

**2020 New Construction 7-Eleven | Deep Ellum – Dallas, TX**  
**Single Tenant Retail Investment Opportunity**  
**3435 Commerce Street, Dallas, TX 75226**

*Confidential Offering Memorandum*



SUBJECT PROPERTY



CONTACTS

CAROLINE BINNING

DIRECTOR

+1 214 538 7111

[caroline.binning@am.jll.com](mailto:caroline.binning@am.jll.com)



*Investment Summary  
& Property Overview*



# 7-Eleven

## DEEP ELLUM (DALLAS), TX



SUBJECT PROPERTY

### Investment Highlights

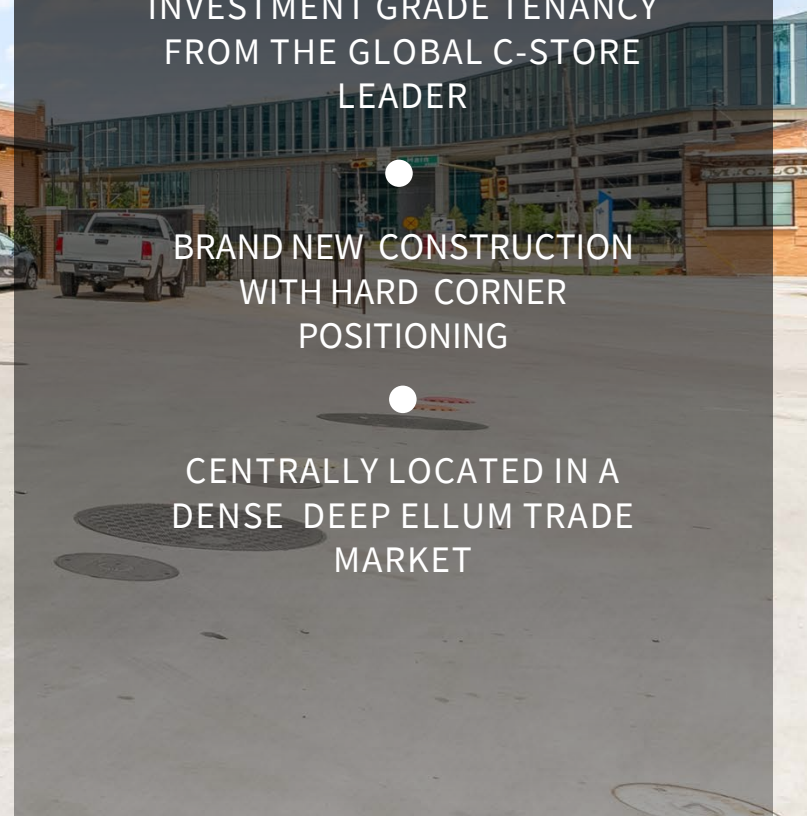
RARE ORIGINAL 20-YEAR LEASE  
WITH 19 YEARS TERM  
REMAINING

•  
ZERO LANDLORD  
RESPONSIBILITIES

•  
INVESTMENT GRADE TENANCY  
FROM THE GLOBAL C-STORE  
LEADER

•  
BRAND NEW CONSTRUCTION  
WITH HARD CORNER  
POSITIONING

•  
CENTRALLY LOCATED IN A  
DENSE DEEP ELLUM TRADE  
MARKET





# The Offering

JLL is pleased to offer for sale the fee-simple interest in a freestanding 7-Eleven (the “Property” or “Asset”) located in Dallas’ rapidly-growing Deep Ellum neighborhood. With construction completed in March 2020, the tenant has 19 years remaining on their rare original 20-year absolute NNN lease, providing a secure stream of cash flow backed by 7-Eleven’s investment-grade credit (S&P: ‘A’).

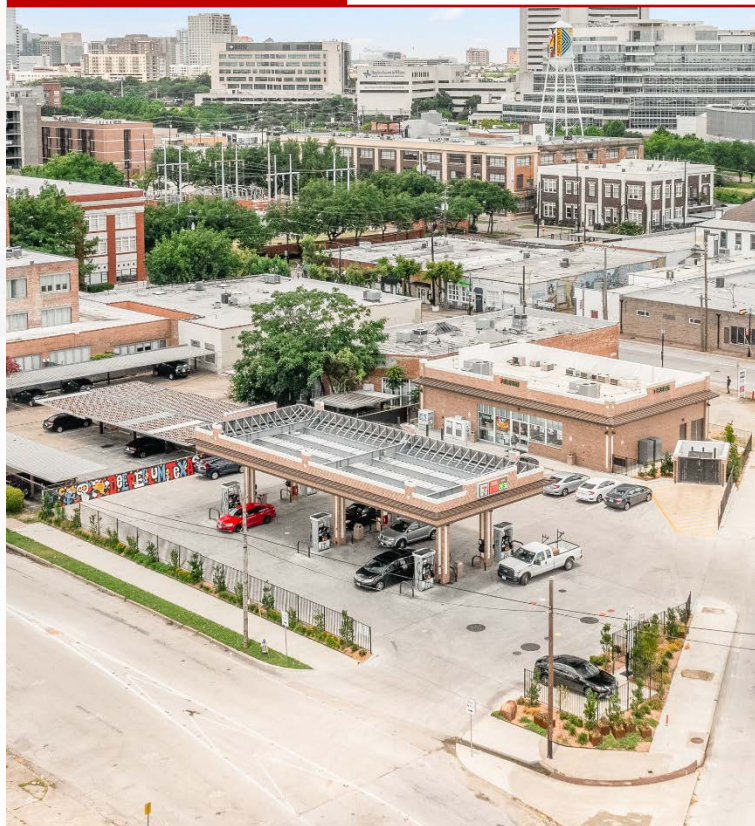
Deep Ellum, a concentrated cultural epicenter within a booming greater Dallas market, continues to emerge as one of the city’s hottest neighborhoods. The Asset’s unrivaled location will allow investors the rare opportunity to capitalize on the area’s strong real estate momentum coupled with an elite credit profile, brand new construction, and ideal net lease fundamentals.

