



FOUNTAIN
REAL ESTATE CAPITAL



Offering Memorandum: 655 Fairview Ave N, St. Paul

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Fairview Business Center

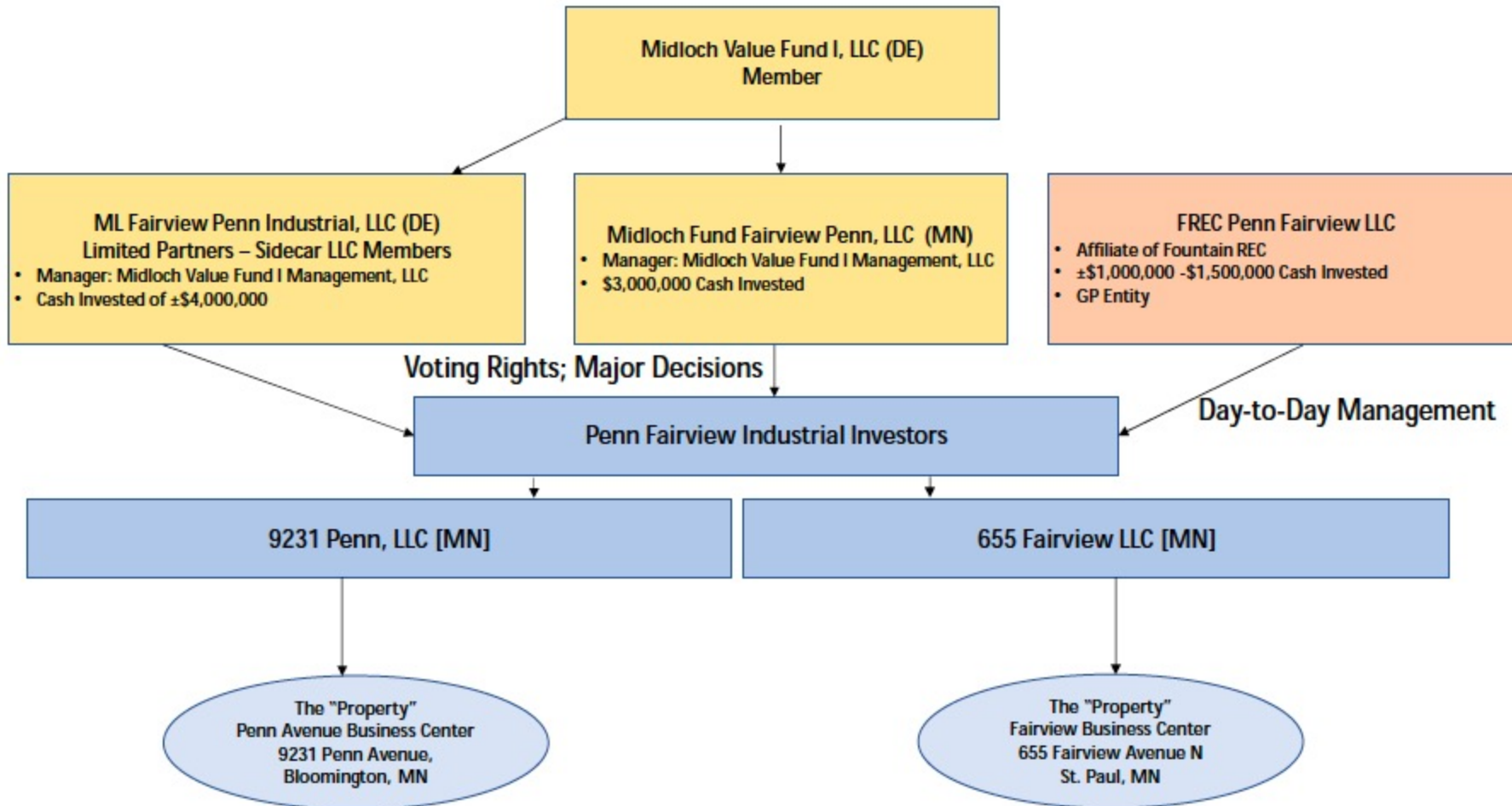
Oct 2021

Fountain Real Estate Capital is pleased to present Fairview Business Center, a 255,798 square foot creative infill industrial project in the desirable Midway submarket of the Minneapolis/St. Paul market. Currently 90% leased, Fairview Business Center provides investors with phenomenal leasing momentum, attractive 7.8-year remaining average lease term, and a coveted infill location within the Midway submarket between the Central Business Districts of both Minneapolis and St. Paul.

Hillcrest Development LLLP, the Twin Cities' leader in creative redevelopment, is the seller and is in the process of completing a \$6,000,000+ renovation which transformed Fairview into a Class A creative infill industrial asset near University Avenue. The project has completed over 173,000 square feet of new leasing over the past 18 months. The dynamic leasing momentum creates a diversified income stream with a 7.8-year weighted average remaining lease term spread across 14 tenants with the three largest tenants occupying 63% of the project. The weighted average in-place rental rate of \$5.92 is over 25% below market enabling investors to acquire a fully repositioned asset significantly below recent sale transactions in the marketplace.

Strategically located near the intersection of Fairview Avenue and University Avenue, Fairview Business Center enjoys efficient access throughout the metro area. The infill location provides efficient access throughout the Twin Cities via multiple interstates and highway systems including Interstate 94, Interstate 35W, Interstate 35E, Highway 280, Highway 52, Highway 55, and Highway 36. The advantageous transportation routes enable tenants to draw from multiple labor pools and deliver product throughout the metro area.

