

Two Tenant Retail | Hutchinson, MN

TWO UNIT PORTFOLIO

SHADOW ANCHORED BY



Offering Memorandum

BRISKY | NET LEASE

612.413.4200 • brisky.com

PROPERTY INFORMATION



SECTION 1

Property Overview



Address

1350 Highway 15 South
Hutchinson, MN 55350

Square Footage

25,027 SF

Aeres

2.13

Price

\$3,176,373

Cap

7.5%

Current Term Expiration

See Rent Roll

Current Term Remaining

See Rent Roll

Annual Base Rent

\$246,578

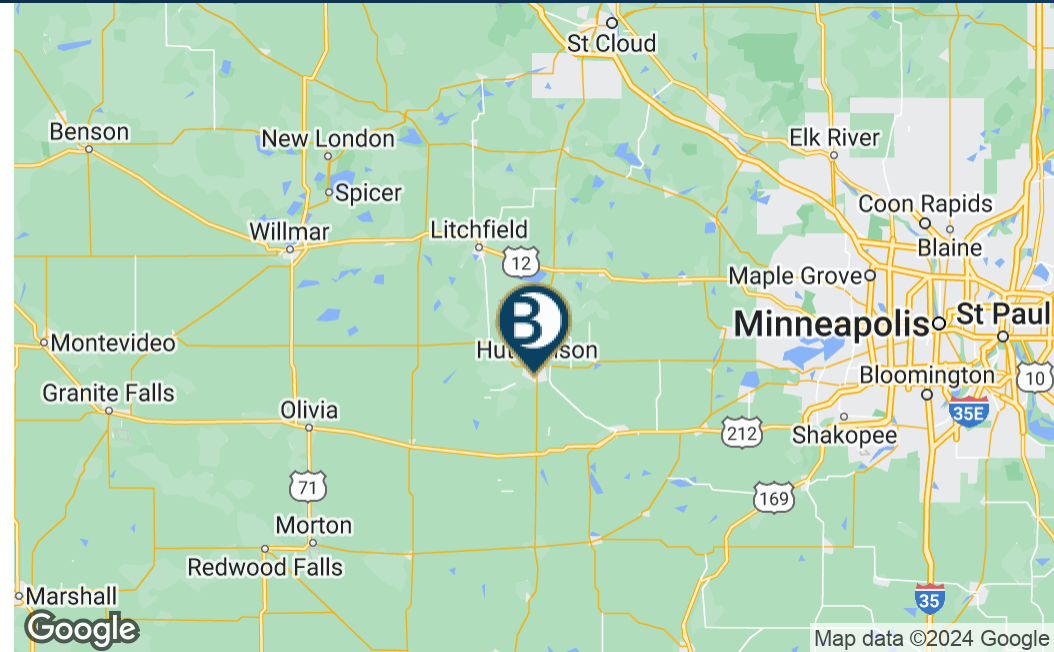
Rent Increases

10% Every 5 Years

Renewal Options

Three 5-Year

Executive Summary



Property Overview

Brisky Net Lease is pleased to offer this two-tenant retail property in this growing Minnesota community. This like new building has a great lineup of national tenants with Harbor Freight and Five Below. Both tenants have newer leases, corporate guarantees, 10% rent bumps every 5 years and limited landlord responsibilities. Located along a main retail corridor with great access and visibility along MN-15, the main north / south thoroughfare in town. This property is part of a larger retail complex that is anchored by traffic-generating national retailers including Target, Aldi, PetSmart and Ashley.

Hutchinson is the largest city in McLeod County, is about 60 miles west of the Twin Cities, and serves as a retail hub for the surrounding communities. According to CoStar, the Hutchinson retail market is nearly at capacity, with just 1.0% of inventory being vacant.

Founded in 2002, Five Below offers a wide variety of trendy, fun, and unique products, all priced at \$5 or below. The company has over 1,360 stores and is growing quickly. Harbor Freight is a well-known American retail company that specializes in offering a wide range of affordable tools, equipment, and accessories. Harbor Freight has over 1,000 stores and was one of the fastest-growing retailers in 2022.

