

NEW CONSTRUCTION DRIVE-THRU QSR

Single Tenant **Absolute NNN** Investment Opportunity



4001 Lebanon Pike | Hermitage, Tennessee

NASHVILLE MSA

REPRESENTATIVE PHOTO



EXCLUSIVELY MARKETING BY



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INVESTMENT SUMMARY



SRS National Net Lease Group is pleased to offer the opportunity to acquire the leased fee interest (land ownership) in an absolute NNN leased, corporate guaranteed, drive-thru equipped, Dutch Bros. Coffee investment property located in Hermitage, Tennessee (Nashville MSA). The tenant, BB Holdings TN, LLC, recently signed a brand new 15-year lease with 4 (5-year) options to extend, demonstrating their long-term commitment to the site. The lease features 10% rental increases every 5 years throughout the initial term and at the beginning of each option period, growing NOI and hedging against inflation. The lease is corporate guaranteed by Boersma Bros. LLC and is absolute NNN with zero landlord responsibilities, making it an ideal, management-free investment opportunity for a passive investor. Dutch Bros. Coffee is a publicly traded coffee chain (NYSE: BROS), with more than 470 locations and 12,000 employees in eleven states. The drive-thru coffee shop is currently under construction and is scheduled to open for business by January 2022.

The site is equipped with a dual drive-thru, increasing sales and sustaining speed of service. The asset is surrounded by new developments, including both retail strip centers North of the site (Five Guys, Tropical Smoothie, T-Mobile, etc.). In addition, Dutch Bros. Coffee is located near national/credit big box retailers such as Target, The Home Depot, Lowe's Home Improvement, Hobby Lobby, and more. Strong tenant synergy increases consumer draw to the immediate trade area and promotes crossover store exposure for this site. The 5-mile trade area is supported by a population of over 114,000 with an average household income of \$88,560.



Dutch Bros IPO Prices Above Forecast for \$3.8B Valuation

<https://www.restaurantdive.com/news/dutch-bros-coffee-targets-33b-valuation-in-ipo/601867/>

Published June 16, 2021 & Updated Sept. 15 2021, 9:08 a.m. | Alicia Kelso

Sept. 15, 2021: The coffee chain will go public on the New York Stock Exchange Wednesday and raised the price of its shares to \$23 each, an increase from its previously announced pricing of \$18 to \$20 per share, according to a company release. This share price gives Dutch Bros a valuation of \$3.8 billion. The company sold 21.05 million shares, raising \$484.2 million. The offering is expected to close on Sept. 17, subject to customary closing conditions.

Sept. 7, 2021: Dutch Bros Coffee on Tuesday set terms for its initial public offering, targeting a valuation of more than \$3.3 billion. The coffee chain plans to raise more than \$421 million in its IPO and will offer 21.1 million shares priced at \$18 to \$20 each.

Aug. 23, 2021: Dutch Bros Coffee on Friday filed documents for its initial public offering with plans to raise \$100 million. The company will trade on the New York Stock Exchange under the ticker "BROS."

The coffee chain's average unit volumes rose 3% in 2020 to \$1.7 million, and its adjusted EBITDA jumped 43% last year to reach \$70 million. Revenue also rose 37% in 2020 to \$327.4 million.

"We believe we can capture share of any experience where customers seek to consume great beverages on the go," Dutch Bros said in its filing. "Customers are increasingly seeking new and differentiated beverages and the ability to customize these beverages with a multitude of flavor options."

