

jiffylube®



\*ACTUAL SITE PHOTO



OFFERING  
MEMORANDUM

**JIFFY LUBE**  
ABSOLUTE NNN LEASE  
960 UNIVERSITY AVE, BERKELEY, 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 Berkeley, 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, in the heart of Berkeley, one mile from the University of California campus. Jiffy Lube has operated in this location since 1996.

## INVESTMENT HIGHLIGHTS

- ABSOLUTE NNN LEASED OFFERING WITH JIFFY LUBE CORPORATE
- EXTREMELY UNIQUE CORE BAY AREA NET LEASED OFFERING
- RARE 2.5% ANNUAL INCREASES
- ONLY 1 (5) YEAR OPTION REMAINS
- PRIME BAY AREA RE-DEVELOPMENT POTENTIAL
- INFILL LOCATION WITH HIGH BARRIERS OF ENTRY, 1.5 MILES FROM UC BERKELEY CAMPUS
- 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	\$2,049,818
ACTUAL CAP RATE	3.85%
EFFECTIVE CAP RATE	4.15%
NET OPERATING INCOME	\$78,918
SQUARE FOOTAGE	4,218
LOT SIZE	0.13 AC
MARKET	East Bay

# FINANCIAL SUMMARY

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

960 UNIVERSITY AVE, BERKELEY, CA

**\$2,049,818 • 3.85% CAP**

### SUMMARY

TENANT NAME	Jiffy Lube International, Inc.
GUARANTOR	Pennzoil-Quaker State Company DBA Sopus Products "Shell"
SQUARE FOOTAGE	4,218
LEASE START	05/01/2010
LEASE END	09/22/2028
ANNUAL RENT	\$78,918
OPTIONS	One, 5-Year
INCREASES	2.5% annual increases

### OFFERING SUMMARY

	NET OPERATING INCOME	CAP RATE
2022	\$78,918*	3.85%
2023	\$80,891	3.95%
2024	\$82,913	4.04%
2025	\$84,986	4.15%
2026	\$87,111	4.25%
2027	\$89,289	4.36%
2028	\$91,521	4.46%

\* Today's rent until 4/30/2022 is \$76,993; 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

