

# DOLLAR GENERAL

EXCLUSIVE NET-LEASE OFFERING



# OFFERING MEMORANDUM

**DOLLAR GENERAL**

3224 9th Ave SW,  
Watertown, SD 57201

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**DOLLAR GENERAL**





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**DOLLAR GENERAL**



# Investment Highlights

PRICE: \$1,723,810 | CAP: 5.25% | RENT: \$90,500

**DOLLAR GENERAL**

## About the Investment

- ✓ Brand New Construction | Build-to-Suit Dollar General
- ✓ Newly Executed 15-Year Absolute Triple Net (NNN) Lease; Passive Investment Offering a Long-Term Security of Cash Flow
- ✓ Rental Increases of 10% In Each Option Period
- ✓ Tenant Renewal Options: Five Periods of Five Years, Each bringing the Potential Lease Term Remaining to 40 Years
- ✓ Corporate Location | Corporate Guarantee

## About the Location

- ✓ **Income Tax Free State**
- ✓ Dense Retail Corridor | Target, Walmart, Dollar Tree, Starbucks, McDonald's, Dairy Queen, Taco Bell, and Many More
- ✓ Strong Demographics | Population Exceeds 24,000 Individuals Within a Five-Mile Radius
- ✓ Features High Visibility and Ease of Access | Positioned on 9<sup>th</sup> Avenue Southwest
- ✓ Watertown Mall | Located Less Than Four-Miles Away | 17 Total Stores
- ✓ Watertown Regional Airport | Located Approximately Five-Miles Away
- ✓ Lake Area Technical College | Located Approximately Four-Miles Away | Over 2,200 Students Enrolled
- ✓ Ideal Demographic Community | Average Household Income of \$72,100 Within a Ten-Mile Radius

## About the Tenant / Brand

- ✓ Only Dollar Store With Investment Grade Credit (S&P:BBB)
- ✓ Well-Suited against Covid-19 with Grocery-Related Products and Low Price-Points in Recessionary Times
- ✓ Lease Guaranteed by Dollar General Corporate (NYSE: DG) | 17,000+ Locations in 46 States
- ✓ 29 Consecutive Years of Same-Store Sales Growth
- ✓ Dollar General has Opened ~1,000 Stores in Each of the Last Three Years





# Financial Analysis

PRICE: \$1,723,810 | CAP: 5.25% | RENT: \$90,500

**DOLLAR GENERAL**

## PROPERTY DESCRIPTION

Property	Dollar General
Property Address	3224 9 <sup>th</sup> Ave SW
City, State, ZIP	Watertown, SD 57201
Building Size	9,100
Lot Size	+/- 1.20 Acres
Type of Ownership	Fee Simple

## THE OFFERING

Purchase Price	\$1,723,810
CAP Rate	5.25%
Annual Rent	\$90,500
Price / SF	\$189
Rent / SF	\$9.94

## LEASE SUMMARY

Property Type	Net Lease Dollar Store
Guarantor	Corporate
Original Lease Term	15 Years
Lease Commencement	November 19, 2020
Lease Expiration	November 30, 2035
Lease Term Remaining	14+ Years
Lease Type	Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	10% Each Option Period
Options to Renew	Five (5), Five (5)-Year

## RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Initial Term	\$90,500	\$7,542	-
Option Periods			
Option 1	\$99,550	\$8,296	10.00%
Option 2	\$109,505	\$9,125	10.00%
Option 3	\$120,456	\$10,038	10.00%
Option 4	\$132,501	\$11,042	10.00%
Option 5	\$145,751	\$12,145	10.00%

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for a Dollar General located at 3224 9<sup>th</sup> Ave SW in Watertown, South Dakota. The property consists of approximately 9,100 square feet of building space and is situated on roughly 1.20 acres of land.

The Dollar General opened in April 2021 and is subject to a 15-year absolute triple-net (NNN) lease. This lease commenced on November 19, 2020 and expires on November 30, 2035. The current annual rent is \$90,500 and is scheduled to increase 10% in each of the five, five-year tenant renewal option periods. Founded in Goodlettsville, Tennessee, Dollar General Corporation has been delivering value to shoppers for over 75 years. With over 15,000 stores in 45 states Dollar General is among the largest discount retailer.





# Concept Overview

## About Dollar General

Dollar General Corporation has been delivering value to shoppers for over 75 years. Dollar General helps shoppers Save time. Save money. Every day!® by offering products that are frequently used and replenished, such as food, snacks, health and beauty aids, cleaning supplies, clothing for the family, housewares and seasonal items at low everyday prices in convenient neighborhood locations. With over 17,000 stores in 46 states Dollar General is among the largest discount retailers.

