

jiffylube®



\*ACTUAL SITE PHOTO



OFFERING  
MEMORANDUM

**JIFFY LUBE**  
ABSOLUTE NNN LEASE  
4201 MIDDLEFIELD RD, MOUNTAIN VIEW, CA



OFFERING MEMORANDUM  
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**jiffy lube®**



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# INVESTMENT OVERVIEW



The subject is a corporate Jiffy Lube with an absolute NNN Lease in Mountain View, California. The NNN lease includes 2.5% annual rent increases throughout the primary term and one, five-year renewal option. The lease is corporately guaranteed by Jiffy Lube International, Inc. with zero landlord obligations. The asset is well positioned on a major commercial thoroughfare on a hard corner, one mile from Google's headquarters. Jiffy Lube has over 25-years of operational history at this site.

## INVESTMENT HIGHLIGHTS

**ABSOLUTE NNN LEASED OFFERING**

**EXTREMELY UNIQUE SILICON VALLEY NET LEASED OFFERING**

**RARE 2.5% ANNUAL INCREASES**

**ONLY 1 (5) YEAR OPTION REMAINS**

**HIGH BARRIERS OF ENTRY - ONE MILE FROM GOOGLE'S HEADQUARTERS**

**PRIME BAY AREA RE-DEVELOPMENT POTENTIAL**

**LARGE CORPORATE GUARANTY (PENNZOIL QUAKER STATE DBA "SHELL")**

**UNDER THE TAX CUTS AND JOBS ACT (TCJA) OIL CHANGING STATIONS MAY QUALIFY FOR A 15 YEAR BONUS DEPRECIATION SCHEDULE (CONSULT YOUR CPA FOR MORE INFORMATION)**

## OFFERING SPECIFICATIONS

**PRICE** \$4,441,514

**INITIAL CAP RATE** 3.50%

**EFFECTIVE CAP RATE** 3.76%

**NET OPERATING INCOME** \$155,453

**SQUARE FOOTAGE** 4,876

**LOT SIZE** 0.34 AC

**MARKET** Bay Area



# FINANCIAL SUMMARY

## JIFFY LUBE INTERNATIONAL, INC. • ABSOLUTE NNN LEASE OFFERING

4201 MIDDLEFIELD RD, MOUNTAIN VIEW, CA

**\$4,441,514 • 3.50% CAP**

### SUMMARY

TENANT NAME	Jiffy Lube International, Inc.
GUARANTOR	Pennzoil-Quaker State Company DBA Sopus Products "Shell"
SQUARE FOOTAGE	4,876
LEASE START	05/01/2010
LEASE END	9/22/2028
ANNUAL RENT	\$155,453
OPTIONS	One, 5-Year

### OFFERING SUMMARY

	NET OPERATING INCOME	CAP RATE
2022	\$155,453*	3.50%
2023	\$159,340	3.57%
2024	\$163,323	3.66%
2025	\$167,406	3.75%
2026	\$171,591	3.85%
2027	\$175,881	3.94%
2028	\$180,278	4.04%

\* Today's rent until 4/30/2022 is \$151,661; Seller will credit difference in rent

# GUARANTOR OVERVIEW

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## SHELL

Shell Oil Company, headquartered in Houston, TX. is the principal American subsidiary of Royal Dutch Shell PLC, a large oil company headquartered in the Hague, Netherlands. Shell's share of business in the United States was largely independent up until the mid-1980's. Throughout this period, Shell Oil's independent activity significantly decreased, as Royal Dutch Shell established more direct control over the United States market. Subsidiaries of Shell Oil Company include Pennzoil Quaker State and Jiffy Lube, among others. Shell Oil Company acquired Pennzoil-Quaker State in 2002 for \$1.8B. Pennzoil-Quaker State acquired Jiffy Lube International Inc. in 1990.



