

# Starbucks 10-Year Net Lease Sheffield Village, Ohio

representative photo - not actual store

STARBUCKS COFFEE  
DRIVE THRU



*Exclusive Offering By:*

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Offering Memorandum

Goodman Real Estate Services Group LLC  
www.goodmanrealestate.com

# Starbucks 10 Year Net Lease - Tenant Performs CAM

## Sheffield Village, Ohio

Disclaimer

- 10 Year Corporate Lease from Starbucks (Nasdaq: SBUX)
- NO LANDLORD CAM - Starbucks Performs Common Area Maintenance
- Adjacent to 12,274-Student Lorain County Community College
- NO Early Termination Right
- 10% Rental Increases Every 5 Years During Initial Term and Options
- New Corporate Starbucks - World's Largest Coffee Retailer
- Quality Asset - Prominently Positioned to Interstate 90 Interchange and College Campus
- Western Suburb of Cleveland, Ohio, with 1-Mile Average Incomes Exceeding \$75,000 per year

- Disclaimer -

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## Sheffield Village, Ohio

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# Starbucks 10 Year Net Lease - Tenant Performs CAM

## Sheffield Village, Ohio

The Property - Investment Summary

Property	Starbucks Single Tenant Net Lease	
Guarantor	Starbucks Corporation	
Ticker	Nasdaq: SBUX	
Address	5051 N. Abbe Road Sheffield, Ohio 44035	
Major Market	Cleveland-Akron-Canton CSA	
Market Population	3,515,646	
Building Size	2,934 Square Feet	
Building Type	Brick	
Deal Type	New Location	
Acreage	1.01	
Parcels	1	
Occupancy	100%	
Rent Commencement Date	January 19, 2019	
Early Termination	None	
Rent Per Square Foot	Years 1-5	\$34.08
	Years 6-10	\$37.49
Net Operating Income	Years 1-5:	\$100,000
	Years 6-10:	\$110,000
CAP Rate	5.2%	
Price	\$1,923,000	



# Starbucks 10 Year Net Lease - Tenant Performs CAM

## Sheffield Village, Ohio

The Property - Property Description

### Investment Highlights

- RARE HANDS-OFF STARBUCKS - TENANT PERFORMS CAM
- Firm 10 Year Starbucks Corporate Lease with NO Early Termination
- Located adjacent to 12,274 Student Lorain County Community College and One Block from Interstate 90 Interchange
- Replaceable Rent on Large 1 Acre Site
- Lease Features 10% Rental Increases Every Five Years During the Initial Term and Options

### Property Description

For sale to qualified investors is the fee-simple interest in a newly-opened, long-term freestanding Starbucks with drive-thru.

**THIS LEASE INCLUDES A RARE PROVISION WHERE STARBUCKS IS RESPONSIBLE FOR DAILY CAM RESPONSIBILITIES.**

The landlord is responsible for roof and structure, and with a 10 year roof warranty, this asset is hands off to the owner for the foreseeable future. This lease, recently signed by Starbucks Corporation (S&P "BBB+"), provides 10 years of guaranteed income from one of the most stable and credit-worthy restaurant corporations in the world. Additionally, rent increases at a rate of 10% every five years during the initial term and options, providing increasing cash flow and a hedge against inflation. The property is located adjacent to Lorain County Community College's main campus where, according to *US News and World Report*, 12,274 students are enrolled. The area is a thriving marketplace comprised of students, medical workers from many nearby health facilities, residents, and highway interchange traffic. Other surrounding retailers include Sam's Club, Regal Cinemas, Giant Eagle Grocery, McDonald's, Wendy's, Aldi, Taco Bell, KFC, Cracker Barrel, Arby's, Panera, Key Bank, Jimmy John's, and more.

### Sheffield Village, Ohio

Sheffield Village is a western suburb of Cleveland, Ohio, along Interstate 90. The city was officially formed in 1934 and today is a center for commerce and education on the western side of Cleveland. The village's main interchange is the Detroit Road and Interstate 90 highway interchange which is surrounded by retail, automotive dealerships, hotels, medical offices, and Lorain County Community College (LCCC). The college was founded in 1963 and was the first community college in Ohio to have a permanent campus. In addition to a variety of associate degrees and certificates, students can earn bachelor's and master's



degrees on campus through universities with the University Partnership. Boasting a student body of 12,274 students, the college recently became the first community college in Ohio to offer an applied bachelor's degree in micro-electrical mechanical systems (MEMS). The MEMS program allows students entry into a lucrative in-demand career field after completing hands-on paid internships. LCCC is also currently the only community college in Ohio to offer a MEMS associate degree program.

