

**INVESTMENT OFFERING
MEMORANDUM
10505 JUDICIAL DRIVE.
FAIRFAX, VA 22030
(CONFIDENTIAL VERSION)**



**\$8,300,000 (\$242 PSF)
8.35% Proforma CAP Rate**

PRESENTED BY:

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I. Executive Summary

Legat Commercial Real Estate, as the exclusive representative for the owner, is pleased to present for sale the 100% fee simple interest in Judicial Center Office Building, located at 10505 Judicial Drive in Fairfax, Virginia, a 34,356 SF office building, situated on .98 acres of land (the “Property”). This value-add opportunity will trade substantially below replacement cost, providing a buyer a strong in-place yield with upside.

Currently the Property is approximately 85% leased to 10 tenants with an average lease term of 4.5 years and an average in-place rent of \$26 PSF. In addition to having secure in-place cash flow, this opportunity provides an owner user to take advantage of the in-place tenancy and significantly offset the cost of occupancy. There is additional upside through the lease up of the surplus vacant suites and future rent growth. Furthermore, future capital needs are limited due to a long history of proactive maintenance and the near turn-key condition of the majority of the vacant suites.

The building is located at the geographic center of Fairfax County, Virginia near the crossroads of I-66 and Route 50 Northern Virginia’s primary east-west highways. It is located adjacent to the Fairfax County Courthouse and is in close proximity to the Fairfax County Governmental Center, George Mason University and Fairfax City Hall as well as the 1,565,000 SF Fair Oaks Regional Mall, Inova Fair Oaks Hospital and amidst a mature 14 million SF office submarket (CoStar office submarkets: Fairfax Center, Oakton, and Fairfax City). Judicial Office Building offers investors the opportunity to invest in a stable, cash flowing, readily financeable property acquired well below replacement value. Judicial Center is well-positioned to take advantage of rising rents anticipated from the tightening Northern Virginia office market during a prolonged economic recovery resulting from the end of the Covid 19 pandemic.

Highlights

- 34,356 total SF with 85% leased

- Most remaining suites are in near spec suite condition.

- Beautifully maintained and upgraded.

- Located just off of the I-66/Route 50 interchange, adjacent to the Fairfax County Courthouse.

- Excellent proximity to private, government and medical demand.

- Excellent long-term tenant, most of which are attorneys and title companies.

- Extraordinary demographics with 259,000 people residing within 5 miles with a median income in excess of \$138,000

- Less than 10 miles to the Capital Beltway (I-495), 20 miles from downtown Washington, DC, approximately 14 miles from Washington Dulles International Airport (IAD), 5 miles from Inova Fair Oaks Hospital and 5 miles from Inova Fairfax Hospital



II. Property Description

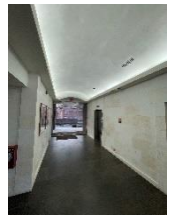
A. General Property Data

Address:	10505 Judicial Drive Fairfax, VA 22030
Legal Address:	Fairfax City Parcel: 57 4 02 031
Occupancy:	85%
Year Built/Renovated:	Built in 1980, Renovated in 1999, 2014 and 2021
Lot Size:	.98524 AC



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10505 Judicial Drive, Fairfax, VA



Property Description

Year Built:

1980

Ceilings:

2' x 4' grid system

Year Renovated:

2014 and 2021

Max Ceiling Height:

10' first floor ceilings with 8' 6" on 2nd thru 4th floors

Stories:

Four floors of office and storage

HVAC System:

Rooftop chiller supporting multiple small AC units above ceiling grid on each floor. System provides individual tenant controls within each suite.

Parking:

3.25/1000 secured lot

Electric Provider:

Dominion Power

Construction Type:

Steel Frame, concrete floors and brick facade

Parcel Size and #:

0.98524, and 57 4 02 031

Zoning:

CO (Commercial Office District)

Capital Improvements:

Restroom Upgrades- 2014

Roof Material:

Asphalt shingles with skylights

Façade Rehab- 2014

Elevator Upgrade - 2021

Elevator:

One hydraulic elevator manufactured by Otis and Serviced by District Elevators.