Property Highlights

- Great Access and Visibility Along MN-15, the Main North / South Thoroughfare
- Newer 10-Year Leases with Two Strong National Tenants
- Part of a Larger Retail Complex Anchored by Traffic-generating National Retailers Including Target, Walmart, Aldi & PetSmart
- Strong Demographics & Growing Population
- Bonus Rent from Verizon Cell Tower
- 10% Rent Bumps Every 5 Years

Complete Highlights



Location Information

Building Name	Two Tenant Retail Hutchinson, MN
Street Address	1350 Highway 15 South
City, State, Zip	Hutchinson, MN 55350
County	McLeod
Market	Other Market Areas
Road Type	Highway
Nearest Highway	Hwy 15
Traffic Count	11.2K+ VPD - Hwy 15

Building Information

NOI	\$238,228.00
Cap Rate	7.5%
Occupancy %	100.0%
Tenancy	Multiple
Number of Floors	1
Year Built	2009
Year Last Renovated	2023
Construction Status	Existing
Free Standing	No
Number of Buildings	1
Parking Stalls	124

Tenant Summary - Harbor Freight



Overview

Tenant	Harbor Freight Tools USA, Inc.
Guarantor	Corporate Lease
Square Feet	15,000 SF
Year Built	2009 / 2022
Annual Rent	\$105,000
LL Responsibilities	Structural, Roof, Slab, and Capital Replacements
Rent Commencement	4/5/2022
Lease Expiration	4/30/2032
Options	Three 5-Year
Rent Bumps	10% Every 5 Years

About Harbor Freight

Harbor Freight is a well-known American retail company that specializes in offering a wide range of affordable tools, equipment, and accessories. They achieve this by sourcing products directly from manufacturers and selling them under their own brand name, reducing the cost of intermediaries and passing on the savings to the consumers.

Founded in 1977 by Eric Smidt, the company's headquarters are located in Calabasas, California. Over the years, Harbor Freight has grown exponentially and expanded its operations to over 1,000 stores across the United States. Their stores are strategically located in urban centers and smaller towns alike, making their products accessible to a broad customer base. Additionally, the company has a significant online presence, allowing customers to conveniently browse and purchase their products from the comfort of their homes.

Tenant Summary - Five Below



Overview

Tenant	Five Below, Inc.
Guarantor	Corporate Lease
Square Feet	10,027 SF
Year Built	2009 / 2023
Annual Rent	\$140,378
LL Responsibilities	Roof, gutters, down spouts, doors, floor slab, exterior walls, foundation, footings, all structural, utility lines.
Rent Commencement	7/10/2023
Lease Expiration	1/31/2033
Options	Three 5-Year
Rent Bumps	10% Every 5 Years

About Five Below

Founded in 2002, Five Below is a leading high-growth value retailer offering trend-right, high-quality products catering to teens, pre-teens, and value-conscious shoppers. The concept behind Five Below is to offer a wide variety of trendy, fun, and unique products, all priced at \$5 or below. This approach allows the company to capture the attention of younger demographics seeking affordable and exciting items.

The company remains committed to expanding its store base and enhancing the in-store experience to boost its customer base. Exiting the first quarter of fiscal 2023, the company had 1,367 stores, reflecting an increase of 142 stores. Five Below remains on track to open more than 200 new stores and convert 400 stores to the new Five Beyond format in fiscal 2023.

Aerial Map



LOCATION INFORMATION



SECTION 2

About Hutchinson, MN

The city of Hutchinson refers to itself as Minnesota's Hometown because they say you'll feel at ease and at home in Hutch. The Hutchinson Area Chamber of Commerce and Tourism has been promoting "Much in Hutch" to highlight all this hometown community has to offer, from arts and entertainment to recreation, sporting and dining. Hutchinson was established over 150 years ago by the Hutchinson Brothers and is conveniently located with easy highway access to larger markets such as the Twin Cities & St. Cloud.