The company acquired the 280 stores of the P.N. Hirsh Division of Interco, Inc. (now Heritage Home Group) in 1983, and in 1985 added 206 stores and a warehouse from Eagle Family Discount Stores, also from Interco, Inc. In recent years, the chain has started constructing more stand-alone stores, typically in areas not served by another general-merchandise retailer. In some cases, stores are within a few city blocks of each other.

Dollar General offers both name brand and generic merchandise — including off-brand goods and closeouts of name-brand items — in the same store, often on the same shelf. Although it has the word "dollar" in the name, Dollar General is not a dollar store. Most of its products are priced at more than \$1.00. However, goods are usually sold at set price points the range of .50 to 60 dollars, not counting phone cards and loadable store gift cards. In the United States. In addition to high quality private brands, Dollar General sells products from America's most-trusted manufacturers such as Procter & Gamble, Kimberly-Clark, Unilever, Kellogg's, General Mills, Nabisco, Hanes, PepsiCo and Coca-Cola.

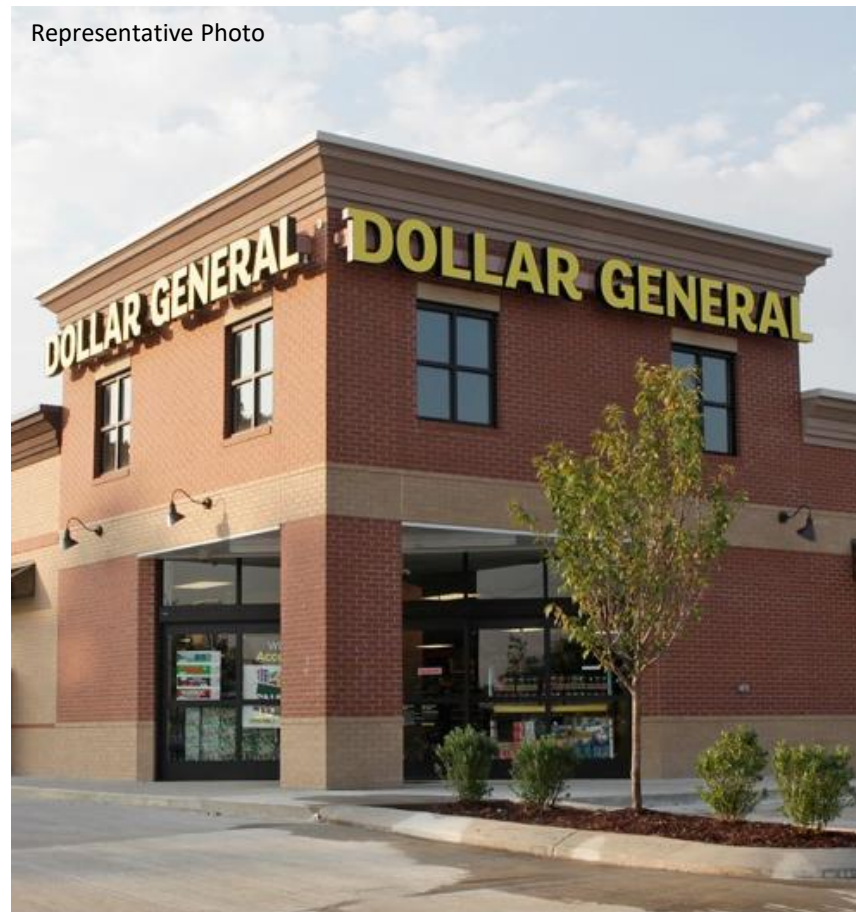
Dollar General often serves communities that are too small for Walmart stores (although many locations are in relatively close driving distance to a Walmart store or in the same communities that Walmart is located). It competes in the dollar store format with national chains Family Dollar and Dollar Tree, regional chains such as Fred's in the southeast, and numerous independently owned stores.

**DOLLAR GENERAL**

## General Information

Headquarters	Goodlettsville, TN
Concentration	17,000+ Stores in 46 States
Website	<a href="https://www.dollargeneral.com">https://www.dollargeneral.com</a>

