

NEW CASTLE CORPORATE COMMONS



12 READS WAY | NEW CASTLE, DE

Offering Memorandum



CONFIDENTIALITY DISCLOSURE-DISCLAIMER

Acceptance hereof is acknowledgment that this is a Confidential Offering Memorandum prepared solely for the use of prospective investors in determining their intention with respect to the acquisition of the above-referenced Property.

This memorandum was prepared by Colliers (“Colliers”) and contains selected information pertaining to the Property, and does not purport to be all-inclusive or to contain all of the information (“Offering Material”) which prospective investors may desire. Additional information and an opportunity to inspect the Property will be made available upon request. Neither the owner (or owners) of the Property (“Owner”), or Colliers, nor any of their respective directors, officers, employees, independent contractors, shareholders or affiliates have made any representation or warranty, expressed or implied, as to the accuracy or completeness of this memorandum or any of its contents, and no legal commitment or obligation shall arise by reason of the presentation or its contents. Colliers has been retained by Owner as their Exclusive Agent and will, as such, act in a fiduciary manner on behalf of the Owner.

The potential purchaser (“Recipient”) acknowledges and agrees that it is not represented by a broker in connection with the possible purchase of the Property. Recipient shall be liable for any commission or other compensation due to any broker representing Recipient.

This Offering Material has been prepared for limited distribution on a confidential basis. To respect this desire for confidentiality, the Recipient agrees that by receipt hereof, this memorandum

and its contents are of a confidential nature, that the Recipient will hold and treat it in the strictest confidence, and that the Recipient will not disclose this memorandum or any of its contents to any other entity without the prior written authorization of the Owner or Colliers, nor will the Recipient use the memorandum or any of its contents in any fashion or manner detrimental to the interest of the Owner, Colliers, or their affiliates.

All Offering Material furnished to the Recipient will be used solely for the purpose of evaluating a possible purchase of the Property. Therefore, the Recipient agrees to keep all Offering Material strictly confidential, provided, however, that any of such Offering Material may be disclosed to directors, officers, employees and representatives of the Recipient who require knowledge of such information for the sole purpose of evaluating a possible purchase of the Property (it being understood that such directors, officers, employees and representatives of the Recipient shall be informed of the confidential nature of such Offering Material and shall be directed to treat same as strictly confidential).

Colliers reserves the right to request the return of this memorandum and the Offering Material at any time. Should there be no further interest in purchase of the Property upon review of this memorandum, its return to Colliers is requested.

The information contained herein is from sources we deem reliable, and has not been independently verified by us. We do not warrant that the information is true and correct and recipient should independently verify same. Price and other terms are subject to change without notice.

TABLE OF CONTENTS

SECTION 1 >> EXECUTIVE SUMMARY

Investment Highlights.....	4
Offering Guidelines.....	10
Debt & Equity Team.....	11

SECTION 2 >> THE PROPERTY

Area Amenities.....	14
Site Plan.....	15
Floor Plans.....	16
Physical Description.....	20
OpEx & Historical CapEx.....	25

SECTION 3 >> AREA OVERVIEW

Wilmington Area.....	26
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SECTION 4 >> MARKET OVERVIEW

Wilmington Office Market.....	32
South New Castle Office Market.....	37
Recent Sales Transactions.....	38

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SECTION 1

EXECUTIVE SUMMARY

The Colliers | Chicago Office Capital Markets Team in conjunction with LMT Commercial Realty is pleased to present this investment opportunity for 12 Reads Way located in New Castle, Delaware (the "Property"). Built in 1987, the Property is a three-story office building totaling 106,878 rentable square feet on 6.4 +/- acres with flexible BP (Business Park) zoning. It offers garage parking with 874 spaces or an above market 8.2/1000 parking ratio plus 14 motorcycle spots. Access and parking easements are in place with the adjoining parcels at 2 Reads Way and 92 Reads Way. Previously occupied by Discover Financial Services, the first floor has a mix of private offices and open space. The second floor contains a cafeteria, plus open space, and the third floor is primarily open as well. The Property benefits from its proximity to major metropolitan areas like Philadelphia and Wilmington, which is a driver for businesses looking for office space.





INVESTMENT HIGHLIGHTS



LARGEST BUILDING AVAILABLE IN THE HIGHLY COVETED DESTINATION FOR BUSINESS – CORPORATE COMMONS CORPORATE PARK



OPPORTUNITY FOR RE-TENANTING OR RE-POSITIONING A HIGH-QUALITY BUILDING WITH A RARE 8.2/1000 PARKING RATIO



TRANSIT-ORIENTED LOCATION NEXT TO INTERSTATE-95, WILMINGTON AIRPORT AND DART PUBLIC TRANSIT SYSTEM

KEY PROPERTY STATISTICS

Square Footage (NRA)	106,878 SF
Floor Plate (SF)	35,600 +/- SF
Stories	Three
Occupancy	Vacant
Garage Parking	874 spaces (garage and surface)

LARGEST BUILDING AVAILABLE IN THE HIGHLY COVETED DESTINATION FOR BUSINESS - CORPORATE COMMONS CORPORATE PARK

New Castle County includes Wilmington and encompasses nearly 60% of the state's population. Key industries in Delaware, including financial services, manufacturing and more make New Castle County Delaware's busiest corporate cluster, where significant employers like Christiana Care, J.P. Morgan Chase, University of Delaware, DuPont and AstraZeneca choose to operate. With three local universities, including the University of Delaware, employers benefit from an educated work force. The Property is located in One of Delaware's premier office parks, New Castle Corporate Commons, home to corporate headquarters, learning institutions and government agencies. Of the eight buildings listed in Costar, the average vacancy in the Park is 3.4%, excluding 12 Reads Way. The fourteen buildings in the park range from 8,000 to 106,838 square feet, with 12 Reads Way being the largest building.



MAJOR EMPLOYERS





Sample Conference Room

OPPORTUNITY FOR RE-TENANTING OR RE-POSITIONING A HIGH-QUALITY BUILDING WITH A RARE 8.2/1000 PARKING RATIO

As the largest office building in the Corporate Commons Business Park, this well-maintained building offers 106,878 square feet of versatile space, complete with above-market parking and quality construction with multiple updates to the building systems and interior. What sets this property apart is its adaptability—it's equally suited for an owner/user seeking a flagship headquarters or an investor exploring the potential for multi-tenant conversion. Additionally, the EPDM roof warranty, valid through November 2026, provides added peace of mind for maintenance considerations. The Property is also a prime candidate for redevelopment given its flexible Business Park (BP) zoning, which allows for a mix of office, medical, research and development, industrial, and commercial uses within the same area. This flexibility enables a diverse range of businesses to coexist and thrive, fostering economic growth and innovation.



Sample Fitness Center

TRANSIT-ORIENTED LOCATION NEXT TO INTERSTATE-95, WILMINGTON AIRPORT AND DART PUBLIC TRANSIT SYSTEM

The Property also benefits from an outstanding location that has immediate access to a full interchange at I-95 and Route 202 via Airport Road. Interstate 95 (I-95) is a major highway in the United States that runs along the East Coast, connecting several states from Florida to Maine. Numerous hotels, dining, fitness, and daycare options are located nearby, as well as other upscale amenities that help drive tenant demand. The New Castle area offers a low unemployment rates, above average median incomes, and low housing vacancies. The park is across from the Wilmington Airport, a commuter hub, with three major runways.

The Property will benefit from Commons Boulevard Pathway which is a multi-phased project that will link the Jack A. Markell (JAM) Trail at the I-295 Tunnel to New Castle Corporate Commons, a major employment hub, located along Commons Boulevard. This pathway connection will also serve to strengthen the overall pathway system between the Cities of Wilmington and New Castle, as well as to points westward, including the Christiana Mall, Christiana Hospital complex and the Churchmans Crossing area.



