



Brand New 2024 Construction | Corporate Guarantee (NASDAQ: DLTR) | 8.50% Cap Rate



OFFERING MEMORANDUM
HOYT LAKES, MINNESOTA

Marcus & Millichap
THE SULO GROUP

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OFFERING SUMMARY

PROPERTY ADDRESS

Family Dollar | Dollar Tree

701 Dorchester Drive

Hoyt Lakes, MN 55750

OFFERING SUMMARY	
Price:	\$1,606,000
Cap Rate:	8.50%
Net Operating Income:	\$136,500
Building Square Footage:	10,500 Sq Ft
Year Built:	2024
Lot Size:	+/- 0.70 Acres
LEASE SUMMARY	
Tenant:	Family Dollar, LLC
Guaranty:	Corporate
Rent Commencement:	2/4/2024
Lease Expiration:	2/28/2034
Lease Term Remaining:	8+ Years
Lease Type:	Double Net
Roof and Structure:	Landlord Responsible
Rental Increases:	\$0.50/SF Every 5 Years in Options
Renewal Options:	Six, Five-Year
Right of First Refusal:	None

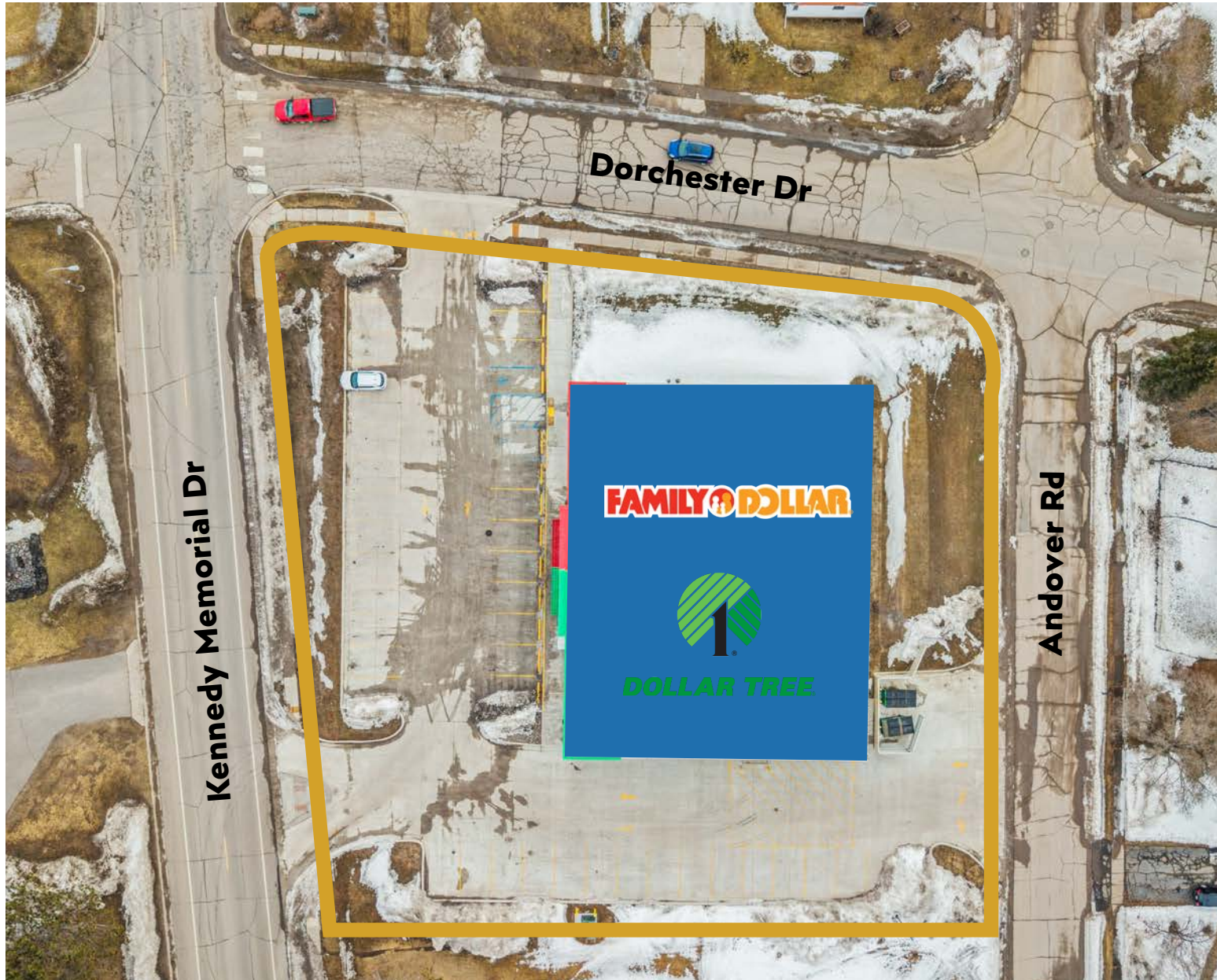
OPERATING DATA				
Year	Start Date	End Date	Annual Rent	Cap Rate
1-10	2/4/2024	2/28/2034	\$136,500	8.50%
11-15 (Option 1)	3/1/2034	2/28/2039	\$141,750	8.83%
16-20 (Option 2)	3/1/2039	2/29/2044	\$147,000	9.15%
21-25 (Option 3)	3/1/2044	2/28/2049	\$152,250	9.48%
26-30 (Option 4)	3/1/2049	2/28/2054	\$157,500	9.81%
31-35 (Option 5)	3/1/2054	2/28/2059	\$162,750	10.13%
36-40 (Option 6)	3/1/2059	2/29/2064	\$168,000	10.46%