University Avenue is undergoing a significant transformation with over 2,800 multi-family units recently delivered or under construction. The development boom is in response to the metro green line light rail that runs along University Avenue connecting downtown Minneapolis to downtown St. Paul. The delivery of light rail and new multi-family development is creating a vibrant live/work/play dynamic along University Ave, placing Fairview Business Center at the heart of economic activity in the Twin Cities.



LANDLORD REPOSITIONING & CAPITAL INVESTMENT

Current ownership has invested over \$6 million to reposition the asset. The investment includes:

ROOF REPLACEMENT

PARKING LOT REPLACEMENT

EXTERIOR FACADE WORK

WINDOW REPLACEMENT EXTERIOR

PAINTING

LOCKER ROOMS & SHOWERS

INDOOR BIKE STORAGE

UPDATED ELECTRICAL

UPDATED HVAC (70%)

UPDATED RESTROOMS

**UPDATED FIRE PROTECTION /
SPRINKLER**

UPDATED COMMON AREAS

The significant capital investment eliminates future investment needed and enables future investors to focus on collecting cash flow and marking below market rents to market.



90% LEASED W/ UPSIDE POTENTIAL

Fairview Business Center's current 90% occupancy provides investors with durable cash returns. Investors can enhance returns by leasing the remaining vacancy, marking in-place rents to market, and capitalizing on the favorable interest rate environment. There is also a 57,000 SFf mezzanine that is not included in the current building SF that represents additional income potential.

VIBRANT LEASING MOMENTUM & ATTRACTIVE 7.8-YEAR WEIGHTED AVERAGE LEASE TERM

Fairview Business Center has completed over 162,000 square feet of new leasing over the previous 18 months. The leasing momentum creates an appealing rent roll that boasts a 7.8-year weighted average lease term. The existing lease term across the project eliminates rollover risk.

FUNCTIONAL ASSET W/ DESIROUS LOADING & OUTDOOR STORAGE

Fairview Business Center is a highly functional industrial asset that boasts 19' - 20' clear height and 24 docking doors. In addition, the project has 1.5 acres of outdoor storage on the southwest side of the building. The asset functionality and outdoor storage capabilities are truly unique and contribute to the substantial leasing velocity.

