

OFFERING MEMORANDUM

Advance ***Auto Parts***

HURON, SOUTH DAKOTA

INCOME TAX FREE STATE – LEASE JUST EXTENDED
WITH RENT INCREASE



CARSON BRESHEARS

Associate
206.826.5638
carson.breshears@marcusmillichap.com

HANK WOLFER

First Vice President
425.770.2495
hank.wolfer@marcusmillichap.com

Marcus & Millichap

EXECUTIVE SUMMARY

INVESTMENT OVERVIEW

Marcus & Millichap is proud to offer for sale fee simple ownership of the Advance Auto Parts located along Dakota Avenue S in Huron, South Dakota. The offering includes the 12,298 square foot building built in 1953. In place is a favorable corporate guaranteed, NNN lease through December of 2025. The subject property just exercised their 3rd option for renewal with a 6% rent increase while also amending the lease to add an additional 5-yr. option at lease expiration.

Huron, South Dakota is the 9th largest city in South Dakota, home to approximately 30,000 people. Located in East Central South Dakota, Huron benefited from the railroad and land booms in the 1880s, which is when the first settlement was established. The South Dakota State Fair has been hosted in Huron every year since 1905. To help evolve that experience for the state of South

Dakota, Huron is developing the DEX, the Dakota Events Complex. The DEX is a brand-new \$19 million-dollar, multipurpose livestock and equestrian complex at the state fairgrounds. The facility will seat 7,000, include two full site equestrian areas, host concerts and auto shows, all combining to drive visitors throughout the year for the local Huron community. Anticipated launch for the new 200,000 square foot facility will be September 2022. Huron also offers the Huron Regional Airport, located on the north end of the city. The airport has operated since 1917 and provided over 2,000 flights annually over the last 10 years. Other key economic drivers include agriculture, food processing, manufacturing, and healthcare. Major employers include food processor Dakota Provisions, Huron Regional Medical Center and SunQuest Health Care, and manufacturing companies Banner Engineering, and Terex.

INVESTMENT HIGHLIGHTS



Advance Auto Just Exercised Their 3rd Option for Renewal With 6% Rent Increase



Expansive 12,298 Square Foot Building - Extra Room for Merchandise Stock



Passive NNN Lease – Landlord Responsible for Structure and Foundation Only



Additional 5 Year Option in Latest Lease Amendment – 10% Rent Increase

THE OFFERING

| | |
|-------------------|--------------------------------------|
| Property Tenant | Advance Auto Parts |
| Property Address | 1659 Dakota Ave S Huron, SD 57350 |
| Price | \$724,000 |
| Cap Rate | 6.75% |
| Price/SF | \$58.87 |
| Year Built | 1953 |
| GLA | 12,298 SF |
| Zoning | Commercial |
| Type of Ownership | Fee Simple |



RETAIL TRADE MAP



SPLASH CENTRAL
WATER PARK

WASHINGTON
ELEMENTARY
SCHOOL

AT&T

The UPS Store

McDonald's

Godfather's
Pizza

HURON HIGH
SCHOOL

QUALITY
INN & SUITES

SUBWAY

Advance
Auto Parts

PROSPECT PARK

Burger
King

Jeep

O'Reilly AUTO PARTS

Walmart

verizon

37

37

James River

James River

FINANCIAL INFORMATION

RENT SCHEDULE

| LEASE YEAR | ANNUAL RENT | MONTHLY RENT | RENT/SF | CAP RATE |
|----------------|-------------|--------------|---------|----------|
| Current - 2025 | \$48,840 | \$4,070 | \$3.97 | 6.75% |
| 2026 | \$53,724 | \$4,477 | \$4.36 | 7.42% |

LEASE SUMMARY

| LEASE SUMMARY | |
|------------------------------|------------------------|
| Property Subtype | Net Leased Auto Parts |
| Tenant | Advance Auto Parts |
| Rent Increases | 10% at Renewal Option |
| Guarantor | Corporate Guarantee |
| Lease Type | NNN |
| Lease Commencement | 12/17/1999 |
| Lease Expiration | 12/31/2025 |
| Lease Term | 26 |
| Term Remaining on Lease | 4.9 |
| Renewal Options | One 5 Year Option |
| Landlord Responsibility | Structure & Foundation |
| Tenant Responsibility | Remaining |
| Right of First Refusal/Offer | No |

ANNUALIZED OPERATING INFORMATION

| INCOME | |
|----------------------|----------|
| Net Operating Income | \$48,840 |

