

jiffylube®



\*ACTUAL SITE PHOTO



OFFERING  
MEMORANDUM

**JIFFY LUBE**  
ABSOLUTE NNN LEASE  
2940 BOWERS AVE, SANTA CLARA, CA

OFFERING MEMORANDUM  
**PRESENTED BY:**

**JEFF GATES**

DIRECTOR

PHONE **415.231.5231**

EMAIL **jgates@thekasegroup.com**

DRE **#01768554**

**ROBERT LINDEE**

JUNIOR AGENT

PHONE **707.696.2432**

EMAIL **rlindee@thekasegroup.com**

DRE **#02153050**



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# TABLE OF CONTENTS

**jiffy lube®**



04	INVESTMENT OVERVIEW
05	FINANCIAL SUMMARY
06	GUARANTOR OVERVIEW
08	TENANT OVERVIEW
09	LOCATION AERIAL
11	SITE PHOTOS
14	ADJACENT DEVELOPMENT
15	AREA OVERVIEW

# INVESTMENT OVERVIEW



The subject is a corporate Jiffy Lube with an absolute NNN Lease in Santa Clara, California. The NNN lease includes 2.5% annual bumps. The lease is corporately guaranteed by Jiffy Lube International, Inc. with zero landlord obligations. The asset is adjacent to a 7.9 acre parcel being developed into 300,000 sq. ft. of office space by Sobrato Real Estate. Additionally, this site is well positioned on a major commercial thoroughfare, averaging over 34,000 VPD. Jiffy Lube has operated at this location for over 30-years.

## INVESTMENT HIGHLIGHTS

ABSOLUTE NNN LEASED OFFERING
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
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)
ADJACENT TO A FUTURE 300,000 SQ. FT. OFFICE CAMPUS BEING DEVELOPED BY SOBRATO REAL ESTATE

## OFFERING SPECIFICATIONS

PRICE	\$4,800,000
CAP RATE	4.00%
NET OPERATING INCOME	\$191,791
SQUARE FOOTAGE	7,828*
LOT SIZE	0.67 AC
MARKET	Bay Area

\*Includes 3,000 SF office building.

# FINANCIAL SUMMARY

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

2940 BOWERS AVE, SANTA CLARA, CA

**\$4,800,000 • 4.00% CAP**

### SUMMARY

TENANT NAME	Jiffy Lube International, Inc.
GUARANTOR	Pennzoil-Quaker State Company DBA Sopus Products "Shell"
SQUARE FOOTAGE	7,828*
LEASE START	05/01/2010
LEASE END	9/22/2028
ANNUAL RENT	\$191,791.85
OPTIONS	One, 5-Year

\*Includes 3,000 sq. ft. office building

### OFFERING SUMMARY

	NET OPERATING INCOME	CAP RATE
2022	\$191,791.85*	4.00%
2023	\$196,586.64	4.10%
2024	\$201,501.31	4.20%
2025	\$206,538.84	4.30%
2026	\$211,702.31	4.41%
2027	\$216,994.87	4.52%
2028	\$222,419.74	4.63%

\* Today's rent until 4/30/2022 is \$187,114; 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

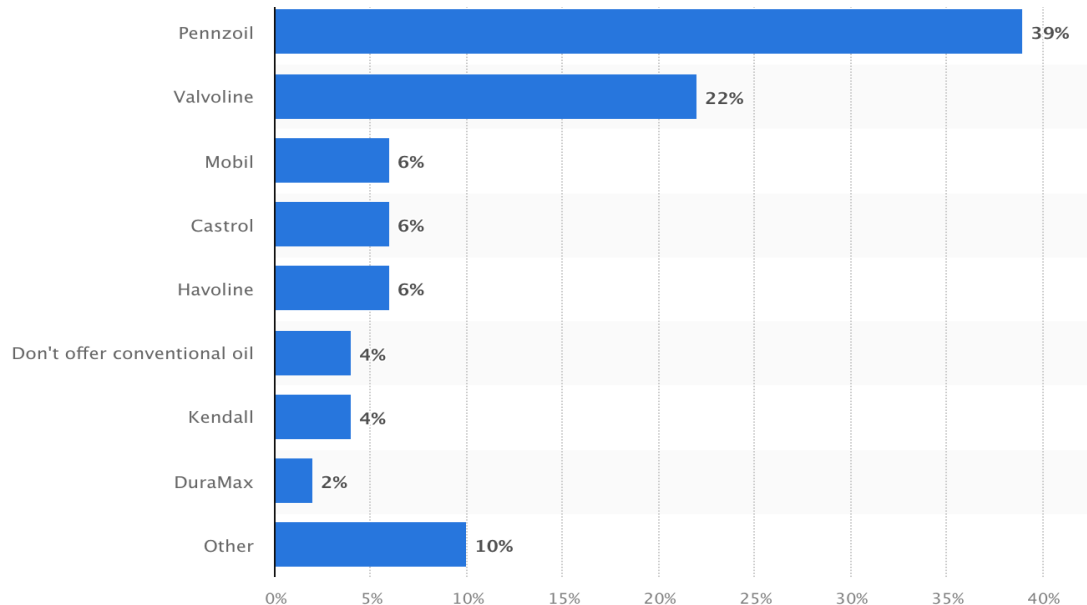


## PENNZOIL - QUAKER STATE

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



Rendering of 300,000 sq. ft. office campus, being developed by Sobrato Real Estate