TRANSIT MAP



A proposed 3-mile shared-use pathway connecting from the Markell Trail at the existing I-295 pathway tunnel to the intersection of SR 141 and Commons Boulevard/Airport Road to the existing pathway at Churchmans Road.

 **PROPOSED PATHWAY**

BROKER CONTACTS

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OFFERING GUIDELINES

CLOSING COSTS

County and State transfer taxes, standard title insurance policy and half of any escrow fees are responsibility of Seller. Municipal transfer taxes, survey, requested endorsements to the title policy and half of any escrow fees are responsibility of Buyer.

REAL ESTATE TAXES

Taxes shall be prorated as customary.

TOURS

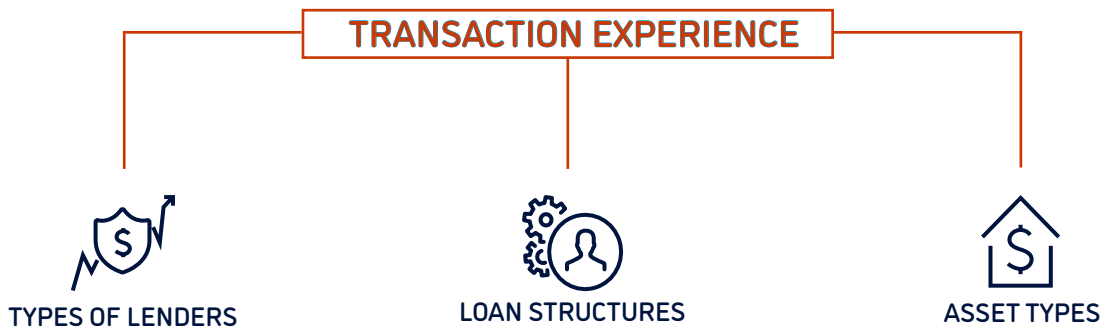
Property inspections are by appointment and should be scheduled through the Colliers | Chicago Office Capital Markets Team or LMT Commercial Realty.

PURCHASE

Subject to Offer

DEBT AND EQUITY ADVISORY

COLLIERS DEBT & EQUITY



TRANSACTION DETAILS

LOAN RANGE

\$2.0 Million - **\$250** Million

TOTAL LOAN PRODUCTION

\$2.0 Billion

LARGEST INDIVIDUAL LOAN AMOUNT

\$250 Million



NATHAN LYNCH
Executive Managing Director



DONALD JENNEW EIN
Executive Managing Director

Nathan Lynch and Donald Jennewein joined Colliers International-Tampa Bay in January 2017. Prior to that, they spent over 15 years at CBRE. Their team has a proven track record of success in the commercial real estate industry in all aspects of real estate finance. They have funded nearly every type of deal structure including construction, bridge, and permanent with banks, life insurance companies, debt funds, and agencies. The team has worked on retail, office, multifamily, industrial, flex, student housing, hospitality, health care, and specialty assets across the United States and the UK. Colliers Debt and Equity offers borrowers insight into the current debt markets, and best debt strategies for any given asset type, or deal structure.

The team also manages a servicing portfolio of over \$1B in real estate loans that were originated by the team. The servicing platform allows the team to offer comprehensive service during the loan cycle for their clients.

SECTION 2

THE PROPERTY





AREA AMENITIES



H
ChristianaCare
Christiana Hospital

THE HOME DEPOT **PET SMART**
TJ-MAXX
ROSS DRESS FOR LESS **MILLER'S** ALE-HOUSE
FIRST WATCH **RED LOBSTER**
Olive Garden **SUFFALO WILD WINGS** **GOLF GALAXY**
verizon **Party City**

Christiana Mall

Target **macy's**
NORDSTROM **JCPenney**
H.M **Apple** **Cheesecake Factory**
POTTERY BARN **Starbucks**
DICK'S SPORTING GOODS **Cabela's** **petco**
COSTCO WHOLESALE **CINEMARK** CENTURY THEATRES **CineXtra** **IMAX**

NEW CASTLE
CORPORATE
COMMONS

BURGER KING **POPEYES** **Checkers**

Wilmington Airport

TRADER JOE'S **MAIN EVENT**
ULTA **NORDSTROM** **rack** **Starbucks** **Pepperoni's**
REI **THE EDGE** **crumbl** **cookies**
BEST BUY **DSW** **Marshalls**
SHAKE SHACK **HomeGoods**

Chick-fil-A **McDonald's** **Starbucks**

Burlington **OLD NAVY**
planet fitness **HARBOR FREIGHT** QUALITY TOOLS. LOWEST PRICES.
Walgreens **FIVE BELOW**
HOBBY LOBBY **ALDI**
Bob Evans **Red Robin**

BJ's **ROSS** DRESS FOR LESS **West Marine**
Advance Auto Parts **TACO BELL** **KFC**
THE HOME DEPOT **verizon** **T Mobile**
FRIDAYS **Krispy Kreme** **Wendy's** **Arby's**

Walmart

DUNKIN'

SITE PLAN

Two-Story Parking Deck
874 Spaces Total

READS WAY

READS WAY

SKEET RD

SKEET RD

NIC

12 Reads Way
106,878 SF

NIC

COMMONS BLVD



Site plan is approximate.

