SeaWorld Orlando. Neighboring Lake Buena Vista is home of Walt Disney World, the world-renown amusement park. These attractions form the backbone of Orlando's tourism industry, making the city the most visited city in the U.S. Orlando is also home to the University of Central Florida, one of the U.S.'s largest campuses.

Orlando, which is known for its theme parks, has a metro population of 2.3 million and the median age is 36.8. The average commute time in Orlando is 27.8 minutes. And, of course, the weather is a factor: the average temperature highs and lows are 82.8 degrees and 62.8 degrees respectively, and the region gets 50.7 inches of rain each year on average. The cost of living in Orlando is slightly lower than the national median sale price, plus Florida has no state income tax. The city did get dinged for the use of its public transit, which was rated as below the national average. Roughly 90 percent drive as a means of transportation, which is above the national average.







- Orlando's economy benefits from a globally-recognized tourism industry that sees 68 million visitors annually. This industry alone has an economic impact of more than \$50 billion. However, only roughly one-third of the workforce in the region works in the tourism and hospitality industry.
- Orlando International Airport (MCO) is ranked as the 2nd busiest passenger airport in Florida, the 14th busiest in the nation and the 43rd busiest in the world. It is also the 5th largest airport for domestic origin and destination. It is undergoing a \$1.1 billion expansion.
- Ongoing expansion at the Orlando Sanford International Airport (SFB), coupled with the state's largest foreign trade zone designation, has helped SFB become one of the most active international airports in the United States.
- Orange County is home to the simulation procurement commands for the U.S. Army, Navy, Air Force, Marines and Coast Guard. Collectively, they award nearly \$5 billion in contracts annually, the majority of which are received by simulation companies in the region.
- The City of Orlando has a vibrant, downtown core including community venues: Amway Center, home of the Orlando Magic and the top-ranked NBA sports facility, a brand-new Dr. Phillips Center for the Performing Arts, newly renovated Camping World Stadium and the newly constructed Orlando City Soccer Stadium.
- Amazon's new Distribution Center is estimated to create 1,500 new jobs in its 850,000 square-foot warehouse