INVESTMENT HIGHLIGHTS

- **2024 Built-to-Suit Construction with Transferrable Roof Warranty**
 - The subject property is brand-new, 2024 construction featuring the latest built-to-suit design for the tenant.
 - The newly built asset also comes with a 20-year roof warranty that is transferrable to a new owner.
 - The property opened for business and rent commenced in February of 2024.
- **New, 10-Year Lease**
 - The tenant has entered into a new, 10-year lease with six, five-year options to extend.
 - The lease is Double Net in nature, with the tenant being responsible for parking lot maintenance, HVAC, utilities, insurance and taxes. The landlord is responsible for the roof, structure, and parking lot replacement.
 - Providing a hedge against inflation, the lease also calls for rental increases of \$5,250 (\$.50/sf) in each of the six, five-year options.
- **Investment Grade Credit**
 - Dollar Tree/Family Dollar is a publicly traded (NASDAQ: DLTR) Fortune 500 company with an S&P investment grade credit rating of 'BBB'.
 - In 2015, Dollar Tree (NASDAQ: DLTR) acquired Family Dollar in a deal valued at roughly \$9.2 Billion, making them the second-largest discount retailer in the United States with more than 16,000 locations.
 - Dollar Tree/Family Dollar generated \$30.6 Billion in revenue in 2023, which was an 8% increase over 2022 revenue (\$28.33 billion).
 - Dollar Tree is a Fortune 500 company that has been in business for 70+ years with a current net worth of over \$33 billion.
- **Internet-Resistant and Essential Business Model**
 - Family Dollar Tree Combo stores have shown ~20% higher sales volume than non-co-branded stores.
 - Family Dollar/Dollar Tree are amongst the few retailers that thrived through the COVID pandemic and witnessed a sharp increase in same-store sales and profitability.
 - Dollar Tree/Family Dollar same-store net sales increased by 5.8% in 2023 and gross profit's increased by 4.3% to \$9.31 Billion. Dollar Tree/Family Dollar continues to expand their footprint nationwide, opening 641 new stores in 2023.
 - The brand also continues to evolve their business model through new offerings such as frozen and refrigerated items in 6,500+ stores and with initiatives like the "More Choices" Program in 3,000+ locations.



SITE PLAN



TENANT PROFILES



When it comes to delivering quality and value on family essentials in a convenient location, Family Dollar is the place to shop. The stores are conveniently located in neighborhoods, and often in “food deserts” where other stores choose not to locate, providing a convenient, close-to-home option where customers can shop for essentials. By locating stores in places where others won’t, Family Dollar is improving the affordability and availability of essential goods.

The stores focus on delivering top value for family essentials with merchandise that generally ranges from \$1 to \$10. They offer competitively-priced national brands from leading manufacturers alongside brand-name, equivalent-value, lower-priced private labels.

They’re expanding our product offerings on FamilyDollar.com where customers can buy thousands of items. Customers can ship their orders for free to their local store for pick up, or can choose to pay to ship orders directly to their home or business. They are also offering customers same-day local delivery from more than 7,300 store locations. In addition, Family Dollar offers an app that customers can use to join our Smart Coupons® program, view our weekly store ads and lookbooks, and browse our product selection.

TENANT OVERVIEW

Company Type:	Wholly Owned Subsidiary of DLTR
Location:	Charlotte, North Carolina (8,359+ - YE 2023)
Website:	https://www.familydollar.com/



Dollar Tree, Inc., a Fortune 200 company, is a leading operator of discount variety stores that has served North America for more than thirty years. The Company is proudly headquartered in Chesapeake, Virginia and operates 16,000+ stores across the 48 contiguous states and five Canadian provinces, supported by a coast-to-coast logistics network and more than 193,000 associates. Stores operate under the brands of Dollar Tree, Family Dollar, and Dollar Tree Canada.

