



3751 Midway Rd
Hermantown, MN 55810

Industrial
Investment Opportunity
Offering Memorandum



MATTHEWS™

Exclusively Listed By



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Property Overview

FedEx Freight

3751 Midway Rd, Hermantown, MN 55810



Investment Highlights

Industry Leading Tenant

- In December 2024, FedEx Corporation announced its intent to separate FedEx Freight from the broader FedEx enterprise, **establishing FedEx Freight as a standalone publicly traded company**. The separation is expected to be completed in 2026 and is designed to **enhance FedEx Freight's operational focus and efficiency** as one of the dominant players in the less-than-truckload (LTL) industry. Operating from more than 350 locations across North America, FedEx Freight generated an **industry-leading \$9.4 billion in revenue** in FY '24.

Strategic FedEx Freight Hub

- This property serves as **FedEx Freight's only location in the Duluth MSA** (Minnesota's second-largest MSA, $\pm 280,000$ residents), making it a mission-critical hub for the company's LTL operations in northern Minnesota. Strategically located near **Duluth International Airport (DLH)**, **downtown Duluth**, and **Interstate 35**, the site provides seamless connectivity to Minneapolis and the broader Midwest.

Major Port City

- The Port of Duluth is the world's farthest inland port and serves as the **busiest port on the Great Lakes**, handling over **35 million tons of cargo annually**. The site's proximity to the Port of Duluth gives FedEx Freight's LTL operations fast and reliable access to a large amount of inbound and outbound goods.

Recently Upgraded Facility / Long Term Operating History

- The $\pm 11,970$ SF building sits on ± 5.49 acres ($\pm 5.01\%$ Coverage), features 20 total doors, and has undergone **several recent renovations**, including upgrades to the parking lot, HVAC systems, and LED lighting systems. FedEx Freight has a long-standing operating history of over 20 years at the facility.



Property Photos



Subject Property



Duluth International Airport
±9.6 Miles Away



APPLIED Industrial Technologies **Attec**

B·FIRST INDUSTRIAL **DULUTH HARBOR INDUSTRIAL PARK**

SEELYE • EILER

ASCENDANCE TRUCK CENTERS **SUNBELT RENTALS**

ABF Freight **QXO**
An AirBest Company

Canadian National Railway (CN) Line

MARS SUPPLY 100 YEARS OF SERVICE 1924-2024
YOUR INDUSTRIAL SUPPLY PARTNER

WHITE CAP

Russell Steel
Steel Distributor

VIKING
Industrial Center

1 Miner's Inc.

± 40,500 VPD

IKONICS
SAATI ADVANCED CHEMICALS, LLC



Google Earth

Financial Overview

FedEx Freight

3751 Midway Rd, Hermantown, MN 55810



Financial Overview



Price
\$1,536,000



Cap Rate
7.50%



Term Remaining
±3.8 Years

PRICING SUMMARY

Price	\$1,536,000
Cap Rate	7.50%
Price/SF	\$128.32
Price/SF Land	\$6.42

PROPERTY SUMMARY

Address	3751 Midway Rd, Hermantown, MN 55810
Tenant	FedEx Freight
Building Square Feet (±)	11,970 SF
Acres (±)	5.49 AC
Lot Square Feet (±)	239,144 SF
Building/Lot Coverage	5.01%
Year Built	1999
Dock Doors	19
Ramped Doors	1
Construction	Metal

LEASE SUMMARY

Lease Expiration	1/31/2030
Options	One, 5-Year Option
Increases	CPI-U Based at Option Minimum - 2.60% Increase Maximum - 8.33% Increase
Term Remaining	±3.8 Years
Lease Type	Industrial NNN
Landlord Responsibilities	Roof, Structure, Foundation, Mechanical and Utility Systems
Tenant Responsibilities	Taxes, Insurance, Utilities, Overhead Doors, Landscaping, Snow Removal

FINANCING

FOR FINANCING OPTIONS REACH OUT TO:

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Annualized Operating Data

YEAR	ANNUAL RENT	MONTHLY RENT	RENT / SF	RENT INCREASES
2/1/26 - 1/31/27	\$115,200	\$9,600	\$9.62	-
2/1/27 - 1/31/28	\$115,200	\$9,600	\$9.62	-
2/1/28 - 1/31/29	\$115,200	\$9,600	\$9.62	-
2/1/29 - 1/31/30	\$115,200	\$9,600	\$9.62	-
Option 1 - 5 Years				
2/1/30 - 1/31/35	\$124,800	\$10,400	\$10.43	CPI-U Based at Option Minimum - 2.60% Increase Maximum - 8.33% Increase



Tenant Overview

Year Founded
2002

Headquarters
Memphis, TN

Employees
40,000+

Locations
355+

Annual Revenue
\$9.4B



Tenant Overview

FedEx Freight is the less-than-truckload (LTL) division of FedEx, providing fast, reliable regional and long-haul freight shipping across North America. Known for its extensive terminal network and strong service performance, FedEx Freight handles palletized shipments that are too large for parcel but don't require a full truckload. The company emphasizes dependable transit times, flexible delivery options, and integrated logistics solutions that connect with the broader FedEx transportation and supply chain ecosystem. In December 2024, FedEx Corporation announced its intent to separate FedEx Freight from the broader FedEx enterprise to establish it as a standalone publicly traded company, a move expected to be completed in 2026 and designed to enhance FedEx Freight's operational focus and efficiency as a dominant player in the less-than-truckload (LTL) industry.

