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OFFERING
MEMORANDUM

O'REILLY AUTO PARTS

NET LEASED OFFERING

5314 GRAND AVENUE DULUTH, MN 55807

OFFERING MEMORANDUM
PRESENTED BY:

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INVESTMENT SALES

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INVESTMENT OVERVIEW



This is the opportunity to purchase a 11,250 square-foot net leased offering in Duluth, Minnesota. The tenant has over 7 years of initial term remaining on their lease with an increase in rent in 2023. The tenant has two, 5 year options to renew with 10% increases at each option. The lease is corporately guaranteed by O'Reilly Auto Parts and calls for minimal landlord obligations. The site is strategically located on a major commercial thoroughfare. The property is nearby several retailers including Menards, Pizza Hut, McDonald's, Dollar Tree, Anytime Fitness, Super One Foods, and many others.

INVESTMENT HIGHLIGHTS

NET LEASED OFFERING

INVESTMENT GRADE CREDIT - S&P RATED: BBB CREDIT

10% RENT INCREASE IN 2.5 YEARS

SELLER WILL PROVIDE NEW 3RD PARTY REPORTS

STRONG HISTORICAL SALES

RENT SIGNIFICANTLY BELOW MARKET & TENANT AVERAGE

SURROUNDED BY MAJOR RETAILERS

OFFERING SPECIFICATIONS

PRICE

\$992,700

CAP RATE

6.75%

NET OPERATING INCOME

\$67,008

SQUARE FOOTAGE

11,250

YEAR BUILT

1924/1997

MARKET

Duluth

FINANCIAL SUMMARY

O'REILLY AUTO PARTS • NET LEASED OFFERING

5314 GRAND AVENUE DULUTH, MN 55807

\$992,700 • 6.75%

SUMMARY

TENANT NAME	O'Reilly Auto Parts
SQUARE FOOTAGE	11,250
LEASE START	12/1/97
LEASE END	11/30/27
ANNUAL RENT	\$67,008
OPTIONS	Two, 5-year
INCREASES	10% at Each Option, Including Base Term
LANDLORD RESPONSIBILITIES	Roof, Structure, Parking Lot, and (1) HVAC

OFFERING SUMMARY

	NET OPERATING INCOME	CAP RATE
YEARS 1-3	\$67,008	6.75%
YEARS 3-8	\$73,709	7.42%
OPTION 1	\$81,080	8.17%
OPTION 2	\$89,188	8.98%

TENANT OVERVIEW



O'REILLY AUTO PARTS

O'Reilly Auto Parts is an American auto parts retailer that provides automotive aftermarket parts, tools, supplies, equipment, and accessories in the United States serving both the professional service providers and do-it-yourself customers. Founded in 1957 by the O'Reilly family. As of July 2018 O'Reilly Automotive, Inc. operates more than 5,147 stores in 47 states, including Alaska and Hawaii. The company continues to plan for growth and expansion, projecting the addition of 200 new locations in 2018.

O'Reilly Automotive, Inc.(NASDAQ: ORLY) is one of the largest specialty retailers of automotive aftermarket parts, tools, supplies, equipment, and accessories in the United States, serving both professional service providers and do-it-yourself customers.



