



DUTCH BROS

NEW BUILD-TO-SUIT CONSTRUCTION | CORPORATE GUARANTY | SAN BERNARDINO COUNTY

APPLE VALLEY, CA



CAPITAL PACIFIC

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REPRESENTATIVE PHOTO

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DUTCH BROS

NWC OF BEAR VALLEY RD & NAVAJO RD, APPLE VALLEY CA 93208

\$2,500,000

PRICE

4.40%

CAP

NOI:

\$110,000

LEASE TYPE:

CORPORATE NN

LEASE TERM:

15 YEARS

LEASABLE AREA:

824 SF

LAND AREA:

0.91 ACRES

YEAR BUILT:

2020

**UPON COMPLETION OF CONSTRUCTION, THIS
WILL BE THE FIRST DUTCH BROS. TO OPEN IN
SOUTHERN CALIFORNIA**

Investment Highlights



THE OFFERING

A build-to-suit Dutch Bros. located on a signalized intersection in Apple Valley, CA. The Apple Valley Dutch Bros., currently under construction with an anticipated rent commencement in September 2020, is subject to a 15-year Lease featuring a Corporate Guaranty and 10% rental escalations every 5 years in the base term and option periods. The subject property is an outparcel to the Stater Bros anchored Apple Valley Square shopping center, and is strategically positioned on the signalized intersection of Bear Valley Road and Navajo Road, which boasts combined traffic counts of 40,900 VPD. Kitty-corner from Dutch Bros. is the Apple Valley High School, which is the main high school serving the area with over 2,100 enrolled students.

The Apple Valley Dutch Bros. will be the first Southern California location that is open and operating, and greatly benefits from its position within the market. Bear Valley Road connects State Route 18 to Interstate 15, two main highway systems serving the region. For cars going east-west from State Route 18 to Interstate 15, the Apple Valley Shopping Center is the first accessible retail center along that route. The subject property is also surrounded by a dynamic mix of daily needs tenants, including Reorder to Stater Bros, Big Lots, Arby's, and 7-Eleven.

HIGHLIGHTS

- **Forecasted to be the first SoCal Dutch Bros. open and operating**
- **Long-term passive investment; Corporate Guaranty**
- **Scheduled rental escalations, providing a hedge against inflation**

DESIRABLE LOCATION

- **Signalized intersection location; outparcel to a grocery anchored shopping center**
- **Kitty-corner from Apple Valley High School (2,100+ students)**
- **Limited competition for drive-thru coffee operators**

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Income & Expense

PRICE **\$2,500,000**

Capitalization Rate: **4.40%**

Total Rentable Area (SF): 824

Lot Size (AC): 0.91

STABILIZED INCOME **PER SQUARE FOOT**

Scheduled Rent \$133.50 \$110,000

Effective Gross Income \$133.50 \$110,000

LESS **PER SQUARE FOOT**

Taxes NNN \$0.00

Insurance NNN \$0.00

Total Operating Expenses NNN \$0.00

EQUALS NET OPERATING INCOME **\$110,000**



Rent Roll

TENANT INFO		LEASE TERMS		RENT SUMMARY				
TENANT NAME	SQ. FT.			CURRENT RENT	MONTHLY RENT	YEARLY RENT	MONTHLY RENT/FT	YEAR RENT/FT
Dutch Bros.	824	1	5	\$110,000	\$9,167	\$110,000	\$11.12	\$133.50
<i>Corporate Guaranty (Initial Term)</i>		6	10		\$10,083	\$121,000	\$12.24	\$146.84
		11	15		\$11,092	\$133,100	\$13.46	\$161.53
	Option 1	16	20		\$12,201	\$146,410	\$14.81	\$177.68
	Option 2	21	25		\$13,421	\$161,051	\$16.29	\$195.45
	Option 3	26	30		\$14,763	\$177,156	\$17.92	\$215.00
	Option 4	31	35		\$16,239	\$194,872	\$19.71	\$236.49
TOTALS:	824			\$110,000	\$9,167	\$110,000	\$11.12	\$133.50

Rent Commencement is anticipated for September 2020.