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## Sheffield Village, Ohio

The Property - Property Photos



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The Property - Property Photos





# Starbucks 10 Year Net Lease - Tenant Performs CAM

## Sheffield Village, Ohio

Performance & Tenancy - Pricing Analysis

### INCOME

Occupancy: 100%

#### Base Rental Income

Tenant	Size (SF)	Annual Rent	Monthly Rent
Starbucks Corporation	2,934	\$100,000.00	\$8,333.33
<b>Total</b>	<b>2,934</b>	<b>\$100,000.00</b>	

#### Reimbursed Expenses

Property Taxes	Starbucks Reimburses 100%
Insurance	Starbucks Reimburses 100%
Common Area Maintenance	Starbucks Responsibility
<b>Total</b>	<b>\$0.00</b>

**Effective Gross Income                    \$100,000.00**

### OPERATING EXPENSES

Property Taxes	Starbucks Reimburses 100%
Insurance	Starbucks Reimburses 100%
Common Area Maintenance	Starbucks Responsibility
<b>Total</b>	<b>\$0.00</b>

**Total Operating Expenses                    \$0.00**

**Net Operating Income (NOI)                \$100,000.00**

**Value at 5.2% Cap Rate                        \$1,923,000.00**

# Starbucks 10 Year Net Lease - Tenant Performs CAM

## Sheffield Village, Ohio

### Performance & Tenancy - Rent Roll

Tenant Name	Square		Lease Term		Rental Rates			Recovery	
	Feet	Pro-rata	Begin	End	Begin	Annually	Monthly	Type	Comments/Options
Starbucks Corporation	2,934	100%	1-19-19	1-31-2029	Current	\$100,000	\$8,333.33	NNN	Tenant responsible for common area maintenance including parking lot maintenance and full HVAC responsibility. Tenant reimburses Landlord for property taxes and insurance with no caps on increases. Landlord responsible for roof and structure (10 year transferrable roof warranty).
					Feb 2024	\$110,000	\$9,166.67		
					<u>Options</u>				
					Feb 2029	\$121,000	\$10,083.33		
					Feb 2034	\$133,100	\$11,091.67		
Feb 2039	\$146,410	\$12,200.83							
Feb 2044	\$161,051	\$13,420.92							
<b>Options:</b> Four (4) — Five (5) year options. Tenant to give six (6) month's prior notice of its intent to renew.									



[www.starbucks.com](http://www.starbucks.com)



Founded in Seattle, Washington, in 1971, Starbucks has grown to over 24,000 locations throughout the world and is the top retail coffee chain globally. The company currently has a presence in 70 countries and internationally has over 238,000 employees. Headquartered in Seattle, Washington, the company last reported annual revenue of \$24.7 billion in October of 2018. Starbucks is publicly traded on the Nasdaq under the symbol SBUX and is rated "A" by the Standard & Poors credit rating company, which indicates its strong capacity to meet all financial commitments. For these reasons the company's retail locations have garnered favor and attention amongst real estate investors as they display long-term stability and profitability throughout their stores. The company strives to open stores in high-traffic, easily accessible locations, which has resulted in Starbucks having arguably some of the best real estate positioning in the United States. Starbucks engages in the manufacture and sale of coffee and tea, amongst other related consumer items. Product offerings include more than 30 coffee blends and single-origin premium coffees, hot and iced espresso beverages, Frappuccino® coffee and non-coffee blended beverages, Starbucks Refreshers® beverages, smoothies and teas. Other merchandise includes coffee and tea-brewing equipment, Verismo® System by Starbucks, mugs and accessories, packaged goods, books and gifts. In recent years, Starbucks has expanded its offering of fresh food to include items such as baked pastries, sandwiches, salads, salad and grain bowls, oatmeal, yogurt parfaits and fruit cups.

