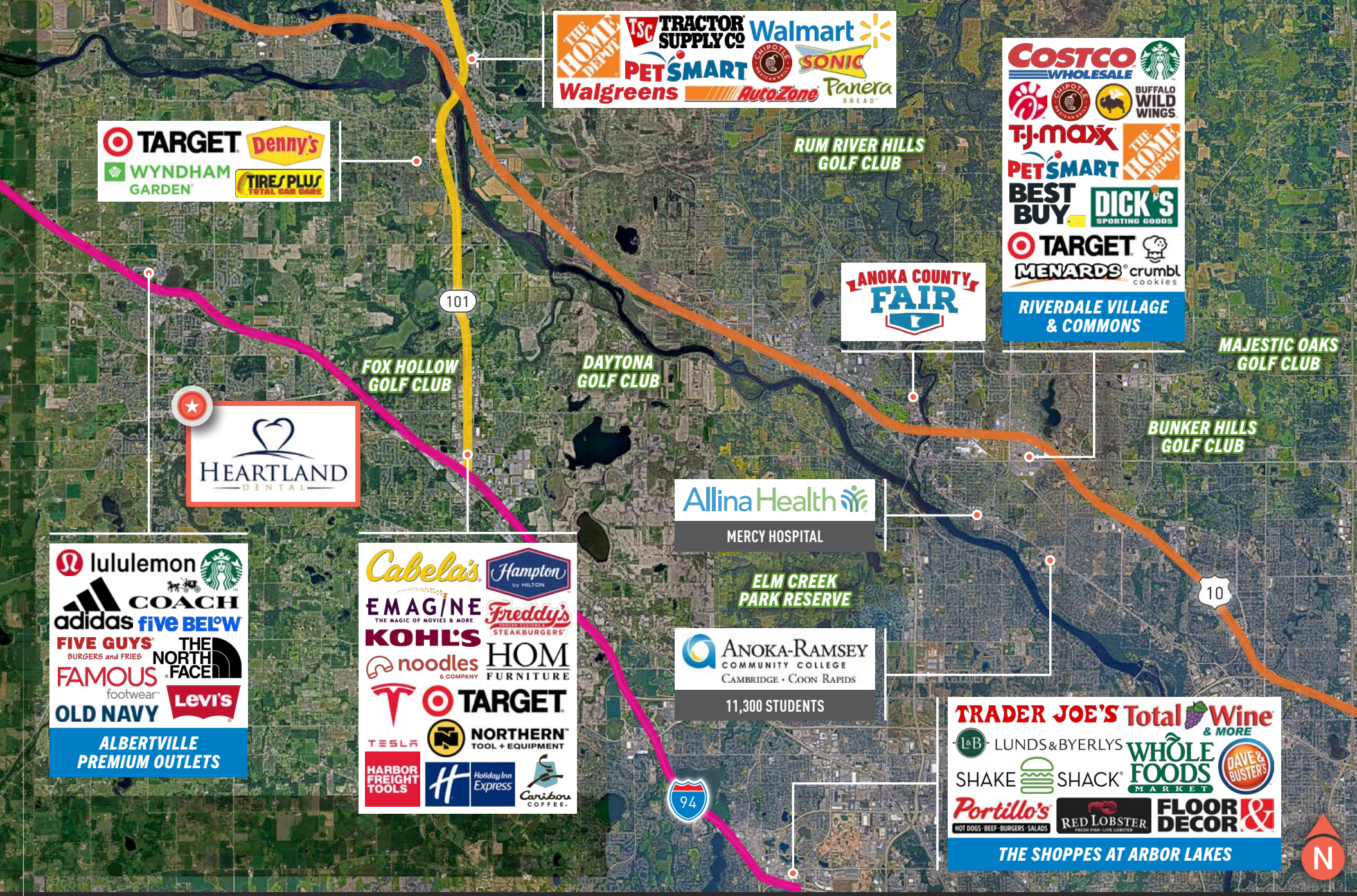
HEARTLAND DENTAL

654 CENTRAL AVENUE EAST, ST. MICHAEL, MINNESOTA (MINNEAPOLIS MSA)

OFFERING MEMORANDUM

Marcus & Millichap



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. © 2023 Marcus Millichap

Executive Summary

654 Central Avenue E, St. Michael, MN 55376

FINANCIAL SUMMARY

Price	**$2,399,454**
Cap Rate	6.50%
Building Size	4,273 SF
Net Cash Flow	6.50% $155,964.48
Year Built	2020
Lot Size	0.87 Acres