HVAC Upgrades- 2014, 2020

Courtyard Improvements- 2015

Lobby Renovation- 2014

Parking lot improvements- 2021

Exterior Walls:

Brick with operable windows.



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III. Full-recourse and Non-recourse Financing

Financing:

With good credit, the prospective purchaser could qualify for either Recourse or non-recourse financing for a 20-25 year loan term with approximately 5.75-6.25% interest rate fixed for a five-year fixed period. Multiple lenders are available upon request.



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IV. Aerial, Map & Pictures

A. Low Aerial



Low Aerial

Exclusive Offering

10505 Judicial Drive, Fairfax, VA



Amenity Map



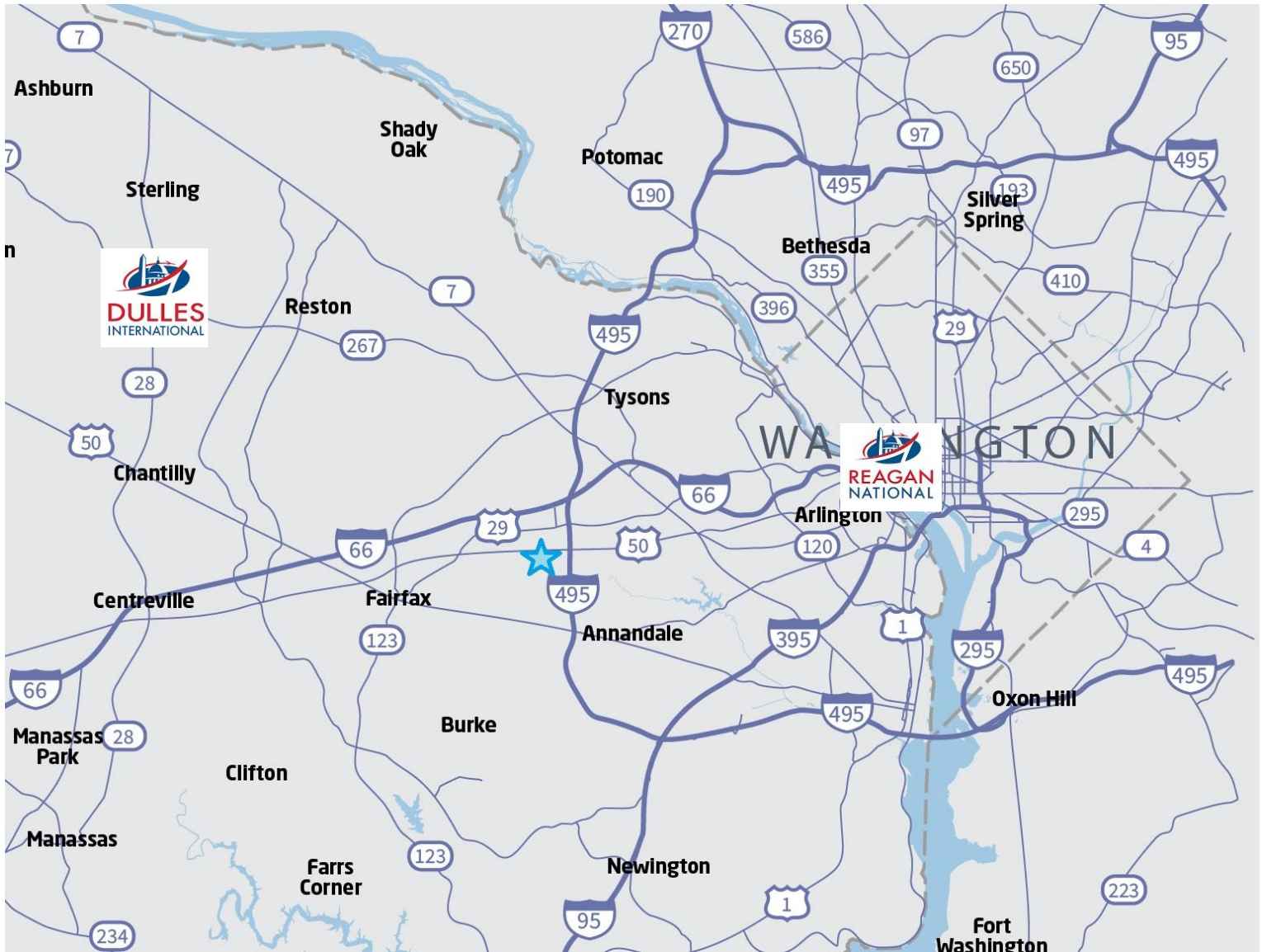
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B. Map