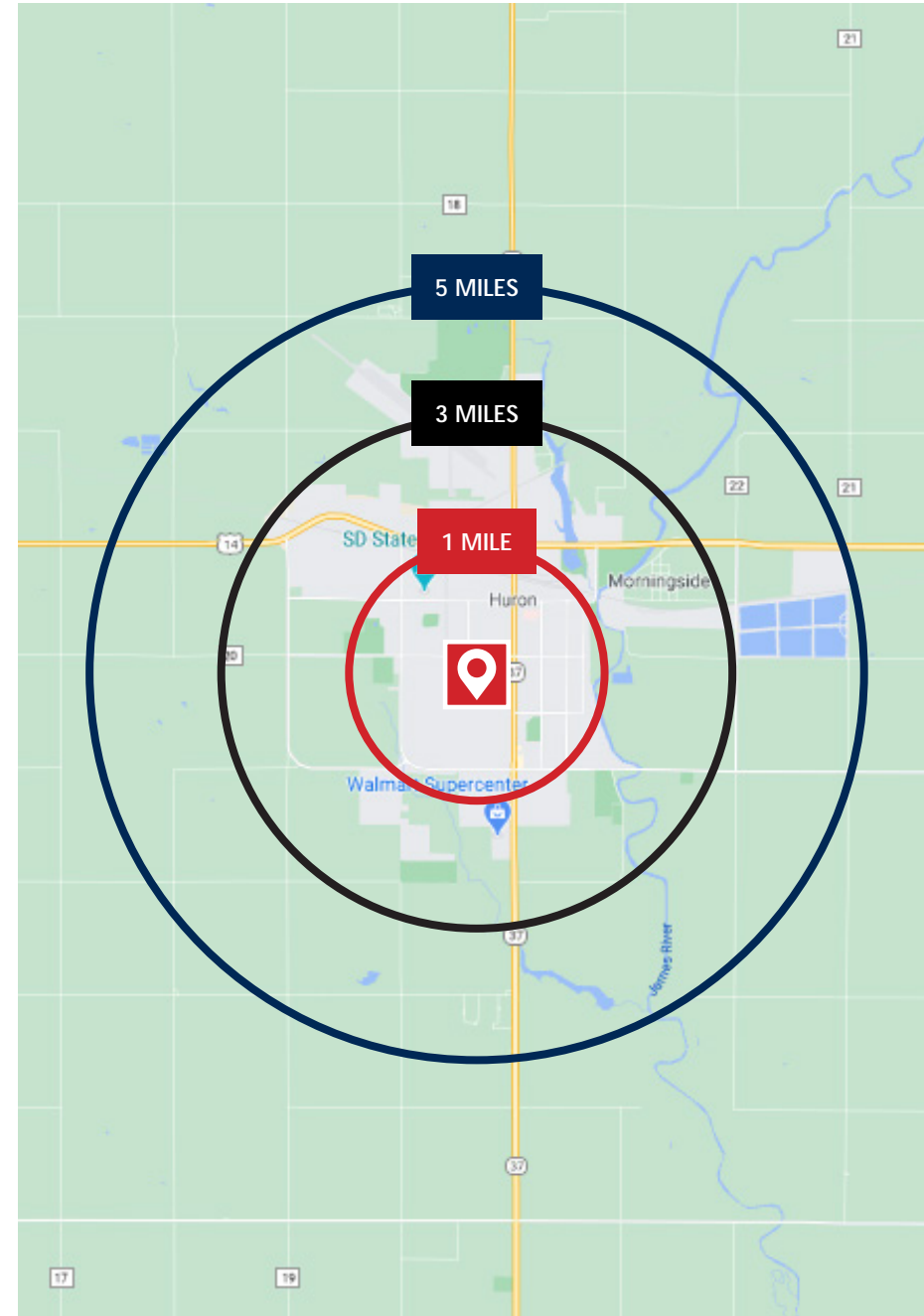


DEMOGRAPHICS

| POPULATION | 1 MILE | 3 MILES | 5 MILES |
|----------------------------|--------|---------|---------|
| 2025 Projection | 8,799 | 13,894 | 14,574 |
| 2020 Estimate | 8,703 | 13,742 | 14,396 |
| 2010 Census | 8,301 | 13,052 | 13,638 |
| 2000 Census | 7,898 | 12,384 | 12,936 |
| Current Daytime Population | 7,551 | 14,236 | 15,364 |

| HOUSEHOLDS | 1 MILE | 3 MILES | 5 MILES |
|--------------------------------|--------|---------|---------|
| 2025 Projection | 3,841 | 6,177 | 6,393 |
| 2020 Estimate | 3,798 | 6,101 | 6,307 |
| Mean HH Size | 2.24 | 2.22 | 2.22 |
| 2010 Census | 3,522 | 5,632 | 5,811 |
| 2000 Census | 3,462 | 5,485 | 5,652 |
| 2020 Occupied Units | 3,841 | 6,177 | 6,393 |
| 2025 Occupied Units Projection | 3,870 | 6,341 | 6,568 |

| INCOME | 1 MILE | 3 MILES | 5 MILES |
|--------------------------|----------|----------|----------|
| Average Household Income | \$64,746 | \$61,974 | \$62,181 |
| Median Household Income | \$49,642 | \$46,430 | \$46,505 |
| Per Capita Income | \$28,483 | \$27,737 | \$27,475 |



CONFIDENTIALITY AND DISCLAIMER

The information contained in the following Offering Memorandum is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Offering Memorandum has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Offering Memorandum has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

NON-ENDORSEMENT NOTICE

Marcus & Millichap is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation or Marcus & Millichap, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of Marcus & Millichap, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

NET-LEASED DISCLAIMER

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows: The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors. Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs. Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success.

Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

By accepting this Offering Memorandum you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

SPECIAL COVID-19 NOTICE

All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.

OFFERING MEMORANDUM

**Advance/
Auto Parts** 

HURON, SOUTH DAKOTA

CARSON BRESHEARS

Associate
206.826.5638
carson.breshears@marcusmillichap.com

HANK WOLFER

First Vice President
425.770.2495
hank.wolfer@marcusmillichap.com

BOR

JON RUZICKA
Lic: 17724
952.852.9767

Marcus & Millichap