LEASE SUMMARY

Lease Type	Double-Net (NN) Lease
Roof & Structure	Landlord Responsible
Tenant	Town Center Dental Care
Guarantor	Heartland Dental (Corporate)
Lease Term	10 Years
Lease Commencement Date	December 30, 2019
Lease Expiration Date	December 31, 2029
Effective Lease Term Remaining	6 Years
Rental Increases	10% Every 5 Years
Renewal Options	4, 5 Year Options

ANNUALIZED OPERATING DATA

Lease Years	Annual Rent	Cap Rate
Current – 12/31/2024	$155,964.48	6.50%
1/1/2025 – 12/31/2029	$171,560.93	7.15%
Options	**Annual Rent**	**Cap Rate**
Option 1	$188,717.02	7.86%
Option 2	$207,588.72	8.65%
Option 3	$228,347.60	9.52%
Option 4	$251,182.35	10.47%

Base Rent	**$155,964.48**
Net Operating Income	**$155,964.48**
Total Return	**6.50% $155,964.48**

HEARTLAND DENTAL

Lease Summary

LANDLORD RESPONSIBILITIES

Landlord shall be responsible for all replacements to the roof and structural components of the Building as well as all repairs, maintenance, and replacements to the extent necessitated by the acts or omissions of Landlord, its agents, employees, or representatives.

TENANT RESPONSIBILITIES

Tenant shall keep and maintain in good order, condition, and repair the Property and every part thereof including but without limitation, the HVAC, the exterior and interior portion of all doors, door checks, windows, plate glass, store front, all plumbing and sewage facilities, fixtures, sprinkler systems, walls, floors and ceiling.

CAM

Tenant pays pro rata share, including a management fee equal to 5% of operating expenses

TAXES

Tenant responsible

INSURANCE

Tenant responsible

ESTOPPEL

Tenant has 10 Business Days to process

ASSIGNMENT & SUBLETTING

Except for Permitted Assignments and Permitted Sublease, Tenant shall have no right to assign or sublet without Landlord's consent, which consent shall not be unreasonably withheld. No Permitted Assignment shall release Tenant

The Legacy of St. Michael
A Lifespark™ Community
VILLAGE AT TOWN CENTER APARTMENTS
[208 UNITS]
THE DYLAN APARTMENTS
[82 UNITS]
Cub FOODS
ST. MICHAEL INDUSTRIAL PARK
GREAT RIVER REGIONAL LIBRARY
TOWN CENTER PARK
NEW CREATIONS
CHILD CARE & LEARNING CENTER
CVS pharmacy
HEARTLAND DENTAL
Great River ENDODONTICS, PA
4,200 CPD
EDGEWOOD DR NE
23,300 CPD
CENTRAL AVE EAST
N

ST. MICHAEL ELEMENTARY SCHOOL
Walgreens
Dairy Queen
COLONIAL MALL SHOPPING CENTER
McDonald's
TGK Automotive Specialists
NEW CREATIONS
CHILD CARE & LEARNING CENTER
ANTON VILLAGE
MASTER-PLANNED COMMUNITY
4,200 CPD
EDGEWOOD DR NE
CVS pharmacy
23,300 CPD
CENTRAL AVE EAST
HEARTLAND DENTAL
Cub FOODS
N

