

1012 MAIN STREET

RACINE, WI



*DOWNTOWN RACINE
REDEVELOPMENT OPPORTUNITY
CONFIDENTIAL OFFERING MEMORANDUM*

1012 MAIN STREET

Founders 3

ANDY HESS

414.249.2310

ahess@founders3.com

DEREK YENTZ

414.249.2321

dyentz@founders3.com

COLE WIRTH

414.249.2308

cwirth@founders3.com

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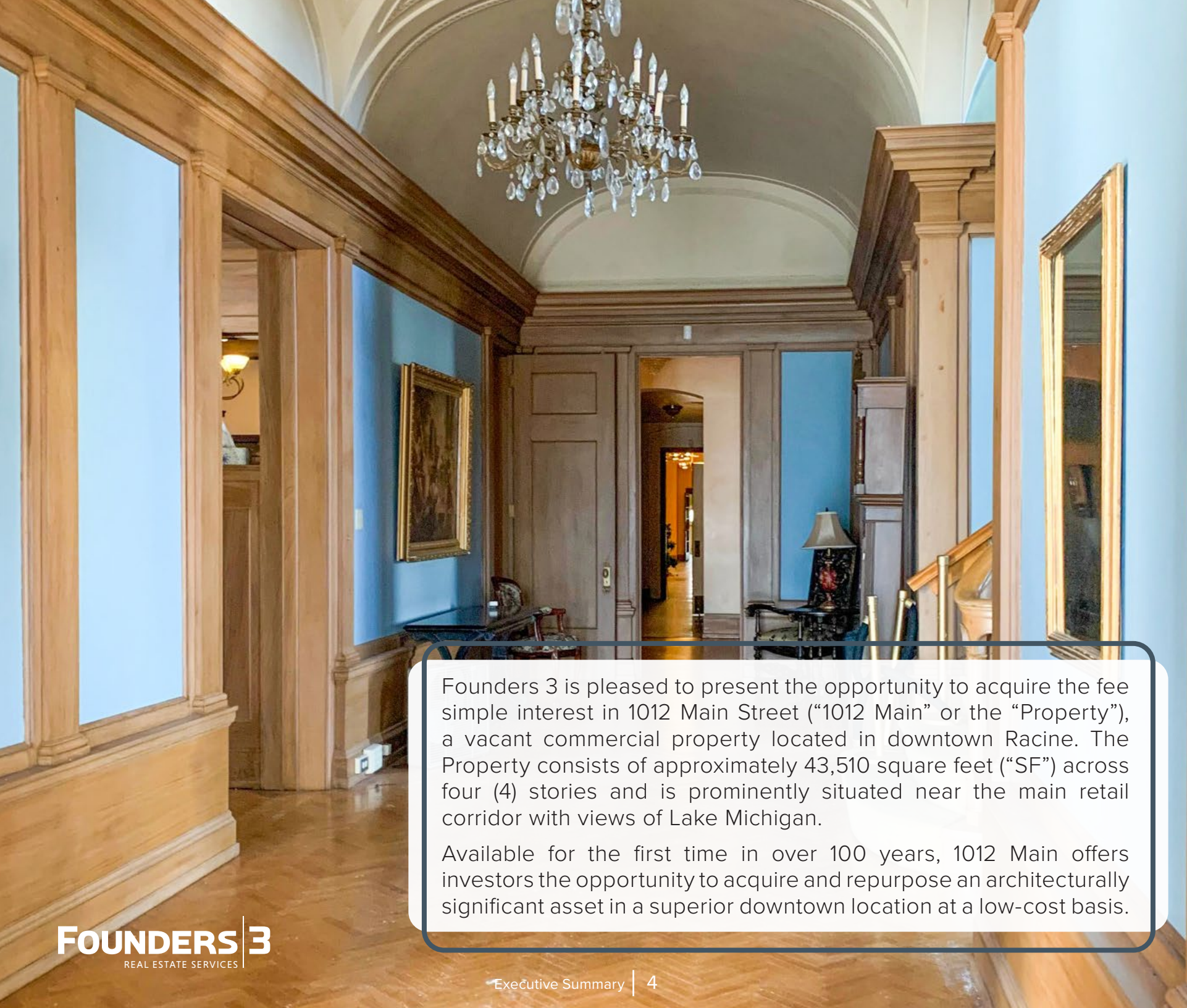
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TABLE OF CONTENTS

