

# FOR SALE | BRAND NEW STARBUCKS | 10-YEAR CORPORATE LEASE | MODESTO, CALIFORNIA



**Price: \$2,905,000**

**CAP Rate: 5.25%**

## Property Features:

- New 10-Year Corporate Lease | Investment Grade Tenant | S&P BBB+
- Rare Landlord Friendly Lease Provision with Tenant Maintaining the Common Areas
- Brand New 2024 Build-to-Suit Drive-Thru Prototype Building
- Located near Modesto's Doctors Hospital a Full Service 461 Bed Facility
- High Traffic Volume Location | Over 55,300 ADT at McHenry & Orangeburg Avenues



**STARBUCKS**



COMMERCIAL | RETAIL  
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**EXECUTIVE SUMMARY**

Commercial Retail Associates, Inc. is pleased to be selected as the exclusive listing agent for the sale of this brand new 2024 constructed build-to-suit ±1,300 square foot free-standing drive-thru prototype building leased to the Starbucks Corporation. The site fronts McHenry Avenue/ Highway 108, a major arterial that runs north to south in Modesto, with over 33,700 ADT passing by the site. The building is also accessible from Orangeburg Avenue, which runs east to west through Modesto, with over 21,600 ADT. Neighboring retail tenants within close proximity to the subject property are Walgreens, Pep Boys, Sonic Burger, Wendy’s, Denny’s, Dutch Bros, Days Inn by Wyndham, and various medical offices with Modesto’s Doctors Hospital within 2 blocks of the property. This offering presents an investor with an opportunity to acquire an attractive pride-of-ownership, brand-new constructed commercial property that is leased to an investment grade corporate tenant, with a long-term lease commitment to the subject site.

**INVESTMENT SUMMARY**

**Address:** 1320 McHenry Avenue  
Modesto, California

**Price:** \$2,905,000

**CAP Rate:** 5.25%

**Annual Rent:** \$152,500

**Lease Term:** 10-Years

**Lease Type:** Net-Lease

**Year Built:** August 2024

**Building Size:** ±1,300 Square Feet

**Parcel Size:** ±0.59 Acres



**STARBUCKS**

**STRONG FUNDAMENTALS**

- Investment grade tenant with an S&P credit rating of BBB+ with 2023 revenue over \$36 billion and a market cap of over \$106 billion.
- Starbucks has been named by Fortune as one of the “World’s Most Admired Companies” and one of the “World’s Most Valuable Brands” by Forbes and is currently ranked #116 on the Fortune 500 list.
- Brand new 2024 build-to-suit drive-thru prototype building on a new 10-year lease with no early lease termination clause.
- Fee-simple ownership (land & building) allowing for tax beneficial depreciation of the property improvements.
- Starbucks is the largest coffeehouse chain globally with over 38,000 locations in 84 markets and they recently announced growth plans to open an additional 22,000 locations to bring its total store count to 55,000 by 2030.

**LOCATION HIGHLIGHTS**

- Located near the signalized intersection of McHenry Avenue, a major arterial that runs north to south in Modesto and Orangeburg Avenue which runs east to west through Modesto together they boost an impressive combined traffic count of over 55,300 ADT.
- Modesto has a population of 218,464 and is a city in Stanislaus County, which has a population of 552,878.
- Neighboring retail tenants in the immediate area include Walgreens, Wendy’s, Denny’s, Dutch Bros, Sonic Burger, Pep Boys, Days Inn by Wyndham plus many more national brands.
- Within two blocks of the property is Modesto’s Doctors Hospital which is a full service, multi-specialty comprehensive healthcare facility and 461-bed hospital with more than 2,600 employees and has been operating since 1962. There are also various medical offices in the surrounding area as well.

