



STARBUCKS

DAYTON (HOUSTON MSA), TEXAS

OFFERING MEMORANDUM



BRAND NEW CONSTRUCTION WITH DRIVE-THRU
10-YEAR LEASE SCHEDULED TO COMMENCE IN AUGUST 2023



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OFFERING MEMORANDUM

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01 OFFERING

INVESTMENT HIGHLIGHTS
EXECUTIVE SUMMARY

RIVER RANCH DEVELOPMENT



- 7,000 Acres
- 14,000 Lots upon Completion
- Over 27,000 New Residents
- River Ranch Meadows (Phase I)
- Homes Currently for Sale by D.R. Horton



GULF INLAND LOGISTICS PARK

- 1,350 Acres
- 10 Million SF of Industrial, Commercial & Office Space
- Logistics park to bring 5,000 new jobs to Dayton




INVESTMENT HIGHLIGHTS

THE OFFERING

Newly constructed in 2023, featuring a 2,100 SF free-standing Starbucks with a dedicated drive-thru and patio seating leased for 10 years until August 2033 (5.25% Average 10-Year Cap Rate).

PRICE: \$2,620,000 - 5.00% CAP RATE

LEASE /TENANT

- **Corporate Backed Long-Term Lease:** Starbucks Corporation signed a new 10-year lease with no early termination clause, which is scheduled to commence in August 2023.
- **Extremely Rare "Self-Maintain" Lease:** Starbucks maintains landscaping and parking lot, including sweeping, sealing, and restriping. Providing a unique passive Starbucks investment.
- **Attractive Rent Increases:** Lease features 10% rent increases every 5 years in the primary term and options, providing a hedge against inflation
- **Investment Grade Credit:** Starbucks Corporation is rated "BBB+" by Standard & Poor's
- **Starbucks Corporation** (NASDAQ: "SBUX") is the world's premier coffee company with \$32.93 billion (about \$100 per person in the US) in annual revenue, which includes an 11% growth in revenues compared to \$29.1 billion in fiscal 2021.
- **Forbes** Ranked Starbucks as the world's second-largest restaurant company with over 35,000 locations

PROPERTY & LOCATION HIGHLIGHTS

- **Signalized Location Along Area's Main Retail and Traffic Corridor:** excellent exposure at the intersection of US-Highway 90 and State Highway 146, with combined daily traffic counts in excess of 31,653 vehicles.
- **Excellent ingress and egress along both traffic corridors:** Starbucks benefits from its location at the signalized intersection allowing commuters easy access from all traffic patterns.
- **River Ranch Residential Development to Bring Massive Population Growth to Dayton:** just minutes south of subject property, the master-planned community consists of over 7,000 acres and has plans for over 14,000 lots upon completion - projecting over 27,000 new residents coming to Dayton in the coming years. Home currently for sale.
- **Gulf Inland Logistics Park to bring 5,000 jobs to Dayton:** Spanning over 1,350 acres, this rail-served industrial park is being developed into a world-class manufacturing, distribution, storage, and transportation hub for global companies. Upon completion, the park will consist of 10 million square feet of industrial, office and commercial buildings.
- **Prominent Retail Location:** Traffic generators in the immediate area include Whataburger, Wendy's, Burger King, Walgreens, McDonald's, Sonic, Jack in the Box, Little Caesars Pizza, Family Dollar, AutoZone, O'Reilly Auto Parts, Exxon, Valero, Chevron and many others.
- **Limited Competition:** The subject property is the only Starbucks within 15 miles in any direction.
- **Grand Parkway Creates Economic Boom in Liberty County:** The 180-mile loop around Houston passes through western portion of Dayton providing residents convenient accesses to greater Houston MSA.



SUBJECT PROPERTY
UNDER CONSTRUCTION

10% POPULATION GROWTH

EXECUTIVE SUMMARY

THE SUBJECT PROPERTY IS A 2,100 SF STARBUCKS FEATURING A DEDICATED DRIVE-THRU AND PATIO SEATING LOCATED IN DAYTON, TEXAS

Starbucks Corporation signed a 10-year lease scheduled to commence in August of 2023. The lease features extremely attractive 10% rent increases every 5 years throughout the primary term, and between each of the four, five-year renewal options. Starbucks, which is publicly traded on the New York Stock Exchange under the ticker symbol “SBUX”, has a current “BBB+” credit rating from Standard & Poor’s and boasted annual revenues in excess of \$32.9 billion in 2022.