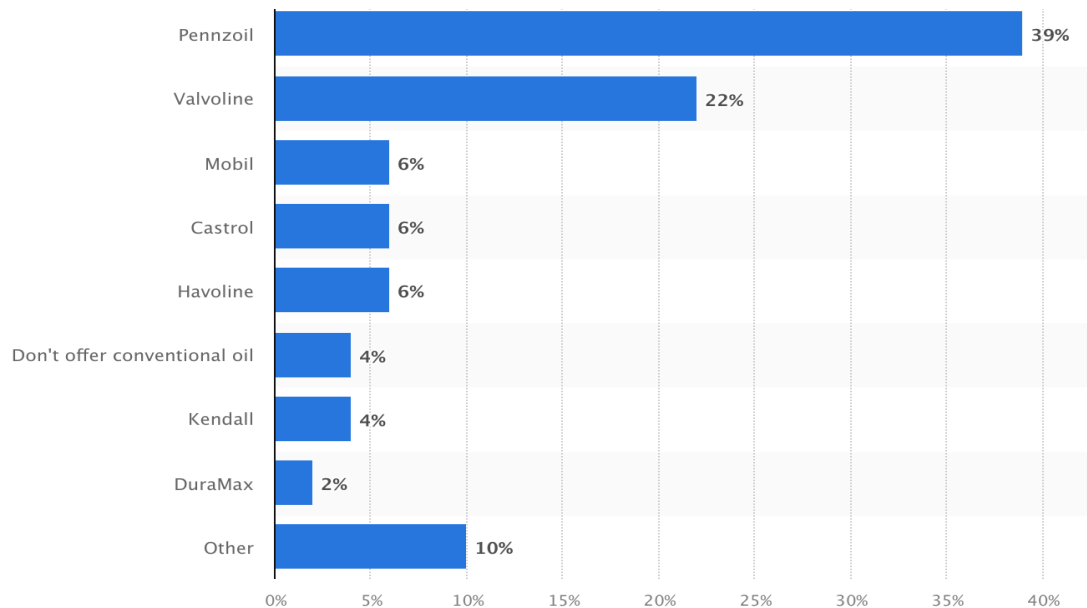


## PENNZOIL - QUAKER STATE

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





# AREA OVERVIEW

DEMOGRAPHICS	1 MILE	3 MILES	5 MILES
TOTAL HOUSEHOLDS	11,361	83,405	159,656
TOTAL POPULATION	25,776	198,580	365,644
PERSONS PER HOUSEHOLD	2.2	2.2	2.1
AVERAGE HOUSEHOLD INCOME	\$123,794	\$135,559	\$131,700
AVERAGE HOUSE VALUE	\$1,009,075	\$1,022,082	\$982,404
AVERAGE AGE	39.6	36.5	38.3
WHITE	15,186	111,726	190,326
BLACK	3,748	22,698	60,670
AMERICAN INDIAN/ALASKAN NATIVE	276	1,392	2,832
ASIAN	4,737	50,123	88,946
HAWAIIAN & PACIFIC ISLANDER	84	423	976
TWO OR MORE RACES	1,745	12,219	21,895
HISPANIC ORIGIN	4,169	21,566	44,467

## BERKELEY, CALIFORNIA

Berkeley is a city on the eastern shore of San Francisco Bay in northern Alameda County, California. Berkeley is home to the oldest campus in the University of California system, the University of California, Berkeley, and the Lawrence Berkeley National Laboratory, which is managed and operated by the university. It also has the Graduate Theological Union, one of the largest religious studies institutions in the world. Berkeley is considered one of the most socially progressive cities in the United States.

Berkeley is served by Amtrak (Capitol Corridor), AC Transit, BART, and bus shuttles operated by major employers including UC Berkeley and Lawrence Berkeley National Laboratory. The Eastshore Freeway (I-80 and I-580) runs along the bay shoreline.

Each day there is an influx of thousands of cars into the city from commuting UC Berkeley faculty, staff, and students. In fact, over 70% of students commute to campus each day.

Berkeley has relatively few chain stores for a city of its size due to policies and zoning that promote small business and impose limits on the size of certain stores.

Jiffy Lube is located in the heart of Berkeley and 1 mile from the UC Berkeley Campus on University Avenue; which runs from Berkeley's Bayshore to the campus. Jiffy Lube has operated at this location for over twenty-five (25) years.

# AREA OVERVIEW

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## LOCAL ECONOMY

According to the city's 2019 Comprehensive Annual Financial Report, the top employers in the city are:

#	Employer	Employees
1	University of California, Berkeley	13,394
2	Lawrence Berkeley National Laboratory	3,312
3	Alta Bates Summit Medical Center (part of Sutter Health)	2,242
4	City of Berkeley	1,568
5	Bayer	1,267
6	Berkeley Unified School District	1,225
7	Siemens	855
8	Kaiser Permanente	831
9	Berkeley Bowl	640
10	Whole Foods Market	389





# AREA OVERVIEW

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## LOCATION HIGHLIGHTS

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EXTREMELY UNIQUE CORE BAY AREA NET LEASED OFFERING

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ONE OF THE MOST HEAVILY TRADED SUBMARKETS IN THE REGION OVER THE PAST SEVERAL YEARS

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STRONG LOCAL INCOME GROWTH

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CONSIDERABLE AMOUNT OF APARTMENT CONSTRUCTION TAKING PLACE THROUGHOUT THE MARKET, MOSTLY IN TRANSIT-ORIENTED PROJECTS

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MEDIAN INCOME GAINS HAVE BEEN SUBSTANTIAL AS WELL, CLIMBING ABOVE \$100,000 AND SIGNIFICANTLY OUTPACING THE NATIONAL AVERAGE DURING THE RECENT EXPANSION PERIOD

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CLOSE PROXIMITY TO UC BERKELEY AND SAN FRANCISCO

---

1.5 MILES TO UC BERKELEY FROM PROPERTY

---

70% OF CAL STUDENT POPULATION COMMUTES

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11 MILES TO SALESFORCE TOWER

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**jiffy lube<sup>®</sup>**

**BERKELEY, CA**



**The Kase Group**

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