Why Invest in FedEx Freight?

- Industry leader in LTL shipping, offering stability and strong brand recognition in a resilient freight segment.
- Extensive national network that supports efficient transit times and broad market coverage across North America.
- Integrated FedEx ecosystem, benefiting from shared technology, logistics infrastructure, and cross-selling opportunities seamlessly.
- Consistent demand for LTL services, driven by e-commerce growth, diversified supply chains, and ongoing reshoring trends.
- Operational efficiency initiatives and technology investments that enhance profit margins and allow for strategic long-term competitiveness.

Market Overview

FedEx Freight

3751 Midway Rd, Hermantown, MN 55810



Duluth, MN

Market Demographics



86,863
Total Population

\$66,263
Median HH Income

39,376
of Households

60.2%
Homeownership Rate

45,800
Employed Population

42%
% Bachelor's Degree

35.2
Median Age

\$225,700
Median Property Value

Local Market Overview

The subject industrial property near 3751 Midway Rd in the city of Hermantown, Minnesota (St. Louis County) sits in a growing outer-suburban node of the Duluth metro area. Residential and consumer-serving expansion has steadily migrated westward along the Miller Trunk corridor, resulting in improved infrastructure (roads, utilities) and calibrated allowances for light industrial, logistics and manufacturing uses. This evolving backdrop enhances trucking, last-mile fulfilment and regional distribution viability, especially given Hermantown's connectivity to U.S. Highway 53 and proximity to the Duluth International Airport.

From an investor or occupier perspective, the area's moderate population base and recent income growth support a stable labour market; meanwhile, newer industrial development appears relatively limited, suggesting fewer competing assets. The property benefits from regional cost-advantages (compared to Twin Cities markets) and access to Northern Minnesota infrastructure, enabling landlords and tenants to capture demand from regional manufacturers and logistics providers seeking mid-sized footprint facilities.

Property Demographics

POPULATION	2-MILE	5-MILE	10-MILE
2020 Population	911	17,486	115,890
2025 Population	946	17,239	111,860
2030 Population Projection	953	17,174	111,096
HOUSEHOLDS	2-MILE	5-MILE	10-MILE
2020 Households	340	6,907	49,108
2025 Households	350	6,758	46,819
2030 Household Projections	353	6,724	46,405
INCOME	2-MILE	5-MILE	10-MILE
Avg Household Income	\$127,242	\$112,365	\$85,022

Economic Drivers

Duluth-region manufacturing, shipping and logistics underpin Hermantown's industrial appeal.

Strategic access to Lake Superior, airport and regional transportation corridors.

Economic Drivers

The Duluth region hosts anchor industries in marine shipping, manufacturing, and distribution. The industrial sector contributed approximately \$5.9 billion in business revenues and supported more than 9,500 direct industrial jobs in the city of Duluth, Minnesota.

Primary Industries

- Manufacturing (light/precision)
- Transportation & logistics
- Marine/shipping (Great Lakes)
- Aerospace & defence components

Top Employers

- Cirrus Aircraft (manufacturing)
- Enbridge Inc. (energy/infrastructure)
- St. Luke's Hospital & Essentia Health (healthcare)

Recent Developments

- Expansion of Duluth Seaway Port Authority facilities — enhancing shipping capacity and logistics throughout.
- Proximity to Duluth International Airport with cargo and industrial access.
- Growth of the Hermantown Marketplace zoning district, tailored to accommodate mixed-industry and light industrial users.

The Hermantown/Duluth industrial market appears to offer stable fundamentals: moderate income growth, solid transportation infrastructure, and limited speculative over-supply compared to larger coastal markets. The Duluth—Hermantown region supports a diversified economy with a Gross Domestic Product (GDP) exceeding \$5.9 billion, driven by manufacturing, healthcare, logistics, and maritime trade.

\$5.9B+

Regional Gross Domestic Product

±150 Miles

Distance to Minneapolis-St. Paul



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This Offering Memorandum contains select information pertaining to the business and affairs of the property owner and its tenant for real property located at **3751 Midway Rd, Hermantown, MN 55810** ("Property"). The Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews™. The material and information in the Offering Memorandum is unverified. Matthews™ has not made any investigation, and makes no warranty or representation, with respect to square footage, income and expenses, the future financial performance of the property, future rent, and real estate value market conditions, the condition or financial prospects of any tenant, or the tenants' plans or intentions to continue to occupy space at the property. All prospective purchasers should conduct their own thorough due diligence investigation of each of these areas with the assistance of their accounting, construction, and legal professionals, and seek expert opinions regarding volatile market conditions given the unpredictable changes resulting from the continuing COVID-19 pandemic. The information is based in part upon information supplied by the Owner and in part upon financial information obtained from sources the Owner deems reliable. Neither owner, nor their officers, employees, or real estate agents make any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum, or any of its content, and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner.

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If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Owner or Matthews™ or any of their affiliates or any of their respective officers, directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date of this Offering Memorandum.

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