



STARBUCKS

Newly Built Starbucks

11709 Memorial Pkwy, Huntsville, Alabama



Representative Photo

JLL Confidential Offering Memorandum

11709 Memorial Pkwy

11709 Memorial Pkwy, Huntsville, AL

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ASSET VALUE DRIVERS

BUILD-TO-SUIT STARBUCKS
DRIVE-THRU

INDUSTRY-LEADING TENANT WITH
FAVORABLE LEASE ECONOMICS

TO BE DELIVERED IN 2021

STRONG RETAIL CENTRIC
LOCATION

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 Huntsville, Alabama. The Property will be leased to Starbucks Corporation (“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 every five years, minimal landlord responsibilities, and four five-year renewal options. This offering presents the opportunity to acquire a newly constructed, drive-thru asset located within an established and growing retail corridor and leased to an investment-grade, industry-leading tenant with minimal landlord responsibilities.

INVESTMENT HIGHLIGHTS

BUILD-TO-SUIT STARBUCKS DRIVE-THRU

- The Asset is a build-to-suit Starbucks that is scheduled to be completed in March 2021.
- 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.

INDUSTRY-LEADING, CORPORATE TENANCY

- 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 firm, primary lease term, minimal landlord responsibilities, and ten percent rental escalations every five years, including in each of the four, five-year renewal options.

HIGHLY TRAFFICKED RETAIL CORRIDOR

- The Property is located along Memorial Parkway (±50,000 VPD), Huntsville’s main retail corridor that runs North-South through the town.
- The Asset is located across the street from a Wal-Mart Supercenter Store and less than 7 miles from downtown Huntsville, where the U.S. Space & Rocket Center, Redstone Arsenal, and the University of Alabama-Huntsville campus are located.
- An average household income of almost \$100,000 and projected population growth north of 1.0% within a five-mile radius of the Property support the tenant’s target demographic.

PROPERTY & LEASE OVERVIEW

Price: \$2,582,000

Cap Rate: 5.50%

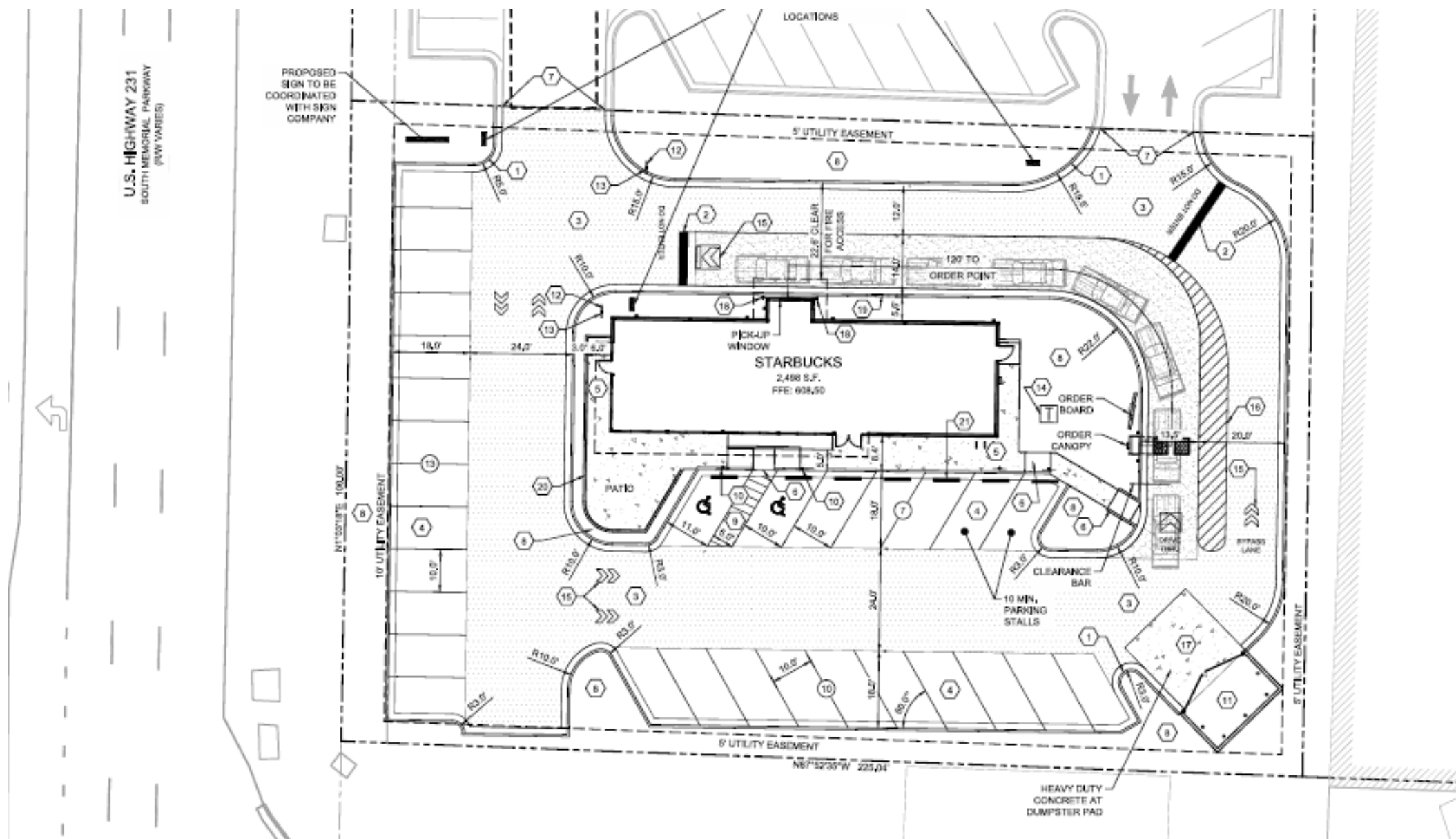
Address	11709 Memorial Pkwy SE
City, ST	Huntsville, AL
Tenant	Starbucks Corporation
Building Size	2,500 SF
Parcel Size	0.77 AC
Year Built	2021
Primary Lease Term	10.0 years
Year 1 Rent PSF	\$142,000 \$56.80
Rent Escalations	10% every five years, including renewal options
Renewal Options	4 x 5-year options
Lease Type	NN
Landlord Responsibilities	Building structure, foundation, roof replacement (not repair nor maintenance), landscaping, and parking lot resurfacing

