

MATTHEWSTM
REAL ESTATE INVESTMENT SERVICES



STARBUCKS & PANERA

6865 CAMINO ARROYO | GILROY, CA 95020

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STARBUCKS & PANERA

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SECTION 01

EXECUTIVE OVERVIEW

Executive Summary



\$6,440,000

LIST PRICE



4.75%

CAP RATE



±6,868 SF

GLA



\$305,570

NOI



100%

OCCUPANCY

OFFERING SUMMARY

Matthews™ is pleased to exclusively offer the opportunity to acquire the Starbucks & Panera Outlot- a 6,868 square-foot multi-tenant outlot located in Gilroy, CA (San Francisco Bay Area CSA - 5th largest in the U.S.). The Property is primely situated within Gilroy Crossing, a market-dominant community center anchored by Target, with Starbucks having an end cap drive-thru at this location.

Both Starbucks and Panera recently executed 10-year early extensions highlighting their commitment to the site and desire to remain here long-term. Starbucks base term now runs through May 2034 with a 10% rent increase in June 2029. Panera's base term now runs through December 2034 with two mid-term rental increases - a 4.5% increase in January 2025 and a 10% increase in January 2030.

Starbucks & Panera sit in the heart of the dominant retail corridor within the submarket - primely positioned featuring great access and superior visibility at a signalized intersection. The Property benefits greatly from the best-in-class retailers in the immediate vicinity that provide significant customer traffic on a daily basis such as Target, Costco, Walmart, Lowe's, Home Depot, Ross Dress for Less, Marshalls, HomeGoods, Michaels, PetSmart, Best Buy, BevMo!, Barnes & Noble and Dollar Tree. Additionally, the Gilroy retail corridor serves as a regional draw to customers with the Gilroy Premium Outlots (Simon Property Group Owned) being located less than 2 miles away from the Subject Property.

The Property is located approximately 32 miles southeast of San Jose, CA, and is a part of the San Francisco Bay Area CSA - 5th largest in the U.S. with more than 9.7 million people as of the 2020 census. The Starbucks & Panera Outlot features a strong middle-upper income demographic customer base with nearly 61,000 residents in a 5-mile radius with average household incomes in excess of \$138,000.

This Property is being offered free & clear of existing financing.

Investment Highlights

DOMINANT NATIONAL TENANTS

The Property is 100% leased to two national credit tenants, featuring Starbucks and Panera. Starbucks is an American multinational chain of coffeehouses and roastery reserves headquartered in Seattle, Washington. As of July 2022, the company operates 34,948 locations worldwide in more than 70 countries making it the largest coffeehouse chain in the world. Starbucks is the 2nd largest Quick Service Restaurant chain in the U.S. based on 2021 Total U.S. Revenue, with sales exceeding \$24.3 billion. Panera Bread Company is an American chain store of bakery-café fast-casual restaurants with over 2,000 locations, all of which are in the United States and Canada. Panera is the 12th largest Quick Service Restaurant chain in the U.S. based on 2021 Total U.S. Revenue, with sales exceeding \$5.65 billion.

LONG-TERM NNN LEASES WITH CONTRACTUAL RENT INCREASES - RECENT EXTENSIONS

Starbucks and Panera both just executed 10-year early extensions highlighting their commitment to the site and desire to remain here long-term. Starbucks base term now runs through May 2034 with a 10% rent increase in June 2029. Panera's base term now runs through December 2034 with two mid-term rental increases - a 4.5% increase in January 2025 and a 10% increase in January 2030.

STARBUCKS END CAP WITH BUSY DRIVE-THRU

The Property features a Starbucks end cap drive-thru that draws significant daily traffic to the site, which is ideally located in the heart of the retail corridor.

SAN FRANCISCO BAY AREA CSA

The Property is located approximately 32 miles southeast of San Jose, CA, and is a part of the San Francisco Bay Area CSA - the 5th largest in the U.S. with more than 9.7 million people as of the 2020 census.

