



klnb Capital
Markets

URBAN

3122 M STREET NW, WASHINGTON DC 20007

OFFERING MEMORANDUM



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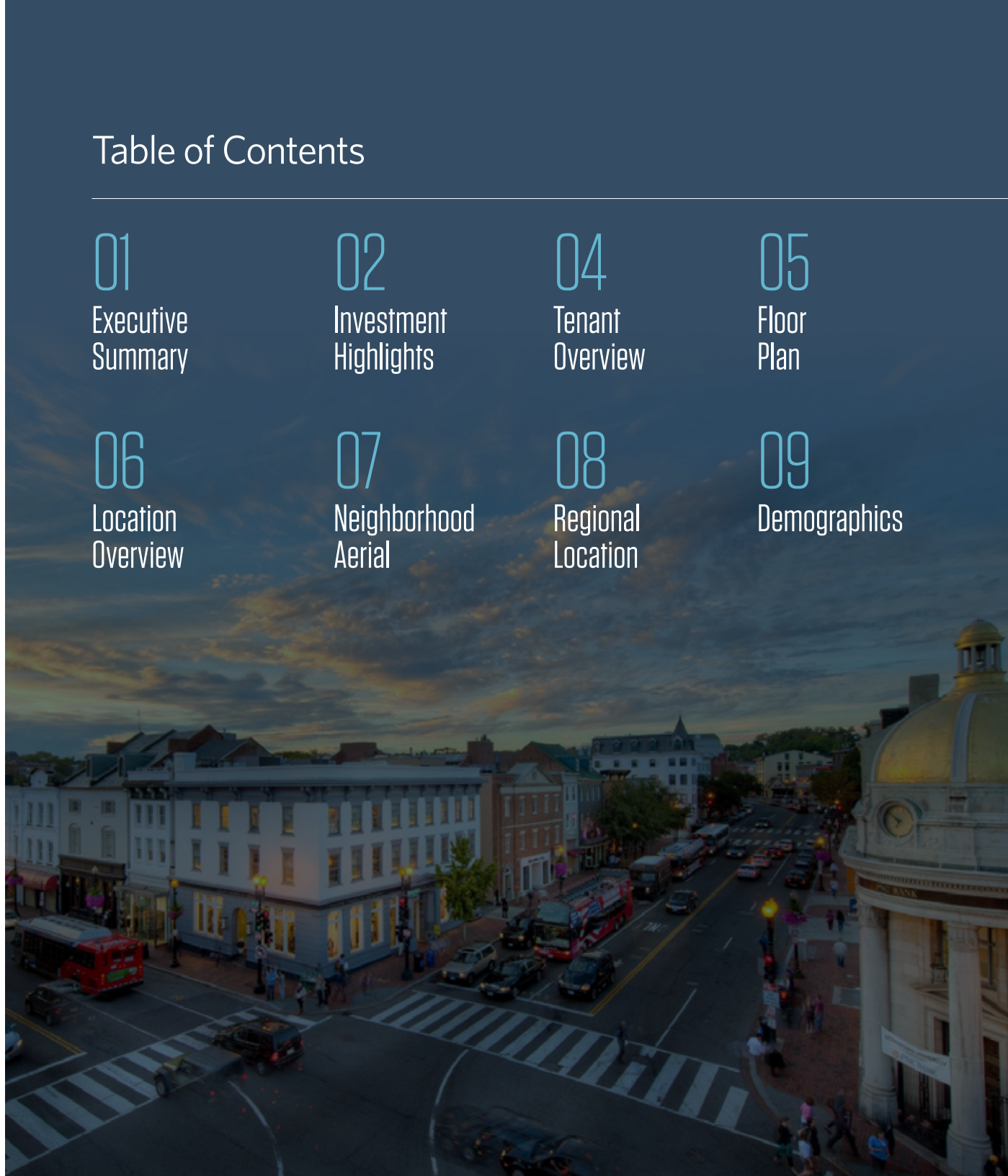
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Executive Summary

