

Marcus & Millichap
TAG INDUSTRIAL GROUP

KAK LLC WAREHOUSING DISTRIBUTION
ONE-YEAR LEASEBACK

1507 SOUTH OLIVE STREET
SOUTH BEND, IN 46619

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SECTION 1

INVESTMENT OVERVIEW

Marcus & Millichap

OFFERING SUMMARY

- +/- 351,095-Square-Foot Warehousing Distribution Center Situated on 20.74 Acres
- Property Features: 29 Dock-High Doors, Three Grade-Level Doors, 13'-28' Clear Height
 - Strategically Located in Foreign Trade Zone with Direct Rail Access
- Short-Term Leaseback with Distribution Company Offers Lease-Up or Owner-User Opportunity
 - Mid-Sized Submarket with Limited New Supply and 5.8% Rent Growth

Marcus & Millichap is pleased to present the opportunity to acquire the property located at 1507 South Olive Street in South Bend, Indiana, occupied by the owner, K.A.K. LLC Warehousing. The subject property consists of approximately 351,095 square feet of warehouse space and is situated on 20.74 acres of land. The single-tenant asset features a clear height between 13' and 28', 29 dock-high doors, three grade-level doors, heavy lifts up to 15,000 pounds, and 19 HVAC units. Positioned between the Conrail and Norfolk Southern rail lines with direct access, the property is located in a Foreign Trade Zone with proximity to the interchange of U.S. Route 31/20 and State Road 23. Upon the sale of the property, K.A.K. LLC plans to enter into a one-year triple net sale-leaseback at \$3.00 per square foot. Established in 1994, K.A.K. LLC provides public and contract warehousing and distribution services. As a short-term leaseback, this sale offers buyers a lease-up or owner-user opportunity.

The subject property sits within Greater South Bend, a mid-sized submarket containing 21.7 million square feet of industrial space. In 2023, the vacancy rate in Greater South Bend jumped by 5.2 percentage points to 7.5 percent as demand for industrial space contracted by nearly -840,000 square feet, representing the largest downturn since records began in 2007. As a result, the growth rate on asking rents slowed 180 basis points to 5.8 percent but remained solidly higher than the Consumer Price Index. During the first quarter of 2024, 250,000 square feet of industrial space was under construction, making up just 1.2 percent of current inventory levels. Despite weakening demand, the lack of new supply will help keep vacancies in check for the near term (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

KAK LLC WAREHOUSING DISTRIBUTION | ONE-YEAR LEASEBACK 1507 SOUTH OLIVE STREET, SOUTH BEND, IN 46619

Number of Suites	1
Number of Buildings	1
Total Square Feet	+/- 351,095
Warehouse Square Feet	+/- 333,155
Office Square Feet	+/- 17,940
Office Ratio	+/- 5.11%
Year Built	+/- 1900-1986 Weighted Average Age +/- 45.5 Years
Lot Size	20.74 Acres
Type of Ownership	Fee Simple
Clear Height	13'-28' Weighted Average Height +/- 17'
Parking Surface	Asphalt & Gravel
Building Class	C
Tenancy	Owner-User
Dock High Doors	29
Grade Level Doors	3
Sprinklers	Wet
Rail Served	Norfolk Southern/ Conrail
Construction	Metal
Power	480 & 240/120 Power
Type of Lighting	Fluorescent & LED
Zoning	Industrial
Roof Type	Spray Foam/ Aluminum Coat/ Rag Roof/ SS Metal Panel
Age/Condition of Roofs	Average Age +/- 15.5 Years Contact Broker for Further Details
HVAC Units	19 Units
Age/Condition of HVAC	Average Age +/- 15.5 Years Contact Broker for Further Details
Market	South Bend/ Mishawaka
Submarket	Greater South Bend
Submarket Vacancy	7.50%



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KAK LLC WAREHOUSING DISTRIBUTION | ONE-YEAR LEASEBACK

1507 SOUTH OLIVE STREET, SOUTH BEND, IN 46619

OFFERING PRICE	CAP RATE	PRO-FORMA CAP RATE
\$8,000,000	12.53%	14.62%

Offering Price	\$8,000,000
Cap Rate	12.53%
Pro-Forma Cap Rate	14.62%
Price/SF	\$22.79
Total Square Feet	351,095
Rental Rate	\$3.00
Lease Type	Triple-Net (NNN)
Lease Term	One-Year
Tenancy	Owner-User
Occupancy	100.00%