Metro Area Map



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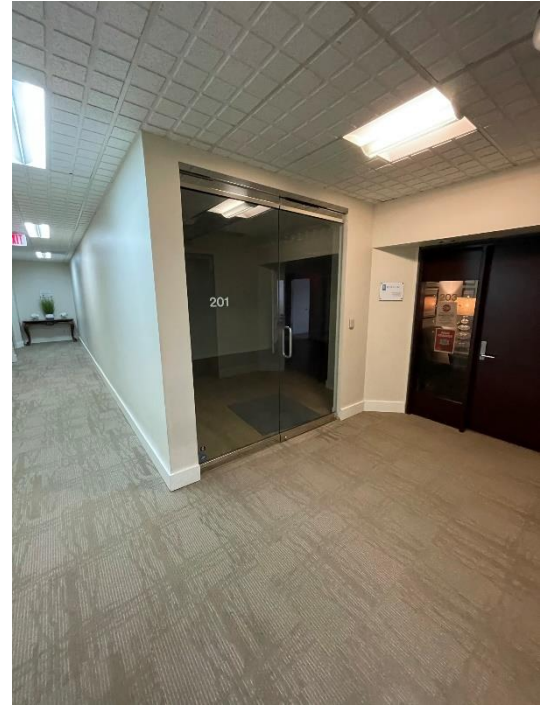
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C. Photos
Interior Photos



Newly Renovated Lobby



Hallway Corridor



Renovated Elevator Cab



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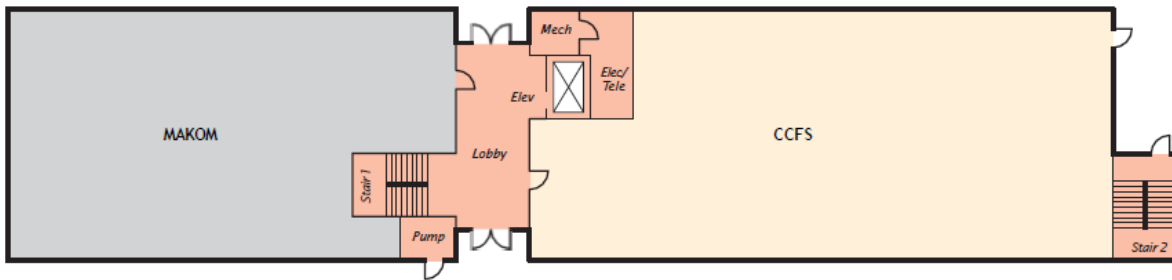
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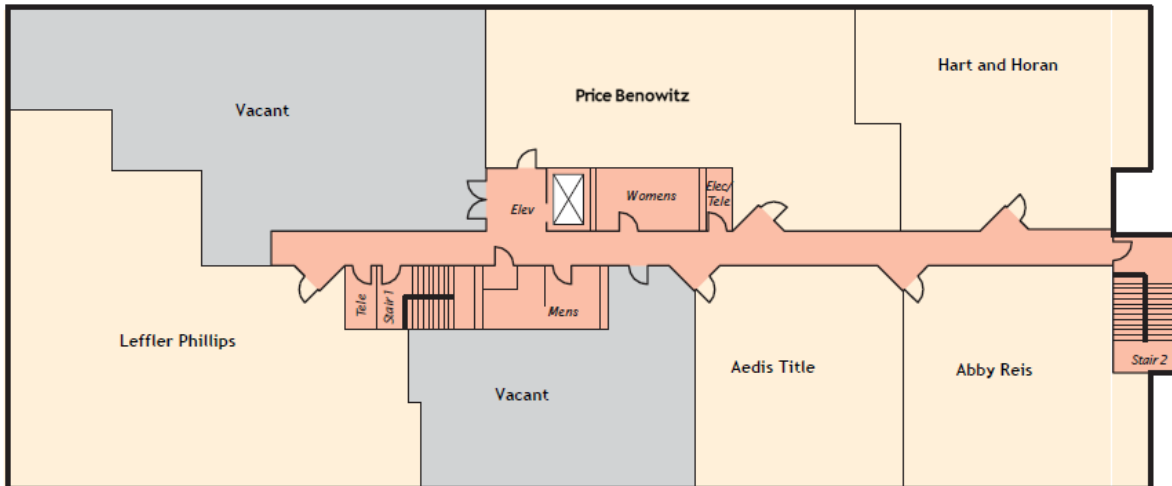


