

Marcus & Millichap
TAG INDUSTRIAL GROUP

PALADIN CASEWORKS
1607 SOUTH MAIN STREET

SOUTH BEND, IN 46613

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Marcus & Millichap





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SECTION 1

INVESTMENT OVERVIEW

Marcus & Millichap

OFFERING SUMMARY

- 25,250-Square-Foot Warehouse Situated on 0.76 Acres with 0.26-Acre Parking Lot
- Two-Year Sale-Leaseback with Paladin Caseworks, a Millworker of Custom Furniture
 - Short-Term Leaseback at Below-Market Rent Creates Value-Add Opportunity
 - Property Features: One Dock, One Drive-In, 18' Clear Height and Paint Booth
- Tough Barrier-to-Entry Market: 6.0% Overall Vacancy and 8.9% Annual Rent Growth (CoStar)

Marcus & Millichap is pleased to present the opportunity to acquire the property located at 1607 South Main Street in South Bend, Indiana, occupied by the current owner, Paladin Caseworks. The subject property consists of approximately 25,250 square feet of warehouse space and is situated on a total of 1.02 acres of land. The asset features a separate 0.26-acre parking lot, one dock-high door, one drive-in door, a clear height of 18', and a fully built-out paint booth. Upon sale of the property, Paladin Caseworks plans to execute a two-year leaseback at below-market rent, creating a value-add opportunity. For 15 years, Paladin Caseworks has manufactured custom millwork, specializing in school and library furniture.

The subject property is situated within Greater South Bend, a tough barrier-to-entry submarket containing roughly 20.4 million square feet of industrial space. Unlike the overall market, warehouse and distribution centers dominate the Greater South Bend submarket, making up 54 percent of inventory. Specialized space, mostly manufacturing facilities, and flex properties account for 41 percent and 5 percent, respectively. Thanks to back-to-back years of net absorption over 300,000 square feet, the vacancy rate has steadily fallen from an eight-year high of 9.1 percent in Q2 2019 to 6.0 percent towards the end of Q2 2022. Consistently high demand has also helped push market rent growth to the fastest pace on record at 8.9 percent year-over-year in Q2. With nothing currently under construction, there are no supply-side pressures on vacancy or rent for the foreseeable future. If Greater South Bend posts a third consecutive year of 300,000 square feet of absorption as forecast, the vacancy rate will drop to a record low near 4.0 percent (CoStar).

Located along the southernmost bend of the St. Joseph River, hence the name, South Bend is the fourth largest city in Indiana with a population of 103,453 residents. Established as a fur trading post, South Bend grew quickly, with the rise of the now defunct automobile maker, Studebaker Corporation. Today, South Bend's economy is anchored by the famed University of Notre Dame. With nearly 6,000 workers, Notre Dame is the single largest employer in South Bend. Both residents and businesses benefit from a low cost of living and business-friendly environment, which has spawned growth in the logistics and high-tech manufacturing industries (Marcus & Millichap).

PROPERTY DETAILS

PALADIN CASEWORKS

1607 SOUTH MAIN STREET SOUTH BEND, IN 46613

Number of Suites	1
Number of Buildings	1
Total Square Feet	25,250
Warehouse Square Feet	20,250
Office Square Feet	5,000
Office Ratio	20%
Year Built	1986
Lot Size	0.76/0.26 Acres
Type of Ownership	Fee Simple
Clear Height	18'
Parking Spaces	40
Parking Surface	Asphalt
Building Class	C
Tenancy	Owner-User
Dock High Doors	1
Grade Level Doors	1
Sprinklers	Wet
Construction	Metal
Power	3p 440
Type of Lighting	LED
Zoning	Industrial
Roof Type	Metal
Age/Condition of Roofs	Good Condition
HVAC Units	1
Age/Condition of HVAC	Good Condition
Market	South Bend
Submarket	Greater South Bend
Market Vacancy	6.00%



