



15-Year Absolute NNN Ground Lease | 10% Increases Every 5 Years | New Construction



OFFERING MEMORANDUM
LANCASTER, CALIFORNIA



HANLEY INVESTMENT GROUP
REAL ESTATE ADVISORS



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EXCLUSIVELY LISTED BY:

Bill Asher

Executive Vice President
basher@hanleyinvestment.com
949.585.7684 | CA Lic. #01318078

Jeff Lefko

Executive Vice President
jlefk@hanleyinvestment.com
949.585.7682 | CA Lic. #01942025

OFFERING SUMMARY

LOCATION

Dutch Bros Coffee
44318 20th St E
Lancaster, CA 93535



OFFERING SUMMARY

Price:	\$2,360,000
Current Net Operating Income (NOI):	\$88,500
Current Capitalization Rate:	3.75%
December 2026 Net Operating Income (NOI):	\$97,350
December 2026 Capitalization Rate:	4.13%
Net Rentable Area:	950
Year Built:	2021
Lot Size (Acres):	1.57

LEASE TERMS (1)

Guarantor:	Boersma Bros. LLC (Corporate)
Lease Commencement: (2)	12/17/2021
Lease Expiration: (2)	12/31/2036
Lease Term:	15 Years
Lease Type:	Absolute NNN Ground Lease
Roof & Structure:	Tenant Responsibility
Monthly Rent:	\$7,375
Annual Rent:	\$88,500
Rental Increases:	10% Every 5 Years
Renewal Options:	Four 5-Year @ 10% Increases

(1) All lease provisions to be independently verified by Buyer during the Due Diligence Period.

(2) Estimated lease commencement and expiration dates.



INVESTMENT HIGHLIGHTS

- **New Single-Tenant Dutch Bros. Coffee with Dual-Lane Drive-Thru:**
 - New 15-year absolute NNN ground lease
 - 10% increase every 5 years
 - Brand new 2021 construction
 - Dutch Bros. has over 500 stores in 11 states and is planning on opening 112 new stores in 2022
 - Dutch Bros recently went public and is valued at over \$3.8 billion
 - Dutch Bros sales are up 51% through the first six months of 2021 after a record performance in 2020
- **Strong Neighboring Retail Tenant Synergy at the Primary Regional Intersection in East Lancaster:**

Nearby tenants include Walmart Supercenter, Stater Bros., ALDI, Bank of America, Del Taco, Jack in the Box, McDonald's, Panda Express, Taco Bell, and Wells Fargo

 - A new retail development is planned adjacent to Walmart Supercenter with a proposed Ross Dress for Less and Dollar Tree



INVESTMENT HIGHLIGHTS

- **Excellent Visibility and Accessibility Off the Signalized Intersection of 20th Street and East Avenue J, Benefitting from 30,760 Cars Per Day, and Two Points of Ingress/Egress Along 20th Street:**
 - The property also benefits from two pylon signs at the intersection and along 20th Street
- **Strategic Central Location Near Major Employers and Community Hubs:**
 - Nearly 121,000 people within a 5-mile radius
 - Close proximity to Antelope Valley High School, Lancaster Baptist School, and Columbia Elementary School (combined 2,887 students), increasing lunch-time traffic to the site
 - Surrounded by high-density single-family housing developments; adjacent to Terracina at Lancaster, a new 264-unit apartment complex scheduled to open in 2023
- **High Desert's Robust Economic Growth:** Often dubbed the “Aerospace Valley”, the Antelope Valley region of southern California is a hotbed of Aerospace innovation
 - 37% future job growth predicted over next 10 years
 - Major area employers include the world's largest private aerospace companies including Boeing, Lockheed Martin, and Northrop Grumman
 - Lockheed Martin is the largest defense contractor in the Antelope Valley (3,700+ employees)
 - Northrop Grumman, California's largest employer, has a local workforce of 2,100 employees



