


INVESTMENT PROPERTY FOR SALE



BEACH PAY

120-126 S. PHILLIPS AVENUE, SIOUX FALLS, SD 57104



101 S. Reid Street, Suite 201, Sioux Falls, SD 57103
Information herein is deemed reliable, but not guaranteed.

INVESTMENT OFFERING

Located in the heart of downtown and in close proximity to restaurants, shopping, Lewis Drug, hotels and parking ramps. The Beach Pay building offers historic charm, common area restrooms and elevators. Potential to increase below market rents and/or obtaining NNN leases as tenant leases expire.

Investment Summary	
Sale Price	\$3,500,000
Building Size	22,702 RSF +/-
Building Size Per County Record	23,060 SF +/-
Site Size	13,200 SF +/-
Year Built	1887 with additions in 1996 & 2002
Zoning	DTPUD

Investment Summary	
Gross Income	\$306,182
Projected Reimbursable Operating Expenses	\$162,680
Less Vacancy Factor	\$23,443 5%
Less Projected Operating Expense	\$177,971
Net Operating Income (NOI)	\$267,448
Sale Price	\$3,500,000
Proforma Cap Rate	7.64%



RAQUEL BLOUNT, SIOR

VP OF COMMERCIAL REAL ESTATE

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RENT ROLL - YEAR END 2020 PROJECTION

Beach Pay - Year End 2020 Projected Rent Roll / Proforma											
Unit	Tenant	Lease Type	Size	Lease From	Lease To	Monthly Rent	Annual Rent	Rent / SF	Date Rent Increases in 2020	Escalators	Options
100	LEASED	Modified Gross	1,540	11/1/2016	5/30/2022	\$1,975.02	\$23,700.25	\$15.39	Increases to \$15.39 on 11/1/2020	1.5% Annual Escalator	One (1) Five (5) Year Option
120	LEASED	NNN Lease	3,100	TBD-2020	TBD-2025	\$3,100.00	\$37,200.00	\$12.00	No Increase in 2020	3.0% Annual Escalator	Two (2) Five (5) Year Options
124	LEASED	Modified Gross	1,900	5/5/2014	7/31/2022	\$1,903.15	\$22,837.80	\$12.02	Increases to \$12.02 on 8/1/2020	Increases to \$1,960.24 /Month on 8/1/2021	None Remaining
126	LEASED	Modified Gross	1,900	3/1/2015	2/28/2021	\$1,847.71	\$22,172.52	\$11.67	Increased to \$11.67 on 3/1/2020	3.0 % Annual Escalator	None Remaining
200	LEASED	NNN Lease	868	11/1/2018	10/31/2021	\$1,085.00	\$13,020.00	\$15.00	No Increase in 2020	Increase In Option Years	One (1) Three (3) Year Option
201	Available For Lease	NNN Lease	725	TBD	TBD	\$725.00	\$8,700.00	\$12.00	No Increase in 2020	TBD	TBD
202	Available For Lease	NNN Lease	189	TBD	TBD	\$189.00	\$2,268.00	\$12.00	No Increase in 2020	TBD	TBD
203	LEASED	Modified Gross	200	2/1/2016	1/31/2022	\$350.00	\$4,200.00	\$21.00	Increased to \$21.50 on 2/1/2020	Year 2: \$21.00 - Year 3: \$22.50	None
220	LEASED	Gross Lease	520	9/1/2015	MTM	\$520.00	\$6,240.00	\$12.00	No Increase in 2020	None	None
230	LEASED	Modified Gross	1,566	3/1/2017	4/30/2022	\$1,600.00	\$19,200.00	\$12.26		Year 2 of Option: \$1650/month	None
240	LEASED	NNN Lease	790	6/1/2019	5/31/2022	\$905.21	\$10,862.50	\$13.75	Increased to \$13.75 on 6/1/2020	Year 2: \$13.75 - Year 3: \$14.00	One (1) Two (2) Year Option
250	Available For Lease	NNN Lease	1,870	TBD	TBD	\$2,259.58	\$27,115.00	\$14.50	No Increase in 2020	TBD	TBD
260	LEASED	NNN Lease	790	4/15/2003	10/31/2020	\$906.53	\$10,878.36	\$14.05	Current Lease Expires in 2020	None Remaining	None
300	Available For Lease	NNN Lease	6,744	TBD	TBD	\$8,149.00	\$97,788.00	\$14.50	No Increase in 2020	TBD	TBD
TOTAL			22,702			\$25,515.20	\$306,182.43	\$13.49			

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Avg.