DEBT QUOTE

Contact Broker for Further Details

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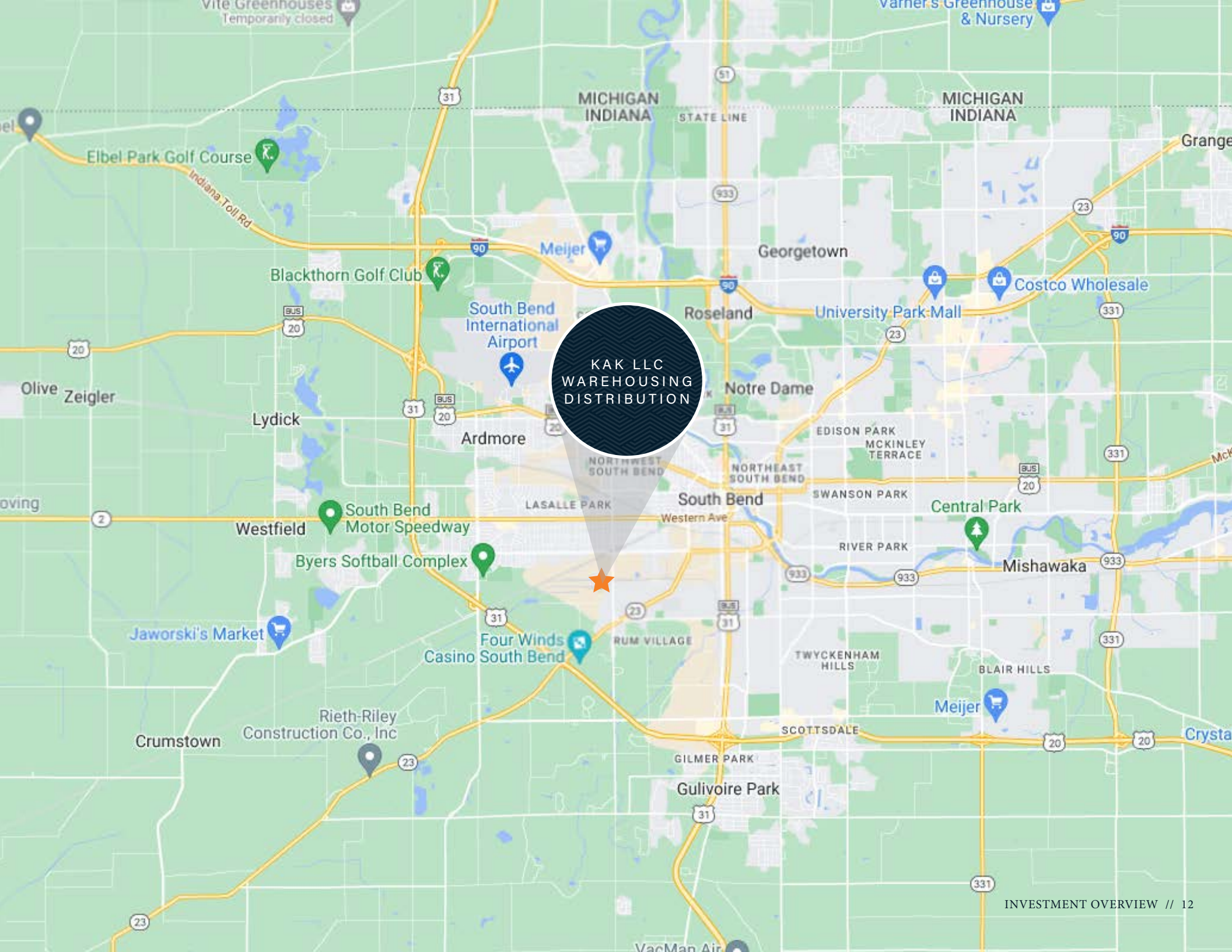
RENT ROLL

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	Rent Increase	Lease Type
				Comm.	Exp.						
KAK LLC Warehousing	A	351,095	100.0%	COE	1-Year	\$3.00	\$87,774	\$1,053,285	\$1,228,833	\$102,403	NNN
Total		351,095				\$3.00	\$87,774	\$1,053,285	\$1,228,833		
Occupied Tenants: 1				Unoccupied Tenants: 0		Occupied GLA: 100.00%		Unoccupied GLA: 0.00%			
Total Current Rents: \$87,774						Occupied Current Rents: \$87,774		Unoccupied Current Rents: \$0			

Notes: Tenant Willing to Prepay Rent at Closing or Hold Rent in Escrow at Closing | Pro Forma Rent Per Year Estimated at \$3.50 PSF NNN.