SITE PLAN / PARCEL MAP






INTERSECTION VISIBLE PYLON SIGNAGE



ENTRANCE VISIBLE PYLON SIGNAGE

Dutch Bros Coffee
44318 20th St E
Lancaster, CA 93535

-  SUBJECT PROPERTY
 -  NOT A PART
 -  PROPERTY PARCEL
- APN: 3150-009-065





**STORE OFFICIALLY OPENED
ON DECEMBER 17, 2021**



SURROUNDING TENANTS



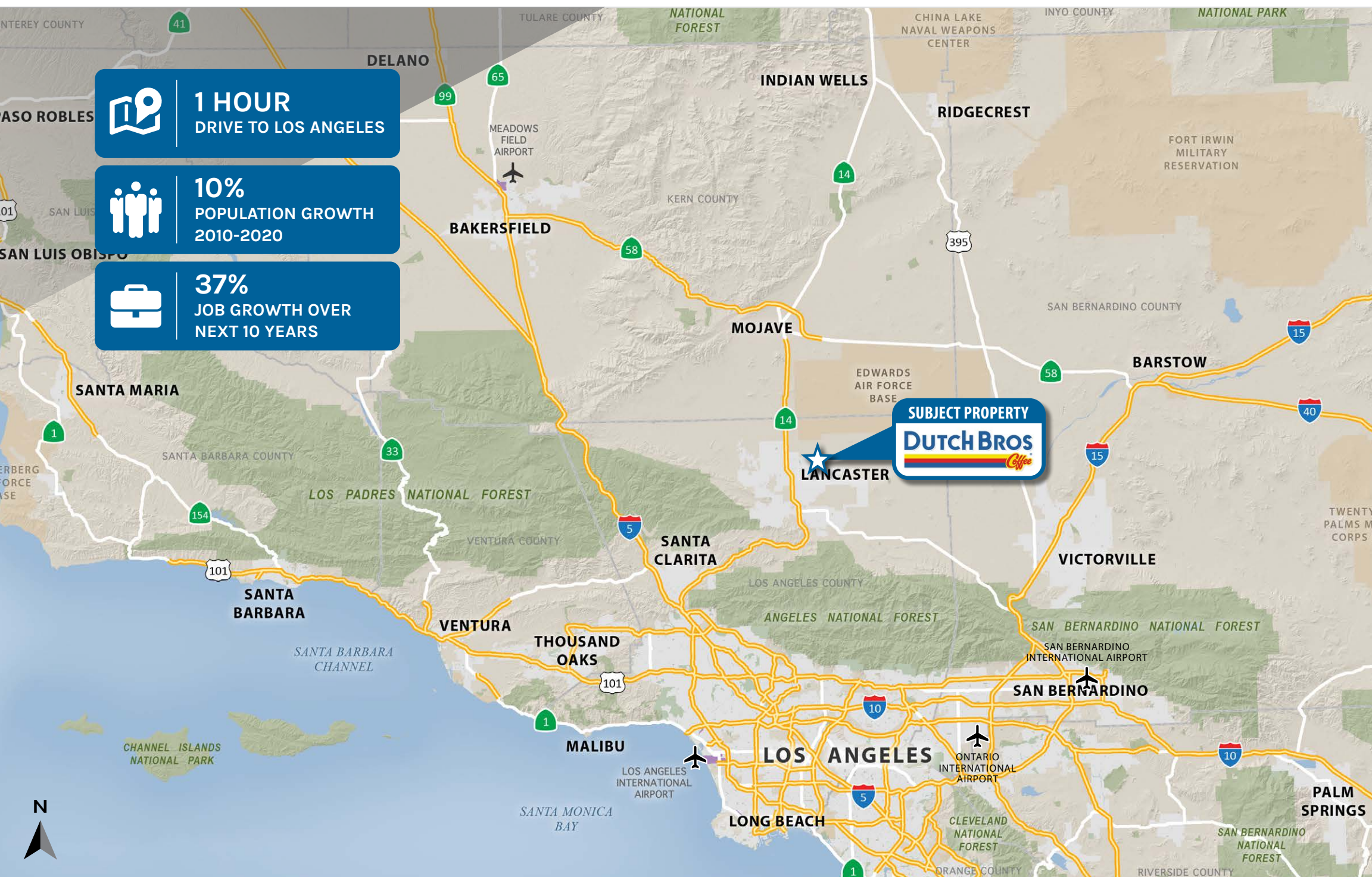
AERIAL OVERVIEW



AERIAL OVERVIEW



REGIONAL MAP



TENANT PROFILE



Dutch Bros. Coffee is the largest privately held drive-thru coffee chain in the United States. With over 500 locations across eleven states, the drive-thru coffee chain specializes in premium coffees and speedy, high-energy service. The chain's almost entirely beverage-based menu features a variety of coffee roasts along with lattes, cocoas, and specialty drinks and is known for their irresistible three-bean blend of 100% Arabica coffee beans.

