



# STARBUCKS

## DRIVE-THRU

ORANGE COUNTY, CALIFORNIA

**Rare 20-Year Absolute NNN Ground Lease / Drive-Thru Only / 12% Increases Every 5 Years**

# STARBUCKS COFFEE

DRIVE THRU



9702

REPRESENTATIVE PHOTO

# #1

**Most Valuable  
Restaurant Brand  
Worldwide**  
- QSR Magazine (2020)

**OFFERING MEMORANDUM**  
LA PALMA, CALIFORNIA



**HANLEY INVESTMENT GROUP**  
REAL ESTATE ADVISORS





**STARBUCKS**

— **DRIVE-THRU** —

ORANGE COUNTY, CALIFORNIA

## OFFERING MEMORANDUM

LA PALMA, CALIFORNIA

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# OFFERING SUMMARY

## STARBUCKS 20-YEAR GROUND LEASE

### LOCATION

**Starbucks (Ground Lease)**  
**5014 Orangethorpe Avenue**  
**La Palma, CA 90623**



### OFFERING SUMMARY

<b>Price:</b>	\$2,770,000
<b>Net Operating Income (NOI):</b>	\$90,000
<b>Capitalization Rate:</b>	3.25%
<b>Net Rentable Area:</b>	895
<b>Year Built:</b>	2021
<b>Lot Size (Acres):</b>	0.47

### LEASE TERMS (1)

<b>Lease Commencement: (2)</b>	7/1/2021
<b>Lease Expiration: (2)</b>	6/30/2041
<b>Lease Term:</b>	20 Years
<b>Lease Type:</b>	Absolute NNN Ground Lease
<b>Roof &amp; Structure:</b>	Tenant Responsibility
<b>Monthly Rent:</b>	\$7,500
<b>Annual Rent:</b>	\$90,000
<b>Rental Increases:</b>	12% Every 5 Years
<b>Renewal Options:</b>	One 10-Year; One 4-Year, 11-Month @ 12% Every 5 Years

(1) All lease provisions to be independently verified by Buyer during the Due Diligence Period.

(2) Estimated lease commencement and expiration dates.



REPRESENTATIVE PHOTO



**STARBUCKS®**

## QUICK FACTS

**#5**

**WORLD'S MOST  
ADMIRIED COMPANY**

*-Fortune (2019)*

**#1**

**MOST VALUABLE RESTAURANT  
BRAND IN THE WORLD**

*-QSR Magazine (2020)*

**#19**

**MOST INNOVATIVE COMPANY**

*-Forbes (2020)*



# INVESTMENT HIGHLIGHTS

## STARBUCKS 20-YEAR GROUND LEASE



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- **New Construction Single-Tenant Corporate Starbucks Drive-Thru:**

- Rare 20-year absolute NNN ground lease; zero landlord responsibilities
- 12% increases every 5 years
- Corporate lease (NASDAQ: SBUX; S&P: BBB+)
- Brand new 2021 construction
- No COVID-19 termination language
- One of the “World’s Most Admired Companies” by Fortune (2009-2020)
- Largest coffeehouse chain globally with approximately 31,000 stores in 80 countries
- Starbucks recently announced plans to open 22,000 locations to bring its massive store count to 55,000 by 2030

- **Highly Effective Drive-Thru Only Format:** During its fourth quarter, approximately 75% of all Starbucks’ U.S. sales were generated through the drive-thru

- Starbucks Shifts 45 Percent Of Stores Toward Drive-Thru, Order Ahead - [Click for Article](#)



REPRESENTATIVE PHOTOS



The information contained herein has been obtained from sources we deem reliable. We cannot assume responsibility for its accuracy.



# INVESTMENT HIGHLIGHTS

## STARBUCKS 20-YEAR GROUND LEASE



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- **Located at the Hard Corner, High Traffic Intersection of Orangethorpe Avenue/South Street and Carmenita Road/Moody Street, Benefitting from Over 45,000 Cars Per Day**
  - Tenants at the intersection include Ralphs, CVS Pharmacy, Chase Bank, McDonald's, Subway, and Wells Fargo
- **Excellent Freeway Accessibility:** Starbucks is less than 1-mile from the California State Route 91 Freeway with nearly 280,000 cars per day
- **Dense, Affluent Orange County Demographics:** Over 635,000 people within a 5-mile radius of the property and average household incomes of nearly \$136,000 within a 1-mile radius
- **Close Proximity to Orange County Tourism Destinations:** Visitors spent over \$14.5 billion in Orange County in 2019
  - *Disneyland* – 2nd most visited amusement park in the U.S. with nearly 19 million visitors in 2019; \$5.7 billion annual economic impacts to the Southern California region
  - *Knotts Berry Farm* – One of America's top 10 most visited theme parks with over 4 million visitors in 2019