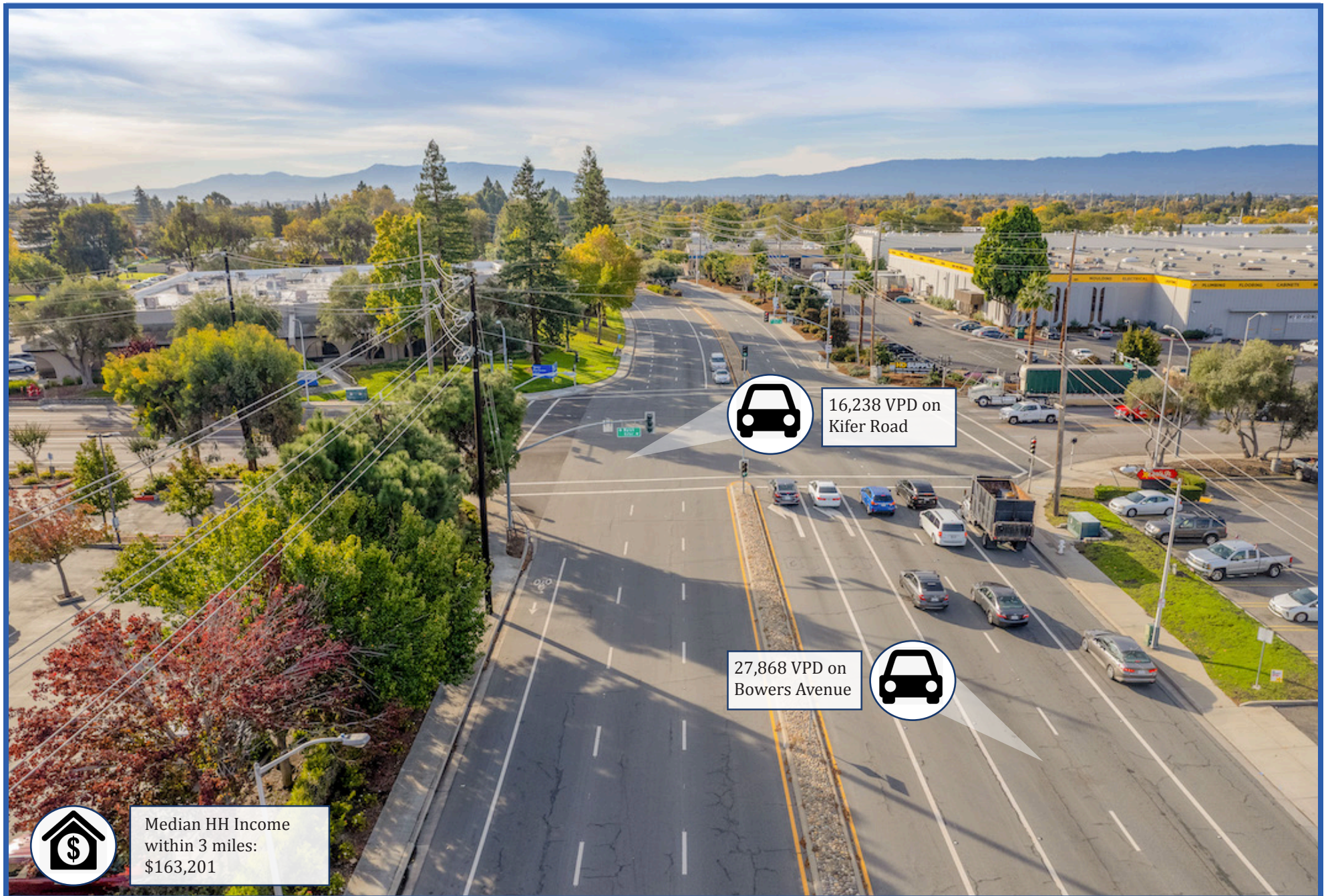


# LOCATION AERIAL





# INTERSECTION PHOTOS





# INTERSECTION PHOTOS





# SITE PHOTOS





# ADJACENT DEVELOPMENT

## 3000 BOWERS TECHNOLOGY PARK



### 3000 BOWERS TECHNOLOGY PARK

- 331,902 RSF Class A Office Campus
- Two 5-story buildings •  $\pm 165,951$  sf each ( $\pm 34,000$  sf floorplans)
- 1 block from the new Santa Clara Square retail center
- Owner/Developer: The Sobrato Organization
- For more info: [www.3000Bowers.com](http://www.3000Bowers.com)