Founded in 1992 by brothers, Dane and Travis Boersma, the company has grown steadily over the last 30 years. Headquartered in Grants Pass, Oregon, the company sales has grown to \$567 million in 2020, a 7.7% sales growth over the previous year. Over the past five years its annual growth rate has easily outpaced the coffee sector and all of its competitors. Dutch Bros added 72 new locations in 2020 despite the pandemic. The chain boasts average unit volumes of \$1.5 million, according to Restaurant Business sister company Technomic.

In October 2018, Dutch Bros. received a minority investment from San Francisco-based, private-equity firm TSG Consumer Partners. The company used the investment to expand into new markets, with the goal of to grow its locations to 800 stores by 2024. The company is additionally using the funding to attract talent and deploy technology to improve service and provide business intelligence. TSG previously also had a stake in the casual-dining chain Yard House, one of its most successful investments.

On September 15, 2021, the Class A common stock began trading on The New York Stock Exchange under the symbol "BROS." Proceeds from the initial public offering were approximately \$556.8 million, before deducting underwriting discounts and commissions and other offering expenses.

Company Type: BROS (U.S.: NYSE)
Locations: 500+
Website: www.dutchbros.com

#2
Guest Service

Technomic (2021)

#79
Franchise 500

Restaurant Business (2021)

Top 10
Best Coffee Chains in the U.S.

Insider (2020)



MarketWatch

Dutch Bros. Stock Rallies After Coffee Chain's Sales Increase Nearly 50%

By Claudia Assis | November 10, 2021

"While we are excited to have recently begun our journey as a public company, we are already focused on a clear set of growth-minded objectives that make Dutch Bros. a national brand," Ricci said.

That includes the potential for having at least 4,000 stores nationwide in the coming years, he said.

Dutch Bros. guided for at least 30 shop openings in the fourth quarter, and total revenue between \$125 million and \$128 million. For 2022, it expects to open at least 112 stores. The chain currently operates more than 500 stores, mostly located in the Western U.S. The company opened its first store in Grants Pass, Ore.

[CLICK FOR ARTICLE](#)



Forbes

Dutch Bros Raises \$484M in its IPO

By Jonathan Maze | September 15, 2021

The coffee chain's shares priced at \$23, well above its expected range and soared nearly 70% in its debut Wednesday.

The share price was well above the \$18 to \$20 per share that the Grants Pass, Ore.-based chain expected to raise in its IPO, the second in the restaurant industry this year. The higher price suggests strong demand for the stock, which bodes well as the company's shares begin trading publicly on the Nasdaq Wednesday.

The drive-thru coffee chain has been considered a potentially popular consumer stock offering this month—at a time when a number of other companies, such as the retail eyewear chain Warby Parker—are also going public.

Dutch Bros strong performance, coupled with a relative lack of publicly traded consumer companies, could help fuel demand for its shares.

[CLICK FOR ARTICLE](#)

AREA OVERVIEW

Lancaster

- Charter city in northern Los Angeles County, situated in the hub of Antelope Valley
- Population of 172,237
- Located 1 hour north of downtown Los Angeles
- “Most Business-Friendly City” in Los Angeles County - Los Angeles County Economic Development Corporation (2019)

ECONOMY

- Current median home is \$180,000
- Average family household income of \$82,609
- Largest industries are Health Care & Social Assistance, Retail Trade, and Manufacturing

DEVELOPMENTS

- **Fox Field Industrial Center** - 8,000-acre master-planned industrial complex
- **Lancaster Business Park** - Parcels up to 15 acres; campus-like atmosphere
 - 100 companies, 4,100 employees
 - Current tenants include Morton Manufacturing, Deluxe, Inc., and Deutrel Industries
- **The Promenade at Amargosa Creek** - 115-acre, mixed-use development, 30-acre expansion of auto dealerships, 535,000 square feet of retail space, 88,000 square feet of pad space, 165,000 square feet of hotel space, 471,000 square feet of office space; 1.326 million square feet of proposed commercial development; planned
 - 300,000 population within ten miles



Promenade at Amargosa Creek - 115-Acre Mixed Use Development



LANCASTER PERFORMING ARTS CENTER



FOX FIELD INDUSTRIAL CENTER



MUSEUM OF ART & HISTORY (MOAH)

