

# LES SCHWAB TIRES (400+ UNITS) - 20 YR GROUND LEASE

2306 S MENTZER ST, MITCHELL, SD 57301 (SIOUX FALLS MSA)



OFFERING MEMORANDUM

Marcus & Millichap





Graphic Packaging

O'Reilly Auto Parts  
AutoZone  
Walgreens  
verizon

Iverson Auto  
IversonAuto.com

PERFORMANCE PET PRODUCTS

WILD OAK GOLF COURSE

6

DWU DAKOTA WESLEYAN UNIVERSITY

Runnings  
Your Home, Farm & Outdoor Store

Days Inn

Super 8

MITCHELL TECHNICAL COLLEGE

DWU ESPORTS

Starbucks

Cabela's

90

ACCESS HEALTH URGENT CARE

MITCHELL LIVESTOCK MARKETING

Quality Wood & Metal designs

TRAIL KING

MENARDS

Walmart

Tires LES SCHWAB



The information in this package has been secured from sources we believe to be reliable, but we make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Any projections, opinions, assumptions or estimates used herein are for example purposes only and do not represent the current or future performance of the property. Marcus & Millichap Real Estate Investment Services is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2024 Marcus Millichap



# Executive Summary

2306 S Mentzer St, Mitchell, SD 57301 (Sioux Falls MSA)

## FINANCIAL SUMMARY

<b>Price</b>	<b>\$1,840,000</b>
Cap Rate	5.00%
Net Cash Flow	5.00% \$92,000
Building Size	11,480 SF
Year Built	2024
Lot Size	2.12 Acres

## LEASE SUMMARY

Lease Type	Absolute Triple-Net (NNN) Ground Lease
Tenant	SFP-E, LLC
Guarantor	Corporate
Lease Commencement Date	March 5, 2024
Lease Expiration Date	March 31, 2044
Lease Term	20 Years
Rental Increases	10% Every 5 Years
Renewal Options	6, 5 Year Options
Right of First Refusal	Yes; 10 Days

## ANNUALIZED OPERATING DATA

Lease Years	Annual Rent	Cap Rate
1 – 5	\$92,000.00	5.00%
6 – 10	\$101,200.00	5.50%
11 – 15	\$111,320.00	6.05%
16 – 20	\$122,452.00	6.66%
Renewal Options	Annual Rent	Cap Rate
Option 1 (21 - 25)	\$134,697.00	7.32%
Option 2 (26 - 30)	\$148,168.00	8.05%
Option 3 (31 - 35)	\$162,984.00	8.86%
Option 4 (36 - 40)	\$179,282.00	9.74%
Option 5 (41 - 45)	\$197,210.00	10.72%
Option 6 (46 - 50)	\$216,931.00	11.79%

<b>Base Rent</b>	<b>\$92,000</b>
<b>Net Operating Income</b>	<b>\$92,000</b>
<b>Total Return</b>	<b>5.00% \$92,000</b>