Executive Summary	04
Property Specifications	12
Location & Market Overview	14

CONFIDENTIAL OFFERING MEMORANDUM



Founders 3 is pleased to present the opportunity to acquire the fee simple interest in 1012 Main Street (“1012 Main” or the “Property”), a vacant commercial property located in downtown Racine. The Property consists of approximately 43,510 square feet (“SF”) across four (4) stories and is prominently situated near the main retail corridor with views of Lake Michigan.

Available for the first time in over 100 years, 1012 Main offers investors the opportunity to acquire and repurpose an architecturally significant asset in a superior downtown location at a low-cost basis.

INVESTMENT HIGHLIGHTS

1

DOWNTOWN REDEVELOPMENT OPPORTUNITY

- Opportunity to Completely Reimagine the Property in Downtown Racine
- Extremely Low Basis with Potential for Local, State & National Tax Incentives
- Flexible Floor Plates for Multi-family Conversion and/or an Event Venue

2

SUPERIOR LOCATION

- Located on the main commercial corridor of Racine
- Excellent Views of Lake Michigan
- Less than 10 miles to Interstate 94, 20 minutes to Kenosha, 38 minutes to Milwaukee

3

EXCELLENT AMENITIES

- Existing Ballroom & Theater
- Surface lot parking for up to 46 vehicles
- Walking Distance to the Marina, North Beach, Root River, Festival Park Hall, & Main Street Retail



