

# Southgate



OFFERING MEMORANDUM

2450 Marion Rd SE  
Rochester, MN 55904



# Southgate

## CONTENTS

<b>01 Executive Summary</b>	
Investment Summary	5
<b>02 Property Description</b>	
Property Features	7
<b>03 Rent Roll</b>	
Rent Roll	9
<b>04 Financial Analysis</b>	
Income & Expense Analysis	11
<b>05 Demographics</b>	
Demographics	13
Demographic Charts	15

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01

Executive Summary

Investment Summary

# SOUTHGATE

**OFFERING SUMMARY**

ADDRESS	2450 Marion Rd SE Rochester MN 55904
COUNTY	Olmsted
MARKET	Twin Cities
SUBMARKET	Rochester
BUILDING SF	72,000 SF
LAND SF	1,005,955 SF
YEAR BUILT	1977

**FINANCIAL SUMMARY**

OFFERING PRICE	\$4,500,000
PRICE PSF	\$62.50
NOI (CURRENT)	\$249,908
CAP RATE (CURRENT)	5.55 %
GRM (CURRENT)	9.96
GRM (YEAR 2)	7.59

**DEMOGRAPHICS**

	1 MILE	3 MILE	5 MILE
2019 Population	2,163	22,649	66,229
2019 Median HH Income	\$83,048	\$66,901	\$71,172
2019 Average HH Income	\$99,270	\$81,494	\$94,514



Realty Growth Inc is pleased to present this rare opportunity to own a building unlike many others. The property boast 23 acres with about 14 of that being build able. There are multiple out buildings on the property, with the main building being 54,000 SF with a majority of that currently rented. This building has 3 phase electric, Central roof top units, and 3 series 10,000 clean rooms. This building offers a great opportunity for a technology campus in the rapidly growing DMC market of Rochester MN.



02

Property Description

Property Features

Aerial Map

Parcel Map

Additional Maps

Property Images

# SOUTHGATE

**GLOBAL**

NUMBER OF UNITS	7
BUILDING SF	72000
LAND SF	1005955
LAND ACRES	23
# OF PARCELS	2
YEAR BUILT	1977
ZONING TYPE	M1
LOCATION CLASS	C
BUILDING CLASS	B
NUMBER OF BUILDINGS	5
NUMBER OF STORIES	3
TRAFFIC COUNTS	12700
SIGNALIZED CORNER	No
PARKING RATIO	4.86
NUMBER OF PADS	350
NUMBER OF INGRESSES	3
NUMBER OF EGRESSES	3

**MULTI-FAMILY VITALS**

CURRENT OCCUPANCY	87
HVAC	Boiler
FIRE SPRINKLERS	Yes

**COMMERCIAL VITALS**

NUMBER OF UNITS	7
LIGHTING	Floresent
LEASE TYPE	NNN

**CONSTRUCTION**

FOUNDATION	Pre Stressed concrete
FRAMING	Masonite
EXTERIOR	Brick
PARKING SURFACE	Asphalt
ROOF	Rubber