Representative Photo









# DOLLAR GENERAL

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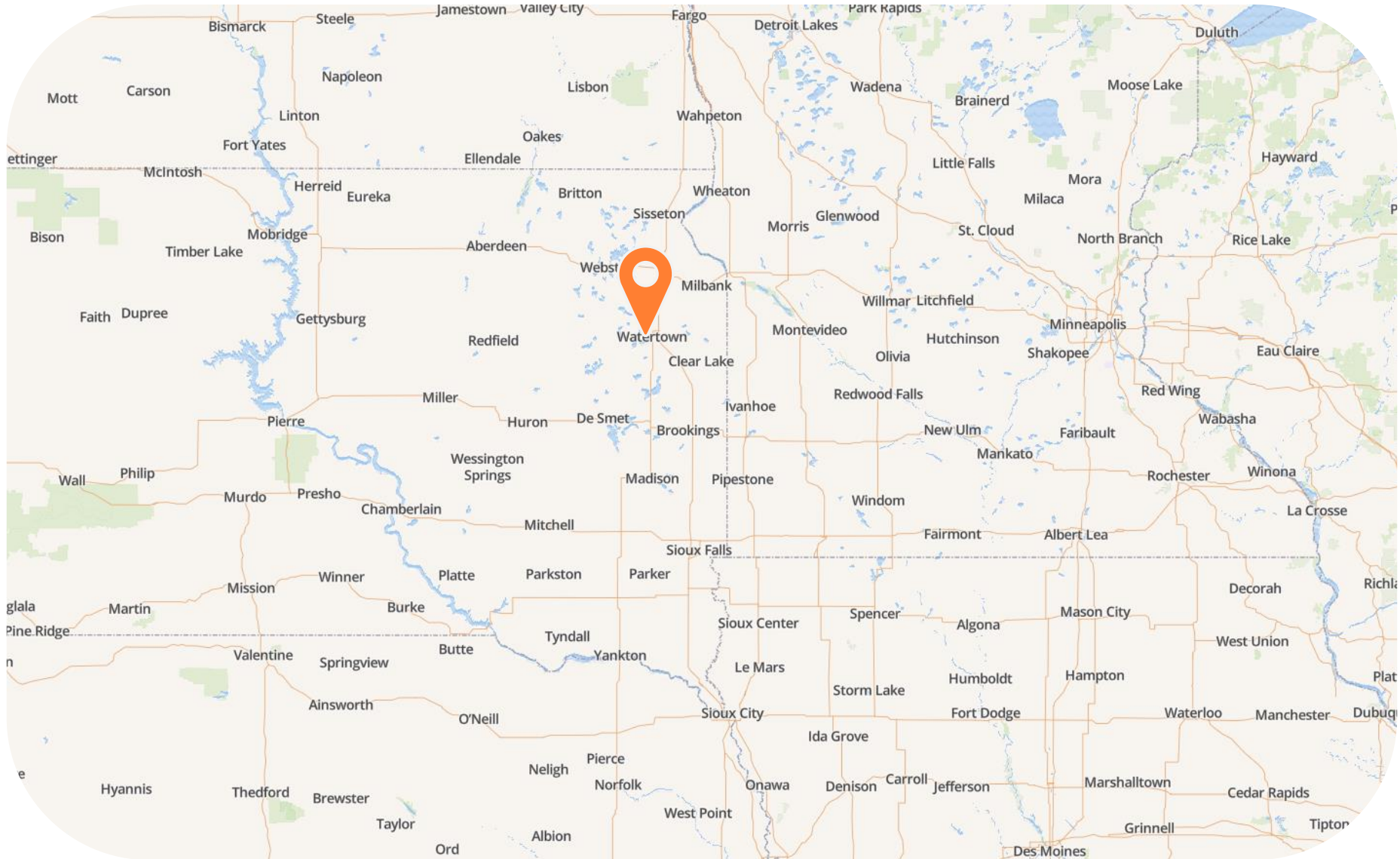
**ADTC: 2,200**