3122 M Street NW
Washington DC 20007



THE OFFERING

| | | | |
|----------------------------|---------------|--------------------|-------------------------|
| Tenant | Smoothie King | Lease Comm. | 11/17/2021 |
| GLA (Building) | 4,412** | Rent Comm. | 5/1/2022 |
| RBA (Smoothie King) | 3,586 | Lease Exp. | 4/30/2032 |
| Lot Size (SF) | 2,460 | Increases | 2.5% per year |
| Year Built/Renov. | 1900 / 2023 | Options | 1 x 5-Year |
| Zoning | MU-04 | Guarantor | SK USA, Inc (Corporate) |
| Lease Type | NNN*** | | |

* Pricing is on rent year May 2024-April 2025, Lease Year 3

** Building SF is taken from Smoothie King architectural plans. The 3rd floor is an estimated 826 SF and houses the buildings mechanicals. Measurements are unverified

*** LL responsible for structure



PRICE*

\$3,100,000



CAP RATE

5.50%



RENT SCHEDULE

| Lease Year | Date | Annual Rent | % Increase | Rent/SF |
|---------------------------|-----------------------|-------------|------------|---------|
| Base Rent | May 2022 - April 2023 | \$100,000 | | \$27.89 |
| | May 2023 - April 2024 | \$140,000 | 40.00% | \$39.04 |
| CURRENT LEASE YEAR | May 2024 - April 2025 | \$170,000 | 21.43% | \$47.41 |
| | May 2025 - April 2026 | \$174,250 | 2.50% | \$48.60 |
| | May 2026 - April 2027 | \$178,606 | 2.50% | \$49.81 |
| | May 2027 - April 2028 | \$183,071 | 2.50% | \$51.06 |
| | May 2028 - April 2029 | \$187,648 | 2.50% | \$52.33 |
| | May 2029 - April 2030 | \$192,339 | 2.50% | \$53.64 |
| | May 2030 - April 2031 | \$197,148 | 2.50% | \$54.98 |
| | May 2031 - April 2032 | \$202,077 | 2.50% | \$56.36 |
| One 5-Year Option | May 2032 - April 2037 | FMV | 2.50% | |



DEMOGRAPHIC HIGHLIGHTS

1/2-Mile



8,278

RESIDENTS



\$225,379

AVG HH INCOME



23,291

DAYTIME
POPULATION



Below-Market Rent with Corporate Guarantee

- » Previously occupied by Starbucks for over 25 years and was immediately leased to Smoothie King on a 10-year lease with a 5-year renewal option. This store is a strategic location for the brand and is executed and guaranteed by Smoothie King Corporate (SK USA, Inc).
- » As a result of the previous impact of COVID on the retail sector, the space was leased at substantively lower rent than current market rates, and now in 2024, the rent is a below-market rate of only \$47.41PSF. Market rents for comparable retail buildings range from \$75-\$200 PSF. The Smoothie King also benefits from a fully usable 2nd floor retail space and ample lower-level storage.
- » While Smoothie King has contractual term through 2032 and 2.5% increases, there is significant upside in rent during their remaining option period, which is set to be determined by a fair market value that should significantly surpass their scheduled rental rate.



Recently Renovated with Smoothie King Commitment to the Location

- » The 3 level + basement building was renovated by Smoothie King in 2022-2023, refreshing the façade, and upgrading the interior of the property. The lease was an as-is deal with renovation costs borne by the tenant.
- » The lower level of the building (937 SF) is storage space for the retailer and the 3rd floor of the building is built out as a mechanical room servicing the lower portions of the building.
- » The street level (1,471 SF) serves as the primary consumer facing level with state-of-the-art food production and prep areas, ordering counters and an ADA compliant restroom. In the rear are the refrigeration and freezer areas.
- » The 2nd level (1,178 SF) is comprised of consumer seating and additional storage for Smoothie King.



Investment Highlights



Irreplaceable, Internationally Recognized Neighborhood with Unmatched Demographics

- » 3122 M Street is located the epicenter of the historic Georgetown neighborhood, an internationally recognized area of primarily rowhome style retail buildings with dominant retailers including the likes of Apple, Barbour, Ralph Lauren, and Patagonia with recent newcomers Tesla, SKIMS, Vuori, and Marine Layer.
- » Georgetown is comparable to Bond Street in London, Fifth Avenue in New York, and Rodeo Drive in Beverly Hills – each serving as their city's home to high fashion, luxury retail and upscale restaurants and hotels.
- » Georgetown is a market with unmatched demand for retail space and virtually zero raw land available for development. The neighborhood is largely protected by historic designations that maintain the historic charm and limits supply, increasing property values and competition in the submarket.
- » Positioned a half block from the intersection of Wisconsin Ave & M Street, Smoothie King is nestled in the most affluent neighborhood in Washington DC, and one of the wealthiest in the nation with average household incomes over \$225,000 within a half-mile radius.