Gross Income:	\$306,182	
Projected Reimbursable Operating Expenses:	\$162,680	
Less Vacancy Factor:	(\$23,443)	5%
Less Projected Operating Expense:	(\$177,971)	
Net Operating Income (NOI):	\$267,448	
Sale Price:	\$3,500,000	
Proforma Cap Rate:	7.64%	

*Note - Modified Gross Lease = Tenants with a Modified Gross Lease have a base year of expenses determined by their first year of occupancy. At the end of the year when the Owner does CAM reconciliations, the Owner determines the *difference* between the CAM expenses for that year and each Tenant's base year of expense. The Tenants with the Modified Gross Lease are only responsible for reimbursing the Owner the Tenant's pro-rated share of the amount of expenses that is above their base year of expenses (Additional Rent). For more detail, see the Rent Section of each lease for Tenant's with a Modified Gross Lease.

APOD

Projected Annual Property Operating Data - Year End 2020

INCOME

Proforma Rent:	\$306,182
<i>Proj. Reimbursable Operating Expenses</i>	
Estimated NNN Charges:	\$162,680
TOTAL RENTAL INCOME:	<u>\$468,863</u>

Less Vacancy Factor: (\$23,443) 5%

TOTAL INCOME: **\$445,419**

EXPENSES

Repair:	\$44,625
Janitorial:	\$7,808
Elevator Inspection & Repair:	\$3,865

Gardening:	\$597
Management:	\$15,348
Security Service:	\$4,764
Insurance:	\$14,473
Property Tax:	\$28,832
Snow Removal:	\$7,064
Electricity:	\$24,484
Gas:	\$5,875
Water & Sewer:	\$1,303
Trash Disposal:	\$3,800
Legal & Accounting:	\$12,733
Manager Salaries:	<u>\$2,400</u>

TOTAL PROJECTED EXPENSES: **\$177,971**

NET OPERATING INCOME: **\$267,448**

Sale Price: **\$3,500,000**

Proforma Cap Rate: **7.64%**

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Total Projected / Estimated 2020 Expenses:	\$177,971	100%	
NNN Leases:	\$118,187	66%	Includes: Suite 300, 260,250, 240, 200, 120
Modified Gross Leases:	\$55,707	31%	Includes: Suite 230, 203, 126, 124, 100
Amount recovered from			
Modified Gross Leases:	\$44,493	25%	
Amount <u>not</u> recovered from			
Modified Gross Leases:	\$11,214		
Gross Lease:	\$4,077	2%	Includes: Suite 220, 202, 201
Total Amount Not Recovered:	\$15,291		
Total Amount Recovered:	\$162,680		

	<u>Square Feet</u>		
NNN Leases	15,076	66%	Includes: Suite 300, 260,250, 240, 202, 201, 200, 120
Modified Gross Leases:	7,106	31%	Includes: Suite 230, 203, 126, 124, 100
Gross Leases:	520	2%	Includes: Suite 220
Total:	22,702	100%	