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## Sheffield Village, Ohio

Market Overview - Regional Snapshot

### Cleveland Regional Highlights

- The Cleveland Clinic consistently ranks in the Top 5 for Best Hospitals in the U.S., with 5.1 million patient visits per year.
- In the 2015 Fortune 500 ranking of the largest U.S. corporations, 7 companies are based in Northeast Ohio.
- According to the 2018 Census Estimate, the Cleveland-Akron-Canton CSA has a population of 3,515,646 people. The area is also home to NBA, NFL, and MLB professional franchises.
- The RNC (Republican National Convention) was held in Cleveland at the end of July 2016, and was estimated to have generated over \$200 Million in direct spending.



- Case Western Reserve University & Cleveland State University reside in the heart of downtown Cleveland. Combined enrollment is over 28,000 students.
- During 2016, developers rolled out over 1,500 apartment suites in Cleveland's central business district. In 2015 the average was 750 apartments units, resulting in a 100% increase from the previous year. 1,743 new units were added during 2018.

### Top Employers

<b>Company</b>	<b># Of Employees</b>
• Cleveland Clinic	32,251
• University Hospitals	14,518
• Progressive Insurance	8,379
• The MetroHealth System	5,823
• Key Corp	4,812
• Case Western Reserve University	4,512
• Swagelok Co	4,186
• Sherwin-Williams Co	3,430
• Lincoln Electric Co	2,800
• Nestle USA	2,298



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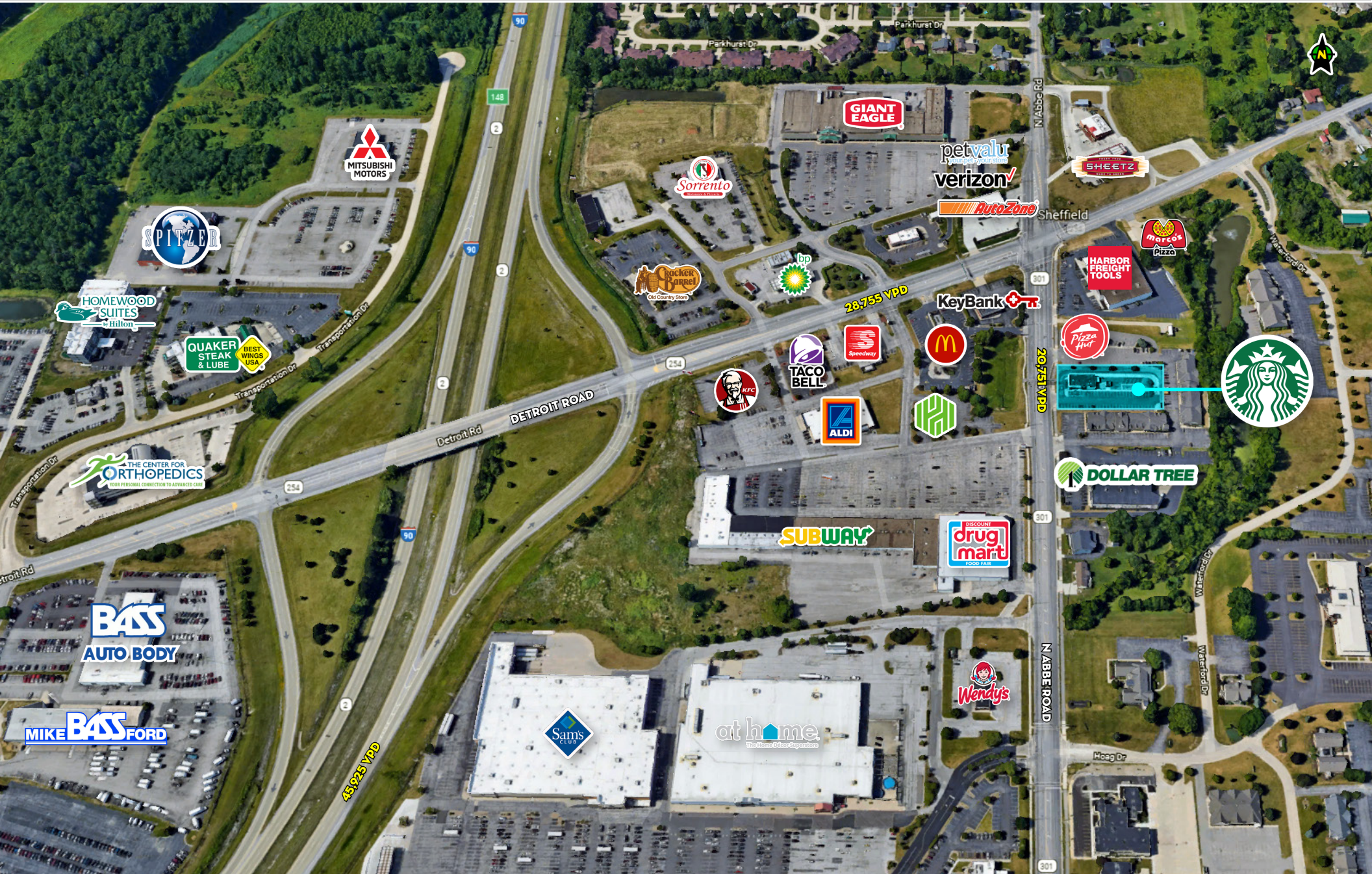
Market Overview - Retail Aerial



