



**STARBUCKS**

**New Construction Starbucks**

511 N. Euclid Avenue

Ontario, CA 91762

Confidential Offering Memorandum



# NEWLY-CONSTRUCTED STARBUCKS



## *Investment Highlights*

NEWLY-CONSTRUCTED  
STARBUCKS DRIVE-THRU



INDUSTRY-LEADING TENANT  
WITH FAVORABLE LEASE  
ECONOMICS



HARD CORNER ON EUCLID  
AVE EXPOSED TO 35,000 VPD



ADJACENT TO ONTARIO TOWN  
SQUARE AND COMMUNITY  
COLLEGE DEVELOPMENT





# 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 Ontario, California. 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, and four five-year renewal options. This offering presents the opportunity to acquire a newly constructed, drive-thru asset located on the best intrinsic real estate in the country and leased to an investment-grade, industry-leading tenant with minimal landlord responsibilities.

Pricing	\$5,040,000
Cap Rate	3.75%



## NEWLY-CONSTRUCTED STARBUCKS DRIVE-THRU

- The Asset is a build-to-suit drive-thru Starbucks that opened in April 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 demand for convenience and safety.

## INDUSTRY-LEADING TENANT WITH FAVORABLE LEASE ECONOMICS

- The Property will be leased to Starbucks with ten years of primary lease term, ten percent rental escalations, four, five-year renewal options, and minimal landlord obligations.
- 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.

## TOP NATIONWIDE INTRINSIC REAL ESTATE

- The Property is strategically located on Euclid Avenue in a major retail corridor with traffic counts of 35,000 VPD and adjacent to shops and restaurants.
- Ontario is a well-established and rapidly growing city 35 miles east of Los Angeles and within the Inland Empire. The city’s proximity to Los Angeles, the Ontario International Airport, and several major interstates make it some of the most in-demand real estate in the country.

## ACCESS TO ONTARIO TOWN SQUARE AND COMMUNITY COLLEGE DEVELOPMENT

- **The Property is situated next to the highly-trafficked Ontario Town Square**, a major gathering site that includes an amphitheater with a sprawling lawn area, a children’s play garden, and a pedestrian promenade.
- **Ontario is planning to build a major community college adjacent to the property**, which will make this location the premier coffee shop for students.

<b>Price</b>	<b>\$5,040,000</b>
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<b>Cap Rate</b>	<b>3.75%</b>
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<b>Address</b>	511 N. Euclid Avenue Ontario, CA 91762
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<b>Tenant</b>	Starbucks Corporation
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<b>Guarantor</b>	Starbucks Corporation
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<b>Building Size</b>	2,430 SF
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<b>Parcel Size</b>	0.45 acres
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<b>Year Built</b>	2021
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<b>Term</b>	10 Years (RCD 4/2021)
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<b>Lease Structure</b>	NN*
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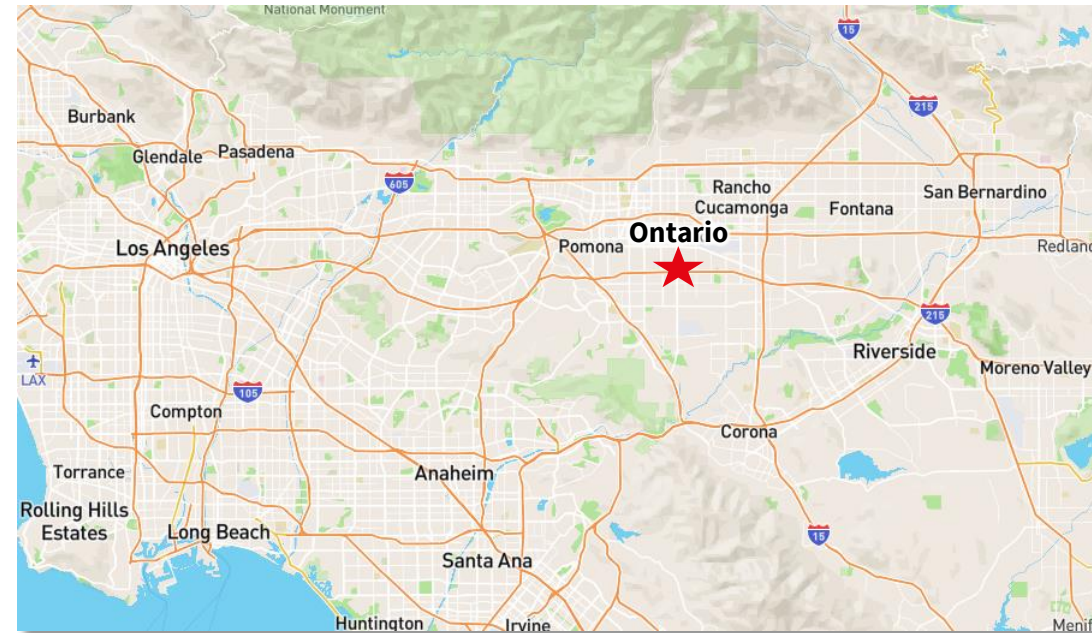
<b>Landlord Responsibilities</b>	Roof & structure, replacement of parking
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<b>Annual Base Rent   PSF</b>	\$189,000   \$77.78
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<b>Increases</b>	10% every 5 years
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<b>Renewal Options</b>	4, 5-year options
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\*If Landlord sells or transfers the Property more than once every five (5) years, and as a direct result the Real Property Taxes increase, Tenant shall not be obligated to pay any portion of such increase becoming due during the Initial Term and the subsequent renewals.



