

Starbucks (S&P - A) 10-Year Net Lease North Olmsted, Ohio

representative photo - not actual store



Exclusive Offering By:

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Offering Memorandum

Goodman Real Estate Services Group LLC
www.goodmanrealestate.com



Starbucks (S&P - A) 10 Year Net Lease

North Olmsted, Ohio

Disclaimer

- New Relocation of Existing Non-Drive Thru Store
- 10 Year Corporate Lease from Starbucks with “A” Credit Rating from Standard & Poors
- High Volume Store Relocation with Sales Projection Over \$2 Million
- NO Early Termination Right
- Starbucks Performs Common Area Maintenance - Hands Off Investment
- 10% Rental Increases Every 5 Years During Initial Term and Options
- New Construction Corporate Starbucks - World’s Largest Coffee Retailer
- Generational Quality Asset - Prominent Corner Position with Over 40,000 Vehicles Daily
- Strong Demographics - Approximately 64,000 People and Average Incomes of \$84,000 Within a Three Mile Radius
- Regional Retail Marketplace - Situated in the Epicenter of Cleveland’s Top Retail Trade Area

- Disclaimer -

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The Property - Investment Summary

Property	Starbucks Single Tenant Net Lease	
Guarantor	Starbucks Corporation	
Credit Rating	A: Standard & Poors	
Address	27178 Lorain Road North Olmsted, Ohio 44070	
Major Market	Cleveland-Akron-Canton CSA	
Market Population	3,515,646	
Building Size	2,200 Square Feet	
Building Type	Brick	
Deal Type	Relocation of High-Volume Non-Drive Thru Location	
Acreage	0.753	
Parcels	1	
Year Built	2017	
Occupancy	100%	
Rent Commencement Date	May 2017	
Early Termination	None	
Traffic Counts	Lorain Road:	29,960 Vehicles Per Day (ODOT)
	Dover Center Road:	15,282 Vehicles Per Day (NOACA)
Net Operating Income	Years 1-5:	\$114,400
	Years 6-10:	\$125,840
CAP Rate	5%	
Price	\$2,288,000	



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The Property - Property Description

Investment Highlights

- New Construction Relocation of High Volume Non-Drive Thru Store
- Hands-Off Investment with Starbucks Responsible for Maintenance
- Firm 10 Year Starbucks Corporate Lease with NO Early Termination
- Starbucks Corporation Credit is Rated "A" by Standard & Poors
- Lease Features 10% Rental Increases Every Five Years During the Initial Term and Options
- Generational-Quality Asset - Exceptionally Well-Located With Over 45,000 Vehicles Passing the Site Daily

Property Description

For sale to qualified investors is the fee-simple interest in a newly-developed, long-term freestanding Starbucks with drive-thru. Starbucks is relocating from a high volume non-drive-thru store in close proximity, and due to their successful operating history in that store and adding a drive-thru, has waived any right to early termination. This lease, recently signed by Starbucks Corporation (S&P "A"), 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. Starbucks has taken possession of the new, all-brick building, with anticipated opening date in May 2017. Whereas the former store was mid-block and lacked a drive-thru, the new building is located at the signalized corner of Lorain and Dover Center roads with over 45,000 vehicles per day and features drive-thru service for its customers. There are approximately 64,000 people within a three mile radius, with average incomes of \$84,000. Located in perhaps the most dynamic retail market in all of Cleveland, the property is surrounded by retail, residential, and thousands of daytime employees. A few of the nearby retailers include Target, Walmart, Home Depot, Giant Eagle, TJ Maxx, Dick's, DSW, Babies R Us, Joann, PetSmart, Best Buy, Bed Bath & Beyond, HomeGoods, Party City, Ulta, and many, many more.

North Olmsted, Ohio

North Olmsted is a southwest suburb of Cleveland, Ohio, and has approximately 32,000 residents. Within three miles from the center of the city, there are approximately 33,000 employees, along with 64,000 people earning an average household income of roughly \$84,000. The city is known for its host of retail and restaurant amenities located along Lorain Road, Great Northern Boulevard, and Brookpark Road, including the 1.2 million square foot Great Northern Mall. Nearly every major retailer, both national and regional, has a presence in the city and some have more than one location. Due to the city's Interstate 480 access,



proximity to the Cleveland Hopkins International Airport (2 miles west), and sprawling retail, restaurant, and hospitality offerings, the city draws shoppers, employees, and travelers from miles in all directions and is the major shopping destination on Cleveland's West Side. In addition to the hundreds of small and medium-sized business located in the city, Moen Incorporated, North America's top manufacturer of faucets, is headquartered in North Olmsted and has over 600 employees on site.