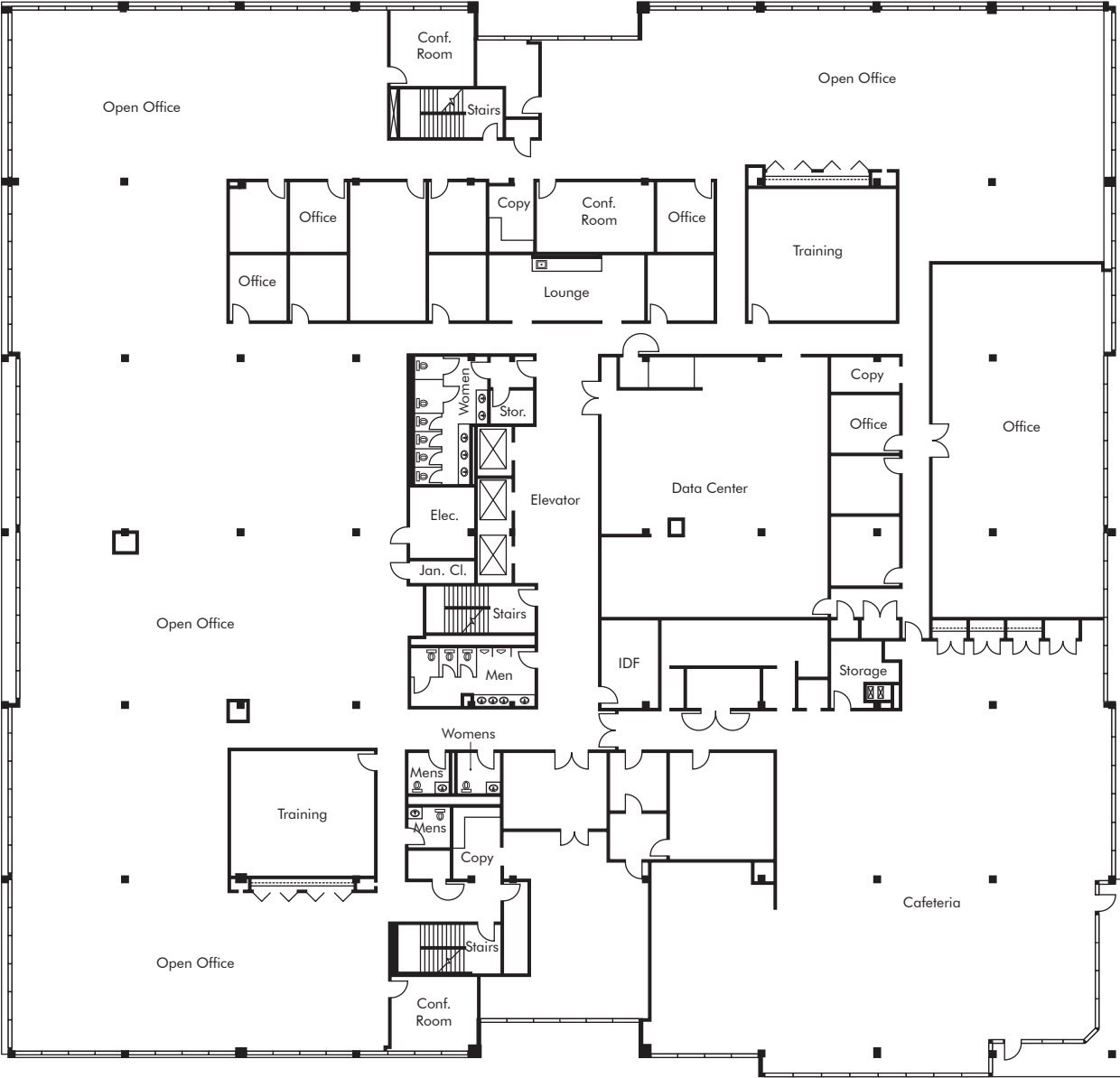
FLOOR PLANS

FIRST FLOOR



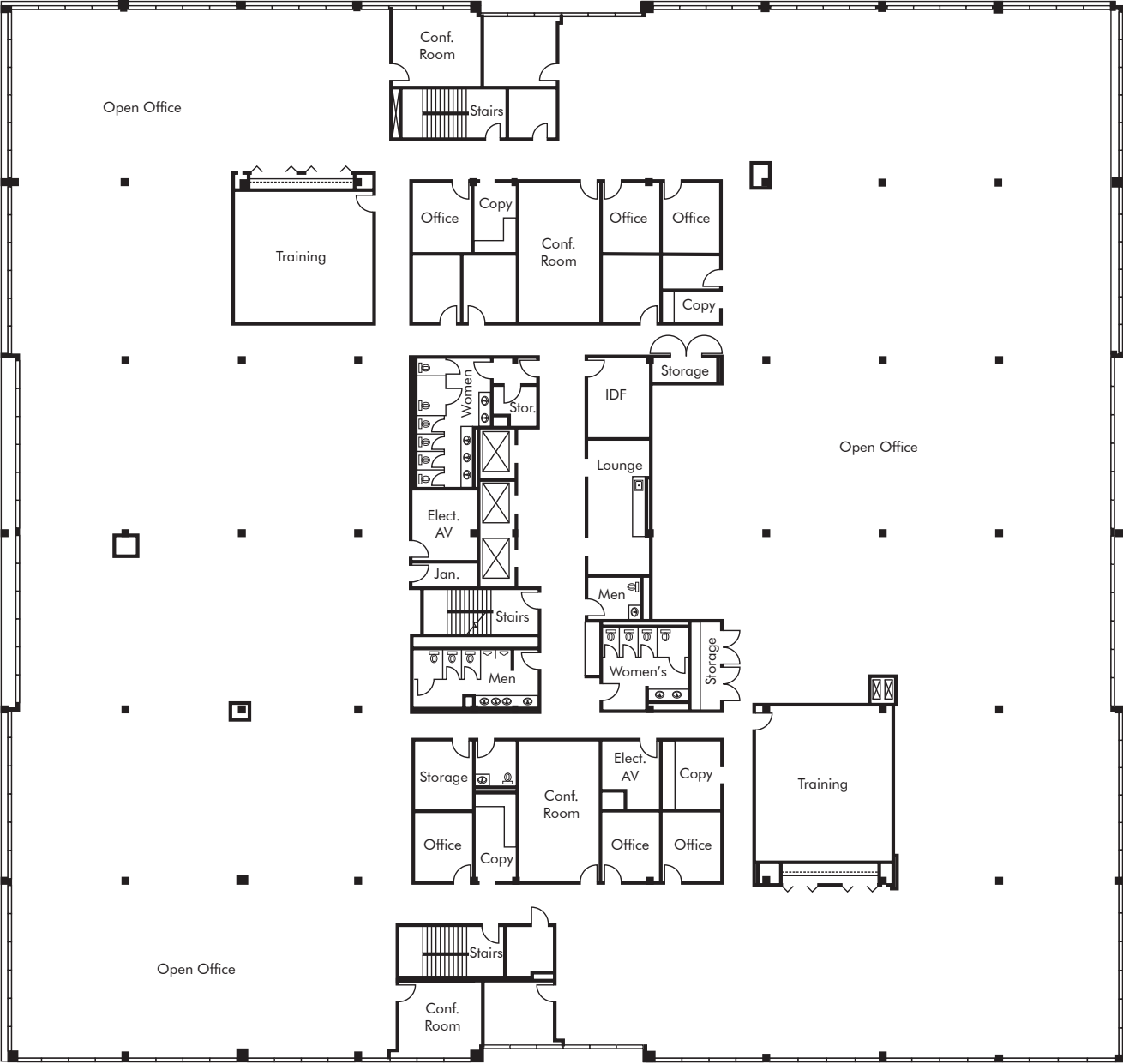
FLOOR PLANS

SECOND FLOOR



FLOOR PLANS

THIRD FLOOR





PHYSICAL DESCRIPTION

DESCRIPTION

12 Reads Way, a three-story 106,878-SF office property in New Castle, DE, was built in 1987 and sits on a +/-6.39-acre site. Its strategic position in a bustling business park makes it ideal for seamless office operations.

LOCATION

The Property is in one of Delaware's premier office parks, with fourteen buildings. The heart of New Castle, Delaware, is just southeast of the property and a 10-minute drive away. This area, steeped in history and overlooking the Delaware River, is one of America's most important Colonial/Federal villages, adding a unique charm to the property's location.

Wilmington, Delaware, lies to the northeast of the property and is just a 10-minute drive from it. Wilmington is a city of approximately 70,000 people and offers a variety of amenities and attractions for residents and tourists. Wilmington is home to several museums and cultural institutions, including the Delaware Art Museum, the Delaware Museum of Natural History, and the Delaware Children's Museum. In addition to museums and cultural institutions, Wilmington offers a thriving arts and entertainment scene with theaters, galleries, music venues, and performing arts organizations. Residents can enjoy live performances, art exhibits, film screenings, and other cultural events throughout the year. The city boasts numerous parks and green spaces where residents can enjoy outdoor activities such as hiking, biking, picnicking, and birdwatching.

Popular parks include Brandywine Park, Rockford Park, and Alapocas Run State Park. Wilmington's Riverfront area has recently been revitalized, featuring restaurants, shops, entertainment venues, and scenic walking paths along the Christina River. Residents and visitors can enjoy waterfront dining, catch a show at the Riverfront Theater, or attend events and festivals held in the area. Wilmington offers a vibrant culinary scene with diverse dining options ranging from casual eateries to fine dining establishments.

Wilmington's central location within the Mid-Atlantic region makes it convenient for residents to access major metropolitan areas such as

Philadelphia, Baltimore, and Washington D.C. An extensive transportation network, including major highways, Amtrak rail service, and public transit options, also serves the city. Wilmington is home to several educational institutions, including the University of Delaware's Wilmington campus and Delaware Technical Community College, providing residents with opportunities for lifelong learning and professional development. The city also has reputable healthcare facilities, including hospitals and medical centers, ensuring access to quality healthcare services. Overall, Wilmington's blend of cultural attractions, outdoor recreation opportunities, dining options, convenient location, and amenities make it an attractive place for residents and visitors seeking a dynamic urban lifestyle with access to diverse experiences and resources.



PHYSICAL DESCRIPTION (CONT.)