Lease Abstract



RENT

BASE RENT

DATE RANGE	MONTHLY RENT	ANNUAL RENT
Years 1-5	\$9,167	\$110,000
Years 6-10	\$10,083	\$121,000
Years 10-15	\$11,092	\$133,100

OPTION RENTS

DATE RANGE	MONTHLY RENT	ANNUAL RENT
#1. Years 16-20	\$12,201	\$146,410
#2. Years 21-25	\$13,421	\$161,051
#3. Years 26-30	\$14,763	\$177,156
#4. Years 31-35	\$16,239	\$194,872

The details contained within the Lease Abstract are provided as a courtesy to the recipient for purposes of evaluating the Property's initial suitability. While every effort is made to accurately reflect the terms of the lease document(s), many of the items represented herein have been paraphrased, may have changed since the time of publication, or are potentially in error. Capital Pacific and its employees explicitly disclaim any responsibility for inaccuracies and it is the duty of the recipient to exercise an independent due diligence investigation in verifying all such information, including, but not limited to, the actual lease document(s).

PREMISES & TERM

TENANT

BB Holdings CA LLC dba Dutch Bros. Coffee

GUARANTOR

Boersma Bros. LLC (Initial Term only)

LEASE TYPE

Corporate NN

LEASE TERM

15 years

RENT COMMENCEMENT

September 2020 (Anticipated)

OPTIONS

Four 5-year options

EXPENSES

TAXES: TENANT PAYS DIRECTLY TO THE TAXING AUTHORITY

INSURANCE

TENANT SHALL CARRY AND MAINTAIN: Commercial general liability insurance (\$2 million per occurrence); and cause of loss-special form property insurance (full replacement value). Landlord shall be named as additional insured

LANDLORD SHALL CARRY AND MAINTAIN: Commercial general liability insurance (\$2 million per occurrence); and cause of loss-special form property insurance. Tenant shall reimburse directly for Landlord's property insurance, and shall pay its pro rata share of the liability insurance

UTILITIES: Tenant pays all utilities directly

MAINTENANCE: Tenant is responsible for the maintenance and repair of all non-structural portions of the premises (interior and exterior), including routine maintenance and repair of the HVAC

LANDLORD'S OBLIGATIONS: Maintenance, repair and replacement (if necessary) of the roof and structure; HVAC replacement

ADDITIONAL LEASE PROVISIONS

ESTOPPEL: Tenant and Landlord shall deliver an executed estoppel certificate within 20 business days of written request from the other party