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The Property - Property Photos



Starbucks (S&P - A) 10 Year Net Lease

North Olmsted, Ohio

Performance & Tenancy - Pricing Analysis

INCOME

Occupancy: 100%

Base Rental Income

Tenant	Size (SF)	Annual Rent	Monthly Rent
Starbucks Corporation	2,200	\$114,400.00	\$9,533.33
Total	2,200	\$114,400.00	

Reimbursed Expenses

Property Taxes	Starbucks Reimburses 100%
Insurance	Starbucks Reimburses 100%
Common Area Maintenance	Starbucks Responsibility
Total	\$0.00

Effective Gross Income \$114,400.00

OPERATING EXPENSES

Property Taxes	Starbucks Reimburses 100%
Insurance	Starbucks Reimburses 100%
Common Area Maintenance	Starbucks Responsibility
Total	\$0.00

Total Operating Expenses \$0.00

Net Operating Income (NOI) \$114,400.00

Value at 5% Cap Rate \$2,288,000.00

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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	2,200	100%	May 2017	May 2027	May 2017	\$114,400	\$9,533.33	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 (20 year transferrable roof warranty) and parking lot replacement.
					May 2022	\$125,840	\$10,486.67		
					<u>Options</u>				Options: Four (4) — Five (5) year options. Tenant to give six (6) month's prior notice of its intent to renew.
					May 2027	\$138,424	\$11,535.33		
					May 2032	\$152,262	\$12,688.50		
					May 2037	\$167,486	\$13,957.17		
					May 3042	\$184,250	\$15,354.17		



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 sales of \$21.3 billion in October of 2016. 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.

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 2015 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. 1,000 new units are planned for 2017.

Top Employers

Company	# Of Employees
• 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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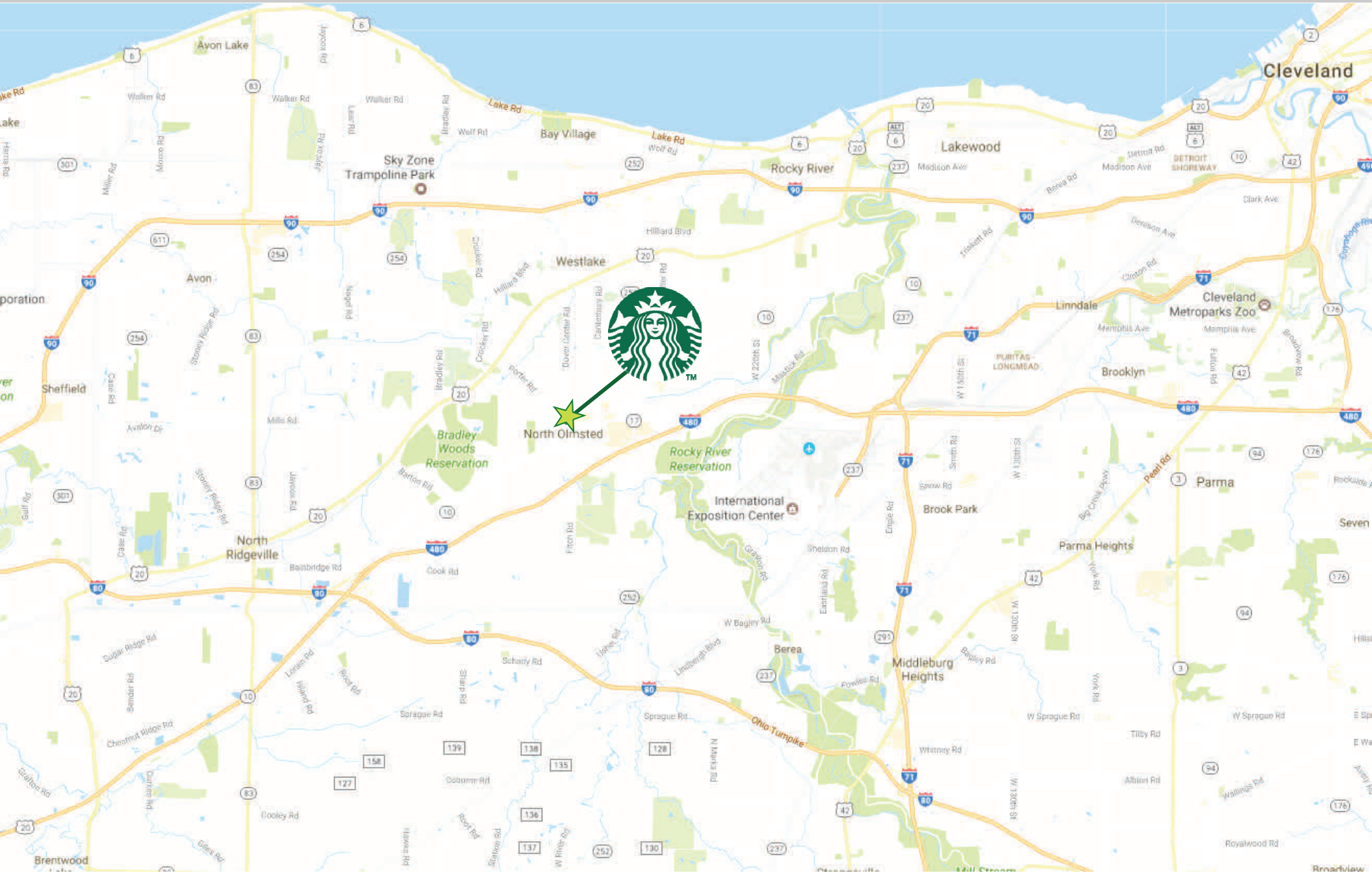
Market Overview - Property Aerial