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**LEASE SUMMARY:**

|                                |   |
|--------------------------------|---|
| <b>TENANT:</b>                 | Starbucks Corporation, a Washington corporation |
| <b>PRIMARY LEASE TERM:</b>     | 10-Years  |
| <b>OPTION TERMS:</b>           | Four (4) Periods of Five (5) Years Each         |
| <b>STORE OPENING DATE:</b>     | August 21, 2024                                 |
| <b>RENT COMMENCEMENT DATE:</b> | October 20, 2024 (estimated)                    |
| <b>LEASE EXPIRATION DATE:</b>  | 10-Years from the Rent Commencement Date        |
| <b>LEASE TYPE:</b>             | Modified Triple-Net *                           |
| Property Taxes:                | Tenant Expense                                  |
| Property Insurance:            | Tenant Expense                                  |
| Common Area Maintenance:       | Tenant Expense                                  |

**RENT SCHEDULE:**

|                     |                                   |
|---------------------|-----------------------------------|
| <b>YEARS 1-5:</b>   | \$152,500 Annually                |
| <b>YEARS 6-10:</b>  | \$167,750 Annually (10% Increase) |
| <b>OPTION RENT:</b> | 10% Rent Increases                |

- \* This Starbucks lease has rare landlord friendly provisions where the tenant (not the landlord) is responsible for overseeing the maintenance, repair, and replacement of exterior areas of the property.
- \* Landlord is responsible for repairs, maintenance, and replacements which are not the responsibility of the tenant under the terms of the lease.
- \* There is a 20-year roof material guarantee that is assignable to the buyer.
- \* All lease provisions are to be independently verified by a prospective buyer during their due diligence period.

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**STARBUCKS**

|                          |  |
|--------------------------|--|
| <b>OWNERSHIP:</b>        | <b>PUBLIC</b> (NASDAQ:SBUX)                    |
| <b>CREDIT RATING:</b>    | <b>S&amp;P BBB+</b> (INVESTMENT GRADE)         |
| <b>MARKET CAP:</b>       | <b>\$106 BILLION</b>                           |
| <b>2023 REVENUE:</b>     | <b>\$36 BILLION</b> (a 12% increase over 2022) |
| <b>NUMBER OF STORES:</b> | <b>38,000</b>                                  |
| <b>LOCATED IN:</b>       | <b>86 MARKETS</b> (U.S. and internationally)   |
| <b>FOUNDED:</b>          | <b>1971</b>                                    |
| <b>HEADQUARTERS:</b>     | <b>SEATTLE, WASHINGTON</b>                     |

**Company Overview:**

Starbucks Corporation was founded in Seattle, Washington in 1971, and has grown into the leading coffee retailer in the world with over 38,000 locations and over \$36 billion in revenue in 2023. Starbucks is one of the most recognized brands in the world and has consistently been ranked on Fortune Magazine’s list of the most admired companies. Starbucks is aggressively expanding its drive-thru format which generate 30% - 60% more revenue compared to legacy cafe locations. Starbucks together with its subsidiaries, operates as a roaster, marketer, and retailer of specialty coffee worldwide. The company operates in three segments: Americas; International; and Channel Development. Its stores offer coffee and tea beverages, roasted whole bean and ground coffees, single-serve and ready-to-drink beverages, and iced tea; and various food products, such as pastries, breakfast sandwiches, and lunch items. The company also licenses its trademarks through licensed stores, and grocery and foodservice accounts. It offers its products under the Starbucks, Teavana, Seattle’s Best Coffee, Evolution Fresh, Ethos, Starbucks Reserve, and Princi brand names.

