

TRIPLE NET (NNN) INVESTMENT OPPORTUNITY SCOTTSDALE, ARIZONA

OFFERING MEMORANDUM



Jesse Rozio
Investment/Leasing Specialist
480.603.6892 - cell
jrozio@gpsaz.com

Greg Saltz - President
480.231.3473 - cell
gsaltz@gpsaz.com

Marty Olejarczyk - Partner
602.762.0754 - cell
martyo@gpsaz.com

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INVESTMENT OVERVIEW

Sale Price: **\$1,187,368**

Cap Rate: **4.75%**

Net Cash Flow: **\$56,400**

Lease Term: **15 years**

Options: **Four, 5-year options**

SITE INFORMATION

Location: **90th St. and Loop-101**

Building Size: **900 SF**

Parcel Size: **±1.15 AC**

Construction: **Estimated Completion May 2021**

LEASE STRUCTURE

Lease Type: **Triple Net (NNN) Lease**

Guarantor: **Franchisee
(Large Corporate Entity)**

Landlord Responsibilities: **NONE During Dutch Bros Lease Term**

LEASE YEAR

ANNUAL RENT

CAP RATE

Years 1-5

\$56,400.00

4.75%

Years 6-10

\$62,040.00

5.23%

Years 11-15

\$68,244.00

5.75%

Years 16-20 (option 1)

\$75,068.40

6.32%

Years 21-25 (option 2)

\$82,575.24

6.95%

Years 26-30 (option 3)

\$90,832.76

7.65%

Years 31-35 (option 4)

\$99,916.04

8.41%

* We are selling the Dutch Bros Leasehold building. The Dutch Bros building is located on a ground lease with the Scottsdale Salt River Indian Community. All figures have been calculated after the Master Lease fee's and increases.



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INVESTMENT HIGHLIGHTS

- Opportunity to Invest in a Growing Concept with 450+ Locations Nationally
- Corporate Backed 15-Year Triple-Net (NNN) Lease
- **ZERO** Landlord Responsibilities During Dutch Bros Lease Term
- 10% Increases Every 5 Years Throughout the Entire Lease Term, Including Options

