



2014 Sandy Drive

Executive Summary and Background



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- **2014 Sandy is a two-unit dental office located west of Penn State University in the Science Park Commercial District**
 - Class A Medical Building; with both units configured as Dental
 - 1 Unit occupied by Advanced Dentistry of Centre county, 1 Unit Currently Vacant (as of 1/31/2024) – Vacant unit was leased previously by Advanced Dentistry
 - Two separate entrances with parking for approximately 50 cars
 - Both AC units replaced in 2023 and 2024. Main unit converted to energy efficient heat pump.
- **Advanced Dentistry on an Absolute NNN Lease**
 - \$9893 Direct rent + \$3444.23 Additional rent (for Cam Expenses; True up at YE); Leased through 2029
 - 100% of directly metered utilities
 - 60.14% of CAM utilities shared across the two spaces specifically: Building Insurance, Landscaping/Snow, Permits, Property Tax, Repairs, Pest, Water/Sewer
 - Estimated 199% Cam is approximately \$50,000- \$65,000 per year
- **Ideal opportunity for Owner Operator**
 - Why pay a landlord \$22/sqft + Utilities when you potentially have 100% of your building expenses and a new mortgage paid for by other tenants and income tax savings?
 - Estimated +\$75,000 Annual tax savings and \$30,000 after tax cash flow improving all while paying no rent (assuming 37% income bracket)
- **Medical professionals and businesses receive superior financing terms**
 - Favorable mortgage terms for Dentists and Small business Owners further enhance cash flow
 - Owner financing options also available

Listed Price \$3,200,000

*see page 2 for calculation

Financial Rationale for Owner Tenant



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Not only eliminate rent, pay for 100% of the mortgage and generate material tax savings

- Rental Income represents rent currently paid by tenant occupying Unit 1
- Cam (Common Area Management) expenses represent the estimated annual expenses for the entire building, excluding unit electric and gas (paid by each unit)
 - Insurance, Taxes, water/sewer, licenses, landscaping/snow, repair expense, other expenses
- Additional rent represents payments by the Unit 1 Tenant to offset Cam Expenses
- Property management income is paid to the landlord from the total cam expenses to manage the building
- Electric and gas represent the estimated annual bill for Unit 2
- Net Operating income assuming owner/tenant
- Mortgage payment – Annual mortgage payment assuming 80% LTV on \$3,200,000 at 6.36% IR (Current SBA 504 rate) 25 year amortization
- Depreciation expense – estimated depreciation expense per year assuming 39.5 SL depreciation on 87% of PP (land value from tax roll)
- B-Tax Cash flow represents the cash flow of the asset including the mortgage payment
- Incremental Tax Benefit: Estimated for year 1 based on the total Interest expense + Depreciation expense and assuming a 37% income tax bracket (\$232,042 *37%)
- Loan principal reduction: represents the year 1 principal reduction
- Effective Annual Rent: B-Tax Cash Flow + Incremental Tax Benefit + Principle Reduction. **YES this is a positive number because you are receiving Tax advantaged income, not paying rent!**
- After Tax Cash Flow: B-Tax Cash Flow + incremental tax benefit above. Essentially this means that **an owner/tenants after tax cash flow would increase by \$21,304 AND they would not be paying an Landlord rent**

Illustrative Owner-Tenant Annual Financials

Rental Income	\$ 118,716	Contracted through 2029
Cam Expenses	\$ (65,000)	Estimated
Additional Rent	\$ 39,091	60.14% CAM - contracted through 2029
Property Mgmt income	\$ 9,000	Historical Management income/year
Electric	\$ (3,600)	estimated unit electric
Gas	\$ (1,200)	estimated unit gas
Net Operating Income	\$ 97,007	
Mortgage Payment	\$ (205,962)	
Interest	\$ (161,561)	
Principle	\$ (44,401)	
depreciation exp	\$ (70,481)	
B-Tax Cash Flow	\$ (108,955)	Mortgage Interest: \$165,521 *37% Income Tax
Incremental Tax Benefit	\$ 130,259	
Loan Principle Reduction	\$ 44,401	Principle payments with 30 year amort
Effective Annual "Rent"	\$ 65,705	
After Tax Cash Flow	\$ 21,304	