Pricing

**\$8,500,000**

Cap Rate

**4.00%**



## **19 YEARS TERM REMAINING WITH ZERO LANDLORD RESPONSIBILITIES**

- Subject to a triple net lease structure with zero landlord responsibilities
- 20-year term featuring a 10% rental increase after year 10 and a 10% rental increase every five years thereafter, providing a hedge against inflation

## **INVESTMENT GRADE TENANCY FROM THE GLOBAL C- STORE LEADER**

- 7-Eleven carries an investment-grade rating from both Moody’s and S&P (Baa2 / A) with a “stable” outlook. They are the largest player in the convenience store industry with increasing Revenue and EBITDA over the last four years

## **BRAND NEW CONSTRUCTION WITH HARD CORNER POSITIONING**

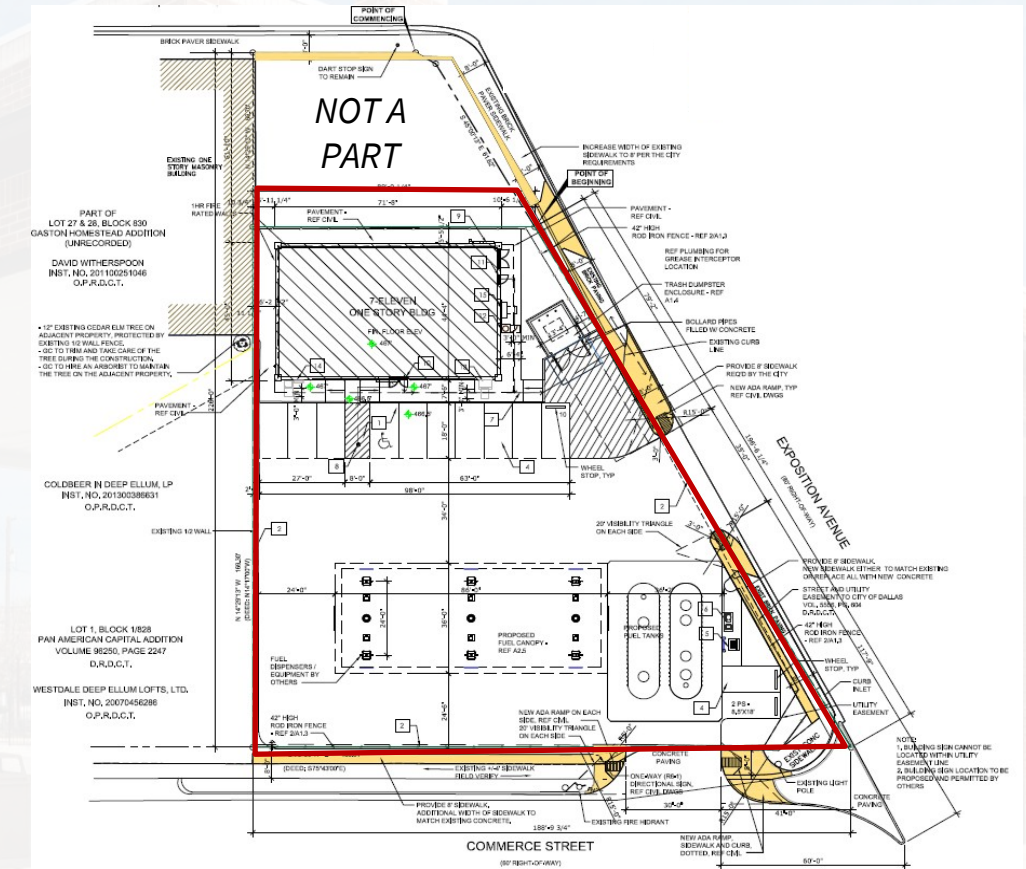
- Strong location within the market, conveniently situated at the hard corner of Commerce and Exposition Ave
- The property is located in close proximity to downtown Dallas and less than a half of a mile from the on and off ramp of Route 30 Points of ingress/egress from both thoroughfares
- The Property is being conveyed by metes and bounds, which is allowed in Dallas, TX

## **CENTRALLY LOCATED IN A DENSE DEEP ELLUM TRADE MARKET**

- Deep Ellum is home to a densely populated, highly coveted entertainment district and a consortium of loft style apartment communities with strong demographics with over 183,000 people and an above average household income of \$103,622 within a 3-mile radius
- The submarket represents an enclosed 174-acre area that cannot be replicated due to its unique cultural and arts fabric as well as its proximity to Dallas’ CBD, resulting in a high barriers-to-entry market
- 20,000 residential units within a 2-mile radius with an additional 1,500 under construction

# PROPERTY & LEASE OVERVIEW

## SITE PLAN



## RENT SCHEDULE

START	END	ANNUAL	PSF
PRIMARY TERM			
3/19/2020	2/28/2030	\$340,000	\$113
3/1/2030	2/28/2035	\$374,000	\$124
3/1/2035	2/28/2040	\$411,400	\$137
OPTION PERIODS			
3/1/2040	2/28/2045	\$452,540	\$150
3/1/2045	2/28/2050	\$497,794	\$165
3/1/2050	2/28/2055	\$547,573	\$182
3/1/2055	2/28/2060	\$602,331	\$200

### Tenant (Credit)

7-Eleven, Inc (S&P: 'AA-')

### Address

3435 Commerce Street  
Dallas (Deep Ellum), TX

### Building Size

3,010 SF

### Land

0.54 (23,518 SF)

### Year Built

2020

### Rent Commencement

3/19/2020

### Lease Term Remaining

19 Years

### Lease Structure

Absolute NNN

### Landlord Responsibilities

None

### Year 1 NOI | PSF

\$340,000

### Increases

10% after year 10 and  
every 5 years thereafter

### Renewal Options

Four (4) Five (5) Year Options

\*The northern part of the tax parcel is leased to a third party, 7-Eleven's lease allows for this.