FINANCIAL OVERVIEW



SALES PRICE: \$3,500,000

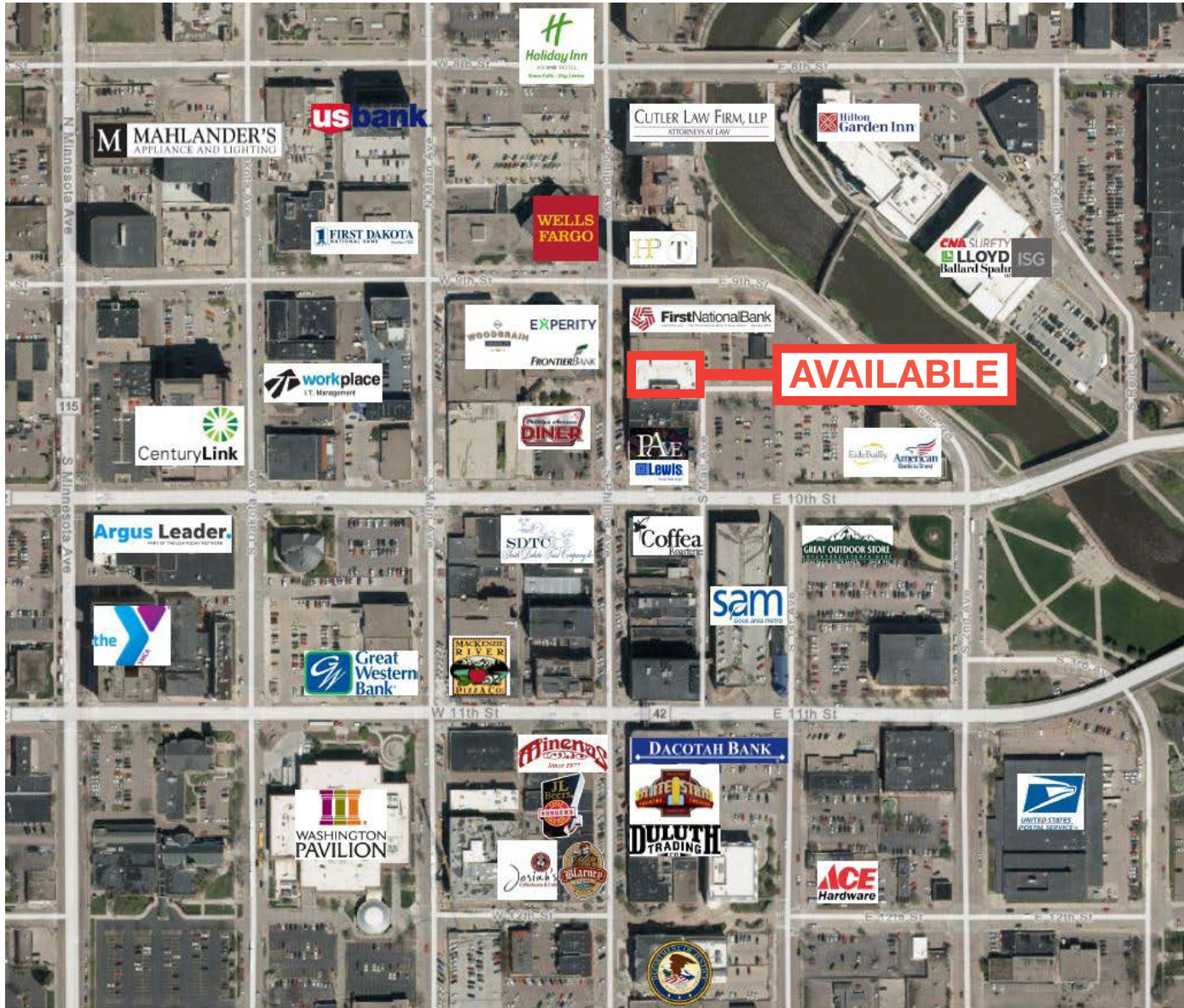
BUILDING SIZE: 22,702 RSF +/-

BUILDING SIZE PER COUNTY RECORD: 23,060 SF +/-

SITE SIZE: 13,200 SF +/-

YEAR BUILT: 1887 with additions in 1996 & 2002

SITE AERIAL



DOWNTOWN STATS

Estimated Annual Pedestrians:
2,920,000

Estimated annual visitors to Falls
Park & Downtown: 930,923

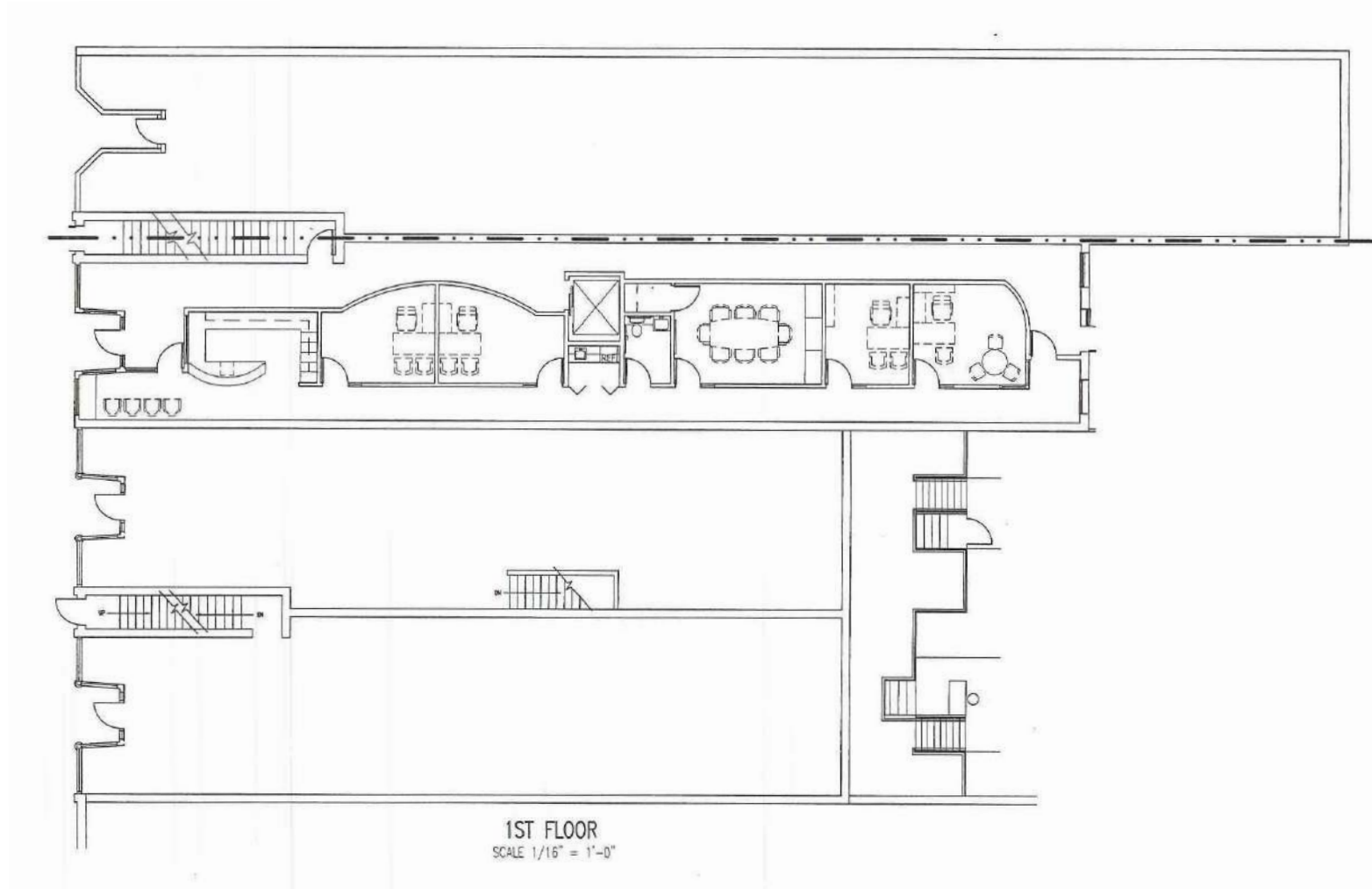
Downtown Employees: 9,230

Downtown Residents: 2,533