D. Floor plans

First Floor Plan



Second Floor Plan

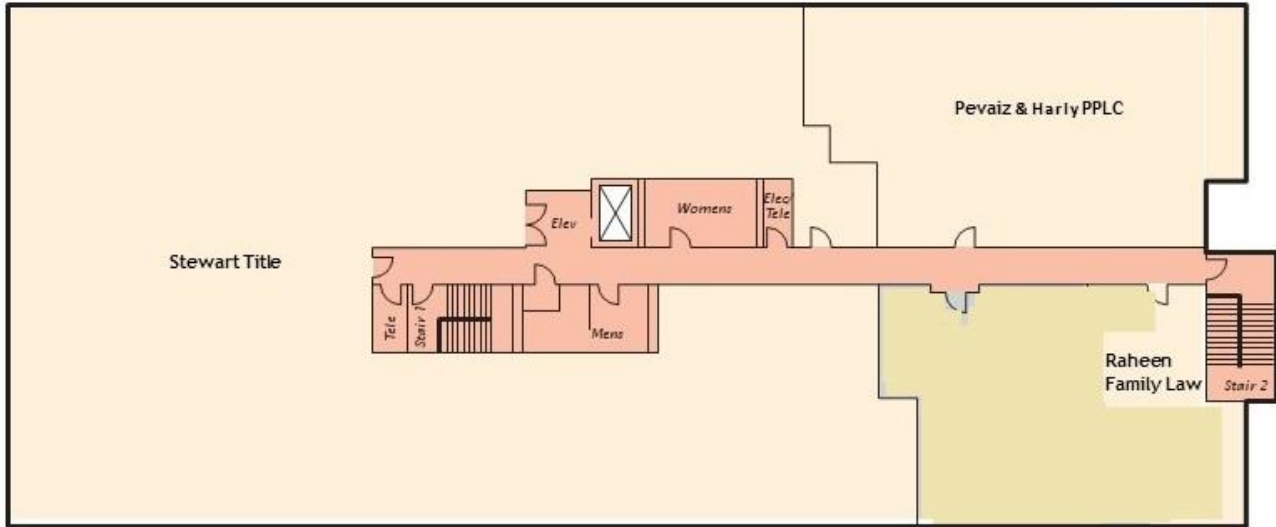


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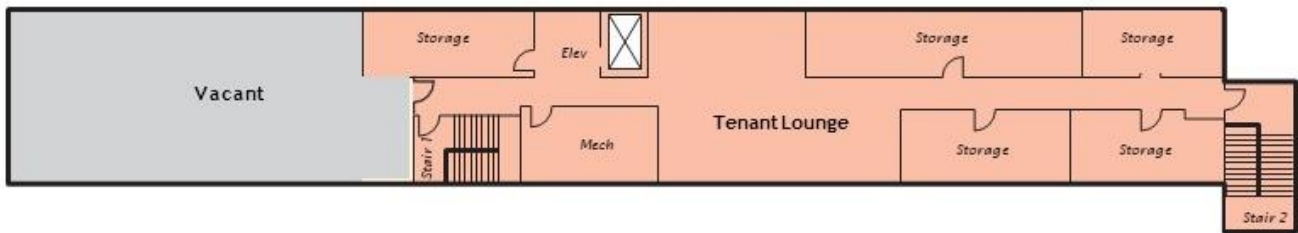
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Third Floor Plan



Pent House Floor Plan





V. Demographics

Overview

Fairfax City Office			
12 Mo Deliveries In SF	12 Mo Net Absorption In SF	Vacancy Rate	12 Mo Rent Growth
0	91.7K	8.6%	0.8%

The Fairfax City Submarket in Washington is a mid-sized submarket that contains around 4.8 million SF of office space. The vacancy rate has fallen significantly over the past year, and at 8.6%, the rate was below the 10-year average as of 2022Q2.