STRONG MIDWAY FUNDAMENTALS

The robust fundamentals of the Midway submarket further enhance the appeal of Fairview Business Center. The 5.25 million square foot Midway submarket is currently 94% leased. The strong occupancy within the Midway submarket places continued upward pressure on rental rates, as seen by the growth in achieved rental rates at the project.

BELOW MARKET RENTAL RATES & ATTRACTIVE BASIS

The weighted average in-place net rental rate of \$5.92 is over 25% below market for the St. Paul Midway and provides future upside on future rollover. The low in-place rents relative to market enables investors to acquire below replacement cost.





SHANGHAI WHOLESALE, LLC
WWW.SHANGHAIWHOLESALE.COM
87,795 SF
LXD: 5/31/2034

Shanghai Wholesale, LLC is a leading fine foods and grocery distributor. The firm provides fresh fruits, vegetables, seafood, meats, canned foods, frozen foods, grocery products, and fine ethnic foods to supermarkets, retail stores, independent grocers, restaurants, fast food outlets, as well as Asian, Mexican, and African specialty stores. Shanghai Wholesale services a delivery network around Minnesota, Wisconsin, South Dakota, North Dakota, and the surrounding areas. The firm is relocating to Fairview Business Center in late 2021, and its lease commences in January 2022.



VIVACITY TECH, PBC
WWW.VIVACITYTECH.COM
53,096 SF
LXD: 5/31/2026

Vivacity Tech, PBC is the leading technology services provider for the education industry. The firm serves over 2,000 school districts across the United States and provides an array of solutions including inventory management, real-time order status, repair trucking, and customer support. Vivacity Tech utilizes 35 partner distribution centers across the United States. The firm is headquartered in Fairview Business Center and recently opened a second location in Greenville, South Carolina to better serve its customers on the east coast.



ELEMENT BOXING & FITNESS, LLC
32,393 SF
LXD: 8/31/2029

Element Boxing & Fitness, LLC is a gym and fitness operation focused on boxing type exercises. The firm offers an array of programs for all fitness levels and abilities. The offered programs include "Train Like a Boxer" weight loss course, "Fight School" boxing skill development, gymnastics, youth classes, and programs for individuals with Parkinson's disease. Element Boxing & Fitness offers monthly memberships and numerous courses for all fitness levels.



NEW FRANCE WINE COMPANY, INC.
WWW.NEWFRANCEWINE.NET
21,108 SF
LXD: 8/31/2026

New France Wine Company, Inc. is a leading wine distributor that works with winemakers throughout the world. The firm works with winemakers across the globe including Australia, Austria, Chile, France, Germany, Italy, Spain, and the United States. New France Wine hosts wine events on site in its warehouse as well as at off-site restaurants. New France Wine relocated to Fairview Business Center in January 2020.



