

Marcus & Millichap

REES ASSOCIATES INC.
1800 & 1918 SOUTHWEST 2ND STREET
DES MOINES, IA 50315

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Marcus & Millichap

OFFICES THROUGHOUT THE U.S. AND CANADA
www.marcusmillichap.com

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BROKER OF RECORD

JON RUZICKA

Iowa Broker of Record
1601 Utica Avenue South, Suite 301
Minneapolis, MN 55416
Tel: (952) 852-9700
Jon.Ruzicka2@MarcusMillichap.com
License #: B63379000

DEBT CONTACT

FRANK MONTALTO

Vice President - Debt & Equity Structured
Finance 333 West Wacker Drive, Suite 200
Chicago, IL 60606
Tel: 312-327-5421
Frank.Montalto@MarcusMillichap.com

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SECTION 1

INVESTMENT OVERVIEW

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OFFERING SUMMARY

- 7.85 Acres of Land Located Along Racoon River in Downtown Des Moines
 - Zoned Mixed-Use, Ideal for Multi-Family and Retail Redevelopment
 - Short-Term Sale-Leaseback Providing Cash Flow During Planning Stages
- Located in Columbus Park with Skyline Views and Walking Distance to Stadium/Market Districts
- Situated in Major Redevelopment Zone with Plans to Add a River Front Park, Soccer Stadium, and Green Ring
 - Strong Submarket Featuring 95% Multi-Family Occupancy Rate and 7% Retail Vacancy Rate

Marcus & Millichap is pleased to present the opportunity to acquire the Rees Associates Inc. Portfolio located at 1800 and 1918 Southwest 2nd Street in Des Moines, Iowa, occupied by the owner Rees Associates Inc. Zoned as mixed-use flexible (DXR), this sale is ideal for multi-family and retail redevelopment in association with public and private plans to revitalize the downtown riverfront area. Upon the sale of the property, Rees Associates Inc. plans to execute a one-year triple-net leaseback with two one-year options, allowing investors to generate cash flow while planning for redevelopment.

The subject property consists of approximately 7.85 acres of land and currently features two industrial properties. An additional 1.07 acres on the lot is currently being acquired by the owner and will be included in the land offering. Located along Racoon River near the convergence of the Des Moines River, the property is primely situated within walking distance to the Stadium and Market districts, displaying views of downtown Des Moines. Major redevelopment plans are underway to help cultivate this area as an arts and entertainment district, with the addition of a riverfront park, soccer stadium, and a fully connected multi-purpose green space that will encircle the downtown area known as the "green ring."

The subject portfolio is situated in the McKinley School-Columbus Park submarket, containing just 634 multi-family units. Going into the second quarter of 2023, the occupancy rate stood at 94.8 percent. While annual rent growth has slowed to 3.9 percent, the effective rent reached \$1,090 per month. There are currently no multi-family properties under construction, providing an opportunity for new developments. The portfolio is also a part of the much larger South submarket with 4.7 million square feet of retail space. During Q2 2023, the vacancy rate was 6.6 percent with rents rising 1.2 percent year-over-year (CoStar).

Located on the Des Moines River, Des Moines is a thriving city that serves as the capital of the state of Iowa. The metro area is home to a population of about 688,000 peopled, including over 214,000 residing within city limits. With a median household income more than 6 percent above the national average, metro Des Moines is an attractive location for businesses and individuals alike. Historically, Des Moines' economy has been anchored by agriculture and remains a top producer of corn, soybeans, pork, and eggs. John Deere and Corteva Agri-science are major employers with more than 5,000 workers combined. Named the third-largest "insurance capital" of the world, Des Moines is a major center of the U.S. insurance industry, with many insurance companies headquartered in the city, including the Principal Financial Group and Wellmark Blue Cross Blue Shield. Des Moines is perhaps most popular for its role in U.S. presidential politics, serving as the host of the first caucuses of the presidential primary cycle (Marcus & Millichap, Wikipedia).