Located 30 miles east of downtown Houston, the subject property is ideally positioned at the junction of State Highway 146 and US-Highway 90. US-90, which is a major east-west highway, connects Dayton to the Houston metropolitan area. Starbucks benefits from its location at a signalized intersection with combined daily traffic counts in excess of 31,653 vehicles. The prominent location at the traffic signal provides excellent ingress and egress allowing commuters easy access from all traffic patterns.

The city once known as the hub of transportation due to the convergence of 4 highways is seeing an economic boom. Over 27,000 new residents are projected to call Dayton home in the coming years. River Ranch, which is just minutes south of the subject property, is a 7,000-acre master-planned development bringing upwards of 14,000 homes and retail to the area. Phase I, known as River Ranch Meadows, is currently underway by DR. Horton and will consist of 2,600 homes, and 135 acres of commercial. Other master-planned communities and neighborhoods are being planned which will include waterfront dining, beach club, shopping, schools and recreation.

Along with the new housing developments, the addition of Gulf Inland Logistics Park will have vast ripple effect on the community by attracting new business and investment to the region, which will increase economic activity and stimulate growth. Upon completion, the world-class industrial park will include over 10 million square feet (msf) industrial, office and commercial buildings bringing more than 5,000 jobs to Dayton. Starbucks is penetrating the Dayton market at the forefront of enormous economic growth, which will no doubt contribute to the store’s success and longevity.



SITE OVERVIEW

Year Built

2023

Building Size

2,100 SF

Land Area

0.82 ACRES

Parking

35 stalls

Access Points

Highway US-90 & SH-146

Features

Drive-Thru and Patio

Location

Off of Major HWY

ACTUAL SITE RENDERINGS





02 FINANCIALS

LEASING & PRICING SUMMARY



\$2,620,000



5.00%



STARBUCKS 802 US-90
DAYTON . TEXAS



YEAR BUILT
2023



OWNERSHIP TYPE
FEE SIMPLE



BUILDING SIZE
2,100 SF



LOT SIZE
0.82 ACRE

TENANT
STARBUCKS CORPORATION

LEASE STRUCTURE
NET, WITH TENANT RESPONSIBLE FOR ALL TAXES, INSURANCE, AND MAINTENANCE, EXCLUDING ROOF AND STRUCTURE. TENANT "SELF-MAINTAINS" PREMISES INCLUDING LANDSCAPING AND PARKING LOT.

ROOF WARRANTY
20 YEARS

LEASE TERM
10 YEARS

LEASE COMMENCEMENT
EST. AUGUST 31, 2023

LEASE EXPIRATION
EST. AUGUST 31, 2033

RENEWAL OPTIONS
FOUR, 5-YEAR OPTIONS

RENT INCREASE
10% EVERY 5 YEARS



RENT SCHEDULE

ANNUAL RENT YEARS 1-5
\$131,000

ANNUAL RENT YEARS 6-10
\$144,100

OPTION 1 (5 YEARS)
\$158,510

OPTION 2 (5 YEARS)
\$174,361

OPTION 3 (5 YEARS)
\$191,797

OPTION 4 (5 YEARS)
\$210,977



03 TENANT

TENANT OVERVIEW
STARBUCKS GROWTH



TENANT OVERVIEW

STARBUCKS IS A MULTINATIONAL COFFEEHOUSE CHAIN THAT WAS FOUNDED IN SEATTLE, WASHINGTON IN 1971. THE COMPANY'S MISSION IS TO "INSPIRE AND NURTURE THE HUMAN SPIRIT—ONE PERSON, ONE CUP, AND ONE NEIGHBORHOOD AT A TIME." STARBUCKS CORPORATION AND ITS SUBSIDIARIES OPERATE AS A ROASTER, MARKETER, AND RETAILER OF SPECIALTY COFFEE WORLDWIDE. THE COMPANY OPERATES IN FOUR SEGMENTS: AMERICAS; CHINA/ASIA PACIFIC; EUROPE, MIDDLE EAST, AND AFRICA; AND CHANNEL DEVELOPMENT.

