



Social Security Administration

3461 S Third Street | Memphis, TN 38109

Offering Memorandum



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Colliers International Brokerage Company (“Broker”) has been retained as the exclusive advisor and broker for this offering.

This Offering Memorandum has been prepared by Broker for use by a limited number of parties and does not purport to provide a necessarily accurate summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information which prospective Buyers may need or desire. All projections have been developed by Broker and designated sources and are based upon assumptions relating to the general economy, competition, and other factors beyond the control of the Seller and therefore are subject to variation. No representation is made by Broker or the Seller as to the accuracy or completeness of the information contained herein, and nothing contained herein shall be relied on as a promise or representation as to the future performance of the Property. Although the information contained herein is believed to be correct, the Seller and its employees disclaim any responsibility for inaccuracies and expect prospective purchasers to exercise independent due diligence in verifying all such information. Further, Broker, the Seller and its employees disclaim any and all liability for representations and warranties, expressed and implied, contained in or omitted from the Offering Memorandum or any other written or oral communication transmitted or made available to the Buyer. The Offering Memorandum does not constitute a representation that there has been no change in the business or affairs of the Property or the Owner since the date of preparation of the Offering Memorandum. Analysis and verification of the information contained in the Offering Memorandum are solely the responsibility of the prospective Buyer. Additional information and an opportunity to inspect the Property will be made available upon written request to interested and qualified prospective Buyers.

By accepting the Offering Memorandum, you agree to indemnify, defend, protect and hold Seller and Broker and any affiliate of Seller or Broker harmless from and against any and all claims, damages, demands, liabilities, losses, costs or expenses (including reasonable attorney's fees, collectively “Claims”) arising, directly or indirectly from any actions or omissions of Buyer, its employees, officers, directors or agents.

Buyer shall indemnify and hold Seller and Broker harmless from and against any claims, causes of action or liabilities, including, without limitation, reasonable attorney's fees and court costs which may be incurred with respect to any claims for other real estate commissions, broker's fees or finder's fees in relation to or in connection with the Property to the extent claimed, through or under Seller.

The Seller and Broker each expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers regarding the Property and/or to terminate discussions with any entity at any time with or without notice. The Seller shall have no legal commitment or obligations to any entity reviewing the Offering Memorandum or making an offer to purchase the Property unless a written agreement for the purchase of the Property has been fully executed, delivered, and approved by the Seller and its legal counsel, and any conditions to the Seller's obligation thereunder have been satisfied or waived.

The Offering Memorandum and the contents, except such information which is a matter of public record or is provided in sources available to the public, are of a confidential nature. By accepting the Offering Memorandum, you agree that you will hold and treat it in the strictest confidence, that you will not photocopy or duplicate it, that you will not disclose the Offering Memorandum or any of the contents to any other entity (except to outside advisors retained by you, if necessary, for your determination of whether or not to make an offer and from whom you have obtained an agreement of confidentiality) without prior written authorization of the Seller or Broker, and that you will not use the Offering Memorandum or any of the contents in any fashion or manner detrimental to the interest of the Seller or Broker.

No employee of seller or at the Subject Property is to be contacted without the written approval of the listing agents and doing so would be a violation of this confidentiality agreement.

Broker has created cash flow projections for the Property using Argus Financial Software. Neither Broker nor the Seller make any representation, warranty or guaranty of the economic value of the Property through the cash flow projections contained in this Offering or the associated Argus computer files.

Broker and their prospective buyers agree not to contact the tenants, their employees or customers of any business on the Property without prior permission from the Landlord.

Social Security Administration

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Exclusive Investment Advisory Team

Geoff Ficke

Executive Vice President
+1 972 759 7814
geoff.ficke@colliers.com

Zack Ficke

Vice President
+1 972 759 7854
zack.ficke@colliers.com

Debra Vander Weit

Vice President
+1 847 987 1265
debra.vanderweit@colliers.com

Ash Goldfarb

Sr. Financial Analyst
+1 214 217 1231
ash.goldfarb@colliers.com

Sydney Gonzalez

Sr. Client Services Specialist
+1 972 759 7840
sydney.gonzalez@colliers.com

Swarren O'Barr

Sr. Brokerage Specialist
+1 972 759 7824
swarren.obarr@colliers.com

Broker of Record

Andrew C. Phillips, SIOR, CCIM

President, Brokerage Services | Memphis
+1 901 312 4916
andrew.phillips@colliers.com