PROPERTY DETAILS

1918 SOUTHWEST 2ND STREET, DES MOINES, IA 50315

Number of Suites	1
Number of Buildings	1
Total Square Feet	30,407
Year Built	1967
Lot Size	1.49 Acres
Type of Ownership	Fee Simple
Clear Height	15'
Parking Spaces	9
Parking Surface	Asphalt
Building Class	C
Tenancy	Owner-User
Dock High Doors	4
Construction	Masonry
Zoning	DXR
Roof Type	Membrane
Age/Condition of Roofs	2 Years
Market	Des Moines
Submarket	South
Market Vacancy	2.90%

1800 SOUTHWEST 2ND STREET, DES MOINES, IA 50315

Number of Suites	1
Number of Buildings	1
Total Square Feet	58,300
Year Built	1983
Lot Size	3.85 Acres
Type of Ownership	Fee Simple
Clear Height	20'
Parking Spaces	60
Parking Surface	Asphalt
Building Class	C
Tenancy	Owner-User
Dock High Doors	16
Construction	Masonry
Zoning	DXR
Roof Type	Membrane
Age/Condition of Roofs	2 Years
Market	Des Moines
Submarket	South
Market Vacancy	2.90%

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REES ASSOCIATES INC.

OFFERING PRICE
SUBMIT OFFER

Offering Price	Submit Offer
Total Acres	7.85
Rental Rate	\$5.00
Lease Type	Triple-Net (NNN)
Lease Term	One-Year
Tenancy	Owner-User
Occupancy	100.00%

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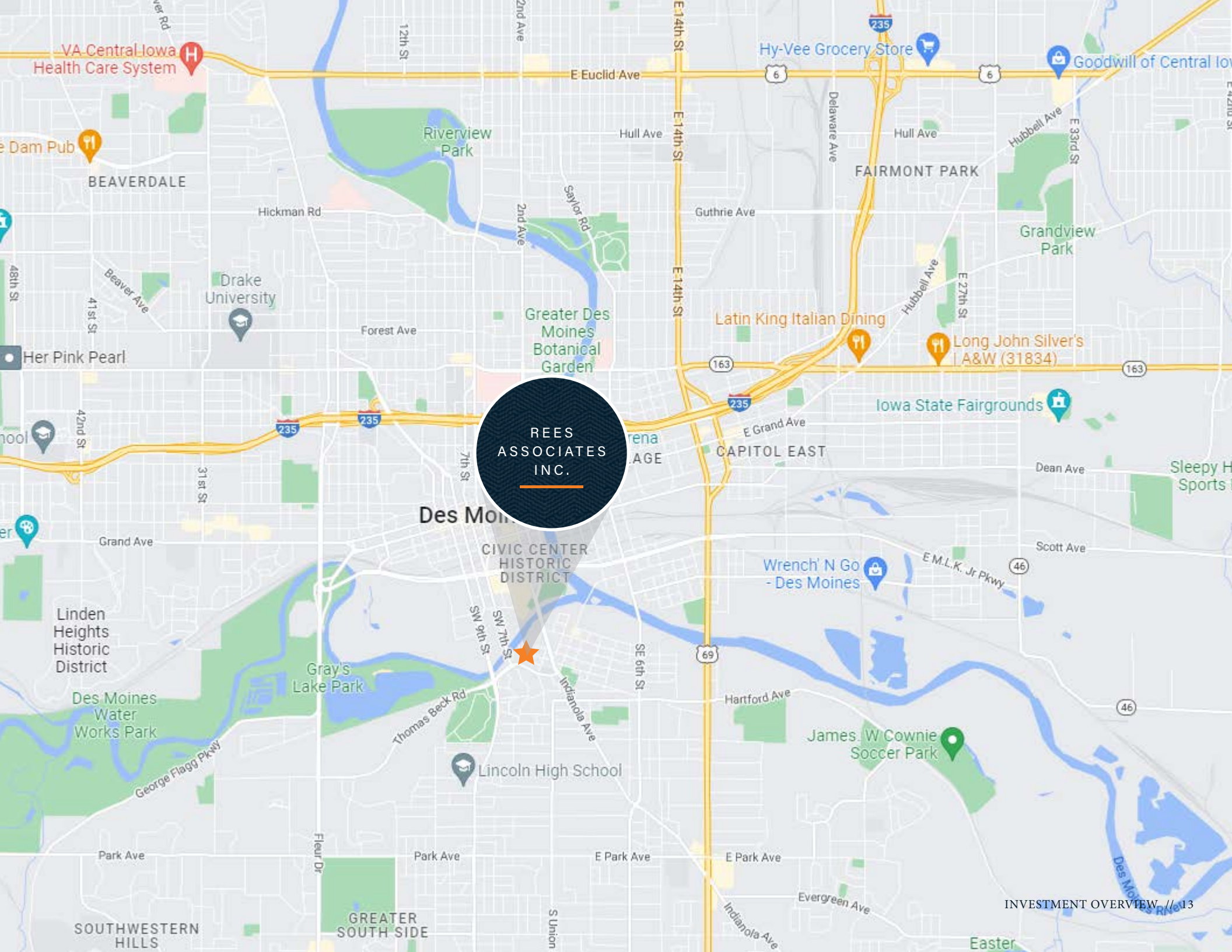
RENT ROLL