COMMERCE STREET

EXPOSITION AVENUE

BRAKE & CLUTCH  
WAREHOUSE

#1 Industrial Wedding Venue  
in Dallas





# DOWNTOWN DALLAS

**SUBJECT PROPERTY  
2020 NEW CONSTRUCTION**



*Location  
& Market  
Overview*

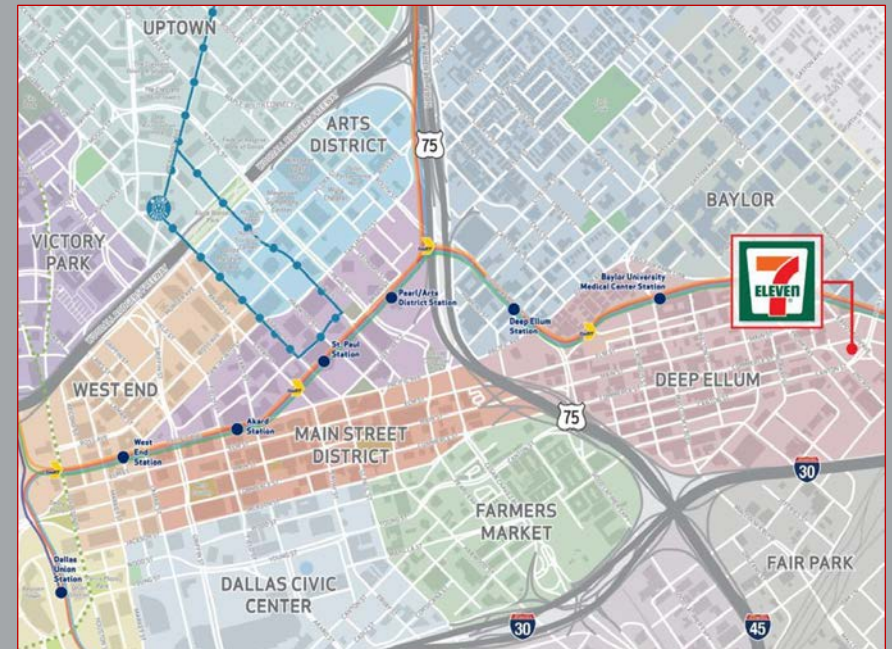


# Deep Ellum

- Next to and east of the Dallas Central Business District, Deep Ellum is often referred to as **Dallas' arts and cultural epicenter** as well as one of the city's **premier dining destinations**.
- Deep Ellum has transformed itself from a largely industrial area of abandoned warehouses and shuttered factories, into **an innovative, pedestrian-friendly, mixed-use urban hub**.
- The area is increasingly attracting investors seeking to capitalize on its growth and benefit from Deep Ellum's **future upside potential**.
- Deep Ellum benefits from its close **proximity to Downtown Dallas**. Downtown Dallas has repositioned itself in recent years as the **largest employment center in North Texas** with 135,000 employees.
- In the last decade, more than **\$3 billion** has been invested inside the downtown freeway loop, including the \$500-million Omni Dallas Convention Center Hotel, the \$350-million AT&T Center for the Performing Arts, a \$125-million expansion of the Dallas Convention Center, and a \$50-million renovation of the Hyatt Regency Dallas.
- Formerly abandoned buildings have been refurbished or completely redeveloped, drawing **new retail, multifamily, and office tenants** downtown.
- The \$420-million American Airlines Center, home of the NHL's Dallas Stars and NBA's Dallas Mavericks, was completed in fall of 2001 and provided the area with immediate access to a sports and concert venue.
- Today, more than **8,500 people** reside within the Downtown Dallas loop and the City of Dallas is **targeting 13,000 Downtown Dallas residents** in the next five years.

## Local Demographic Snapshot

	1-Mile	3-Mile	5-Mile
Population	17,878	183,794	400,348
Households	9,221	87,882	171,277
Housing Units	1,043	21,439	57,857
Average HH Income	\$78,582	\$103,622	\$106,762
Median HH Income	\$60,329	\$70,192	\$66,477
Per Capita Income	\$38,237	\$50,225	\$45,945
Median Age	34.3	34.5	34.4
2000 - 2020 Growth %	35.19%	35.65%	21.94%
2010 - 2020 Growth %	31.25%	33.89%	26.63%
2020 - 2025 Growth %	14.69%	11.29%	9.79%