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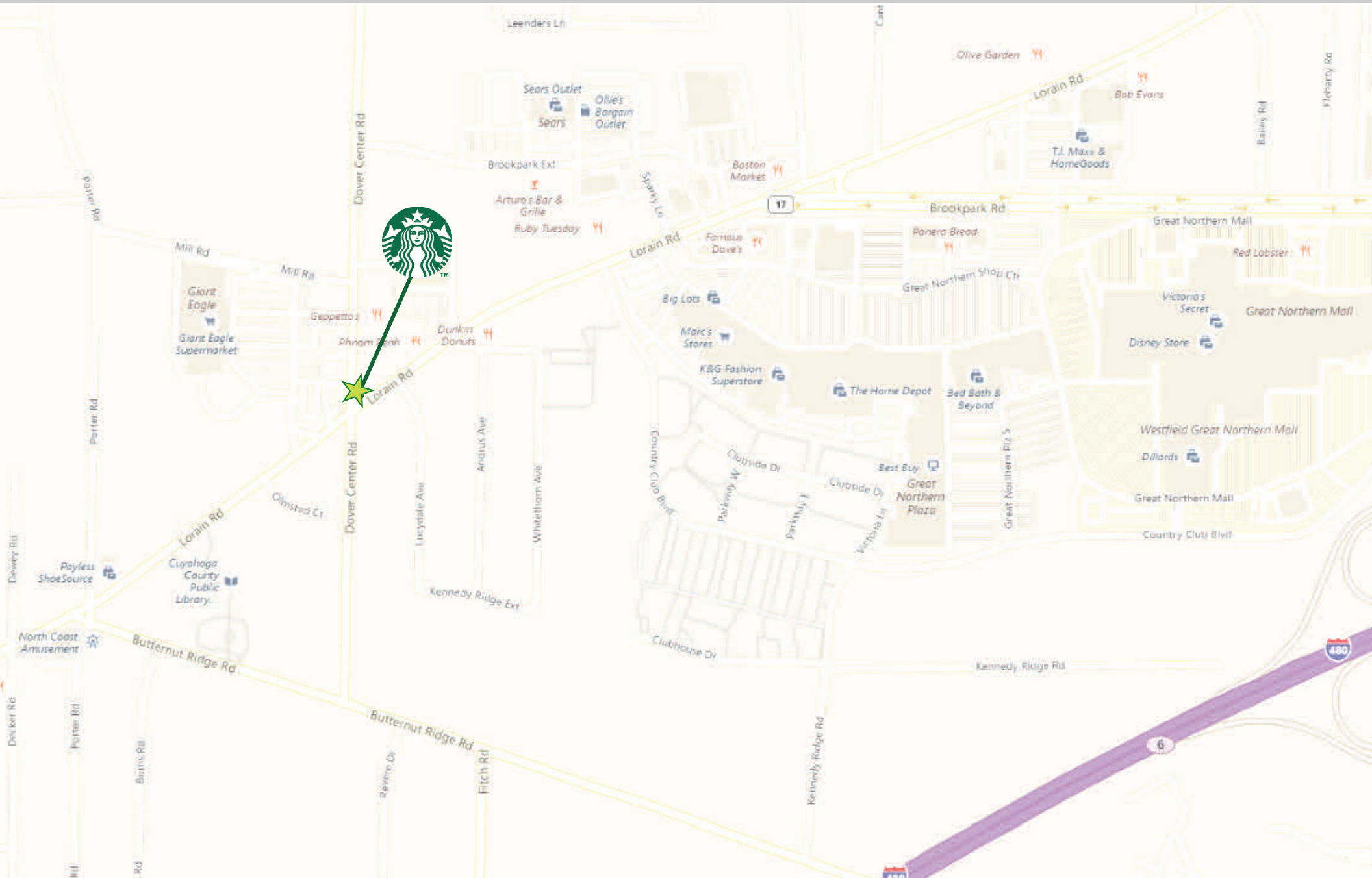
Market Overview - Regional Map