Table of Contents

I Executive Summary

II Tenant Overview & Financials

III Demographics & Offering Instructions



Investment Overview

The Ficke Team of Colliers is pleased to present to qualified investors the Social Security Administration (SSA) located at 3461 S. Third Street, Memphis, Tennessee. This single-tenant property consists of 10,661-rentable square feet developed in 2005 as a build-to-suit for the GSA/SSA that includes 23 parking spaces and sits on 1.56 acres. The current lease includes a shell rent increase of 10.27% on April 13, 2024, and the lease expires on April 12, 2029. This is an excellent opportunity for an investor to acquire a stabilized cash flow with rent guaranteed by the U.S. Government (S&P AA+ credit rating).

Memphis is a city in and the county seat of Shelby County Tennessee, located in the southwest part of the state and is situated along the Mississippi River. With a population of 1.35 million people at the 2020 U.S. census, Memphis is the second-most populous city in Tennessee, after Nashville. It is the fifth-most populous city in the Southeast, the nation's 28th-largest overall, and the largest city bordering the Mississippi River. Memphis is the home of three Fortune 500 companies: FedEx, International Paper, and AutoZone. The Federal Reserve Bank of St. Louis also has a branch in Memphis.



Investment Highlights



Lease guaranteed with the full faith and credit of the U.S. Government (S&P AA+ credit rating)



Build-to-Suit for the GSA in 2005



Shell rent bump of 10.27% on April 12, 2024



Remaining Term of 5.15 Years



Well-maintained masonry building



Memphis is the second-most populous city in Tennessee

Tenant Overview

3461 S Third St | Memphis, TN 38109



The SSA is an independent agency of the U.S. federal government that administers Social Security, a social insurance program consisting of retirement, disability, and survivors' benefits. To qualify for most of these benefits, most workers pay Social Security taxes on their earnings; the claimants' benefits are based on the wage earners contributions.

The SSA is headquartered in Woodlawn, Maryland. The agency includes 10 regional offices, eight processing centers, and approximately 1,300 field office, and 37 Teleservice Centers. As of 2018, about 60,000 people were employed by the SSA, with a budget of \$1.06 trillion.

Service Areas & Benefits

- Retirement
- Disability (SSDI)
- Supplemental Security Income (SSI)
- Medicare
- Spouses, Children & Survivor Benefits
- Medicaid

| Tenant | Square Feet | Lease Commencement | Firm Lease Expiration | Soft Lease Expiration | Annual Rent PSF | Total Rent Per Month | Total Rent Per Year |
|---------------|---------------|--------------------|-----------------------|-----------------------|-----------------|----------------------|---------------------|
| SSA | 10,661 | 4/13/2019 | 4/12/2024 | 4/12/2029 | \$28.00 | \$24,873.95 | \$298,487.44 |
| TOTALS | 10,661 | | | | \$28.00 | \$24,873.95 | \$298,487.44 |

Property Overview

3461 S. Third Street | Memphis, TN 38109

Property Summary

| | |
|----------------------|--|
| Property Address | 3461 S. Third Street Memphis, TN 38109 |
| Lot Size | 1.56 acres |
| Rentable Square Feet | 10,661 |
| Year Built/Renovated | 2005 |
| Ownership Type | Fee Simple |

Lease Summary

| | |
|--------------------------|----------------|
| Lease Type | Modified Gross |
| Rentable Square Feet | 10,661 |
| Lease Commencement | 04/13/2019 |
| Lease Expiration (Firm) | 04/12/2024 |
| Term Remaining (Firm) | 0.15 years |
| Lease Expiration (Total) | 04/12/2029 |
| Term Remaining (Total) | 5.15 years |



Financials Rent Schedule

3461 S Third St | Memphis, TN 38109

| | |
|-----------------------------------|-------------|
| Rentable Square Feet | 10,661 |
| Real Estate Tax Base | \$42,165.84 |
| Real Estate Tax Percentage | 100% |

| 4/13/2019 - 4/12/2024 (Firm Term) | \$/SF | Annual | Monthly |
|--|----------------|---------------------|--------------------|
| Shell Rent | \$17.98 | \$191,684.78 | \$15,973.73 |
| Operating Costs | \$7.96 | \$84,841.00 | \$7,070.08 |
| Total | \$25.94 | \$276,525.78 | \$30,916.89 |

| 4/13/2024 - 4/12/2029 (Soft Term) | \$/SF | Annual | Monthly |
|--|----------------|---------------------|--------------------|
| Shell Rent | \$20.04 | \$213,646.44 | \$17,803.87 |
| Operating Costs | \$7.96 | \$84,841.00 | \$7,070.08 |
| Total | \$28.00 | \$298,487.44 | \$24,873.95 |