BEST-IN-CLASS SHADOW ANCHORS AND SURROUNDING TENANCY

The Property benefits greatly from the best-in-class shadow anchors and surrounding tenancy that provide significant customer traffic to the center on a daily basis with tenants including Target, Costco, Walmart, Lowe's, Home Depot, Ross Dress for Less, Marshalls, HomeGoods, Michaels, PetSmart, Best Buy, BevMo!, Barnes & Noble and Dollar Tree all located in the immediate surrounding vicinity.

PRIME LOCATION WITH GREAT ACCESS AND VISIBILITY AT SIGNALIZED INTERSECTION

The Property is primely situated within Gilroy Crossing, a market-dominant community center anchored by Target. The Property features two ingress/egress access points along Camino Arroyo (36,000 VPD), with one being a signalized intersection, providing convenient access and phenomenal visibility.

REGIONAL DRAW WITH LIMITED COMPETITION

Starbucks & Panera Outlot sits in the heart of the dominant retail corridor within the submarket. The Gilroy retail corridor serves as a regional draw to customers with the highly trafficked Gilroy Premium Outlots (Simon Property Group owned) being located less than 2 miles away from the Subject Property. In addition, there is minimal competition in the immediate surrounding communities with the nearest Target location over 13 miles north. Both of these factors, along with the natural barriers to entry, help to make the Gilroy retail corridor the dominant regional draw that it is today.

DESIRABLE DEMOGRAPHICS

Starbucks & Panera Outlot features a strong middle-upper income demographic customer base with nearly 61,000 residents in a 5-mile radius with average household incomes in excess of \$138,000.

UNENCUMBERED ASSET

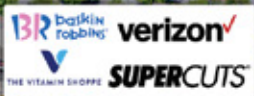
The Property is being offered free and clear of any existing financing.



eliot elementary school

crocker's lockers

PACHECHO CENTER
SHOPPING CENTER



PACHECHO PASS HWY
± 59,000 VPD

CAMINO ARROYO
± 36,000 VPD



ALCAL
Good people making things right
CLOVIS

UNFI
BETTER FOOD. BETTER FUTURE.

**GILROY CROSSING
SHOPPING CENTER**
KOHL'S
PET SMART **ROSS**
DRESS FOR LESS
Michaels **target**
DOLLAR TREE

INTERNATIONAL PAPER

RUSH ORDER
PAPER & BUSINESS SOLUTIONS

CINTAS
READY FOR THE WORKDAY™

Pacheco Pass
Self Storage of Gilroy

CREATIVE LABELS INC.

BARNES & NOBLE **SALLY BEAUTY**

BevMo! **AMERICAN MEXICAN**

Panera BREAD **Starbucks**

CHIPOTLE **EUROPEAN WAX CENTER**
the Habit **PRELOVED P**
BURGER GRILL

BR **verizon**
bagkin Robbins THE VITAMIN SHOPPE **SUPERCUTS**

PANDA EXPRESS
CHINESE KITCHEN

CAMINO ARROYO
± 36,000 VPD

Shell

PACHECO PASS HWY
± 59,000 VPD



Panera BREAD

STARBUCKS
COFFEE

DRIVE THRU

SECTION 02

FINANCIAL OVERVIEW

Financial Overview

Year 1		
<u>INCOME</u>	<u>Total</u>	<u>\$PSF</u>
Rental Income	\$318,440	\$46.37
Expense Reimbursements	\$60,274	\$8.78
Effective Gross Revenue	\$378,714	\$55.14
<u>EXPENSES</u>		
Real Estate Taxes	\$40,949	\$5.96
Insurance	\$2,404	\$0.35
CAM	\$14,643	\$2.13
Management Fee (4% of EGR)	\$15,149	\$2.21
Total Operating Expenses	\$73,144	\$10.65
Net Operating Income	\$305,570	\$44.49