OPERATING STATEMENT

Income	Current		Per SF	Pro Forma		Per SF	Notes
Scheduled Base Rental Income	1,053,285		3.00	1,228,833		3.50	
Expense Reimbursement Income							
Net Lease Reimbursement							
CAM	143,688		0.41	143,688		0.41	
Insurance	57,994		0.17	57,994		0.17	
Real Estate Taxes	22,000		0.06	54,074		0.15	Pro Forma Estimated off \$2M Assessed Value
Management Fees	0		0.00	0		0.00	
Total Reimbursement Income	\$223,682	81.4%	\$0.64	\$255,756	81.2%	\$0.73	
Effective Gross Revenue	\$1,276,967		\$3.64	\$1,484,589		\$4.23	
Operating Expenses	Current		Per SF	Pro Forma		Per SF	
Utilities Electric	53,024		0.15	53,024		0.15	Average 2021-2023
Utilities Gas	22,662		0.06	22,662		0.06	Average 2021-2023
Utilities Water & Sewage	4,411		0.01	4,411		0.01	Average 2021-2023
Trash Removal	5,559		0.02	5,559		0.02	Average 2021-2023
Lawn Care	3,448		0.01	3,448		0.01	Average 2021-2023
Railroad Lease	1,615		0.00	1,615		0.00	Average 2021-2023
Warehouse Repair & Maintenance	52,969		0.15	52,969		0.15	Average 2021-2023
Insurance	57,994		0.17	57,994		0.17	
Real Estate Taxes	22,000		0.06	54,074		0.15	Pro Forma Estimated off \$2M Assessed Value
Management Fee	51,079	4.0%	0.15	59,384	4.0%	0.17	
Total Expenses	\$274,760		\$0.78	\$315,139		\$0.90	
Expenses as % of EGR	21.5%			21.2%			
Net Operating Income	\$1,002,207		\$2.85	\$1,169,449		\$3.33	