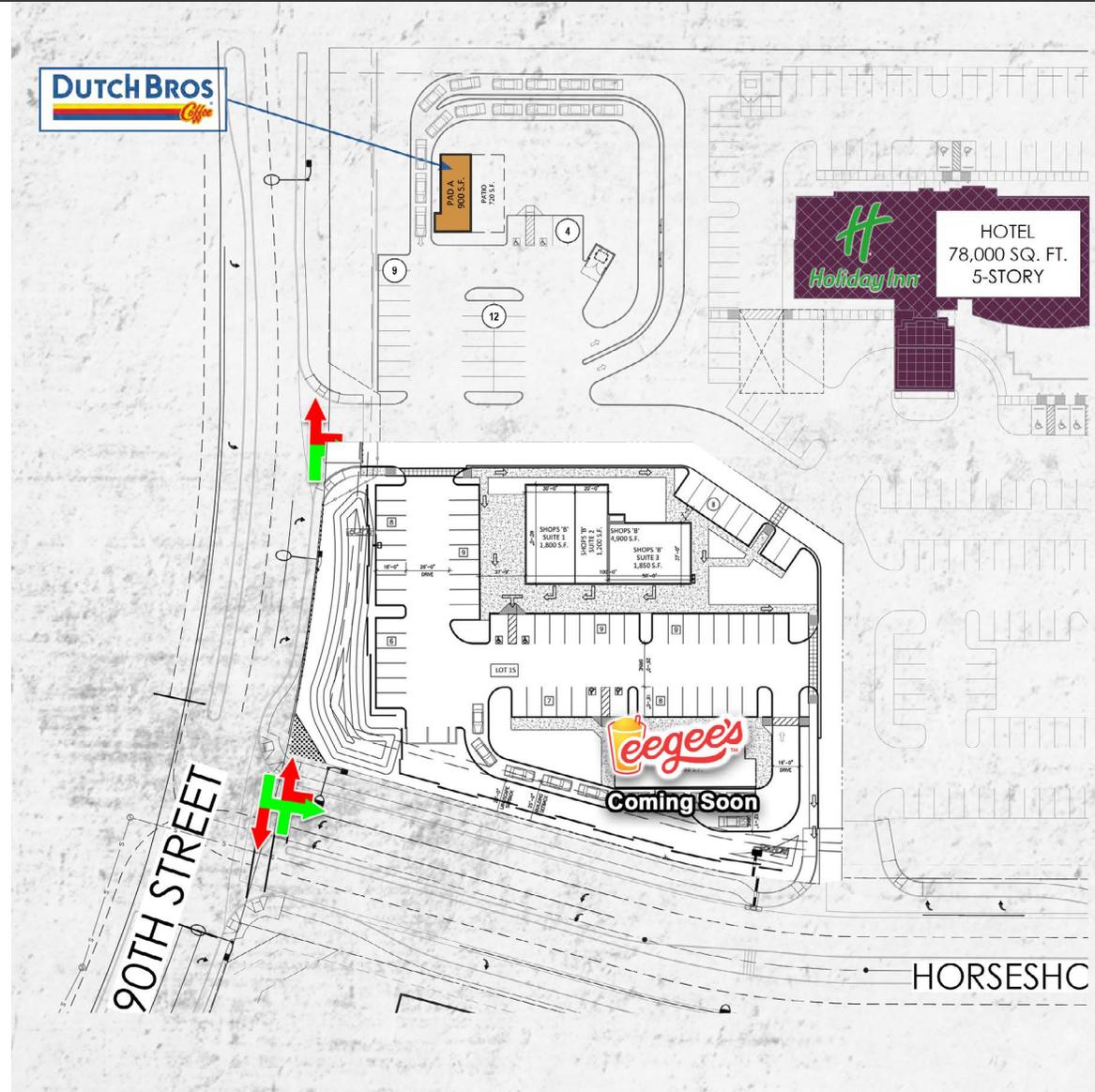
DEMOGRAPHICS	1 Mile	3 Mile	5 Mile
2020 Population	5,603	57,565	149,329
2025 Proj. Population	5,839	61,246	158,941
2020 Daytime Pop	11,477	86,875	213,537
2020 Employed	48,766	57,565	140,834
Avg HH Income	\$127,241	\$142,787	\$141,014
Median Age	56.0	53.2	49.1



The Dutch Bros Standard Drive-Thru model has proved resilient throughout the pandemic and allows for both quick service and quality drinks.

LOCATION OVERVIEW

- Dutch Bros will front 90th Street with excellent visibility and access, seeing over 34,915 vehicles per day.
- The project is North of Pima Center; a brand-new 22-acre mixed-use development comprised of $\pm 260,000$ square feet of medical office, hospitality, retail, and restaurants to include Starbucks, Whataburger, Texas Roadhouse, Spinato's Pizza, Nekter Juice, and many more.
- Adjacent to The Edge, a $\pm 200,000$ square foot Class A office building with strong amenities for office tenants to serve the growing educated employment base in the southeast valley.
- With over 4.1 Million SF retail amenities within an 3-mile radius, and an average of 314 sunny days, Scottsdale brings over 9+million visitors per year.
- Major employers in the area include, Talking Stick Resort ($\pm 2,500$ employees), HonorHealth ($\pm 2,299$ employees), CVS Pharmacy Inc ($\pm 2,080$ employees), Nationwide Insurance ($\pm 1,710$ employees), and International Cruise Excursions Inc ($\pm 1,150$ employees)





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DUTCH BROS

Dutch Bros Coffee was founded in 1992 by Dane and Travis Boersma, brothers of Dutch descent. After three generations in the dairy business, government regulations pressed the family to sell the cows. What felt devastating turned out to be a blessing in disguise. The bros bought a double-head espresso machine, threw open the barn doors and started experimenting with just 100 pounds of beans and a rockin' stereo. They set up a pushcart on the railroad tracks and started passing out samples to anyone who would brave the new brew, and, within a month, they knew they had something special.

Dutch Bros Coffee is known for their signature, three-bean mixed hot coffee, cold brew, and patented energy drink, Blue Rebel, as well as a variety of espressos, lattes, mochas, smoothies, and snacks. From experimenting with coffee grounds at their family's dairy farm, the company has grown to an enterprise with revenues over \$494 million a year in 2018 (Source: dutchbros.com). Due to the tremendous success Dutch Bros has enjoyed, they have over 400 locations and have become one of the most sought-after drive-thru pad tenants in the Western U.S. \$2M annually donated to nonprofit organizations.