Tenant Name	Suite	Square Feet	% Bldg Share	Lease Dates		Annual Rent per Sq. Ft.	Total Rent Per Month	Total Rent Per Year	Pro Forma Rent Per Year	Changes on	Lease Type	Renewal Options and Option Year Rental Information
Rees Associates Inc.	A	88,707	100.0%	8/1/23	7/31/24	\$5.00	\$36,961	\$443,535	\$443,535	Aug-2024	NNN	Two (2) One (1) Year Options
Total		88,707				\$5.00	\$36,961	\$443,535	\$443,535			
Occupied Tenants: 1				Unoccupied Tenants: 0		Occupied GLA: 100.00%		Unoccupied GLA: 0.00%				
Total Current Rents: \$36,961						Occupied Current Rents: \$36,961		Unoccupied Current Rents: \$0				

OPERATING STATEMENT

Income	Current	Per SF	Pro Forma	Per SF
Scheduled Base Rental Income	443,535	5.00	443,535	5.00
Expense Reimbursement Income				
Net Lease Reimbursement				
Insurance	26,612	0.30	26,612	0.30
Real Estate Taxes	77,718	0.88	77,718	0.88
Management Fees	0	0.00	0	0.00
Total Reimbursement Income	\$104,330 86.4%	\$1.18	\$104,330 86.4%	\$1.18
Effective Gross Revenue	\$547,865	\$6.18	\$547,865	\$6.18

Operating Expenses	Current	Per SF	Pro Forma	Per SF
Insurance	26,612	0.30	26,612	0.30
Real Estate Taxes	77,718	0.88	77,718	0.88
Management Fee	16,436 3.0%	0.19	16,436 3.0%	0.19
Total Expenses	\$120,766	\$1.36	\$120,766	\$1.36
Expenses as % of EGR	22.0%		22.0%	
Net Operating Income	\$427,099	\$4.81	\$427,099	\$4.81



REES
ASSOCIATES
INC.



REES
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INC.



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 2,143 debt
and equity
financings in 2022



National platform operating
within the firm's
brokerage offices



\$12.8 billion total
national volume
in 2022



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

The background of the slide is a dark, blue-tinted photograph of an industrial interior. It shows a large, multi-level structure with metal beams, pipes, and several hanging industrial lights. The lighting is dim, creating a moody atmosphere. The structure appears to be a large warehouse or a factory interior.