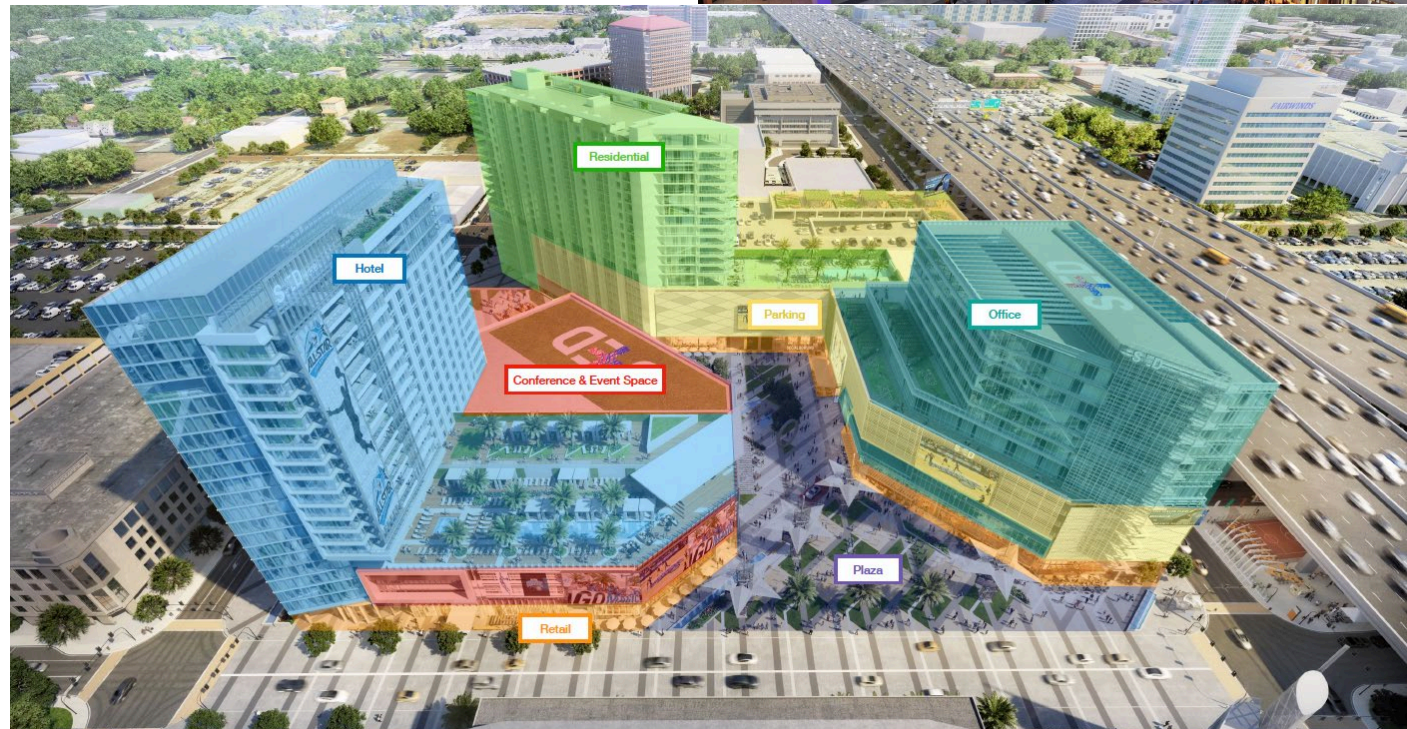
# ORLANDO GROWTH

## AMWAY CENTER- HOME TO THE ORLANDO MAGIC

The project, which is set to be completed in 2021, will cost at least \$200 million. Representatives for the Magic say the entertainment complex will "create jobs and provide dining, hotel, living, and entertainment options."

The design includes a 250-room luxury hotel; 200,000-square-foot building with seven stories of office space that will be the Magic's new headquarters; 300-unit multi-family residential tower; 100,000 square feet dedicated to retail space; 80,000 square feet for event space; and an open-air plaza featuring "the latest in Wi-Fi, lighting, audio and digital experiences," according to release from the Magic.