Net absorption over the past year came in at about 92,000 SF, substantially above the five-year average. Rents increased by 0.8% over the past 12 months, a modest result but better than the 0.5% average annual change here over the past decade.

There are no supply-side pressures on vacancy or rent in the near term, as nothing is under construction. Moreover, the inventory has actually contracted over the past 10 years, as demolition activity has outpaced new construction.

Office properties have traded with regularity in recent years, and last year, the number of sales significantly exceeded the three-year average.

KEY INDICATORS

Current Quarter	RSA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	230,287	30.1%	\$34.87	32.1%	3,314	0	0
3 Star	2,218,282	9.9%	\$24.23	14.0%	5,850	0	0
1 & 2 Star	2,400,980	5.2%	\$21.53	8.7%	(383)	0	0
Submarket	4,849,549	8.6%	\$23.40	11.2%	8,781	0	0

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-2.5%	9.1%	8.5%	19.0%	1993 Q2	1.7%	2000 Q3
Net Absorption SF	91.7K	27,061	6,295	452,872	1998 Q1	(176,183)	2001 Q3
Deliveries SF	0	18,940	0	278,245	1998 Q4	0	2022 Q1
Rent Growth	0.8%	2.4%	3.0%	14.0%	1998 Q2	-8.8%	2009 Q2
Sales Volume	\$33.5M	\$23.9M	N/A	\$95.6M	2008 Q4	\$0	1996 Q4

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Sales Past 12 Months

Fairfax City Office

Sale Comparables	Avg. Cap Rate	Avg. Price/SF	Avg. Vacancy At Sale
30	5.6%	\$221	6.8%

SALE COMPARABLE LOCATIONS



SALE COMPARABLE SUMMARY STATISTICS

Sale Attributes	Low	Average	Median	High
Sale Price	\$798,000	\$2,838,424	\$2,224,120	\$18,250,200
Price/SF	\$119	\$207	\$215	\$882
Cap Rate	4.0%	5.6%	5.0%	7.2%
Time Since Sale in Months	0.2	5.1	5.0	11.4
Property Attributes	Low	Average	Median	High
Building SF	2,217	\$7,481	26,287	142,822
Stories	1	3	3	5
Typical Floor SF	2,890	17,717	20,228	28,570
Vacancy Rate At Sale	0%	8.8%	0%	29.8%
Year Built	1960	1982	1988	1988
Star Rating	☆☆☆☆	☆☆☆☆☆ 2.7	☆☆☆☆	☆☆☆☆