TAX PARCEL IDENTIFICATION NUMBER

10-013.00-028

ZONING

B.P. (Business Park). Business Park zoning allows for the development of commercial and industrial properties. These include office buildings, warehouses, manufacturing facilities, research and development centers, and other commercial or industrial structures. In some cases, business park zoning may permit mixed-use development, allowing for a combination of office, retail, and light industrial uses within the same area.

PARKING

The property has a two-level parking garage north of the site, including one floor of covered parking (438 spaces, including 24 handicapped spaces) and surface parking on the rooftop (436 spaces), totaling 874 spaces (8.2/1,000 SF). There are 14 motorcycle parking spots not included in the total parking count. The upper level of the parking garage is constructed with steel framing, with steel columns and beams supporting concrete decking, over a lower level that consists of asphalt pavement at grade. The upper and lower levels of the garage are accessed via dedicated entrance and exit drives. The upper garage level has a concrete deck with an elastomeric traffic-bearing membrane and brick-clad CMU wall panels along the open sides. Portions of the northeast corner of the concrete soffit have carbon fiber strips. Lighting is provided by pole-mounted light fixtures at the upper level and soffit-mounted fixtures at the lower level. Metal-framed stairs provide pedestrian access from the upper to the lower level with metal treads, open risers, and guardrails. A dock-high loading platform at the rear of the building has a brick base with a concrete platform. The loading platform has a single berth with dock bumpers and a leveler. In 2012, approximately \$200,000 was spent on enhancing the parking deck infrastructure and lighting improvements. In 2020, \$102,000 was spent on other parking lot upgrades.

An easement was created on June 10, 1986, for ingress, egress, regress, and parking purposes over and across Parcel 4 (located on the east side of Read's Way and west of the parking garage). An additional easement was created on

October 24, 1985, for ingress, egress, and parking purposes over and across Parcel 1 (on the west side of Read's Way and east of the parking garage). These parking easements ensure the uninterrupted right to park in any of the aforementioned Parcels, and this right extends to all "future owners" of the Property.

BUILDING CONSTRUCTION

Building framing consists primarily of steel framing with steel columns, beams, and open web steel joists supporting upper floor decks constructed with corrugated metal decking and a lightweight concrete topping. Typical floor construction consists of a 3" slab and steel decking. There are aluminum and glass curtain wall systems on the building's exterior walls. The curtain walls are non-structural and do not support roof or floor loads. Exterior walls are primarily brick veneer. Typical wall construction consists of 4" face brick with masonry anchors, weeps, fabric flashing, ½" exterior sheathing, R-19 batt insulation, and foil-backed interior gypsum wallboard. Exterior walls are punctuated by ribbon and curtain wall aluminum and glass window systems. Portions of the building entrance flatwork were partially covered by canopy roofing consisting of pitched metal-framed glass panels with brick-clad columns and fascia panels with steel lintels.



PHYSICAL DESCRIPTION (CONT.)

ROOF

The roof framing system comprises metal decking with open-web steel joists. Building roofing consists primarily of a low-sloped, fully adhered EPDM membrane roof assembly. Portions of the building entrance flatwork are partially covered by canopy roofing consisting of pitched metal-framed glass panels with brick-clad columns and fascia panels. Exterior walls extend above the roof plane as parapets. Roof materials cover the inboard sides and tops of the parapets and terminate under metal flashing. Stormwater runoff from the low-sloped roof areas is directed to interior field roof drains and interior leaders that discharge directly into the municipal stormwater system. In 2011, \$142,345 was spent on a roof replacement under warranty until November 2026 and was issued by Firestone Building Products.

FIRE & LIFE SAFETY

The building has automatic wet-and dry-type sprinkler systems utilizing steel piping and heat-sensitive sprinkler heads with fusible and glass bulb links. The system also has Fire Department Siamese connections and OS&Y valves that are properly tamper switch protected. The system includes post-indicator valves, audible flow alarms, and fire department connections located at the exterior of the building. A central fire alarm panel monitors the flow switches by zone. A dry-type pre-action sprinkler system protects the former tenant data centers. The dry system is equipped with steel piping with sprinkler heads, which are activated with a minimum of 18 to 30 pounds, and the system is pressurized at approximately 43 to 50 pounds via an air compressor. The pre-action system has a dedicated Edwards pre-action fire alarm control panel.

In addition, fire suppression systems include FM-200 clean agent-based systems for tenant processes and data centers. Clean agent systems, which utilize FM-200 gas-based systems with ceiling-mounted pendant heads, are located at several tenant data centers. Clean agent tanks and horn and strobe notification systems improve the clean agent systems. The pre-action systems are connected to and monitored by dedicated fire alarm panels (EST3) fire alarm panels, which report to the base building fire alarm control panel.

There are fire extinguishers in corridors, tenant spaces, and mechanical/electrical spaces. Life safety equipment includes hardwired smoke detectors, heat detectors, pull stations, illuminated exit signs, alarm horns/strobes, and portable fire extinguishers throughout the building. Emergency lighting is typically provided by battery-backup circuits in some light fixtures, with some areas being illuminated by wall- and ceiling-mounted battery-operated fixtures. Tenant areas typically have illuminated exit signs and emergency lighting circuits in the light fixtures with hardwired smoke detectors in the observed spaces. The smoke detectors, pull stations, and a central fire alarm control panel monitor flow switches in the sprinkler systems. The base building is equipped with a Notifier NFW2-100 fire alarm panel. The system (fire panel and devices) is fully addressable and is monitored by an outside contractor. Pre-action and FM-200 clean agent systems with dedicated sub-panels report to the base building fire alarm control panel. Emergency lighting is typically provided by wall- and ceiling-mounted battery-operated fixtures. Illuminated exit signs indicate emergency means of egress locations.

The subject property has an Ascent Compass Alerton energy management system (EMS). The system's front end is accessed from the building engineer's office. Heating and cooling are provided by rooftop-mounted package air conditioning units with electric heat and by direct expansion (DX) ductless split system. Rooftop units varied in capacity from 10 to 20 tons, with a nominal cooling capacity. Airside distribution is via a low-pressure ductwork system to ceiling diffusers, with a single thermostat mounted in the tenant space controlling each rooftop unit or split system. Ductwork combines sheet metal with interior insulation and flexible insulated ducts, typically used for short runs. Ductless split system units had interior fan coil units and roof-mounted condensers. Roof-mounted condenser units varied in capacity from 2 to 3 tons, with nominal cooling. A roof-mounted make-up air unit provided additional cooling to the former tenant's cafeteria space with a condenser unit rated at approximately 2 tons, nominal cooling capacity. Restrooms are exhausted with roof-mounted utility exhaust fans.

PHYSICAL DESCRIPTION (CONT.)

HVAC

Heating and cooling for the building are primarily provided by ceiling-mounted water-source heat pumps throughout. The property has a central plant ancillary structure between the building and the garage. A Precision Parts Corporation electric boiler, manufactured in 1986 and rated at 1,940 MBH, is located at the central plant structure and supplies heat to the water-source heat pumps. Heat is removed from the condenser water loop by a pad-mounted cooling tower manufactured by Evapco, located adjacent to the central plant structure. The cooling tower has a nominal cooling capacity of approximately 422 tons. The cooling tower was manufactured in 2016. The central plant has circulation pumps and a Furlong Industrial System, Inc., Shell, and tube heat exchanger.

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LOBBY

The main building entrances consist of double-leaf aluminum and glass storefront doors, forming an entrance vestibule. The main entrances have secured access lobbies with aluminum and revolving glass doors. There is also a security desk in the main lobby. Secondary entrances consist of single—and double-leaf aluminum and glass storefront system doors. Auxiliary and emergency exit doors with panic hardware and deadbolt locks are constructed of insulated metal doors in metal frames.