NEIGHBORING TENANTS



Barbour

RALPH LAUREN

patagonia®

TESLA

SKIMS

VUORI

Marine Layer

Tenant Overview



smoothieking.com

NO. OF LOCATIONS:

1,400+

GUARANTY:

Corporate

RENT COMMENCEMENT:

05/01/2022

EXPIRATION DATE:

04/30/2032

SIZE:

3,586 SF

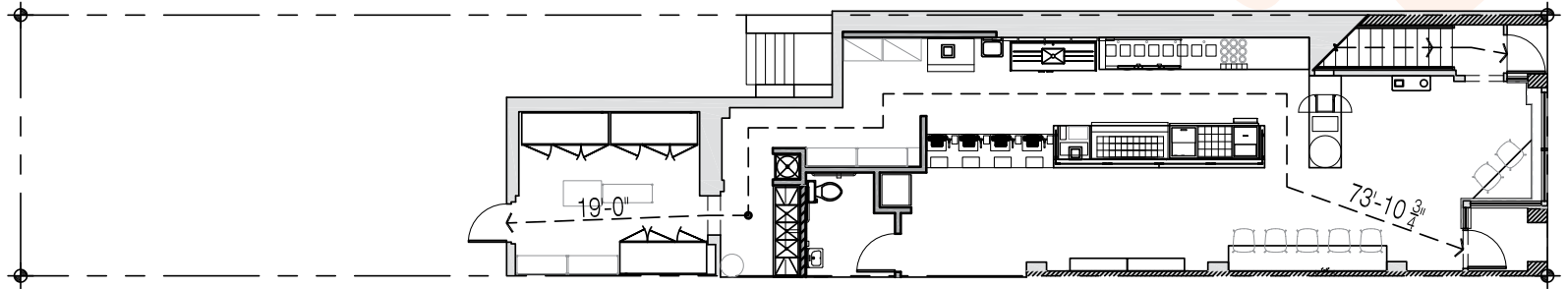
Smoothie King, founded in 1973 in Kenner, Louisiana, is a global food and beverage brand specializing in smoothies and nutritional supplements. The brand emphasizes a commitment to health and wellness, offering a diverse menu of blended beverages tailored to various dietary needs and fitness goals. Smoothie King's menu includes a range of smoothies categorized by purpose, such as fitness, wellness, and slim blends. The company has expanded its reach with 1400+ locations across the United States and internationally.

This location is a rare corporately owned store that is guaranteed by SK USA, Inc

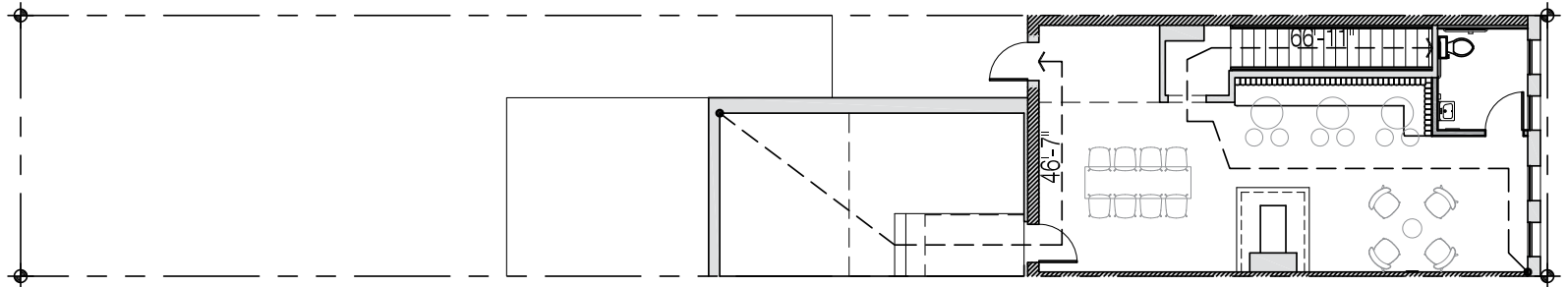
For a news article celebrating their grand opening, please visit:
<https://wjla.com/good-morning-washington/smoothie-king-opens-first-location-in-georgetown-dc-delicious-smoothies-and-bowls-with-healthy-real-fruits-and-organic-vegetables>