### Starbucks Rent Schedule - Primary Term

Lease Years	Annual Rent	Rent PSF	% Increase
Years 1 - 5	\$15,750.00	\$189,000.00	-
Years 6 - 10	\$17,325.00	\$207,900.00	10%
Renewal Options			
Option 1	\$19,057.50	\$228,690.00	10%
Option 2	\$20,963.25	\$251,559.00	10%
Option 3	\$23,059.58	\$276,714.90	10%
Option 4	\$25,365.53	\$304,386.39	10%



# Photography



# Ontario Overview

Ontario is a city located in southwestern San Bernardino County. It is situated 35 miles east of Los Angeles and has a population of 190,000. The city has access to several major interstates, two railroads, and the Ontario International Airport. Ontario handles much of the freight traffic between the ports of Los Angeles and Long Beach, two of the top three busiest ports in the country.

Businesses view the city as an excellent and lower-cost alternative to Los Angeles—Toyota, Cardinal Health, AEG, Uline, and Mag Instruments, Inc. all have offices in Ontario. The city is unique in having significant attraction for office, industrial, and retail real estate alike. Its local government is pro-business and touts the expected doubling of Ontario's population by 2045. In addition to the healthy business environment, the city has a number of cultural attractions that make it a desirable location for California residents:

- Ontario Town Square (pictured to the right) is a place for family and friends to gather in the heart of downtown Ontario. It is surrounded by local shops and restaurants and includes a children's play garden, pedestrian promenade, and an amphitheater that hosts weekly events year-round. **The town square is adjacent to The Property and will attract significant traffic.**
- Toyota Arena is a multi-purpose arena that hosts local sporting events and concerts. The facility was opened in 2008 and has a capacity of more than 10,000. The venue is the biggest and most modern arena within the Inland Empire region of California.
- Chaffey High School is one of the largest high schools in California. It rests on more than 65 acres and hosts 3,300 students. **The school is down the road from the property, which, along with the nearby interstates, directs significant traffic to the area.**
- Ontario Mills is California's largest indoor outlet mall with more than 200 shops and factory outlet stores leased to national tenants. The mall also includes an AMC theater and other experiential retail tenants.

## Demographic Information

2020 Data	1-Mile	3-Mile	5-Mile
Total Population	30,255	196,902	431,201
Projected 2025 Population	30,814	201,509	443,481
Median Age	28.9	32.2	32.9
Average HH Income	\$62,121	\$75,072	\$84,614
Median Home Value	\$359,282	\$405,300	\$440,143