Financials Pro Forma Cash Flow

3461 S Third St | Memphis, TN 38109

| For the Years Ending | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Total | |
|-----------------------------------|-------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| | | Dec-2024 | Dec-2025 | Dec-2026 | Dec-2027 | Dec-2028 | Dec-2029 | Dec-2030 | Dec-2031 | Dec-2032 | Dec-2033 | Dec-2034 | | |
| Rental Revenue | | | | | | | | | | | | | | |
| | \$/SF | | | | | | | | | | | | | |
| Scheduled Base Rent | [1] | \$20.04 | 213,646 | 213,646 | 213,646 | 213,646 | 213,646 | 228,958 | 235,011 | 235,011 | 235,011 | 235,011 | 235,011 | 2,472,245 |
| Total Rental Revenue | | \$20.04 | 213,646 | 213,646 | 213,646 | 213,646 | 213,646 | 228,958 | 235,011 | 235,011 | 235,011 | 235,011 | 235,011 | 2,472,245 |
| Other Tenant Revenue | [2] | | | | | | | | | | | | | |
| OpEx Rent | [3] | \$9.73 | 103,758 | 107,390 | 111,148 | 115,038 | 119,065 | 123,300 | 127,642 | 132,110 | 136,734 | 141,519 | 146,472 | 1,364,176 |
| RE Tax Reimbursement | [4] | -\$0.71 | -7,541 | -6,503 | -5,433 | -4,331 | -3,196 | -2,026 | -308 | 1,240 | 1,278 | 1,316 | 1,355 | -24,148 |
| Total Other Tenant Revenue | | \$9.03 | 96,217 | 100,887 | 105,716 | 110,708 | 115,869 | 121,274 | 127,334 | 133,350 | 138,011 | 142,835 | 147,828 | 1,340,028 |
| Effective Gross Revenue | | \$29.07 | 309,863 | 314,534 | 319,362 | 324,354 | 329,516 | 350,231 | 362,345 | 368,361 | 373,022 | 377,846 | 382,839 | 3,812,273 |
| Operating Expenses | [5] | | | | | | | | | | | | | |
| Cleaning | | \$1.48 | 15,800 | 16,274 | 16,762 | 17,265 | 17,783 | 18,317 | 18,866 | 19,432 | 20,015 | 20,616 | 21,234 | 202,366 |
| Landscaping Services | | \$1.20 | 12,748 | 13,131 | 13,525 | 13,930 | 14,348 | 14,779 | 15,222 | 15,679 | 16,149 | 16,634 | 17,133 | 163,277 |
| HVAC Maintenance | | \$0.60 | 6,386 | 6,578 | 6,775 | 6,978 | 7,187 | 7,403 | 7,625 | 7,854 | 8,090 | 8,332 | 8,582 | 81,791 |
| Security/Life Safety | | \$0.12 | 1,302 | 1,341 | 1,381 | 1,422 | 1,465 | 1,509 | 1,554 | 1,601 | 1,649 | 1,698 | 1,749 | 16,670 |
| Ground & Lot | | \$0.13 | 1,401 | 1,443 | 1,487 | 1,531 | 1,577 | 1,625 | 1,673 | 1,724 | 1,775 | 1,829 | 1,883 | 17,949 |
| General R&M | | \$1.29 | 13,780 | 14,194 | 14,620 | 15,058 | 15,510 | 15,975 | 16,455 | 16,948 | 17,457 | 17,980 | 18,520 | 176,498 |
| Utilities | | \$3.28 | 34,952 | 36,001 | 37,081 | 38,193 | 39,339 | 40,519 | 41,735 | 42,987 | 44,276 | 45,604 | 46,973 | 447,658 |
| Real Estate Taxes | | \$3.25 | 34,625 | 35,663 | 36,733 | 37,835 | 38,970 | 40,139 | 41,344 | 42,584 | 43,861 | 45,177 | 46,533 | 443,465 |
| Property Insurance | | \$0.61 | 6,453 | 6,646 | 6,846 | 7,051 | 7,263 | 7,481 | 7,705 | 7,936 | 8,174 | 8,420 | 8,672 | 82,648 |
| Management Fee | [6] | \$0.89 | 9,522 | 9,631 | 9,744 | 9,861 | 9,981 | 10,568 | 10,916 | 11,087 | 11,264 | 11,447 | 11,636 | 115,657 |
| Total Operating Expenses | | \$12.85 | 136,970 | 140,902 | 144,953 | 149,126 | 153,425 | 158,314 | 163,095 | 167,831 | 172,711 | 177,737 | 182,915 | 1,747,977 |
| Net Operating Income | | \$16.22 | 172,894 | 173,632 | 174,409 | 175,228 | 176,091 | 191,917 | 199,250 | 200,530 | 200,312 | 200,109 | 199,924 | 2,064,296 |