**This is a Corporate Signature Lease Starbucks Corporation, a Washington Corporation (NASDAQ: SBUX)**

For more information visit: [www.starbucks.com](http://www.starbucks.com)



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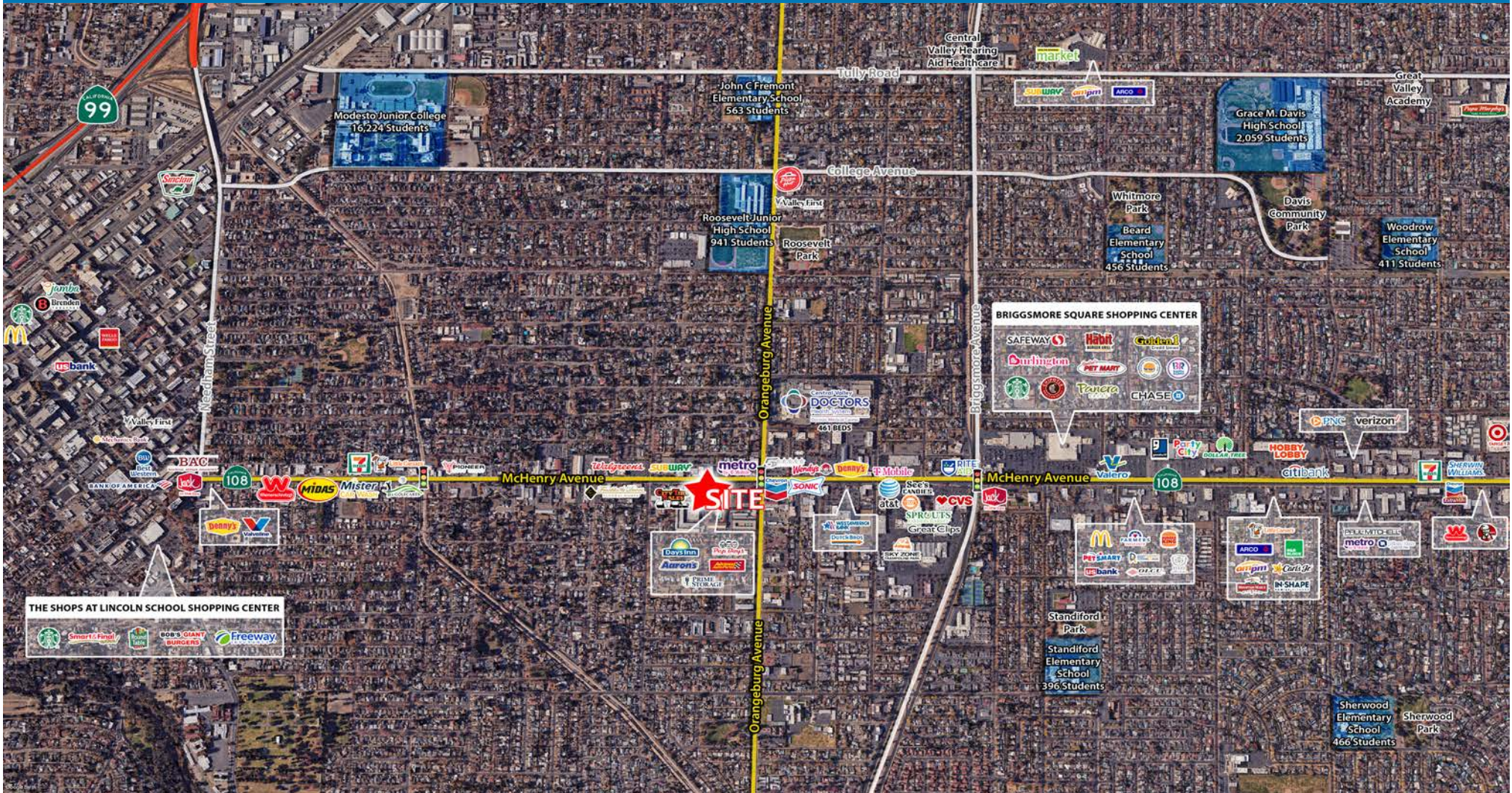
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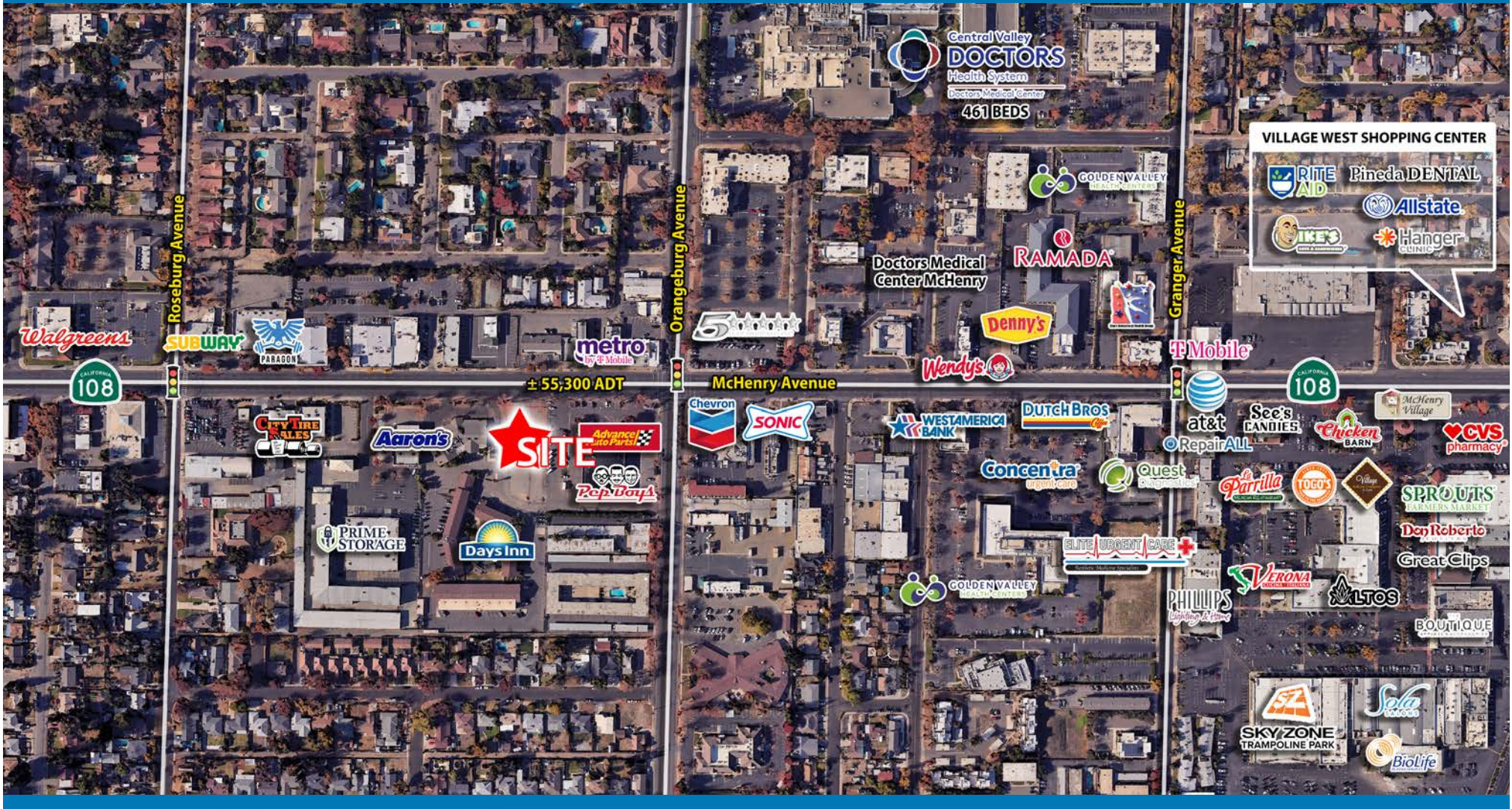