Information provided by DTSF 2019
Annual Report

2019 Residential & Commercial
Building Permit Valuation: \$48,800,000

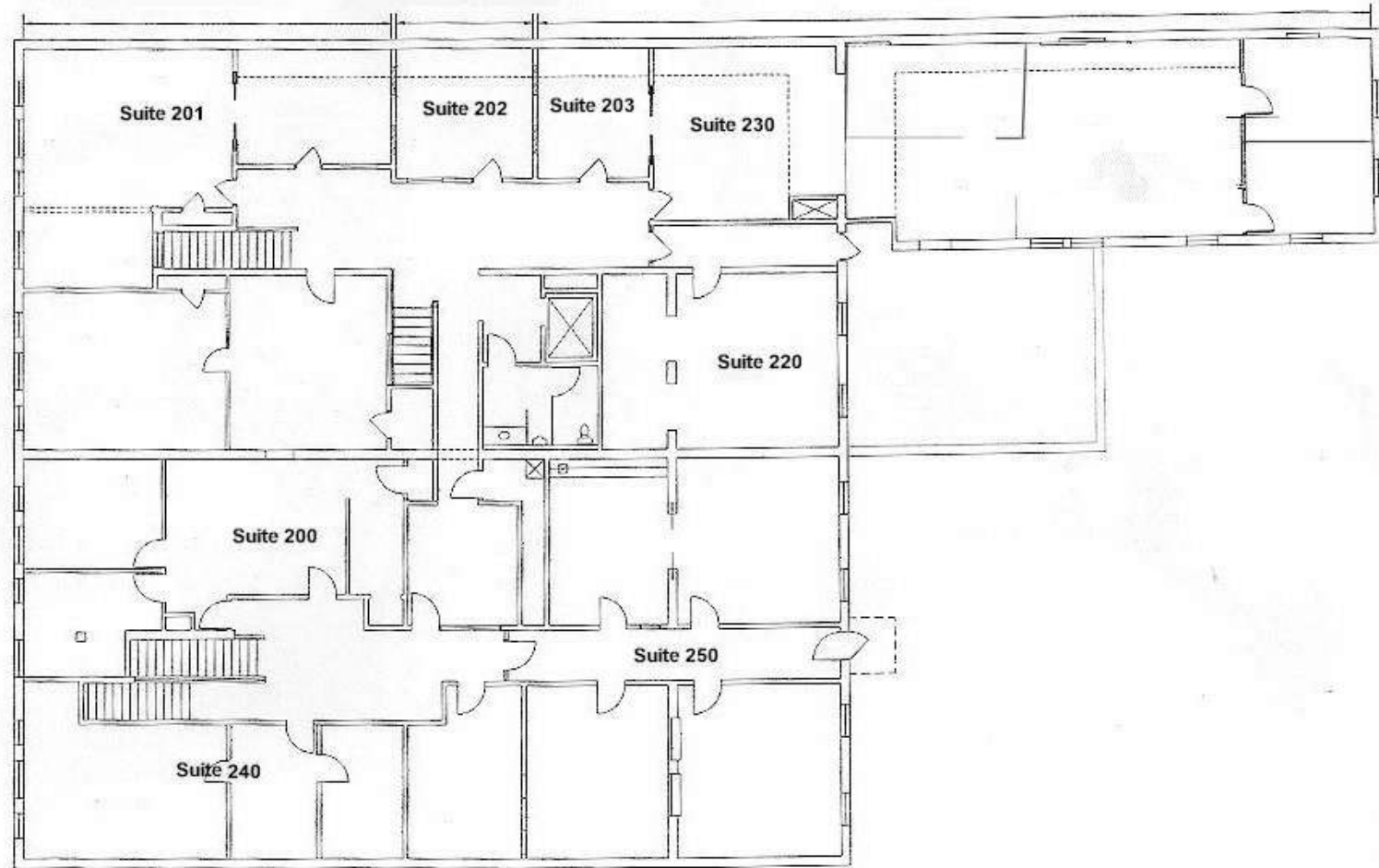
BUILDING FLOOR PLAN



FIRST FLOOR

Concept Plan Only;
Subject to Change

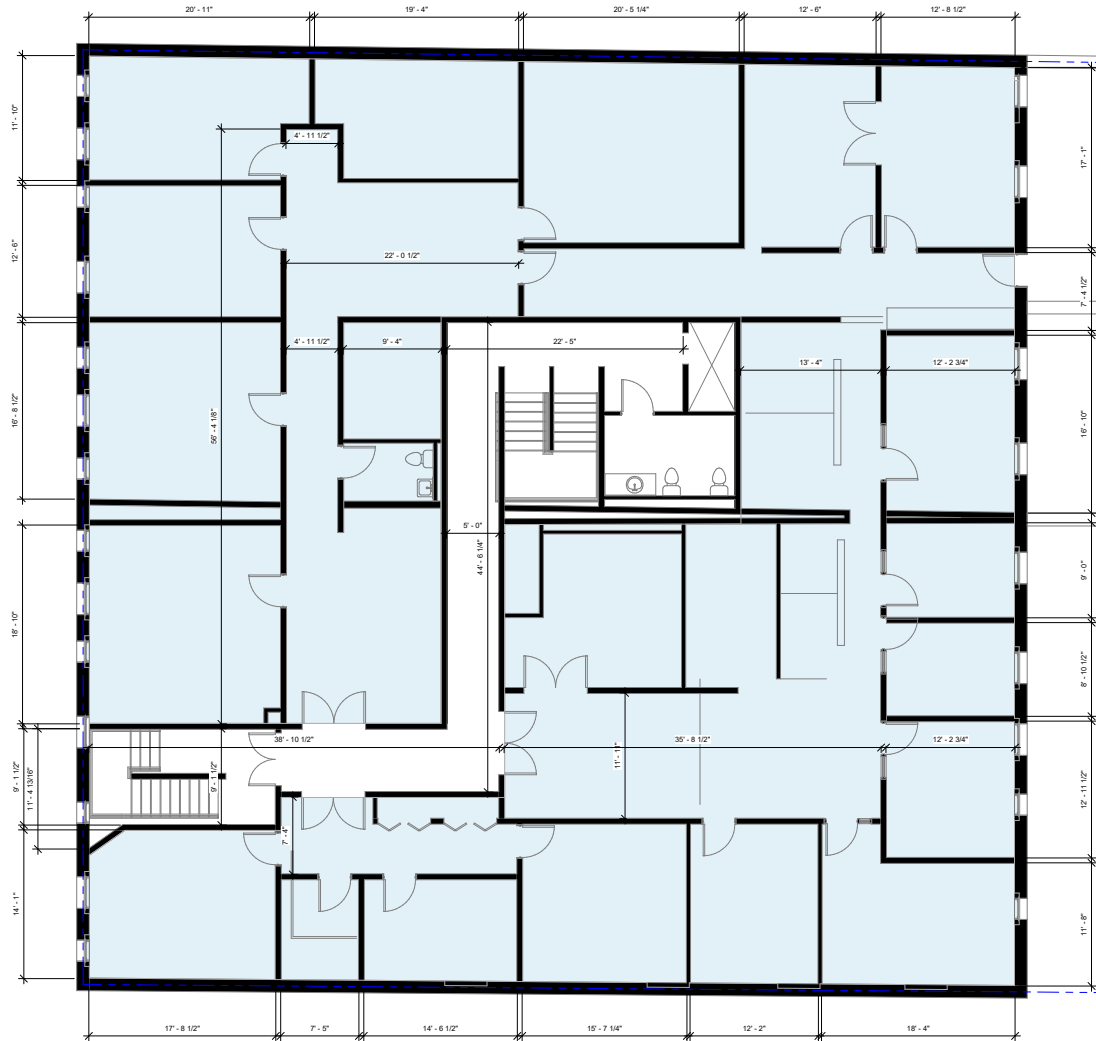
BUILDING FLOOR PLAN



SECOND FLOOR

Concept Plan Only;
Subject to Change

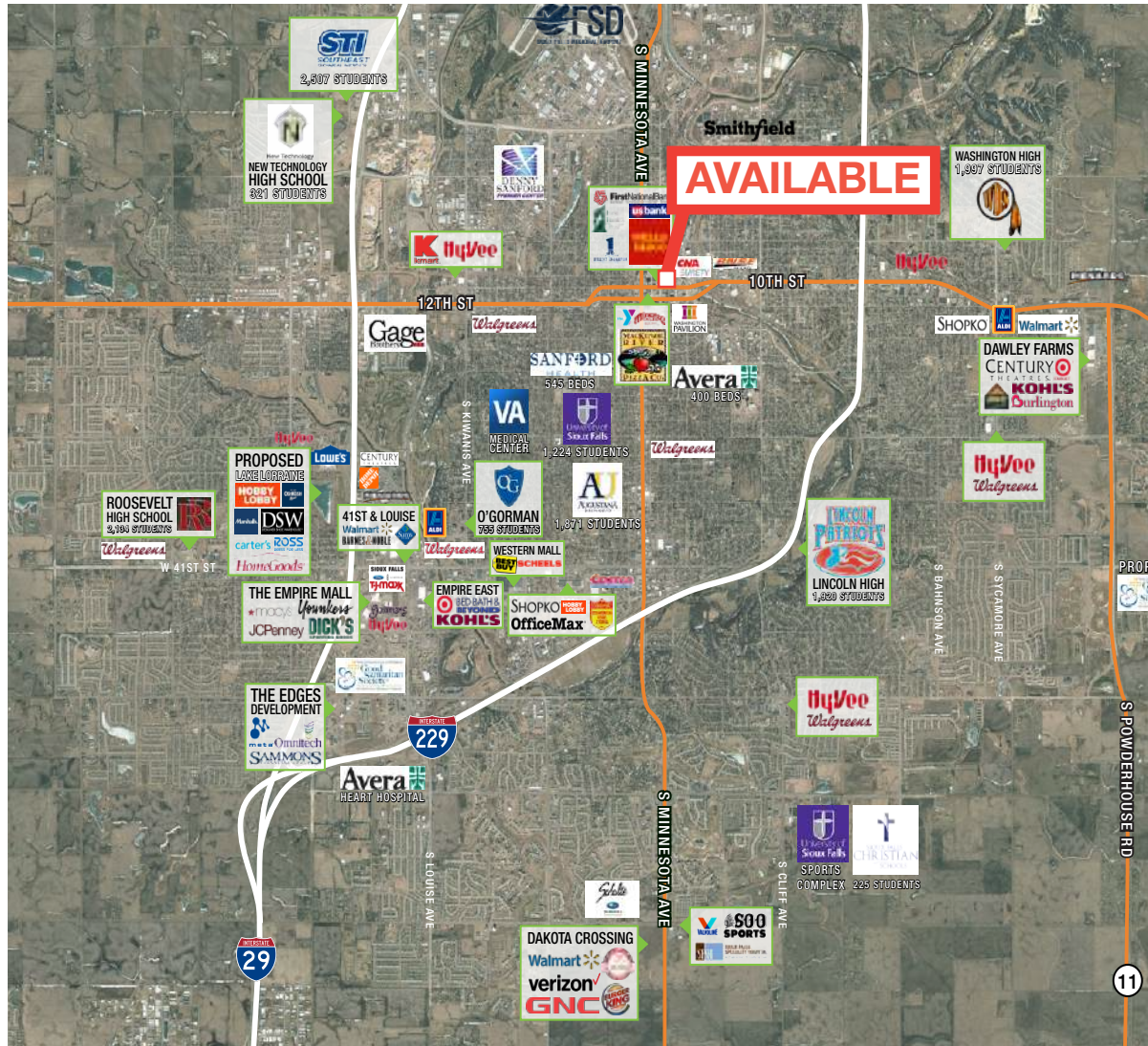
BUILDING FLOOR PLAN



THIRD FLOOR

Concept Plan Only;
Subject to Change

BEACH PAY AREA MAP



BEACH PAY REGION MAP



