

RECENTLY REMODELED DRIVE-THRU QSR

Single Tenant NNN Investment Opportunity

Grand Opening December 2020



1259 E Grand Avenue | Arroyo Grande, California

PISMO BEACH

REPRESENTATIVE PHOTO



EXCLUSIVELY MARKETING BY



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Rent Roll
Pricing Summary
Brand Profile

DUTCH BROS
Coffee



2211

INVESTMENT SUMMARY



SRS National Net Lease Group is pleased to offer the opportunity to acquire the fee simple interest (land & building ownership) in a NNN, corporate guaranteed, drive-thru equipped, Dutch Bros. Coffee investment property located in Arroyo Grande, California. The tenant 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 a 10% rental increase every 5 years throughout the initial term and at the beginning of each option period, growing NOI and hedging against inflation. The lease is corporate guaranteed and is NNN with limited landlord responsibilities, making it an ideal, low-management investment opportunity for a passive investor. The drive-thru coffee shop is scheduled to open by December 2020 with high quality materials used. This offering represents a rare opportunity to acquire Central California real estate within a dense, infill trade area with high barriers for new development.

Dutch Bros. Coffee is strategically located along E Grand Avenue, a major retail and commuter thoroughfare averaging 18,600 vehicles passing by daily. The building is complete with a drive-thru, providing ease and convenience for customers. On average, stores with drive-thrus experience higher sales than those without. The property benefits from nearby on/off ramp access to U.S. Highway 101 (71,800 VPD), the longest highway traveling throughout California, stretching from Los Angeles, CA to Tumwater, WA. Located within a dense retail corridor, Dutch Bros. is within close proximity to a variety of national/credit tenants including Walmart, Vons, CVS Pharmacy, Ross Dress for Less, Dollar Tree, Petco, and more. Strong tenant synergy increases consumer draw to the immediate trade area and promotes crossover store exposure for the site. In addition, the drive-thru coffee shop is located just 2 miles west of Arroyo Grande High School (2,053 students), providing the asset with a direct consumer base from which to draw. The 5-mile trade area is supported by nearly 56,000 residents and 19,000 daytime employees with an affluent average household income of \$105,000.

ARTIST RENDERINGS



OFFERING SUMMARY



OFFERING

Pricing	\$2,871,000
Net Operating Income	\$122,000
Cap Rate	4.25%
Guaranty	Corporate
Tenant	Dutch Bros. Coffee
Lease Type	NNN
Landlord Responsibilities	Limited
Sales Reporting	No

PROPERTY SPECIFICATIONS

Rentable Area	2,040 SF
Land Area	0.38 Acres
Property Address	1259 E. Grand Avenue Arroyo Grande, California 93420
Year Remodeled	2020 (Opening December 2020)
Parcel Number	077-141-022
Ownership	Fee Simple (Land & Building)

INVESTMENT HIGHLIGHTS



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

- Corporate guaranteed lease
- The tenant 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 a 10% rental increase every 5 years throughout the initial term and at the beginning of each option period, growing NOI and hedging against inflation
- The drive-thru coffee shop is scheduled to open by December 2020 with high quality materials used, featuring Dutch Bros' most recent prototype
- The asset benefits from limited competition, with the nearest Dutch Bros. located 15 miles south in Santa Maria, CA

NNN Leased | Fee Simple Ownership | Limited Landlord Responsibilities

- Tenant pays for CAM, taxes, and insurance
- Limited landlord responsibilities
- Ideal, low-management investment for a passive investor

Located Along E Grand Avenue | U.S. Highway 101 | Drive-Thru Equipped | Excellent Visibility & Access

- Strategically located along E Grand Avenue, a major retail and commuter thoroughfare averaging 18,600 vehicles passing by daily
- Complete with a drive-thru, providing ease and convenience for customers
- On average, stores with drive-thrus experience high sales than those without
- Extremely difficult to obtain any drive-thru permits in the trade area
- Benefits from nearby on/off ramp access to U.S. Highway 101 (71,800 VPD), the longest highway traveling throughout California, stretching from Los Angeles, CA to Tumwater, WA
- Excellent visibility via significant street frontage and a monument sign

Central California Real Estate | Wine Country | Pismo Beach | California's Famous Central Coast | High Barriers to Entry