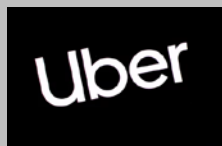


# Area Highlights

**> 400  
Businesses**

**DEEP  
— EST. 1873 —  
ELLUM**

**14.69% Projected  
1-Mile Population  
Growth**



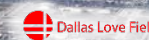
1,057 physicians

300,000 patients  
per year

2,200 Registered  
Nurses



# Deep Ellum Development Map



**DOWNTOWN DALLAS**  
135,000 EMPLOYEES



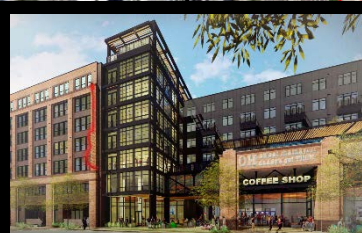
**The Epic Phases I and II**  
Streetlights / Westdale Development  
Delivered 4Q2019  
250K SF Office / 164 Key Hotel / 310 Rentals



**Punch Bowl Social**  
Eater-tainment Venue  
Delivered 4Q2018



**The Stack**  
Hines / Westdale Development  
Delivery 1Q2021  
175K SF Office / 17K SF Retail



**Novel Deep Ellum**  
Crescent Communities  
Delivered 3Q2019  
230 Rental Units / 10K SF Retail



**The Crosby**  
Stillwater Capital  
Delivered 3Q2019  
336 Rental Units / 3K SF Coworking

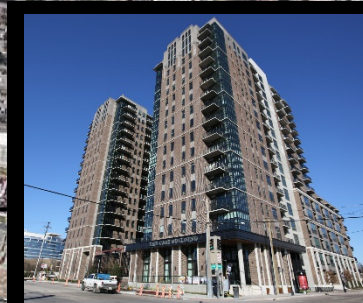


**BaylorScott&White**  
HEALTH

**HQ**



**301 North Crowdus**  
Sterling Bay / HKS  
Delivery 2023  
475K SF Class A Office



**The Case**  
Streetlights / Westdale Development  
Opened 4Q 2017  
355 Rental Units / \$2.58 PSF Asking Rent



## LIVE

- Deep Ellum benefits from a high-density urban location that is home to an aggregate of approximately 2,300 apartment units.
- The majority of residents living in Deep Ellum are educated, affluent millennials who are attracted to the neighborhood's authentic loft style apartments and close proximity to major employment centers such as Baylor Medical Center and Dallas' CBD.
- Apartment communities in Deep Ellum include Broadstone Ambrose (325 units), Elan City Lights (424 units), The Case Building (335 units) Marquis on Gaston (478 units), Adam Hats Lofts (90 units), The Mitchell Lofts (79 units), and Futura Lofts (88 units).



## WORK

- Deep Ellum has emerged as Dallas' leading provider of creative office space largely due to the industrial façade of the neighborhood's century-old buildings as well as the neighborhood's unmatched, walkable amenities.
- Among the prominent creative office spaces in Deep Ellum are Reel FX, an award-winning advertising film production company that occupies a 75,000-square-foot building as its headquarters, and Common Desk, a coworking space that provides office space for over 300 companies in its 6 conference rooms and 84 desks.

## PLAY

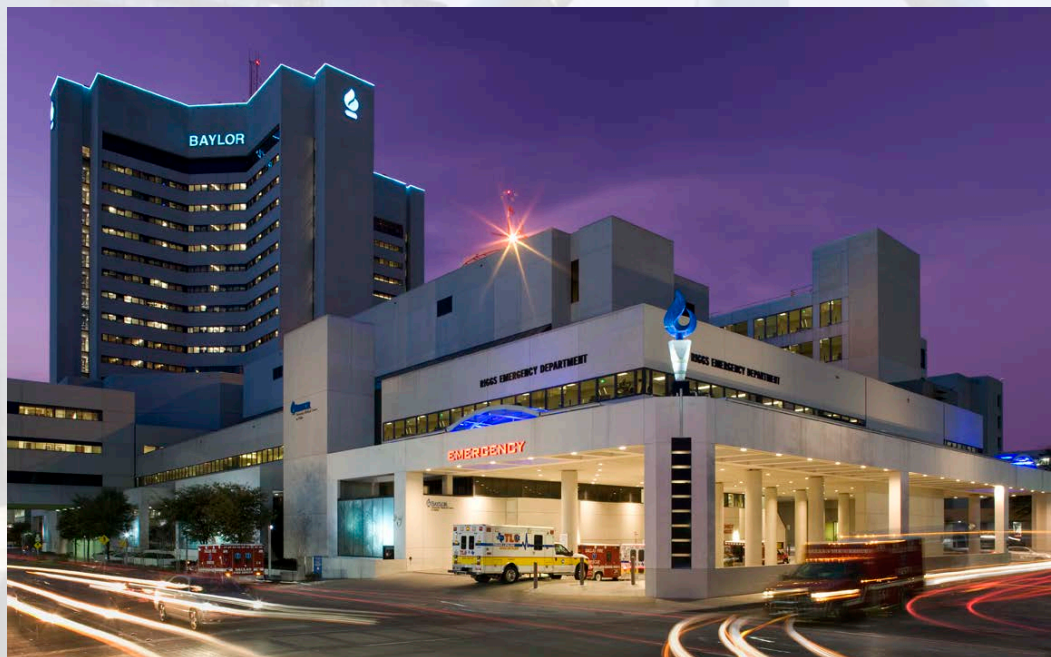
- Residents and visitors to the area enjoy an eclectic mix of highly reviewed restaurants and bars, including Pecan Lodge, Braindead Brewing, Stirr, Serious Pizza, Cane Rosa, Dot's Hop House & Cocktail Courtyard, Vidorra, Twilite Lounge, Armoury, Café Brazil, Deep Sushi, Angry Dog, and BuzzBrews.
- Deep Ellum also benefits from a wildly robust music scene, including a number of popular music venues such as Dada Dallas, Trees, The Prophet Bar, All Good Café, Black Swan Saloon, Adair's Saloon, Curtain Club, and The Free Man Cajun Café.
- On March 26th, 2015, The Bomb Factory, a 50,000-square-foot music venue with the capacity to accommodate 4,300 fans, reopened in Deep Ellum.