ELEVATORS & STAIRWELLS

The building has three hydraulic elevators that serve each floor. The elevators were manufactured by US Electrical Motors / Virginia Controls, Inc., each rated at 2,500 pounds capacity and operating at a speed of 100 FPM. Elevator machinery and controllers are in a dedicated first-floor machine room. The elevators were remodeled in 2016. Elevator cabs were finished with vinyl tile floors, metal wall panels, and lighted ceiling panels. Full ADA compliance is provided with Braille, cab arrival, floor-by-pass chimes, and hands-free communication devices.

RESTROOMS

Each floor has restrooms. The first-floor space has two women's and one men's restroom. The second floor has two women's restrooms and three men's restrooms. The third floor has two women's and three men's restrooms.

LIGHTING

The interior lighting combines recessed and surface incandescent, fluorescent, and HID fixtures. Perimeter building-mounted light fixtures and soffit-mounted fixtures at the lower parking garage level provide the exterior site lighting. Fixtures/wall packs are equipped with high-intensity discharge fixtures. Timers and photocells control exterior lighting.



PHYSICAL DESCRIPTION (CONT.)

POWER

Primary electrical service is fed from a pad-mounted transformer adjacent to the central plant and underground conduits connected to main disconnects. Electrical service consists of 277/480-Volt, three-phase, four-wire service, with a 3,000-Amp service. The distribution wiring is copper. Circuit breakers provide overload protection. Step-down transformers provide 120/208-Volt service at outlets. There are ground fault circuit interrupter (GFCI) receptacles in the restrooms. Distribution circuit breaker panels for individual tenant lighting and outlet loads are in the tenant spaces. The distribution wiring is copper installed in rigid or flexible metal conduit (BX or "Greenfield"). The interior lighting combines recessed and surface incandescent, fluorescent, and HID fixtures.

UTILITY PROVIDERS

Service is provided by the following utility companies:

Water: Artesian Water

Electricity: Delmarva Power

Gas: Delmarva

SECURITY

A kiosk in the lobby could be stationed with a security guard for tenant safety.

LANDSCAPING

Landscaped areas consisting of grass-covered lawns, floral plantings, trees, and shrubs are provided along the perimeters of the building.

SIGNAGE

A metal panel-clad monument signage along the municipal roadway at the site's south side is illuminated by landscaped-mounted spotlights. Building identification is provided by storefront-affixed signage. Interior building areas were equipped with illuminated exit signs, local directories with directional arrows, and emergency lighting.

BUILDING AMENITIES

There is a cafeteria, complete with a commercial kitchen, food stations, and a spacious dining area. In addition, there are shared patio areas along the east and west boundaries of the site, consisting of concrete flatwork with metal outdoor furniture.



OPERATING EXPENSES & HISTORICAL CAPITAL EXPENDITURES

OPERATING EXPENSES

	2019	PSF	2020	PSF	2021	PSF	2022	PSF
Real Estate Taxes (3)	\$212,329	\$1.99	\$212,740	\$1.99	\$211,319	\$1.98	\$211,319	\$1.98
Insurance	\$22,765	\$0.21	\$22,765	\$0.21	\$24,991	\$0.23	\$24,331	\$0.23
Utilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$205,751	\$1.93
Repairs and Maintenance	\$38,831	\$0.36	\$23,520	\$0.22	\$49,528	\$0.46	\$79,362	\$0.74
Property Management	\$80,055	\$0.75	\$81,269	\$0.76	\$84,208	\$0.79	\$12,596	\$0.12
Administrative	\$6,905	\$0.06	\$12,004	\$0.11	\$13,449	\$0.13	\$12,043	\$0.11
TOTAL OPERATING EXPENSES	\$360,885	\$3.38	\$352,298	\$3.30	\$383,495	\$3.59	\$545,402	\$5.10

(1) Utilities were previously paid for by the tenant

(2) Management fees were reduced due to vacancy

(3) 2023 Real Estate Taxes are \$204,180.54

HISTORICAL CAPITAL EXPENDITURES

YEAR	CAPITAL IMPROVEMENTS	NOTES
2011	\$142,345	Roof Replacement (under warranty until 11/2026)
2012	\$45,426	Property exterior waterproofing and sealing completed
2012	Approximately \$200,000	Parking deck infrastructure and lighting improvements
2016	Renovation was Tenant's Responsibility, cost estimated at \$1.5-2M	A substantial interior renovation was completed. All interiors, including restrooms and elevator cabs, were remodeled using high-end materials. Lighting was upgraded throughout the building.
2017	All HVAC was Tenant Responsibility, cost unknown	The 400-ton cooling tower replaced
2018	\$119,000	Sidewalk Repairs and Storage Unit replacement
2020	\$102,000	Parking lot upgrades
2022	Approximately \$96,000	Plumbing, electrical, and other miscellaneous upgrades
TOTAL (APX.)	\$2.2-2.7M	

SECTION 3

WILMINGTON AREA OVERVIEW

Just a 10-minute drive northeast from the Property lies the heart of Wilmington, Delaware. This bustling city has a population of approximately 70,000 and offers an array of amenities and diversions for both residents and visitors alike. The city has a vibrant arts and entertainment scene where the city shines, with its theaters, galleries, and music venues. Wilmington has wide range of dining options. From laid-back eateries to upscale dining establishments, the city's restaurant scene is a testament to its culinary diversity. Wilmington boasts an impressive business environment thanks to its strategic location, strong infrastructure, and supportive ecosystem. Being situated within the Mid-Atlantic region, Wilmington benefits from its proximity to major metropolitan areas. Its central location makes it a prime hub for commerce and industry, facilitating access to key markets and opportunities. Wilmington has a strong prominence in the financial and legal sectors. The city is home to numerous banks, financial institutions, and law firms, including the headquarters of several Fortune 500 companies. Delaware's business-friendly laws and favorable tax environment attract businesses from around the world to establish their corporate headquarters in the state.





DEMOGRAPHICS & RANKINGS



CITY OF WILMINGTON POPULATION

71,758



MEDIAN HOUSEHOLD INCOME

\$49,968



WILMINGTON MEDIAN AGE

37.0



WILMINGTON BUSINESSES PROFESSIONAL, SCIENCE & TECH SERVICES

14.3%

TRANSPORTATION & INFRASTRUCTURE

Wilmington boasts a well-developed transportation system that provides numerous benefits for both residents and visitors. The city is situated near Interstate 95, a major East Coast highway that connects cities such as Wilmington, Newark, and Christiana and offers convenient commuting and connectivity to other cities like Philadelphia, Baltimore, and Washington D.C. Additionally, Delaware Route 202, a state highway that runs north-south through the state, connects various towns and cities, including Wilmington and the surrounding suburban areas.

The Wilmington Train Station is a crucial stop on Amtrak's Northeast Corridor, providing efficient rail services to popular destinations such as New York City and Washington D.C. Furthermore, the DART First State public transportation system offers comprehensive bus routes covering the city and surrounding areas, promoting local mobility. Wilmington's transportation system provides road and rail options and access to multiple nearby airports, expanding its connectivity. Philadelphia International Airport, a major hub, is a 45-minute drive away, and offers a wide range of domestic and international flights suitable for both business travelers and tourists. New Castle Airport, located closer to Wilmington, provides general aviation services and commercial flights, making it a convenient option for private and corporate aviation. The availability of these airports adds a significant layer of accessibility, making travel easier and boosting the local economy by attracting businesses and tourists.



WILMINGTON IS A LEADER IN...



HEALTHCARE EMPLOYMENT

8,333 workers in more than 464 companies



TRANSPORTATION ACCESSIBILITY

As of early 2024, Wilmington Airport handled nearly 300,000 passengers and received federal funding to upgrade its terminal.