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PALADIN CASEWORKS

1607 SOUTH MAIN STREET SOUTH BEND, IN 46613

OFFERING PRICE	CAP RATE	PRO-FORMA CAP RATE
\$925,000	9.21%	9.40%

Offering Price	\$925,000
Cap Rate	9.21%
Pro-Forma Cap Rate	9.40%
Price/SF	\$36.63
Total Square Feet	25,250
Rental Rate	\$3.50
Lease Type	Triple Net (NNN)
Lease Term	2 Years
Rental Increases	2.00%
Tenancy	Owner-User
Occupancy	100.00%

FINANCING

Loan Amount	\$647,500
Loan Type	New
Interest Rate	5.50%
Amortization	25 Years
Year Due	2027

Loan information is subject to change. Contact your Marcus & Millichap Capital Corporation representative.

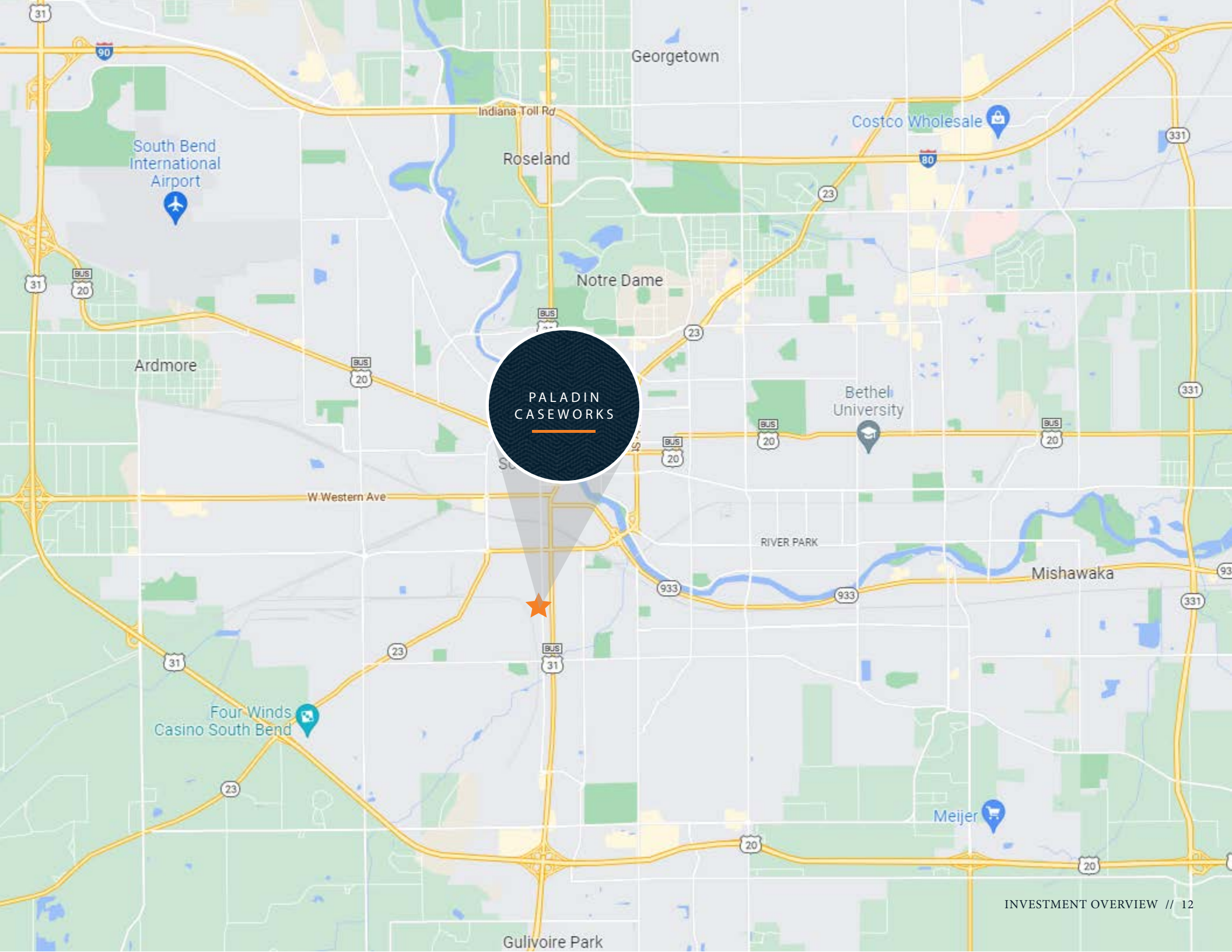
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RENT ROLL