GENERAL OVERVIEW

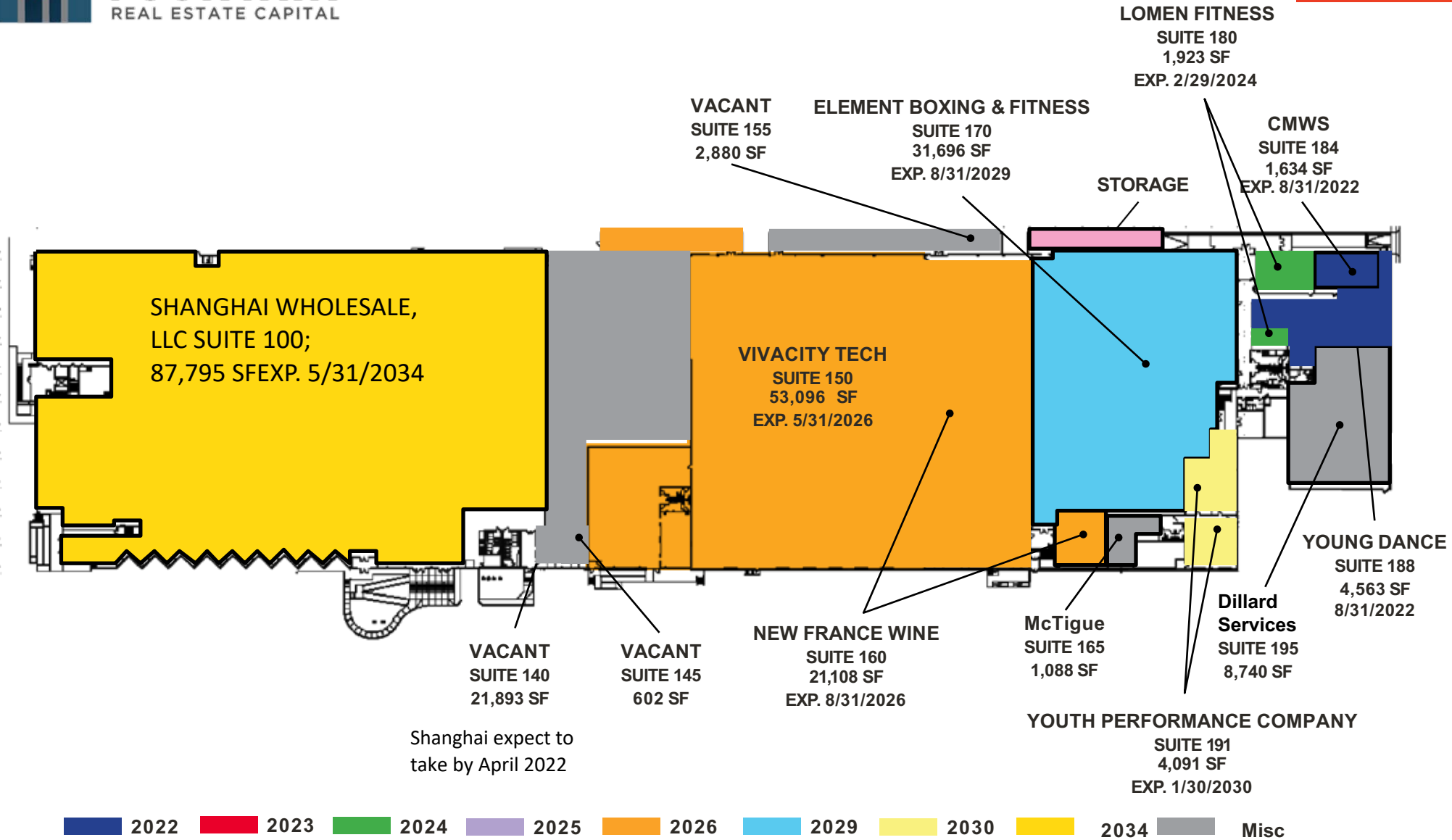
ADDRESS	655 Fairview Ave N St. Paul, MN
YEAR BUILT / RENOVATED	1952 / Renovated in 2020 - 2021
LAND AREA	10.8 Acres
NET RENTABLE AREA	255,798 SF
LOADING	24 Loading Docks
PERCENT LEASED	90%
PARKING STALLS	300 Surface Parking & Truck Parking Trailer Stalls