A development of this size has huge potential for impacting the landscape of the region's office, entertainment, residential and hotel infrastructure. It also will generate new economic impact in the region, thanks to encouraging fans — both local and from out of town — to spend extra money while attending games or visiting downtown.





# ORLANDO GROWTH

## ORANGE COUNTY CONVENTION CENTER EXPANSION

Coming in 2023! The Orange County Convention Center has embarked upon a \$605M Capital Improvement Plan for two Campus Master Plan projects:

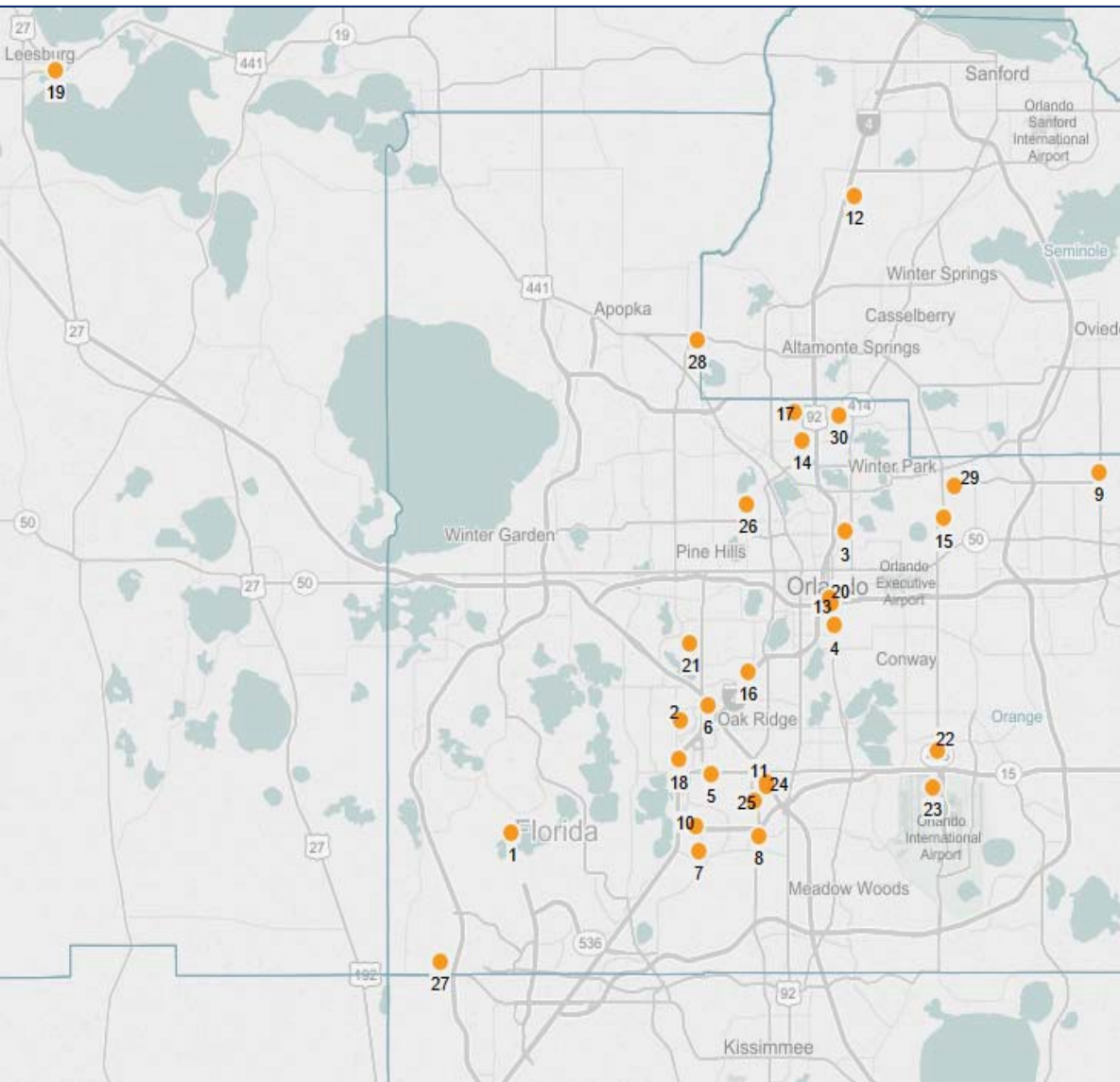
• **Convention Way Grand Concourse** - an enclosed connection between the North and South concourses that includes an additional 60,000 square feet in meeting space and an 80,000-square-foot ballroom. It provides a new grand entry to the North/South building along Convention Way..