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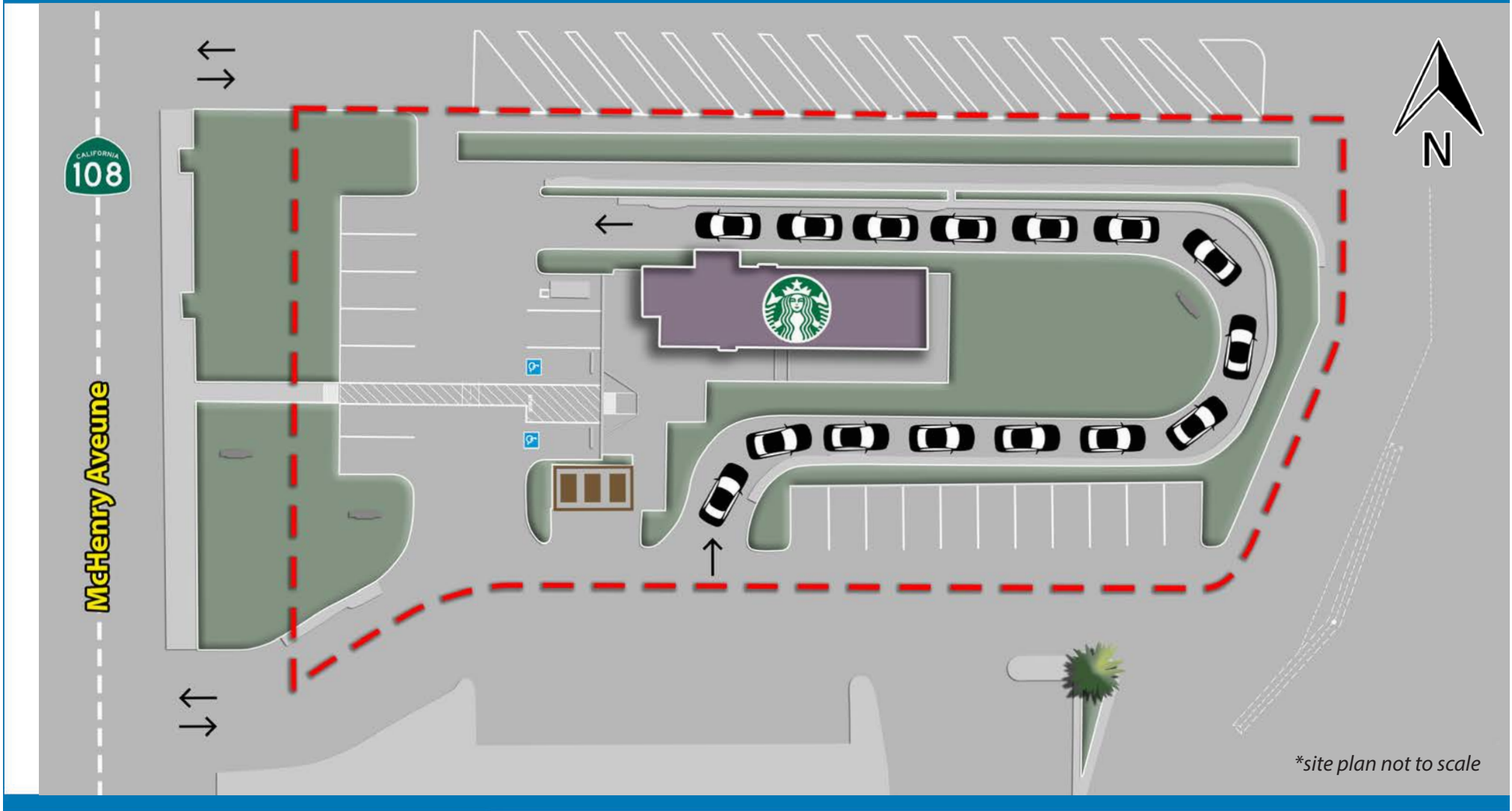
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# MODESTO, CALIFORNIA