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North Olmsted, Ohio

Market Overview - Local Map



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North Olmsted, Ohio

Market Overview - Demographics

	1 mi	3 mi	5 mi	7 mi
Population				
2016 Estimated Population	8,500	64,408	172,686	305,631
2021 Projected Population	8,240	63,154	170,826	303,339
2010 Census Population	8,375	63,808	170,074	300,184
2000 Census Population	8,637	65,532	165,082	290,140
Projected Annual Growth 2016-2021	-3.07%	-1.95%	-1.08%	-0.75%
Historical Annual Growth 2000-2016	-1.58%	-1.72%	4.61%	5.34%
Households				
2016 Estimated Households	3,690	26,713	71,884	127,651
2021 Projected Households	3,582	26,193	71,065	126,521
2010 Census Households	3,623	26,442	70,768	125,438
2000 Census Households	3,631	25,846	67,151	118,453
Projected Annual Growth 2016-2021	-2.94%	-1.95%	-1.14%	-0.89%
Historical Annual Growth 2000-2016	1.63%	3.36%	7.05%	7.77%
Age (2016)				
Est. Population Under 10 Years	10.7%	10.0%	10.9%	11.2%
Est. Population 10-19	12.0%	12.8%	13.4%	13.5%
Est. Population 20-30	12.6%	10.7%	10.7%	10.5%
Est. Population 30-44	18.2%	15.4%	16.6%	17.2%
Est. Population 45-59	20.6%	22.0%	21.7%	22.1%
Est. Population 60-74	18.4%	19.9%	18.4%	17.7%
Est. Population 75 Years or Over	7.7%	9.3%	8.3%	7.8%
Income (2016)				
Est. HH Inc \$200,000 or more	1.3%	4.2%	4.4%	4.0%
Est. HH Inc \$150,000 to \$199,999	6.2%	7.2%	7.1%	6.8%
Est. HH Inc \$100,000 to \$149,999	16.6%	16.5%	16.3%	15.9%
Est. HH Inc \$75,000 to \$99,999	11.8%	14.4%	14.3%	13.8%
Est. HH Inc \$50,000 to \$74,999	24.6%	20.0%	19.9%	19.6%
Est. HH Inc \$35,000 to \$49,999	14.8%	13.3%	13.4%	13.9%
Est. HH Inc \$25,000 to \$34,999	12.0%	9.5%	8.9%	9.2%
Est. HH Inc \$15,000 to \$24,999	8.2%	8.5%	8.3%	8.7%
Est. HH Inc Under \$15,000	4.5%	6.3%	7.3%	8.0%
Est. Average Household Income	\$ 72,260	\$ 83,882	\$ 83,992	\$ 81,602
Est. Median Household Income	\$ 58,245	\$ 64,311	\$ 64,172	\$ 62,074
Est. Per Capita Income	\$ 31,368	\$ 34,789	\$ 34,963	\$ 34,082

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Market Overview - Demographics