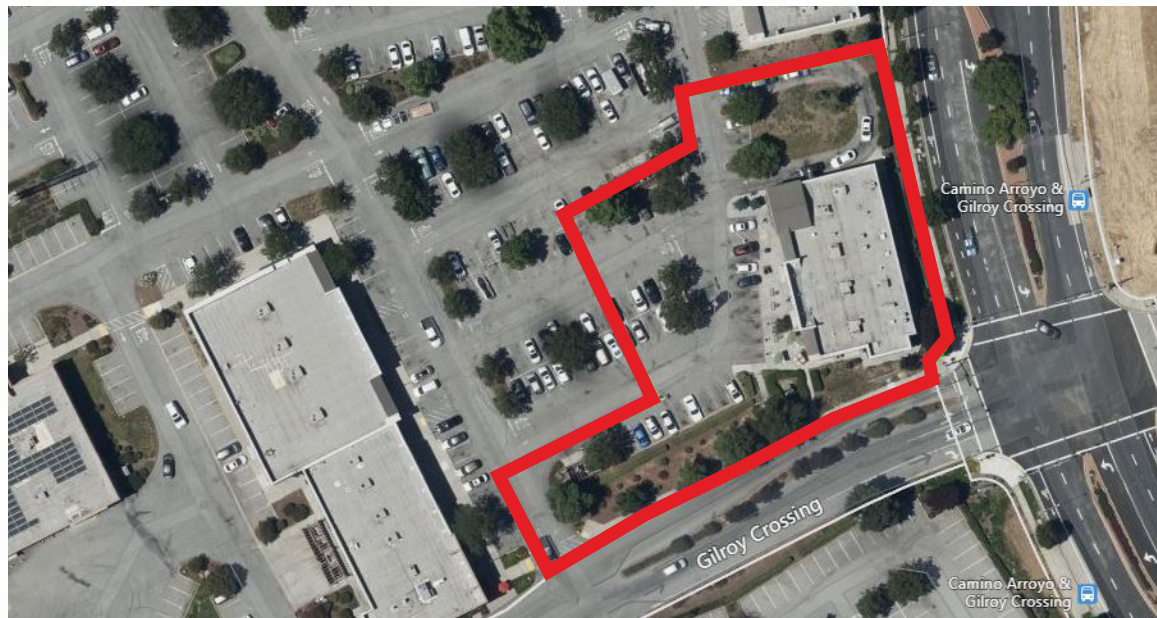
SECTION 03

ASSET OVERVIEW

Asset Overview

Name	Starbucks & Panera Outlot
Address	6865 Camino Arroyo
City, State	Gilroy, CA
APN	841-70-033
Land Area	±1.04 AC
Year Built / Year Renovated	2004
Property Type	Multi-Tenant Outlot
Gross Leasable Area	±6,868 SF
Total Tenants	2
Current Occupancy	100.0%
Average Remaining Term	±12.1 Years

Tax Parcel Map





HOLLOWAY RD

KOHL'S

PET SMART

Michael's

DOLLAR TREE

dd's DISCOUNTS

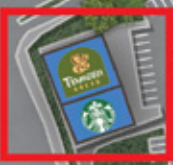
ROSS DRESS FOR LESS

target



BARNES & NOBLE BOOKS & MORE

BeyMo!



verizon
SUPERCLUBS

Radio Shack

Flower Power

Mimi's

popeyes

CAMINO ARROYO

10

152



SUBJECT PROPERTY



NAP

Rent Roll

Suite	Tenant	Lease Start	Lease End	Square Feet	% of GLA	Contract Rental Rate		Rent \$ PSF		Rent Increases		Recovery Structure	Options
						Year	Month	Year	Month	Date	\$ PSF/Yr.		
1	Starbucks*	Jun-04	May-34	1,803	26.3%	\$114,797	\$9,566	\$63.67	\$5.31	Jun-29	\$70.04	NNN	2x5 years: (1) \$77.04 PSF. (2) \$84.74 PSF
2	Panera	Jan-05	Dec-34	5,065	73.7%	\$203,643	\$16,970	\$40.21	\$3.35	Jan-25	\$42.00	NNN	
Occupied Totals - In Place				6,868	100.0%	\$318,440	\$26,537	\$46.37	\$3.86				
Totals				6,868	100.0%	\$318,440	\$26,537	\$46.37	\$3.86				

*Tenant has a one-time termination right on 5/31/2029.







STARBUCKS
COFFEE

DRIVE THRU

Panera BREAD

68



SECTION 04

MARKET OVERVIEW

Gilroy, CA

Known as the “Garlic Capital of the World,” Gilroy offers residents local charm and heaps of garlicy cuisine. Just 32 miles southeast of San Jose and even closer to California beaches, Gilroy offers pristine restaurants, family-friendly entertainment, community events, outdoor recreation, and great public schools. Enjoy Jason-Stephens Winery for trendy, local wine, or visit family-owned Westside Grill for an upscale weekend brunch.

