

# OFFERING MEMORANDUM

## NET LEASED HARBOR FREIGHT



*Actual Subject Photo*

CREDIT TENANT WITH TEN-PERCENT INCREASES AND VACANCY UPSIDE

1235 North Main Street, Madisonville, Kentucky 42431



GE Aviation

AIRPLANE ENGINE MFG FACILITIES  
MAJOR EMPLOYER | 500 EMPLOYEES  
3 MILES WEST



281

NEBO RD/KY-281  
19,900 VPD



INDUSTRIAL DISTRIBUTION FACILITIES



41

N MAIN ST/U.S. 41  
20,800 VPD



Burger King



McDonald's

usbank

Food Giant  
EMPLOYEE OWNERS SERVING YOU BETTER

DOLLAR GENERAL

H&R BLOCK

Walgreens

mark's mattress  
name brands for less!



First Care



COVENANT COMMUNITY CHURCH  
BROTHER'S BAR-B-QUE



FIBER SOLUTIONS MANUFACTURING  
MAJOR EMPLOYER | 140 EMPLOYEES

HARBOR FREIGHT TOOLS

SUBJECT PROPERTY  
± 24,538 SQ. FT. TOTAL GLA  
± 3.294 ACRE LOT  
87 PARKING SPACES



\$61,000 AVG. HH INCOME  
WITHIN 5 MILES (2019)

\*Borders Are Approximate

**52,000 DAYTIME POPULATION**  
WITHIN 15 MILES (2019)

**41** N MAIN ST/U.S. 41  
20,800 VPD

**281** NEBO RD/KY-281  
19,900 VPD

**Food Giant**  
EMPLOYEE OWNERS SERVING YOU BETTER

**DOLLAR GENERAL** **H&R BLOCK**

**BAPTIST HEALTH**  
MADISONVILLE  
420-BED ACUTE CARE FACILITY  
MAJOR EMPLOYER | 600 EMPLOYEES  
1 MILE SOUTH

**CVS pharmacy**

**SONIC**

**McDonald's**

**CAR WASH USA EXPRESS**

**First Care**

**Arby's**

**taco john's**  
SINCE 1969

**Advance Auto Parts**

**Little Caesars**

**CAPTAIN D'S**  
SEAFOOD RESTAURANT

**usbank**

**mark's outlet mattress**  
name brands for less!

**MANDARIN HOUSE RESTAURANT**

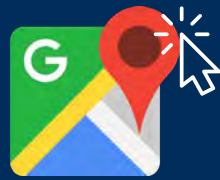
**Walgreens**

**HARBOR FREIGHT TOOLS**

**SUBJECT PROPERTY**  
24,538 SQ. FT. ± TOTAL GLA  
3.294 ACRE ± LOT  
87 PARKING SPACES

**PROPERTY TOUR**

*Borders Are Approximate*



**ADDRESS:**  
**1235 NORTH MAIN ST**  
**MADISONVILLE, KY 42431**



**PRICE**  
**\$1,825,000**



**CAP RATE**  
**6.78%**



**ANNUAL NOI**  
**\$123,801**

**Marcus & Millichap**  
**LIMON NET LEASE GROUP**

### VITAL DATA

Price	\$1,825,000
Cap Rate - Year 1	6.78%
Cap Rate - Pro Forma	10.49%
Gross Leasable Area	24,538 Sq. Ft. ±
Lot Size	3.294 Acres ±
Year Renovated	2018
Parking	87 Spaces

### LEASE SUMMARY

Tenant	Harbor Freight Tools USA, Inc.
Lease Type	NNN
Rentable Area	16,078 Sq. Ft.
Landlord Responsibility	Roof, Structure and Foundation
Rent Commencement	8/1/2018
Base Lease Expiration	11/30/2028
Base Term Remaining	8 Years
Options	5, 5-Years
Increases	10% Increases Every 5 Years