**NYSE:** RDS.A



**MARKET CAP** \$170 B



**\$180B** 2020 REVENUE



**CREDIT RATING** Aa2



**87,000+** EMPLOYEES



# GUARANTOR OVERVIEW

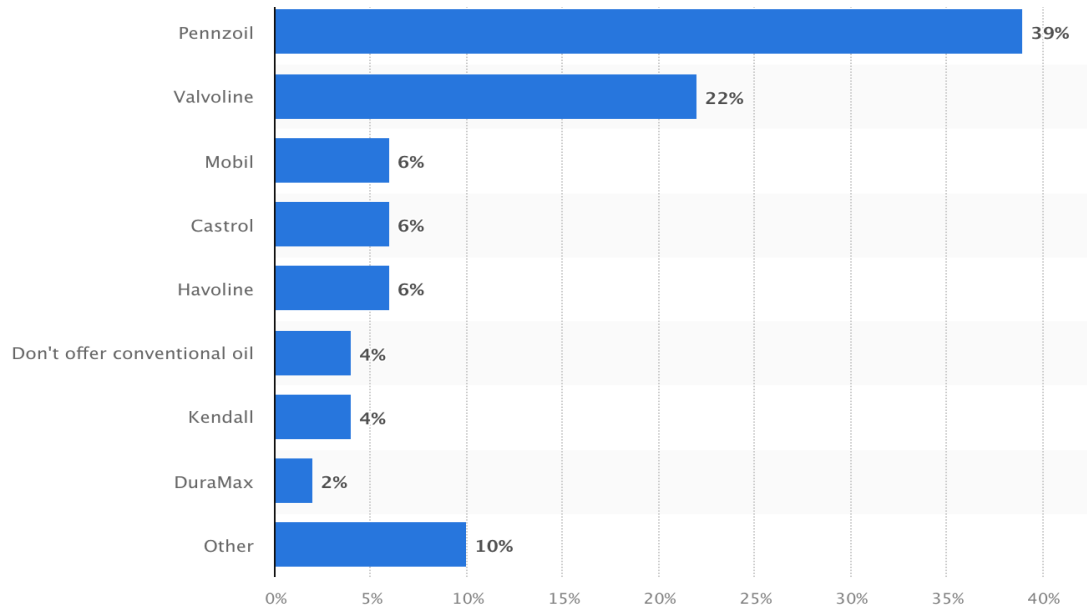


## PENNZOIL - QUAKER STATE

Pennzoil-Quaker State Company is located in Galena Park, TX, United States and is part of the Petroleum and Coal Products Manufacturing Industry. Pennzoil-Quaker State Company has 1,400 total employees across all of its locations and generates \$702.43 million in sales (USD). (Sales figure is modelled). There are 5,662 companies in the Pennzoil-Quaker State Company corporate family. "Pennzoil has announced it offers motorists carbon neutral lubricants for passenger cars in North America. Select products within the Pennzoil Platinum line of full synthetic motor oils are carbon neutral as a step toward Shell's target to be a net-zero emissions energy business by 2050 or sooner, in step with society and with customers'

- [https://www.pennzoil.com/en\\_us/latest/carbon-neutral-launch-story.html](https://www.pennzoil.com/en_us/latest/carbon-neutral-launch-story.html)

## MARKET SHARE OF MOTOR OIL IN FAST LUBE IN THE UNITED STATES



"The global lubricants market size was valued at USD 125.81 billion in 2020 and is expected to grow at a compound annual growth rate (CAGR) of 3.7% from 2021 to 2028. The industry dynamics are changing, in terms of raw material, owing to the rising demand for bio-based lubricants. The growing trade of vehicles and their spare parts is anticipated to fuel the demand for automotive oils and greases. The major economic recovery in North America and Europe is expected to boost the consumer vehicles segment, which, in turn, is a boom for the market. Typical lube manufacturers use crude oil, CBM, tight oil, and other additives to formulate all types of lubricants. Major companies, such as Royal Dutch Shell, Total SA, Chevron, ExxonMobil Corporation, British Petroleum, and Sinopec, have integrated their business operations globally. It ensures a steady raw material supply to manufacture mineral oils & additives needed for production.

<https://www.grandviewresearch.com/industry-analysis/lubricants-market>

Pennzoil was the 2018 market leader among motor oil brands in United States fast lubes, with a market share of 39 percent, up from second place with a market share of 18 percent the year previous. In second place was Valvoline, with a 22 percent share of the market. (See Chart)

# TENANT OVERVIEW



## JIFFY LUBE QUICK FACTS

- Largest Quick Lube Chain in the US
- 24M Customers Served Annually
- \$1.7B in Sales Annually

## JIFFY LUBE RANKINGS

- Rated #1 of 200 in Auto Repair Category - Franchise Times (2019)
- Rated #72 of “Top 200 Franchises” - Franchise Times (2020)
- Rated #77 on “Franchise 500” - Entrepreneur Magazine (2021)

## AUTO REPAIR SERVICE INDUSTRY STATS

- \$327B Automotive Repair Industry has a projected 5.8% CAGR (2017-2021)
- 253M cars on the road
- Cars on the road are a record-high 11.5 years old in the US
- 60% increase in the average length of vehicle ownership for new/used in the last 10 years
- 80% of drivers use an auto repair professional for service over self repair
- 75% of non-warranty auto repair is performed by independent auto repair shops
- 25% of non-warranty auto repair is performed by dealership

## JIFFY LUBE

— Jiffy Lube International is headquartered in Houston, TX and is a wholly owned, indirect **subsidiary of Shell Oil Company**. Jiffy Lube is a leading provider of automotive preventive maintenance. With a national footprint of more than 2,200 corporate and franchise-owned service centers across the country, Jiffy Lube offers a range of services from oil changes and tire rotations, to everything in between.