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; an assortment of fresh food and snack offerings; and various food products, such as pastries, breakfast sandwiches, and lunch items, as well as beverage-making equipment and accessories. The company also licenses its trademarks through licensed stores, and grocery and national foodservice accounts. It offers its products under the Starbucks, Teavana, Tazo, Seattle's Best Coffee, Evolution Fresh, La Boulange, Ethos, Frappuccino, Starbucks Doubleshot, Starbucks Refreshers, and Starbucks VIA brand names.

As of the end of 2022, the company operated 35,711 stores worldwide. Out of Starbucks' U.S.-based stores, over 8,900 are company operated, while the remainder are licensed. The Seattle-based company's worldwide expansion has made it one of history's most successful and well-known coffeehouse chains. Its store count isn't the only thing that has grown over the years, so has the revenue. Starbucks recorded its highest-ever revenue in 2022, having generated \$32.914 billion U.S. dollars, an 8.41% increase year over year. Starbucks is a well-known and highly respected brand that has become synonymous with high-quality coffee and a commitment to ethical sourcing and sustainability.

A Credit Rating
(Standard & Poor's)

\$32.9B
2022 Revenue

35,711
Number of stores across
the globe

383,000
Employees

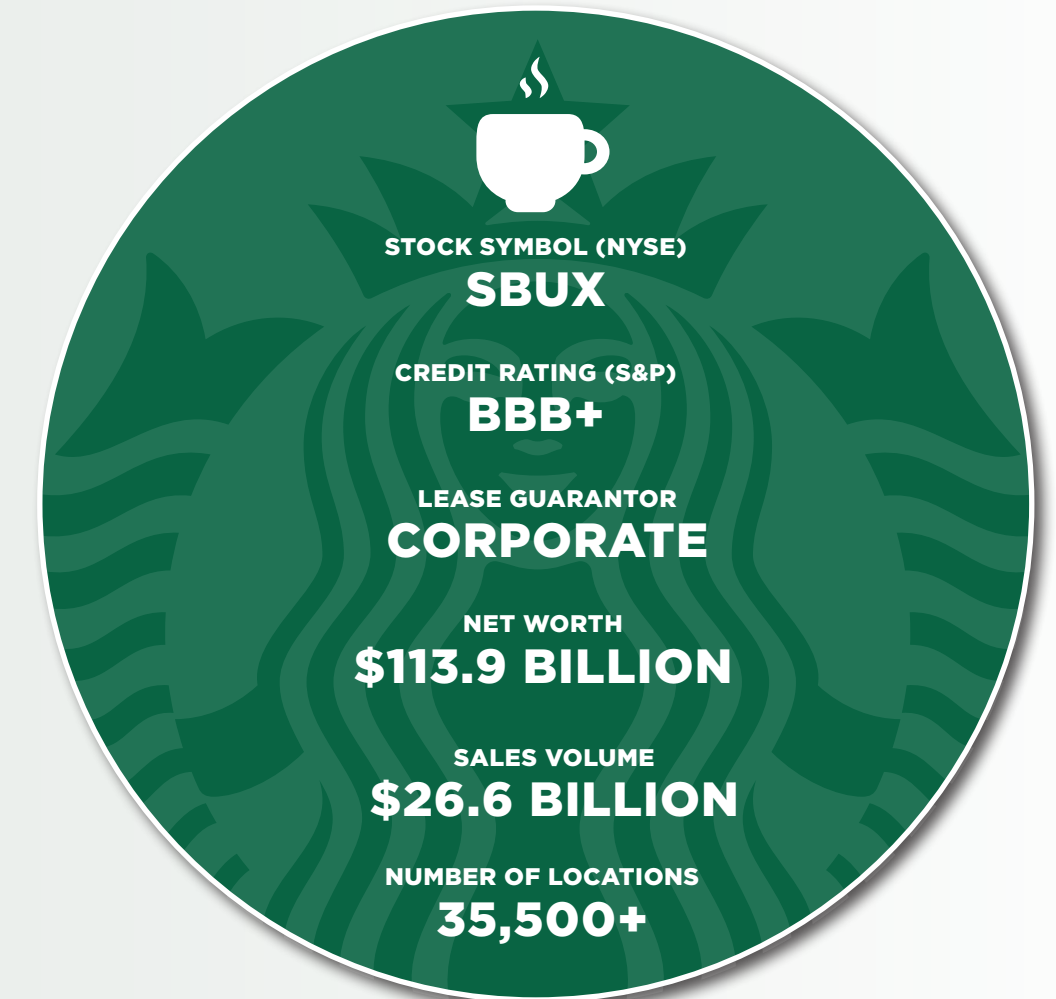
PUBLICLY
Traded

78 Number of countries
where Starbucks operates

Starbucks Growth

STARBUCKS PLANS TO OPEN 2,000 NEW STORES BY 2025, INVEST \$450M IN EXISTING US LOCATIONS

Starbucks Coffee (NASDAQ: SBUX) has announced plans to open 2,000 stores by 2025 and invest \$450 million in its North American real estate, which will include the modernization of existing locations across the United States. This would be the largest number in four years and would represent about 6% unit growth. The