03

Rent Roll

Rent Roll Details

# SOUTHGATE



COMMERCIAL

Suite	Tenant Name	Square Feet	% of NRA	Lease Term		Begin Date	Rental Rates				Lease Type	Options/Notes
				Lease Start	Lease End		Monthly Base Rent	Monthly PSF	Annual Base Rent	Annual PSF		
100	Car Auction	2,500	3.47%	01/01/00		CURRENT	\$3,700	\$1.48	\$44,400	\$17.76		
	Misc Parking			01/01/00		CURRENT	\$500		\$6,000			
	Elite Custom Solutions	22,060	30.64%	01/01/19	12/31/21	CURRENT	\$9,167	\$0.42	\$110,000	\$4.99		Modified Gross
						01/01/2020	\$14,167	\$0.64	\$170,000	\$7.68		
101	Zeon LLC	10,000	13.89%	07/01/20	06/30/25	CURRENT	\$3,333	\$0.33	\$40,000	\$4.00	\$22,600.00	NNN
						07/01/2021	\$3,483	\$0.35	\$41,800	\$4.20		
						07/01/2022	\$3,657	\$0.37	\$43,890	\$4.44		
						07/01/2023	\$3,859	\$0.39	\$46,304	\$4.68		
						07/01/2024	\$4,090	\$0.41	\$49,082	\$4.92		
103	Property Medics	650	0.90%	01/01/00		CURRENT	\$400	\$0.62	\$4,800	\$7.38		
104	Hope Fuse	3,256	4.52%	10/01/19	09/30/24	CURRENT	\$2,250	\$0.69	\$27,000	\$8.29		Modified Gross
						10/01/2020	\$2,500	\$0.77	\$30,000	\$9.24		
						10/01/2021	\$3,000	\$0.92	\$36,000	\$11.04		
						10/01/2022	\$3,250	\$1.00	\$39,000	\$12.00		
						10/01/2023	\$3,500	\$1.07	\$42,000	\$12.84		
105	Carpet Warehouse	3,500	4.86%	01/01/00		CURRENT	\$1,250	\$0.36	\$15,000	\$4.29		
200	Rosa Parks Charter School	22,060	30.64%	10/01/18	09/30/21	CURRENT	\$11,375	\$0.52	\$136,500	\$6.19	\$49,855.60	NNN
						10/01/2019	\$12,250	\$0.56	\$147,000	\$6.72		
						10/01/2020	\$13,125	\$0.59	\$157,500	\$7.08		
Totals		64,026					\$31,975		\$383,700		\$72,455.60	

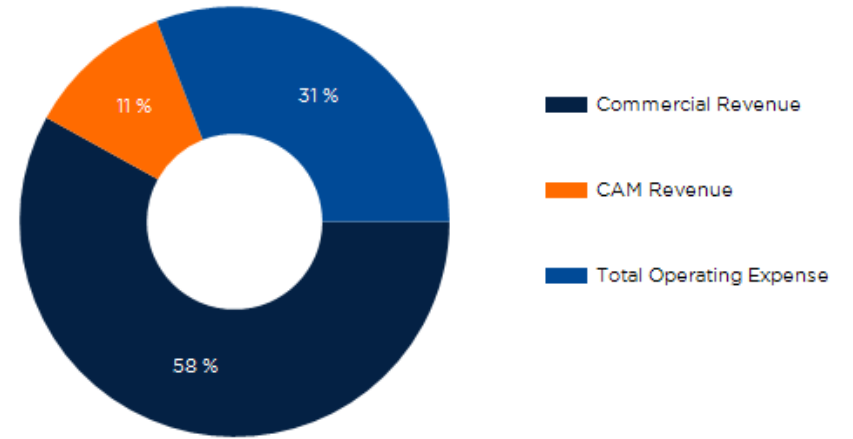


# SOUTHGATE

04 Financial Analysis  
Income & Expense

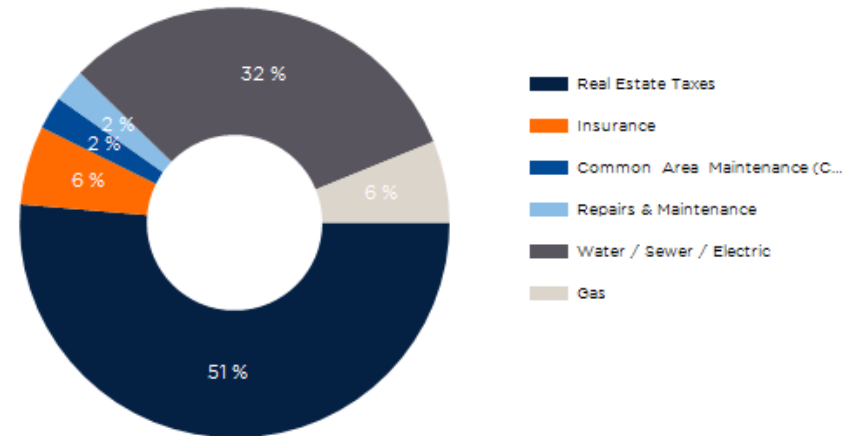
INCOME	CURRENT	YEAR 2
Commercial Revenue	\$379,500	\$520,100
CAM Revenue	\$72,456	\$72,456
<b>Effective Gross Income</b>	<b>\$451,956</b>	<b>\$592,556</b>
Less: Expenses	\$202,048	\$202,048
<b>Net Operating Income</b>	<b>\$249,908</b>	<b>\$390,508</b>