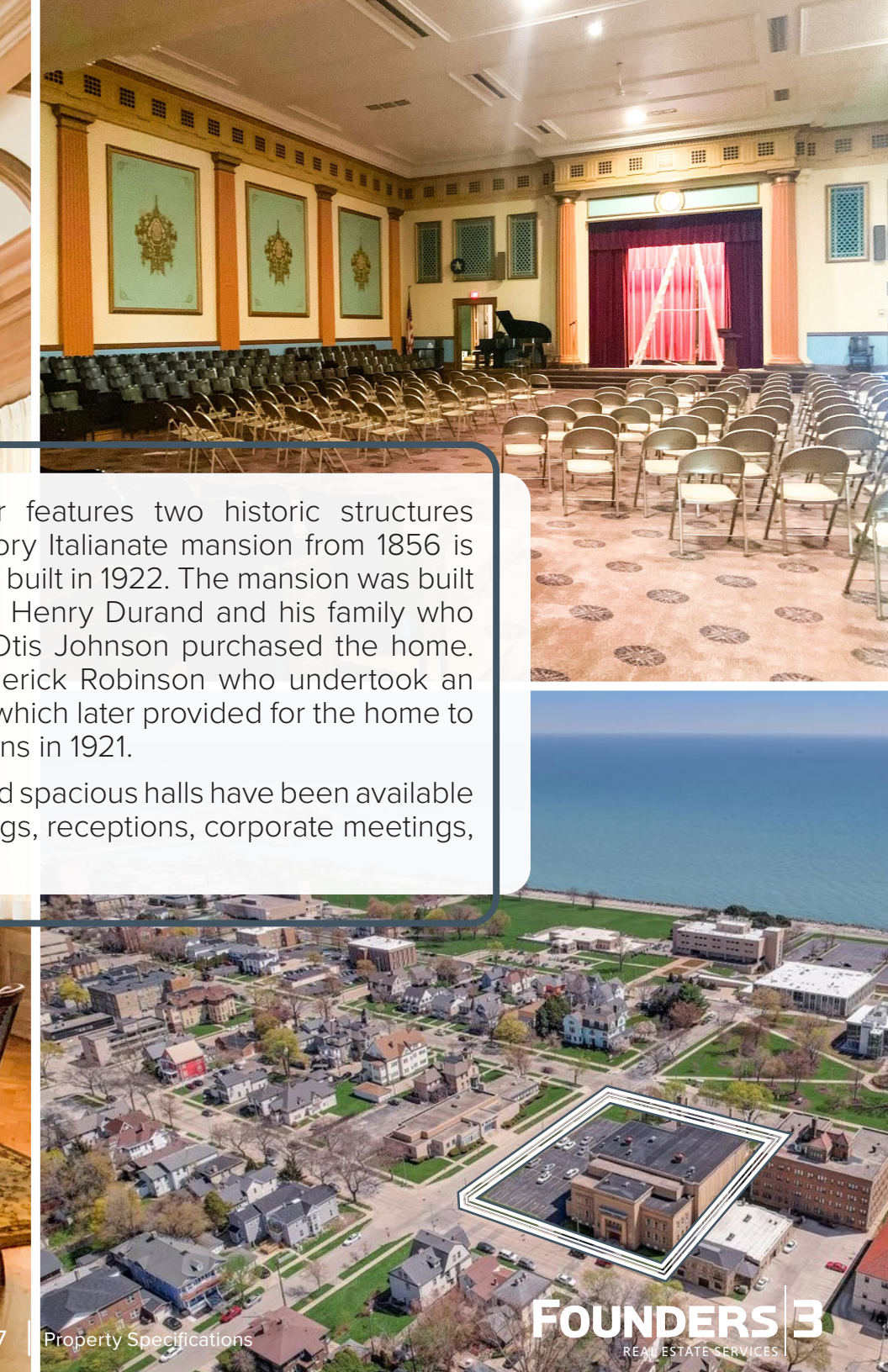
LIST PRICE

\$1.2 MILLION



PROPERTY SPECIFICATIONS

ADDRESS	1012 Main Street
CITY, STATE	Racine, WI
YEAR BUILT/RENOVATED	1856-1922
TOTAL PROPERTY SF	43,510 SF
<i>Mansion Residences</i>	<i>11,010 SF</i>
<i>Temple</i>	<i>32,500 SF</i>
CONSTRUCTION	Masonry
LAND AREA	1.12 AC
PARKING	46 Surface Lot Spaces
ZONING	RO - Restricted Office Dist.
TAX PARCEL	276-00-00-00-589-000