Tenant Name	Suite	Square Feet	% Bldg Share	Lease Dates Comm.	Lease Dates Exp.	Annual Rent per Sq. Ft.	Total Rent Per Month	Total Rent Per Year	Pro Forma Rent Per Year	Changes on	Rent Increase	Lease Type
Paladin Caseworks	A	25,250	100.0%	COE	2-Years	\$3.50	\$7,365	\$88,375	\$90,142	1-Year	2.00%	NNN
Total		25,250				\$3.50	\$7,365	\$88,375	\$90,142			
Occupied Tenants: 1				Unoccupied Tenants: 0		Occupied GLA: 100.00%		Unoccupied GLA: 0.00%				
Total Current Rents: \$7,365						Occupied Current Rents: \$7,365		Unoccupied Current Rents: \$0				

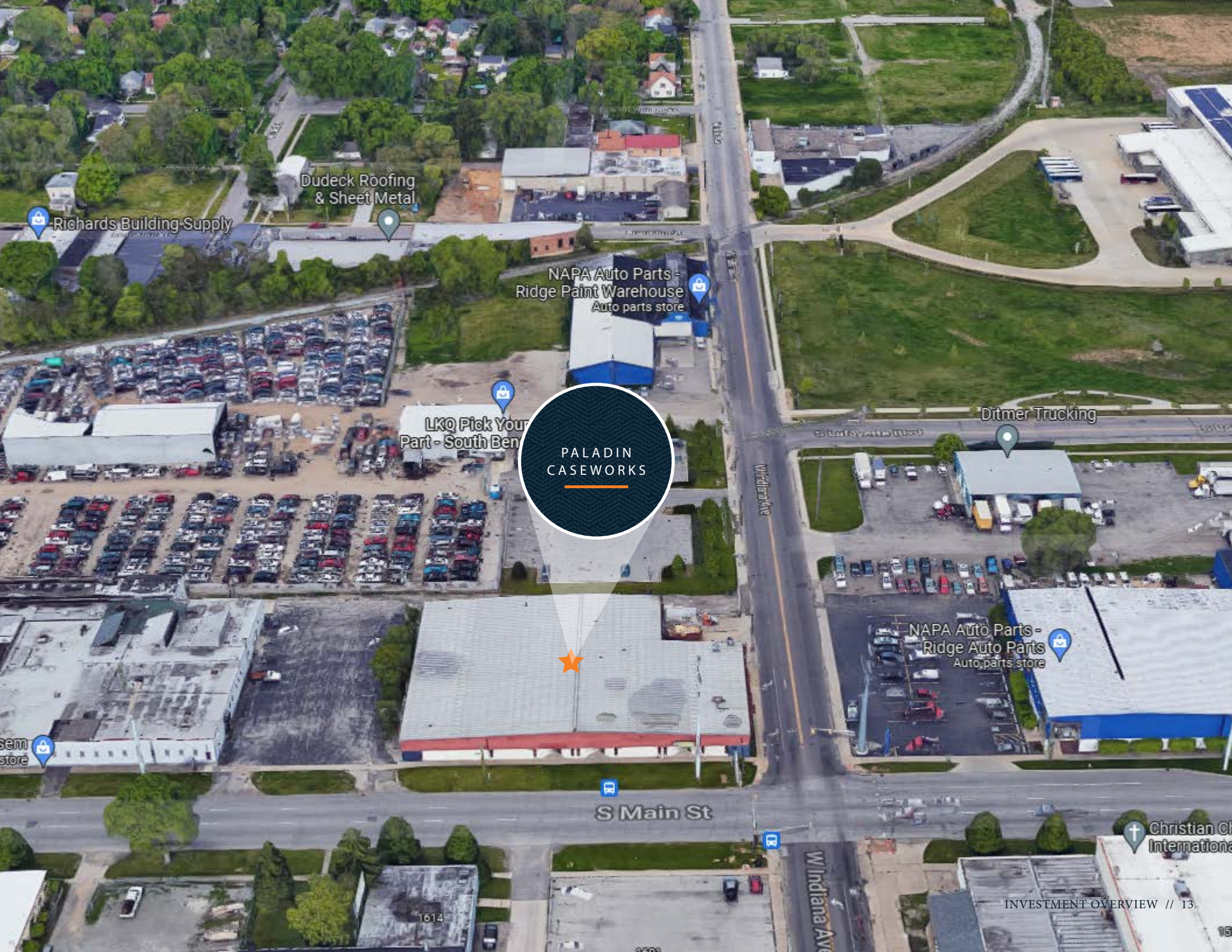
OPERATING STATEMENT

Income	Current		Per SF	Pro Forma		Per SF
Scheduled Base Rental Income	88,375		3.50	90,142		3.57
Expense Reimbursement Income						
Net Lease Reimbursement						
Insurance	7,575		0.30	7,575		0.30
Real estate Taxes	9,543		0.38	10,020		0.40
Management Fees	0		0.00	0		0.00
Total Reimbursement Income	\$17,118	84.4%	\$0.68	\$17,595	84.5%	\$0.70
Effective Gross Revenue	\$105,493		\$4.18	\$107,737		\$4.27
Operating Expenses	Current		Per SF	Pro Forma		Per SF
Insurance	7,575		0.30	7,575		0.30
Real Estate Taxes	9,543		0.38	10,020		0.40
Management Fee	3,165	3.0%	0.13	3,232	3.0%	0.13
Total Expenses	\$20,283		\$0.80	\$20,827		\$0.82
Expenses as % of EGR	19.2%			19.3%		
Net Operating Income	\$85,210		\$3.37	\$86,910		\$3.44



PALADIN
CASEWORKS





Richards Building Supply

Dudeck Roofing & Sheet Metal

NAPA Auto Parts - Ridge Paint Warehouse
Auto parts store

LKO Pick Your Part - South Ben

PALADIN CASEWORKS

Ditmer Trucking

NAPA Auto Parts - Ridge Auto Parts
Auto parts store

Christian Church International

S Main St

Indiana Ave

1614

3300



CAPABILITIES

MMCC—our fully integrated, dedicated financing arm—is committed to providing superior capital market expertise, precisely managed execution, and unparalleled access to capital sources, providing the most competitive rates and terms.

We leverage out prominent capital market relationships with commercial banks, life insurance companies, CMBS, private and public debt/equity funds, Fannie Mae, Freddie Mac, and HUD to provide our clients with the greatest range of financing options.

Our dedicated, knowledgeable experts understand the challenges of financing and work tirelessly to resolve all potential issues for the benefit of our clients.



Closed 2,399 debt and equity financings in 2021



National platform operating within the firm's brokerage offices



\$10.4 billion total national volume in 2021



Access to more capital sources than any other firm in the industry

WHY MMCC?