Site Plan

sf

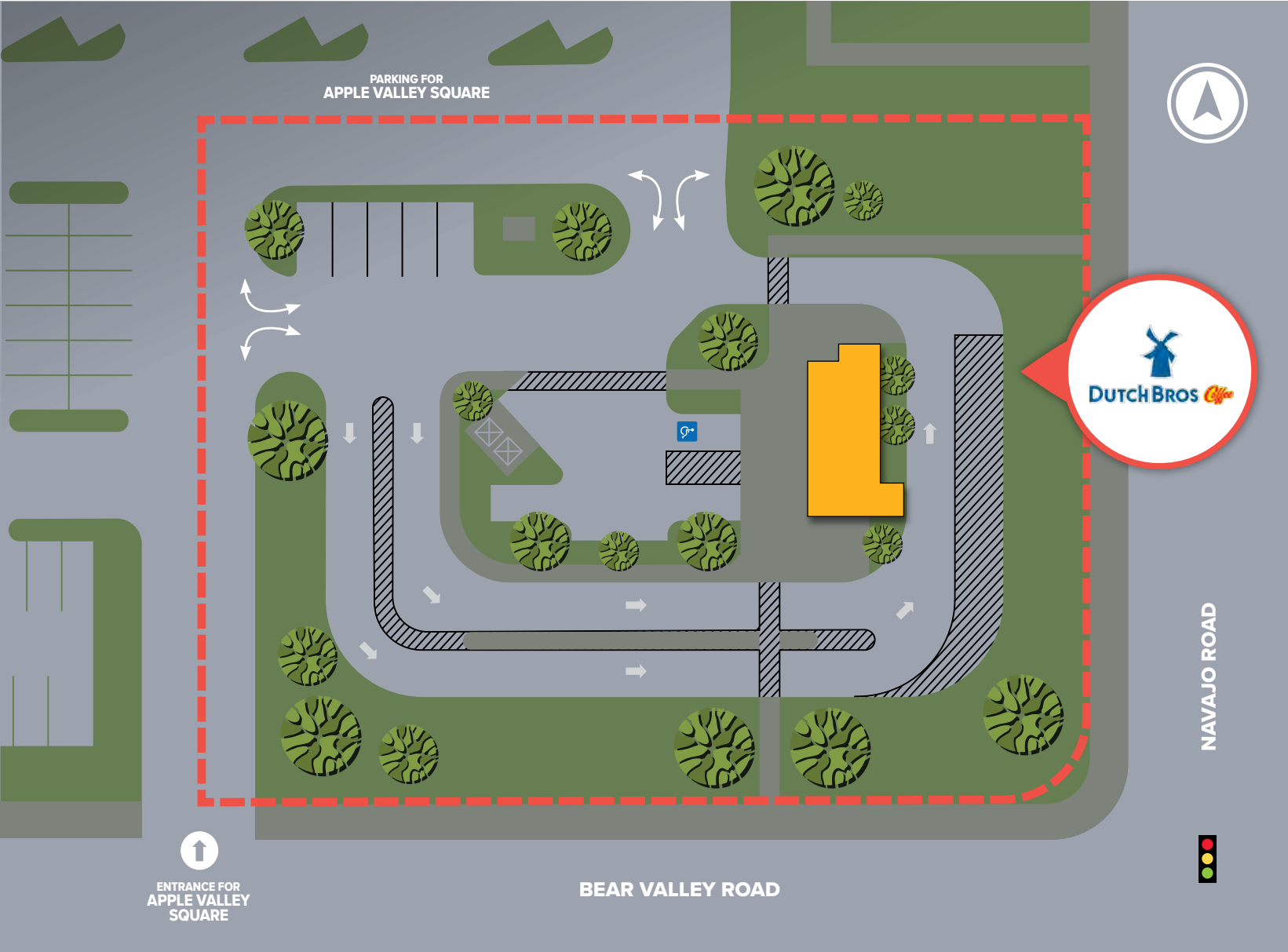
824
RENTABLE SF

ac

0.91
ACRES

JANUARY
1

ESTIMATED
RENT
COMMENCEMENT
9/2020



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Tenant Overview



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DUTCH BROS. *Coffee*

ABOUT DUTCH BROS

Dutch Bros Coffee, founded in 1992 and headquartered in Grants Pass, Oregon, is the country's largest privately held drive-thru coffee chain with company-owned and franchise locations throughout the Western U.S. Dutch Bros has over 380 locations throughout seven states and over 12,000 team members.

Its coffee kiosks serve specialty coffee drinks, smoothies, freezes, teas, a private-label Dutch Bros Blue Rebel energy drink and nitrogen-infused cold brew coffee. A proprietary three-bean blend is still roasted to perfection from its Grants Pass headquarters. The company prides itself on its 3 core values: speed, quality and service.

Forbes previously named Dutch Bros one of its Small Giants: Best Small Companies. Dutch Bros, its owner/operators and the Love Abounds Foundation remain committed to the community, donating more than \$5.8 million annually to nonprofit organizations and causes across the country.

380+

LOCATIONS THROUGHOUT
THE WESTERN U.S.



Surrounding Retail



Surrounding Retail Aerial

VICTORVILLE

metroPCS
MARCELINOS
 MEXICAN RESTAURANT
 FOOTPRINTS
 LAUNDROMAT
 PHO BELWOOD
 HOT NAILS & SPA

SUBWAY
 H&R BLOCK

STATER BROS.
 markets

BIG LOTS!