REPRESENTATIVE PHOTOS

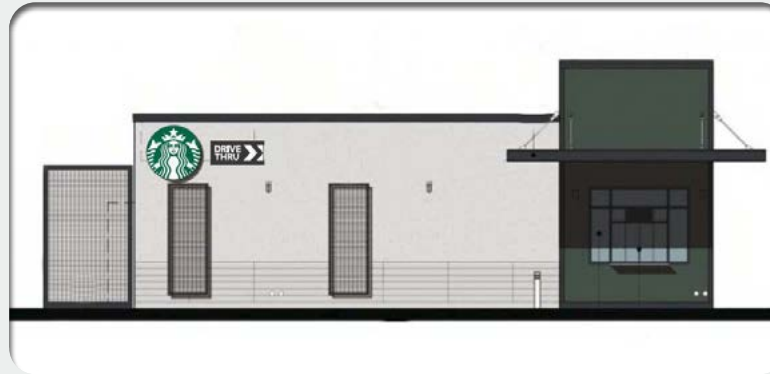


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EAST ELEVATION



WEST ELEVATION

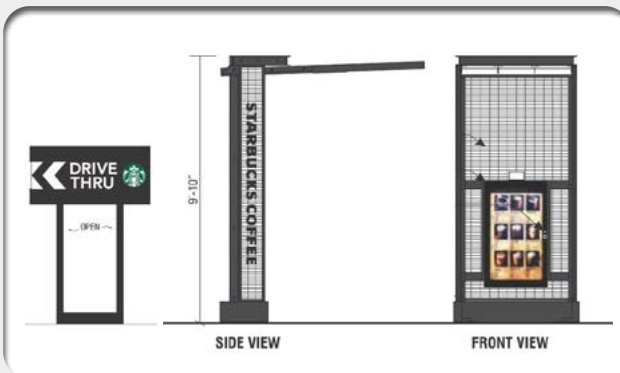


MONUMENT SIGNAGE



# STARBUCKS

## Renderings



DRIVE THRU SIGNAGE



SOUTH ELEVATION



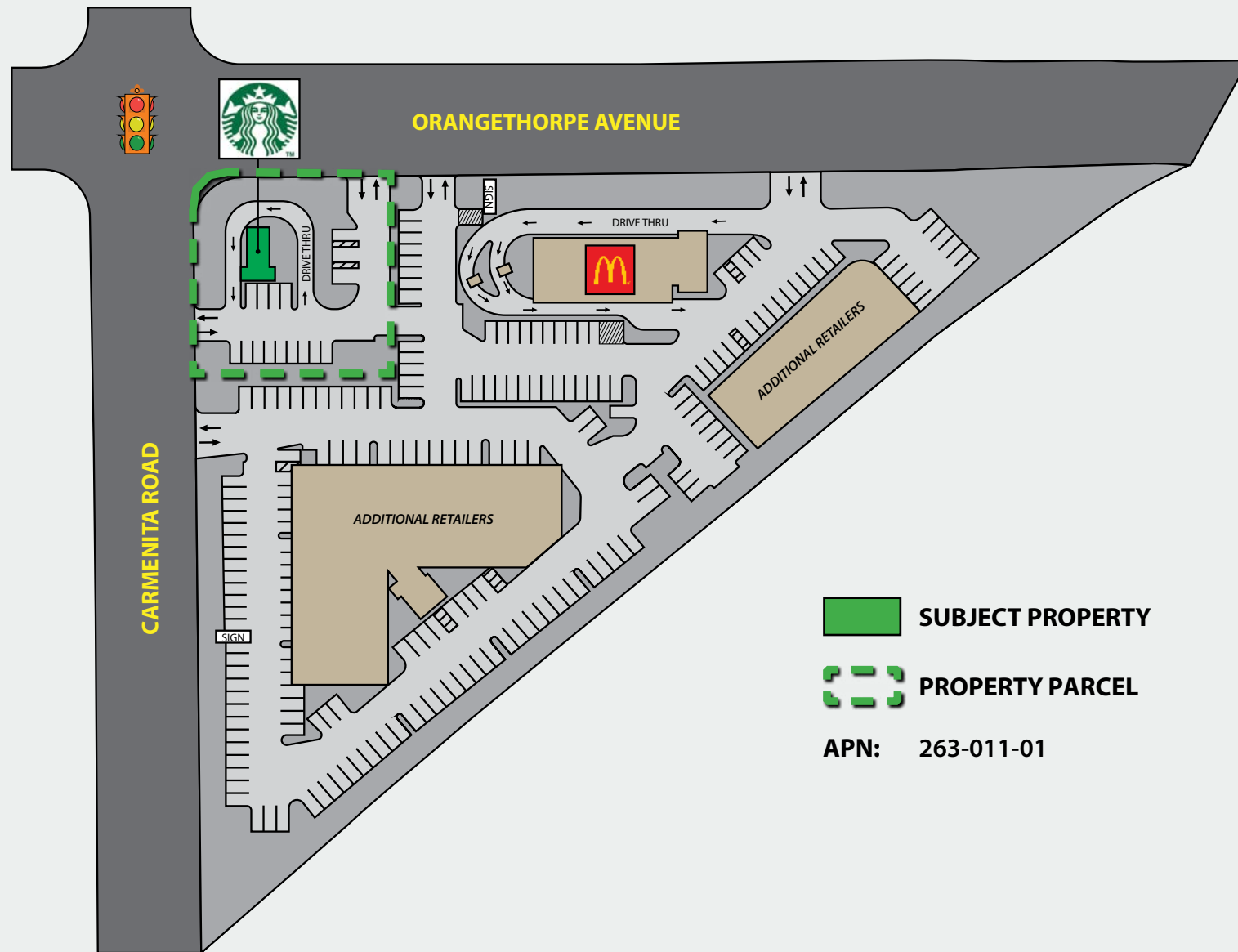
NORTH ELEVATION

# SITE PLAN / PARCEL MAP

## STARBUCKS 20-YEAR GROUND LEASE



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## STARBUCKS 20-YEAR GROUND LEASE





# AERIAL OVERVIEW

STARBUCKS 20-YEAR GROUND LEASE



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# REGIONAL MAP

## STARBUCKS 20-YEAR GROUND LEASE



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### LOS ANGELES INTERNATIONAL AIRPORT (LAX)

- 88 million passengers in 2019
- 4th busiest airport in the world and 2nd busiest in the U.S.
- \$14 billion in renovations in progress to enhance the passenger experience and reduce overcrowding

### LONG BEACH AIRPORT (LGB)

- 3.5 million passengers in 2019
- 10 non-stop destinations
- Maintenance facility for Boeing and McDonnell Douglas aircraft

### JOHN WAYNE AIRPORT (SNA)

- 10.7 million annual passengers
- Over 20 non-stop destinations
- 2018 Best Airport in the U.S. Award - J.D. Power





# TENANT PROFILE

## STARBUCKS 20-YEAR GROUND LEASE



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# STARBUCKS®

Starbucks Corporation is the world's largest roaster, marketer, and retailer of coffee. Each Starbucks location offers more than 170,000 ways to customize coffee and tea beverages. Starbucks stores also offer various food products such as pastries, sandwiches, and lunch items.