- Recently remodeled and desirable asset in a highly competitive Central California retail market
- This offering represents a rare opportunity to acquire real estate within a dense, infill trade area with high barriers to new development
- Dutch Bros. is located just 3.5 miles east of Pismo Beach
- Pismo Beach, a classic beach town, is nestled on California's famous central coast, halfway between San Francisco and Los Angeles along Pacific Coast and 101 Highways
- Pismo Beach offers premium ocean views, a 1,200-foot pier perfect for fishing, and choice surfing
- A popular wine region, San Luis Obispo County continues to garner accolades and press, particularly for its Rhone blends, Pinot Noirs, and Chardonnays

Dense Retail Corridor | Arroyo Grande High School

- Dutch Bros. is within close proximity to a variety of national/credit tenants including Walmart, Vons, CVS Pharmacy, Ross Dress for Less, Dollar Tree, Petco, and more
- Strong tenant synergy increases consumer draw to the immediate trade area and promotes crossover store exposure for the site
- The drive-thru coffee shop is located just 2 miles west of Arroyo Grande High School (2,053 students), providing the asset with a direct consumer base from which to draw

Demographics in 5-Mile Trade Area | Six-Figure Incomes

- Nearly 56,000 residents and 19,000 employees support the trade area
- \$105,000 average household income

PROPERTY OVERVIEW



Location



Arroyo Grande, California
San Luis Obispo County
San Luis Obispo-Paso Robles MSA
Pismo Beach

Parking



There are approximately 13 parking spaces on the owned parcel.
The parking ratio is approximately 6.37 stalls per 1,000 SF of leasable area.

Access



E. Grand Avenue: 2 Access Points

Parcel



Parcel Number: 077-141-022
Acres: 0.38
Square Feet: 16,587 SF

Traffic Counts



E. Grand Avenue: 18,600 Vehicles Per Day
U.S. Highway 101: 71,800 Vehicles Per Day

Construction



Year Remodeled: 2020
Grand Opening: December 2020

Improvements



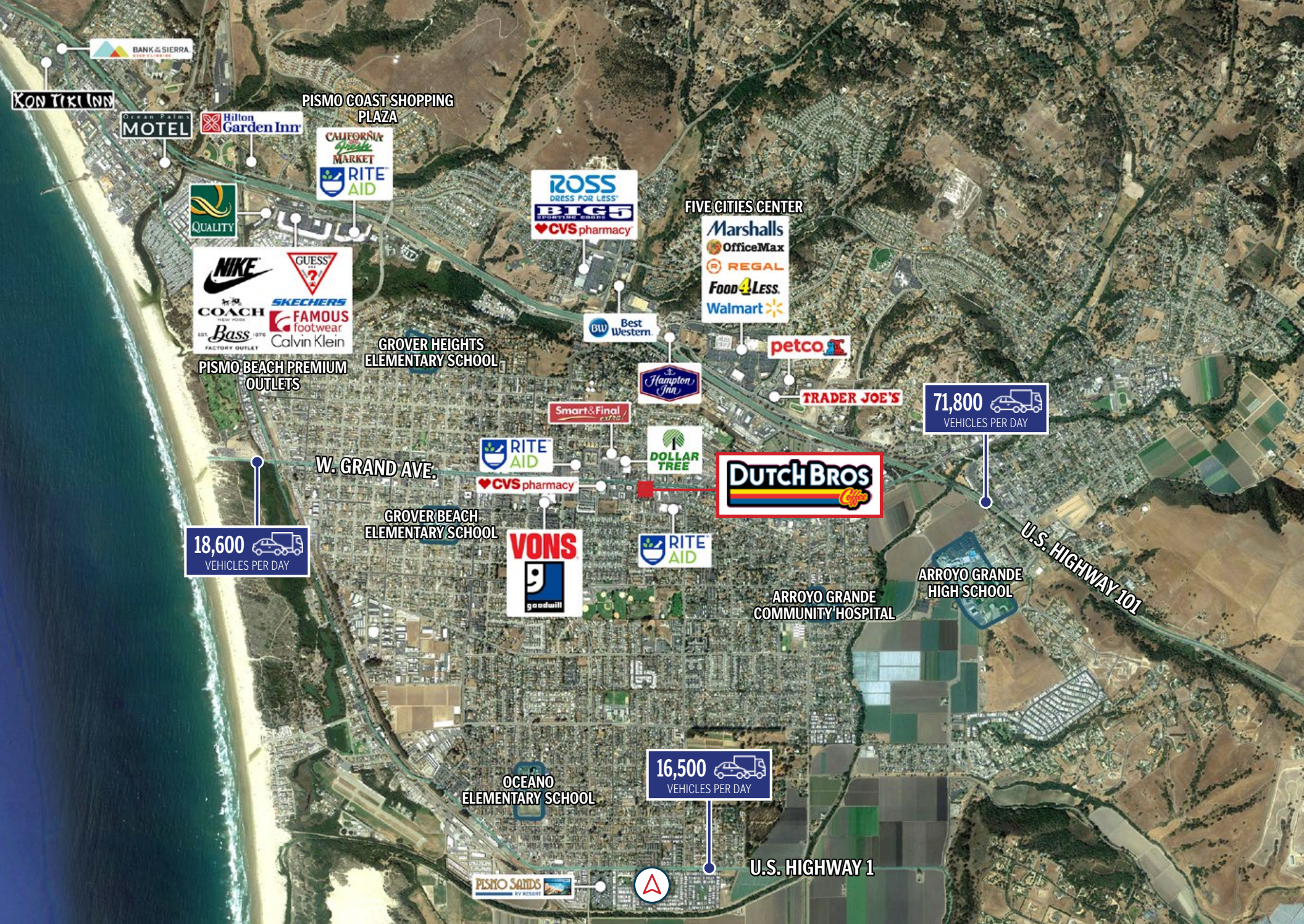
There is approximately 2,040 SF of existing building area