As the largest city in McLeod County, Hutchinson serves as a retail hub for the surrounding communities. Hutchinson has strong demographics and has had consistent population growth in every census since the 40s. Major retailers in Hutchinson include Best Buy, Target, Walmart, Menards, Walgreens, PetSmart and Slumberland Furniture. Harbor Freight and Five Below are positive additions to the main retail corridor.

By far the primary job sector within the city is manufacturing, with roughly a third of the labor force employed in manufacturing. 3M is the largest employer with over 1,600 employees, other manufacturing employers include Hutchinson Technology, Uponor and the Goebel Fixture Co.

Hutchinson also is home to a campus of Ridgewater College, the Luce Line State Trail and host to several annual events including the Hutchinson Jaycee Water Carnival, the McLeod County Fair, the Hutchinson Arts & Crafts Festival and Taste of Hutchinson.



Retailer Map



Imagery ©2023 , Airbus, Maxar Technologies, USDA/FPAC/GEO

FINANCIAL ANALYSIS



SECTION 3

Offering Summary



\$3,176,373

PRICE



\$238,228

NET OPERATING INCOME



7.5%

CAP RATE



See Rent Roll

TERM REMAINING

Address:

1350 Highway 15 South
Hutchinson, MN 55350

Lease Type:

NN

Tenant:

Harbor Freight & Five Below

Tenant Type:

Retail

Commencement:

See Rent Roll

Expiration Date:

See Rent Roll

Options:

Three 5-Year

Increases:

10% Every 5 Years

LL Responsibilities:

Roof & Structure - Tenants Pay Cam

Guaranty:

Corporate Leases

Rent Roll

Tenant Name	Unit Size (SF)	Lease Start	Lease End	Annual Rent	Price Per SF/YR	Rent Bumps	Options
Harbor Freight*	15,000	4/5/2022	4/30/2032	\$105,000	\$7.00	10% Every 5 Yrs	Three 5-Yr
Five Below**	10,027	7/10/2023	1/31/2033	\$140,378	\$14.00	10% Every 5 Yrs	Three 5-Yr
Verizon (Cell Tower)		11/1/2019	10/31/2024	\$1,200		5% Every Option	Four 5-Yr
Totals/Averages	25,027			\$246,578			

*Early Termination Option - Tenant's Notice shall be due on or before October 31, 2027. If Tenant so elects, the Early Termination Date shall be April 30, 2028. Tenant shall pay to Landlord a termination fee in the amount of \$150,000.00.

**Early Termination Option - If Gross sales are less than \$1,900,000 for the period beginning on the 49th full calendar month of the initial Term and expiring at the expiration of the 60th full calendar month then Tenant, upon written notice to Landlord given no later than 30 days after the expiration of the Sales Measuring Period may terminate. Tenant shall pay to Landlord a termination fee in the amount of \$165,000.00.

Income & Expenses

Income Summary

Two Tenant Retail | Hutchinson, MN

Rent - All Tenants	\$246,578
Harbor Freight - CAM	\$18,450
Harbor Freight - Tax	\$30,937
Harbor Freight - Insurance	\$6,600
Five Below - CAM	\$8,820
Five Below - Tax	\$20,676
Five Below - Insurance	\$3,917
Vacancy Cost	\$0
Gross Income	\$335,978

Expenses Summary

Two Tenant Retail | Hutchinson, MN

CAM	\$25,385
Taxes	\$51,492
Insurance	\$14,154
Management - 2%	\$6,719
Operating Expenses	\$97,750
Net Operating Income	\$238,228