From 2014 to 2019, the company saw its market value double and top-line revenue grow from \$16.4 billion to \$26.5 billion. Despite being saturated in a plethora of markets, the company has been able to significantly outperform industry-level revenue growth. Fiscal 2018 was a transformative year, highlighted by double-digit growth in top-line revenue of \$24.7 billion, up 10% over the prior year. The company delivered non-GAAP earnings per share growth of at least 10%.

The company continues to deliver record financial performances in part to their 3-fold strategy – increase digital engagement, grow relevancy in China, and promote the Starbucks Reserve brand as the company's innovation lab for the future. Perhaps its greatest opportunity lies in China where the number of stores has grown to 4,100 in the past 5 years.

In 2019, Starbucks announced plans to strengthen its drive-thru experience. Consumers prefer ease, convenience, and contactless pick-up afforded by a drive-thru, especially amid the current global pandemic. Starbucks' reinvention of the drive-thru has initiated the largest capital expenditure in the company's history, and 80% of future stores built will include a drive-thru. The company is also unveiling a new store concept called Pickup, designed for customers to order and pay ahead with an app. Mobile orders reached a record 22% of company sales in the fiscal 3rd quarter of 2020.

The company's global store portfolio is expected to grow 6% annually in fiscal 2022. Store growth in the United States will be approximately 3% while China is expected to grow in the low teens.

Founded in 1971, Starbucks operates more than 31,200 stores in a total of 80 countries.