**MITCHELL  
TECHNICAL COLLEGE**

**MITCHELL  
LIVESTOCK MARKETING**

**JD CONCRETE  
PRODUCTS**

**Walmart**



**MATTRESSFIRM**



Great Clips  
maurices **SHOE**  
sensation

**6,335 CPD**  
E SPRUCE ST

APPLIANCE & FURNITURE  
**RENT-ALL**  
EMPLOYEE OWNED



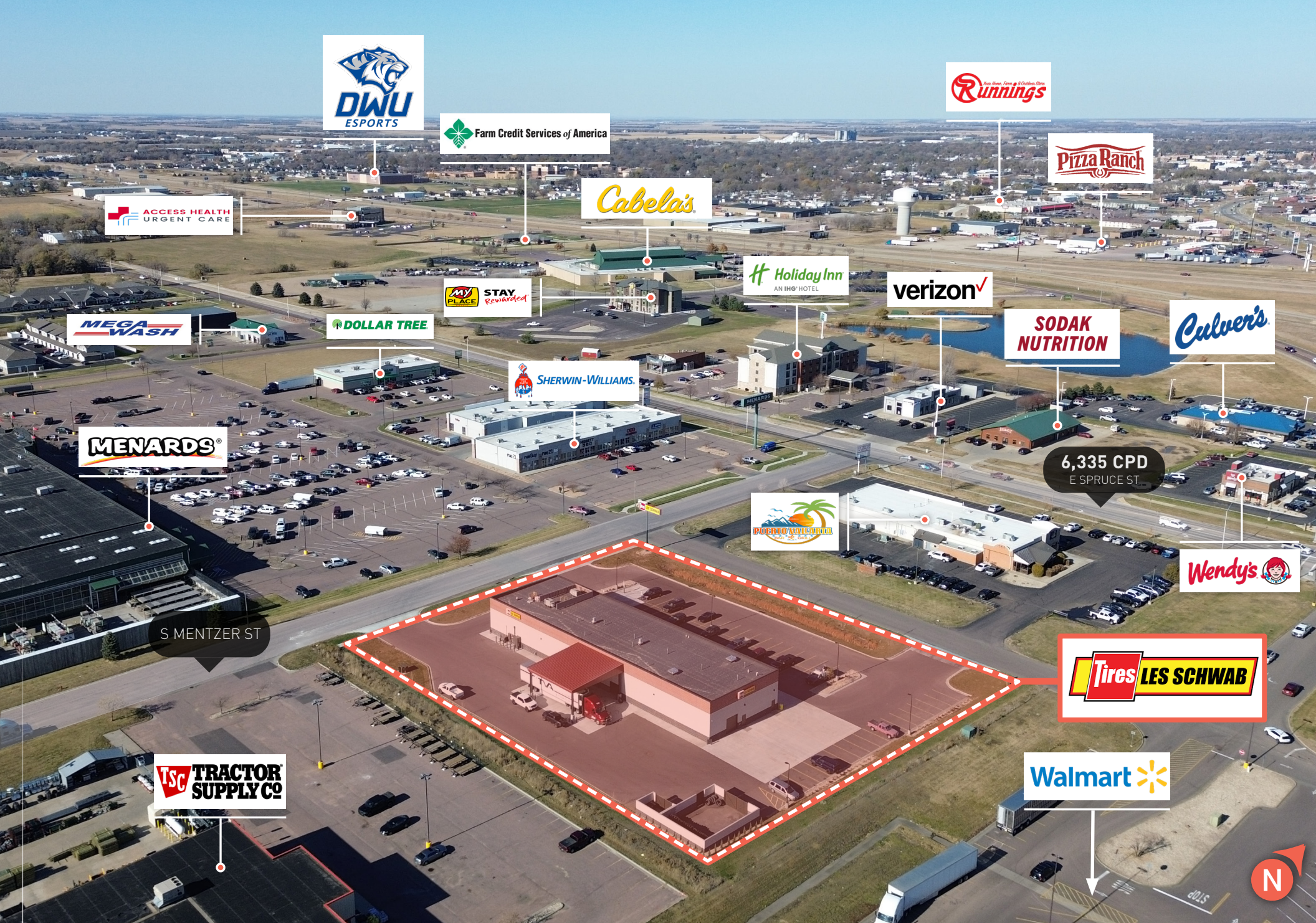
**TSC TRACTOR  
SUPPLY CO**

**Tires LES SCHWAB**

S MENTZER ST







DWU  
ESPORTS

Farm Credit Services of America

Runnings

Pizza Ranch

Cabela's

Holiday Inn  
AN IHG HOTEL

verizon

SODAK  
NUTRITION

Culver's

ACCESS HEALTH  
URGENT CARE

MY PLACE  
STAY Rewarded

DOLLAR TREE

MEGA WASH

SHERWIN-WILLIAMS

MENARDS

6,335 CPD  
E SPRUCE ST

WATERFRONT HOTEL

Wendy's

S MENTZER ST

Tires LES SCHWAB

TSC TRACTOR  
SUPPLY CO

Walmart





# Property Description



## INVESTMENT HIGHLIGHTS

- » **Brand New 20-Year Absolute Triple-Net (NNN) Corporate Ground Lease**
- » Exceptional Residual Value - Value of Improvements well Exceeds Purchase Price
- » **New High-Quality 2024 Construction**
- » Pinned between a Super Walmart & Menard's
- » **10 Percent Rental Increases Every Five Years with Six, Five Year Renewals**
- » Immediate Proximity to Interstate 90, a Sioux Falls City Area Connector
- » **Surrounded by National Tenants such as: Cabela's, Tractor Supply Co, Sherwin-Williams Paint Store, Dollar Tree and more**



## DEMOGRAPHICS

3-miles

5-miles

10-miles

### Population

2028 Projection	14,282	17,073	19,381
2023 Estimate	14,133	16,932	19,237

### Households

2028 Projections	6,349	7,585	8,499
2023 Estimate	6,288	7,529	8,442

### Income

2023 Est. Average Household Income	\$75,119	\$80,667	\$82,946
2023 Est. Median Household Income	\$57,937	\$60,940	\$63,169



# Tenant Overview



**BEND, OREGON**  
Headquarters



**410+**  
Locations



**WWW.LESSCHWAB.COM**  
Website



**PRIVATE**  
Company Type



**MERITAGE GROUP**  
Parent Company

Les Schwab Tire Centers is a well-known, family-owned business primarily focused on selling tires, wheels, and automotive services. Founded in 1952 by Les Schwab in Prineville, Oregon, the company has grown into one of the largest independent tire dealers in the United States. It operates hundreds of retail locations primarily in the western United States, including Oregon, Washington, California, Idaho, Nevada, and other states in the Pacific Northwest and Rocky Mountain regions.