Established in 1870, Modesto has grown to a population of 218,464 and is a city in Stanislaus County, which has a population of 552,878. Stanislaus County is synonymous with the Modesto Metropolitan Statistical Area (MSA) and is located in the San Joaquin Valley of Northern California. Modesto is situated along State Route Highway 99, south of Sacramento and north of Turlock. Modesto was founded as one of the San Joaquin Valley's railroad towns when the Central Pacific Railroad purchased one square mile of land and began selling lots. This city is surrounded by one of the greatest agricultural production areas in the world and it has developed a strong presence in manufacturing and commercial construction. Modesto also operates as one of the national centers for food and beverage production. Major employers

include E&J Gallo Winery, Frito-Lay, Bartles & Jaymes Co, Foster Farms, Bronco Wine Co, Conagra Brands, and Del Monte Foods. Within Stanislaus County, Modesto ranks sixth among California's counties in farm production. The city also has a thriving arts and cultural scene supported by the Gallo Center, Townsend Opera, Antique Car Shows, Annual Festivals and more. The city is an approximately 60 to 90 minute car drive from Sacramento and the San Francisco Bay Area, making it an attractive location for families seeking more affordable housing. Recreational activities including Yosemite National Park, Lake Tahoe, and the Pacific Ocean are all less than a 3-hour drive from Modesto. The city is served by the Modesto City-County Airport (MOD), the nation's first municipally owned airport which is located just 4 miles south of the subject property.