announcement took place during the company's 2022 Investor Day conference in Starbucks' hometown of Seattle. The company's reinvention plan includes the implementation of a store design that streamlines work behind the counter, enabling better connection with the customer. Starbucks also plans to recognize its real estate portfolio to include a great number of pick-up stores and drive-thru-only and delivery-only locations. Drive-thru and mobile order and pay now represent 70% of total sales and is up 15 percentage points from pre-pandemic levels. Starbucks also plans to expand its mobile order offerings via the company's app, allowing customers to know when their order is ready and making the process of mobile ordering easier and more efficient during peak hours. Mobile ordering will also be extended to the company's airport and grocery store locations.





04 MARKET

DAYTON, TEXAS
HOUSTON, TEXAS
2022 DEMOGRAPHICS

DAYTON TEXAS

DAYTON IS A CITY LOCATED IN LIBERTY COUNTY, TEXAS, UNITED STATES. IT IS PART OF THE HOUSTON-THE WOODLANDS-SUGAR LAND METROPOLITAN AREA, APPROXIMATELY 37 MILES FROM HOUSTON, TX. DAYTON HAS EXPERIENCED STEADY GROWTH OVER THE YEARS, WITH THE POPULATION INCREASING FROM AROUND 5,000 IN THE YEAR 2000 TO AROUND 8,200 IN THE 2020 CENSUS. THIS REPRESENTS A GROWTH RATE OF APPROXIMATELY 50% OVER A 20-YEAR PERIOD.

The city was **founded in 1867** and was named after the Ohio city of the same name. Dayton has a **rich history**, including being the site of a Civil War battle in 1864 and having one of the first schools in Texas for African American children.

Dayton is home to a number of **parks and recreational areas**, including the Dayton Community Center, which has a swimming pool, basketball court, and fitness center. The city also hosts a number of **annual events**, such as the Dayton Ole Tyme Days Festival, which celebrates the city's history and culture.