Dive Insight:

Dutch Bros was on an ambitious expansion tear prior to this SEC filing, with 53 new units opening in 2020 and another 85 expected this year. There could be growing pains ahead, however. The company roasts all of its coffee beans in its hometown of Grants Pass, Oregon, and maintaining that supply could pose a challenge as it speeds up its proliferation with investor funding. Still, the concept seems ripe for investor and consumer interest. The chain's local hook can create a consumer perception of superior quality that could differentiate it from coffee giants Starbucks and Dunkin'. Further, 97% of Dutch Bros formats are already drive-thru locations. Because of that, Dutch Bros doesn't offer third-party delivery and has established a strong and growing suburban footprint. In other words, it's ahead of the game compared to coffee rivals that are sprinting to add more drive-thrus, which became a table stakes channel during the pandemic, and shifting their focus from metro to suburban markets after commuter traffic dwindled. The Brookings Institute found that populations grew more rapidly in cities than suburbs between 2010 and the first half of 2015, but that trend began to reverse during the 12 months ending July 2016 and the COVID-19 crisis has significantly exacerbated that pattern. In response to these trends, Starbucks announced in January it is increasing the number of drive-thru locations in Central, Southeast and Southwest U.S. markets, and is now sharply focused on suburban locations. The company also closed hundreds of stores in its shift toward off-premise geared units.

Dutch Bros continued its growth through the pandemic, which could indicate a strong business model. The coffee segment overall was among the hardest hit during the pandemic, as commuters were taken off the roads in favor of a work-from-home model. According to Bloomberg, independent coffee shop sales were down by 12% last year. Starbucks same-store sales at one point were down 40%. The Allegra Group estimates it will take two years for coffee chains to recover from the crisis. If this IPO gains a significant amount of traction, it could be a sign of recovery for the segment. Dutch Bros continued its growth through the pandemic, which could indicate a strong business model. The coffee segment overall was among the hardest hit during the pandemic, as commuters were taken off the roads in favor of a work-from-home model. According to Bloomberg, independent coffee shop sales were down by 12% last year. Starbucks same-store sales at one point were down 40%. The Allegra Group estimates it will take two years for coffee chains to recover from the crisis. If this IPO gains a significant amount of traction, it could be a sign of recovery for the segment.

OFFERING SUMMARY



OFFERING

Pricing	\$2,312,000
Net Operating Income	\$89,000
Cap Rate	3.85%
Guaranty	Corporate
Tenant	BB Holdings TN, LLC
Stock Symbol	NYSE: BROS
Lease Type	Absolute NNN (Ground Lease)
Landlord Responsibilities	None

PROPERTY SPECIFICATIONS

Rentable Area	950 SF
Land Area	0.92 Acres
Property Address	4001 Lebanon Pike Hermitage, Tennessee 37076
Year Built	2021
Parcel Number	075-00-0-032-00
Ownership	Leased Fee (Land Ownership)



Brand New 15-Year Lease | Corporate Guaranteed | Scheduled Rental Increases | Options to Extend

- BB Holdings TN, LLC, recently signed a brand new 15-year lease with 4 (5-year) options to extend, demonstrating their long-term commitment to the site
- Corporate guaranteed lease
- The lease features a 10% rental increase every 5 years throughout the initial term and at the beginning of each option period, growing NOI and hedging against inflation

Publicly Traded Company (NYSE: BROS) | \$3.8 Billion Valuation

- On September 15th, Dutch Bros. Coffee began trading on the New York Stock Exchange under the ticker symbol “BROS”
- Stock shares opened 41% above the \$23 IPO issue price, which was above the proposed price range of \$18 to \$20
- Dutch Bros. exhibited major growth this year, with unit growth up nearly 14% in 2020 and sales up almost 8%

Absolute NNN (Ground Lease) | Land Ownership | Zero Landlord Responsibilities | No State Income Tax

- Tenant pays for CAM, taxes, insurance, and maintains all aspects of the premises
- Zero landlord responsibilities
- Ideal, management-free investment for a passive investor in a state with no state income tax

Latest Prototype | Dual Drive-Thru Equipped | Surrounding New Development

- The site is currently under construction and is scheduled to open by December 2021 with high quality materials used, featuring Dutch Bros. most recent prototype
- Dutch Bros. is equipped with a dual drive-thru, increasing sales and sustaining speed of service
- Surrounded by new developments, including both retail strip centers North of the site (Five Guys, Tropical Smoothie, T-Mobile, etc.)
- Strong tenant synergy increases consumer demand to the immediate trade area and promotes crossover site exposure

Fronting Primary Retail Corridor | Nearby Big Box Retailers | Excellent Visibility & Access