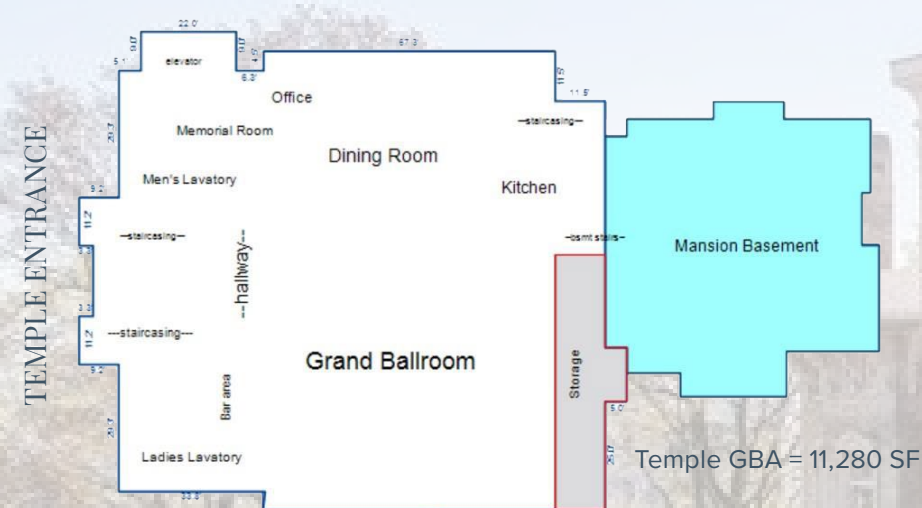


The Racine Masonic Center features two historic structures blended together. A three story Italianate mansion from 1856 is joined by the Masonic Temple built in 1922. The mansion was built by early Racine businessman Henry Durand and his family who lived there until 1890 when Otis Johnson purchased the home. It was later acquired by Frederick Robinson who undertook an extensive renovation in 1906 which later provided for the home to be sold to the local Freemasons in 1921.

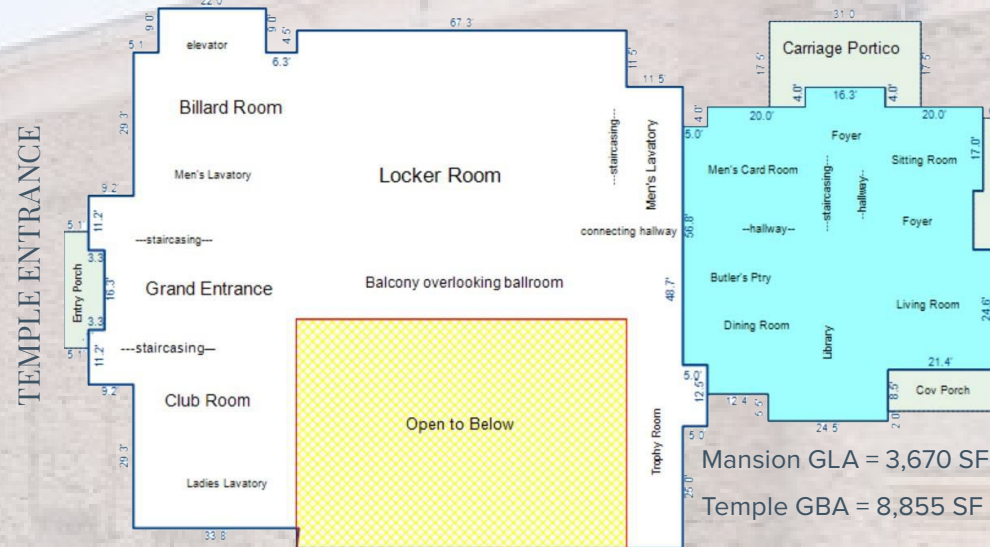
The facility's elegant rooms and spacious halls have been available to the public for tours, weddings, receptions, corporate meetings, and special events.