SIoux FALLS HIGHLIGHTS / DEMOGRAPHICS

SIoux FALLS MSA DEMOGRAPHICS

Sioux Falls is one of the fastest-growing areas in the nation with a population growth rate nearly four times the national average. As the largest retail center between Denver and the Twin Cities, Sioux Falls offers the consumer a vast selection of goods with thousands of retail stores scattered throughout the metro area. Employing approximately 12.4 percent of the metro labor force, the retail sector has a primary market area of 650,000+ consumers and draws shoppers from a four state area.

Source: City of Sioux Falls Planning Department
<http://www.siouxfallsdevelopment.com/demographics.cfm>

*Prior to December 31, 1992, the Sioux Falls Metropolitan Statistical Area consisted of Minnehaha County. On December 31, 1992, the Federal Office of Management and Budget revised the MSA designation to include Lincoln County. The 2005-2012 MSA figures include the counties of McCook & Turner.

Major Employers:

- Sanford Health - 9,542
- Avera Health - 8,298
- Smithfield Foods - 3,600
- Sioux Falls School District - 3,400
- HyVee Food Stores - 3,116
- Wells Fargo - 2,262
- Citi - 1,800
- Good Samaritan Society - 1,500
- Walmart/Sam's Club - 1,460

POPULATION		
YEAR	SIoux FALLS	MSA*
2010	153,888	228,261
2014	165,800	240,202
2018	183,200	266,700

PROJECTED POPULATION		
YEAR	SIoux FALLS	MSA
2020	185,100	285,387
2025	201,800	325,391
2030	217,000	370,693
2035	233,200	422,608