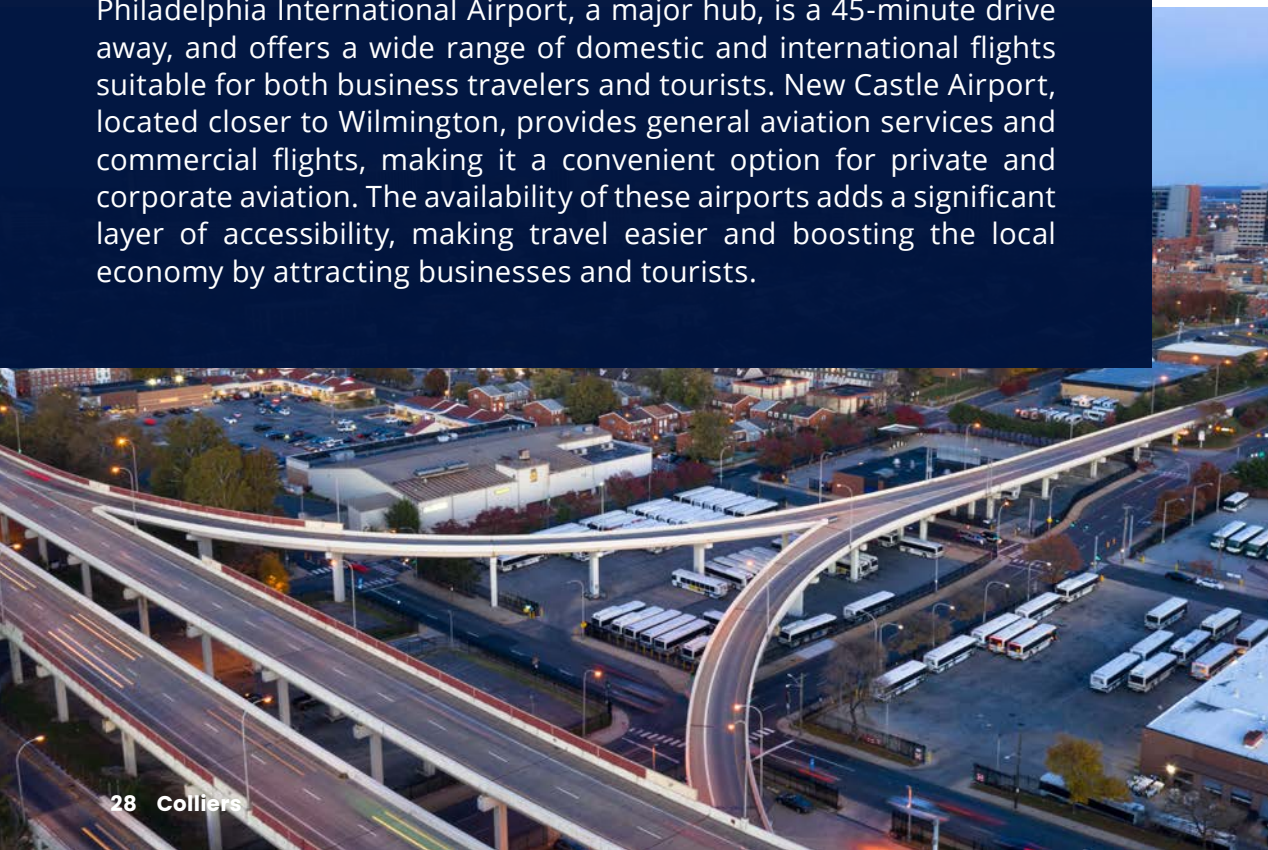
SCIENTIFIC & TECHNOLOGY HUB

The city has 689 professional, scientific and tech services companies employing 20,593 workers, which makes up 28.9% of the city's workforce.



ECONOMIC OUTPUT

As a state, Delaware's GDP is over \$74 billion, making it a significant contributor to the overall U.S. economy.



MAJOR EMPLOYERS

COMPANY	COMPANY SIZE (APX)
JPMorgan Chase & Co.	310,000
Bank of America	213,000
Barclays	92,000
AstraZeneca	90,000
ING Group	60,000
Delaware North	44,000
DuPont	24,000
ChristianaCare	13,700
Navient	4,500
Wilmington University	1,900



POINTS OF INTEREST

Wilmington is a city that offers a rich cultural experience, with many institutions like the Delaware Art Museum, which has an impressive collection of American art and illustration. Other notable places include the Delaware Museum of Natural History and the Delaware Children's Museum, which provide educational and interactive experiences for all ages. These facilities are essential to Wilmington's cultural identity, showing the city's dedication to the arts and sciences.

In addition to its cultural attractions, Wilmington also boasts a variety of green spaces and parks, such as Brandywine Park, Rockford Park, and Alapocas Run State Park. These natural areas provide many outdoor activities such as hiking, biking, and picnicking, and serve as important lungs for the city's urban environment.

The Riverfront district has undergone a significant revitalization, becoming a bustling waterfront destination along the Christina River. This area offers an array of sophisticated dining options, chic boutiques, and recreational amenities. The district has become an important part of the city's economy, attracting both locals and tourists to enjoy its scenic views and vibrant atmosphere. This integration showcases Wilmington's commitment to strategic urban development, enhancing its appeal as a desirable place to live, work, and visit.

EDUCATION

Wilmington is home to a variety of educational institutions that contribute significantly to the city's intellectual atmosphere and workforce development. Among these, the University of Delaware's Wilmington Campus stands out, offering strong graduate and continuing education programs in business, law, and public administration. Wilmington University is another essential institution, known for its flexible scheduling and career-oriented programs that cater to both traditional and non-traditional students. In addition, Delaware Technical Community College provides practical and technical education that closely aligns with the needs of local industries, preparing students for entry into the workforce. These institutions enhance Wilmington's educational landscape and play a critical role in fostering economic development through tailored programs that equip students with necessary skills for the evolving job market.



Wilmington University Campus

DEMOGRAPHICS & RANKINGS



**LARGEST
CITY IN DELAWARE**



**PRIVATE SECTOR
INVESTMENT SINCE '02
\$2B**



**3
MINOR LEAGUE
SPORTS TEAMS**

#4 MOST DIVERSE SUBURBS

#5 BEST SUBURBS FOR YOUNG PROFESSIONALS

#11 SUBURBS WITH THE BEST PUBLIC SCHOOLS

- NICHE.COM (2023) *DELAWARE RANKINGS



**4
DELAWARE
STATE PARKS**



**88
NATIONAL HISTORIC
LANDMARKS**



**4,813
TOTAL BUSINESSES**



SECTION 4

MARKET OVERVIEW

WILMINGTON OFFICE MARKET

2023 Q4

Over the past few decades, significant employers have been drawn to the Wilmington market due to its business-friendly laws, tax benefits, strategic location, and efficient government services. Financial giants like Chase Bank, Capital One, and Citigroup remain some of the largest office occupiers in downtown Wilmington. In 2019, Bank of America vacated two former buildings, Bracebridge I and III, to consolidate its regional operations. The vacancy rate in Wilmington is 13.8%, which remains elevated compared to the past five years' average of 14.1%. The yearly rent increase was only 0.1% in the second quarter of 2024. Landlords offer concessions such as free rent or higher tenant allowances, further reducing effective rent growth. The average market rent is \$27.00 per square foot, with four and five-star spaces priced at around \$31.00 per square foot. The sales figures of offices have decreased to \$11.3 million on the year.





KEY TAKEAWAYS

- The vacancy has remained relatively stable the past year and currently sits at 13.8%.
- There was positive net absorption of 273,381 SF in Q4 of 2023.
- The market asking rent/SF has risen marginally since last year.
- Sales activity decreased in the last year, but the attractive business environment proves to be promising to future office investors.