Our roots go back nearly 70 years. Together we’ve grown into two iconic brands under one value-focused company. However, to appreciate how it all came to pass, you have to rewind to the 1950s to see where both Dollar Tree Family Dollar came from. In 2010, Dollar Tree opened its 4,000th store and expanded into Canada with the purchase of 86 Dollar Giant Stores. This growth helped us reach \$9.13 billion in sales at the end of 2012. In 2014 we opened our 5,000th store.

At Dollar Tree and Family Dollar we put value front and center for our customers. We do this by providing our customers with quality merchandise, amazing values, convenience, and a fun shopping experience. In the midst of unprecedented inflation, Dollar Tree recently changed its primary price point to \$1.25 in order to continue to offer our customers all the products they’ve come to know and love, plus hundreds of new ones, and to bring back customer favorites at an incredible value. Many of the items we carry sell for more elsewhere, which means that our customers can stretch their dollars to get the products they need at an extreme value. We remain fiercely committed to our mission of bringing our customers extreme value every day, along with more thrills, more fun & new items every week.

TENANT OVERVIEW

Company Type:	Public (NASDAQ: DLTR)
Location:	Chesapeake, Virginia (8,415+ - YE 2023)
Website:	https://www.dollartree.com/

PROPERTY PHOTOS



REGIONAL MAP



AREA OVERVIEW

HOYT LAKES

- Hoyt Lakes is bordered by two beautiful lakes and has direct access to the North Shore of Lake Superior via the Superior National Forest Scenic Byway (FH 11).
- Summer is the season for camping at Fisherman's Point Campground. Fish, canoe or kayak on Whitewater or Colby Lake. Swimmers can enjoy a lifeguard supervised swim and a picnic at Birch Cove Beach.
- Test your skills at the 9 hole, par 36, Municipal Golf Course. Hoyt Lakes is proud of its outdoor recreation facilities that also include regulation tennis courts, volleyball courts, four ball fields, skateboard park, playground and many paved hiking and biking trails.
- The Winter Season provides opportunities for ice fishing, snowshoeing, cross country skiing, hockey, skating and snowmobiling.
- From Hoyt Lakes area trails, riders can connect with a network of 3,100 miles of groomed trails which wind through some of Minnesota's most beautiful forest areas.
- The scenic Bird Lake and Colby Lake Cross Country Skiing trails are just outside of town. Downhill Skiing and Cross Country skiing can also be enjoyed at nearby Giant's Ridge Golf & Ski Resort or in the Winter Wonderland of the Superior National Forest.
- There are special festivals include the Hoyt Lakes Water Carnival in July, which has open air dances, a water ski show, fireworks, and a golf tournament. The Old Fashioned Christmas, held in December, has a craft show and hay rides and lots of other little surprises. Snowmobilers enjoy the Arctic Blast Snowmobile Run in February.
- The Longyear Drill Site, an historic mineral exploration site, in 1890, the newly-invented diamond drill was used to perform a core sampling that helped launch mineral exploration on the Mesabi Iron Range.



DEMOGRAPHICS

POPULATION	5-MILE	10-MILE	15-MILE
2010 Population	3,495	6,675	9,729
2020 Population	3,489	6,562	9,602
2023 Population	3,463	6,601	9,642
2028 Population	3,472	6,589	9,619
HOUSEHOLDS			
2010 Households	1,511	2,945	4,372
2020 Households	1,501	2,925	4,341
2023 Households	1,505	2,922	4,334
2028 Households	1,513	2,926	4,333
OWNER OCCUPIED HOUSING UNITS			
2010 Owner Occupied Housing Units	75.1%	72.3%	67.9%
2020 Owner Occupied Housing Units	75.6%	73.3%	69.5%
2023 Owner Occupied Housing Units	76.5%	73.6%	69.7%
2028 Owner Occupied Housing Units	76.7%	73.8%	69.9%
RENTER OCCUPIED HOUSING UNITS			
2010 Renter Occupied Housing Units	11.9%	12.1%	10.1%
2020 Renter Occupied Housing Units	12.2%	12.1%	10.0%
2023 Renter Occupied Housing Units	11.3%	11.8%	9.8%
2028 Renter Occupied Housing Units	11.3%	11.9%	9.8%
AVERAGE HOUSEHOLD INCOME	\$67,922	\$70,454	\$72,488

AREA SNAPSHOT



3,463
POPULATION (5-MILE)



3,066
DAYTIME POPULATION (5-MILE)



1,505
HOUSEHOLDS (5-MILE)



\$67,922
AVERAGE HOUSEHOLD INCOME (5-MILE)