### TOP HONORS

- **#5 "World's Most Admired Company"** - Fortune (2019)
- **#19 "World's Most Innovative Companies"** - Forbes (2020)
- **#35 "World's Most Valuable Brand"** - Forbes (2020)

**Company Type:** Public (NASDAQ: SBUX)  
**Locations:** 31,200+  
**Website:** [www.starbucks.com](http://www.starbucks.com)





STARBUCKS®  
**STORIES**  
& NEWS



## Starbucks to Transform U.S. Store Portfolio by Building on the Strength of Digital Customer Relationships and the Convenience of the Starbucks App

Starbucks Stories & News | June 10, 2020

**T**oday, Starbucks announced plans to accelerate the transformation of its store portfolio in the U.S. through the integration of the physical and digital customer experience. These changes are accelerated due to a retail environment that has shifted because of COVID-19 and to meet the already evolving customer needs of convenience, connection and personalization offered through a digital experience. Over the next 18 months, Starbucks will increase convenience-led formats in company-operated locations with drive-thru and curbside pickup options, as well as Starbucks® Pickup locations.



[CLICK FOR ARTICLE](#)

## THE VERGE



## Starbucks says nearly a quarter of all U.S. retail orders are placed from a phone

By Ian Carlos Campbell | October 30, 2020

**A**lmost a quarter of all transactions at Starbucks stores in the US are mobile orders through the company's app, an earnings document revealed yesterday. Ordering ahead through the Starbucks app is the company's suggested way to get in and out of its locations faster during the pandemic, hopefully making it easier to maintain social distancing in the process.

Starbucks launched "Mobile Order & Pay" in 2015, combining the company's existing payment system with new online ordering features that let you order ahead for pickup at stores. This week's new stats show how popular that feature has become, slowly growing over time until it dramatically increased over the course of 2020 — from 17 percent at the end of last year all the way to 24 percent of US retail orders last quarter.

Mobile orders are the latest entry in Starbucks' aggressive push onto phones, a project that started in earnest with the wide launch of mobile payments and the company's app in 2011.



[CLICK FOR ARTICLE](#)





## La Palma, California

- 1.83 square miles located in northwest Orange County, on the border of Los Angeles County
  - 20 miles from Downtown Los Angeles
  - 10 miles from the Pacific Coast
- 15,820 residents with nearly half of the population being Asian
- Predominantly a residential city of quaint neighborhoods with low crime rates
  - Ranked among "America's Best Places to Live" by Money Magazine 4 times (2007, 2011, 2013, and 2015)

### ECONOMY

- Home to 300 commercial and industrial businesses; many residents commute to nearby cities for employment
- The largest employment sectors are health care and social assistance (14.6%), retail trade (11.4%), educational services (10.8%), and manufacturing (10.6%)
- Largest employers in the city include ADP, La Palma Intercommunity Hospital, BP West Coast Products, Unisource Worldwide, and Anaheim Union High School District
  - **La Palma Intercommunity Hospital** - A 141-bed acute care facility with nearly 300 physicians and more than 400 healthcare professionals on staff
- \$121,571 average household income

### DEVELOPMENTS

- **Eight88 Hospitality Project** - A proposed mixed-use development on a 114-acre site to feature 4 condominium towers totaling 1,000 residences, a 300-room hotel, restaurants, shops, entertainment venues, and a park

### TRANSPORTATION

- The city is known as the "Gateway to Orange County" and offers easy access to the best of both Orange and Los Angeles Counties
- Highway 91 travels through the city, providing direct access to the network of transportation modes servicing the greater Los Angeles area
- Within close proximity to 3 commercial airports: Long Beach/Daugherty Field Airport (7 miles), Orange County/John Wayne Airport (16 miles), and Los Angeles International Airport (23 miles)

## City of La Palma *Highlights*

# \$121,571

**AVERAGE  
HOUSEHOLD INCOME**



**RANKED AMONG  
"BEST PLACES TO LIVE"**



**HEALTH CARE IS LARGEST  
EMPLOYMENT SECTOR**



CENTERPOINTE LA PALMA



SUMMER CITY EVENT



LONG BEACH AIRPORT





## Cerritos, California

- A city in Los Angeles County located 20 miles southeast of Downtown along the southeastern border of Orange County
- 51,174 population; 60% of the population is Asian
- A progressive, affluent community with a highly educated and ethnically diverse population