KAK LLC
WAREHOUSING
DISTRIBUTION

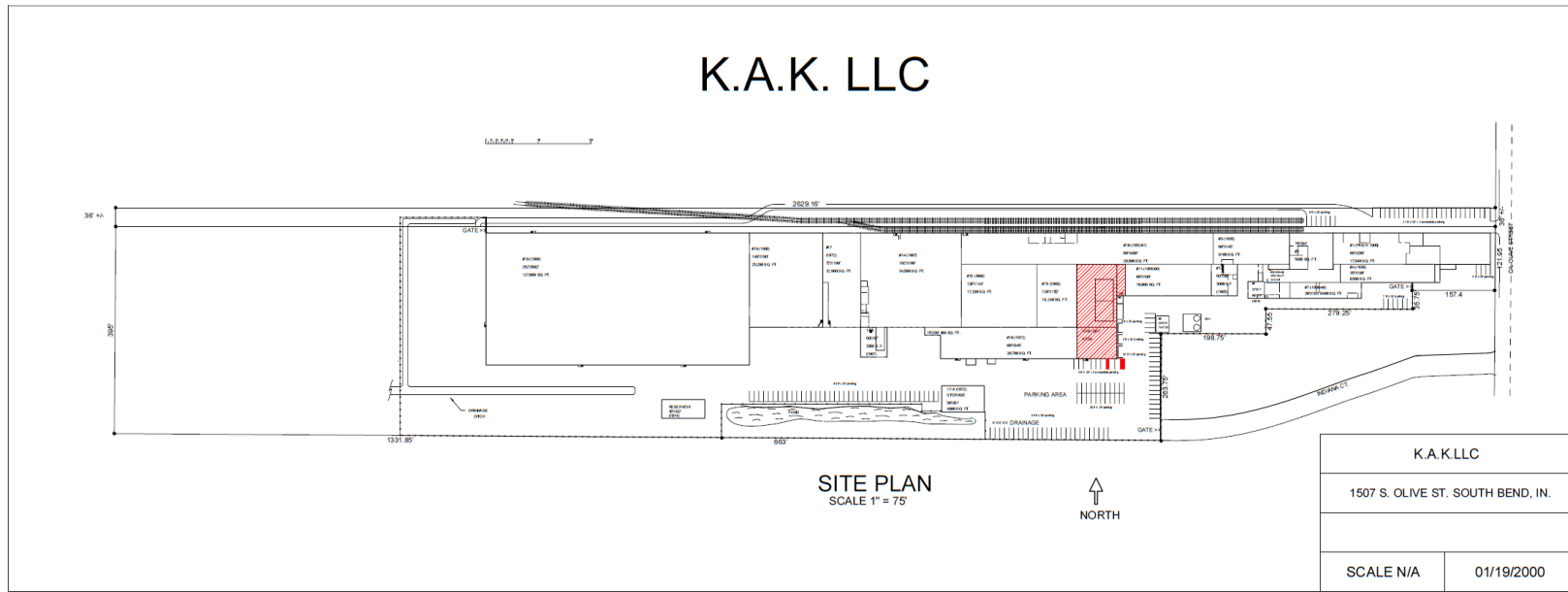


KAK LLC
WAREHOUSING
DISTRIBUTION

The image is an aerial photograph of a large industrial facility. A dark blue circular callout bubble with a white border and a white star at its base points to a specific building in the middle of the complex. The bubble contains the text 'KAK LLC WAREHOUSING DISTRIBUTION'. The facility consists of several long, low-profile buildings with various roof types, including flat and arched. There are numerous parking lots, loading docks, and a large area filled with white semi-trailers. A railway line runs through the middle of the site. The surrounding area includes residential neighborhoods and open fields under a clear sky.



FLOOR PLAN



TENANT SUMMARY



TENANT
K.A.K. LLC Warehousing

HEADQUARTERS
South Bend, IN

DATE FOUNDED
1994

www.kakllc.com

K.A.K. LLC Warehousing was founded and is managed by Kenneth Kanczuzewski who brings over 40 years of experience in warehousing and distribution. K.A.K. LLC provides three essential warehousing services to the public and through contracts including storage, distribution, and packaging/crating. The company provides food and commodity storage with the option of climate-controlled space. With expertise in shipping and logistics management, K.A.K. LLC ensures that customers' products arrive on time and in the original condition as received. The company's warehouse and distribution center specializes in value-added services, building custom crates for all shapes and sizes and efficiently preparing and packing shipping containers for distribution around the world (K.A.K. LLC).

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 2023



National platform operating within the firm's brokerage offices



\$86.3 billion total national volume in 2023



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

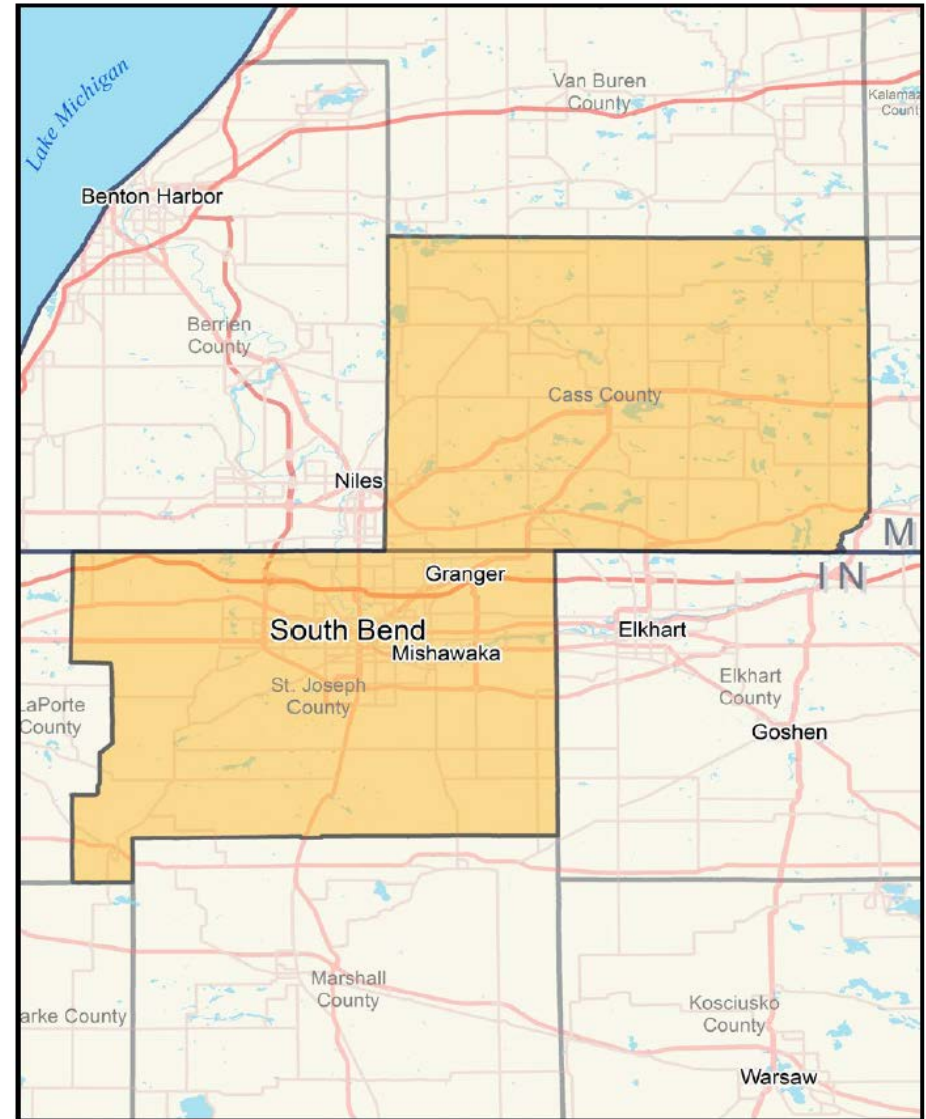
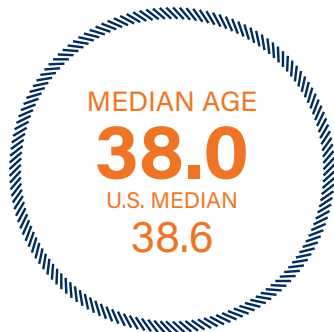