Floor Plan

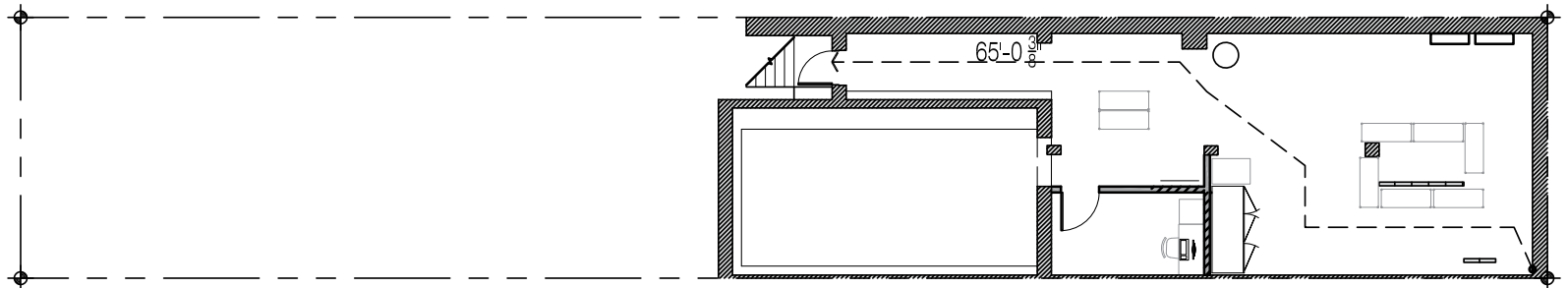
1st Floor ±1,471 SF



2nd Floor ±1,178 SF



Cellar ±937 SF



*The 3rd floor of the building is a mechanical room. The square footage is unverified but estimated to be 826 SF.

Georgetown

Washington, DC

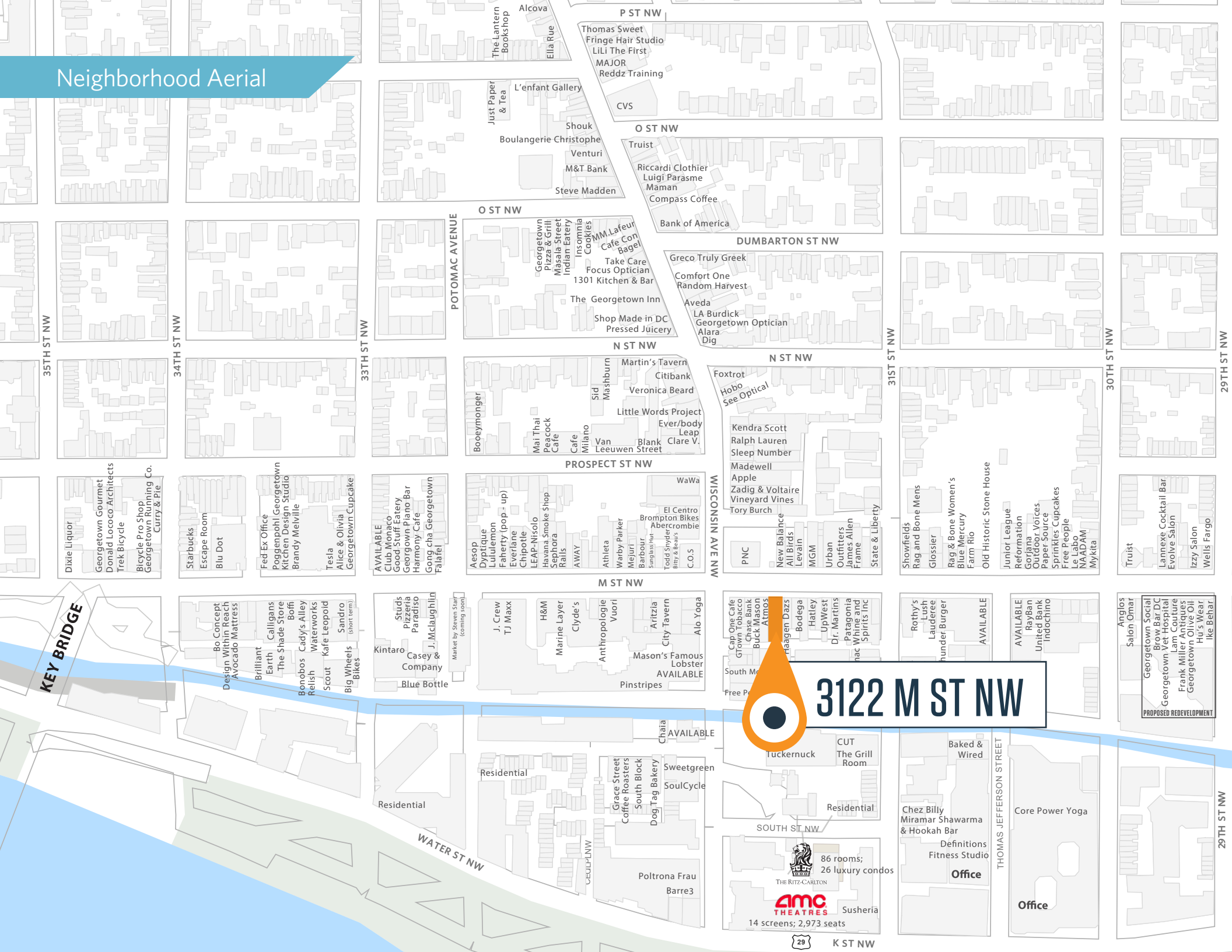
The Farmers and Mechanics Bank, a historic building in the Georgetown. Located at the intersection of M Street and Wisconsin Avenue.