IN ADDITION TO ITS MISSION OF SPEED, QUALITY AND SERVICE, DUTCH BROS IS COMMITTED TO GIVING BACK TO THE COMMUNITIES IT SERVES.

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Sierra Bloom is the latest mixed-use development project breaking ground in prestigious Scottsdale, Arizona. The 900,000 SF development is situated at the Northeast Corner of Loop 101 & 90th St. The site includes a full diamond exchange, freeway off ramp, and future traffic lights that will provide excellent visibility and access. Sierra Bloom's campus will be home to medical facilities, assisted living homes, a behavioral health hospital, hotels, and retail facilities. It is projected that approximately 10 acres will front 90th Street and be dedicated to retail and restaurants, where Dutch Bros will be conveniently located. The project is surrounded by a coveted entertainment hub, including attractions such as Talking Stick Resort & Casino (1.9 miles), Salt River Fields (0.2 miles), Top Golf (2.2 miles), The largest aquarium in the Southwest United States, OdySea Aquarium (0.8 miles) all within a 3-mile radius.

In addition to Sierra Bloom, there are multiple development projects underway. Construction has commenced for One South, a future $\pm 88,000$ class A multi-tenant medical building with primary care, and other specialty physician groups. The Block at Pima Center is a brand new ± 23 acre mixed-use development comprised of $\pm 260,000$ square feet of retail, service amenities, multiple restaurants and including Starbucks, Whataburger, Texas Roadhouse, Spinato's Pizza, Nekter Juice, and 2 Hilton Hotel Concepts. The Edge, a proposed $\pm 200,000$ square foot Class A office building, is planned to include strong amenities for office tenants to serve the growing educated employment base in the southeast valley.

Representative Rendering Only. See page 7 For Proposed Site Plans

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Scottsdale, Arizona is located in the stunning Sonoran Desert at the base of the McDowell Mountains. It is bordered by Phoenix, the Tonto National Forrest, and the Salt River. Scottsdale is annually rated among the nation's most desirable communities to live, visit and do business. Scottsdale is home to many high-end housing communities including Grayhawk, DC Ranch, Troon and Silverleaf, all within proximity to world-renowned golf courses. Scottsdale is also famous for the great dining and entertainment, which encompasses over 90 restaurants, 320 retail shops and more than 80 art galleries, which collectively welcomed over ±9 million visitors in the last year. North Scottsdale has a median household income of \$123,141 within 5 miles, and a steadily increasing rate of job growth. The Sierra Bloom project, located in the heart of North Scottsdale, is bordered by the upscale restaurants and resorts including the Four Seasons Resort, The Fairmont Scottsdale Princess Resort, JW Marriott Resort & Spa and the Westin Kierland Resort and Spa (source: <https://www.scottsdaleaz.gov/about>)

The Tourism and Events Department supports the economic vitality and unique lifestyle of Scottsdale by marketing and promoting arts and culture, downtown, events and tourism. The department provides services, support, and funding for the development of tourism-related capital projects, events and event development, destination marketing and promotion as well as research. It manages the public special event permitting process and, through contracts serves as the steward for the municipal collection of public art and cultural programming (Scottsdale Arts) as well as the marketing and promotion of Scottsdale as a premiere visitor destination (source: <https://www.scottsdaleaz.gov/tourism>)

Scottsdale was recognized for adopting a business mindset to run a well-managed government, embracing transparency, embedding data in decision-making – and several other accomplishments that resulted from those practices. Scottsdale was one of seven cities to achieve 2019 What Works Cities Certification and the smallest city to be certified to-date. (Source: April 2019 <https://www.scottsdaleaz.gov/about/recognition>)



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Top Golf
50 U.S. Venues Entertaining
+/- 17 Million Guests Annually



Odyssey
Largest Aquarium in
the Southwest United States



Talking Stick Resort
+496 Rooms +/- 2,500 Employees



Scottsdale AirPark
+/- 2,900 Businesses Employing More Than 51,000 People



Salt River Fields
11,000-Seat Capacity Ballpark

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Exclusively Listed By:



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