OFFERING MEMORANDUM

Elmendorf Professional Office

7704 S Loop 1604 E, Elmendorf, TX 78112

Marcus & Millichap

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AUSTIN, TEXAS 78711-2188
(512) 936-3000

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Activity ID #ZAD0490088

Marcus & Millichap

OFFICES THROUGHOUT THE U.S. AND CANADA
marcusmillichap.com

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TABLE OF CONTENTS

Marcus & Millichap

SECTION 1

Executive Summary

OFFERING SUMMARY

PROPERTY SUMMARY

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OFFERING SUMMARY

Listing Price	Cap Rate	Price/SF
$2,438,480	**N/A**	**$243.85**

FINANCIAL

Listing Price	$2,438,480
Price/SF	$243.85
Average Market Rent	$11-$14/SF

OPERATIONAL

Net Rentable Area	10,000 SF
Lot Size	7 Acres (304,920 SF)
Year Built/Renovated	1993/-

PROPERTY DESCRIPTION

Marcus and Millichap is pleased to present the exclusive listing for 7704 S Loop 1604 E, in Elmendorf, TX. This is a 10,000 SF, single tenant building with medical quality finishes throughout the first floor. The property is less than 6 miles away from 1-37 and 2.5 miles from S US HWY 181. The property also features 400 linear feet of Loop 1604 frontage.

The building was built in 1993 and was home to therapeutic clinic prior to being vacated. There is approximately 8,000 SF on the 1st Floor and 2,000 SF on the 2nd Floor of the building. The Property is situated on 7 aces allowing for expansion potential, and/or a storage yard. The Property also touches Schultz Rd providing for a secondary point of ingress/egress. The Property is ideal for either an investor or owner/user in this rapidly expanding area. The Property is exceptionally flexible in that it can accommodate anything from medical use (given the prior tenant and finish out) to construction related uses given the size of the lot.

Owner is in the process of repairing/replacing the HVAC system and electrical supply as warranted to ensure functional use at close of escrow. The metal roof is in good condition as well as the exterior brick of the building. Given the construction quality and medical finish out, the Property is being offered at a substantial discount to replacement cost. The Property is also in a qualified opportunity zone potentially providing an added economic benefit for acquiring this Asset.

OFFERING SUMMARY

Sale Price:	$2,438,480
Number of Units:	1 Building
Lot Size:	7 Acres
Building Size:	10,000 SF
NOI (Pro Forma):	$130,000.00
Cap Rate:	N/A

PROPERTY HIGHLIGHTS

- Metal Roof
- 10,000 SF Building on 7 Acres provides for Expansion Area, Storage Yard, Etc.
- Above Standard Finish Out Throughout
- Qualified Opportunity Zone
- Undersupplied Community for Medical & Professional Services, with Demand & Population Projected to Grow Substantially

SECTION 2

Property Information

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SITE DESCRIPTION

Assessors Parcel Number	04008-005-0035
Zoning	OCL
Floors	2
Year Built/Renovated	1993/-
Net Rentable Area	10,000 SF
Parking Ratio	4.5:1,000 SF
Guest Parking	No
RV Storage	Potential
Topography	Level
Intersection/Cross Street	S Loop 1604 E and Schultz