### RENT ROLL

SUITE	GLA (SQ. FT.)	% GLA	LEASE START	LEASE END	ANNUAL RENT/SQ.FT.	ANNUAL RENT	RENT INCREASES	NEXT INCREASE	NEXT ANNUAL RENT AMOUNT	LEASE TYPE
<b>A</b>	<b>TENANT: HARBOR FREIGHT TOOLS</b>									
	16,078 Sq. Ft.	65.5% GLA	8/1/2018	11/30/2028	\$7.70	\$123,801	10% Every 5 Years	8/1/2023	\$136,180	NNN*
<b>B</b>	<b>TENANT: VACANT</b>									
	8,460 Sq. Ft.	34.5% GLA	-	-	\$8.00	\$67,680	-	-	-	**
<b>TOTAL</b>	24,538 Sq. Ft.	100%	<b>Pro Forma NOI</b>	<b>\$191,481</b>	<i>*Harbor Freight reimburses Landlord for Expenses. **Seller offering a 1-year credit for NNN Reimbursements for Vacant GLA.</i>					

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# INVESTMENT HIGHLIGHTS



Subject is a 24,538-Square-Foot Retail Building on 3.3-Acres with 87 Parking Spaces | Recently Renovated in 2018 | Low Price per Square Foot of Seventy-Four Dollars



Situated Along Major Retail and Commuter Corridor North Main Street/U.S. Route 41 and KY-281 Intersection with Combined Traffic Counts of Over 40,000 Vehicles per Day (Source: KYTC.gov)



Triple Net Lease with a Corporate Guaranty from Harbor Freight Tools USA, Inc., with a “BB-” Rating from Moody’s



Eight Years Remaining with Five (Five-Year) Options, Next Rental Increase in 2023 and at the Beginning of Each Option Period



Low Price Point Opportunity Offers Additional Upside in Leasing 8,460 Sq. Ft. with Pro Forma NOI \$191,481, a Pro Forma Cap Rate of 10.5-Percent | NNN Rent/Sq. Ft. Assumption: \$8.00 USD



Subject is Just One Mile off of Interstate 69 (Exit 44) That Sees Highway Traffic of Approximately 24,000 Vehicles Per Day (Source: KYTC.gov)



Close Proximity to Nearby National Tenants, Including McDonald’s, Walgreens, CVS Pharmacy, Lowe’s, Kroger, Applebee’s, Burger King and More



Pylon Signage on Huge Lot Provides Excellent Visibility and Access to a Busy Retail Corridor



Harbor Freight is an Essential Retailer with Ten-Percent Escalations Every Five Years | Commitment to Site, Harbor Freight has Closed Only One Store in Last Five Years



Located Only One Mile from Baptist Health Madisonville, a 410-Bed Hospital and Major Area Employer with Over 600 Employees as of 2020



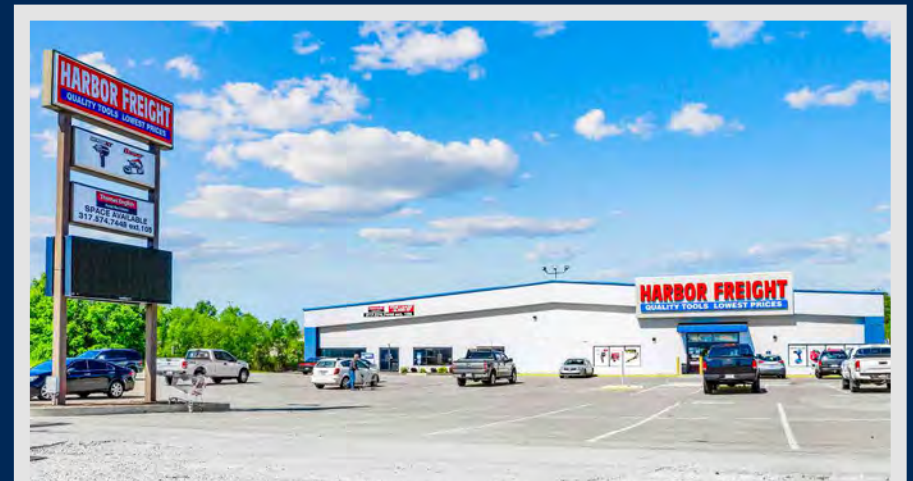
Located Only Three Miles East of the GE Aviation Plant, One of the Area’s Major Manufacturing Employers with More Than 500 Employees as of 2020