- Dutch Bros. is strategically fronting Lebanon Pike, a primary retail and commuter corridor that averages over 30,000 vehicles passing by daily
- Surrounded by national/credit big box retailers such as Target, The Home Depot, Lowe's Home Improvement, Hobby Lobby, and more
- The asset benefits from significant street frontage and ease of access, providing convenience for customers

Strong Demographics In 5-Mile Trade Area | Nashville MSA

- More than 114,000 residents and 52,000 employees support the trade area
- \$88,560 average household income
- Located within the Nashville MSA and approximately 10 miles East of Downtown Nashville, one of the fastest growing Cities in the U.S.

PROPERTY OVERVIEW



Location



Hermitage, Tennessee
Davidson County

Parking



There are approximately 14 parking spaces on the owned parcel.
The parking ratio is approximately 14.74 stalls per 1,000 SF of leasable area.

Access



Lebanon Pike: 1 Access Point

Parcel



Parcel Number: 075-00-0-032-00
Acres: 0.92
Square Feet: 40,075

Traffic Counts



Lebanon Pike: 30,700 Vehicles Per Day
Old Hickory Boulevard: 28,100 Vehicles Per Day

Construction



Year Built: 2021

Improvements



There is approximately 950 SF of existing building area

Zoning



Commercial





JACKSON DOWNS
DOLLAR TREE
GameStop
burkes
PartyCity
Marshall's
Office DEPOT
SALLY BEAUTY SUPPLY
TARGET

NASHVILLE
INTERNATIONAL AIRPORT

DOWNTOWN NASHVILLE
(10 MILES)

HERMITAGE
ELEMENTARY SCHOOL

KOHL'S
expect great things

Wendy's

Arby's

Shervin Williams

planet fitness

SUBWAY

U-HAUL

McDonald's

UNITED STATES
POSTAL SERVICE

DOLLAR GENERAL

metro
by T-Mobile

us bank

at&t

Papa Murphy's
TAKE 'N BAKE PIZZA

HERMITAGE HILLS
SHOPPING CENTER
cricket

masco's
PIZZA

O'Reilly AUTO PARTS

BONNASPRING DR.

30,700
VEHICLES PER DAY

LEBANON PIKE/STATE HIGHWAY 24/U.S. HIGHWAY 70

LOWE'S

chili's
GRILL & BAR

WashTopia

traffic light icon

tropical CAFE

FIVE GUYS
BURGERS AND FRIES

T-Mobile

THE HOLISTIC CONNECTION

JOEY JAZZ
SMOOTHIES FOR
MUSICIANS

28,100
VEHICLES PER DAY

DUTCH BROS
Coffee

OLD HICKORY BLVD.