• **Multipurpose Venue** - a 200,000-square-foot, flexible, divisible, column-free space with a combination of retractable and floor seating to accommodate between 18,000-20,000 guests. This project will also incorporate connectivity between the North and South concourses.





# TOP 30 EMPLOYERS

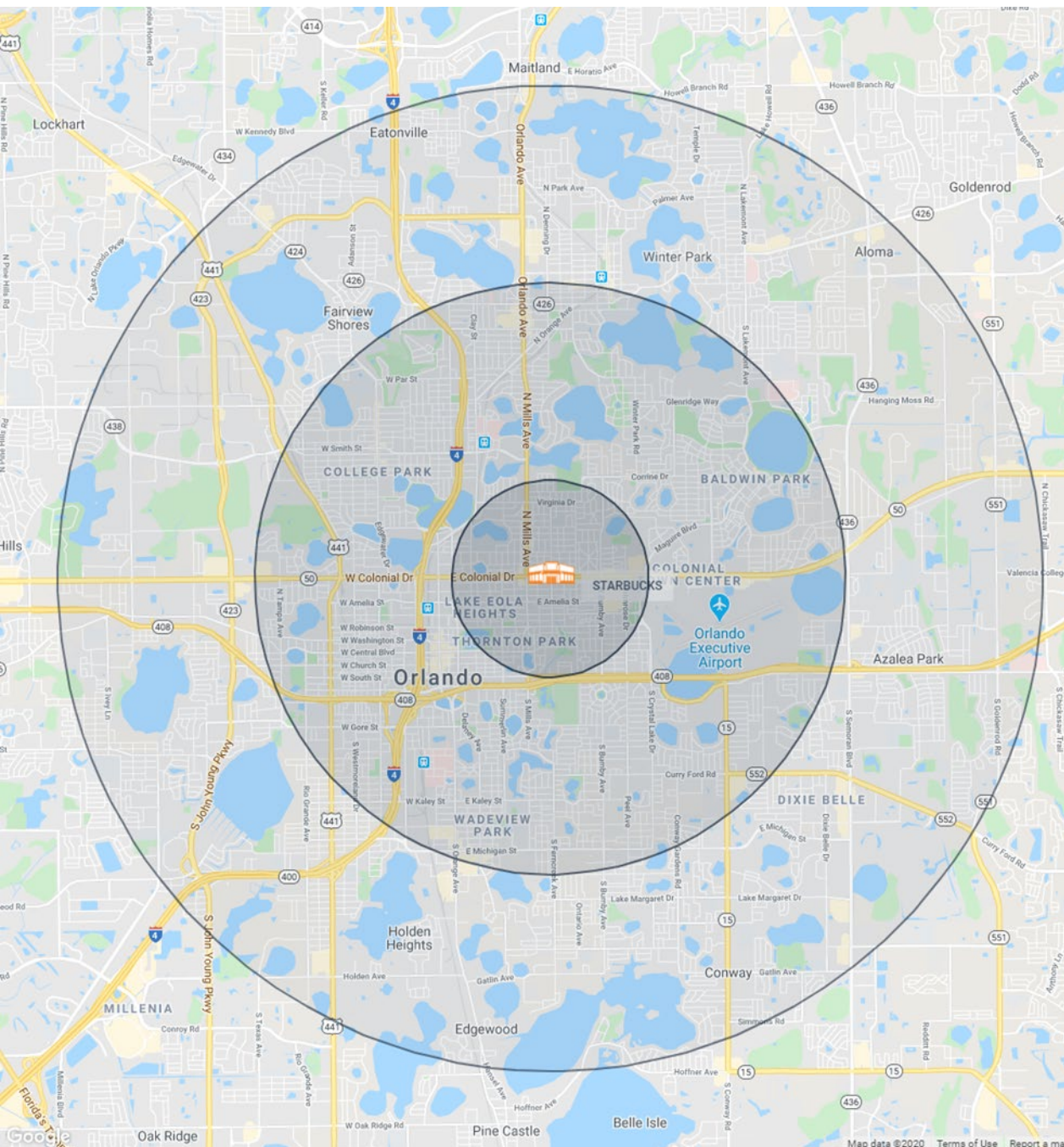


## ORLANDO MSA

#	Company	Employment
1	Walt Disney World Resort	74,000
2	Universal Orlando (Comcast)	20,000
3	Adventist Health System/ Florida Hospital	19,304
4	Orlando Health	14,000
5	Lockheed Martin	7,000
6	Westgate Resorts	6,500
7	SeaWorld Parks & Entertainment	6,032
8	Darden Restaurants	5,221
9	Siemens	4,448
10	Rosen Hotels & Resorts	4,322
11	Wyndham Worldwide	3,509
12	AT&T	3,063
13	JP Morgan Chase	3,053
14	Bright House Networks	3,000
15	Hospital Corporation of America	2,950
16	Mears Transportation	2,825
17	FedEx	2,821
18	Loews	2,756
19	Central Florida Health Alliance	2,686
20	SunTrust Bank	2,670
21	Hilton Grand Vacations	2,591
22	Marriott Vacations Worldwide	2,458
23	Southwest Airlines	2,400
24	Walgreens Customer Care Center	2,400
25	Starwood Hotels & Resorts Worldwide, Inc.	2,375
26	Optum	2,331
27	Orange Lake Resorts & Holiday Inn	2,250
28	CenturyLink	2,213
29	Full Sail University	2,150
30	Consulate Health Care LLC	2,000



# DEMOGRAPHICS



	1 Miles	3 Miles	5 Miles
<b>POPULATION</b>			
2024 Projection	15,018	111,118	291,651
2019 Estimate	14,035	105,091	281,802
2010 Census	12,109	91,504	253,281
2000 Census	11,214	86,995	253,003
<b>INCOME</b>			
Average	\$81,217	\$87,492	\$76,065
Median	\$58,447	\$58,028	\$49,477
Per Capita	\$44,116	\$42,701	\$33,415
<b>HOUSEHOLDS</b>			
2024 Projection	8,165	54,459	128,243
2019 Estimate	7,596	50,855	122,626
2010 Census	6,465	43,462	108,654
2000 Census	6,037	39,858	106,028
<b>HOUSING</b>			
2019	\$274,352	\$286,039	\$238,726
<b>EMPLOYMENT</b>			
2019 Daytime Population	36,070	280,730	493,293
2019 Unemployment	2.79%	3.65%	3.68%
2019 Median Time Traveled	23	25	27
<b>RACE &amp; ETHNICITY</b>			
White	81.78%	76.64%	65.81%
Native American	0.03%	0.05%	0.07%
African American	6.71%	13.54%	21.83%
Asian/Pacific Islander	4.65%	3.18%	2.81%



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TURCHI VAUGHAN TEAM