This does not constitute financial advice, merely an illustration of potential business cash flows and Kohl Property is not guaranteeing or suggesting to the actual financial and tax performance of the property. Illustrative purposes only

Photos



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Location

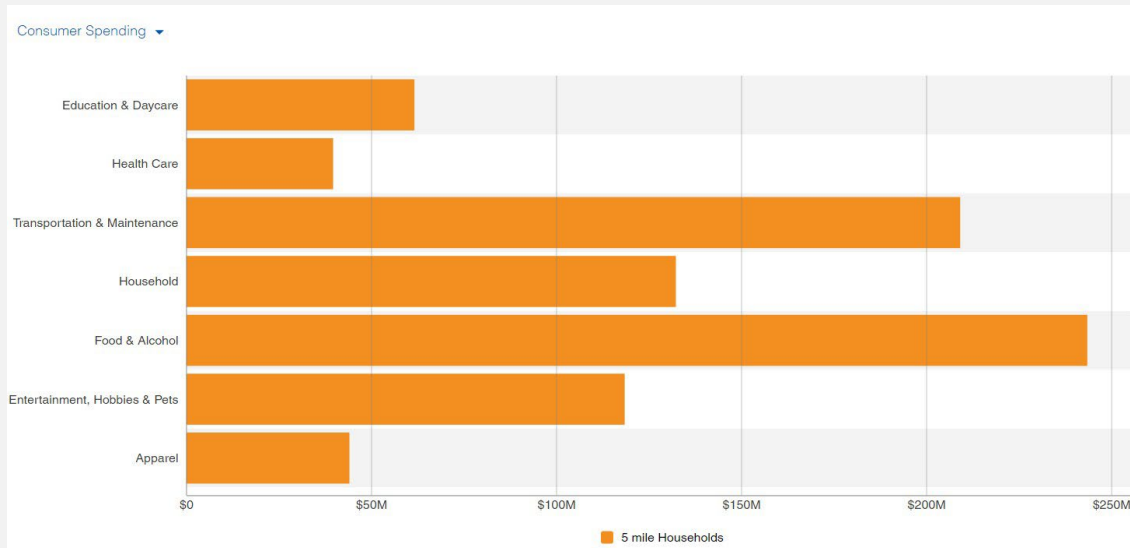
- Located less than 1 mile from Penn State Campus
- High visibility location with over 13,000 vehicles per day
- 28,494 households within 5 miles
- \$85,295 Average household income within 5 miles
- Median \$340,555 Average Home Price within 5 miles



Demographics



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- Nearly \$40 Million in Health Care spend within 5 miles in 2023
- Projected to increase to nearly \$43.5 Million by 2028

Consumer Spending Details

2023 2028

Radius	2 mile			5 mile			10 mile		
Expand All	Total Spending	Avg Household	Per Capita	Total Spending	Avg Household	Per Capita	Total Spending	Avg Household	Per Capita
Apparel	\$17,930,671	\$1,653	\$647	\$44,131,351	\$1,549	\$612	\$60,320,429	\$1,595	\$615
Entertainment, Hobbies & P...	\$47,550,116	\$4,384	\$1,715	\$118,511,749	\$4,159	\$1,642	\$166,809,354	\$4,412	\$1,701
Food & Alcohol	\$97,922,755	\$9,028	\$3,532	\$243,531,340	\$8,547	\$3,375	\$334,702,918	\$8,852	\$3,412
Household	\$55,752,686	\$5,140	\$2,011	\$132,344,340	\$4,645	\$1,834	\$188,621,790	\$4,989	\$1,923
Transportation & Maintenance	\$85,711,369	\$7,902	\$3,092	\$209,184,530	\$7,341	\$2,899	\$294,157,117	\$7,780	\$2,999
Health Care	\$16,234,190	\$1,497	\$586	\$39,719,028	\$1,394	\$550	\$57,659,310	\$1,525	\$588
Education & Daycare	\$26,117,753	\$2,408	\$942	\$61,689,966	\$2,165	\$855	\$84,910,240	\$2,246	\$866
Total Specified Consumer S...	\$347,219,540	\$32,011	\$12,526	\$849,112,304	\$29,800	\$11,766	\$1,187,181,158	\$31,399	\$12,103

Floor Plan



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