Property Description

INVESTMENT HIGHLIGHTS

- **10-Year Heartland Dental Corporate Guaranteed Lease**
- Adjacent to CVS and Cub Foods Grocery Store and in Close Proximity to New Multifamily Developments
- **10 Percent Rental Increases Every Five Years**
- 47,134 Residents within a Five-Mile Radius in the Minneapolis MSA
- **Population and Households Projected to Increase 9-10% in the Surrounding Area Over the Next Five Years**
- More Than 27,500 Cars per Day at the Corner of Central Ave E and Edgewood Drive NE
- **Average Household Income Exceeds $129,000 within a Five-Mile Radius**
- Within a 40-Minute Drive of Downtown Minneapolis and Minneapolis-Saint Paul International Airport

DEMOGRAPHICS	1-mile	3-miles	5-miles
Population			
2027 Projection	7,240	30,982	51,598
2022 Estimate	6,668	28,446	47,134
Growth 2022 - 2027	8.57%	8.91%	9.47%
Households			
2027 Projection	2,536	10,537	17,567
2022 Estimate	2,340	9,633	15,943
Growth 2022 - 2027	8.35%	9.39%	10.18%
Income			
2022 Est. Average Household Income	$122,672	$122,881	$129,679
2022 Est. Median Household Income	$106,506	$107,404	$110,516

Tenant Overview

HEARTLAND DENTAL

EFFINGHAM, ILLINOIS
Headquarters

1,700+
Locations

KKR & CO.
Parent Company

1997
Founded

HEARTLAND.COM
Website

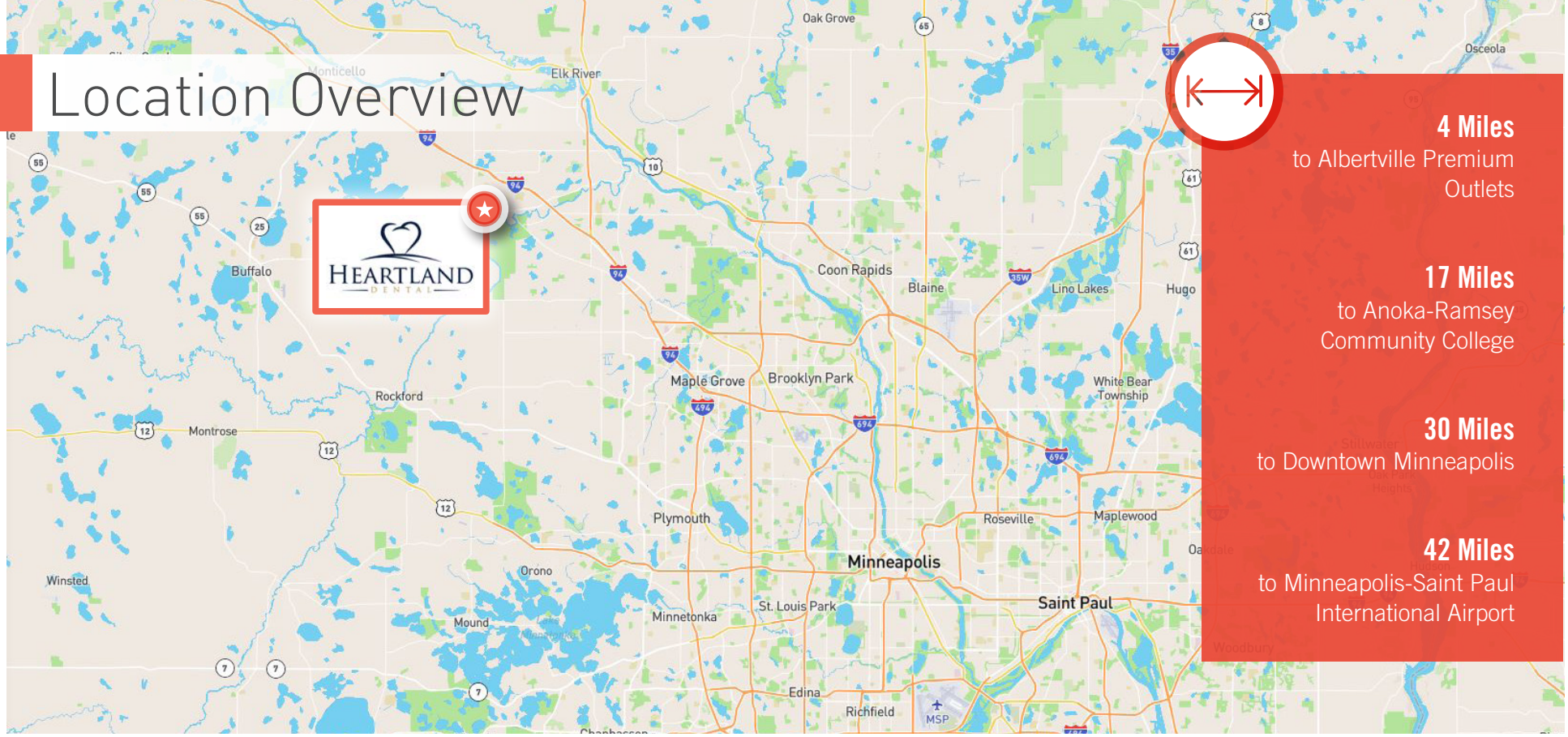
Heartland Dental operates as a dental practice management organization with headquarters in Effingham, Illinois. It provides support through continuing education; and management services, such as staffing, human relations, purchasing, administration, financial, marketing and information technology support. Heartland Dental is focused on positively impacting dentistry with the goal of offering dentists the freedom to focus on their craft. This culture is sustained with continuing education and ongoing leadership development at all levels of the organization.