PUBLICLY TRADED



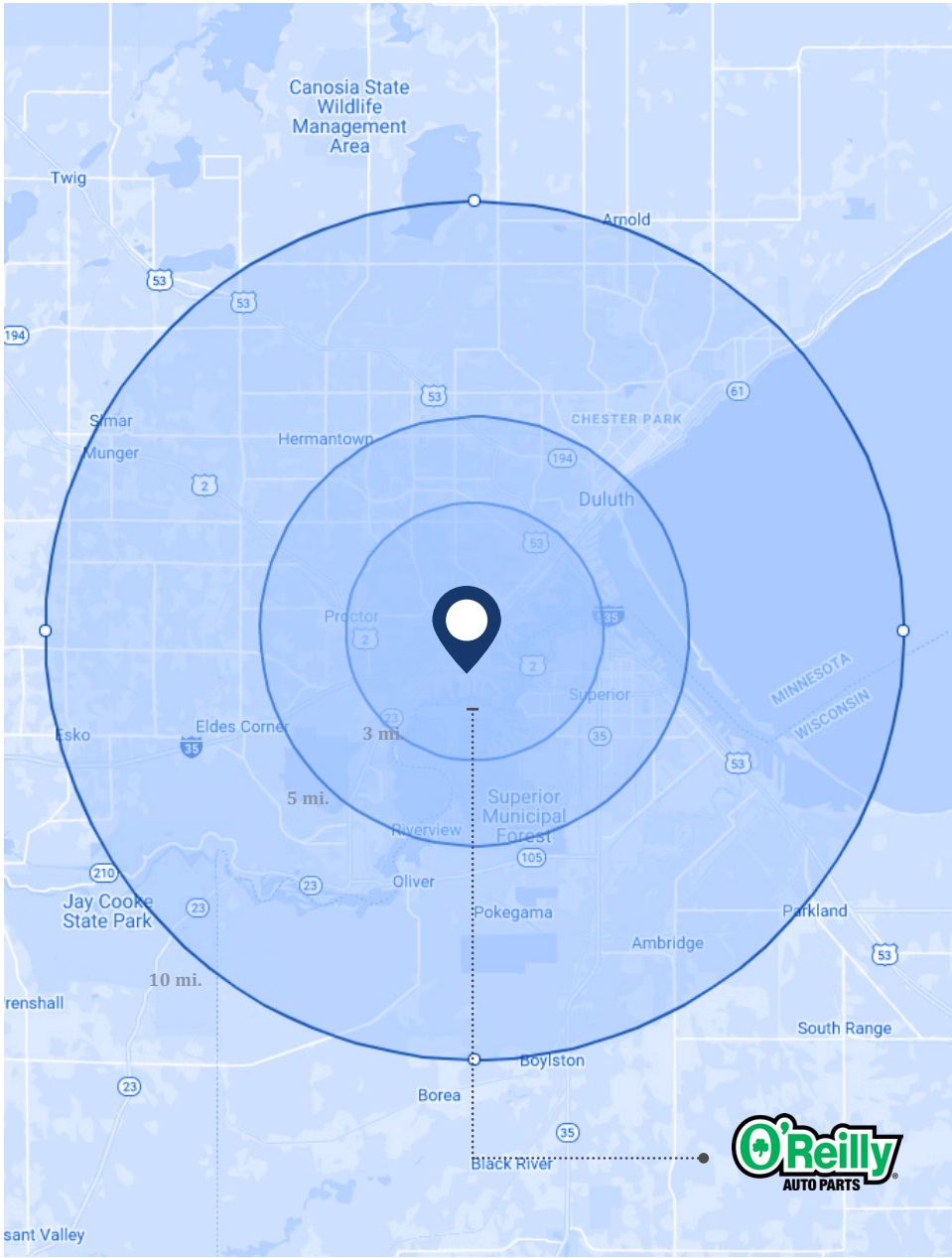
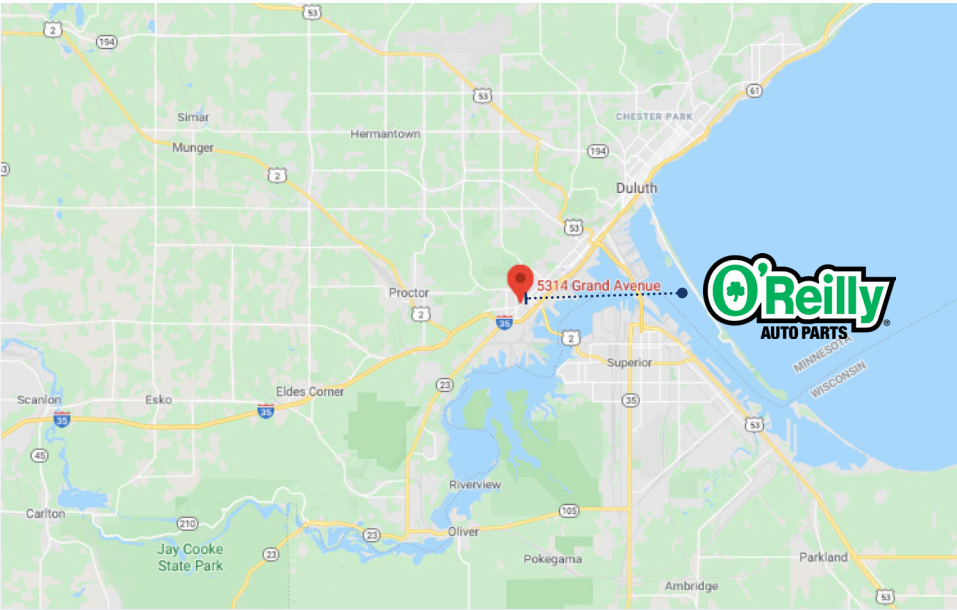
5,000 LOCATIONS