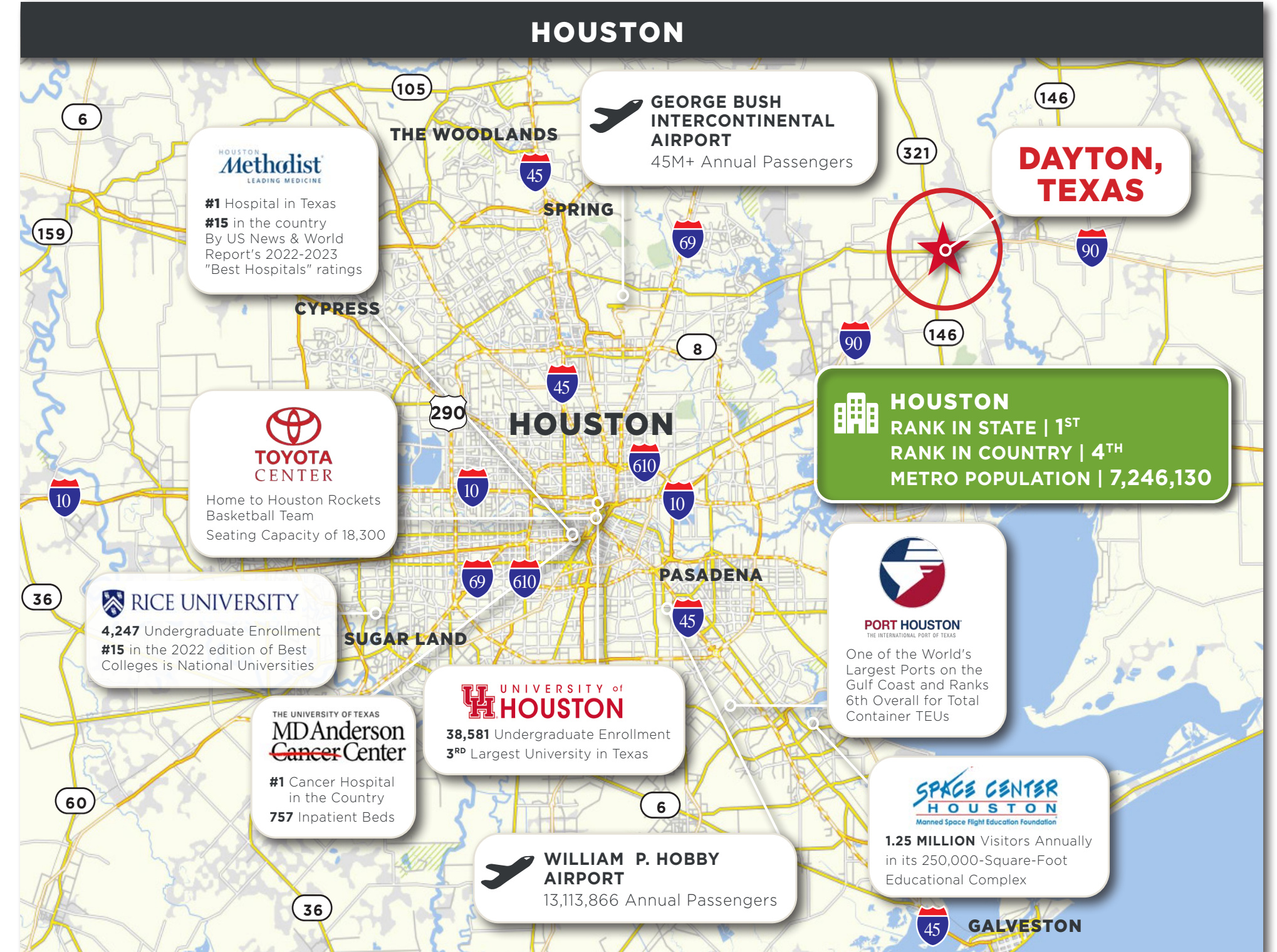
The **local economy** is supported by a mix of industries, including oil and gas, manufacturing, and agriculture. One of the key drivers of Dayton's growth has been its **proximity to Houston**, which has attracted people to the area for both work and life-style reasons.

The city has also made efforts to **attract new businesses and industries** to the area, including offering tax incentives and streamlined permitting processes for new developments. This has helped to diversify the local economy and create new **job opportunities** for residents. Dayton has a strong manufacturing sector, but we are seeing growth in the retail sector as well. With the completion of 99 (Grand Parkway), several **new developments** coming to the area, and access to several **major highways and rail services**, Dayton is the prime site for both large and small industries.

In recent years, Dayton has also invested in **infrastructure improvements**, such as the expansion of its wastewater treatment plant and the construction of new roads and highways. This has helped to support further growth and development in the area.

The public schools in Dayton, TX are part of the Dayton **Independent School District**, which serves students in the city as well as in surrounding areas of Liberty County. The Dayton ISD operates seven campuses, including one high school, two middle schools, and four elementary schools. Overall, the district serves approximately **5,500 students**.

Overall, Dayton is a **vibrant growing community** that offers its residents a high quality of life, with a strong sense of history and community spirit.



37 MILES EAST OF HOUSTON



HOUSTON, TEXAS

HOUSTON, ALSO KNOWN AS THE BAYOU CITY, IS LOCATED NEAR THE GULF OF MEXICO ON THE COASTAL PRAIRIE OF GALVESTON BAY IN EASTERN TEXAS. FOR ITS CITY POPULATION, IT IS THE LARGEST IN THE SOUTHERN AND SOUTHWESTERN UNITED STATES, AND THE FOURTH LARGEST IN THE NATION.

Houston is the fourth most populous city in the United States. Texas' largest entertainment complex, the Bayou Place, is located in Houston. Finished in 1997, Bayou Place is the cornerstone of urban renewal in the 1990s, costing in excess of \$23 million, with the massive size of 150,000 sf. Yet, Bayou Place is only one part of a revitalization and diversification project for a city that reached depression levels just a decade ago. The Port of Houston serves 200 steamship lines while it connects Houston to 250 ports worldwide. A major international and corporate business center, 15 Fortune 500 companies are located there.