	1 mi	3 mi	5 mi	7 mi
Education (2016)				
Est Pop Age 25+ by Educ Attain.	6,059	46,097	120,773	213,129
Less than 9th grade	3.1%	1.7%	1.8%	1.9%
Some High School, no diploma	4.6%	4.1%	4.6%	5.2%
High School Graduate (or GED)	23.4%	25.9%	24.9%	26.3%
Some College, no degree	26.2%	22.6%	22.0%	21.5%
Associate Degree	10.3%	8.0%	7.8%	7.4%
Bachelor's Degree	22.7%	24.0%	24.7%	23.8%
Graduate Degree	9.6%	13.6%	14.3%	13.9%
Housing (2016)				
Est. Total Housing Units	3,895	28,273	76,253	135,638
Est. Owner-Occupied	65.9%	74.2%	71.5%	71.0%
Est. Renter-Occupied	28.8%	20.3%	22.8%	23.1%
Est. Vacant Housing Units	5.3%	5.5%	5.7%	5.9%
Homes Built by Year (ACS)				
Homes Built 2005 Or Later	0.0%	0.1%	0.3%	0.5%
Homes Built 2000 To 2004	1.4%	5.7%	9.2%	9.5%
Homes Built 1990 To 1999	5.9%	12.3%	11.5%	9.9%
Homes Built 1980 To 1989	5.2%	12.1%	9.8%	7.7%
Homes Built 1970 To 1979	27.6%	17.9%	17.1%	13.5%
Homes Built 1960 To 1969	30.3%	21.3%	17.9%	16.6%
Homes Built 1950 To 1959	19.4%	19.8%	20.6%	20.8%
Homes Built 1940 To 1949	4.2%	5.4%	6.4%	7.9%
Homes Built 1939 Or Earlier	6.0%	5.2%	7.1%	13.5%
Housing (2016)				
Home Value \$1,000,000 or more	1%	1%	1%	1%
Home Value \$500,000 to \$999,999	0%	3%	3%	3%
Home Value \$400,000 to \$499,999	1%	3%	3%	3%
Home Value \$300,000 to \$399,999	1%	6%	8%	8%
Home Value \$200,000 to \$299,999	17%	22%	22%	21%
Home Value \$150,000 to \$199,999	38%	29%	26%	24%
Home Value \$100,000 to \$149,999	30%	22%	23%	25%
Home Value \$70,000 to \$99,999	7%	6%	6%	8%
Home Value \$50,000 to \$69,999	1%	2%	2%	2%
Home Value \$25,000 to \$49,999	2%	3%	2%	2%
Home Value Under \$25,000	2%	3%	3%	3%
Median Housing Unit Value	\$ 163,281	\$ 174,291	\$ 176,404	\$ 170,719

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Market Overview - Demographics

	1 mi	3 mi	5 mi	7 mi
Labor Force (2016)				
Est Pop Age 16+ by Employ. Status	7,032	53,708	141,681	249,520
Labor Force	68.0%	65.7%	66.5%	66.4%
In Armed Forces	0.0%	0.0%	0.0%	0.0%
Civilian, Employed	64.5%	62.7%	63.3%	63.2%
Civilian, Unemployed	3.4%	3.0%	3.1%	3.2%
Not in Labor Force	32.0%	34.3%	33.5%	33.6%
Occupation (2016)				
Agr, forest, fish & hunt., min and const.	5.6%	4.5%	4.4%	4.6%
Manufacturing	13.2%	12.9%	12.7%	13.0%
Wholesale & retail trade	17.5%	14.4%	14.2%	14.1%
Transp. and warehousing, and utilities	5.4%	4.1%	4.1%	4.4%
Information	2.7%	2.5%	2.2%	2.0%
Fin, ins., real estate, rental & leasing	8.1%	8.2%	8.9%	8.6%
Prof, sci, manag, admin, & waste ms	12.2%	12.6%	12.3%	11.9%
Educational, health and social services	19.3%	24.6%	24.9%	24.6%
Arts, enter., rec., accom. & food services	8.2%	8.1%	8.4%	8.4%
Other services (except pub admin.)	3.8%	4.2%	4.0%	4.2%
Public Administration	4.0%	3.8%	3.9%	4.2%
Travel Time (ACS)				
14 Minutes or Less	22.7%	25.8%	24.5%	24.9%
15 to 29 Minutes	39.2%	41.8%	41.1%	40.5%
30 to 59 Minutes	35.5%	29.0%	30.8%	30.9%
60 Or More Minutes	2.6%	3.4%	3.6%	3.7%
Weekly Per Capita Consumer Expenditures				
Market Basket	\$ 54.88	\$ 53.90	\$ 53.89	\$ 53.92
Apparel and services	\$ 13.54	\$ 13.52	\$ 13.56	\$ 13.52
Transportation	\$ 77.49	\$ 76.56	\$ 76.36	\$ 76.01
Health Care	\$ 37.31	\$ 37.06	\$ 36.61	\$ 36.32
Entertainment	\$ 20.68	\$ 20.68	\$ 20.69	\$ 20.61