Approximately 10,800 Households with an Average Household Income of Over \$61,000 Annually within a Five-Mile Radius of Subject, as of 2019 Estimates



Madisonville’s Population is an Estimated 20,000 Residents, and a Five-Mile Radius of the Subject has a Population of 26,000 Residents, as of 2019 Estimates



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# DEMOGRAPHICS



2019 15-MILE DAYTIME POPULATION  
**APPROX. 52,000**



2019 5-MILE AVERAGE  
HOUSEHOLD INCOME  
**APPROX. \$61,000**



2019 5-MILE POPULATION  
**APPROX. 26,000**

**5 MILES**

**10 MILES**



2019 5-MILE HOUSEHOLDS  
**APPROX. 11,000**

**15 MILES**



Area Population	5 Mile	10 Miles	15 Miles
2010 Population Census	26,516	35,437	52,209
2019 Population Estimate	26,304	35,325	52,013
2024 Population Projection	26,331	35,521	52,265
2019 Daytime Population	34,236	42,756	51,720
Area Households	5 Mile	10 Miles	15 Miles
2010 Households	10,950	14,438	21,094
2019 Households Estimate	10,800	14,322	20,953
2024 Households Projection	10,868	14,468	21,157
2019 Average HH Size			
Area Income	5 Mile	10 Miles	15 Miles
Median HH Income	\$45,977	\$47,461	\$46,306
Per Capita Income	\$25,541	\$25,629	\$24,424
Average HH Income	\$61,348	\$62,503	\$60,053

Source: Marcus & Millichap Analytics, U.S. Census Bureau (2020)

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SUBJECT PHOTOS • 1235 N MAIN ST., MADISONVILLE, KY 42431







AREA PHOTOS • 1235 N MAIN ST., MADISONVILLE, KY 42431



**AREA PHOTOS • 1235 N MAIN ST., MADISONVILLE, KY 42431**



*Neighboring Multi-Tenant Retail Center Includes Safeway Grocery & Dollar General*



*Busy U.S. 41/KY-281 Intersection, Walgreens*



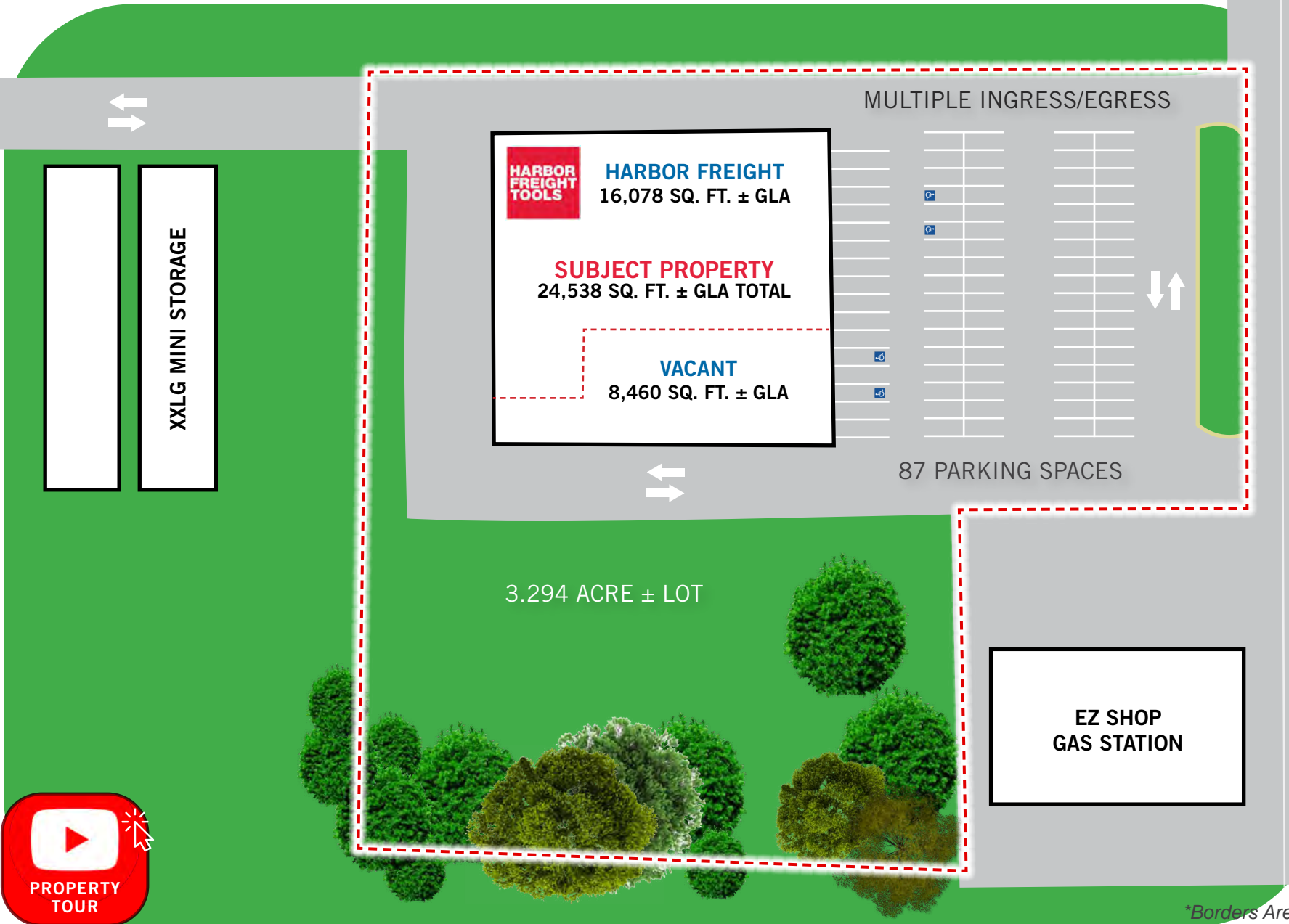
*Adjacent Distribution Center and Major Employer, New Road Construction*