PLANS & PARCEL

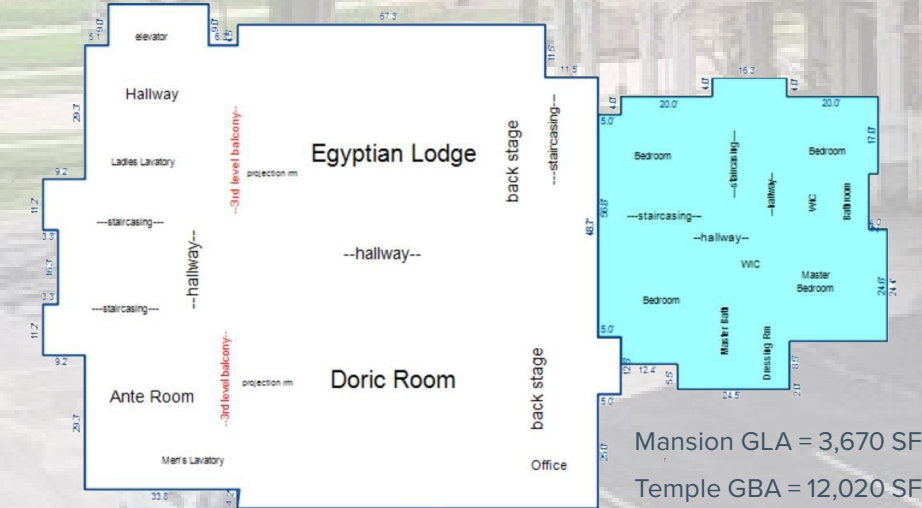
BASEMENT



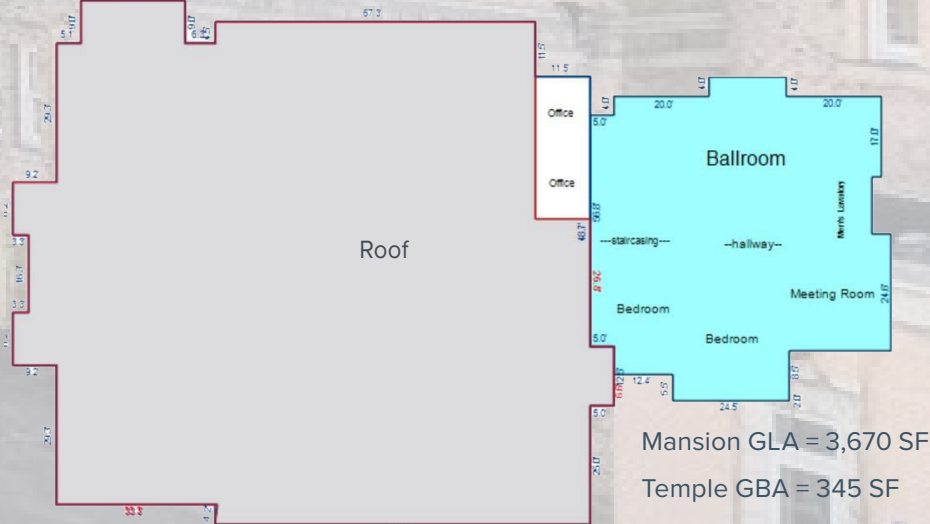
FIRST FLOOR



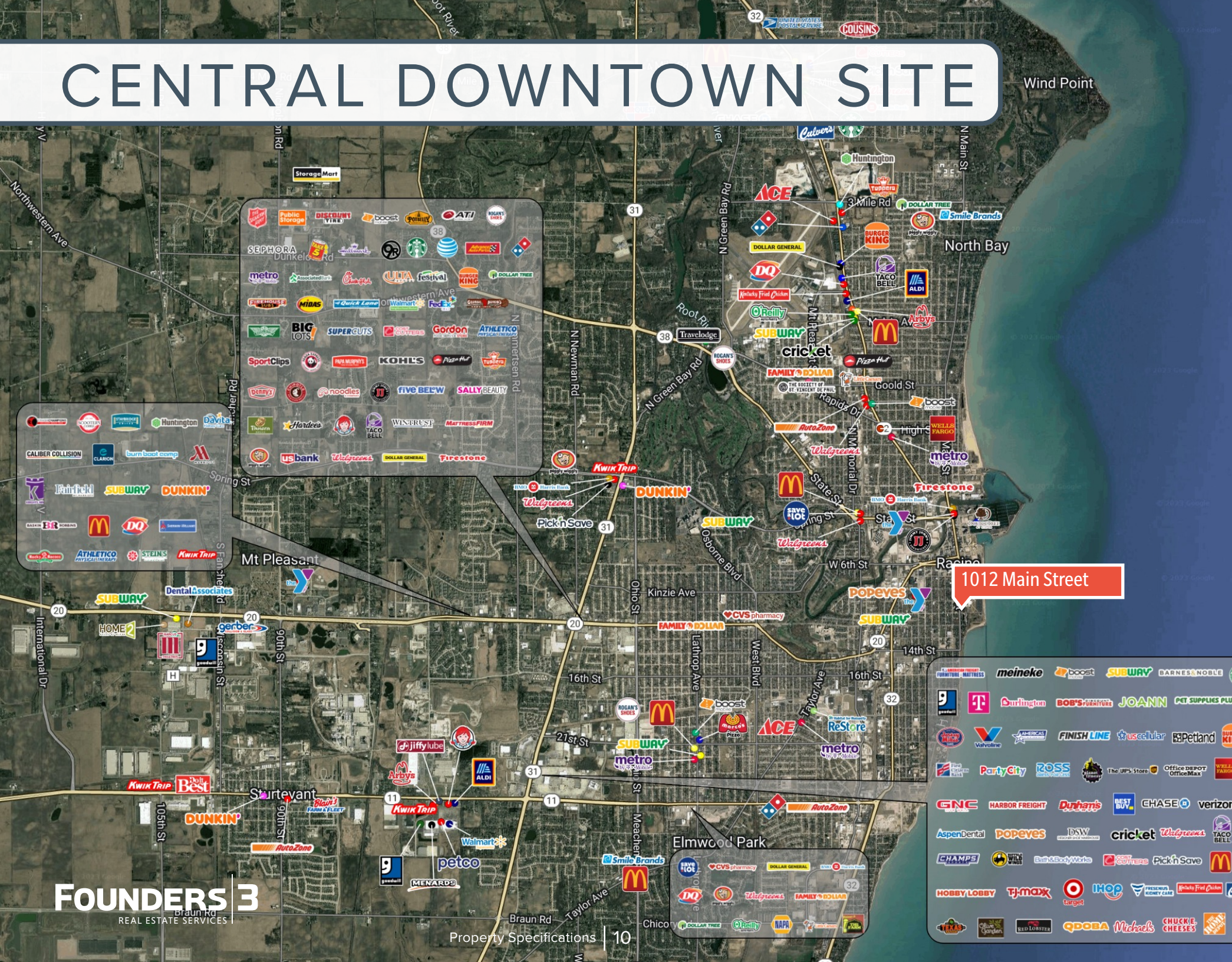
SECOND FLOOR



THIRD FLOOR



CENTRAL DOWNTOWN SITE



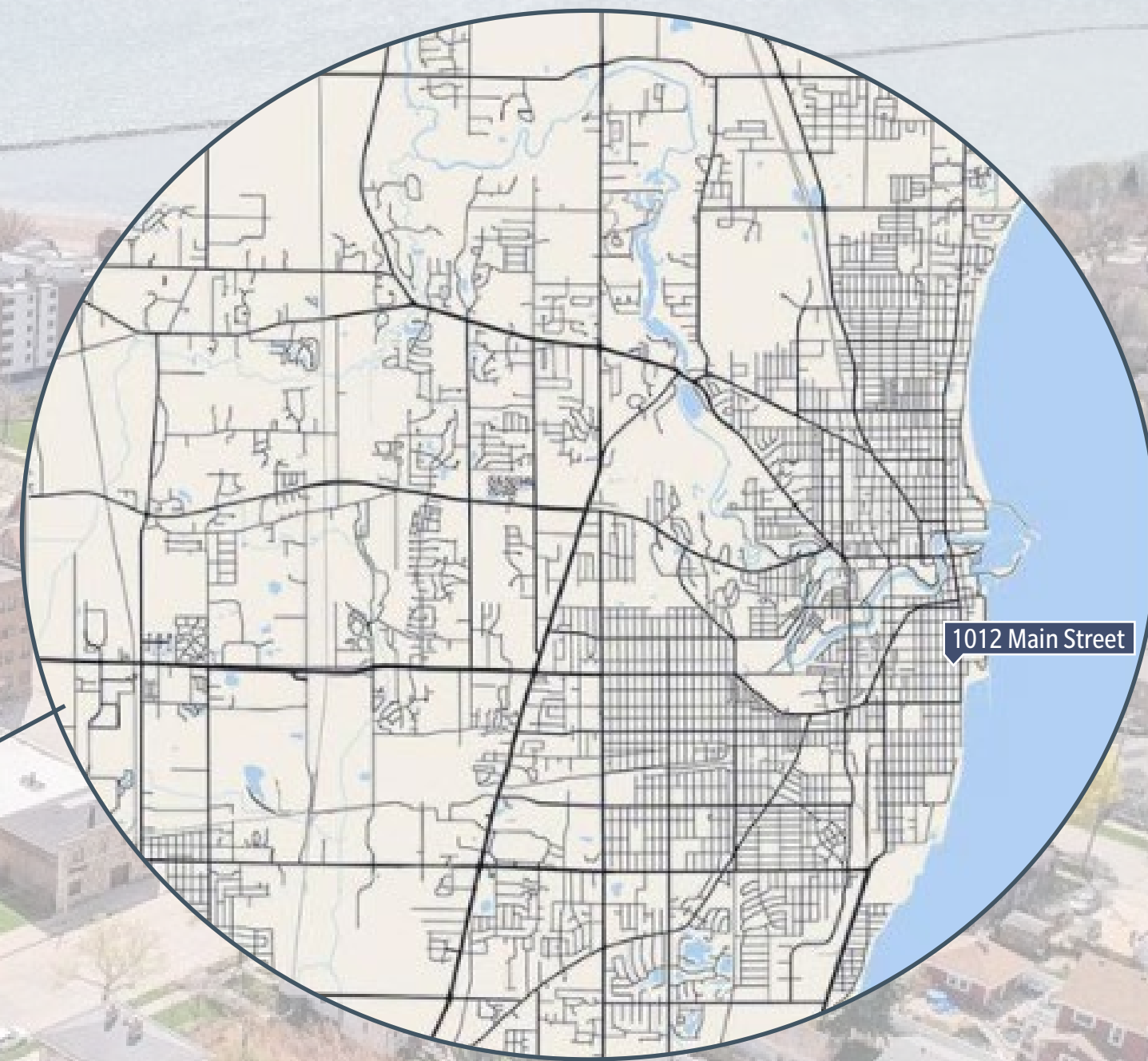
1012 MAIN STREET Area Demographics

	1 MILE	3 MILE	5 MILE
Population	11,942	69,882	112,950
AVG HH Income	\$44,194	\$58,938	\$69,072

Downtown Racine



LOCATION & MARKET OVERVIEW





RACINE: ON THE LAKE, ON THE RISE

On the shores of beautiful Lake Michigan, Racine is ideally situated along Interstate 94 in the fast-growing industrial corridor between Milwaukee and Chicago. Racine County celebrates its manufacturing heritage, rich farmland, beautiful beaches, and distinctive architecture. Abundant business development opportunities