

DUTCH BROS 20 YR GROUND LEASE

1836 NORTH HIGLEY ROAD, GILBERT, ARIZONA



OFFERING MEMORANDUM

Marcus & Millichap



VILLAGE SQUARE AT DANA PARK

SUNLAND VILLAGE GOLF CLUB



SUPERSTITION SPRINGS CENTER

Dutch Bros
Coffee

60

SUPERSTITION SPRINGS GOLF CLUB



DOWNTOWN GILBERT

sam's club

FREESTONE PARK



Banner Gateway Medical Center



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60 179,831 CPD
SUPERSTITION FWY

ups
DISTRIBUTION CENTER

45,134 CPD
HIGLEY ROAD

LAND OWNED BY
Banner Health

Banner
MD Anderson
Cancer Center
Making Cancer History

Banner Gateway
Medical Center

LAND OWNED BY
Banner Health

Dutch Bros
Coffee

Residence Inn
by Marriott
SuperStar
CAR WASH
BURGER KING

Rockstar
Barrel

Hampton
by Hilton

SAN
VALLANTE
348 UNITS

MEDICAL OFFICES

SOLARA
HOMES
288 UNITS

LAND OWNED BY
Banner Health

APARTMENT COMPLEX
[PLANNED]
261 UNITS

SAN
ANGELIN
312 UNITS

DAIRY QUEEN
Banner
Urgent Care

BoSa
DONUTS
Coffee & Smoothies

Jamba
Juice

SANDBRIDGE
328 UNITS

Davita

42,072 CPD
BASELINE ROAD

ServiceKing
Budget

Starbucks
K
DEL TACO
Farmer Boys
Cafe Rio
Popeyes
MOD

BROADSTONE
BASELINE
288 UNITS

STAYBRIDGE
SUITES
Holiday Inn
AN IHG HOTEL

SAFeway
KNEADERS
SUBWAY
PNC BANK
usbank
McDONALD'S

LifeStorage

fray's



Executive Summary

1836 North Higley Road, Gilbert, AZ 85234

FINANCIAL SUMMARY

| | |
|---------------|--------------------|
| Price | \$2,222,000 |
| Cap Rate | 4.50% |
| Building Size | 900 SF |
| Net Cash Flow | 4.50% \$100,000 |
| Year Built | 2022 |
| Lot Size | 0.88 Acres |

LEASE SUMMARY

| | |
|-------------------------|--|
| Lease Type | Absolute Triple-Net (NNN) Ground Lease |
| Tenant | Higley Inverness DB LLC |
| Guarantor | Thompson McCarthy Coffe Co. |
| Roof & Structure | Tenant Responsible |
| Lease Commencement Date | Est. Feb 2023 |
| Lease Expiration Date | Est. Feb 2043 |
| Lease Term | 20 Years |
| Rental Increases | 10% Every 5 Years |
| Renewal Options | 2, 5 Year Options |
| Right of First Refusal | None |

ANNUALIZED OPERATING DATA

| Lease Years | Annual Rent | Cap Rate |
|-----------------|--------------------|-----------------|
| Years 1 – 5 | \$100,000 | 4.50% |
| Years 6 – 10 | \$110,000 | 4.95% |
| Years 11 – 15 | \$121,000 | 5.45% |
| Years 16 – 20 | \$133,100 | 5.99% |
| Option 1 | Annual Rent | Cap Rate |
| Years 21 – 25 | \$146,410 | 6.59% |
| Option 2 | Annual Rent | Cap Rate |
| Years 26 – 30 | \$161,051 | 7.25% |

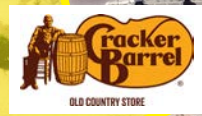
| | |
|-----------------------------|------------------------|
| Base Rent | \$100,000 |
| Net Operating Income | \$100,000 |
| Total Return | 4.50% \$100,000 |





42,072 CPD
BASELINE ROAD

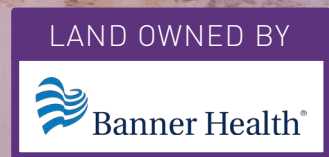
MEDICAL OFFICES



APARTMENT
COMPLEX
[PLANNED]
261 UNITS



45,134 CPD
HIGLEY ROAD



CONSTRUCTION PHOTO
AS OF 10/25/2022



FRANKLIN
AT BRIMHALL

SUNLAND VILLAGE
GOLF CLUB

LOWE'S

SPROUTS
FARMERS MARKET
LESLIE'S
SWIMMING
POOL SUPPLIES
The UPS Store
Wiener Schnitzel
CORBLESSTONE
AUTO SPA

MADISON
ELEMENTARY

WILSON
ELEMENTARY

60 179,831 CPD
SUPERSTITION FWY

Banner Gateway
Medical Center

DUTCH BROS
Coffee

LAND OWNED BY
Banner Health

BEST BUY Walmart
Burlington
Olive Garden JCPenney
FAMOUS Footwear Ashley
The Cheesecake Factory HALF PRICE BOOKS
Dillard's ROSS
DRESS FOR LESS
SUPERSTITION
SPRINGS CENTER