REVENUE ALLOCATION



EXPENSES	CURRENT	YEAR 2
Real Estate Taxes	\$103,766	\$103,766
Insurance	\$12,000	\$12,000
Common Area Maintenance (CAM)	\$5,000	\$5,000
Repairs & Maintenance	\$5,000	\$5,000
Water / Sewer / Electric	\$63,841	\$63,841
Gas	\$12,441	\$12,441
<b>Total Operating Expense</b>	<b>\$202,048</b>	<b>\$202,048</b>
Expense / SF	\$2.80	\$2.80
% of EGI	44.71 %	34.10 %

DISTRIBUTION OF EXPENSES





05

Demographics

Demographic Details

Demographic Charts

# SOUTHGATE

POPULATION	1 MILE	3 MILE	5 MILE
2000 Population	1,699	17,231	54,676
2010 Population	1,824	19,049	57,920
2019 Population	2,163	22,649	66,229
2024 Population	2,331	24,538	71,877
2019 African American	191	2,920	5,555
2019 American Indian	2	53	282
2019 Asian	75	1,157	4,107
2019 Hispanic	130	2,521	5,318
2019 Other Race	85	1,329	2,290
2019 White	1,762	16,310	51,660
2019 Multiracial	47	874	2,300
2019-2024: Population: Growth Rate	7.55 %	8.10 %	8.25 %

2019 HOUSEHOLD INCOME	1 MILE	3 MILE	5 MILE
less than \$15,000	13	458	2,080
\$15,000-\$24,999	28	661	2,161
\$25,000-\$34,999	48	778	2,055
\$35,000-\$49,999	97	1,063	2,604
\$50,000-\$74,999	179	1,753	5,142
\$75,000-\$99,999	144	1,430	3,729
\$100,000-\$149,999	217	1,658	5,173
\$150,000-\$199,999	71	458	1,907
\$200,000 or greater	47	308	2,090
Median HH Income	\$83,048	\$66,901	\$71,172
Average HH Income	\$99,270	\$81,494	\$94,514

HOUSEHOLDS	1 MILE	3 MILE	5 MILE
2000 Total Housing	613	6,695	22,782
2010 Total Households	716	7,309	23,586
2019 Total Households	845	8,568	26,940
2024 Total Households	907	9,220	29,257
2019 Average Household Size	2.55	2.63	2.40
2000 Owner Occupied Housing	571	4,955	15,614
2000 Renter Occupied Housing	34	1,577	6,383
2019 Owner Occupied Housing	732	5,860	17,500
2019 Renter Occupied Housing	113	2,707	9,440
2019 Vacant Housing	16	428	1,973
2019 Total Housing	861	8,996	28,913
2024 Owner Occupied Housing	784	6,260	18,347
2024 Renter Occupied Housing	123	2,960	10,910
2024 Vacant Housing	15	421	2,035
2024 Total Housing	922	9,641	31,292
2019-2024: Households: Growth Rate	7.15 %	7.40 %	8.30 %