are available across the community in downtowns and business parks, including over 1,000 acres of development-ready land.

In the past several years, Racine has seen unprecedented growth with new development and job creation from both legacy companies and new businesses. Considering the \$870 million of investment is underway across the County, Racine is poised for continued growth.

\$870
MILLION IN
CURRENT INVESTMENTS

196,624
TOTAL POPULATION

LOW
REAL ESTATE COSTS
AND A FAVORABLE
TAX ENVIRONMENT

0.4%
CORPORATE INCOME
TAX RATE

30 Minutes
TO MILWAUKEE AND
GENERAL MITCHELL AIRPORT

>1 Hour
FROM CHICAGO
O'HARE

REGIONAL INVESTMENT: FLIGHT TO WISCONSIN

The area near the Wisconsin-Illinois border has already become a major distribution center due to its location near the Chicago metropolitan area, relative tax benefits, and Wisconsin's business-friendly economic climate. In addition to Amazon's massive distribution centers in the area, companies that have either relocated or headquartered in the area include Foxconn, Haribo, Nexus Pharmaceuticals, Uline, Direct Supply, Komatsu, and many more.

amazon	FOXCONN	HARIBO	NEXUS PHARMACEUTICALS	ULINE
\$1 Billion	\$4.1 Billion	\$220 Million	\$250 Million	\$130 Million

RACINE: RIDING THE REDEVELOPMENT WAVE

Racine has seen a significant inflow of redevelopment capital in the past several years. Considering major investments from Foxconn, a large presence of major employers such as SC Johnson, incredible access to Lake Michigan, City Opportunity Zones, NMTC, grants, and TIF incentives, greater Racine is poised for future growth.