— A leading provider of oil changes and a **subsidiary of Shell Oil Company, Jiffy Lube boasts more than 2,200 outlets throughout North America that are corporately and independently owned**. Besides oil changes, Jiffy Lube facilities provide maintenance services for air conditioning, fuel systems and transmissions. At some of its locations, Jiffy Lube also performs inspections and emissions testing, repairs windshields and rotates tires. **Serving about 24 million customers annually, Jiffy Lube caters to several fleet management firms such as Donlen, Emkay, Voyager and PHH.** Jiffy Lube focuses on its four key areas of preventative maintenance service: change, inspect, check/fill, and clean. The company’s extensive technician training program has made Jiffy Lube an Automotive Service Excellence (ASE) Accredited Training Provider. **With a focus on reuse, Jiffy Lube makes a point to collect more used oil than any of its competitors in North America. The oil is then refined and used for making concrete, generating electricity, and heating asphalt to pave roads.**



# LOCATION AERIAL





# SITE PHOTOS





# SITE PHOTOS





# AREA OVERVIEW

DEMOGRAPHICS	1 MILE	3 MILES	5 MILES
TOTAL HOUSEHOLDS	9,893	55,859	111,178
TOTAL POPULATION	23,526	136,979	290,808
PERSONS PER HOUSEHOLD	2.3	2.4	2.5
AVERAGE HOUSEHOLD INCOME	\$183,211	\$185,523	\$183,722
AVERAGE HOUSE VALUE	\$1,121,646	\$1,103,384	\$1,101,618
AVERAGE AGE	40.6	39.3	37.8
WHITE	12,213	78,442	167,788
BLACK	494	3,257	10,754
AMERICAN INDIAN/ALASKAN NATIVE	122	749	1,743
ASIAN	9,593	47,774	93,773
HAWAIIAN & PACIFIC ISLANDER	135	731	3,608
TWO OR MORE RACES	970	6,025	13,142
HISPANIC ORIGIN	3,137	19,754	52,795

## MOUNTAIN VIEW, CALIFORNIA

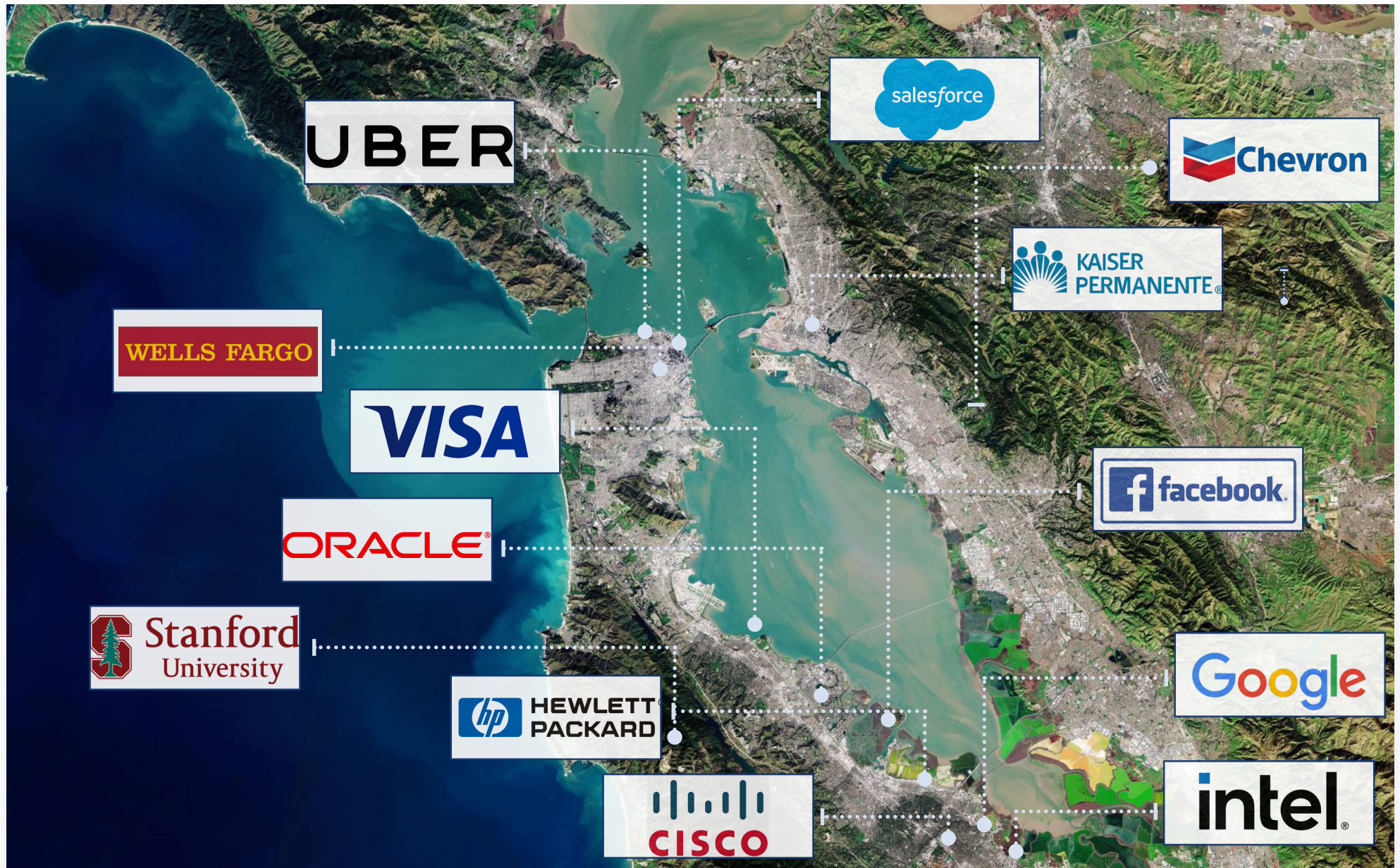
Mountain View is a city in Santa Clara County, California in the heart of Silicon Valley. Mountain View houses the headquarters of many of the world's largest technology companies, including Google and Alphabet Inc., Mozilla Foundation, Unicode Consortium, Intuit, NASA Ames research center, and major headquarter offices for Microsoft, Symantec, 23andMe, LinkedIn, Samsung, and Synopsys.