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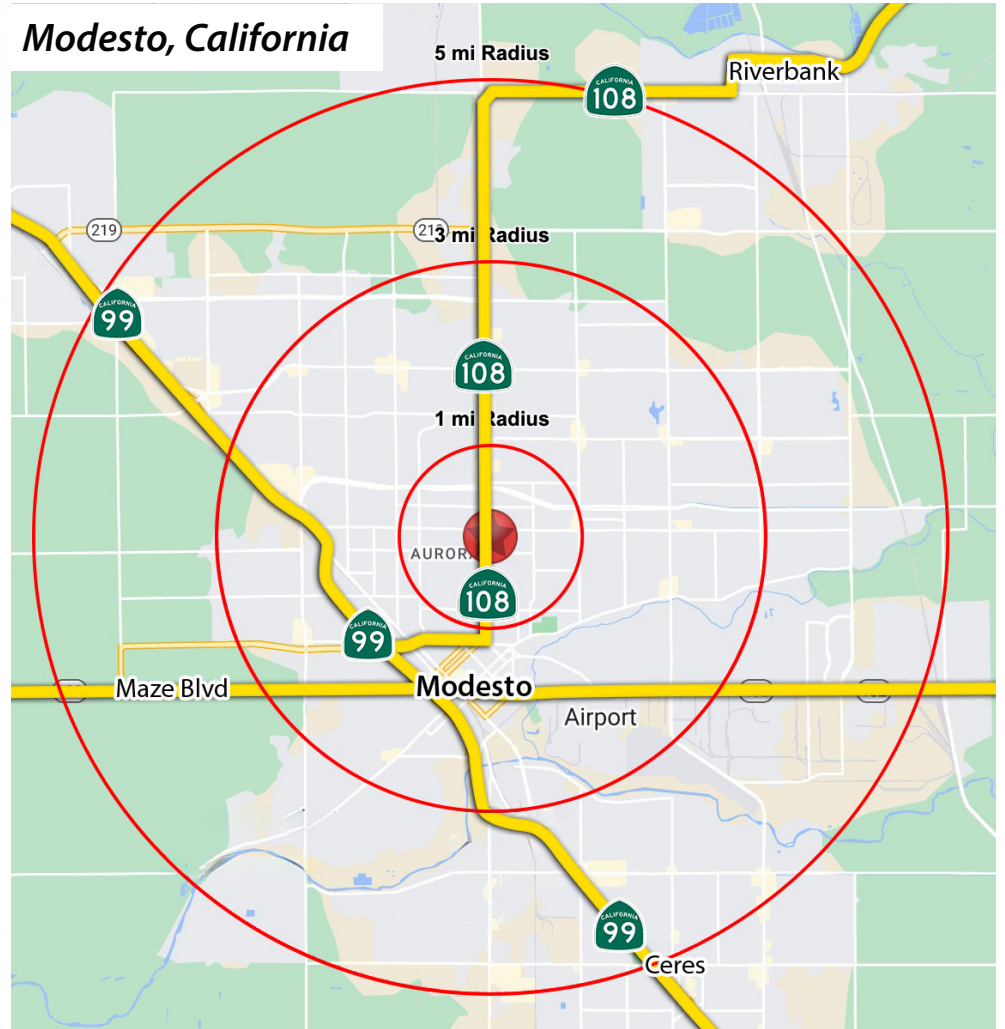
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| 1320 McHenry Ave<br>Modesto, CA 95350      | 1 mi radius | 3 mi radius | 5 mi radius |
|--|-------------|-------------|-------------|
| <b>Population</b>                          |             |             |             |
| 2024 Estimated Population                  | 18,213      | 155,380     | 279,566     |
| 2029 Projected Population                  | 17,968      | 153,886     | 276,759     |
| 2020 Census Population                     | 17,791      | 154,461     | 280,478     |
| 2010 Census Population                     | 16,647      | 145,238     | 262,865     |
| <b>Households</b>                          |             |             |             |
| 2024 Estimated Households                  | 6,993       | 54,618      | 91,880      |
| 2029 Projected Households                  | 6,986       | 54,756      | 92,116      |
| 2020 Census Households                     | 7,021       | 54,520      | 91,769      |
| 2010 Census Households                     | 6,681       | 51,675      | 86,554      |
| <b>Race</b>                                |             |             |             |
| 2024 Est. White                            | 57.3%       | 49.5%       | 46.3%       |
| 2024 Est. Black                            | 4.4%        | 5.0%        | 4.6%        |
| 2024 Est. Asian or Pacific Islander        | 5.7%        | 8.2%        | 8.6%        |
| 2024 Est. American Indian or Alaska Native | 1.8%        | 1.9%        | 1.8%        |
| 2024 Est. Other Races                      | 30.8%       | 35.3%       | 38.7%       |
| <b>Marital Status &amp; Gender</b>         |             |             |             |
| 2024 Est. Male Population                  | 49.5%       | 49.4%       | 49.6%       |
| 2024 Est. Female Population                | 50.5%       | 50.6%       | 50.4%       |
| 2024 Est. Never Married                    | 37.0%       | 37.2%       | 36.6%       |
| 2024 Est. Now Married                      | 36.6%       | 39.1%       | 41.5%       |
| 2024 Est. Separated or Divorced            | 19.3%       | 16.9%       | 16.0%       |
| <b>Income</b>                              |             |             |             |
| 2024 Est. HH Income \$200,000 or More      | 11.9%       | 9.2%        | 10.0%       |
| 2024 Est. HH Income \$150,000 to \$199,999 | 7.8%        | 8.0%        | 9.0%        |
| 2024 Est. HH Income \$100,000 to \$149,999 | 17.6%       | 18.2%       | 18.9%       |
| 2024 Est. HH Income \$75,000 to \$99,999   | 15.7%       | 14.3%       | 13.8%       |
| 2024 Est. HH Income \$50,000 to \$74,999   | 13.9%       | 17.6%       | 17.2%       |
| 2024 Est. HH Income \$35,000 to \$49,999   | 10.3%       | 10.4%       | 10.0%       |
| 2024 Est. HH Income \$25,000 to \$34,999   | 8.4%        | 6.8%        | 6.5%        |
| 2024 Est. HH Income \$15,000 to \$24,999   | 7.3%        | 6.6%        | 6.5%        |
| 2024 Est. Average Household Income         | \$109,794   | \$103,535   | \$107,417   |
| 2024 Est. Median Household Income          | \$81,887    | \$76,145    | \$81,170    |
| 2024 Est. Total Businesses                 | 767         | 5,969       | 8,566       |
| 2024 Est. Total Employees                  | 7,511       | 60,335      | 84,825      |



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