SECTION 2

MARKET OVERVIEW

Marcus & Millichap

DES MOINES

IOWA

Home to 688,000 people, the Des Moines metro is the largest in the state of Iowa and consists of Dallas, Guthrie, Madison, Polk and Warren counties. The market is approximately 195 miles northeast of Kansas City, 245 miles south of Minneapolis and 330 miles west of Chicago. The population is expanding far quicker than the national average, with roughly 60,000 additional people expected over the next five years. Median household incomes are also above the national average, supporting growth in goods and services.



AFFORDABLE
COST-OF-LIVING



ACTIVE FINANCIAL
SERVICES BASE

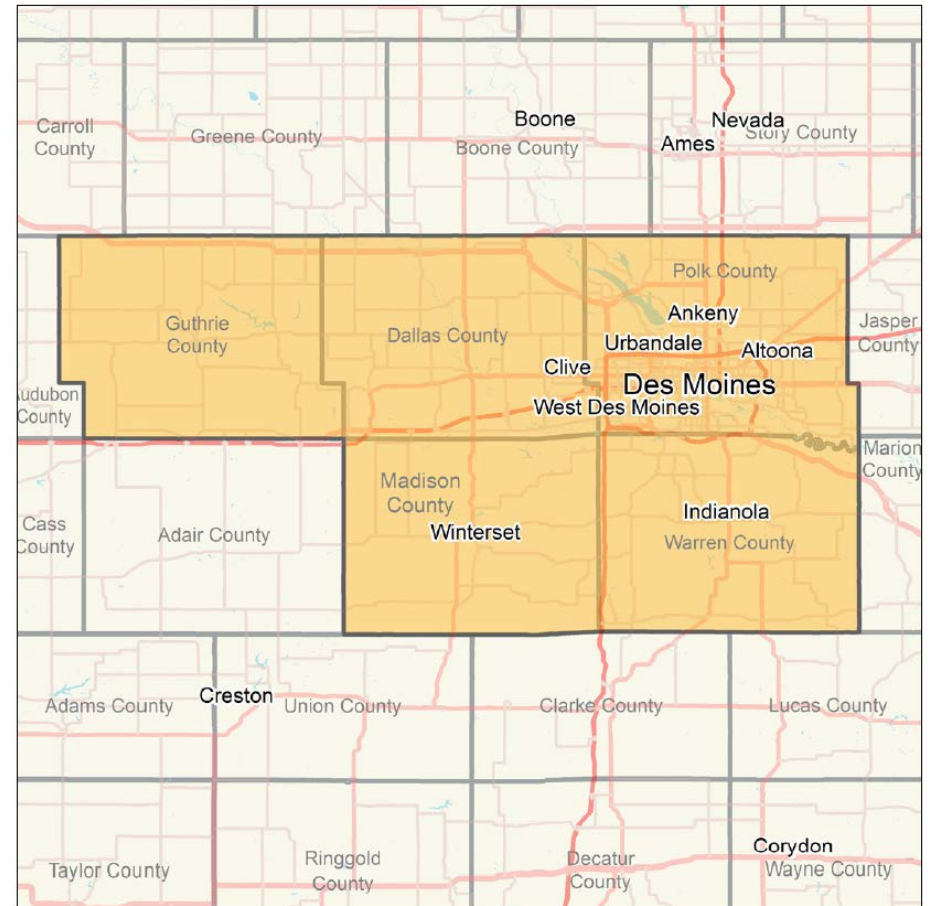
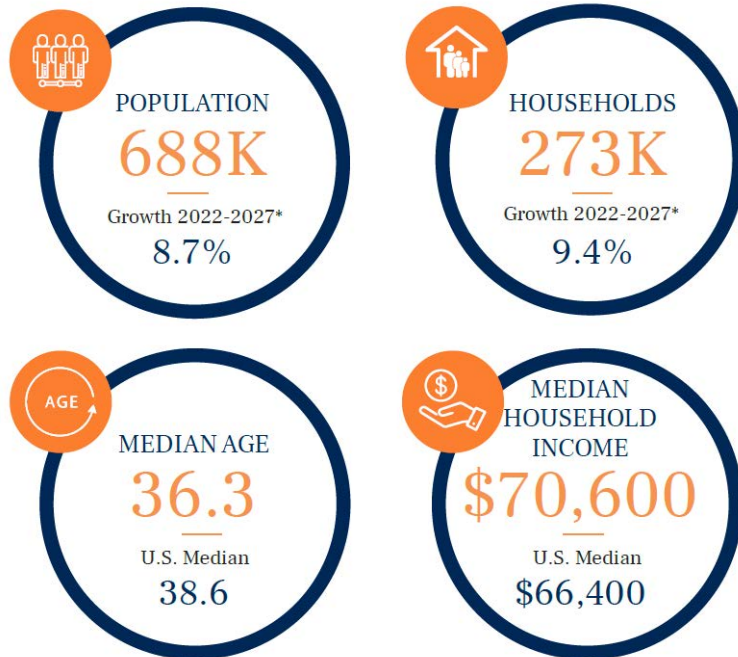