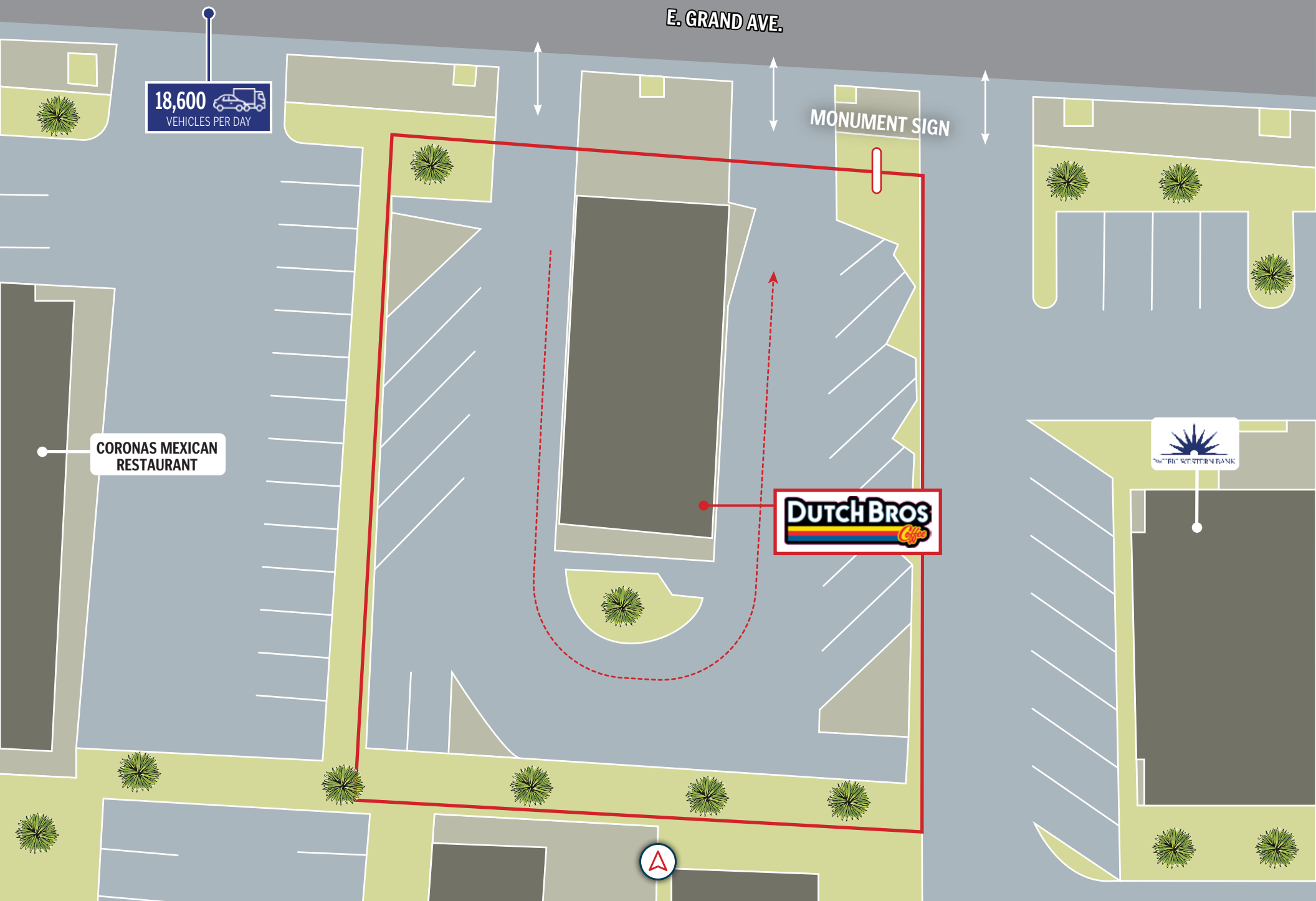
Zoning



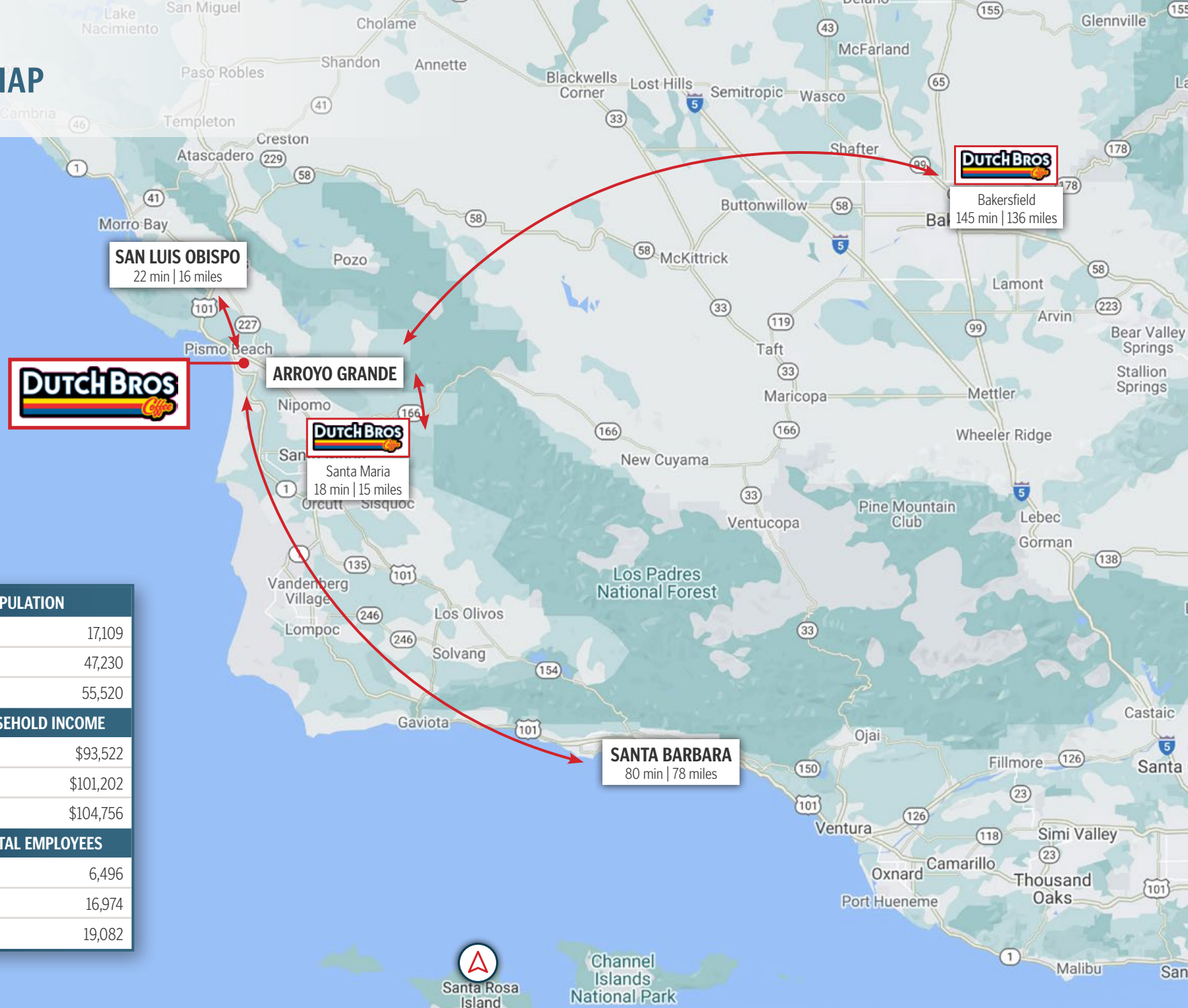
Gateway Mixed-Use







LOCATION MAP



2020 ESTIMATED POPULATION

1 Mile	17,109
3 Miles	47,230
5 Miles	55,520

2020 AVERAGE HOUSEHOLD INCOME

1 Mile	\$93,522
3 Miles	\$101,202
5 Miles	\$104,756

2020 ESTIMATED TOTAL EMPLOYEES

1 Mile	6,496
3 Miles	16,974
5 Miles	19,082



ARROYO GRANDE, CALIFORNIA

Arroyo Grande, California, in San Luis Obispo county, is 14 miles NW of Santa Maria, California (center to center) and 121 miles SW of Fresno, California. The city benefits from easy access to the nearby cities and towns with which it shares the San Luis Obispo - Atascadero - Paso Robles metropolitan area. The City of Arroyo Grande had a population of 18,081 as of July 1, 2020.

The Chumash Indians were the first inhabitants of the Arroyo Grande valley. Spanish explorer Juan Cabrillo was the first European to visit the area. Gradually, agricultural activities started developing in the area as it proved to be extremely fertile. The area was thus named 'Arroyo Grande', which is Spanish for "wide riverbed." The San Luis Obispo Board of Supervisors set up the township of Arroyo Grande in the year 1862 and a rail depot was constructed 20 years later. The city of Arroyo Grande was officially incorporated on July 10, 1911.