## EAST DOWNTOWN

- Developers are amidst reinvigorating a historic neighborhood on the east side of the Central Business District known as the East Quarter. East Quarter borders Deep Ellum to the east and the CBD to the west along Cesar Chavez Boulevard and Commerce and Jackson streets.
- The redevelopment includes a makeover of more than two dozen 1920s and 1930s historic buildings. In an area of town formerly known for automotive facilities, private and public interests will create a walkable, mixed-use, urban neighborhood with wide sidewalks, restaurants, creative office space, and narrower traffic lanes.
- A \$2 million improvement to the surrounding streets that will include widening sidewalks, adding landscaping, and narrowing Cesar Chavez from five lanes to three. The bike lanes on Jackson Street will be extended to connect the Santa Fe Trail to the West End.



## BAYLOR SCOTT & WHITE MED. CENTER

- Located less than one mile east of the Property is Baylor Scott & White Medical Center, a nationally-recognized hospital that cares for more than 300,000 people each year.
- In 1903, the hospital opened with 25 beds; today it is a major patient care, teaching and research center for the Southwest and is ranked #1 Best Hospital in the Dallas metro area by US News & World Report.
- The medical center has 1,062 licensed beds and serves as the flagship hospital of Baylor Scott & White Health, a faith based not-for-profit health care system – the largest in Texas – that employs over 35,000 employees, comprises 46 hospitals and more than 800 patient care sites, and accounts for over 5.3 million patient encounters annually.