Notes to Cash Flow

- Social Security Administration (SSA) has a scheduled rental increase in April 2024, rent illustrated in cash flow reflects the new rent only. Analysis assumes Tenant will renew at 110% of previous shell rate with tax base resets for 10 Years/5 Firm
- SSA Memphis has \$368,278.84 in Tenant Improvements & \$20,000 in Building Specific Amortized Capital available to use to be repaid at a rate of 8% over 5 years. Not including in cash flow as timing can vary depending on Tenant need
- Social Security Administration (SSA) - OpEx Base is \$84,841 - Cash Flow illustrates most recent increases and assumes future CPI increases are 3.5% annually
- Social Security Administration (SSA) - Real Estate Tax Base is \$42,165.84. Tenant pays overage or Landlord pays shortfall above or below this amount respectively
- Operating Expenses Source: 2023 Budget and T12 (Aug 2023) provided by ownership - Assume 3.0% YoY Growth
- Assume the Management Fee is 3.0% of Effective Gross Revenue



Memphis, TN Demographics



Memphis population
628,127+

Memphis Overview | 5 Mile Radius



Population

In the identified area, the current year population is 111,352. The 2010 Census population count in the area was 123,452, and 111,904 in 2020, a -1.0% annual growth rate. The rate of growth since 2020 was -0.2% annually. The five-year projection for the population in the area is 110,129 representing a change of -0.2% annually. Currently, the population is 46.1% male and 53.9% female.



Households

The household count in this area has changed from 43,643 in 2020 to 43,665 in the current year, a change of 0.04% annually. The five-year projection of households is 43,659, a change of 0.00% annually from the current year total. Average household size is currently 2.54, compared to 2.55 in the year 2020. The number of families in the current year is 28,353 in the specified area.



Households by income (Average)

Current average household income is \$53,940 in this area, compared to \$107,008 for all U.S. households. Average household income is projected to be \$64,311 in five years, compared to \$122,048 for all U.S. households



Housing

Currently 52.1% of the 49,888 housing units in the area are owner occupied; 47.9% renter occupied; and 12.5% are vacant. 64.6% of the housing units in the US are owner occupied; 35.4% are renter occupied; and 10.0% are vacant. In 2010, there were 54,673 housing units in the area - 46.1% owner occupied, 36.5% renter occupied, and 17.4% vacant. The annual rate of change in housing units since 2020 is 0.0%. Median home value in the area is \$89,424, compared to a median home value of \$308,943 for the U.S. In five years, median home value in the area is projected to change to \$149,364, compared to a median home value of \$350,006 in the US.