AGE DISTRIBUTION	
AGE (YEARS)	SIoux FALLS
0-19	28.1%
20-64	59.2%
65+	12.6%

SIoux FALLS HIGHLIGHTS

- Forbes has also identified Sioux Falls as the nation's top small city for business and careers.
- Forbes named Sioux Falls #20 in Job Growth, #30 in Cost of Doing Business, #41 in Education and #1 in their 2015 top 10 list of Up and Coming Cities for Recent College Grads.
- Sioux Falls MSA has the 8th strongest local economy in the US, according to POLICOM Corporation's annual economic strength rankings in 2015.
- WalletHub ranked Sioux Falls #1 in 2014 for "Wallet Wellness" which gages the connection between physical, financial and emotional health, #4 as best city for families in 2016, #4 as best city in America to find a job in 2015, and #9 for best-run city in America in 2015.
- League of American Bicyclists recognized Sioux Falls with a bronze-level as a bicycle-friendly community.
- MoneyRates.com classified Sioux Falls as #7 for Best Cities for Young Entrepreneurs, in the top 10 nationally for Young Adult Affluence and #2 for Cities with Favorable Business Tax Climates.
- In 2016, MSN Money listed Sioux Falls #10 in this list of the 25 Most
- Sioux Falls was mentioned as one of 25 happiest, healthiest cities in America by Prevention Magazine, winning the all-around healthiest category due to its highest levels of self-reported health. Easy commutes, low crime and unemployment, and good access to health insurance were also highly recognized. Healthline also recognized Sioux Falls among their top 10 list of Healthiest Small Towns in the U.S. in 2016.
- Livability.com recognized Sioux Falls in the top ten for "Best Place to Live in 2015", mentioning its big-city mixture of culture, business and industry.
- Sioux Falls came in at #6 in WalletHub's 2018 Best-Run Cities in America ranking. The list assessed 150 of the most populated cities nationwide by comparing the services residents receive against the city's total budget. A "quality of services" score was calculated according to 35 metrics related to the categories of financial stability; education; health; safety; economy; and infrastructure and pollution.
- SmartAsset ranked Sioux Falls as the #1 US city for young professionals in 2017 and 2018. The ranking took into account the city's median gross rent, five-year change in median earnings, entertainment and arts establishments, job diversity, unemployment rate, labor-force participation rate, and the number of people age 25 to 34 in the city.

MARKET PROFILE

	1 mile	3 miles	5 miles
Population Summary			
2000 Total Population	17,144	76,698	123,764
2010 Total Population	16,534	76,508	141,453
2019 Total Population	18,522	83,777	164,718
2019 Group Quarters	1,273	5,468	6,068
2024 Total Population	19,700	88,422	178,464
2019-2024 Annual Rate	1.24%	1.09%	1.62%
2019 Total Daytime Population	27,134	114,088	198,955
Workers	19,176	77,333	124,827
Residents	7,958	36,755	74,128
Household Summary			
2000 Households	7,798	31,694	49,681
2000 Average Household Size	2.10	2.28	2.39
2010 Households	7,220	31,267	57,034
2010 Average Household Size	2.11	2.27	2.37
2019 Households	8,188	34,513	66,487
2019 Average Household Size	2.11	2.27	2.39
2024 Households	8,761	36,578	72,086
2024 Average Household Size	2.10	2.27	2.39
2019-2024 Annual Rate	1.36%	1.17%	1.63%
2010 Families	3,194	17,158	34,185
2010 Average Family Size	3.05	2.97	3.01
2019 Families	3,415	18,078	38,831
2019 Average Family Size	3.10	3.01	3.05
2024 Families	3,575	18,845	41,752
2024 Average Family Size	3.12	3.03	3.07
2019-2024 Annual Rate	0.92%	0.83%	1.46%
Housing Unit Summary			
2000 Housing Units	8,377	33,155	51,627
Owner Occupied Housing Units	35.4%	54.4%	59.0%
Renter Occupied Housing Units	57.7%	41.2%	37.2%
Vacant Housing Units	6.9%	4.4%	3.8%
2010 Housing Units	8,024	33,812	61,244
Owner Occupied Housing Units	34.1%	51.2%	56.7%
Renter Occupied Housing Units	55.9%	41.3%	36.4%
Vacant Housing Units	10.0%	7.5%	6.9%
2019 Housing Units	9,127	37,321	71,383
Owner Occupied Housing Units	32.4%	49.5%	55.9%
Renter Occupied Housing Units	57.3%	43.0%	37.3%
Vacant Housing Units	10.3%	7.5%	6.9%
2024 Housing Units	9,732	39,424	77,122
Owner Occupied Housing Units	32.5%	49.7%	56.6%
Renter Occupied Housing Units	57.5%	43.1%	36.9%
Vacant Housing Units	10.0%	7.2%	6.5%
Median Household Income			
2019	\$36,371	\$47,105	\$56,295
2024	\$40,443	\$53,608	\$63,420
Median Home Value			
2019	\$121,276	\$150,158	\$187,814
2024	\$130,405	\$170,280	\$209,200
Per Capita Income			
2019	\$23,181	\$26,905	\$30,988
2024	\$26,490	\$30,418	\$34,771
Median Age			
2010	34.0	34.1	34.6
2019	35.8	35.8	36.2
2024	36.5	36.3	36.8