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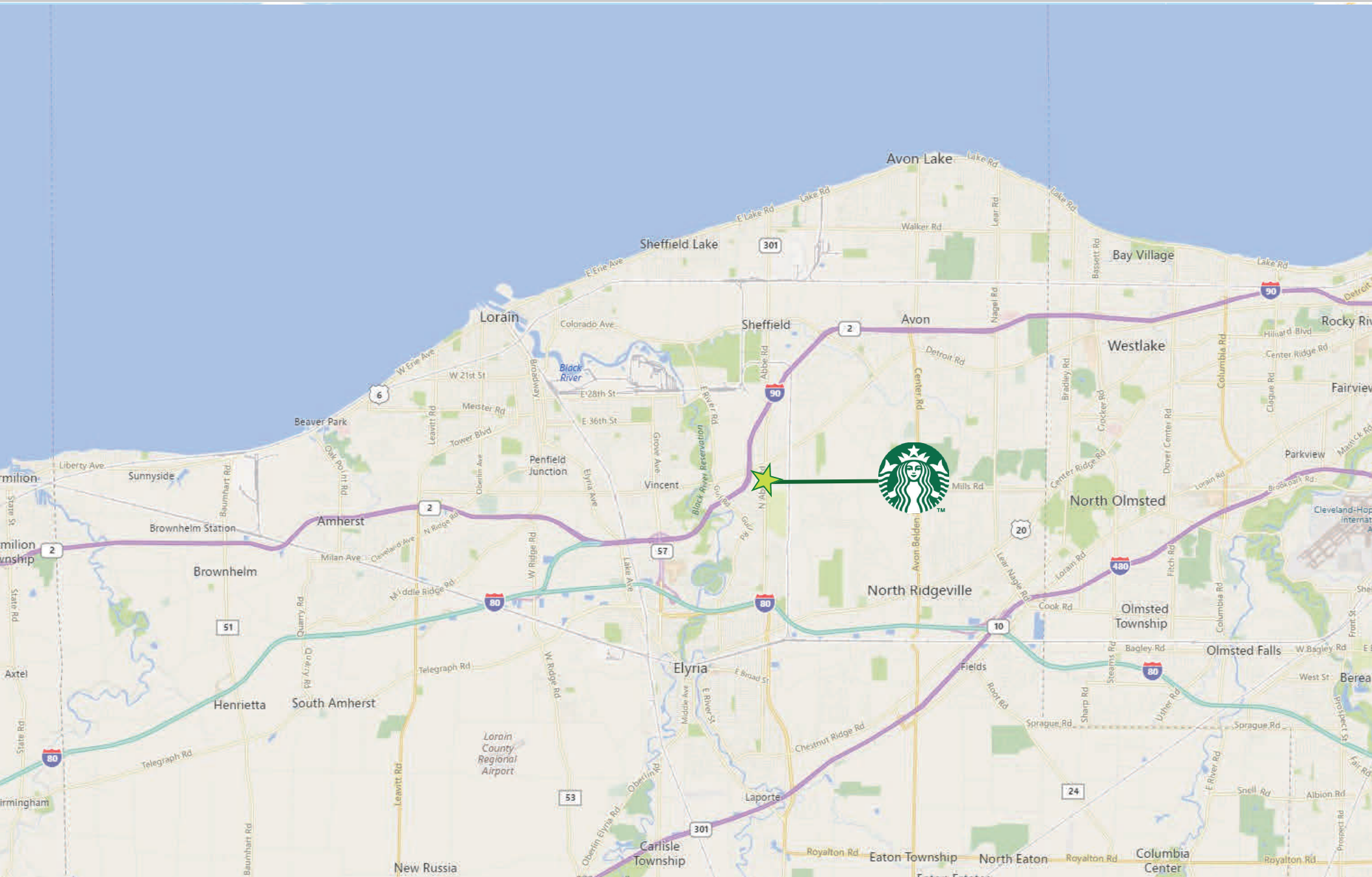
Market Overview - Property Aerial