Uniquely positioned along the Potomac River in western Washington DC, Georgetown is renowned as the crown jewel of the city, best known for its quaint charm, scenic vistas, and rich history. This combination also has made Georgetown one of the city's preeminent shopping and tourist destinations, **drawing 12.7 million visitors in 2022** to see its historical landmarks and browse its impressive lineup of high-end retailers, specialty boutiques, and trendy restaurants and bars. This foot-traffic is facilitated by Georgetown's exceptional location, which puts the neighborhood within easy reach of the rest of the city with direct and convenient access to Arlington and Northern Virginia to the west via the Francis Scott Key Memorial Bridge and to northern access to Maryland via Wisconsin Avenue.

Georgetown enjoys a healthy retail real estate market, supported by the neighborhood's vibrant and diverse tenant lineup with most of the neighborhood's business centered along its two primary commercial corridors: Wisconsin Avenue and M Street. As the premier retail hub in Washington DC, Georgetown is the preferred market for expanding retailers, including Apple, Barbour, Ralph Lauren, and Tory Burch, in addition to an array of restaurants, hotels, and specialty shops. Given the neighborhood's confluence of attractive features, it is hardly surprising that Georgetown enjoys some of the best demographics in the region. **In the half-mile ring surrounding Smoothie King, the average household income is over \$225,000 with 8,250+ residents.** A 10-minute walk from the property is the district's namesake school, Georgetown University, which is nestled in the heart of the neighborhood, adding approximately 17,000 students and 2,100 faculty members to the market's already dense consumer base.