	21Q4	22Q4	23Q4
Net Absorption (SF)	96,006	55,031	273,381
Overall Vacancy	13.1%	14.16%	14.52%
Leasing Activity	82,209	56,152	53,229
Market Asking Rent/SF	\$26.27	\$26.76	\$26.80

VACANCY AND ABSORPTION

- In 2019, Bank of America vacated two former buildings, Bracebridge I and III, to consolidate its regional operations. The vacancy rate in Wilmington is 13.8%, which remains elevated compared to the past five years' average of 14.1%.
- In the last 12 months, approximately 45 leases were signed, of which only four were more prominent than 10,000 square feet. In October 2023, an undisclosed tenant signed a five-year lease for a fully built-out, 16,200-square-foot space at 1000 N West St. This lease was the biggest one of the year. In August 2023, the law firm Cooch and Taylor leased 15,900 square feet in the same office building. These leases resulted in a positive net absorption of 350,000 square feet as of 2024Q2, which helped decrease the vacancy rate by 1.0% year over year. However, despite the positive news, the availability rate is still high at 15.0%, with 2.2 million square feet of office space listed on the market for lease.
- Over time, the increasing number of rental options available in the market has limited the landlord's ability to raise rents. In the second quarter of 2024, the annual rent growth rate was only 0.1%, significantly lower than the average of 1.9% observed over the past decade. Also, landlords are now offering more concessions, such as free rent and higher tenant allowances, further impacting effective rent growth. The average market rent is \$27.00 per square foot, and premium four and 5-star spaces command closer to \$31.00 per square foot.
- Over the past 12 months, almost 45 leases have been signed. The largest lease of the year was made by an undisclosed tenant who leased a fully built-out space of 16,200 square feet at 1000 N West St. for five years in October 2023. In August 2023, Cooch and Taylor, a law firm, leased 15,900 square feet in the same office building. These leases helped shrink vacancy by -1.0% year over year, resulting in a positive net absorption of 350,000 square feet as of 2024Q2. Despite the positive trend, there is still a high inventory of office space on the market for lease, with 2.2 million square feet available at a 15.0% availability rate.

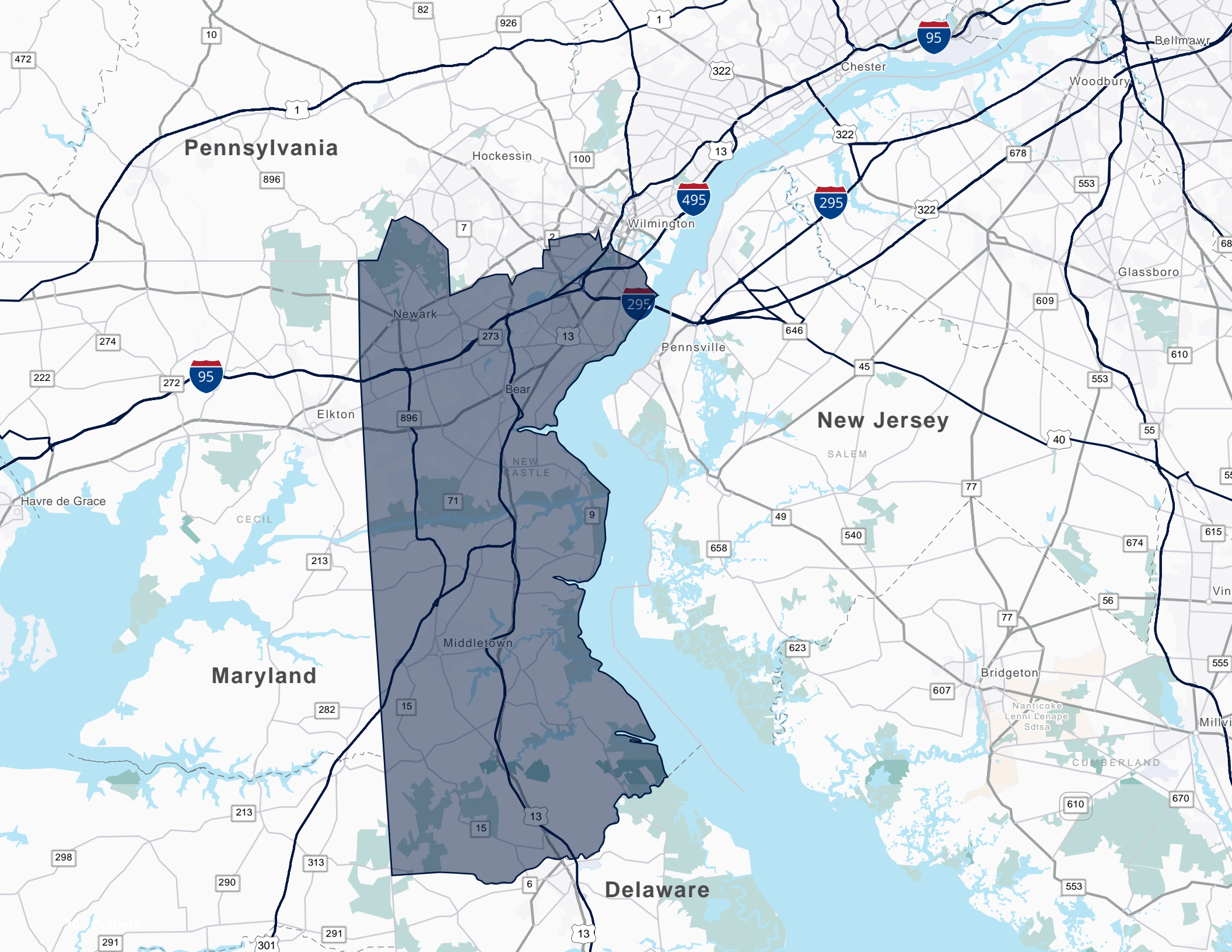
TRANSACTION ACTIVITY

- In January 2024, the Delaware Department of Labor purchased One Customs House at 704 N King St for \$6 million (\$69/SF). The office building had been on the market for a year before the sale was finalized.
- In March 2023, an office property with an area of 40,415 square feet was sold for \$1.7 million, which is approximately \$42 per square foot. The property had been on the market for almost three years, with an initial asking price of \$2.4 million. Eventually, the property was sold at a discount of nearly 28% on the initial asking price. This sale became the most prominent known office sale of 2023.
- Hatzel & Buehler, an electrical construction firm, has recently leased an extra 16,875 square feet of space for its corporate headquarters off U.S. Route 202. Additionally, Fox Rothschild, a national law firm, has signed a long-term lease for the eastern half of the 12th floor at 1201 N. Market Street. Although the law firm is moving to a new location, it needs to expand its footprint.

FORECAST

- Vacancy rates in the New Castle County office market are stabilizing in Q4 2023. Class A offices in downtown Wilmington and the broader Delaware market outperform other areas of the region.
- The occupancy rate of offices in the Wilmington CBD is expected to improve in the following year. Due to high vacancy rates and a weak rental market, the asking rates for office space are expected to fall in the coming months, especially in the CBD market. The trend of converting office spaces to alternative uses will likely continue in 2024. Repurposing office space as multifamily housing has been widely discussed, and successful conversions are expected.





Pennsylvania

New Jersey

Maryland

Delaware

Wilmington

Newark

Pennsville

Middletown

Chester

Woodbury

Bellmawr

Glassboro

SALEM

NEW CASTLE

CUMBERLAND

Havre de Grace

CECIL

Nanticoke
Lenni Lenape
Sdtsa

Collins

SOUTH NEW CASTLE COUNTY OFFICE SUBMARKET | 2023Q4

VACANCY & ABSORPTION

- The South New Castle County office submarket has a vacancy rate of 9.0%. This vacancy rate is 0.4% higher than it was this time last year. There was 20,000 SF of negative absorption and 31,000 SF of net deliveries.
- Current vacancy is higher than its trailing three-year average of 8.1%. However, this figure is lower than the 10.1% trailing three-year average of the Philadelphia market as a whole. The submarket is approximately 140,000 SF larger than it was three years ago, which is solely the result of construction as there have been no demolitions. Rents have increased by 3.9% over the past three years, higher than the Philadelphia market average of 3.0%. There have been 50 sales over the past three years, amounting to \$38.8 million in volume and 540,000 SF of inventory.
- Vacancy is 2.2% in 4 & 5 Star buildings, and 29,000 SF has been absorbed in this asset class over the past year. In 3 Star buildings, 10.2% of space is vacant, and 130,000 SF has been absorbed over the past year. Around 13.8% of 1 & 2 Star space is vacant, and there has been 180,000 SF of negative absorption over the past year.
- Although leasing activity remained very limited, the flow of space back on the market eased. In the largest deal of the quarter, WSFS consolidated offices and leased a full floor at 300 Bellevue Parkway.