## #1

**Largest Indoor Mall in California**  
(Ontario Mills Mall)

## #4

**Most Populous City**  
(San Bernardino County)

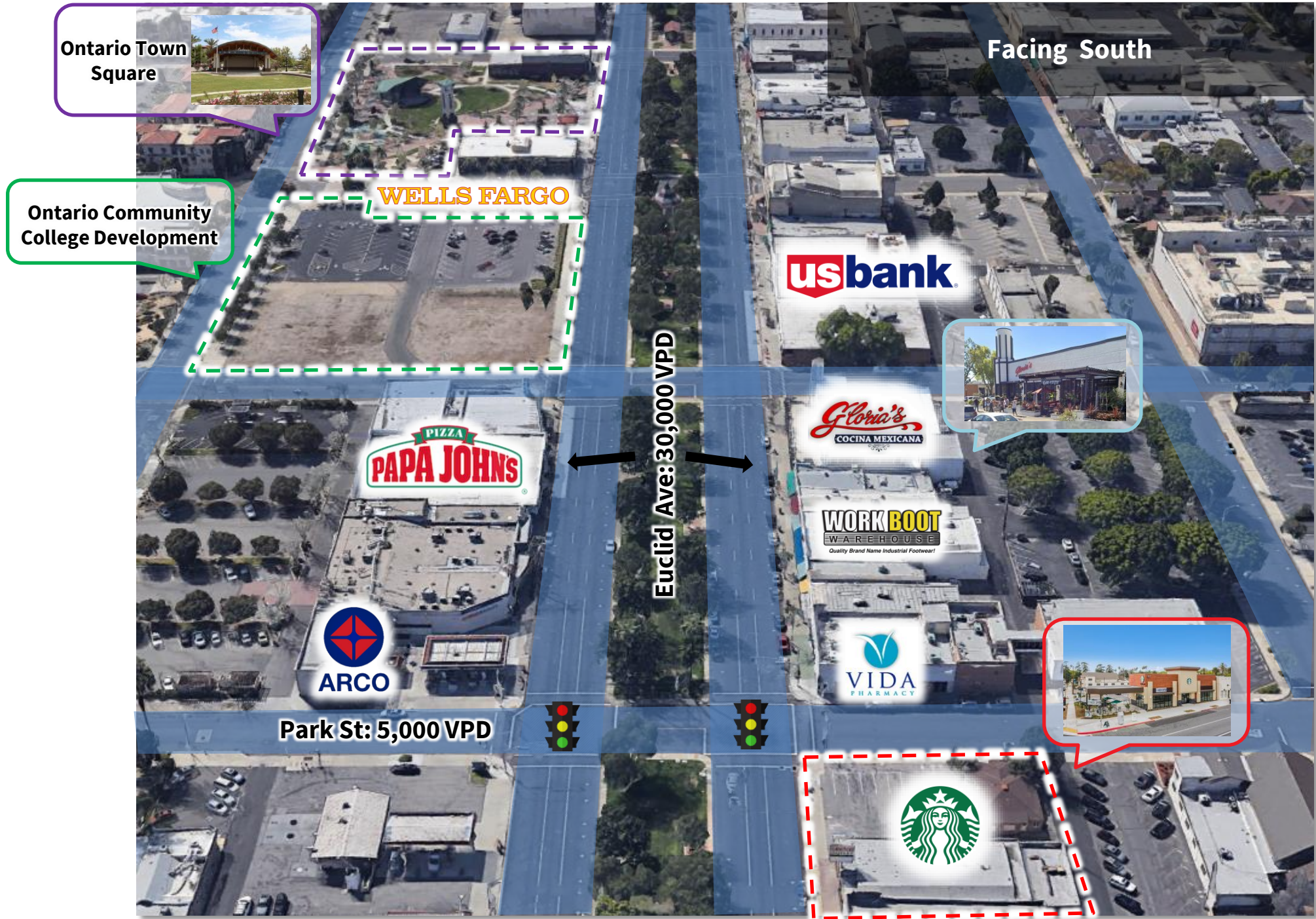
## #15

**Busiest Airport in the U.S. by Air Cargo**  
(Ontario International Airport)

## #6

**Largest Annual Population Increase**  
(California Cities under 300k Residents)









# 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. Furthermore, 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

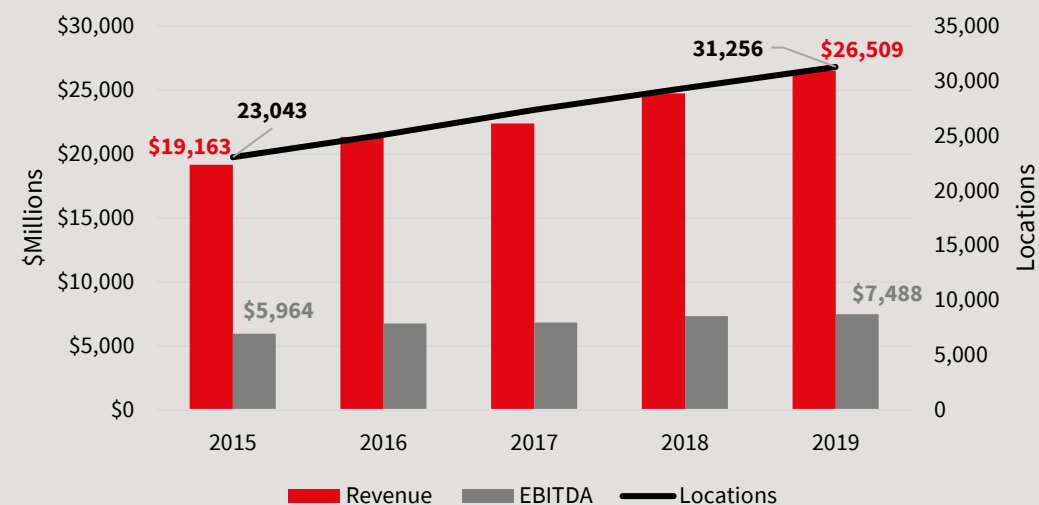
Starbucks announced that the company plans to accelerate its expansion of convenience-led store formats, consisting of drive-thru and mobile order pickup locations. This strategy aims to satisfy the evolving customer preference toward convenience and online ordering. These convenience-led store formats also satisfy the immediate need for safer pickup options during the COVID pandemic. Even prior to the pandemic, to-go options 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

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



# JLL CONTACTS

ALEX SHARRIN  
MANAGING DIRECTOR

+1 773 320 2558

[alex.sharrin@am.jll.com](mailto:alex.sharrin@am.jll.com)

ALEX GEANAKOS  
DIRECTOR

+1 312 228 3866

[alex.geanakos@am.jll.com](mailto:alex.geanakos@am.jll.com)

GEOFF TRANCHINA  
MANAGING DIRECTOR

+1 310 694 3180

[geoff.tranchina@am.jll.com](mailto:geoff.tranchina@am.jll.com)

JEFFREY CICUREL  
ASSOCIATE

+1 773 573 8118

[jeffrey.cicurel@am.jll.com](mailto:jeffrey.cicurel@am.jll.com)