Firestone
COMPLETE AUTO CARE

triangle icon







30,700
VEHICLES PER DAY

tropical CAFE

BONFIRE
FIVE GUYS
T-Mobile

DUTCH BROS

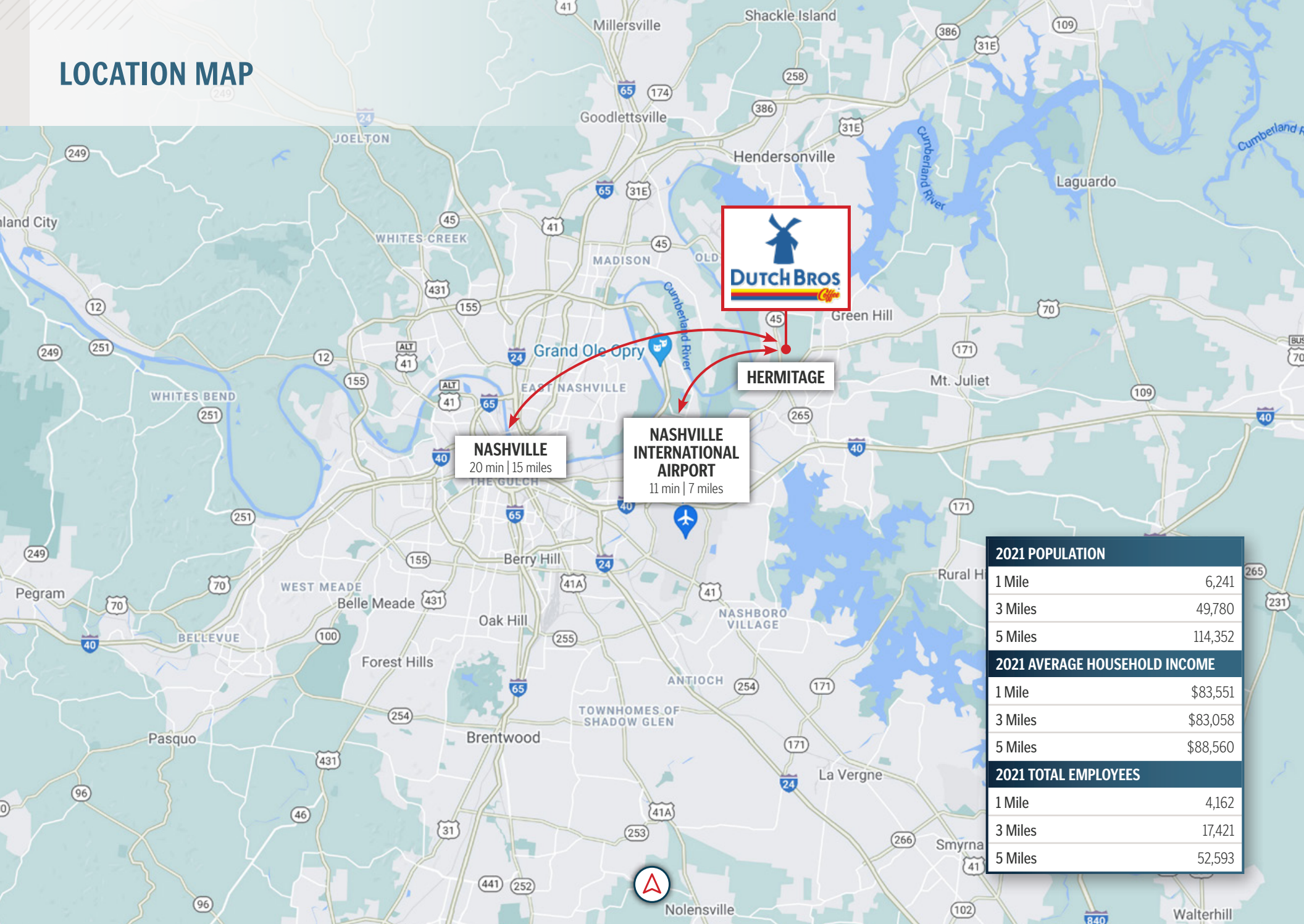
28,100
VEHICLES PER DAY

Washtopia





LOCATION MAP



2021 POPULATION	
1 Mile	6,241
3 Miles	49,780
5 Miles	114,352
2021 AVERAGE HOUSEHOLD INCOME	
1 Mile	\$83,551
3 Miles	\$83,058
5 Miles	\$88,560
2021 TOTAL EMPLOYEES	
1 Mile	4,162
3 Miles	17,421
5 Miles	52,593



HERMITAGE, TENNESSEE

Hermitage is now a thriving district with a highly developed network of retail stores and typical suburban tract houses, ranging from the “starter home” to the “executive residence”. The technology headquarters of Deloitte Touche Tohmatsu, one of the Big Four auditors, is located in Hermitage, sprawling across 200,000 square feet (19,000 m²) and employing more than 1,000 people. Also including a range of apartment dwellings, Hermitage is a small example of urban sprawl.

Davidson County is a county in the U.S. state of Tennessee. It is located in the heart of Middle Tennessee. As of the 2021, the population is 701,400, making it the second most populous county in Tennessee. Its county seat is Nashville, the state capital and largest city. Davidson County is located in middle Tennessee at the hub of many air, rail and highway transportation routes.