### ECONOMY

- The local economy is dominated by health care and social assistance (20%) followed by a strong presence of retail trade (11.5%) and manufacturing (11.2%)
- Residents are reported to be the 2nd-highest retail spenders in California
  - **Cerritos Auto Square** - One of the largest auto malls in the world with 23 import and domestic brands
    - ◆ 50,000+ vehicles sold annually, generating 1/3 of the city's sales tax
  - **Los Cerritos Center** - A super-regional shopping mall consisting of 5 anchor tenants and 180+ stores
  - **Cerritos Towne Center** - A center combining office, retail, hotel, and entertainment facilities in one master-planned project
- Largest employers include ABC Unified School District (1,900), UPS (1,800), AT&T (1,000), Southern Wine and Spirits of Southern California (980), and the City of Cerritos (670)

- Achieved positive job market growth over the last year and boasts a 10-year projection of 37.9%, outpacing the U.S. projection of only 33.5%

### DEVELOPMENTS

- **Cerritos College Performing Arts Center** - A 77,000 square foot building featuring a 400-seat proscenium theater, a 150-seat black box theater, a 100-seat lecture hall, an outdoor amphitheater, and a multi-level lobby
  - Expected completion is fall of 2021

### TRANSPORTATION

- Located within a 30-minute commute of downtown Los Angeles, Long Beach, and Anaheim
- Directly served by 3 major freeways: SR 91, I-605, and I-5
- **Cerritos on Wheels (COW)** - A fleet of federally funded buses provide transportation throughout the city as well as connection to Long Beach Transit, Orange County Transportation Authority, Norwalk Transit, and Los Angeles MTA buses
- Approximately 20 miles from the Port of Long Beach and the Port of Los Angeles

## City of Cerritos Highlights



**WITHIN 30 MINUTES OF  
LONG BEACH, ANAHEIM, & L.A.**



**2ND HIGHEST RETAIL  
SPENDERS IN CALIFORNIA**

**\$842,500**

**2020 MEDIAN HOME  
SALE PRICE**



**CERRITOS CENTER FOR THE PERFORMING ARTS**



**CERRITOS AUTO SQUARE**



**CERRITOS TOWNE CENTER**





## Orange County

- Iconic beach towns and 42 miles of coastline dub the area "The Gold Coast of California"; known as "The OC" by locals
- Home to some of the world's most popular tourist attractions such as The Disneyland Resort, Knott's Berry Farm, Mission San Juan Capistrano, South Coast Plaza, and Segerstrom Hall
- #5 "Best Counties to Live in California" - Niche (2020)
  - 3.28 million population; 3rd most populous county in California; 6th most populous in the U.S.

### ECONOMY

- 6th largest economy in the U.S.
  - \$285.4 billion GMP; 2.9% projected growth in 2019
- 2nd largest workforce in California (1.63 million workers)
  - 2.8% unemployment rate as of Feb 2020 (versus 4.1% in the state and 3.8% in the nation)
  - 24,100 jobs added from June 2018 - June 2019
- 3rd most diverse tech sector in the U.S.; #1 in medical device manufacturing
- \$86,217 average household income vs. \$59,000 U.S. average household income
- The largest employers are Walt Disney Co. (29,000 employees), University of California Irvine (23,605 employees), and St. Joseph Health (11,925 employees)
- 3 airports service the area

- **Los Angeles International Airport (LAX)** - 4th busiest airport in the world with 87.5 million annual passengers
- **John Wayne Airport (SNA)** - Ranked "Top 15 Best Airports" by MONEY Magazine (2018); 10.7 million passengers (2019); 20+ non-stop destinations
- **Long Beach Airport (LBJ)** - Top 10 busiest airports in the state; 3.7+ million annual passengers

### TOURISM

- 50.6 million people visited Orange County in 2019, a 1% increase over the prior year
- \$21.3 billion annual economic impact on the county
- \$14.5 billion in county-wide visitor spending in 2019, a 4% increase over the prior year
- 7th largest industry in Orange County, sustaining 179,000 jobs annually
  - 6.1% job growth in arts, entertainment, and recreation industry between June 2018 - June 2019