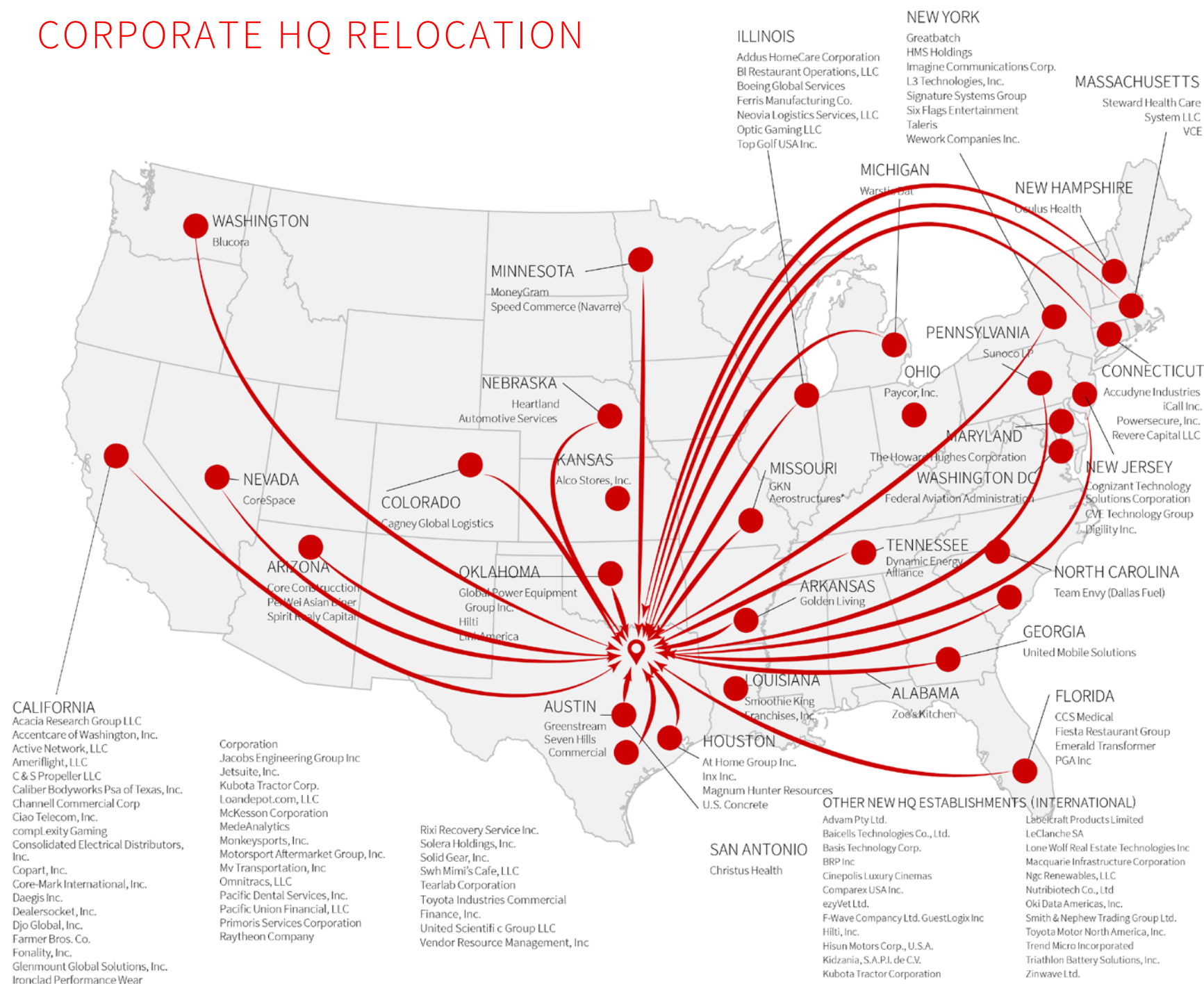
## DALLAS-FORT WORTH METROPLEX

With a population of nearly 7.5 million residents, the Dallas/Fort Worth (DFW) Metroplex ranks as the 4th largest metro area in the country. A perennial national leader in population and employment growth, Dallas has become a sought-after city for all ages given its centralized location, growing job market, high-quality of life and low cost of living. As one of the nation's top economic performers, DFW is a thriving city with a young, highly-educated and vibrant population that attracts businesses and visitors alike – so much so that the area's population growth rate is projected to be a total of 45% increase between now and 2045, which has only accelerated through the COVID pandemic. The continued influx of corporate relocations and impressive rate of immigration is a testament to its selection as the #1 Real Estate Market for 2019 by Urban Land Institute and Pricewaterhouse Coopers.





# CORPORATE HQ RELOCATION



# 144

CORPORATE HEADQUARTER  
RELOCATIONS TO DFW  
SINCE 2010

# 24

Fortune 500 Companies

# 44

Fortune 1000 Companies

THE ONLY REGION IN  
THE U.S. TO HOST  
THREE FORTUNE 10  
COMPANIES



## COST OF LIVING INDEX

U.S. AVERAGE = 100



DALLAS  
102



CHICAGO  
123



LOS ANGELES  
148



BOSTON  
150



SEATTLE  
154

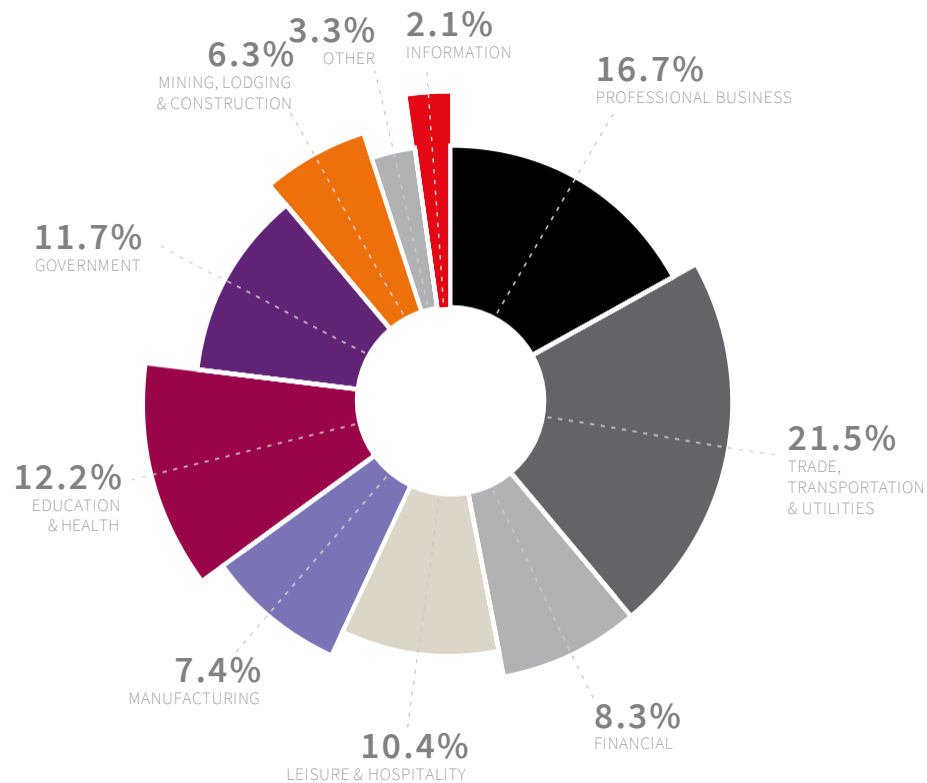


SAN FRANCISCO  
196

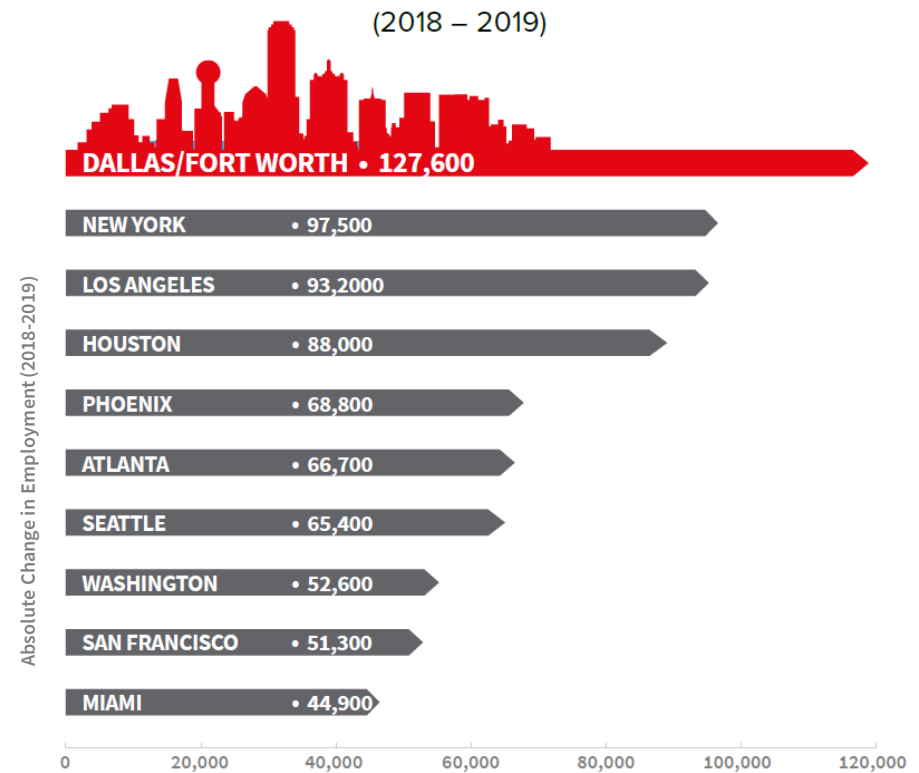


NEW YORK  
249

## INDUSTRY DIVERSIFICATION



## EMPLOYMENT GROWTH





## DALLAS-FORT WORTH ECONOMY



DFW Airport is the 11th busiest airport in the world in terms of passenger traffic