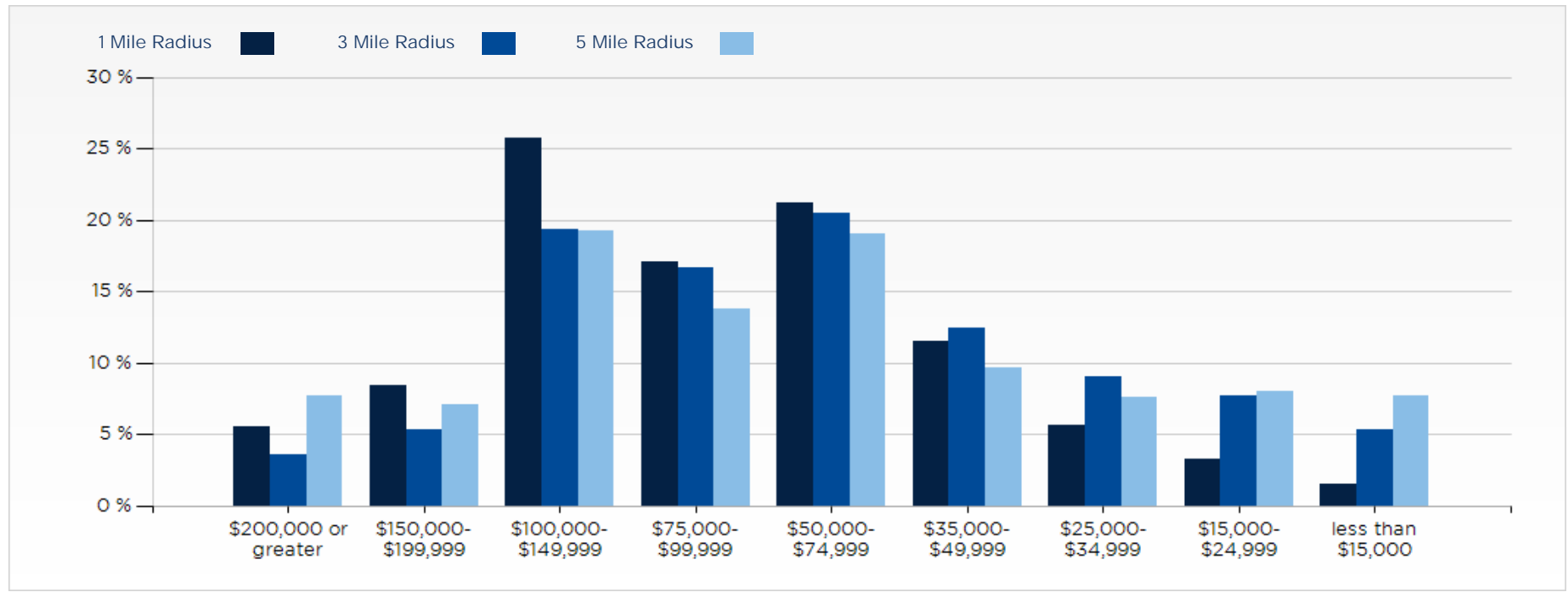
2019 POPULATION BY AGE	1 MILE	3 MILE	5 MILE
2019 Population Age 30-34	148	1,751	4,649
2019 Population Age 35-39	158	1,594	4,767
2019 Population Age 40-44	129	1,339	4,086
2019 Population Age 45-49	117	1,183	3,769
2019 Population Age 50-54	127	1,216	3,875
2019 Population Age 55-59	169	1,496	4,546
2019 Population Age 60-64	173	1,407	4,261
2019 Population Age 65-69	145	1,215	3,589
2019 Population Age 70-74	99	891	2,779
2019 Population Age 75-79	71	587	2,006
2019 Population Age 80-84	46	357	1,452
2019 Population Age 85+	28	265	1,635
2019 Population Age 18+	1,677	16,851	51,078
2019 Median Age	41	36	39