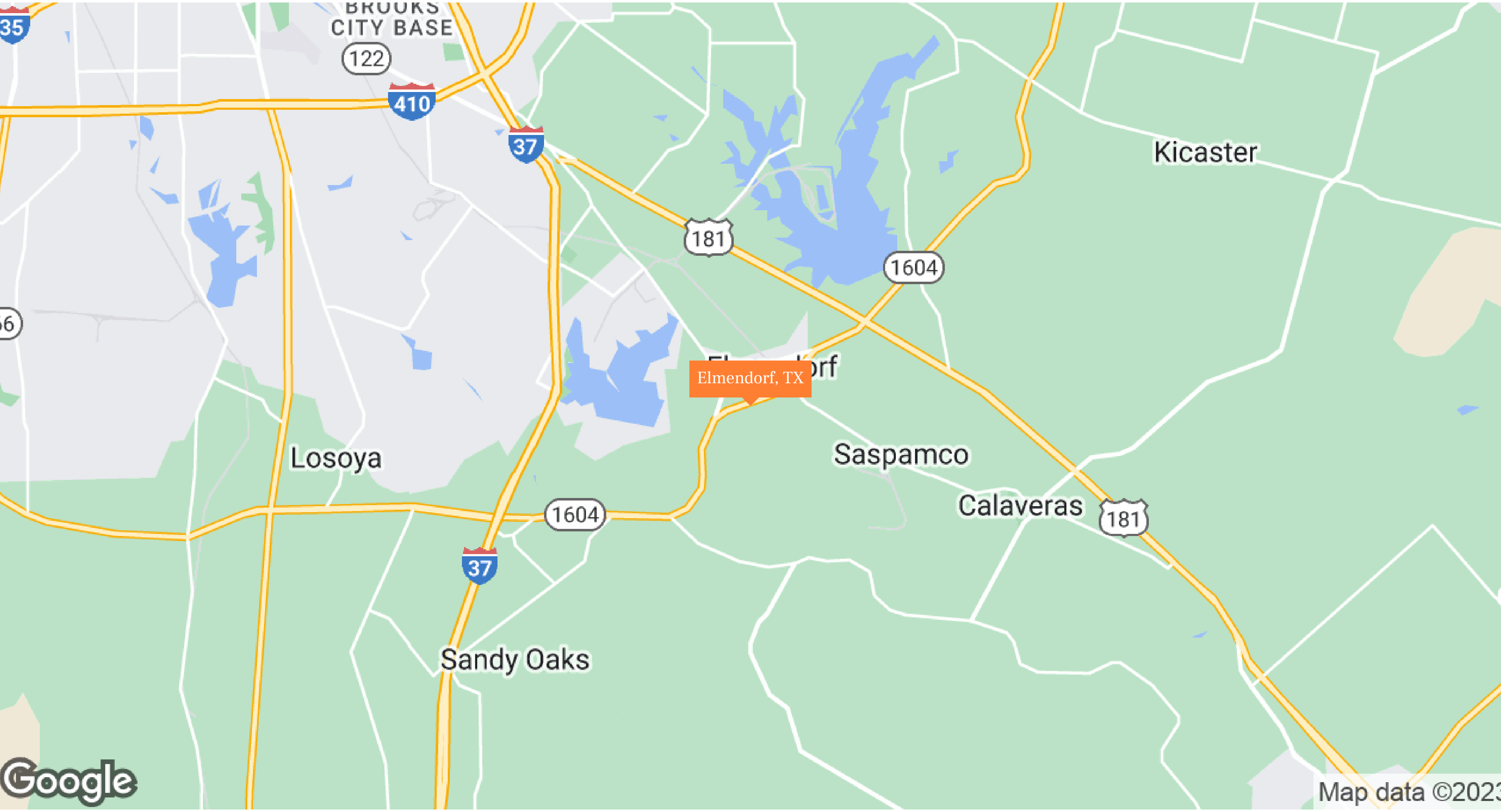
CONSTRUCTION

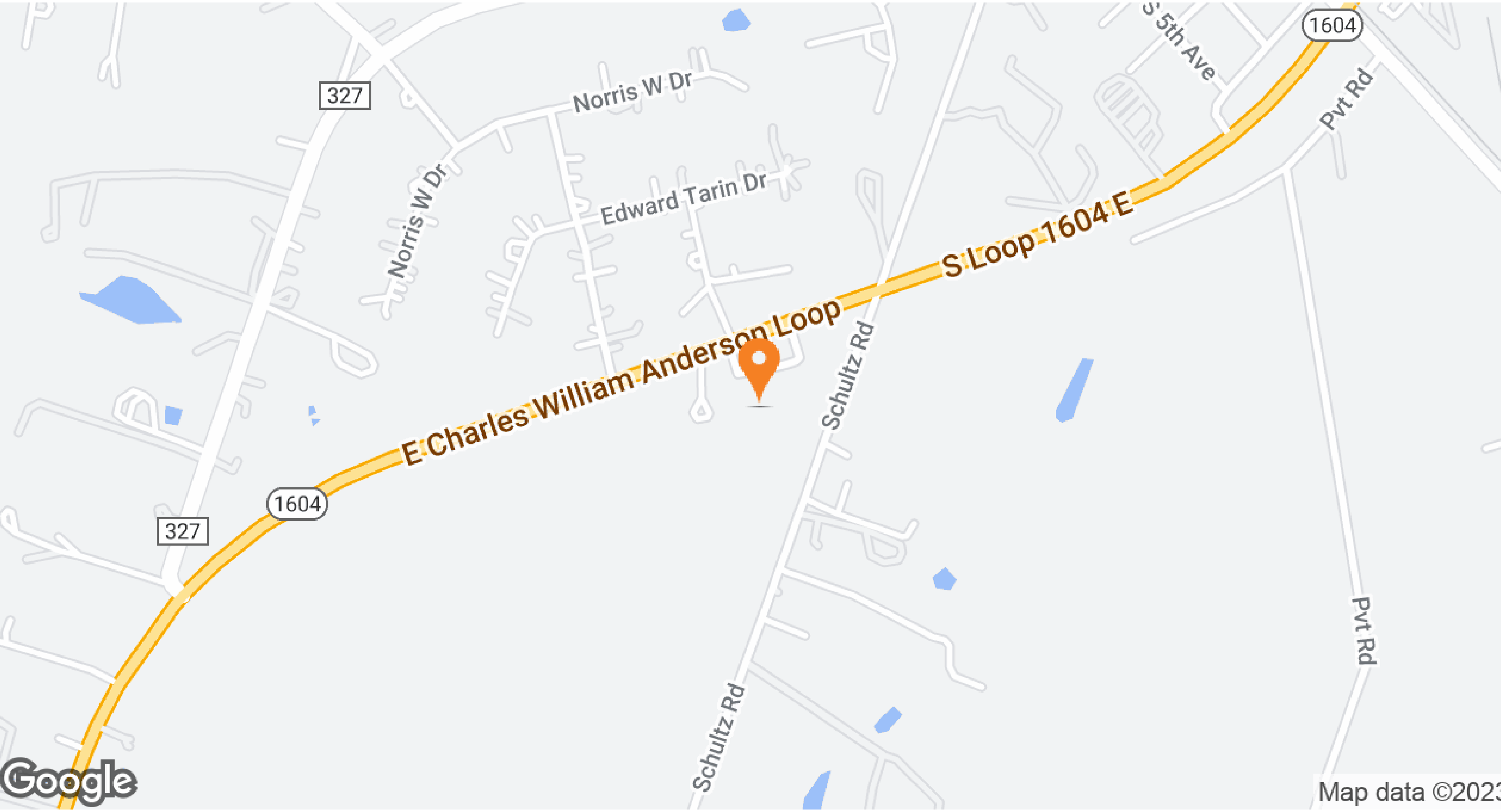
Foundation	Concrete Slab
Exterior	Brick
Exterior Decks	Covered Patio at Rear
Roof	Metal
Floor Plate	8,000
Stairways	3