AGRICULTURE
CENTER

METROPLEX GROWTH

ECONOMY

Boosted by a diverse agriculture and research environment, John Deere and Corteva Agriscience employ more than 5,000 people combined. Hy-Vee, a regional retail grocery and drugstore chain, is headquartered in West Des Moines. In addition to Wells Fargo and Principal Financial Group, Nationwide provides thousands of jobs. Major tech companies, including Facebook, have invested billions of dollars into local data centers. Microsoft, which already operates sizable data facilities in the metro, entered 2023 with five projects in various stages of construction across several sites.



DEMOGRAPHICS



198,515

Total Population
Within 5 miles



49.4%



50.6%



\$68,401

Average Household Income
Within 5 miles



104,389

Employees
Within 1 Mile

DEMOGRAPHICS

POPULATION	1 Mile	3 Miles	5 Miles
2027 Projection			
Total Population	11,280	101,166	204,009
2022 Estimate			
Total Population	9,970	97,475	198,515
2010 Census			
Total Population	7,487	90,646	188,309
2000 Census			
Total Population	7,532	90,478	186,011
Daytime Population			
2022 Estimate	34,569	156,257	256,279
HOUSEHOLDS	1 Mile	3 Miles	5 Miles
2027 Projection			
Total Households	6,031	42,467	85,475
2022 Estimate			
Total Households	5,121	40,110	82,177
Average (Mean) Household Size	1.9	2.3	2.4
2010 Census			
Total Households	3,316	35,287	75,248
2000 Census			
Total Households	3,143	35,395	75,145

HOUSEHOLDS BY INCOME	1 Mile	3 Miles	5 Miles
2022 Estimate			
\$250,000 or More	3.1%	1.6%	1.8%
\$200,000-\$249,999	2.2%	1.5%	1.4%
\$150,000-\$199,999	2.1%	3.1%	3.5%
\$125,000-\$149,999	2.7%	3.2%	3.8%
\$100,000-\$124,999	6.0%	6.3%	7.0%
\$75,000-\$99,999	9.7%	11.6%	13.0%
\$50,000-\$74,999	18.4%	18.1%	20.4%
\$35,000-\$49,999	13.9%	15.1%	15.6%
\$25,000-\$34,999	10.5%	10.5%	10.3%
\$15,000-\$24,999	12.3%	12.4%	10.6%
Under \$15,000	19.1%	16.6%	12.7%
Average Household Income	\$69,747	\$63,771	\$68,401
Median Household Income	\$44,168	\$44,906	\$50,873
Per Capita Income	\$36,416	\$26,593	\$28,672



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JON RUZICKA
Iowa Broker of Record
1601 Utica Avenue South, Suite 301
Minneapolis, MN 55416
Tel: (952) 852-9700
Jon.Ruzicka2@MarcusMillichap.com
License #: B63379000

DEBT CONTACT

FRANK MONTALTO
Vice President - Debt & Equity Structured
Finance 333 West Wacker Drive, Suite 200
Chicago, IL 60606
Tel: 312-327-5421
Frank.Montalto@MarcusMillichap.com

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