The Gilroy Unified School District offers great public schools, and families enjoy spending time together at Gilroy Gardens. This family theme park and premier entertainment destination offers rides, beautiful gardens, and camping sites. Get your shopping done at one of the many shopping centers in town offering retailers like Barnes & Noble, PetSmart, Target, and more. Find great brands with affordable deals at the Gilroy Premium Outlets. Visit Eagle Ride Golf Club, Silicon Valley’s premier golf club and host to various events and tournaments. From May to October every year, you can visit the Gilroy Farmers Market with the best organic produce and local treats around. For four decades, the city has hosted the annual Gilroy Garlic Festival offering family-friendly fun, garlicy food, and live entertainment. Visit the Gilroy Museum on 5th Street to explore the city’s history and how it became famous for its garlic.

DEMOGRAPHICS



POPULATION

	1 MILE	3 MILE	5 MILE
2027 Projection	5,939	45,684	59,648
2022 Estimate	5,864	46,085	60,248
2010 Census	4,715	42,500	55,980



HOUSEHOLDS

	1 MILE	3 MILE	5 MILE
2027 Projection	1,485	13,261	17,657
2022 Estimate	1,463	13,348	17,799
2010 Census	1,159	12,149	16,347



HOUSEHOLD INCOME

	1 MILE	3 MILE	5 MILE
Avg Household Income	\$101,719	\$122,418	\$138,075





STARBUCKS
COFFEE
DRIVE THRU

Panera

NO
EXIT

WE'RE
HIRING



San Jose, CA

San Jose is an economic, cultural, and political center of Silicon Valley and the largest city in Northern California. With an estimated 2021 population of 983,489, it is the third-most populous city in California (after Los Angeles and San Diego) and the tenth most populous in the United States. San Jose is the largest city in both the San Francisco Bay Area and the San Jose-San Francisco-Oakland Combined Statistical Area, which contains 7.7 million and 9.7 million people respectively.

San Jose is a global city notable as a center of innovation, for its affluence, and high cost of living. San Jose's positioning within the booming high tech industry, along with the city's cultural, political, and economic standing has earned it the nickname "Capital of Silicon Valley". San Jose is one of the wealthiest major cities in the United States and the world, and has the third-highest GDP per capita in the world (after Zurich, Switzerland, and Oslo, Norway), according to the Brookings Institution. The San Jose Metropolitan Area has the most millionaires and the most billionaires in the United States per capita. Major global tech companies including Cisco Systems, eBay, Hewlett Packard Enterprise, Cadence Design Systems, Adobe Systems, PayPal, Brocade, Samsung, Acer, and Western Digital maintain their headquarters in San Jose, in the center of Silicon Valley.

#1

**SAN JOSE LEADS NATIONAL
RANKINGS FOR EMPLOYEE
SATISFACTION**



#1

**SAN JOSE METRO AREA TOPS
RANKINGS FOR ECONOMIC
GROWTH AND JOB DEVELOPMENT**





SAN JOSE ECONOMY

San Jose holds the distinction of being a United States Foreign-Trade Zone. The City received its Foreign Trade Zone grant from the U.S. Federal Government in 1974, making it the 18th foreign-trade zone established in the United States. Under its grant, the City of San Jose is granted jurisdiction to oversee and administer foreign trade in Santa Clara County, Monterey County, San Benito County, Santa Cruz County, and in the southern parts of San Mateo County and Alameda County.

San Jose lists many companies with 1,000 employees or more, including the headquarters of Adobe, Altera, Brocade Communications Systems, Cadence Design Systems, Cisco Systems, eBay, Lee's Sandwiches, Lumileds, PayPal, Rosendin Electric, Sanmina-SCI, and Xilinx, as well as major facilities for Becton Dickinson, Ericsson, Hewlett-Packard, Hitachi, IBM, Kaiser Permanente, KLA Tencor, Lockheed Martin, Nippon Sheet Glass, Qualcomm, and AF Media Group. The North American headquarters of Samsung Semiconductor is located in San Jose.