## Highlights

**\$21.3B**

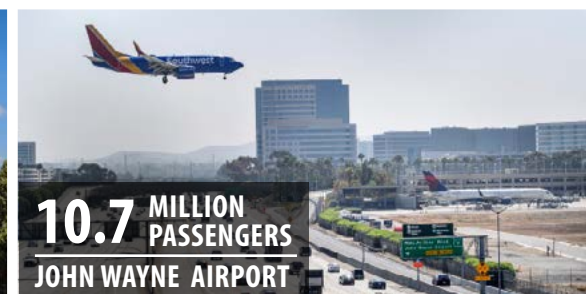
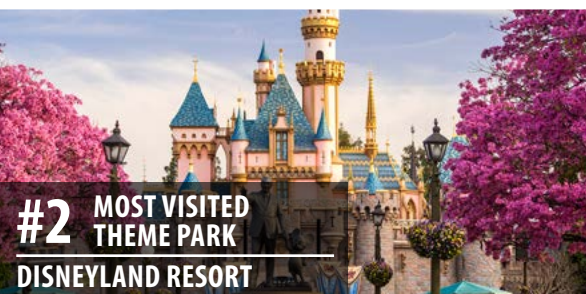
**ORANGE COUNTY TOURISM  
ECONOMIC IMPACT  
(#7 LARGEST INDUSTRY)**

**#5**

**BEST COUNTIES TO  
LIVE IN CALIFORNIA  
(NICHE - 2019)**



**7TH LARGEST  
ECONOMY IN THE U.S.  
(\$285.4B GMP)**







	<u>1-Mile</u>	<u>3-Mile</u>	<u>5-Mile</u>
<b>Population</b>			
2024 Projection	27,369	226,773	645,440
2019 Estimate	27,056	222,829	635,761
2010 Census	26,434	215,824	616,701
2000 Census	26,604	217,439	605,880
Growth 2010-2019	2.35%	3.25%	3.09%
Growth 2019-2024	1.16%	1.77%	1.52%
<b>Households</b>			
2024 Projection	8,955	68,002	196,591
2019 Estimate	8,812	66,668	193,258
2010 Census	8,518	63,903	185,458
2000 Census	8,293	63,846	183,939
Growth 2000-2010	2.71%	0.09%	0.83%
Growth 2010-2019	3.45%	4.33%	4.21%
Growth 2019-2024	1.62%	2.00%	1.72%
<b>2019 Est. Population by Single-Classification Race</b>			
White Alone	6,580	79,773	290,479
Black or African American Alone	1,529	11,654	30,707
American Indian and Alaska Native Alone	87	1,671	5,213
Asian Alone	16,453	84,965	163,899
Native Hawaiian and Other Pacific Islander Alone	76	1,092	3,306
Some Other Race Alone	1,144	32,533	109,732
Two or More Races	1,163	10,791	31,390
<b>2019 Est. Population by Ethnicity (Hispanic or Latino)</b>			
Hispanic or Latino	3,739	78,959	269,390
Not Hispanic or Latino	23,317	143,870	366,371
<b>2019 Est. Average Household Income</b>	<b>\$135,894</b>	<b>\$106,017</b>	<b>\$98,972</b>



# CONFIDENTIALITY AGREEMENT

## STARBUCKS 20-YEAR GROUND LEASE



**HANLEY INVESTMENT GROUP**  
REAL ESTATE ADVISORS

The information contained herein does not purport to provide a complete or fully accurate summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information which prospective buyers may need or desire. All financial projections are based on assumptions relating to the general economy, competition, and other factors beyond the control of the Owner and Broker and, therefore, are subject to material variation. This Marketing Package does not constitute an indication that there has been no change in the business or affairs of the Property or the Owner since the date of preparation of the information herein. Additional information and an opportunity to inspect the Property will be made available to interested and qualified prospective buyers.

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This Marketing Package and its contents, except such information which is a matter of public record or is provided in sources available to the public (such contents as so limited herein called the Contents), are of a confidential nature. By accepting this Marketing Package, you unconditionally agree that you will hold and treat the Marketing Package and the Contents in the strictest confidence, that you will not photocopy or duplicate the Marketing Package or any part thereof, that you will not disclose the Marketing Package or any of the Contents to any other entity (except in the case of a principal, who shall be permitted to disclose to your employees, contractors, investors and outside advisors retained by you, or to third-party institutional lenders for financing sought by you, if necessary, in your opinion, to assist in your determination of whether or not to make a proposal) without the prior authorization of the Owner or Broker, and that you will not use the Marketing Package or any of the Contents in any fashion or manner detrimental to the interest of the Owner or Broker.

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**\$7.7 BILLION**

retail sales nationwide



**SHARED DATABASE**

collaborative proprietary database



**GLOBEST. INFLUENCERS**

in retail & net lease sales



**NATIONWIDE REACH**

retail & investors across the U.S.

**\$2B**

**400+**

**\$2 BILLION IN RETAIL SOLD**

over 400 transactions in last 36 mos.