Rent Schedule				
Years	Monthly Rent	Annual Rent	Rent PSF	Increase
1-5	\$11,833	\$142,000	\$56.80	-
6-10	\$13,017	\$156,200	\$62.48	10%
11-15*	\$14,318	\$171,820	\$68.73	10%
16-20*	\$15,750	\$189,002	\$75.60	10%
21-25*	\$17,325	\$207,902	\$83.16	10%
26-30*	\$19,058	\$228,692	\$91.48	10%

* Renewal Option



Full Site Plan in Deal Room



TENANT OVERVIEW



STARBUCKS

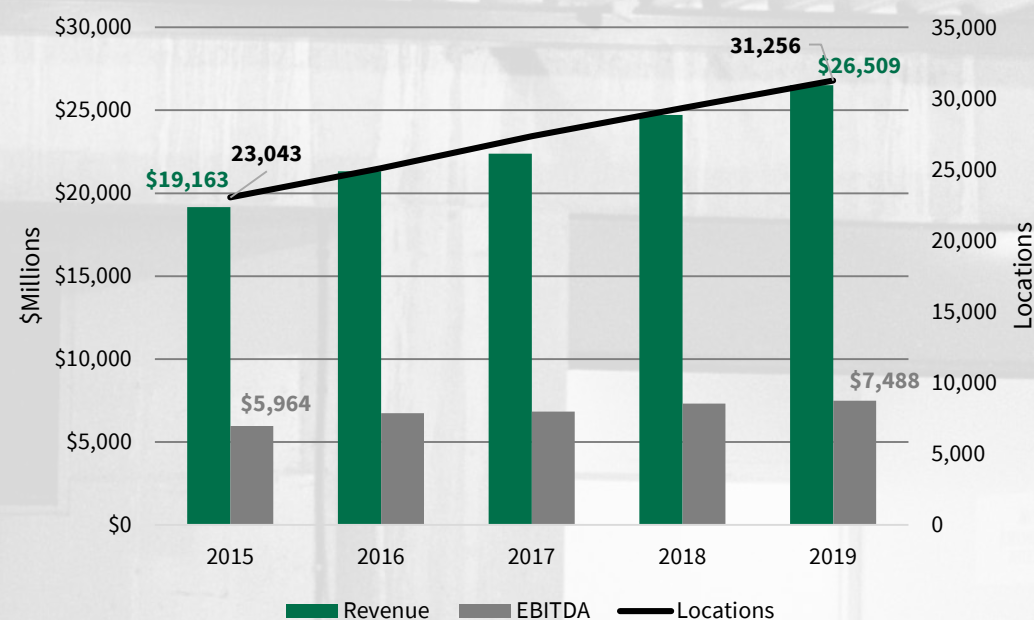
As the preeminent coffee company and coffeehouse chain, Starbucks (NASDAQ: SBUX) operates over 32,000 locations in more than 75 countries and serves nearly five billion cups of coffee annually. In addition, the company is the largest coffee provider in the world and benefits from its strong brand loyalty.