15,100
VPD

25,800
VPD

Arby's

Jack
 in the box

DUTCH BROS *Coffee*
 EST. RENT
 COMMENCEMENT
 9/2020

7
 ELEVEN

15,600
VPD

NAVAJO ROAD

BEAR VALLEY ROAD

APPLE VALLEY HIGH SCHOOL

2,100 ENROLLED
 STUDENTS

HOME TO
 NEWTON T BASS
 STADIUM



Surrounding Retail Aerial

HESPERIA

VICTORVILLE

25,800
VPD

BEAR VALLEY ROAD

LOWE'S
TARGET
WinCo FOODS

metroPCS
MARCELINOS
MEXICAN RESTAURANT
FOOTPRINTS
LAUNDROMAT
PHO BELWOOD
HOT NAILS & SPA

SUBWAY
H&R BLOCK

STATER BROS.
markets

Jack
in the box

Arby's

BIG
LOTS!

Dutch Bros *Coffee*
EST. RENT
COMMENCEMENT
9/2020

MANDARIN
CHEF

GOOD THINGS
THRIFT STORE

NAVAJO ROAD

7
ELEVEN

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Demographics



POPULATION

	1-MILE	3-MILES	5-MILES
2010	6,026	34,578	72,893
2019	6,529	36,358	77,670
2024	6,786	37,484	80,330

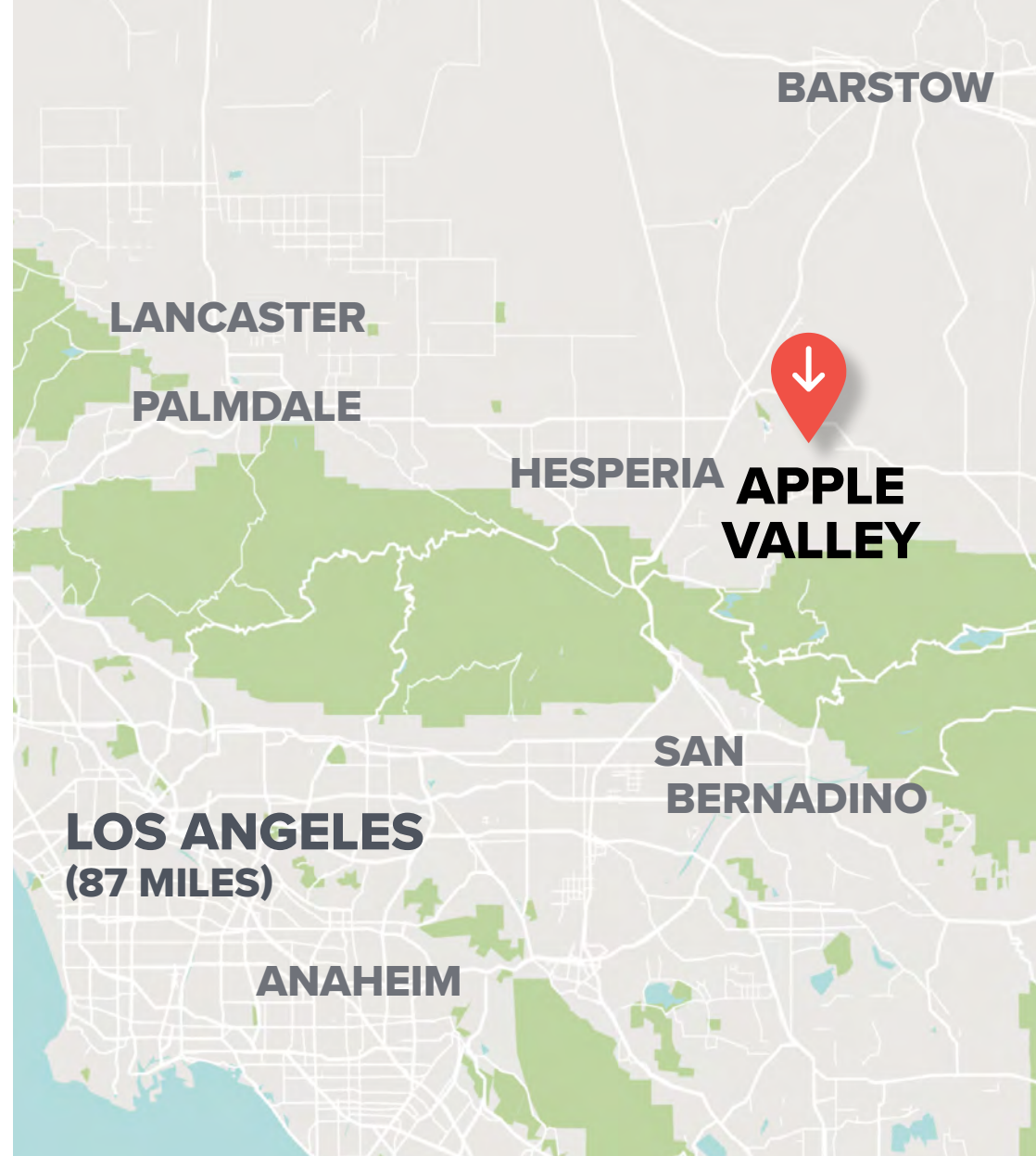


2019 HH INCOME

	1-MILE	3-MILES	5-MILES
Average	\$52,542	\$70,343	\$76,750
Median	\$42,283	\$51,539	\$56,104

VICTOR VALLEY TOP EMPLOYERS

EMPLOYER	# OF EMPLOYEES
Hesperia Unified School Dist.	2,524
Southern Ca. Logistics Airport	1,890
St. Mary Medical Center	1,630
Apple Valley Unified School District	1,420
Walmart Distribution Center	1,001



THE AVERAGE HOUSEHOLD INCOME WITHIN A 5-MILE RADIUS IS OVER \$76K

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APPLE VALLEY, CALIFORNIA



APPLE VALLEY is a small city located in the heart of the Victor Valley in San Bernardino County. At an elevation of 3,000 feet, the region is known as the “High Desert”. Apple Valley is located near the southern edge of the Mojave Desert, and is bordered by Victorville to the west and Hesperia to the south. Apple Valley is strategically located 95 miles northeast of the Los Angeles metropolitan area, and 185 miles southwest of Las Vegas.

With an estimated population of 81,000, Apple Valley has become a retail destination for expanding national and regional brands. Apple Valley remains attractive for retail and hotel development due to its positive economic growth, quality demographics, aggressive marketing efforts, and a Town Council which targets retail and hospitality development as one of its top priorities.