45,134 CPD
HIGLEY ROAD

APARTMENT
COMPLEX
[PLANNED]
261 UNITS

Hampton
by HILTON

CONSTRUCTION PHOTO
AS OF 10/25/2022

Property Description

CONSTRUCTION PHOTO
AS OF 10/25/2022



INVESTMENT HIGHLIGHTS

- » **Brand New 20-Year Lease with Absolute Triple-Net Ground Lease at Hard-Corner Location**
- » Ten Percent Rental Increases Every Five Years
- » **346,182 Residents within a Five-Mile Radius - Phoenix MSA**
- » New 2022 Construction with a Drive-Thru
- » **Franchisee Operates 20+ Dutch Bros Coffee Locations in the Phoenix Area**
- » Located Directly Off the Superstition Freeway (US 60) with 179,800+ Cars/Day
- » **Easily Accessible Hard-Corner Signalized Location Along East Baseline Road (Over 42,000 Cars/Day) and Higley Road (Over 45,000 Cars/Day)**
- » Immediate Proximity to Banner Gateway Medical Center
- » **Average Household Income Exceeds \$98,000 in the Immediate Area**
- » Down the Street from Superstition Springs Center Shopping Mall with Major National Tenants: Walmart Supercenter, Best Buy, Target, Costco, and Many More



DEMOGRAPHICS

1-mile

3-miles

5-miles

Population

| | | | |
|--------------------|--------|---------|---------|
| 2027 Projection | 14,553 | 130,022 | 365,786 |
| 2022 Estimate | 13,789 | 124,276 | 346,182 |
| Growth 2022 – 2027 | 5.54% | 4.62% | 5.66% |

Households

| | | | |
|--------------------|-------|--------|---------|
| 2027 Projection | 5,599 | 52,583 | 142,478 |
| 2022 Estimate | 5,173 | 49,847 | 133,823 |
| Growth 2022 – 2027 | 8.24% | 5.49% | 6.47% |

Income

| | | | |
|------------------------------------|----------|----------|----------|
| 2022 Est. Average Household Income | \$98,146 | \$92,037 | \$90,631 |
| 2022 Est. Median Household Income | \$79,457 | \$68,876 | \$68,442 |



Tenant Overview



CONSTRUCTION PHOTO
AS OF 10/25/2022



Dutch Bros Coffee

Grants Pass, Oregon

600+

1992

www.dutchbros.com

Company

Headquarters

Locations

Founded

Website

Dutch Bros. Coffee was founded in 1992 in Grants Pass, Oregon by Dane and Travis Boersma, brothers of Dutch descent. Today, Dutch Bros. Coffee is the country's largest, privately held drive-thru coffee company. Dutch Bros. now has approximately 603 stores open in 14 states and is planning on heavy growth.

Dutch Bros. Coffee roasts all its own coffee, a three-bean blend sourced from direct relationships with Salvadorian, Brazilian, and Colombian coffee plantations. In October 2014, the company announced the release of Dutch Bros. Single-Serve Cups compatible with Keurig-style brewers. In 2012, the Company

launched its own energy drink, Blue Rebel, and in May 2016 introduced Cold Brew Coffee.

FRANCHISEE OVERVIEW: Thompson/McCarthy Coffee Co.

In 2006, the group became the franchisees for an area in the Phoenix Valley, from Cave Creek to Santan Freeway, 35th Avenue on the west side to Queen Creek. Today, they have over 20 stores completed under the company name Thompson McCarthy Coffee Co. Total sales for the franchise are among the highest in Dutch Bros. due to the number of stores and the higher than average sales.

Location Overview



As part of the Phoenix MSA, Gilbert, Arizona has evolved into one of the fastest growing communities and the largest town in the United States. Encompassing 72.6 square miles, just southeast of Phoenix, Gilbert has transformed from an agricultural community to a thriving and economically-diverse suburban community. Once known as the “Hay Shipping Capital of the World,” more recently Gilbert has received accolades such as “Phoenix’s Coolest Suburb,” a “top 5 foodie neighborhood in metro Phoenix”. Gilbert is also consistently recognized as one of the safest and best cities to live in the U.S.

Gilbert’s booming housing industry is coupled with booming business. With a targeted focus in the Science, Technology, Engineering and Math industries, Gilbert is home to companies focused in Advanced Manufacturing, Aerospace

and Defense, Bio-Technology, Clean Technology and Renewable Energy.

Gilbert boasts a nationally ranked K-12 education system including public schools, unique magnet and charter schools, with an average graduation rate of 90%. Nearly 40% of Gilbert residents hold a bachelor’s degree or higher and the median household income is \$80,080.

As Gilbert approaches build-out over the next decade, the estimated population is expected to reach 330,000. With a continued focus on building the latest satellites, conducting cancer research and producing algae technology, Gilbert will continue to grow and thrive and uphold its reputation as being clean, safe and vibrant.

[exclusively listed by]

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