Arroyo Grande and nearby attractions are Arroyo Grande Chamber of Commerce, South County Branch San Luis Obispo City-County Library, Pitkin-Conrow House, Calvary Chapel of Arroyo Grande, Christmas Tree Island Park, Arroyo Grande City Hall.

The stunning city of Arroyo Grande has a number of historical buildings like the Chamber of Commerce, the County Library and the city hall which allow visitors to learn about the cultural history of the city. One can also visit the Pitkin-Conrow House or the Lucia Mar School District Office to get a feel of Arroyo Grande. There are quite a few charming chapels and churches lining the streets of this city. Arroyo Grande has a large number of amusement parks that offer excellent entertainment opportunities for adults and children alike. Visitors can browse through the Arroyo Town and Country Square Shopping Center, the Pacific Coast Shopping Center or the Oak Park Plaza Shopping Center to collect souvenirs.



SAN LUIS OBISPO, CALIFORNIA

San Luis Obispo is a city in the U.S. state of California, located in San Luis Obispo County, approximately 190 miles north of Los Angeles and 230 miles south of San Francisco. Located in Southern California's Central Coast region, the population of the city was 45,119 at the 2010 census. The population of the county was 269,637 in 2010.

Founded in 1772 by Spanish Franciscan Junípero Serra, San Luis Obispo is one of California's oldest European-founded communities. Serra's original mission was named after the 13th-century saint and bishop Louis of Toulouse. The city, locally referred to as San Luis, SLO, or SLO Town (as its county is also referred to as SLO) is the county seat of San Luis Obispo County and is adjacent to California Polytechnic State University.

Downtown San Luis Obispo is centered around the Mission San Luis Obispo de Tolosa. The downtown area has many eclectic shops and boutiques. One of the primary draws of this area for students, visitors, and residents are outdoor sports such as hiking, kayaking, surfing, windsurfing, skimboarding, diving, sailing, and kite boarding. Takken's Shoes is headquartered in San Luis Obispo. Ernie Ball's Music Man factory is located in San Luis Obispo. Mindbody and iFixit have been headquartered in San Luis Obispo since their inceptions. In 2019, SLO experienced a boom in home construction along with continued building of commercial structures. As housing had not kept up with job growth, many people who cannot afford to live where they work, commute to their jobs in SLO.