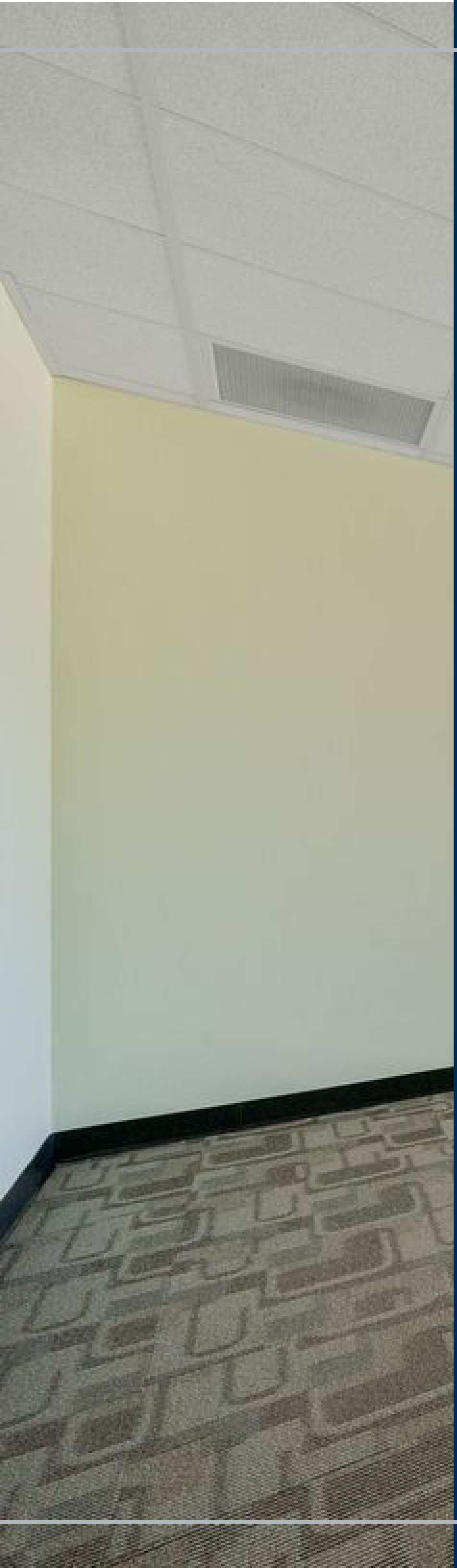
UTILITIES

Electric	CPS
Water	SAWS
Sewer	Septic
Gas	No

REGIONAL MAP // Elmendorf Professional Office




327
Norris W Dr
Norris W Dr
Edward Tarin Dr
S 5th Ave
1604
Pvt Rd
S Loop 1604 E
E Charles William Anderson Loop
Schultz Rd
1604
327
Schultz Rd
Pvt Rd
Google
Map data ©2023



SECTION 3

Market Overview

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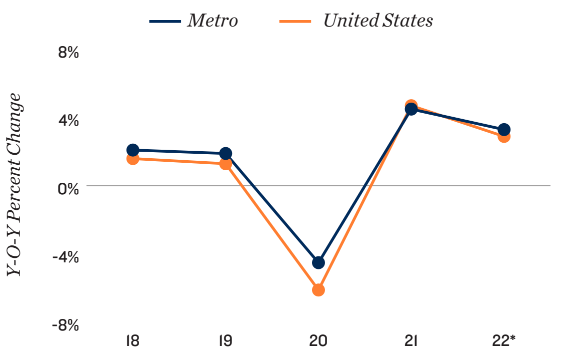
SAN ANTONIO METRO AREA

Vacancy on Track to Undercut Pre-Pandemic Lows; Vendors Broaden Footprints via Outer Suburbs

Retail space demand bounces back emphatically. After pandemic headwinds pushed retail availability to a peak of 5.6 percent at the midpoint of last year, the market has gone on to post four consecutive quarters of very strong demand. From July 2021 through June 2022, net absorption totaled nearly 2.8 million square feet, compared to a supply addition of less than half that amount over the same period. This was also the strongest four-quarter stretch for net absorption since 2015-2016. As a result, the metrowide vacancy rate has already dropped under the 2019 average by midyear, and has the momentum to notch a decade-plus low by the end of 2022. The surge in leasing is coming from a diverse collection of industries. Some local businesses are opening new locations in fast-growing areas of the metro, while many national and regional retailers are eager to enter the market, enticed by the expanding consumer base.

Pockets of suburban expansion encourage new shopping choices. Household creation along the Interstate 35 Corridor in suburbs like Schertz, Seguin and New Braunfels has accelerated since the onset of the pandemic. This trend is exemplified by several major single-family housing developments in these areas, and multifamily vacancy rates that have plummeted to some of the lowest levels in the market. As most people tend to shop close to where they live, this is driving demand for local retail. Since the beginning of this year, about 50 new leases have been signed across Comal and Guadalupe counties, with many inked by fast food or fast casual restaurants.