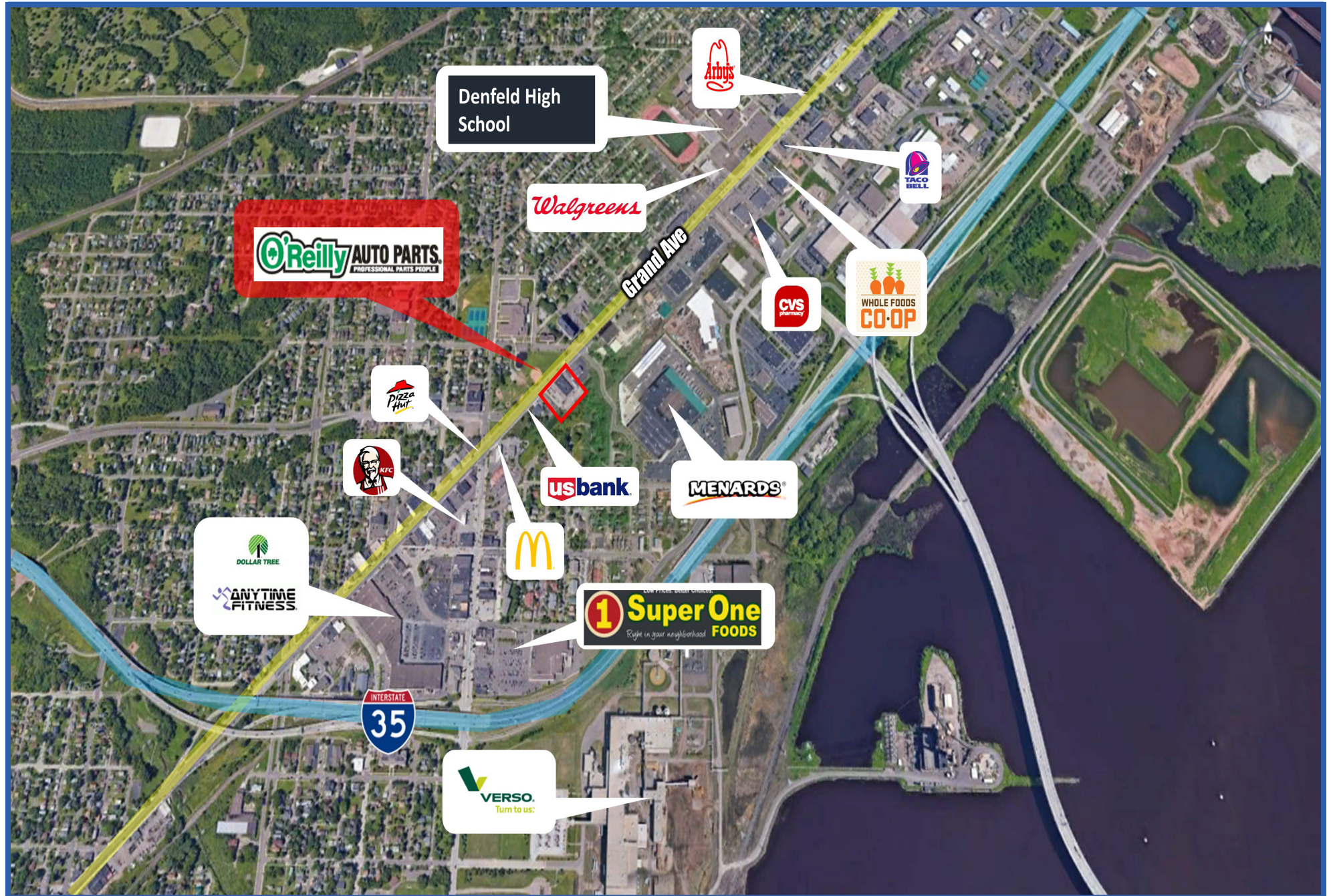
74,000+ EMPLOYEES

O'Reilly's initial public stock offering in April 1993 was well received by investors as a welcome addition to publicly traded companies in the automotive aftermarket industry. This success has continued to date.

REGIONAL OVERVIEW



LOCATION AERIAL



DEMOGRAPHICS



	3 MILES	5 MILES	10 MILES
TOTAL POPULATION	27,606	67,109	134,425
TOTAL HOUSEHOLDS	11,975	29,502	55,359
AVERAGE HOUSEHOLD INCOME	\$57,138	\$58,429	\$68,274
AVERAGE AGE	39.20	39.30	38.70

AREA OVERVIEW

DEMOGRAPHICS	3 MILES	5 MILES	10 MILES
TOTAL HOUSEHOLDS	11,975	29,502	55,359
TOTAL POPULATION	27,606	67,109	134,425
PERSONS PER HOUSEHOLD	2.30	2.20	2.30
AVERAGE HOUSEHOLD INCOME	\$57,138	\$58,429	\$68,274
AVERAGE HOUSE VALUE	\$139,146	\$149,215	\$162,576
AVERAGE AGE	39.20	39.30	38.70
WHITE	24,869	59,574	121,908
BLACK	654	1,878	3,090
AM. INDIAN & ALASKAN	726	2,075	3,047
ASIAN	295	984	2,209
HAWAIIAN & PACIFIC ISLAND	14	35	69
OTHER	1,048	2,563	4,102

DULUTH, MN

Duluth is a port city in the U.S. state of Minnesota and the county seat of Saint Louis County. Duluth has a population of 85,884 and is Minnesota’s fourth-largest city. It is the second-largest city on Lake Superior, after Thunder Bay, Ontario. It has the largest metropolitan area on the lake, with a population of 279,771 in 2010, the second-largest in the state.

Situated on the north shore of Lake Superior at the westernmost point of the Great Lakes, Duluth is accessible to oceangoing vessels from the Atlantic Ocean 2,300 miles (3,700 km) away via the Great Lakes Waterway and the Saint Lawrence Seaway.

Duluth forms a metropolitan area with neighboring Superior, Wisconsin; together they are called the Twin Ports. The cities share the Duluth–Superior harbor and together are the Great Lakes’ largest port, transporting coal, iron ore (taconite), and grain.

A tourist destination for the Midwest, Duluth features the United States’ only all-freshwater aquarium, the Great Lakes Aquarium; the Aerial Lift Bridge, which sits adjacent to Canal Park and spans the Duluth Ship Canal into the Duluth–Superior harbor; and Minnesota Point (known locally as Park Point), the world’s longest freshwater baymouth bar, spanning 6 miles (10 km). The city is also the starting point for vehicle trips along Minnesota’s North Shore.



DULUTH, MINNESOTA



The Kase Group

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