# AREA OVERVIEW

DEMOGRAPHICS	1 MILE	3 MILES	5 MILES
TOTAL HOUSEHOLDS	4,620	76,826	178,989
TOTAL POPULATION	14,780	207,047	475,918
PERSONS PER HOUSEHOLD	3.2	2.6	2.6
AVERAGE HOUSEHOLD INCOME	\$143,857	\$163,201	\$167,947
AVERAGE HOUSE VALUE	\$1,060,304	\$1,078,397	\$1,087,657
AVERAGE AGE	35.9	36.7	37.1
WHITE	7,972	91,222	209,679
BLACK	475	5,671	13,425
AMERICAN INDIAN/ALASKAN NATIVE	140	1,841	4,175
ASIAN	5,213	98,124	226,298
HAWAIIAN & PACIFIC ISLANDER	224	1,309	2,362
TWO OR MORE RACES	756	8,879	19,981
HISPANIC ORIGIN	5,260	43,560	88,91

## SANTA CLARA, CALIFORNIA

Located in Santa Clara County at the southern tip of the San Francisco Bay, about 45 miles south of San Francisco, Santa Clara is a strategic regional hub, convenient proximity to freeways, airports, railroads, expressways, light rail and other public transportation. Santa Clara is located in the center of Silicon Valley. It is bordered by San Jose on all sides, except for Sunnyvale and Cupertino to the west.

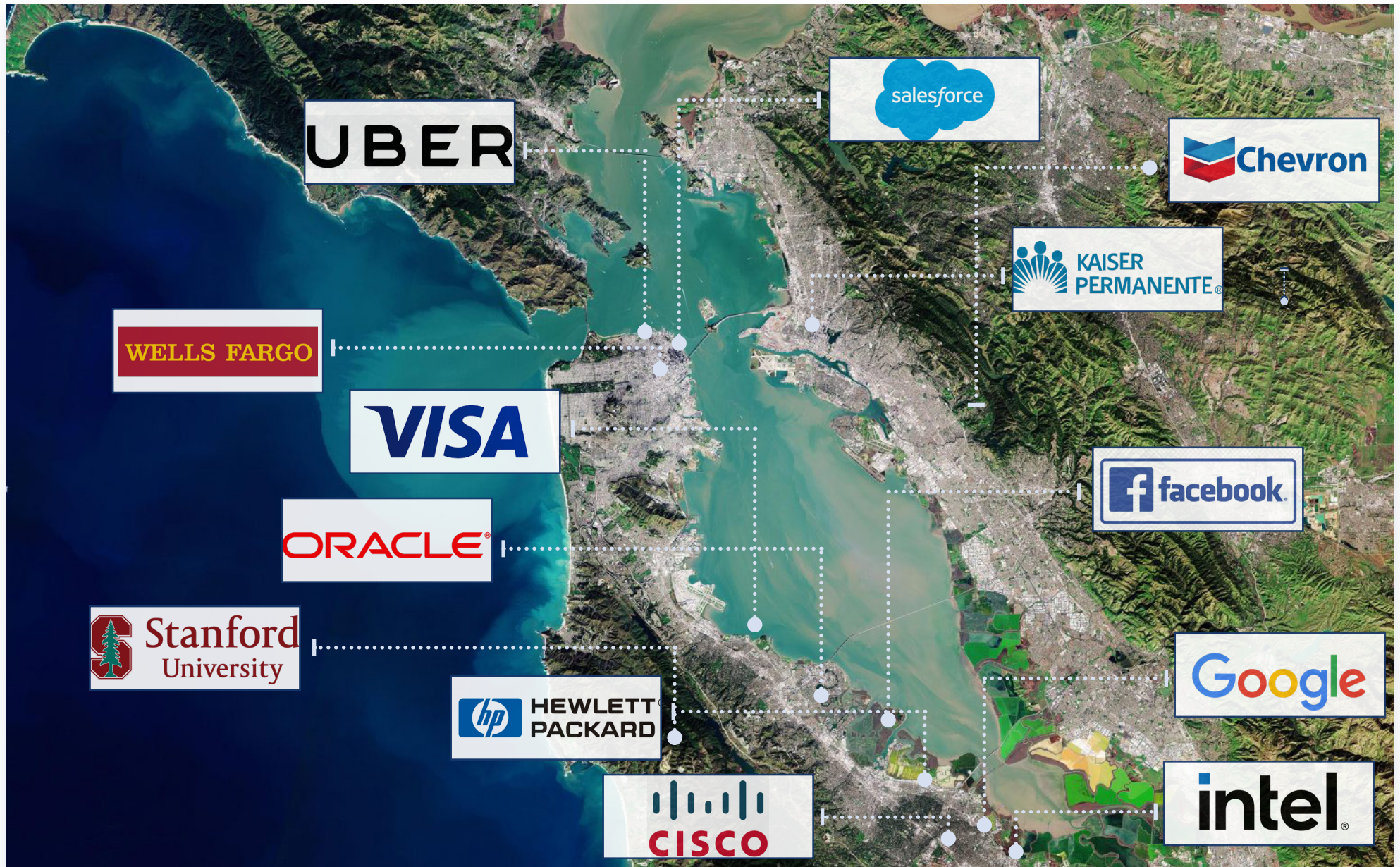
Santa Clara is home to the headquarters of many significant companies, such as Intel, Advanced Micro Devices, and Nvidia. It is also home to Santa Clara University, the oldest university in California. Additionally, Levi’s Stadium, home of the San Francisco 49ers, is located in Santa Clara, along with its headquarters and practice facilities. Nearby is the Santa Clara Convention Center, one of Silicon Valley’s largest event and meeting venues. Santa Clara also offers several museums, such as the Intel Museum, Triton Museum of Art. And the Harris-Lass Historical House.