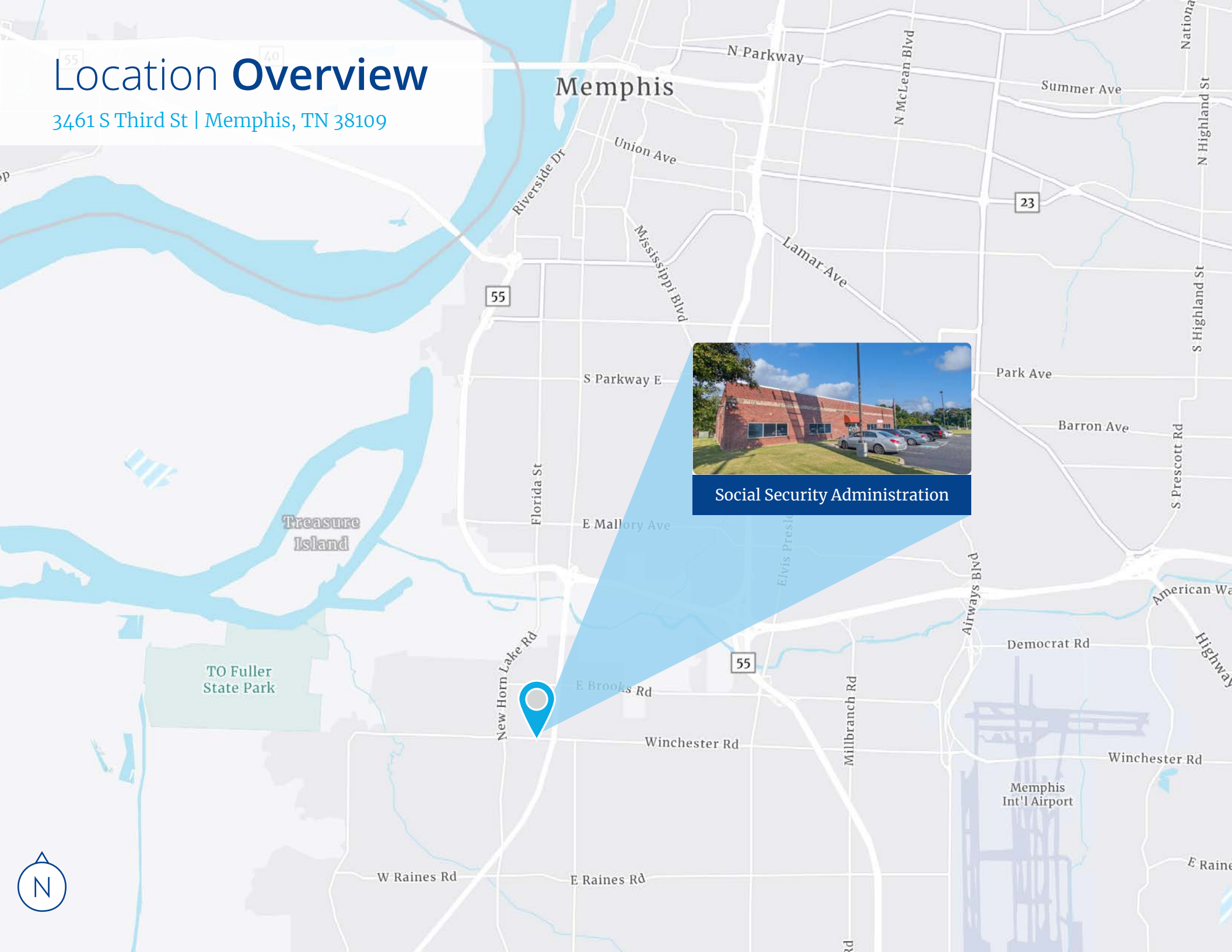
Source: ESRI

Location Overview

3461 S Third St | Memphis, TN 38109



Social Security Administration





Pricing Details

Purchase Price:
\$1,976,000
(\$185.35/sf)

NOI:
\$172,894

Cap Rate:
8.75%



Offering Instructions

3461 S Third St | Memphis, TN 38109

Offers should be submitted via email to:

Geoff.Ficke@colliers.com , Zack.Ficke@colliers.com &

Debra.VanderWeit@colliers.com Please include the following:

1. Purchase price
2. Source of debt and equity
3. Earnest money deposit
4. Due diligence and closing timelines
5. Detailed list of contingencies including investment committee, appraisal, and/or Lender approval that may be required
6. Detailed list of closing cost responsibilities

Property Tours

By Appointment Only

Form of PSA

TBD

Title & Escrow

TBD



Thank you.

Colliers | Dallas-Fort Worth
1717 McKinney Avenue, Suite 900
Dallas, Texas 75202



Exclusive Investment Advisory Team

Geoff Ficke

Executive Vice President
+1 972 759 7814
geoff.ficke@colliers.com

Zack Ficke

Vice President
+1 972 759 7854
zack.ficke@colliers.com

Debra Vander Weit

Vice President
+1 847 987 1265
debra.vanderweit@colliers.com

Ash Goldfarb

Sr. Financial Analyst
+1 214 217 1231
ash.goldfarb@colliers.com

Sydney Gonzalez

Sr. Client Services Specialist
+1 972 759 7840
sydney.gonzalez@colliers.com

Swarren O'Barr

Sr. Brokerage Specialist
+1 972 759 7824
swarren.obarr@colliers.com

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