DEMOGRAPHICS



SECTION 4

Demographics



Population

3 Miles

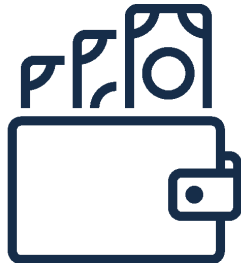
13,615

5 Miles

15,780

10 Miles

21,259



Average Household Income

3 Miles

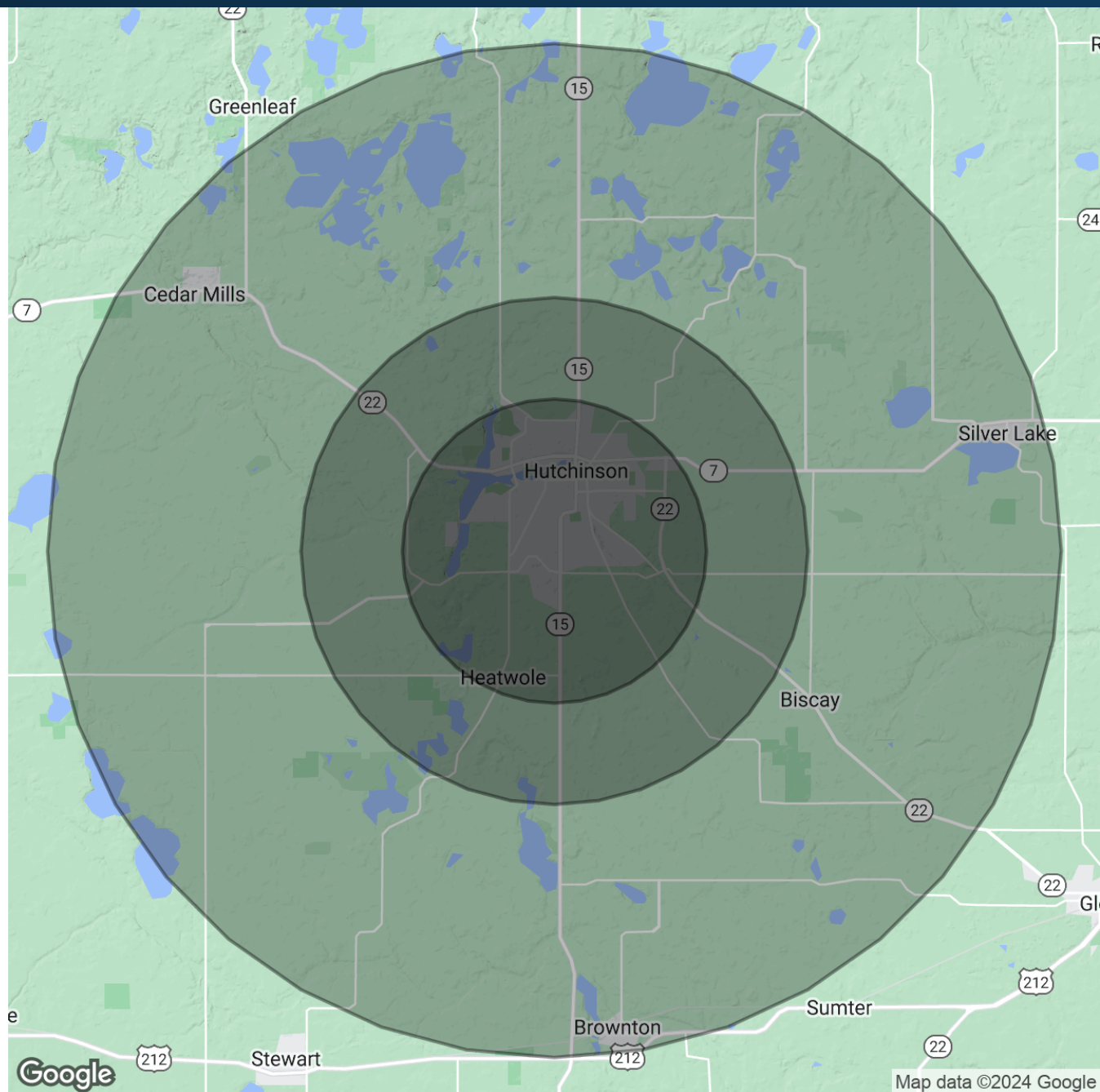
\$74,243

5 Miles

\$75,596

10 Miles

\$76,082



Map data ©2024 Google



About Us

Brisky Focuses on Net Lease Properties and Investment Real Estate Nationwide

Our dynamic team of industry experts follows a results-driven approach to bring together buyers and sellers for investment real estate. From market research and industry knowledge to analytics, underwriting, and negotiating, Brisky has the proven track record and longstanding experience to meet your goals and expectations.