2019 INCOME BY AGE	1 MILE	3 MILE	5 MILE
Median Household Income 25-34	\$83,745	\$65,145	\$67,265
Average Household Income 25-34	\$96,493	\$78,708	\$85,725
Median Household Income 35-44	\$98,588	\$80,326	\$86,224
Average Household Income 35-44	\$105,176	\$90,365	\$106,415
Median Household Income 45-54	\$94,003	\$80,013	\$92,236
Average Household Income 45-54	\$113,428	\$94,270	\$118,443
Median Household Income 55-64	\$91,298	\$76,285	\$81,227
Average Household Income 55-64	\$105,795	\$88,139	\$106,087
Median Household Income 65-74	\$77,048	\$60,153	\$64,646
Average Household Income 65-74	\$100,431	\$79,152	\$89,450
Average Household Income 75+	\$64,175	\$52,798	\$60,814

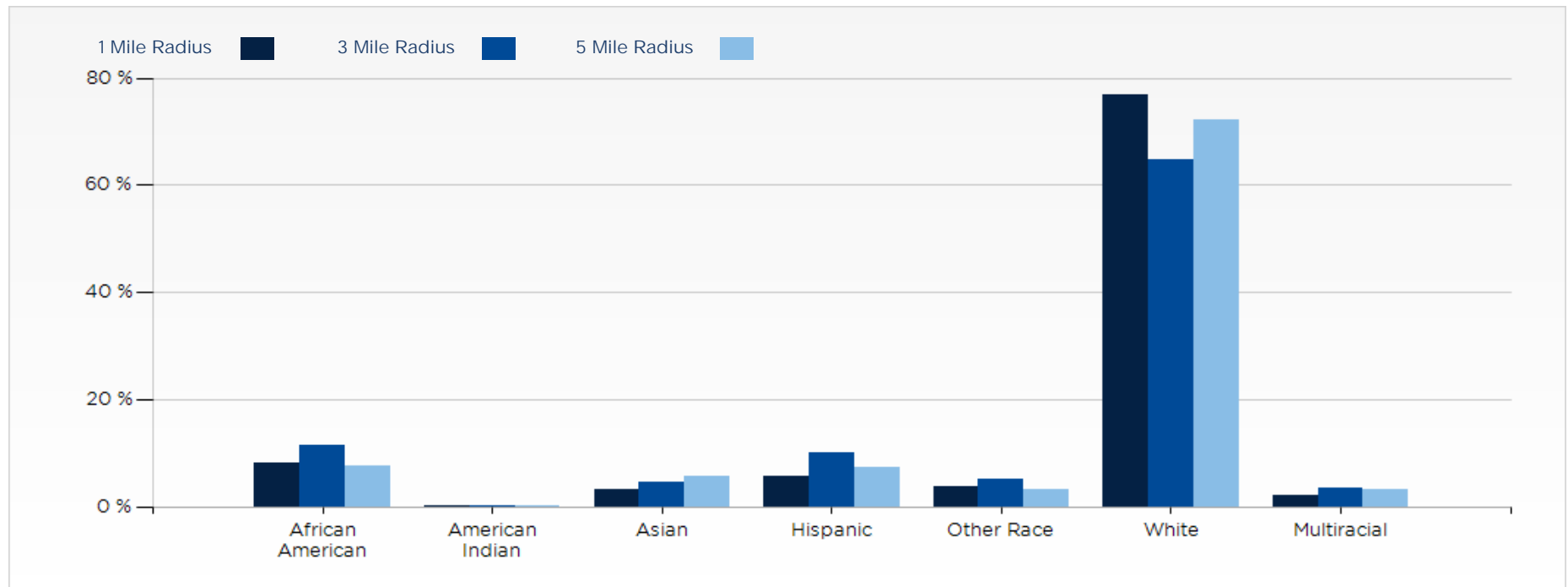
2024 POPULATION BY AGE	1 MILE	3 MILE	5 MILE
2024 Population Age 30-34	141	1,880	4,954
2024 Population Age 35-39	170	1,778	4,884
2024 Population Age 40-44	173	1,660	4,940
2024 Population Age 45-49	136	1,321	4,172
2024 Population Age 50-54	120	1,222	3,999
2024 Population Age 55-59	130	1,215	3,898
2024 Population Age 60-64	166	1,426	4,420
2024 Population Age 65-69	168	1,393	4,312
2024 Population Age 70-74	138	1,122	3,455
2024 Population Age 75-79	90	788	2,650
2024 Population Age 80-84	59	454	1,823
2024 Population Age 85+	40	322	1,887
2024 Population Age 18+	1,800	18,181	55,494
2024 Median Age	42	36	40