Employment Trends



** Forecast*

Sources: BLS; CoStar Group, Inc.

Retail 2022 Outlook

36,000
JOBS
will be created

EMPLOYMENT:

Through August 2022, San Antonio's retail trade sector headcount had surpassed the February 2020 mark by about 4,400 workers. The entire employment tally will exceed the same pre-pandemic measure by almost 33,000 roles at year-end.

1,050,000
SQ. FT.
will be completed

CONSTRUCTION:

The 2022 delivery slate closely mirrors the trailing five-year average, as metro inventory expands by less than 1 percent for a second straight year. About three-fourths of the completions projected for 2022 finalized in the first half.

60
BASIS POINT
decrease in vacancy

VACANCY:

Following last year's 90-basis-point tightening, vacancy is expected to remain on a downward trajectory. At the close of 2022, the rate reaches 4.0 percent, which is 10 basis points under the year-end low of the past 10 years.

4.1%
INCREASE
in asking rent

RENT:

San Antonio records its fastest annual rent growth since the onset of the pandemic, buoyed by a sharp drop in vacant retail space. The average asking rent rises to $17.85 per square foot, as availability plunges to the lowest year-end rate on record.

2Q 2022 - 12-Month Period

CONSTRUCTION

1,233,000 sq. ft. completed

- Less than 100,000 square feet of multi-tenant space finalized during the past four quarters ended in June, the smallest 12-month delivery of such stock in over 10 years. This should help existing owners attract tenants.
- Single-tenant construction was strong in Guadalupe County. Household formation in suburbs like Seguin is boosting demand for shopping options.

VACANCY

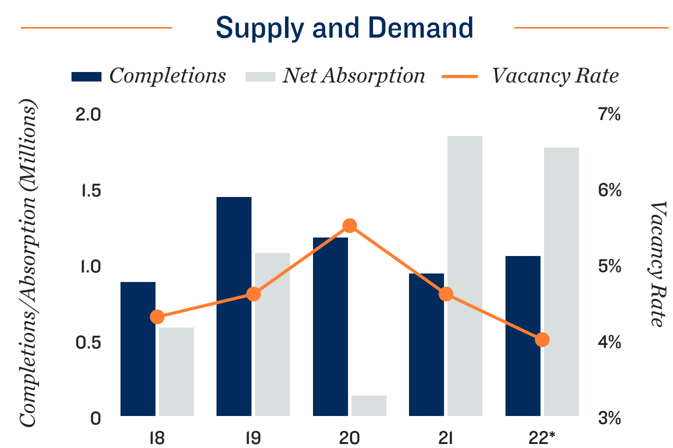
140 basis point decrease in vacancy Y-O-Y

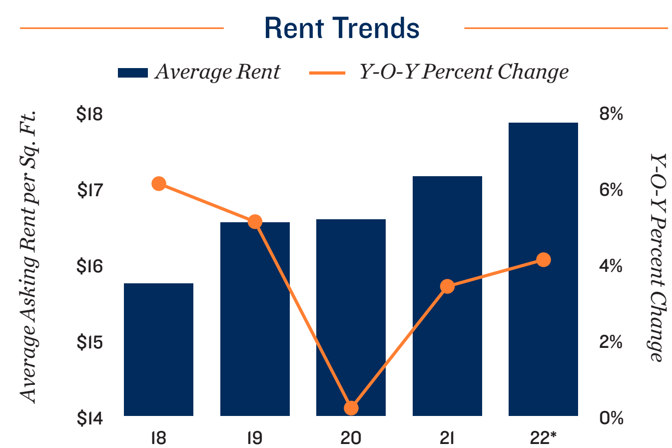
- Both the multi- and single-tenant segments logged vacancy contractions of at least 120 basis points. Multi-tenant registered the larger decline in availability at 180 basis points, with new supply very mild in the sector.
- Across the entire retail spectrum, Comal County boasts the lowest vacancy rate among submarkets with at least 2 million square feet of inventory.