CENTRAL
LOCATION

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



129,566

Total Population
Within 5 Miles



\$59,810

Average Household Income
Within 5 Miles



54,194

Employees
Within 1 Mile

DEMOGRAPHICS

POPULATION	1 Mile	3 Miles	5 Miles
2027 Projection			
Total Population	7,477	56,007	129,561
2022 Estimate			
Total Population	7,537	56,473	129,566
2010 Census			
Total Population	7,578	56,535	127,324
2000 Census			
Total Population	7,242	61,782	134,129
Daytime Population			
2022 Estimate	5,333	64,300	140,657
HOUSEHOLDS	1 Mile	3 Miles	5 Miles
2027 Projection			
Total Households	2,300	20,727	49,278
2022 Estimate			
Total Households	2,322	20,793	49,000
Average (Mean) Household Size	3.2	2.6	2.4
2010 Census			
Total Households	2,310	20,500	47,692
2000 Census			
Total Households	2,466	23,270	49,846

HOUSEHOLDS BY INCOME	1 Mile	3 Miles	5 Miles
2022 Estimate			
\$200,000 or More	0.1%	1.0%	2.1%
\$150,000-\$199,999	0.6%	1.4%	2.5%
\$100,000-\$149,999	4.3%	6.7%	9.7%
\$75,000-\$99,999	8.7%	8.7%	10.6%
\$50,000-\$74,999	18.0%	17.5%	18.9%
\$35,000-\$49,999	18.4%	15.6%	15.3%
\$25,000-\$34,999	14.5%	13.0%	11.6%
\$15,000-\$24,999	17.2%	13.5%	12.3%
Under \$15,000	18.2%	22.6%	16.9%
Average Household Income	\$41,973	\$47,675	\$59,810
Median Household Income	\$35,043	\$35,667	\$42,595
Per Capita Income	\$13,424	\$17,947	\$23,611
POPULATION PROFILE	1 Mile	3 Miles	5 Miles
Population By Age			
2022 Estimate Total Population	7,537	56,473	129,566
Under 20	37.5%	32.4%	28.5%
20 to 34 Years	22.4%	21.9%	24.4%
35 to 39 Years	7.8%	7.0%	6.3%
40 to 49 Years	11.6%	11.5%	10.5%
50 to 64 Years	12.6%	15.5%	15.8%
Age 65+	8.1%	11.8%	14.5%
Median Age	28.5	32.1	32.9
Population 25+ by Education Level			
2022 Estimate Population Age 25+	4,190	34,487	80,012
Elementary (0-8)	12.5%	6.4%	4.1%
Some High School (9-11)	15.2%	13.8%	10.2%
High School Graduate (12)	39.3%	34.8%	32.3%
Some College (13-15)	19.6%	21.6%	21.0%
Associate Degree Only	6.7%	7.3%	7.7%
Bachelor's Degree Only	5.2%	9.7%	14.3%
Graduate Degree	1.5%	6.5%	10.4%
Travel Time to Work			
Average Travel Time to Work in Minutes	25.0	23.0	21.0

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