San Jose companies benefit from proximity to the region's top-ranked universities, including San Jose State University, Santa Clara University, Stanford University, and The University of California-Berkeley. San Jose State anchors Downtown with 30,000 students, providing a steady stream of new recruits and interns.

MAJOR EMPLOYERS



AMAZON LAND ACQUISITIONS

Amazon Web Services (AWS) is looking to build a data center in the City of Gilroy, California.

The company is planning a development on a 56-acre plot along highway 101, between Leavesly Road and Gilman Road. The company paid \$31.3 million for the plot in 2020 from local developers. According to documents filed with the City, the company is looking to build two 49MW data centers buildings on the site totaling 438,500 square feet (40,700 sq m), along with two 50MW Battery Energy Storage Systems (BESS) and some ancillary buildings.

The site would be developed in two phases. Phase I would include the first single-story data center building totaling approximately 218,000 square feet (20,250 sq m) and 50MW BESS facility and 25 diesel generators. Phase II, constructed within 4-7 years 'based on customer demand,' would consist of the second single-story data center building, a second 50MW BESS facility and as yet undetermined 'alternative backup generation technologies' to avoid the use of diesel-fired generators. The company said the facilities would have an average PUE of 1.18.

The other plot is close to a 60-acre site Amazon is developing into a large distribution center under the name 'Project Garlic.'



Purchase #1 (shown as “1” on attached map) = 66 acre site purchased in August 2020 for \$31M.

Purchase #2 (shown as “2” on attached map) = 60 acre site purchased in December 2021 for \$30M.



Panera BREAD

SECTION 05
TENANT OVERVIEWS

Panera Bread

Panera Bread Company is an American chain store of bakery-café fast-casual restaurants with 2,120 locations, all of which are in the The United States and Canada. Panera Bread is a pioneer and market leader in fast casual, with leadership in the quality of its clean, transparent, sustainable ingredients, and in omnichannel access, digital convenience (45% of sales are e-commerce) and engagement (45.4 MM MyPanera loyalty members). As of June 30, 2021, there were 2,120 Panera Bread bakery-cafes in 48 states and in Ontario, Canada, operating under the Panera Bread® or Saint Louis Bread Co.® names.



Starbucks

Starbucks Corporation operates as a roaster, marketer, and retailer of specialty coffee worldwide. Its stores offer coffee and tea beverages, packaged roasted whole bean and ground coffees, single-serve and ready-to-drink coffee and tea products, juices, and bottled water. The company's stores also provide fresh food and snack offerings; and various food products, such as pastries, breakfast sandwiches, and lunch items, as well as serve ware, beverage making equipment, and accessories.



CONFIDENTIALITY AGREEMENT & DISCLAIMER

This Offering Memorandum contains select information pertaining to the business and affairs of Tenant located at **Starbucks & Panera** located on **6865 Camino Arroyo, Gilroy, CA 95020** (“Property”). The Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews Real Estate Investment Services. The material and information in the Offering Memorandum is unverified. Matthews Real Estate Investment Services has not made any investigation, and makes no warranty or representation, with respect to square footage, income and expenses, the future financial performance of the property, future rent, and real estate value market conditions, the condition or financial prospects of any tenant, or the tenants’ plans or intentions to continue to occupy space at the property. All prospective purchasers should conduct their own thorough due diligence investigation of each of these areas with the assistance of their accounting, Construction, and legal professionals, and seek expert opinions regarding volatile market conditions given the unpredictable changes resulting from the continuing COVID-19 pandemic. The information is based in part upon information supplied by the Owner and in part upon financial information obtained from sources the Owner deems reliable. Owner, nor their officers, employees, or real estate agents make any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum, or any of its content, and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are Confidential;
2. You will hold it and treat it in the strictest of Confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Matthews Real Estate Investment Services is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee in the Offering Memorandum. The presence of any corporation’s logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of Matthews Real Estate Investment Services.

Owner and Matthews Real Estate Investment Services expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser’s sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Matthews Real Estate Investment Services or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.

OFFERING MEMORANDUM

STARBUCKS & PANERA

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