RENT

4.5% increase in the average asking rent Y-O-Y

- Marketwide gains were piloted by a 5.3 percent lift in the average single-tenant asking rent annually through midyear. Growth in this sector surpassed 4.0 percent year-over-year in 10 of the metro's 12 sub-markets.
- Vacant multi-tenant stock fell by almost one-fifth in North Central San Antonio, which facilitated one of the fastest sector rent gains in the metro.





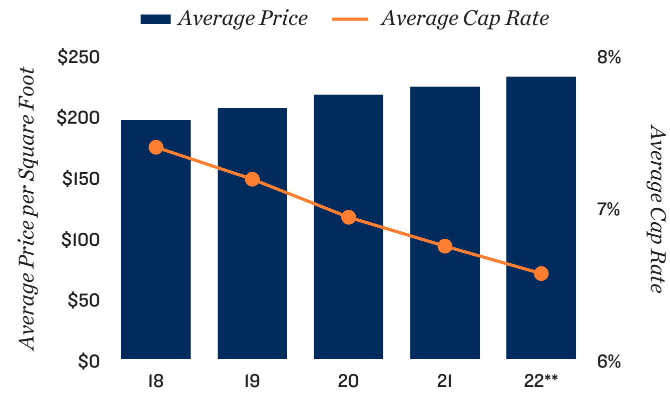
*Forecast **Through 2Q

Sources: CoStar Group, Inc.; Real Capital Analytics

Investment Highlights

- Single-tenant retail trading improved by approximately 20 percent during the yearlong period ended at midyear relative to the prior 12 months. Auto parts, fast food and restaurants had the most notable upticks in deal flow, with these types of properties transacting frequently in Northwest, Northeast and South San Antonio. Cap rates for these asset types in the aforementioned locations vary according to tenant, vintage and lease term specifics, but typically range between 4 percent and 6 percent.
- More activity in the single-tenant transaction market helped lift the average sale price by 11 percent to $585 per square foot. This was a faster gain than in any calendar year across the past two decades. It was also more than three times the magnitude of any other major Texas metro. As such, San Antonio's average single-tenant cap rate is no longer the highest of the bunch, falling to 5.5 percent, 10 basis points below Houston.
- Multi-tenant trading also strengthened, as declining vacancy amid a shrinking construction pipeline helped revive investor confidence. Metrowide, the average multi-tenant sale price grew 6 percent during the 12-month stretch ended at midyear, reaching $310 per square foot. The average cap rate held relatively stable in the mid-6 percent band.

Sales Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

DEMOGRAPHICS // Elmendorf Professional Office

POPULATION	1 Mile	3 Miles	5 Miles
2027 Projection			
Total Population	1,400	4,453	11,401
2022 Estimate			
Total Population	1,392	4,428	11,178
2010 Census			
Total Population	1,261	4,030	9,961
2000 Census			
Total Population	1,093	3,633	8,749
Daytime Population			
2022 Estimate	758	3,013	8,001
HOUSEHOLDS	**1 Mile**	**3 Miles**	**5 Miles**
2027 Projection			
Total Households	457	1,507	3,936
2022 Estimate			
Total Households	450	1,484	3,828
Average (Mean) Household Size	3.0	3.0	3.0
2010 Census			
Total Households	407	1,345	3,392
2000 Census			
Total Households	334	1,175	2,884
HOUSEHOLDS BY INCOME	**1 Mile**	**3 Miles**	**5 Miles**
2022 Estimate			
$200,000 or More	1.4%	2.4%	3.7%
$150,000-$199,999	1.1%	1.4%	3.7%
$100,000-$149,999	22.7%	18.4%	18.0%
$75,000-$99,999	8.8%	8.5%	11.2%
$50,000-$74,999	20.7%	19.9%	19.7%
$35,000-$49,999	13.4%	14.3%	13.4%
$25,000-$34,999	7.5%	10.0%	9.6%
$15,000-$24,999	12.1%	11.4%	9.0%
Under $15,000	12.3%	13.8%	11.7%
Average Household Income	$69,081	$66,695	$75,906
Median Household Income	$54,756	$50,676	$57,354
Per Capita Income	$22,320	$22,360	$26,044