We want to be the link between commercial real estate buyers and sellers, forging successful relationships and results through innovative technology, experience, and continual growth. Our industry is constantly shifting and changing, and so are we. Brisky has been a driving force nationally for investment real estate. And we aim to be the successful partner who grows alongside you.



Brian Brisky

President and Principal Broker

bbrisky@brisky.com

Direct: 612.413.4200 x102

Cell: 715.529.4441

MN #40546562



Max Mantey

Associate

mmantey@brisky.com

Direct: 612.413.4200 x108

Cell: 920.205.9192

MN #40725272

Confidentiality & Disclaimer

The following notices are provided by Brisky Enterprises MN Inc. dba Brisky Net Lease and/or Brisky Commercial Real Estate.

DISCLAIMER - The information contained herein was obtained from sources believed reliable, however, Brisky Net Lease makes no guarantees, warranties, or representations as to the completeness or accuracy thereof, including age and square footage information. Brisky Net Lease has not researched the income or expenses of the property herein, and this brochure is not intended to project future financial performance. Brisky Net Lease does not warrant the property herein is free of harmful or contaminating substances. The presentation of this property is submitted subject to errors, omission, change of price or other conditions, prior sale or lease, or withdrawal without notice. Buyer is strongly encouraged to verify information and seek out the assistance of other professionals as needed in determining if the property marketed herein meets Buyer's needs.

CONFIDENTIALITY - This brochure and any attachments is privileged and confidential. It is intended only for the use of the designated recipient(s). Do not share this brochure, directly or indirectly, without the written consent of Brisky Net Lease.

NON-ENDORSEMENT NOTICE - Brisky Net Lease is not sponsored or endorsed by, nor affiliated with, any commercial tenant(s) or lessee(s) provided in this Brochure. Logos and company names are provided for potential Buyers to assist in research of the property marketed herein.

NET-LEASED DISCLAIMER - Please be advised the property herein is a Net Leased property. This means the following: It is Buyer's responsibility to verify the information provided herein, and not Brisky Net Lease. Any projections or estimates utilized in this Brochure do not represent current or future financial performance. Independent research by Buyer and a tax professional and/or legal professional to determine if this property meets Buyer's needs is highly recommended. Brisky Net Lease does not guarantee financial performance of the property described herein. Brisky Net Lease shall NOT be responsible for any costs or expenses associated with the research Buyer deems necessary to make a determination regarding purchasing the property herein.

REPRESENTATION - Brisky Net Lease is representing the Owner in this transaction. Should Buyer desire representation, they are encouraged to research and secure their own, independent financial and/or legal representation.

AMERICANS WITH DISABILITIES ACT - The United States Congress enacted the Americans with Disabilities Act, in part, to ensure business establishments are equally accessible to persons with disabilities. Modifications to real property may be required to stay in compliance. State and local laws may mandate additional modifications. Neither the Owner nor Brisky Net Lease are qualified to advise Buyer as to what, if any, changes may be required now, or in the future. Buyer should consult with attorneys, and qualified design professionals for additional information.

REMEDIES - If there is a breach or threatened breach of any of the foregoing, Owner and/or Brisky Net Lease shall be entitled to seek remedies through court proceedings via an injunction restraining Buyer. Brisky Net Lease and/or Owner are not required to prove actual damages or monetary damages. Nothing herein shall be construed as prohibiting Owner and/or Brisky Net Lease from pursuing remedies available as a matter of law or in equity. Should Owner and/or Brisky Net Lease prevail in litigation against Buyer, Buyer shall be liable for payment of Owner's and/or Brisky Net Lease's reasonable attorney fees, court costs, and related expenses incurred in litigation in addition to any relief the court may order at its discretion.

© Brisky Enterprises MN, Inc. All rights reserved.