*Baptist Health Madisonville Campus, a Major Area Employer*

**SITE PLAN • 1235 N MAIN ST., MADISONVILLE, KY 42431**

**N MAIN ST./U.S. 41 - 20,800 VEHICLES PER DAY (2018)**



*\*Borders Are Approximate*

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# TENANT OVERVIEW

**HARBOR FREIGHT TOOLS**  
Quality Tools at Ridiculously Low Prices



## HARBOR FREIGHT TOOLS USA, INC.

**Harbor Freight Tools USA, Inc.** is a privately held discount tool and equipment retailer, headquartered in Calabasas, California, which operates a chain of retail stores as well as a mail-order and e-commerce business.

For over 40 years, Harbor Freight Tools has provided working people with great quality tools at the lowest prices possible. From hand tools and generators, to air and power tools, from shop equipment to automotive tools, Harbor Freight offers more than 7,000 tools and accessories at quality levels that match or exceed competing brands, but at prices that are up to 80% less. The stores are clean but simple, designed to be welcoming to a worker right off the job site, packed with deals and treasures so every visit discovers a new find.

The company currently employs over 20,000 people across 48 states. The company celebrated the opening of their 1,000th store in Louisville, Kentucky as of August 2019. All Harbor Freight stores are company-owned.

Harbor Freight is considered an essential business, which has allowed the company to continue operating stores without many issues. Harbor Freight recently donated its entire stock of personal protective equipment to over 1,000 hospitals with 24-hour emergency rooms across the country. All stores have implemented social distancing guidelines and increased sanitization efforts, with the company's founder reminding customers to consider ordering online. All existing coupons, set to expire in April or May, were extended and now valid until June 30th, 2020.

Despite the COVID-19 disruption, Harbor Freight is still opening new stores on schedule; it's third Jacksonville, Florida store opens in May, an upcoming Louisiana store will have it's grand opening on July 4th, a Minnesota store will open this summer, and a North Carolina store will be opening in August 2020.