Neighborhood Aerial



3122 M ST NW



THE RITZ-CARLTON

amc THEATRES

14 screens; 2,973 seats

Regional Location



GEORGETOWN UNIVERSITY

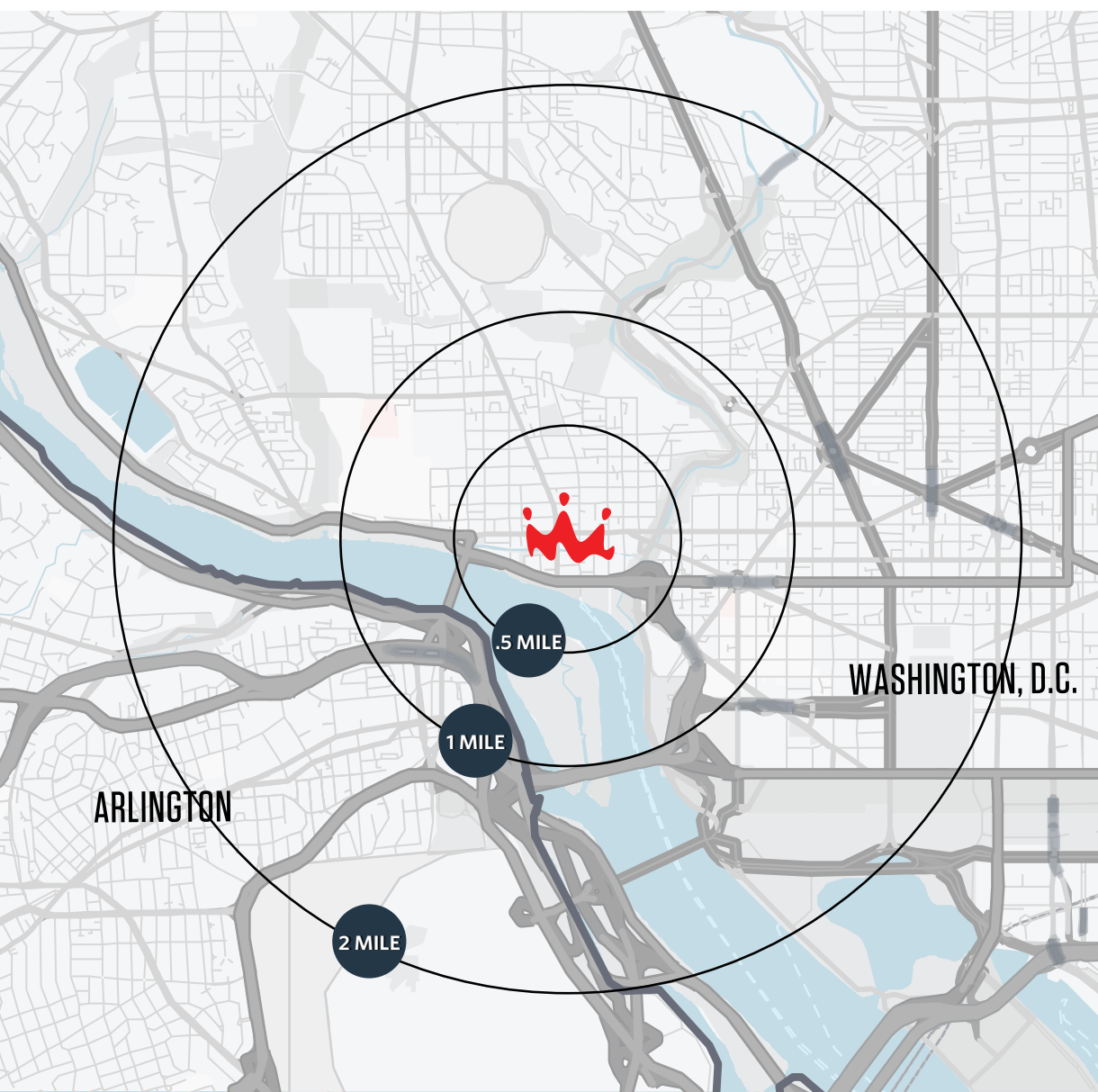
3122 M ST NW

ARLINGTON





WASHINGTON, D.C.

RONALD REAGAN
WASHINGTON NATIONAL
AIRPORT



Demographics



2023 Demographic Summary

| | 0.5 MILE | 1 MILE | 2 MILE |
|--|-----------|-----------|-----------|
|  Total Population | 8,278 | 43,417 | 168,131 |
|  Average Household Income | \$225,379 | \$191,265 | \$186,790 |
|  Households | 4,303 | 19,793 | 90,821 |
|  Daytime Population | 23,291 | 137,489 | 499,629 |

2023 - 2028 Projected Annual Growth Summary

| | | | |
|--|-------|-------|-------|
|  Median Household Income | 4.42% | 2.18% | 2.46% |
|  Average Household Income | 2.79% | 2.13% | 2.49% |



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THE IN FOR MARKET INSIGHT

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