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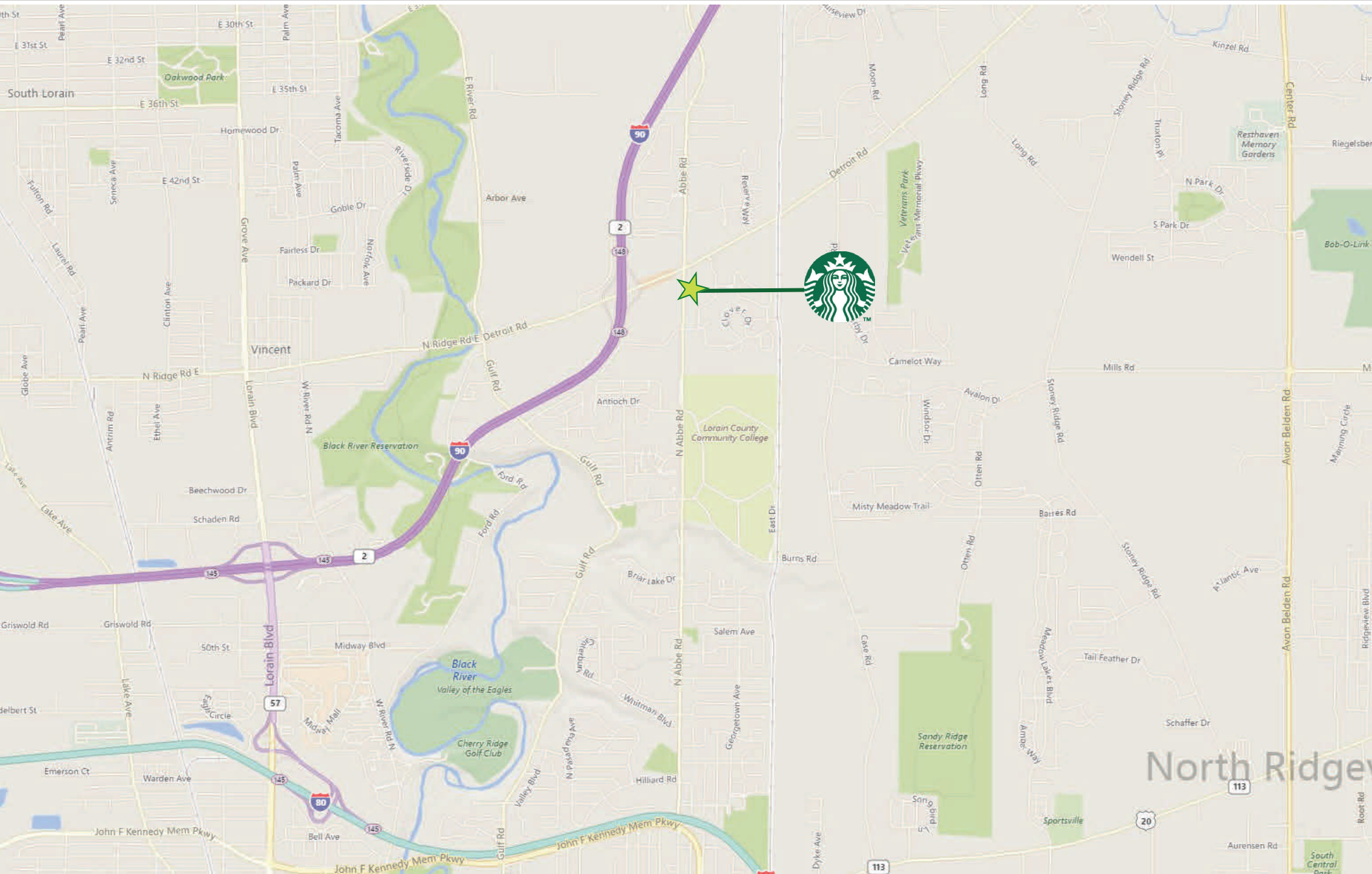
Market Overview - Regional Map