The local economy is a well-balanced blend of financial, wholesale, retail, manufacturing and service industries. The local mix of these industries roughly reflects the national economy, with no single industry being predominant in the region. Computer technology, automotive, medical, private prison management, insurance, banking, publishing, telecommunications and entertainment companies and private educational institutions all find a home in Nashville.



NASHVILLE, TENNESSEE

The Nashville region is home to more than 1.9 million people and more than 40,000 businesses. Many corporate headquarter giants call Middle Tennessee home, including Nissan North America, Bridgestone Americas, Dollar General, Hospital Corporation of America, Cracker Barrel, Dollar General and Gibson Guitar. A national hub for the creative class, Nashville has the strongest concentration of the music industry in America. Nashville is home to a diverse health care cluster with leaders in a number of industry niches that impact the health care landscape locally, nationally and internationally. More than 250 health care companies are headquartered in the Nashville region, making health care the region's largest industry.

Nashville is known around the world as Music City. With a diverse music and creative industry which includes all genres, Nashville has the highest concentration of music industry establishments in the nation. Advanced manufacturing thrives in Nashville because of the abundance of advantages that allow our celebrated manufacturing base to operate more efficiently and at a lower cost than almost anywhere in America. Nashville's location is unmatched for distribution, market research and competitive and affordable transportation costs.

The Nashville region is centrally located and offers expansive modes of transportation, allowing businesses to reach U.S. and international locations with ease and affordability. Nashville is one of only six U.S. cities with three major intersecting interstate highways. Highway systems in Tennessee are rated among the nation's best, offering exceptional connections for freight and commuting.

NASHVILLE HIGHLIGHTS



#1

RANKED MSA IN THE NATION
(POLICOM – 2020)

#1

City for Job Seekers in 2020
(MoneyGeek, 2020)

#2

Best Place for New Businesses
(SmartAdvisor, 2019)

#4

**BEST PLACE IN AMERICA FOR
STARTING A BUSINESS**
(Inc. Magazine, 2019)



POPULATION
(as of 2020)
1,961,232



**MEDIAN
HOME VALUE**
\$283,591

HEADQUARTERS IN NASHVILLE MSA

Dollar General, Tractor Supply Company,
Kirkland's, HCA Healthcare, LifePoint,
SmileDirectClub, Nissan, Gibson Brands,
Bridgestone, Hankook Tire, AllianceBernstein

HEALTH CARE MANAGEMENT

362,560
JOBS
(126,996 Direct Jobs)

\$67B
**ANNUAL ECONOMIC
IMPACT**

MUSIC & ENTERTAINMENT

110,656
JOBS
(32,608 Direct Jobs)

\$15.9B
**ANNUAL ECONOMIC
IMPACT**

MANUFACTURING

236,613
JOBS
(86,425 Direct Jobs)

\$9.7B
**ANNUAL ECONOMIC
IMPACT**

TOURISM & HOSPITALITY

259,170
JOBS
(127,658 Direct Jobs)

\$20.5B
**ANNUAL ECONOMIC
IMPACT**

Nashville has
the strongest
concentration of the
music industry in
America. 30 times
greater than the
nation overall.



**RETAIL MARKET
VACANCY RATE**
(Q3/2021; Costar)
4.0%



**RETAIL MARKET
INVENTORY**
(Q3/2021; Costar)
118M SF

MAJOR EMPLOYERS

Nashville-Davidson-Murfreesboro-Franklin, TN MSA

Major Employers (2019)	# Employees
1 Vanderbilt University Medical Center	24,039
2 Nissan North America	12,000
3 HCA Healthcare Inc.	10,600
4 Vanderbilt University	10,331
5 Saint Thomas Health	8,335
6 Randstad Holding NV	4,550
7 Asurion	4,170
8 Community Health Systems Inc.	3,878
9 Amazon	3,692
10 Lowe's Cos. Inc.	3,614