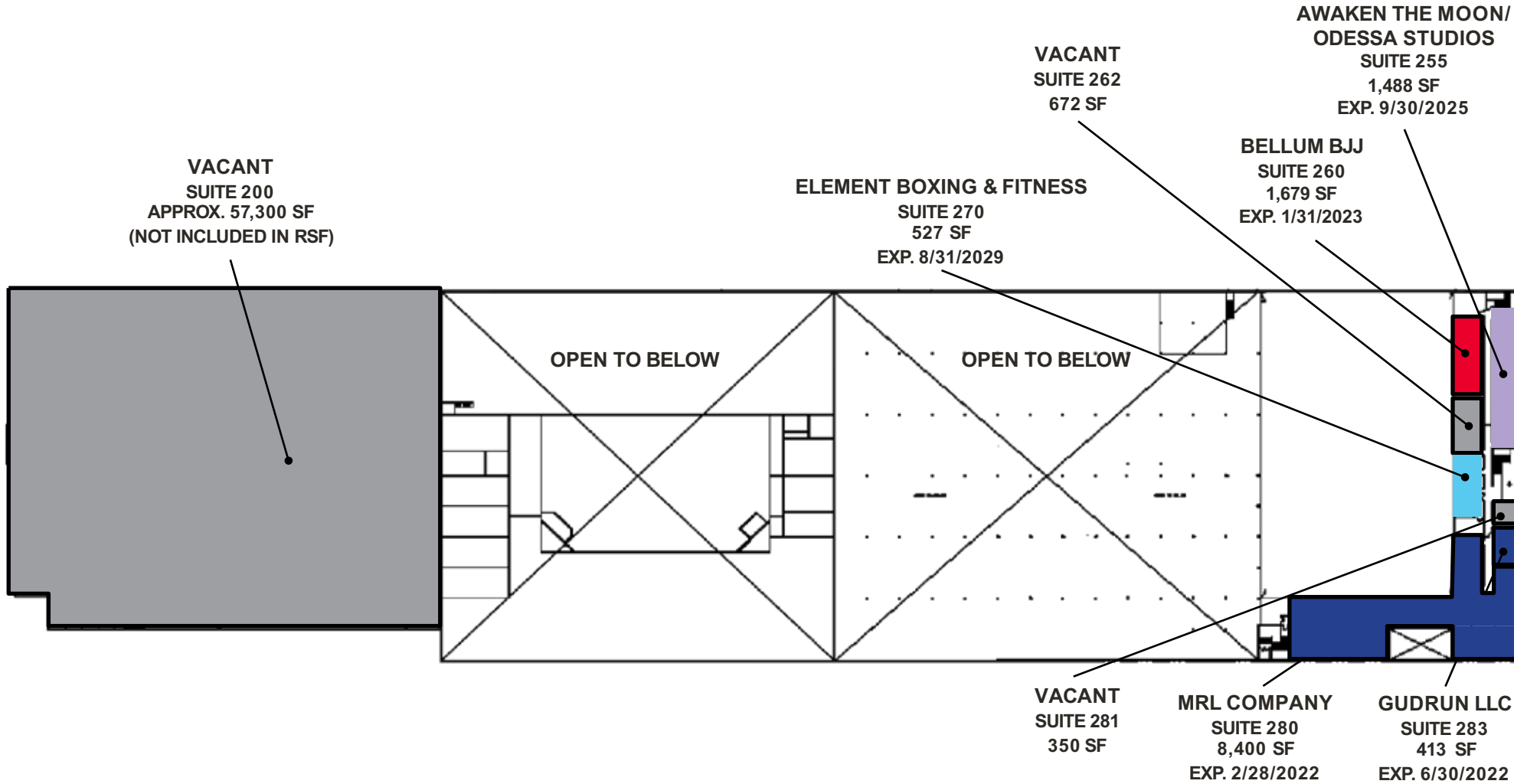
SITE LOCATION / DATA

PID NUMBER	332923210002
ZONING	IL - Light Industrial
SIGNAGE	Monument signage exists on Fairview Ave

CONSTRUCTION OVERVIEW

FOUNDATION	Block/masonry foundation
FRAME	Steel beam & columns with steel bar joist deck
EXTERIOR WALLS	Block, brick, and steel panel
ROOF	New roof installation overseen by RoofSpec EPDM roof installed in 2019-2021; includes 20 year warranty
FRAME	Anodized, thermal break frames (where replaced)
WINDOWS	UV protected double pane (where replaced)
HVAC	New HVAC for Shanghai, Vivacity, New France (Roughly 70% of project) Rooftop forced air units (where replaced)
HEAT	Gas fired heating units in warehouse area





2022
 2023
 2024
 2025
 2026
 2029
 2030
 2034
 VACANT