POPULATION PROFILE	1 Mile	3 Miles	5 Miles
Population By Age			
2022 Estimate Total Population	1,392	4,428	11,178
Under 20	26.3%	26.3%	26.9%
20 to 34 Years	18.9%	18.7%	19.0%
35 to 49 Years	18.6%	18.4%	18.9%
50 to 59 Years	15.7%	14.9%	13.7%
60 to 64 Years	6.5%	6.4%	6.2%
65 to 69 Years	5.2%	5.4%	5.4%
70 to 74 Years	4.2%	4.7%	4.6%
Age 75+	4.6%	5.3%	5.3%
Median Age	39.3	39.4	38.4
Population by Gender			
2022 Estimate Total Population	1,392	4,428	11,178
Male Population	52.2%	51.6%	51.4%
Female Population	47.8%	48.4%	48.6%
Travel Time to Work			
Average Travel Time to Work in Minutes	34.0	35.0	35.0

POPULATION

In 2022, the population in your selected geography is 11,178. The population has changed by 27.8 percent since 2000. It is estimated that the population in your area will be 11,401 five years from now, which represents a change of 2.0 percent from the current year. The current population is 51.4 percent male and 48.6 percent female. The median age of the population in your area is 38.4, compared with the U.S. average, which is 38.6. The population density in your area is 142 people per square mile.

EMPLOYMENT

In 2022, 5,707 people in your selected area were employed. The 2000 Census revealed that 51.6 percent of employees are in white-collar occupations in this geography, and 48.4 percent are in blue-collar occupations. In 2022, unemployment in this area was 5.0 percent. In 2000, the average time traveled to work was 31.7 minutes.

HOUSEHOLDS

There are currently 3,828 households in your selected geography. The number of households has changed by 32.7 percent since 2000. It is estimated that the number of households in your area will be 3,936 five years from now, which represents a change of 2.8 percent from the current year. The average household size in your area is 3.0 people.

HOUSING

The median housing value in your area was $186,580 in 2022, compared with the U.S. median of $250,735. In 2000, there were 2,462 owner-occupied housing units and 422 renter-occupied housing units in your area. The median rent at the time was $352.

INCOME

In 2022, the median household income for your selected geography is $57,354, compared with the U.S. average, which is currently $66,422.The median household income for your area has changed by 54.9 percent since 2000. It is estimated that the median household income in your area will be $66,840 five years from now, which represents a change of 16.5 percent from the current year.

The current year per capita income in your area is $26,044, compared with the U.S. average, which is $37,200. The current year's average household income in your area is $75,906, compared with the U.S. average, which is $96,357.

EDUCATION

The selected area in 2022 had a lower level of educational attainment when compared with the U.S averages. Only 3.5 percent of the selected area's residents had earned a graduate degree compared with the national average of 12.3 percent, and 9.1 percent completed a bachelor's degree, compared with the national average of 19.7 percent.

The number of area residents with an associate degree was lower than the nation's at 7.1 percent vs. 8.4 percent, respectively.

The area had more high-school graduates, 35.1 percent vs. 27.1 percent for the nation. The percentage of residents who completed some college is also higher than the average for the nation, at 22.8 percent in the selected area compared with the 20.4 percent in the U.S.

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INFORMATION ABOUT BROKERAGE SERVICES

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

11-2-2015

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- Answer the client's questions and present any offer to or counter-offer from the client; and
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- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
  - that the owner will accept a price less than the written asking price;
  - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
  - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:
- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

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Designated Broker of Firm	License No.	Email	Phone
Bruce Bentley	**622963**	**bruce.bentley@marcusmillichap.com**	**512-338-7800**
Licensed Supervisor of Sales Agent/Associate	License No.	Email	Phone
James Stewart	0531005	james.stewart@marcusmillichap.com	210-343-7821
Sales Agent/Associate's Name	License No.	Email	Phone

Buyer/Tenant/Seller/Landlord Initials ____________ ____________ **Date** ____________