



STARBUCKS

Newly-Built Starbucks
5159 Rangeline Service Road
Mobile, AL 36619
Confidential Offering Memorandum



Investment Summary & Property Overview

The Offering

JLL is pleased to offer for sale the fee simple interest in a newly-built Starbucks drive-thru (the “Property” or “Asset”) located in Mobile, Alabama. The Property will be leased to Starbucks, the largest specialty coffee retailer in the world with over 32,000 locations and annual revenues of \$26.5 billion. Starbucks will operate on a double-net lease structure that features ten years of primary lease term, ten percent rental increases in each renewal option, and minimal landlord responsibilities. Upon completion of construction, the Property will sit within a highly trafficked corridor along AL-193 that includes Walmart, Lowe’s, and a newly-built 65,000 square foot Veterans Affairs Clinic. This offering presents the opportunity to acquire a newly constructed drive-thru property located within an established and growing retail corridor and leased to an investment grade and industry leading tenant with minimal landlord responsibilities.

Price	\$2,076,000
Cap Rate	5.75%
Address	5159 Rangeline Service Rd Mobile, AL 36619
Tenant	Starbucks Corporation
Guarantor	Starbucks Corporation
Building Size	2,500 SF
Parcel Size	0.58 acres
Year Built	2020
Primary Lease Term¹	10 years
Lease Structure²	NN
Landlord Responsibilities	Roof, structure, and parking
Annual Base Rent PSF	\$119,375 \$47.75
Increases	10% in each option
Renewal Options	6, 5-year options

INDUSTRY-LEADING TENANT WITH CORPORATE GUARANTY

- Starbucks is the world’s largest specialty coffee retailer with over 32,000 locations, \$26.5 billion in annual revenue, and an investment grade ‘BBB+’ credit rating from S&P.
- The Property will be leased to Starbucks with ten years of primary lease term, minimal landlord responsibilities, and ten percent rental escalations in each of the six, five-year renewal options.

NEWLY CONSTRUCTED STARBUCKS DRIVE-THRU

- The Asset is a build-to-suit drive-thru Starbucks that is scheduled to be completed in 2020.
- This drive-thru location is part of Starbucks’ future retail strategy, which includes an aggressive expansion of drive-thru store formats to meet the growing customer preference toward convenience and safety.

HIGHLY-TRAFFICKED CORRIDOR WITH DOMINANT MARKET SHARE

- There are no other Starbucks or nationally-branded coffee retailers within a three-mile radius, allowing the Property to have unrivaled market share in the local trade area.
- Strategically positioned along Rangeline Road, the Property will have excellent visibility within a highly-trafficked corridor that has 37,000 daily vehicles and a tenant roster that includes Walmart and Lowe’s.

SIGNIFICANT DEVELOPMENT ACTIVITY IN IMMEDIATE AREA

- The Property will be part of a larger retail development project that includes Whataburger, Jimmy John’s, T-Mobile, and Rock N’ Roll Sushi.
- The Property will sit adjacent to a new 65,000 square foot Veterans Affairs Clinic that will serve a regional veteran population of over 50,000.

¹Tenant has the one-time right to terminate the lease if gross sales from 5th lease year are less than \$1,100,000.

²Tenant’s additional rent attributable to operating expenses shall not increase by more than 5% annually.



Location & Market Overview

Mobile, AL

Mobile is the third largest city in Alabama with a resident population of over 197,000. The city's high quality of life, low cost of living, transportation infrastructure, and location along the Gulf of Mexico make Mobile a highly desirable area to live and work. Mobile is the largest Gulf City between New Orleans and Tampa, and the Port of Mobile fuels the local economy by attracting large corporations from various industries. The Port of Mobile is Alabama's only deep-water port and it's the ninth largest port in the United States by volume. Corporations with a presence along the port include Ingalls Shipbuilding, Airbus, BAE Systems, Kimberly-Clark, Evonik, and Star Aviation. Over the past decade, the Alabama State Port Authority has invested more than \$700 million in the Port of Mobile, and the Port of Mobile is estimated to have an annual economic impact of \$25 billion.

Mobile's highly diversified economy also includes a strong healthcare presence. Over 13% of Mobile's local workforce is employed in the healthcare industry. The College of Medicine at the University of South Alabama is headquartered in Mobile and is the largest healthcare system in Southern Alabama. In total, Mobile is home to five major hospitals and more than 1,900 beds.