Houston has the fourth-largest airport system in the United States and the sixth-largest in the world, with approximately 2,000 flights entering the city daily. The city has two major international airports and several other regional air facilities. The George Bush Intercontinental Airport (on the north side of the city) and the William P. Hobby Airport (located southeast of downtown) provide passenger service by all major international and domestic carriers. The METRO bus system offers express transportation to most Houston sites of interest from both airports.

The south Houston area is located along I-45, nicknamed the "Gulf Freeway." This area developed around rice farms, orange and fig orchards. In the 1930s, oil field development allowed many residents to work in the Texas City area. Today, South Houston is one of the quickest expanding areas in the entire region.

The Port of Houston is now the second largest in the United States in tonnage moved; a major international port, its top cargoes (in terms of tonnage) include petroleum and petroleum products, chemicals, grain, fertilizer, plastics, iron, and steel. Medical research and health care have a considerable economic impact; the combined institutions of the Texas Medical Center constitute by far the largest single employer in the city. Engineering services, software production, aerospace research and development operations, and aerospace, electronics, and computer manufacturing are also economic strengths. The immense resources of petroleum, natural gas, sulfur, lime, salt, and water in the region have created one of the world's greatest concentrations of industries along the Houston Ship Channel. The area around the city is also important for rice, cotton, and cattle.

Home to the Astros baseball teams and the basketball team, the Rockets. Space Center Houston at the Johnson Space Center is a popular attraction offering educational programs and exhibits. A number of lakes, wildlife refuges, and Galveston Island beaches, as well as an arboretum in the city and Sam Houston National Forest to the north.



2022 DEMOGRAPHICS

	1 Mile	3 Miles	5 Miles	7 Miles
POPULATION				
Total Population	3,268	9,335	15,085	29,831
Median Age	34.7	33.3	34.1	34.0
HOUSING				
Total Housing Units	1,340	3,808	5,918	9,951
Occupied Housing Units	90.3%	90.7%	91.6%	91.7%
Vacant Housing Units	9.7%	9.3%	8.4%	8.3%
HOUSEHOLD INCOME				
Average Household Income	\$79,972	\$76,047	\$77,365	\$82,167



\$79,972
Average Household Income
within 1 mile



15,085
Total Population
within 5 miles

STATEMENT OF CONFIDENTIALITY + CONDITIONS

This Offering Memorandum is confidential and is furnished to prospective purchasers of the Property described herein subject to the terms of the Confidentiality Agreement previously provided to and executed by such prospective purchasers. This Memorandum is intended solely to assist prospective purchasers in their evaluation of the Property and their consideration of whether to purchase the Property. It is not to be used for any other purpose or made available to any other person without the prior written consent of the Seller of the Property.

This Memorandum was prepared on the basis of information available to the Seller and to Cushman & Wakefield, Inc., the Seller's exclusive agent in connection with the sale of the Property. It contains pertinent information about the Property and the surrounding area but it does not contain all the information necessary for a complete evaluation of the Property. The projected cash flow and other financial information contained herein are for reference only.

Although the information contained in this Memorandum is believed to be accurate and reliable, neither the Seller nor its exclusive agent guarantees its accuracy or completeness. Because of the foregoing and because the Property will be sold on an "as is" basis, prospective purchasers should make their own independent assessments, investigations, and projections regarding the Property. Although additional material, which may include engineering, environmental, or other reports, may be provided to certain prospective purchasers as appropriate, such parties should confer with their own engineering and environmental experts, counsel, accountants and other advisors.

The Seller expressly reserves the right, in its sole discretion, to reject any offer to purchase the Property or to terminate any negotiations with any party at any time, with or without notice. The Seller shall have no legal commitment or obligation to any prospective purchaser unless and until a written Purchase and Sale Agreement has been fully executed and delivered and any and all conditions to the Seller's obligations thereunder have been fully satisfied or waived.

The Seller is responsible for any commission due its agent in connection with a sale of the Property. The Seller shall not be responsible for any commission claimed by any other agent or broker in connection with a sale of the Property. No other party, including the Seller's exclusive agent, is authorized to make any representation or agreement on behalf of the Seller. This Memorandum remains the property of the Seller and its exclusive agent and may be used only by parties approved by the Seller and its exclusive agent. No portion of this Memorandum may be copied or otherwise reproduced or disclosed to anyone except as provided herein and as permitted by the express terms of the Confidentiality Agreement.



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