Les Schwab has built a strong reputation for its customer service. One of the most notable aspects of their business model is their free tire services—which include flat tire repairs, tire rotations, and air pressure checks, even for tires purchased from competitors. Les Schwab offers a range of other automotive services, including brake inspections, alignment, battery replacement, shocks and struts replacement, and more. This has helped the company build strong customer loyalty. Les Schwab remained privately owned by the Schwab family until it was sold in 2021. The buyer was Meritage Group, a private investment firm. However, the company's focus on customer service and operational excellence has remained unchanged.



# Location Overview



Mitchell, South Dakota, is a small city located in the southeastern part of the state, roughly 60 miles west of Sioux Falls, the largest city in South Dakota. As of the 2020 census, Mitchell has a population of around 15,000 people. It's the county seat of Davison County and serves as a regional hub for commerce, education, and services in the area. Mitchell is home to several public schools, as well as Mitchell Technical College, which offers a range of vocational and technical training programs. The city is also served by Dakota Wesleyan University, a private liberal arts university known for its strong community ties and diverse academic offerings.

The city hosts a variety of local events and festivals throughout the year, including fairs, concerts, and holiday celebrations. With its mix of small-town charm and access to regional amenities, Mitchell is a popular choice for families, retirees, and people seeking a quieter lifestyle while still having access to key services.

The Sioux Falls, South Dakota Metropolitan Statistical Area (MSA) is the largest metropolitan area in South Dakota, encompassing the city of Sioux Falls and its surrounding communities. Sioux Falls, with a population of over 250,000 (as of the 2020 census), is not only the state's largest city but also its economic, cultural, and transportation hub. The MSA includes Minnehaha County, where Sioux Falls is located, along with several neighboring counties.

The Sioux Falls MSA is situated in the southeastern corner of South Dakota, near the borders of Iowa and Minnesota. Sioux Falls Regional Airport (FSD) provides commercial air service with connections to major hubs like Minneapolis, Chicago, and Denver. The airport has seen steady growth and expansion in recent years. It is strategically located along Interstate 29, which runs north-south, and Interstate 90, which runs east-west, making it a key crossroads for transportation and trade.



# Property Photos





# [ exclusively listed by ]

**Mark J. Ruble**

Executive Managing Director  
602 687 6766  
mruble@marcusmillichap.com

**Chris N. Lind**

Senior Managing Director  
602 687 6780  
chris.lind@marcusmillichap.com

**Zack House**

Senior Vice President  
602 687 6650  
zhouse@marcusmillichap.com

**Alex Frankel**

First Vice President  
602 687 6697  
alex.frankel@marcusmillichap.com

**George (Scott) Ruble**

Director  
602 687 6845  
scott.ruble@marcusmillichap.com

Offices Nationwide  
[www.marcusmillichap.com](http://www.marcusmillichap.com)

**NET LEASED DISCLAIMER**

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

By accepting this Marketing Brochure, you agree to treat the information contained herein regarding the lease terms as confidential and proprietary and to only use such information to evaluate a potential purchase of this net leased property.

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.

**CONFIDENTIALITY AGREEMENT**

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 it should not be made available to any other person or entity without the written consent of Marcus & Millichap. By taking possession of and reviewing the information contained herein the recipient agrees to hold and treat all such information in the strictest confidence. The recipient further agrees that recipient will not photocopy or duplicate any part of the offering memorandum. If you have no interest in the subject property at this time, please return this offering memorandum to Marcus & Millichap.

This offering memorandum has been prepared to provide summary, unverified financial and physical 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, PCBs or asbestos, the compliance with local, 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. Prospective buyers shall be responsible for their costs and expenses of investigating the subject property.

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONTACT THE MARCUS & MILLICHAP AGENT FOR MORE DETAILS.

**Jon Ruzicka**

Broker of Record  
952 852 9700  
License #: 17724

**Marcus & Millichap**