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Rent

Fairfax City Office

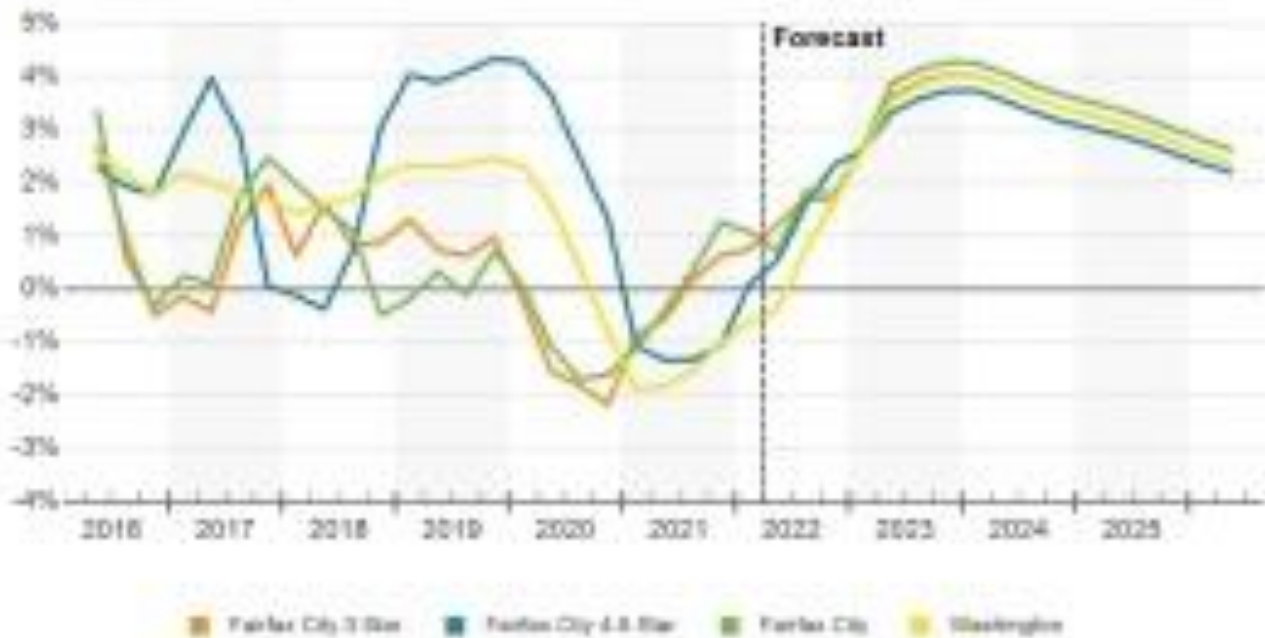
Office rents in Fairfax City run for about \$23.00/SF gross, which is considerably below the metro average. The suburb's most prominent office also commands a discount as well, albeit somewhat less pronounced. Space rated 1 & 2 Star here runs for about \$22.00/SF, compared to \$27.00/SF in the metro.

Rents changed little over the past year, although this

was actually still within half a percentage point of the strongest performance observed over past three years.

A longer view paints a muted picture on rents, which have only eked out a 0.5% average annual gain over the past 10 years. A similar story has played out in the metro at large, where office rents have only managed an average annual increase of 0.2% over the past decade.

MARKET RENT GROWTH (YOY)



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VI. Market Information Summary

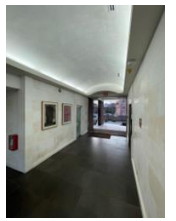
The Washington, DC metropolitan area is one of the most desirable real estate investment markets in the world. Partly due to the Federal Government's presence, the region boasts an impressive unemployment rate and one of the strongest demographic profiles in the entire country. Greater Washington, DC is the sixth most populous metropolitan area in the U.S., trailing only New York City, Los Angeles, Chicago, Dallas, and Houston.

The region is composed of more than 375 million square feet of office space in three jurisdictions: District of Columbia, Northern Virginia, and Suburban Maryland. The region outperforms the nation in many key economic indications, including employment statistics and housing growth. The DC MSA has experienced an impressive 34% population growth since 2000, emerging as the Mid-Atlantic hub for millennials.

The region boasts one of the highest percentages of college graduates, as half of DC's population over the age of 25 hold at least a Bachelor's degree, versus 30% nationwide. This educated workforce carries an astounding average household income of \$106,277, nearly \$50,000 higher than the country's average of \$54,149. Insulated by the government, the Washington, DC area is well-positioned for continued growth and expansion.

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VII. Rent Roll

Please execute the confidentiality agreement to get access to the rent roll.

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VIII. Expenses and Analysis

OPERATING EXPENSES		
	PSF	
Real Estate Taxes	\$2.10	\$71,921
Water & Sewer Est	\$0.17	\$5,807
Electricity	\$1.42	\$48,756
Phone - not sec cameras	\$0.01	\$458
Trash Removal	\$0.06	\$2,220
Maint - HVAC	\$0.09	\$3,240
Maint - Misc	\$0.09	\$3,030
Elevator	\$0.07	\$2,567
Insurance	\$0.17	\$5,924
Fire and Safety	\$0.01	\$360
Pest Control	\$0.03	\$875
Landscaping	\$0.09	\$3,000
Cleaning Service	\$1.02	\$35,000
Management Fee	\$0.17	\$6,000
Business License - City	\$0.04	\$1,408
TOTAL OPERATING EXPENSES	\$5.56	\$190,566

Proforma NOI: \$691,321.00 assuming building is fully leased
This would equate to a Proforma 8.35% CAP Rate
Existing CAP Rate is 6.7%



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