The Googleplex, located 1.5 miles away from Jiffy Lube, is the corporate headquarters complex of Google and its parent company, Alphabet, Inc. Spanning over 3 million square feet, Google operates in over 20 buildings on the property. Google has occupied this site since 2004, purchasing the property in a package deal from Silicon Graphics (SGI), for \$319 million. Google has since expanded the site, adding 1.1 million square feet to the original 2 million, with the "Bay View" addition in 2013. In total, 2,800 full-time employees work at The Googleplex.





# AREA OVERVIEW



# AREA OVERVIEW

## LOCAL ECONOMY

Mountain View is one of the major cities that make up Silicon Valley, and has many notable Silicon Valley companies either headquartered there or with a large presence. As of 2018, major tech companies such as Google and Mozilla were headquartered in Mountain View. In 2018, the comparison site CareerBliss ranked the city number 1 in the United States on its list of Happiest Cities to Work for 2018. Top employers

According to the city’s 2020 Comprehensive Annual Financial Report, the main employers in the city are:

	Employer	# of employees
1	Google/Alphabet	25,000
2	Intuit	2,642
3	El Camino Hospital	2,181
4	LinkedIn	1,993
5	Microsoft	1,668
6	Waymo	1,250
7	Pure Storage	1,157
8	Palo Alto Medical Foundation	1,150
9	Synopsys	1,143
10	Samsung Electronics	1,056



## LOCATION HIGHLIGHTS

HOME TO MAJOR TECH COMPANIES INCLUDING GOOGLE AND LINKEDIN

1.5 MILES FROM GOOGLE MOUNTAIN VIEW HQ

6.2 MILES FROM FACEBOOK HQ

9 MILES FROM APPLE HQ

DEVELOPMENT HAS BEEN RELATIVELY STEADY OVER THE PAST FEW YEARS IN PALO ALTO

THE METRO PLAYS HOST TO ONE OF THE HIGHEST CONCENTRATIONS OF FORTUNE 500 COMPANIES IN THE COUNTRY,

THE MARKET IS HOME TO ONE OF THE NATION’S PREMIER EDUCATIONAL INSTITUTIONS, STANFORD UNIVERSITY, AS WELL AS SAN JOSE STATE AND SEVERAL OTHER LARGE UNIVERSITIES

HIGHLY EDUCATED AND WELL-PAID EMPLOYEES MOVED INTO THE MARKET OVER THE PAST DECADE



**jiffy lube<sup>®</sup>**

**MOUNTAIN VIEW, CALIFORNIA**



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