2024 INCOME BY AGE	1 MILE	3 MILE	5 MILE
Median Household Income 25-34	\$96,429	\$76,106	\$78,258
Average Household Income 25-34	\$109,815	\$91,243	\$99,946
Median Household Income 35-44	\$104,540	\$90,553	\$98,963
Average Household Income 35-44	\$117,693	\$103,371	\$120,462
Median Household Income 45-54	\$104,971	\$90,158	\$102,651
Average Household Income 45-54	\$130,248	\$109,304	\$131,858
Median Household Income 55-64	\$101,288	\$83,611	\$90,630
Average Household Income 55-64	\$120,047	\$100,272	\$119,714
Median Household Income 65-74	\$84,981	\$69,475	\$73,790
Average Household Income 65-74	\$114,224	\$92,505	\$103,230
Average Household Income 75+	\$78,682	\$65,932	\$73,678

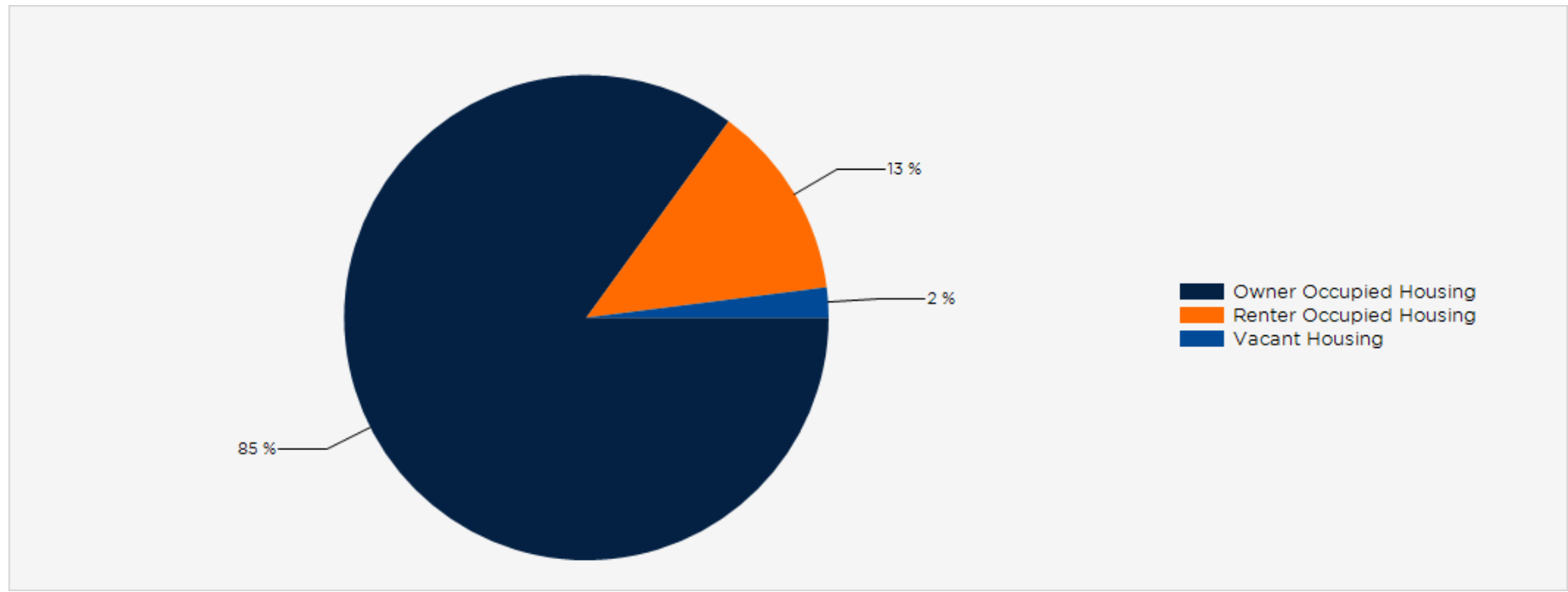
2019 Household Income



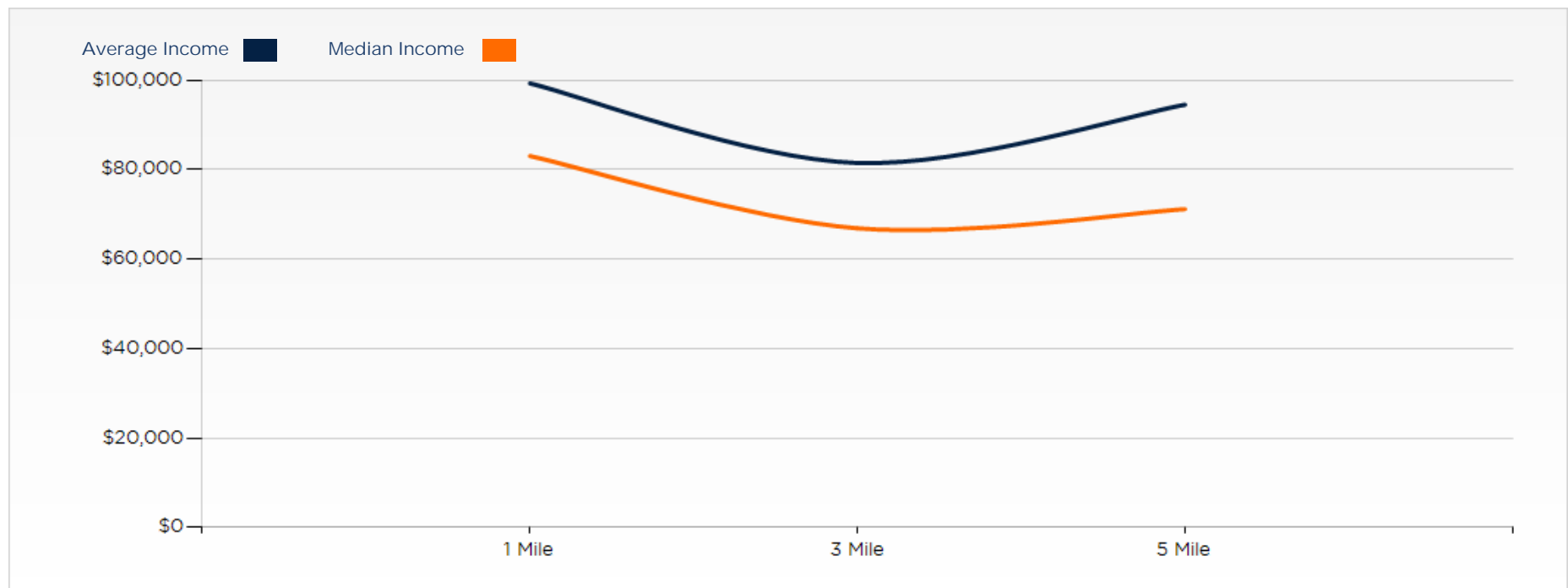
2019 Population by Race



2019 Household Occupancy - 1 Mile Radius



2019 Household Income Average and Median





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