TRANSACTION ACTIVITY

- There have been 12 sales in the South New Castle County office submarket over the past year, amounting to \$10.0 million of volume and 93,000 SF of stock. These sales have averaged \$102/SF, which is below the estimated submarket price of \$121/SF.
- The 12 sales in the past 12 months include 9 buildings rated 3 Star, and 3 buildings rated 1 & 2 Star. Of these, none were 4 or 5 star buildings, 9 were of 3 star buildings, and 3 were of 1 or 2 star buildings.
- The 3 Star buildings traded for \$6.1 million, or \$124/SF on average. The 1 & 2 Star buildings traded for \$3.9 million, or \$77/SF on average. The submarket's current transaction cap rate stands at 7.6%, below the Philadelphia market average of 8.5%. Over the past three years, transaction cap rates have averaged 7.9%.
- The market cap rate, or the estimated cap rate for all buildings in the submarket, is 11.1%, above the Philadelphia market average of 10.0%. Within South New Castle County, 4 & 5 Star buildings have a market cap rate of 10.8%, 3 Star buildings have a market cap rate of 11.3%, and 1 & 2 Star buildings have a market cap rate of 11.3%. The total South New Castle County office submarket comprises 12.6 million SF of inventory.
- During this time, trailing one-year price per SF averages were as high as \$118/SF and as low as \$96/SF.
- Over the past three years, South New Castle County has averaged 18 sales per year, \$13.9 million of volume per year, and 190,000 SF of stock per year.
- A few notable sales include 300 Pencader Dr, a 50,000 SF building that sold on 6/30/2023 for \$5,750,000 (\$115 PSF). In addition, the sale of 92 Reads Way, a 41,776 SF building that sold on 8/1/2023 for \$2,952,400 (\$71 PSF). Delle Donne's speculative 100,000-square-foot Tower at Avenue North on Concord Pike is slated for completion early in the second quarter.

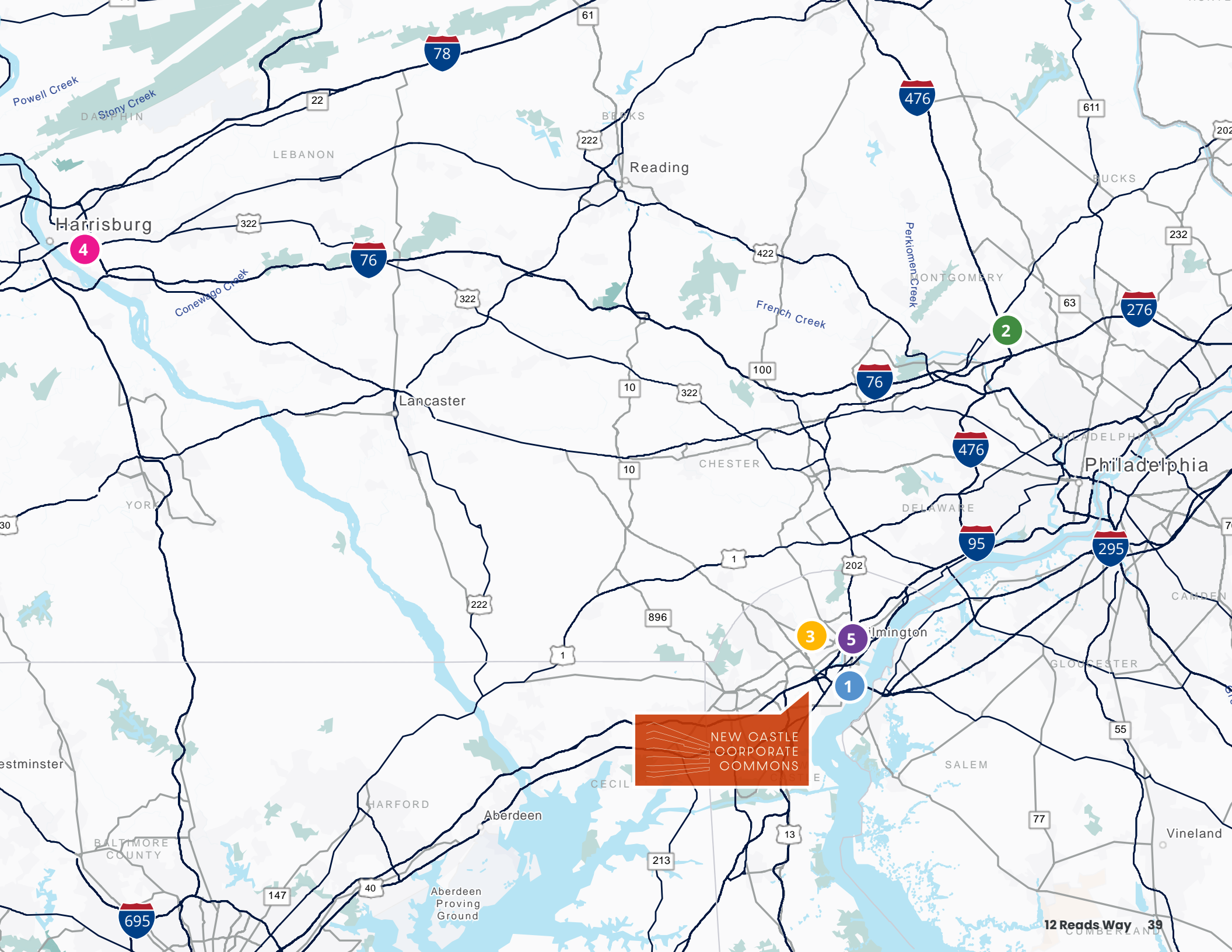
FORECAST

- Sales volume is predicted to remain stable over the next year.
- The South New Castle County Submarket is expected to continue to be a regular target among market participants searching for office investment opportunities in Philadelphia, due to its central business location, strong transportation network and Delaware's favorable tax accommodations.

RECENT SALES TRANSACTIONS

	New Castle Corporate Commons 12 Reads Way	1000 Uniqema Blvd	1400 Union Meeting Rd	974 Centre Rd (Bldg 711, 712, 713, 715)	TecPort Business Center 470 Friendship Rd	321 E 11th St
KEY	Subject	1	2	3	4	5
CITY/STATE	New Castle, DE	New Castle, DE	Blue Bell, PA	Wilmington, DE	Harrisburg, PA	Wilmington, DE
YEAR BUILT	1987	1999	1961 1996	1965 2019, 1983 2000, 2000	1984 2001	1981
RBA / SIZE	106,878	70,176	199,532	306,860	79,276	126,582
LEASED %	0.0%	100.0%	0.0%	N/A	100.0%	N/A
BUYER	TBD	Tesla Biohealing, Inc.	Oriental Yuhong North American LLC	MRA Group	Siebold Company Inc	Delaware Affordable Housing Group LLC
SELLER	12 Reads Way, LLC	N/A	Bridge Investment Group	DuPont	Roadway Inn	Elwyn
SALE DATE	TBD	Dec-21	Sep-23	Nov-21	Jun-23	Jul-23
ASK/SALE PRICE	STO	\$3,300,000	\$7,600,000	\$11,520,000	\$2,700,000	\$3,200,000
PSF	STO	\$47.02	\$38.09	\$37.54	\$34.06	\$25.28
NOTES				Part of a portfolio		Part of a portfolio





NEW CASTLE
CORPORATE
COMMONS



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