THE VICTOR VALLEY is located along Interstate-15, between Los Angeles and Las Vegas and within Southern California’s Inland Empire. Also known as the “High Desert”, the Victor Valley encompasses four growing communities, Adelanto, Apple Valley, Hesperia and Victorville, and almost 450,000 people call the Victor Valley home.

SAN BERNARDINO COUNTY is home to 2.18 million residents making it the fifth-most populous county in California. San Bernardino County is a hub for global commerce featuring an extensive transportation infrastructure, a skilled workforce and measurable business cost savings. San Bernardino County has 6.5M labor shed, 3 major airports, 3 major interstate highways and major railways, all located in over 20,160 square miles.

VIRGIN TRAINS RIGHT ON TRACK TO BREAK GROUND IN 2020

Construction on the Virgin Train that will lay 170 miles of new rail is on track to break ground in 2020, officials said.

VICTOR VALLEY NEWS On April 14, 2020, the California Debt Limit Allocation Committee unanimously approved the second half of \$600 million in private equity bond allocation for the Virgin Train XpressWest rail project connecting Southern California to Las Vegas.

“These bonds will be funded through a sale of private bonds later this year, not using public funds, with construction scheduled to start immediately following the sale of the bonds,” stated Orlando Acevedo, Director of Business Development and Communications for the Town of Apple Valley.

The project will lay 170 miles of new rail track between Apple Valley and Las Vegas and create more than 30,000 new construction jobs and nearly \$3 billion in economic activity for the state of California.

According to Acevedo, it will generate tax revenue for California and the Town and serve as a catalyst for increased housing, job creation and economic development throughout the High Desert region.

- The high-speed rail line will also help California meet its environmental initiatives.
- The car-free transportation option will eliminate 3 million cars and 100,000 metric tons of CO2 from the road annually.
- Trains will be fully electric and produce zero carbon emissions.

[CLICK HERE TO READ THE FULL ARTICLE](#)

VIRGIN TRAINS USA PLANS TO BUILD A HIGH -SPEED RAIL STATION IN APPLE VALLEY THAT WILL CONNECT SOUTHERN CALIFORNIA TO LAS VEGAS



REPRESENTATIVE PHOTO



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