Starbucks has performed very well in recent years, exhibiting steady revenue growth. 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.

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



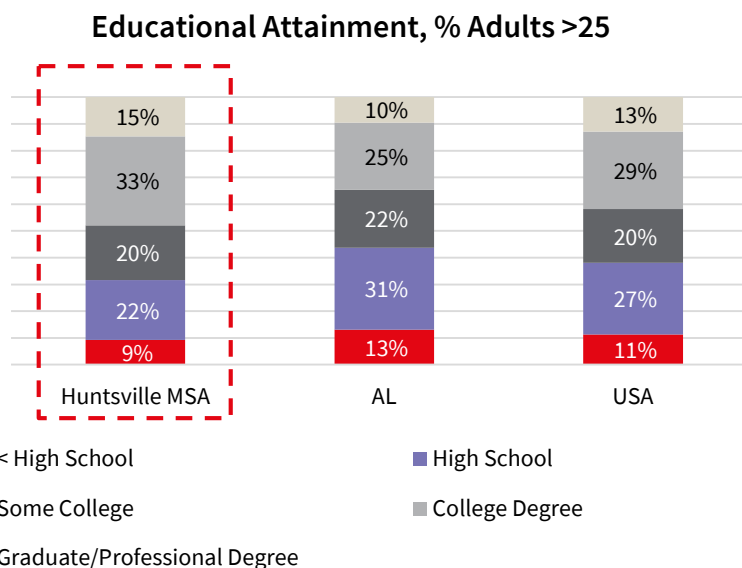
**STARBUCKS REVENUE & UNIT GROWTH****RETAIL EXPANSION STRATEGY**

Starbucks announced 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.

HUNTSVILLE, ALABAMA

Situated in the Appalachian region of North Alabama, Huntsville is the fourth-largest city in Alabama and serves as the county seat of Madison County, the third-most populous county in the state of Alabama. First settled in 1805, the city is steeped in history and has been recognized by the National Trust for Historic Preservation as a distinctly historic location. While its historical ties contribute to its unique charm, modern institutions bring Huntsville into the 21st century. Huntsville is home to the Redstone Arsenal, one of the U.S. Army's most important posts responsible for the research, development, and production of missiles, aviation, rockets, and related programs. Over the last 70 years, an influx of international engineers, scientists, and other technical specialists have transformed the small town into a diverse, cosmopolitan city. NASA's Marshall Space Flight Center in Huntsville is one of NASA's largest field centers with a workforce of nearly 6,000 and an annual budget of approximately \$2.8 billion. Huntsville's reputation as the "Space Capital of the United States" attracts technology, space, and defense companies from all corners of the world. Additionally, Huntsville's diverse, skilled population attracts a broad base of manufacturing, retail, and service industries, including Fortune 500 companies such as AT&T, Verizon Communications, General Electric, and Boeing.

Huntsville Top Employers	
Company	Employees
U.S. Army/Redstone Arsenal	38,000
Huntsville Hospital	9,352
NASA/Marshall Space Flight Center	6,000
Huntsville City Schools	3,000
The Boeing Company	2,900
SAIC	2,746
Dynetics, Inc	2,551
Madison County Schools	2,389
City of Huntsville	2,206
ADTRAN, Inc.	1,925



25 Best Places to Live in the US,
U.S. News & World Report



Top 10
Cities for STEM Jobs,
Forbes



52 Places to Go,
New York Times

Population CAGR, 2020-2025

1.21%

Huntsville, AL

0.72%

USA

Employment Growth, 2020-2025

3.80%

Huntsville, AL

2.20%

USA

GDP Growth, 2020-2025

15.00%

Huntsville, AL

10.50%

USA



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