Santa Clara owns and operates an electric utility called Silicon Valley Power, thus, the going rate for electricity in Santa Clara is considerably cheaper than that offered by Northern California’s dominant utility, Pacific Gas & Electricity.

Additional companies headquartered in Santa Clara include: Advanced Micro Devices (AMD), Affymetrix, Agilent Technologies, Applied Materials, Arista Networks, Aruba, Atheros, Brillio, Chegg, Coherent, Extreme Networks, FileMaker, Global Foundries, Hortonworks, Infoblox, Intel, Intevac, Marvell, McAfee, Move inc. National Semiconductor, Nvidia, OmniVision, Ooyala, Palo Alto Networks, PMC-Sierra, Rovi, ServiceNow, Silicon Valley Bank, Synaptics, Trident Microsystems and Veritas Technologies.



# AREA OVERVIEW



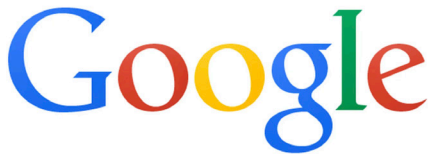


# AREA OVERVIEW

## LOCAL ECONOMY

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

1	Applied Materials	8,500
2	Intel	7,801
3	AMD	3,000
4	California’s Great America	2,500
5	Avaya Inc.	2,000
6	Santa Clara University	2,000
7	City of Santa Clara	1,973
8	Kaiser Foundation Hospitals	1,459
9	Macy’s	1,200
10	ON Semiconductor	1,100



## Culture

Santa Clara is also home to California’s Great America, an amusement park currently operated by Cedar Fair, L.P.. Nearby is the Santa Clara Convention Center, one of Silicon Valley’s largest event and meeting venues. Santa Clara also offers several museums such as the Intel Museum, Triton Museum of Art, and the Harris – Lass historical house. The Our Lady of Peace Shrine is notable for its thirty-two-foot tall statue which is viewable from Highway 101. The Mission City Center for Performing Arts is the city’s venue for theatrical productions and entertainment.

The San Francisco 49ers NFL football team has its headquarters and practice facilities in Santa Clara. On Wednesday, November 8, 2006, the 49ers announced their intention to move the team to Santa Clara in time for the fall 2014 season, after negotiations failed with the city of San Francisco to build a new stadium.

## LOCATION HIGHLIGHTS

HIGH MEDIAN INCOME

EXTREMELY UNIQUE CORE BAY AREA  
NET LEASED OFFERING

POPULATION GROWTH ‘21 - ‘26 - 4.22%

AT THE EPICENTER OF SILICON VALLEY

SANTA CLARA HAS TWO MAJOR TRAIN  
STATIONS: THE SANTA CLARA – GREAT  
AMERICA STATION AND THE SANTA  
CLARA STATION

CURRENTLY 130,000 SF OF NEW  
RETAIL SPACE UNDER CONSTRUCTION  
ACROSS THE METRO

POPULATION GAINS AND STRONG  
LOCAL INCOME GROWTH  
CONTRIBUTED TO ROBUST CONSUMER  
DEMAND THAT BOLSTERED BRICK-  
AND-MORTAR RETAIL

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