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## Sheffield Village, Ohio

Market Overview - Local Map





# Starbucks 10 Year Net Lease - Tenant Performs CAM

## Sheffield Village, Ohio

### Market Overview - Demographics

	1 mi	3 mi	5 mi	7 mi
<b>Population</b>				
2018 Estimated Population	3,227	39,983	127,421	229,430
2023 Projected Population	3,197	41,267	129,947	233,176
2010 Census Population	3,191	37,266	122,431	221,126
2000 Census Population	3,055	31,648	114,405	207,045
Projected Annual Growth 2018-2023	-0.91%	3.21%	1.98%	1.63%
Historical Annual Growth 2000-2018	5.62%	26.34%	11.38%	10.81%
<b>Households</b>				
2018 Estimated Households	1,337	15,451	50,081	91,241
2023 Projected Households	1,323	15,885	51,015	92,681
2010 Census Households	1,372	14,441	48,186	87,950
2000 Census Households	1,181	12,041	43,630	79,151
Projected Annual Growth 2018-2023	-1.04%	2.81%	1.87%	1.58%
Historical Annual Growth 2000-2018	13.14%	28.31%	14.79%	15.27%
<b>Age (2018)</b>				
Est. Population Under 10 Years	11.5%	12.5%	12.4%	11.9%
Est. Population 10-19	13.1%	14.1%	14.1%	13.9%
Est. Population 20-30	11.8%	11.6%	12.2%	12.2%
Est. Population 30-44	17.6%	17.5%	17.6%	16.7%
Est. Population 45-59	20.1%	20.8%	20.5%	20.6%
Est. Population 60-74	19.6%	16.9%	16.7%	17.7%
Est. Population 75 Years or Over	6.2%	6.6%	6.5%	6.9%
<b>Income (2018)</b>				
Est. HH Inc \$200,000 or more	3.0%	1.9%	1.8%	3.0%
Est. HH Inc \$150,000 to \$199,999	7.3%	7.9%	6.0%	5.8%
Est. HH Inc \$100,000 to \$149,999	21.1%	15.7%	12.0%	13.0%
Est. HH Inc \$75,000 to \$99,999	7.8%	11.5%	11.7%	12.1%
Est. HH Inc \$50,000 to \$74,999	17.5%	18.8%	19.7%	18.8%
Est. HH Inc \$35,000 to \$49,999	14.6%	13.9%	15.3%	14.5%
Est. HH Inc \$25,000 to \$34,999	9.5%	9.9%	10.4%	10.0%
Est. HH Inc \$15,000 to \$24,999	12.6%	9.8%	10.8%	10.5%
Est. HH Inc Under \$15,000	6.6%	10.6%	12.4%	12.3%
Est. Average Household Income	\$ 76,872	\$ 75,888	\$ 67,852	\$ 71,704
Est. Median Household Income	\$ 56,660	\$ 55,935	\$ 51,230	\$ 53,192
Est. Per Capita Income	\$ 31,843	\$ 29,325	\$ 26,668	\$ 28,516