# Local Map

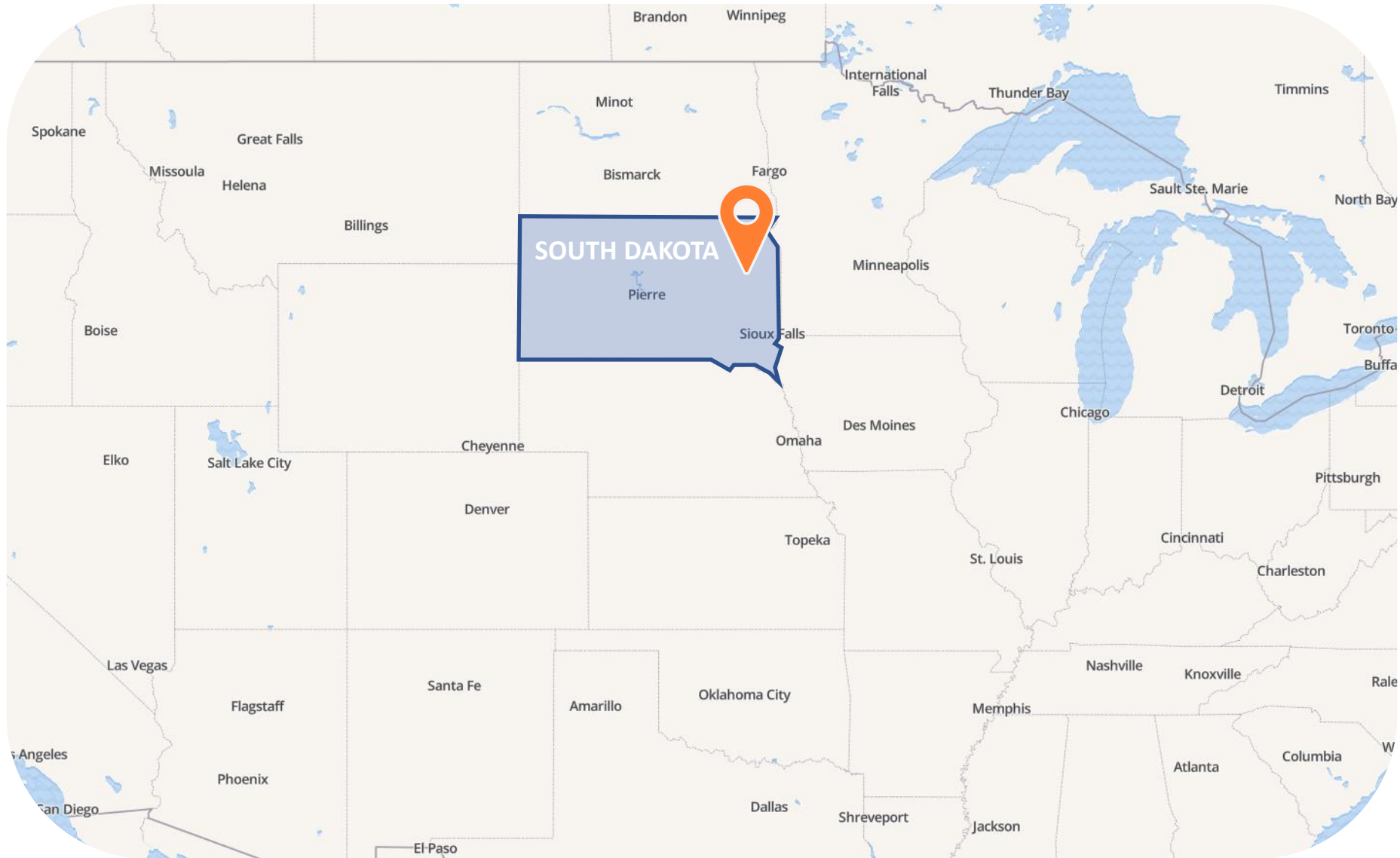
**DOLLAR GENERAL**





# Regional Map

**DOLLAR GENERAL**

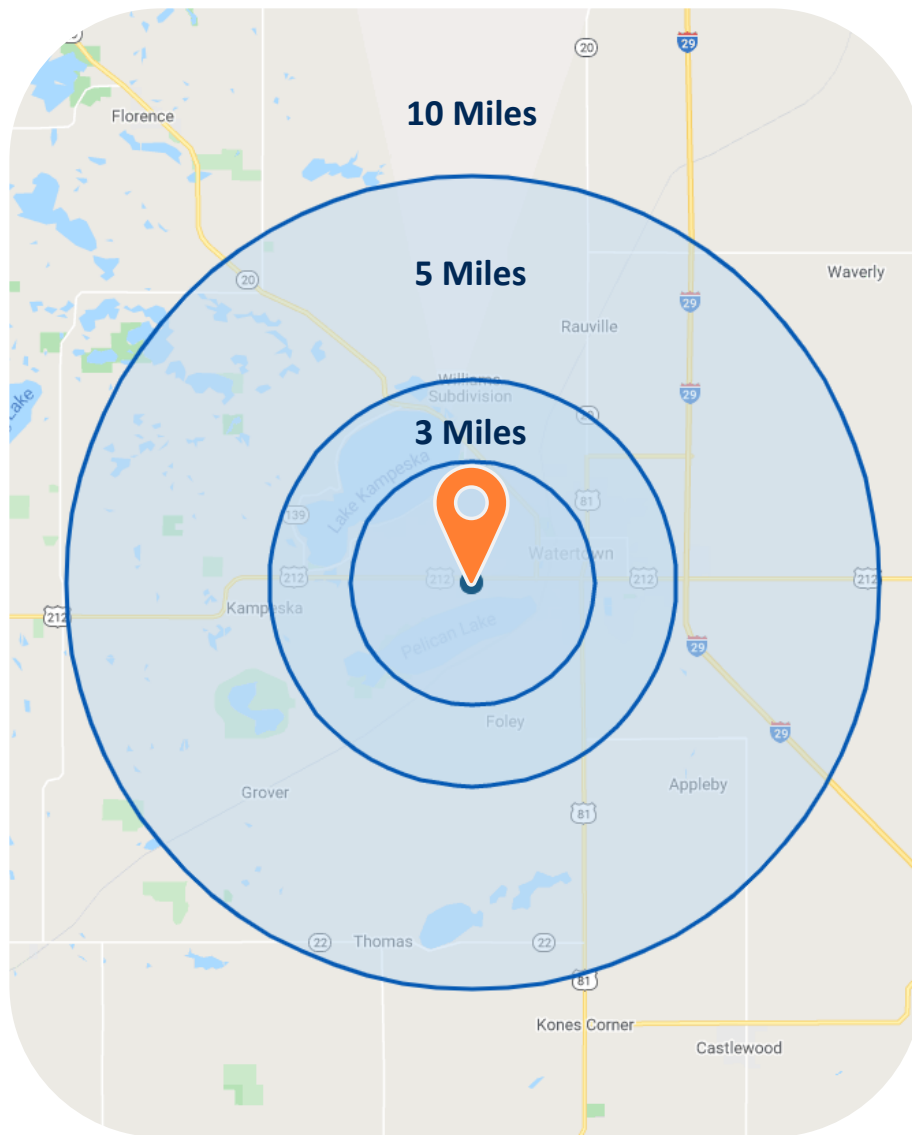






# Demographics

## DOLLAR GENERAL



### POPULATION TRENDS

	3 Miles	5 Miles	10 Miles
2010 Population	11,045	23,203	25,036
2021 Population	11,196	24,154	26,000
2026 Population Projection	11,146	24,165	26,017
Annual Growth 2010-2021	0.10%	0.40%	0.40%

### POPULATION BY RACE (2020)

	3 Miles	5 Miles	10 Miles
White	10,335	22,643	24,437
Black	104	208	215
American Indian/Alaskan Native	442	723	744
Asian	79	182	189
Hawaiian & Pacific Islander	2	2	2
Two or More Races	234	395	413
Hispanic Origin	343	614	660

### HOUSEHOLD TRENDS

	3 Miles	5 Miles	10 Miles
2010 Households	4,837	9,920	10,589
2021 Households	4,897	10,318	10,991
2026 Household Projection	4,874	10,319	10,994
Annual Growth 2010-2021	0.70%	0.80%	0.80%

### Avg Household Income

3 Miles	5 Miles	10 Miles
\$62,981	\$71,463	\$72,188

### Median Household Income

3 Miles	5 Miles	10 Miles
\$49,233	\$56,306	\$57,445

### HOUSEHOLDS BY HOUSEHOLD INCOME (2020)

	3 Miles	5 Miles	10 Miles
< \$25,000	1,142	1,939	2,003
\$25,000 - 50,000	1,344	2,649	2,771
\$50,000 - 75,000	944	1,974	2,141
\$75,000 - 100,000	684	1,679	1,808
\$100,000 - 125,000	334	865	954
\$125,000 - 150,000	167	462	500
\$150,000 - 200,000	152	368	412
\$200,000+	129	384	402



# Market Overview

**DOLLAR GENERAL**



**Sioux Falls** is the most populous city in the state of South Dakota. It is the county seat of Minnehaha County and also extends into Lincoln County. The Sioux Falls metro area accounts for more than a quarter of the state's entire population. According to *Best Life Magazine*, Sioux Falls is the healthiest city in the United States, and it often considered one of the healthiest cities by many other organizations. Sioux Falls has more than 70 parks and greenways, best known for Falls Park established around the city's namesake waterfalls on the Big Sioux River. Downtown Sioux Falls hosts a Sculpture Walk every summer, the exhibits change yearly and have historical significance and reflect the city's progressive standards.

The economy of Sioux Falls has become more service-based over the last half-century, making the city a center of financial services, health care, and retail trade. Sioux Falls School District is a public school district serving over 23,000 students. The district has 23 elementary schools, 5 middle schools, and 5 high schools. Sioux Falls Regional Airport is a public and military use airport. The National Plan of Integrated Airport Systems categorized it as a primary commercial service airport since it has over 10,000 passenger boardings per year. Sioux Falls is home to a number of financial companies and is also a significant health care center with four major hospitals.

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