AREA OVERVIEW

Antelope Valley, California

- The Antelope Valley is located in northern Los Angeles County, California, and the southeast portion of Kern County, California, and constitutes the western tip of the Mojave Desert; Situated between the Tehachapi, Sierra Pelona, and the San Gabriel Mountains
- The principal cities in the Antelope Valley are Palmdale and Lancaster
- Aerospace, agriculture, and manufacturing industries are the main driving forces in the region's economy
- Major employers are Northrop Grumman (28,000), Edwards Air Force Base (8,929), Naval Weapons Airstation (7,995), and Lockheed Martin (3,700)
- **Northrop Grumman** - \$6.7 billion global defense and technology company and one of the state's largest employers; planning a major expansion for its Air Force Plant 42 facility
 - \$80 billion defense contract that includes building 100 B-21 stealth bombers by the mid 2030s
 - Recently awarded \$60 billion in U.S. government contracts to expand their Palmdale facilities
- Region's natural resources of wind and solar is a major contributor to the state's aggressive renewable energy targets, which is to produce 33% of their energy from renewable sources
- **Edwards Air Force Base** - 308,000-acre airbase with 29,000 feet of runways, located 22 miles northeast of Lancaster
 - One of the largest employer in the area with 12,000 personnel
 - \$1.8 billion annual economic impact
- **Boeing** - World's leading aerospace company and largest manufacturer of commercial jetliners and military aircrafts; employs 19,000
- **Mojave Air and Space Port** - World-renowned flight research center spanning 3,300 acres, hosting the latest and most advanced aeronautical designs
 - Home to 69 companies which have brought about 2,500 jobs
- **Lockheed Martin Corporation** - American global aerospace, defense, security, and advanced technologies company
 - Largest defense contractor in the Antelope Valley with over 3,700 employees



\$79,458 Average Household Income



EDWARDS AIR FORCE BASE



BOEING



NORTHROP GRUMMAN

DEMOGRAPHICS

POPULATION	1-Mile	3-Mile	5-Mile
2025 Projection	22,317	82,567	124,978
2020 Estimate	21,703	79,151	120,911
2010 Census	21,063	74,619	115,126
2000 Census	17,300	59,556	95,479
Growth 2000-2010	21.75%	25.29%	20.58%
Growth 2010-2020	3.04%	6.07%	5.02%
Growth 2020-2025	2.83%	4.32%	3.36%
HOUSEHOLDS			
2025 Projection	6,455	24,809	39,566
2020 Estimate	6,304	23,861	38,343
2010 Census	6,060	22,307	36,193
2000 Census	5,505	19,473	32,216
Growth 2000-2010	10.08%	14.55%	12.34%
Growth 2010-2020	4.03%	6.97%	5.94%
Growth 2020-2025	2.40%	3.97%	3.19%
2020 EST. POPULATION BY SINGLE-CLASSIFICATION RACE			
White Alone	8,783	34,185	56,018
Black or African American Alone	5,246	17,049	24,593
American Indian and Alaska Native Alone	167	768	1,173
Asian Alone	760	2,667	4,836
Native Hawaiian and Other Pacific Islander Alone	41	174	254
Some Other Race Alone	5,246	19,083	26,214
Two or More Races	1,420	4,932	7,449
2020 EST. POPULATION BY ETHNICITY (HISPANIC OR LATINO)			
Hispanic or Latino	10,274	37,797	52,962
Not Hispanic or Latino	11,429	41,354	67,949
2020 EST. AVERAGE HOUSEHOLD INCOME			
	\$62,441	\$59,282	\$64,575

LANCASTER SNAPSHOT



120,911
POPULATION (5-Mile)



41,381
DAYTIME POPULATION (5-Mile)



25.29%
POPULATION GROWTH (3-Mile, 2000-2010)



\$64,575
AVERAGE HOUSEHOLD INCOME (5-Mile)



\$172,713
AVERAGE HOME VALUE (5-Mile)



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EXCLUSIVELY LISTED BY:

Bill Asher

Executive Vice President

basher@hanleyinvestment.com

949.585.7684 | CA Lic. #01318078

Jeff Lefko

Executive Vice President

jlefk@hanleyinvestment.com

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\$8.4 BILLION
retail sales nationwide



SHARED DATABASE
collaborative proprietary database



GLOBEST. INFLUENCERS
in retail & net lease sales



NATIONWIDE REACH
retail & investors across the U.S.



\$2.8 BILLION IN RETAIL SOLD
over 450 transactions in last 36 mos.