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## Sheffield Village, Ohio

### Market Overview - Demographics

	1 mi	3 mi	5 mi	7 mi
<b>Education (2018)</b>				
Est Pop Age 25+ by Educ Attain.	2,238	26,954	85,710	155,606
Less than 9th grade	0.8%	3.0%	3.1%	2.9%
Some High School, no diploma	4.1%	8.1%	8.8%	8.0%
High School Graduate (or GED)	28.0%	27.5%	31.5%	30.3%
Some College, no degree	25.0%	24.7%	23.6%	23.4%
Associate Degree	9.8%	9.8%	9.8%	9.6%
Bachelor's Degree	20.7%	16.0%	14.9%	16.1%
Graduate Degree	11.7%	10.9%	8.3%	9.6%
<b>Housing (2018)</b>				
Est. Total Housing Units	1,399	16,509	54,663	99,641
Est. Owner-Occupied	67.7%	68.2%	64.9%	65.0%
Est. Renter-Occupied	27.8%	25.4%	26.7%	26.6%
Est. Vacant Housing Units	4.5%	6.4%	8.4%	8.4%
<b>Homes Built by Year (ACS)</b>				
Homes Built 2005 Or Later	0.0%	0.4%	0.2%	0.3%
Homes Built 2000 To 2004	0.8%	2.5%	1.8%	1.7%
Homes Built 1990 To 1999	14.3%	21.1%	15.1%	15.2%
Homes Built 1980 To 1989	15.6%	8.3%	8.9%	10.8%
Homes Built 1970 To 1979	12.1%	4.9%	4.8%	6.5%
Homes Built 1960 To 1969	35.7%	14.6%	14.8%	15.4%
Homes Built 1950 To 1959	8.6%	16.4%	14.0%	13.8%
Homes Built 1940 To 1949	5.4%	15.5%	17.3%	15.2%
Homes Built 1939 Or Earlier	1.5%	6.1%	7.0%	6.8%
<b>Housing (2018)</b>				
Home Value \$1,000,000 or more	0%	0%	0%	0%
Home Value \$500,000 to \$999,999	2%	3%	2%	3%
Home Value \$400,000 to \$499,999	3%	5%	4%	4%
Home Value \$300,000 to \$399,999	11%	11%	9%	10%
Home Value \$200,000 to \$299,999	32%	22%	17%	19%
Home Value \$150,000 to \$199,999	32%	16%	17%	18%
Home Value \$100,000 to \$149,999	17%	22%	26%	24%
Home Value \$70,000 to \$99,999	1%	12%	16%	12%
Home Value \$50,000 to \$69,999	0%	4%	4%	4%
Home Value \$25,000 to \$49,999	0%	3%	3%	3%
Home Value Under \$25,000	3%	2%	3%	3%
<b>Median Housing Unit Value</b>	\$ 194,757	\$ 171,149	\$ 145,599	\$ 162,627

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## Sheffield Village, Ohio

### Market Overview - Demographics

	1 mi	3 mi	5 mi	7 mi
<b>Labor Force (2018)</b>				
Est Pop Age 16+ by Employ. Status	2,622	31,858	101,540	184,209
Labor Force	65.6%	64.6%	64.3%	63.6%
In Armed Forces	0.0%	0.0%	0.0%	0.0%
Civilian, Employed	62.1%	59.7%	58.5%	58.4%
Civilian, Unemployed	3.5%	4.9%	5.8%	5.2%
Not in Labor Force	34.4%	35.4%	35.7%	36.4%
<b>Occupation (2018)</b>				
Agr, forest, fish & hunt., min and const.	2.6%	5.6%	5.6%	5.4%
Manufacturing	19.5%	18.4%	18.3%	17.4%
Wholesale & retail trade	10.1%	12.6%	14.4%	13.8%
Transp. and warehousing, and utilities	4.2%	4.2%	4.1%	4.3%
Information	1.5%	2.0%	1.9%	1.7%
Fin, ins., real estate, rental & leasing	3.0%	6.4%	6.4%	6.6%
Prof, sci, manag, admin, & waste ms	8.0%	8.3%	8.7%	9.8%
Educational, health and social services	26.3%	23.5%	23.1%	24.0%
Arts, enter., rec., accom. & food services	6.9%	9.5%	9.1%	9.1%
Other services (except pub admin.)	10.2%	4.4%	4.5%	4.3%
Public Administration	7.8%	5.2%	3.9%	3.7%
<b>Travel Time (ACS)</b>				
14 Minutes or Less	34.0%	26.9%	26.9%	27.1%
15 to 29 Minutes	37.8%	40.8%	39.4%	38.0%
30 to 59 Minutes	23.1%	27.9%	29.2%	30.3%
60 Or More Minutes	5.1%	4.4%	4.5%	4.6%
<b>Weekly Per Capita Consumer Expenditures</b>				
Market Basket	\$ 53.06	\$ 52.14	\$ 51.93	\$ 52.12
Apparel and services	\$ 13.33	\$ 13.16	\$ 12.80	\$ 12.87
Transportation	\$ 72.91	\$ 70.87	\$ 69.10	\$ 69.78
Health Care	\$ 36.27	\$ 35.15	\$ 34.40	\$ 34.82
Entertainment	\$ 21.46	\$ 20.83	\$ 20.28	\$ 20.50