Central Time Zone provides easy business connections to all points across the country & internationally



Dallas is equidistant from New York, Los Angeles, Chicago & Mexico city

**DFW**

DFW Airport allows Dallas to be reached non-stop by more than 205 destinations worldwide



Highly diversified economy mitigates risk against potential downturns in a given economic sector - no sector constitutes greater than 22% of the economy



DFW added approximately 935,000 new jobs from 1990-2000 and there was a net positive of 101,400 jobs added between 2000 and 2017 despite the worst economic recession since the Great Depression

**4<sup>th</sup>**

*Largest Metro*

**43**

*Fortune 1,000 Headquarters*

**21**

*Fortune 500 Headquarters*

**8<sup>th</sup>**

*Richest Metro by Median Income*

**6<sup>th</sup>**

*Largest Economy in the U.S.*

**155**

*Headquarters that employ at least 1,000 employees*





## *7-Eleven Overview*





# 7-ELEVEN CORPORATE OVERVIEW

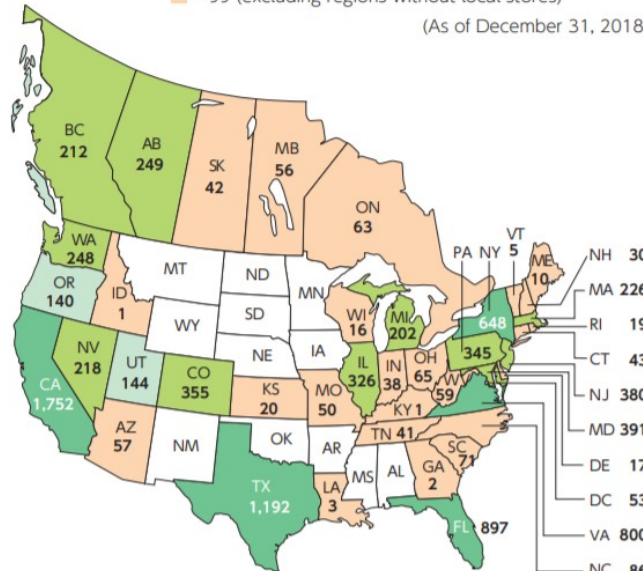
- 7-Eleven is **the world's largest convenience store chain** with over 77,000 stores in 23 countries.
- Founded in 1927, 7-Eleven **pioneered the convenience store concept** and today offers busy shoppers 24/7 convenience and an extensive range of merchandise and services, including over 2,500 products, gasoline, and an online **partnership with Amazon** to position itself as an e-commerce player.
- The Property's lease is guaranteed by 7-Eleven, Inc., the U.S.-based franchisor and licensor of 7-Eleven convenience stores** throughout North America. In North America, 7-Eleven, Inc. strives for market dominance and has aggressively expanded its presence to encompass more than 14,000 stores in the United States.
- Currently the **largest player in the convenience store industry**, 7-Eleven Inc. holds over **20.3% of the total market share in the U.S.**, and is the 14<sup>th</sup> biggest retailer by market cap (as of June 2021)
- 7-Eleven, Inc. carries an **investment grade credit** rating from both Moody's and S&P (Baa2 / A) with a "stable" outlook. The company's investment grade rating is attributed to its **large scale, strong brand recognition, popular in-store offerings, and the strength of its parent company**, Seven & I Holdings Co., Ltd., ("Seven & I Holdings").
- Since 2005, 7-Eleven Inc., has operated as a **wholly-owned subsidiary of Seven-Eleven Japan Co., Ltd., which is a unit of Seven & I Holdings**, a Japan-based diversified retail group and one of the world's largest retailers. Seven & I Holdings store network comprises convenience stores, superstores, department stores, specialty stores, and etc.

## 7-Eleven Overview

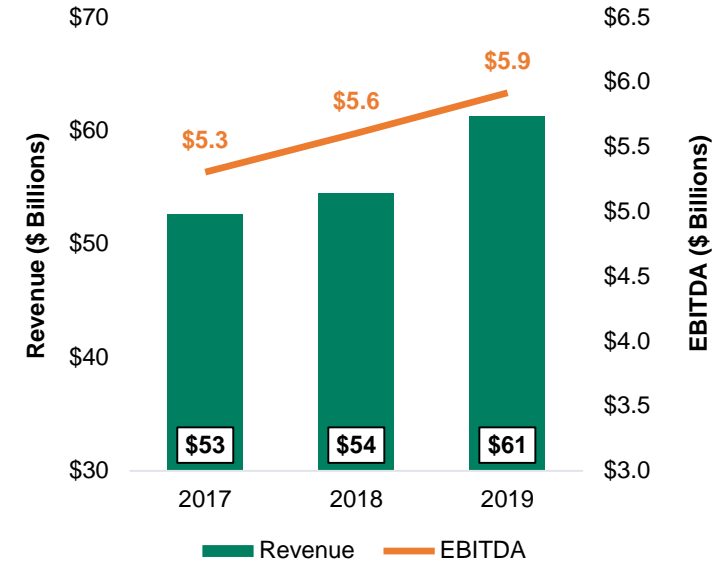
Founded	1927
Credit Rating	A / Baa2 (S&P / Moody's)
Parent	Seven & I Holdings Co. (Japan)
Global Store Locations	77,000+
Countries	23
U.S. Store Locations	14,000+
Headquarters	Irving, TX
Industry	Convenience Stores
2020 Operating Revenue	\$59.9B
Market Capitalization	\$41.4 B