AREA DEMOGRAPHICS



	1 MILE	3 MILES	5 MILES
POPULATION			
2021 Estimated Population	6,241	49,780	114,352
2026 Projected Population	6,354	52,240	120,744
2010 Census Population	6,032	45,124	102,726
Projected Annual Growth 2021 to 2026	0.36%	0.97%	1.09%
Historical Annual Growth 2010 to 2021	0.10%	0.94%	0.96%
HOUSEHOLDS & GROWTH			
2021 Estimated Households	2,543	21,592	47,529
2026 Projected Households	2,586	22,593	49,966
2010 Census Households	2,473	19,708	43,116
Projected Annual Growth 2021 to 2026	0.34%	0.91%	1.01%
Historical Annual Growth 2010 to 2021	0.01%	0.87%	0.87%
RACE & ETHNICITY			
2021 Estimated White	81.84%	76.74%	79.57%
2021 Estimated Black or African American	11.20%	14.60%	13.09%
2021 Estimated Asian or Pacific Islander	1.28%	3.60%	3.02%
2021 Estimated American Indian or Native Alaskan	0.45%	0.47%	0.46%
2021 Estimated Other Races	8.67%	3.52%	3.12%
2021 Estimated Hispanic	14.79%	7.81%	7.10%
INCOME			
2021 Estimated Average Household Income	\$83,551	\$83,058	\$88,560
2021 Estimated Median Household Income	\$60,630	\$67,369	\$72,639
2021 Estimated Per Capita Income	\$32,782	\$35,796	\$36,935
BUSINESSES & EMPLOYEES			
2021 Estimated Total Businesses	349	1,318	3,119
2021 Estimated Total Employees	4,162	17,421	52,593



RENT ROLL



LEASE TERM						RENTAL RATES			
TENANT NAME	SQUARE FEET	LEASE START	LEASE END	BEGIN	INCREASE	MONTHLY	ANNUALLY	RECOVERY TYPE	OPTIONS
BB Holdings TN, LLC d/b/a Dutch Bros.	950	January 2022	January 2037	Current	-	\$7,417	\$89,000	Abs. NNN (GL)	4 (5-Year)
(Corporate Guaranteed)		(est.)	(est.)	December 2026	10%	\$8,158	\$97,900	10% Increase Beg. of Each Option	
				December 2031	10%	\$8,974	\$107,690		

FINANCIAL INFORMATION

Price	\$2,312,000
Net Operating Income	\$89,000
Cap Rate	3.85%
Lease Type	Abs. NNN (Ground Lease)

PROPERTY SPECIFICATIONS

Year Built	2021
Rentable Area	950
Land Area	0.92 Acres
Address	4001 Lebanon Pike Hermitage, Tennessee 37076



For financing options and loan quotes:

Please contact our SRS Debt & Equity team at debtequity-npb@srsre.com

BRAND PROFILE



DUTCH BROS

dutchbros.com

Company Type: Public

Stock Symbol: BROS (NYSE)

Locations: 470+

2020 Revenue: \$327M (up 37% from 2019)

Dutch Bros. Coffee is a publicly traded coffee chain (NYSE: BROS), with more than 470 locations and 12,000 employees in eleven states. Headquartered in Grants Pass, Oregon, where it was founded in 1992 by Dane and Travis Boersma, it's now sharing the "Dutch Luv" with more than 470 locations in 11 states. Dutch Bros serves specialty coffee, smoothies, freezes, teas, a private-label Dutch Bros Blue Rebel energy drink and nitrogen-infused cold brew coffee. Its rich, proprietary coffee blend is handcrafted from start to finish. The company was founded in 1992 and is based in Grants Pass, Oregon.





THE EXCLUSIVE NET LEASE CAPITAL MARKETS TEAM OF SRS REAL ESTATE PARTNERS

275+

**RETAIL
PROFESSIONALS**

25+

OFFICES

#1

**LARGEST REAL ESTATE
SERVICES FIRM**
in North America
exclusively dedicated
to retail

1.7K+

**RETAIL
TRANSACTIONS**
company-wide
in 2020

500+

**NET LEASE
PROPERTIES SOLD**
in 2020

\$1.9B

**NET LEASE
TRANSACTION VALUE**
in 2020

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