Pacific Gas and Electric is the largest non-governmental employer in the city. In 2016, they announced the closure of the Diablo Canyon Nuclear Power Plant in 2025, which will cost the local economy 1500 jobs with an average salary of \$157,000, as well as nearly \$1 billion annually in economic activity.

AREA DEMOGRAPHICS



	1 MILE	3 MILES	5 MILES
POPULATION			
2020 Estimated Population	17,109	47,230	55,520
2025 Projected Population	17,442	48,387	56,863
2010 Census Population	16,437	44,830	52,726
Projected Annual Growth 2020 to 2025	0.39%	0.49%	0.48%
Historical Annual Growth 2010 to 2020	0.39%	0.50%	0.49%
HOUSEHOLDS & GROWTH			
2020 Estimated Households	6,882	18,854	22,308
2025 Projected Households	7,010	19,304	22,829
2010 Census Households	6,678	18,049	21,373
Projected Annual Growth 2020 to 2025	0.37%	0.47%	0.46%
Historical Annual Growth 2010 to 2020	0.30%	0.42%	0.40%
RACE & ETHNICITY			
2020 Estimated White	86.97%	88.98%	89.56%
2020 Estimated Black or African American	1.03%	0.80%	0.76%
2020 Estimated Asian or Pacific Islander	4.66%	4.02%	3.85%
2020 Estimated American Indian or Native Alaskan	1.12%	1.10%	1.05%
2020 Estimated Other Races	11.16%	10.11%	9.18%
2020 Estimated Hispanic	27.35%	26.45%	24.75%
INCOME			
2020 Estimated Average Household Income	\$93,522	\$101,202	\$104,756
2020 Estimated Median Household Income	\$65,743	\$72,786	\$76,194
2020 Estimated Per Capita Income	\$37,442	\$40,443	\$42,133
DAYTIME POPULATION			
2020 Estimated Total Businesses	955	2,459	2,761
2020 Estimated Total Employees	6,496	16,974	19,082



RENT ROLL



LEASE TERM						RENTAL RATES					
TENANT NAME	SQUARE FEET	LEASE START	LEASE END	BEGIN	INCREASE	MONTHLY	PSF	ANNUALLY	PSF	RECOVERY TYPE	OPTIONS
Dutch Bros. Coffee	2,040	12/1/2020	11/30/2035	Current	-	\$10,167	\$4.98	\$122,000	\$59.80	NNN	3 (5-Year)
(Corporate Guaranty)				12/1/2025	10%	\$11,183	\$5.48	\$134,200	\$65.78	10% Increase at Beg. of Each Option	
				12/1/2030	10%	\$12,302	\$6.03	\$147,620	\$72.36		

FINANCIAL INFORMATION

Price	\$2,871,000
Net Operating Income	\$122,000
Cap Rate	4.25%
Lease Type	NNN

PROPERTY SPECIFICATIONS

Year Remodeled	2020
Rentable Area	2,040 SF
Land Area	0.38 Acres
Address	1259 E. Grand Avenue Arroyo Grande, California 93420



For financing options and loan quotes:

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

BRAND PROFILE



DUTCH BROS

www.dutchbros.com

Company Type: Private

Locations: 400+

Dutch Bros. Coffee is the country's largest privately held drive-thru coffee company, with more than 400 locations and 12,000 employees in seven states. The company is headquartered in Grants Pass, Oregon, where it was founded in 1992 by Dane and Travis Boersma. Dutch Bros. Coffee serves specialty coffee, smoothies, freezes, teas, a private-label Dutch Bros. Blue Rebel energy drink and nitrogen-infused cold brew coffee. Its rich, proprietary coffee blend is handcrafted from start to finish. The company was founded in 1992 and is based in Grants Pass, Oregon.



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to retail

2K+

**RETAIL
TRANSACTIONS**
company-wide
in 2020

485

**NET LEASE
PROPERTIES SOLD**
in 2020

\$1.5B

**NET LEASE
TRANSACTION VALUE**
in 2020

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