Optimum financing solutions to enhance value

Enhanced control through MMCC's ability to qualify investor finance contingencies

Enhanced control through quickly identifying potential debt/equity sources, processing, and closing buyer's finance alternatives

Enhanced control through MMCC's ability to monitor investor/due diligence and underwriting to ensure timely, predictable closings



SECTION 2

MARKET OVERVIEW

Marcus & Millichap

SOUTH BEND INDIANA

Known as the home to the University of Notre Dame, the South Bend metro is situated in northern Indiana and southern Michigan, roughly 100 miles east of Chicago and 200 miles southwest of Detroit. It consists of St. Joseph and Cass counties. The city of South Bend is the most populous city in the metro, with 102,000 residents. Key drivers of the local economy include food and agriculture, advanced manufacturing, logistics and distribution, as well as technology and life science segments.



HIGHER
EDUCATION



MANUFACTURING
HEADQUARTERS

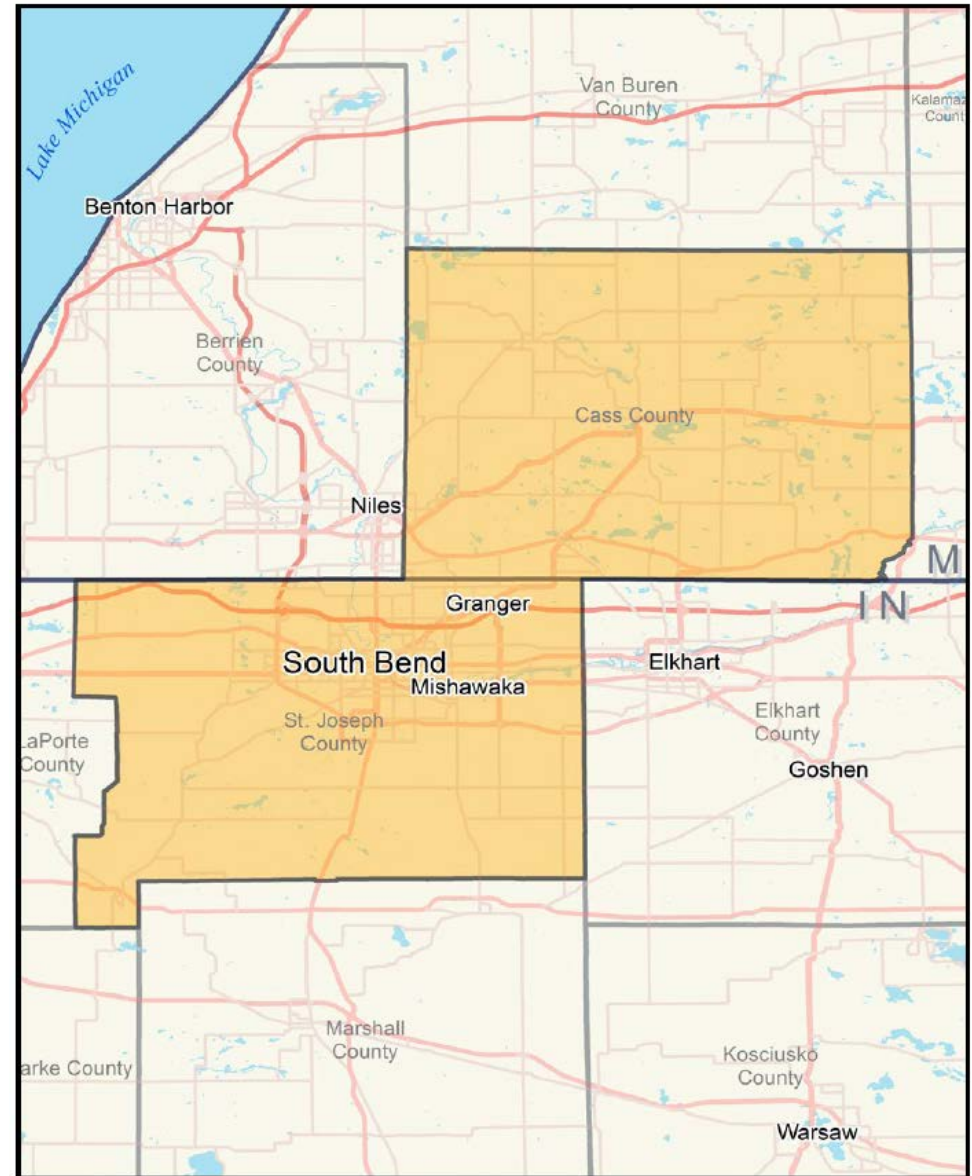


CENTRAL
LOCATION

METROPLEX GROWTH

ECONOMY

The University of Notre Dame anchors the region as the largest employer, with almost 6,000 workers. Combined with smaller schools, education employment offers the area a stable economic driver of growth and innovation. Excellent interstate access and South Bend International Airport have allowed the region to leverage its location as a logistics hub for Tire Rack, UPS, FedEx and numerous other freight forwarders. The region's low cost of living and doing business, as well as a business-friendly environment, offers significant upside growth potential to further expand high-tech manufacturing industries and logistics.



DEMOGRAPHICS



162,498

Total Population
Within 5 miles



48.1%



51.9%



\$61,943

Average Household Income
Within 5 miles



66,912

Employees
Within 1 mile

DEMOGRAPHICS