Heartland Dental has expanded to over 20,000 team members in over 1,700 supported office with over 2,400 supported doctors across 38 states. They are able to differentiate themselves from competition to become what they are today. They provide dentists, hygienists, and non-clinical team members with world-class non-clinical administrative and operational support to help them achieve sustainable professional and financial growth.

Heartland Dental has a mission to help dentists and their teams deliver the highest quality dental care and experience to the communities they serve. They do this while providing exceptional careers and creating value for our stakeholders.

Property Photos

Location Overview



4 Miles
to Albertville Premium Outlets

17 Miles
to Anoka-Ramsey Community College

30 Miles
to Downtown Minneapolis

42 Miles
to Minneapolis-Saint Paul International Airport

St. Michael is located in Minnesota's Wright County, northwest of Minneapolis within the Minneapolis-St. Paul "Twin Cities" metropolitan area. The city is conveniently located along I-94, 25 minutes from downtown Minneapolis. According to U.S. Census data, St. Michael is home to an estimated 19,995 and has seen a 9.7% increase in its population between 2020 and 2022.

MINNEAPOLIS METRO AREA

The Minneapolis-St. Paul metro consists of 16 counties in the southeastern portion of central Minnesota and western Wisconsin and is home to more than 3.6 million people. Nearly 1,000 of Minnesota's 10,000 lakes are located within the metro, along with the Mississippi, Minnesota, and St. Croix rivers. The Twin Cities of Minneapolis and St. Paul straddle the Mississippi River and encompass the seven core counties of the region. By 2027, the metro is expected to add over 140,000 new residents, resulting in the formation of 67,000 new households and generating demand for housing.

As a hub for corporate headquarters, the Minneapolis-St. Paul metro's diverse economic base includes 15 Fortune 500 companies including Target Corp., Land O' Lakes, Best Buy, 3M Company, U.S. Bancorp, and General Mills. Additionally, medical institutions such as the University of Minnesota and the Mayo Clinic underpin a growing biomedical research and development sector. Minneapolis, with its strong financial base, houses the Ninth Federal Reserve District, which services Minnesota, North Dakota, South Dakota, Montana, and portions of Michigan and Wisconsin.

[exclusively listed by]

Zack House
First Vice President
602 687 6650
zhouse@marcusmillichap.com

Alex Frankel
Director
602 687 6697
alex.frankel@marcusmillichap.com

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

Scott Ruble
Director
602 687 6845
scott.ruble@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.

Todd Lindblom
Broker of Record
License: 0511964

Offices Nationwide
www.marcusmillichap.com

Marcus & Millichap