Mobile's strong educational system provides a pipeline of young, educated workers to maintain and grow the local economy. The city is home to several colleges and universities, including University of South Alabama, one of the largest universities in the state with over 16,000 students enrolled.

Mobile's Top Employers

Employer	Industry
Austal	Manufacturing / Shipbuilding
Infirmity Health System	Healthcare
Ingalls Shipbuilding	Manufacturing / Shipbuilding
University of South Alabama Health	Education / Healthcare
AltaPointe	Healthcare
Providence Hospital	Healthcare
Kimberly-Clark Corp.	Paper
Airbus	Aerospace
BAE Systems	Manufacturing / Shipbuilding
Evonik Industries	Chemicals

\$17.9B
Gross Domestic Product

\$8.47B
Capital investments at new & existing
companies

9th Largest Port
By volume in the United States

3rd Largest City
In Alabama

15,000+ New Jobs
Created since 2010

Largest Gulf City
Between New Orleans and Tampa





Starbucks Overview



STARBUCKS

COMPANY OVERVIEW

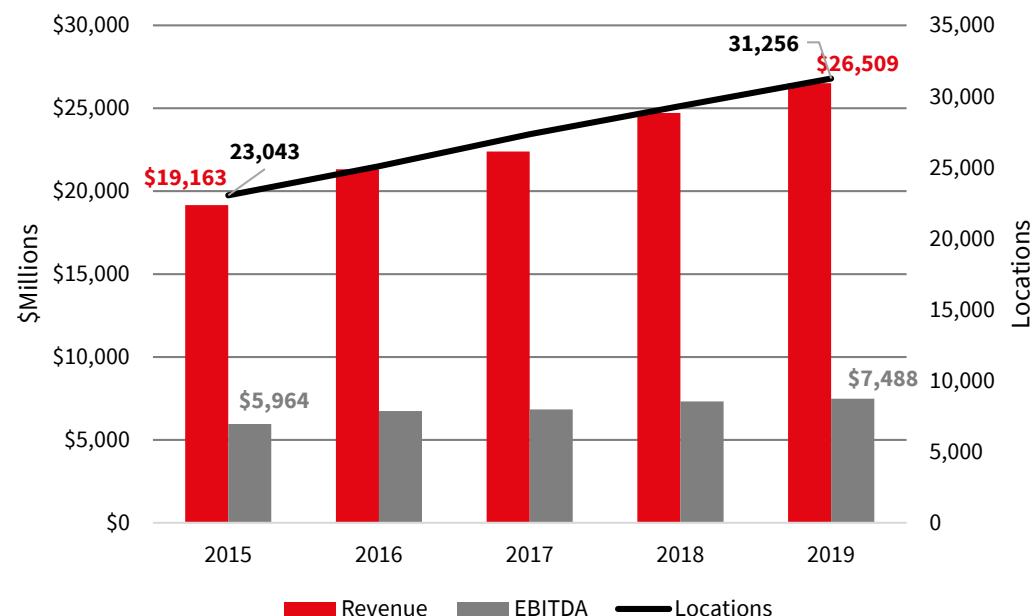
As the preeminent coffee company and coffeehouse chain, Starbucks (NASDAQ: SBUX) operates over 32,000 locations in more than 75 countries and serves nearly five billion cups of coffee annually. In addition, the company is the largest coffee provider in the world and benefits from its strong brand loyalty.

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 \$26.5 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.

RETAIL EXPANSION STRATEGY

Starbucks announced that the company plans to accelerate its expansion of convenience-led store formats, consisting of drive-thru and mobile order pickup locations. This strategy aims to satisfy the evolving customer preference toward convenience and online ordering. These convenience-led store formats also satisfy the immediate need for safer pickup options during the COVID pandemic. Even prior to the pandemic, to-go orders accounted for 80% of all orders. Starbucks also has more than 19 million online rewards members, and online orders account for 17% of all sales.

STARBUCKS REVENUE & UNIT GROWTH



Starbucks Company Overview

Company:	Starbucks Corporation
Year Founded:	1971
Headquarters:	Seattle, Washington
Ownership Type:	Public (NASDAQ: SBUX)
Sector:	Restaurants
Locations:	32,000
Number of Employees:	291,000
Credit Rating (S&P):	'BBB+'
Annual Revenue (FY 2019):	\$26.5 Billion
Gross Profit (FY 2019):	\$7.5 Billion
Total Assets (6/28/2020):	\$29.1 Billion

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