POPULATION	1 Mile	3 Miles	5 Miles
2026 Projection			
Total Population	10,204	84,493	162,217
2021 Estimate			
Total Population	10,372	85,155	162,498
2010 Census			
Total Population	10,406	84,370	160,124
2000 Census			
Total Population	11,345	88,816	168,156
Daytime Population			
2021 Estimate	11,977	101,293	176,036
HOUSEHOLDS			
2026 Projection			
Total Households	3,305	31,428	64,054
2021 Estimate			
Total Households	3,347	31,509	63,763
Average (Mean) Household Size	2.7	2.5	2.4
2010 Census			
Total Households	3,344	31,056	62,302
2000 Census			
Total Households	3,837	33,772	64,689

HOUSEHOLDS BY INCOME	1 Mile	3 Miles	5 Miles
2021 Estimate			
\$200,000 or More	0.7%	2.5%	2.3%
\$150,000-\$199,999	0.3%	2.5%	2.6%
\$100,000-\$149,999	4.3%	9.3%	10.0%
\$75,000-\$99,999	12.0%	10.8%	11.5%
\$50,000-\$74,999	18.8%	19.2%	20.2%
\$35,000-\$49,999	17.6%	14.4%	14.3%
\$25,000-\$34,999	11.5%	11.3%	11.4%
\$15,000-\$24,999	13.1%	12.2%	12.3%
Under \$15,000	21.7%	17.6%	15.3%
Average Household Income	\$45,468	\$60,816	\$61,943
Median Household Income	\$37,187	\$42,770	\$45,420
Per Capita Income	\$15,110	\$22,995	\$25,101
POPULATION PROFILE			
Population By Age			
2021 Estimate Total Population	10,372	85,155	162,498
Under 20	33.7%	29.9%	27.7%
20 to 34 Years	23.2%	25.3%	24.5%
35 to 39 Years	7.5%	6.5%	6.4%
40 to 49 Years	12.2%	10.7%	10.6%
50 to 64 Years	14.7%	15.3%	16.0%
Age 65+	8.8%	12.3%	14.8%
Median Age	30.6	31.4	33.4
Population 25+ by Education Level			
2021 Estimate Population Age 25+	6,184	51,349	102,473
Elementary (0-8)	5.5%	4.7%	3.9%
Some High School (9-11)	16.3%	11.1%	9.9%
High School Graduate (12)	34.5%	31.3%	32.4%
Some College (13-15)	21.7%	21.1%	21.4%
Associate Degree Only	8.5%	7.0%	7.5%
Bachelor's Degree Only	9.9%	14.2%	14.6%
Graduate Degree	3.6%	10.7%	10.3%
Travel Time to Work			
Average Travel Time to Work in Minutes	23.0	21.0	21.0

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