## Store Network

Number of stores: 500~ (dark green), 200~499 (medium green), 100~199 (light green), ~99 (excluding regions without local stores) (orange)  
(As of December 31, 2018)



## Growing Revenue and EBITDA



\*Seven & I Holdings, through FY 2019 (February)

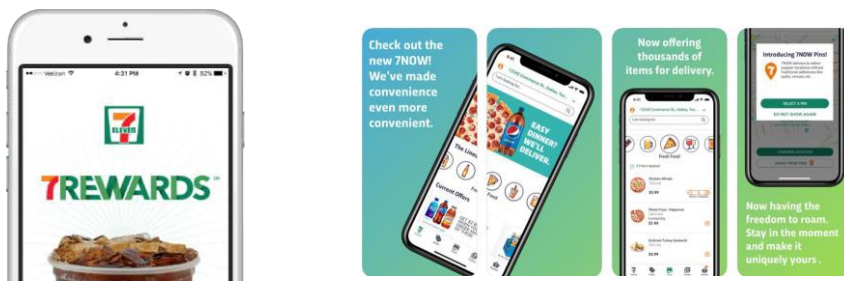


## 7-ELEVEN, INC – NORTH AMERICA

- United States convenience stores make up 41.5% of total revenues from operations. **Gasoline sales account for over 50% of the total sales in the U.S.**, while other merchandise like processed food and daily food are becoming increasingly popular among customers. New premium, private-label product offerings and expanded food options helped drive sales higher.
- In a retail environment where convenience is key, 7-Eleven Inc. continually appeals to consumers and with initiatives like **growing their fresh produce & organic items**, and **growing digitally** through their Rewards App with delivery service. 7-Eleven is poised for continued profitable growth with an elite credit-backing for the retail space.

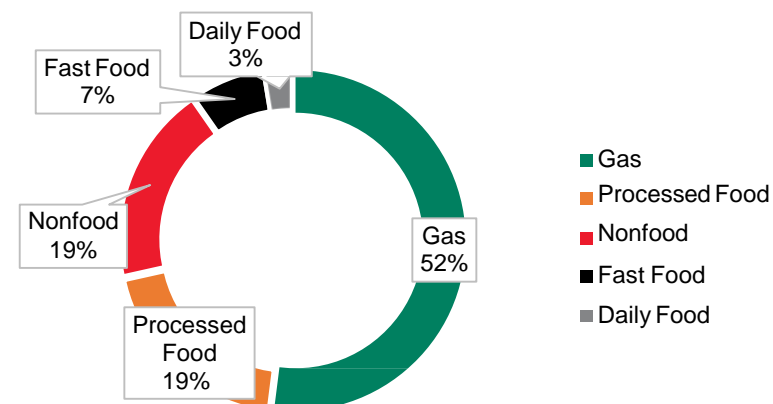


- To appeal to the health-conscious consumer, 7-Eleven has introduced **fresh produce and organic items to its product mix**.

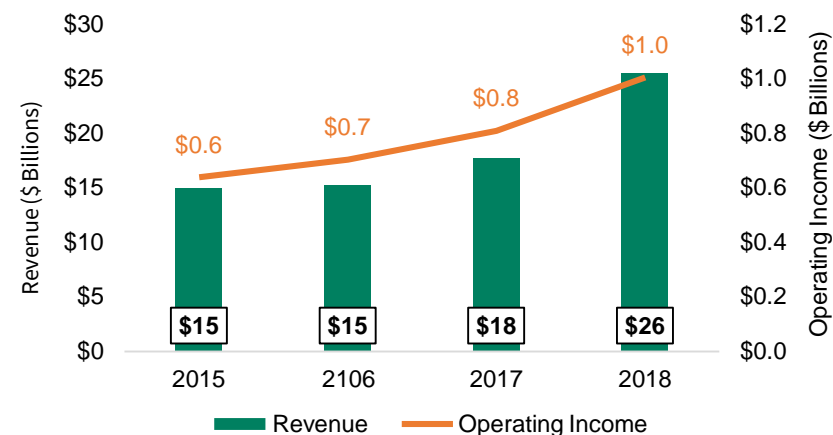


- 7-Eleven's mobile application, **7Rewards<sup>SM</sup>**, instills loyalty in its users by offering incentives for each purchase and access to exclusive discounts.
- 7NOW**, 7-Eleven's delivery service, is redefining convenience by allowing customers in 27 major metropolitan areas to order 7-Eleven products through a mobile application for delivery.

U.S. Stores Sales Breakdown FY 2018



Revenue vs. Operating Income





**Commission**

1.5% of Gross Proceeds to Buyside Broker





## - INVESTMENT SALES

CAROLINE BINNING

DIRECTOR

+1 214 538 7111

caroline.binning@am.jll.com

## FINANCING

- WILL MOGK

DIRECTOR

+1 214 438 6549

- will.mogk@am.jll.com