## HARBOR FREIGHT COMPANY OVERVIEW

<b>Headquarters</b>	Calabasas, California
<b>Founded</b>	1977, Opened First Store in 1980
<b>Ownership</b>	Private
<b>Credit Rating</b>	BB- (Moody's)
<b>CEO</b>	Eric Smidt
<b>Locations</b>	1,000+ Stores 20,000 Employees 4 Million+ Sq. Ft. Supply Chain <i>*Numbers as of 2019</i>
<b>Revenue</b>	\$5 Billion <i>*as of 2018</i>
<b>Website</b>	www.harborfreight.com

Sources: Harborfreight.com, Creditntell, Bloomberg, S&P Cap IQ; Forbes

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# MARKET OVERVIEW



## MADISONVILLE, KENTUCKY

Madisonville is a city in and the county seat of Hopkins County, Kentucky, located along Interstate 69 in the state’s Western Coal Fields region. The area serves as the commercial seat of the region, and has experienced exponential growth throughout the past decade, with a population of approximately 20,000 as of 2018 U.S. Census estimates.

Located within a day’s driving distance from most of the significant economic and populated areas on the East Coast, Madisonville offers an attractive location for many businesses and residents to take advantage of a small-town atmosphere, while still steeping in big-town strengths.

The city and surrounding areas provide ample rolling hills, endless acres of fertile Bluegrass farmland, unique landmarks, one-of-a-kind boutiques and specialty stores, mom-and-pop restaurants, and available industrial and commercial lots for future growth opportunities.

Madisonville is centrally located between tranquil settings and exciting large cities, only a few hours drive of several metropolitan cities—152 miles from Louisville, KY; 194 miles from Lexington, KY; 221 miles from St. Louis, Missouri; 105 miles from Nashville, TN; 47 miles from Owensboro, KY; 50 miles from Evansville, Indiana and 221 miles from Indianapolis, Indiana.

### DID YOU KNOW?

- **MADISONVILLE IS A WET CITY IN THE COUNTY OF HOPKINS COUNTY; MAKING IT A MOIST COUNTY, ONE OF ONLY SIXTEEN IN THE STATE**
- **MADISONVILLE’S MOTTO IS “THE BEST TOWN ON EARTH” DUE TO MORE THAN A DOZEN PARK AND RECREATIONAL FACILITIES IN THE COMMUNITY**

## HOPKINS COUNTY MAJOR EMPLOYERS

Employer	Industry	Employees
Carhartt Customer Service	Apparel Distribution	900
Baptist Health System	Healthcare	600
GE Aircraft Engine Div.	Aircraft Engines	500
Star Industries Inc	Manufacturing	500
Land O’ Frost	Retail Distribution	220
Lowe’s Home Centers	Retail	150
Ahlstrom-Munksjo	Fiber Solutions	140
The Webstaurant Store	Restaurant Supplies	120
Berry Global Inc.	Manufacturing	80
McCoy & McCoy Laboratories	Lab Services	75
Tungco	Recycling	50

*Numbers Are Approximate, Employer Data as of 2018 from ThinkKentucky.com and the Kentucky Cabinet for Economic Development Sources: Marcus & Millichap Research Services; Experian; U.S. Census Bureau*

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52,000

**2019 DAYTIME POPULATION WITHIN A 15-MILE RADIUS**

SOURCE: MARCUS & MILLICHAP ANALYTICS, U.S. CENSUS BUREAU



**DISTANCE**

105 MILES FROM NASHVILLE, TN

150 MILES FROM LOUISVILLE, KY

200 MILES FROM ST. LOUIS, MO

220 MILES FROM INDIANAPOLIS, IN



**2 HOUR DRIVE**

**TO LOUISVILLE INT'L AIRPORT AND NASHVILLE INT'L AIRPORT**

"SDF" SAW 4.2M PASSENGERS (2019)