Formerly the **Horlick Malted Milk Co.** and spanning nearly 16 acres, Jeffers has assembled the site for catalytic mixed-use redevelopment that could include multi-family residential, commercial, retail, light industrial, educational, and recreational uses.



The **Water Street Redevelopment Project** includes 3,500 linear square feet of shoreline along the Root river to improve water quality and establish a strong Riverwalk for the entire community.



Set to be completed in 2022, the **Hotel Verdant** recently received its financing from the City of Racine. Dominion Properties intends to restore the former Zahn's department store and convert the 1925 building into an 80-room boutique hotel.



In early 2021, Cardinal Capital bought the vacant Porters property at 301 Sixth St. from **Porter Furniture Co.** The city-drafted financing plan for this site was built around the concept of a five-story building with 120 apartments.



Completed in Spring of 2020 by J. Jeffers & Co. for a total development cost of \$18 million, **Gold Medal Lofts** offers 72 units of high-quality affordable and market-rate housing.



Set to open in 2021, Cardinal Capital moves closer to completion on the **Ajax Apartments** - a multi-phase development that will include both affordable and market-rate housing. The building at 1500 Clark has 38 one-bed/one-bath apartments and 16 two-bed/one-bath apartments, for a total of 54 units.



RACINE OFFICE MARKET

The Racine Office Market contains just over 5.1 million SF. Over the past year, office rents were essentially unchanged but have posted an average annual gain of 1.8% over the past three years. While 190,000 SF has delivered over the past five years (a cumulative inventory expansion of 3.8%), no new construction is currently underway. Vacancies were in line with the 10-year average as of Q2 2023.

The Racine East Office Submarket contains roughly 4.4 million SF of office space, which represents the vast majority of the market's inventory. The vacancy rate currently sits at 6.0%, which is slightly below than the 10-year average. Net absorption over the past year has tallied about 10,000 SF, well-below the five-year annual average but a positive metric in favor of Racine's long-term growth., Racine's long term growth story is positive. On average over the past five years, the submarket has posted positive net absorption of approximately 51,000 SF per year. Rents have posted an average annual gain of 1.8% over the past decade but has been static over the past year.

OVERALL MARKET HIGHLIGHTS

5,120,196 SF	5.3%	0 SF
Inventory	Vacancy	Under Construction

SUBMARKET HIGHLIGHTS

4,381,208 SF	6.0%	0 SF
Inventory	Vacancy	Under Construction

Source: CoStar



RACINE MULTIFAMILY MARKET

After years of low activity, Racine's multifamily market is undergoing significant changes as new construction reaches record highs, sales activity remains elevated, and rents continue to grow despite the pandemic. Spurred by an employment boost from major developments in the greater Racine area by corporations such as Foxconn and Amazon, developers have delivered more units this year than any on record to meet the anticipated demand.

The Racine multifamily submarket contains a total of 4,129 units, which is approximately 50% of the greater Racine market. Vacancy rate in the Racine submarket has compressed moderately over the past four quarters, and at 6.6%, is slightly below the long-term average. New supply has increased over the past year, following nearly five years of relative inactivity. Development is set to continue, as approximately 369 units are underway, which will expand the existing inventory by 8.9%. Rents have increased by 2.4% over the past year and has averaged annual growth of 2.9% over the past decade.

OVERALL MARKET HIGHLIGHTS

8,350 Units	4.4%	317 Units
Inventory	Vacancy	12-Month Absorption

SUBMARKET HIGHLIGHTS

4,129 Units	6.6%	237 Units
Inventory	Vacancy	12-Month Absorption

Source: CoStar