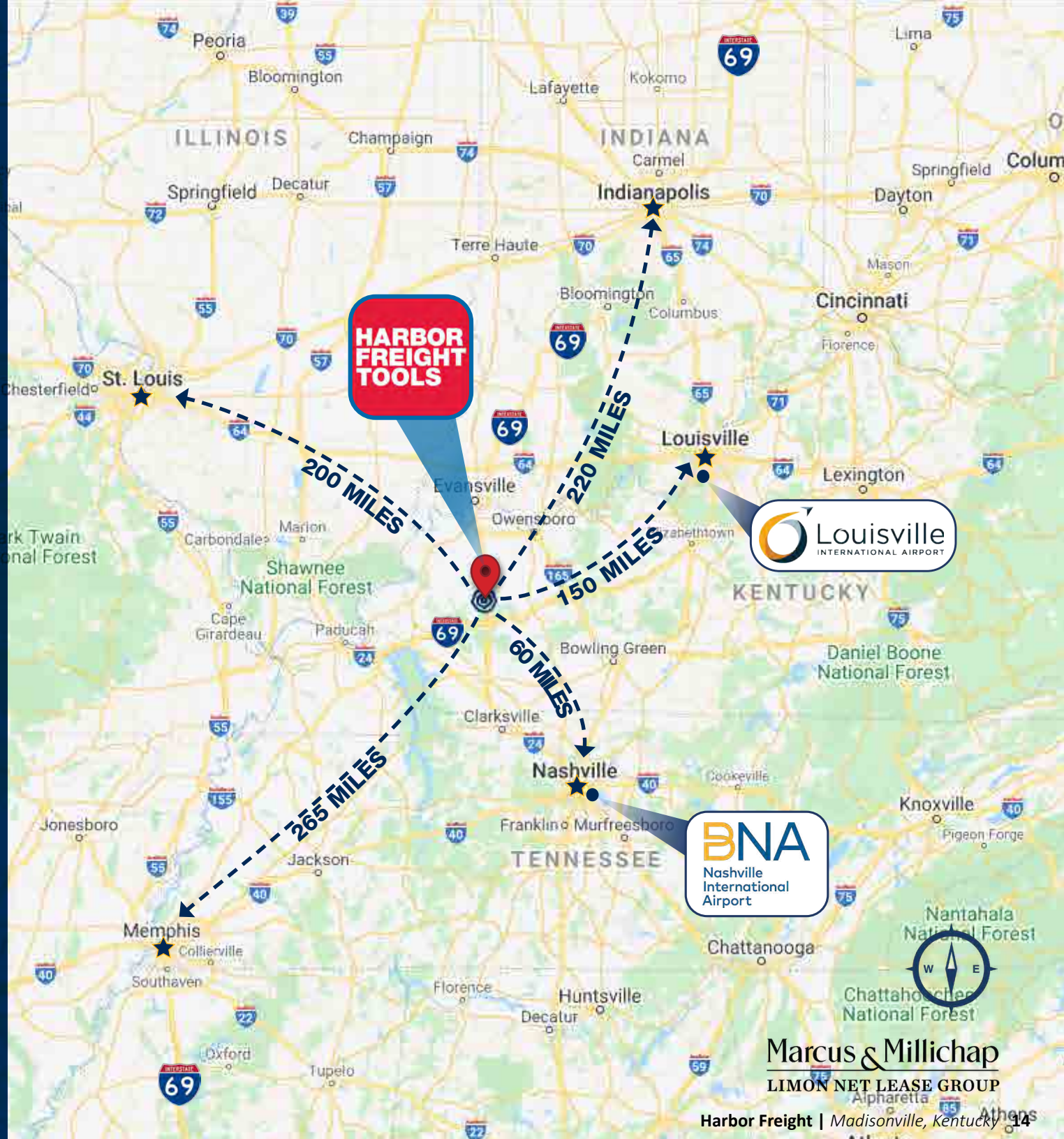
"BNA" SAW 17.1M PASSENGERS (2019)



**HIGHWAY ACCESS**

**1 MILE OFF INTERSTATE 69**

I-69 STRETCHES 800 MILES FROM DETROIT, MI TO HOUSTON, TX



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ACTIVITY ID: ZAB0330782

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**ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY.**

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**KY BROKER OF RECORD  
COLBY HAUGNESS  
LIC.# 242197**

**Marcus & Millichap**  
LIMON NET LEASE GROUP

# OFFERING MEMORANDUM

## NET LEASED HARBOR FREIGHT

1235 North Main Street, Madisonville, Kentucky 42431



*Actual Subject Photo*

### EXCLUSIVELY LISTED BY:

**JESSE J. LIMON**  
First Vice President Investments  
National Retail Group  
Office (212) 430-5291  
jesse.limon@marcusmillichap.com  
License IN RB14048415,  
NY 10401271892

### KY BROKER OF RECORD

COLBY HAUGNESS  
LIC.# 242197

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