

GSA LEASED INVESTMENT FOR SALE
IRS TAX ASSISTANCE CTR

11309 OLD HIGHWAY 49

Gulfport, MS 39503

PRESENTED BY:

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GA #119351

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Broker of Record



PROPERTY SUMMARY



OFFERING SUMMARY

SALE PRICE:	\$2,547,000
CAP RATE:	7.5% projected
PROJECTED NOI:	\$119,060 / 2025
PRICE / SF:	\$234 SF
LEASE TERM:	12/3/2031
FIRM TERM:	12/3/2029
BUILDING SF:	10,905 SF
BUILT / RENOVATED:	2007 / 2023

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PROPERTY OVERVIEW

The single tenant leased office investment is a build to suit for the Internal Revenue Service serving as a Taxpayer Assistance Center (TAC), one of more than 400 offices nationwide providing in person income tax assistance. The 10,905 square foot single story brick office was constructed in 2007, and a \$458,000 renovation was completed in 2023 with an extended ten year lease term through December 3, 2031. The renovation work included new paint and carpet and security system. A new roof was installed in 2024. The renovation costs plus interest are repaid to the landlord amortized over the lease term at \$70,745 per year through December 2029. In addition to rent, the landlord is paid for operating expenses with an annual formula increase and increases of property taxes over a base year.

Of the ten year lease term, eight years are firm term and the last two years allow an early lease termination (non-firm term). Early termination of the lease while permitted is rare. A third party study reported only 2.82% of GSA leases are terminated early, and one reason is a lack of expansion space. The 2.6 acre site can accommodate expansion.

Gulfport is the second-largest city in Mississippi after the state capital. Along with Biloxi, Gulfport is the co-county seat of Harrison County and the larger of the two principal cities of the Gulfport-Biloxi, Mississippi Metropolitan Statistical Area.

PROPERTY HIGHLIGHTS

- 10,905 SF IRS Taxpayer Assistance Center
- Single story brick built 2007, renovated 2023, new roof 2024
- 7.5% cap rate on 2025 projected net income
- \$70,745 annual renovation reimbursement paid to landlord through December 2029
- Term through 12/3/2031 / Firm term through 12/3/2029
- Rent escalation last 2 years of term
- Operating expense reimbursement and CPI formula increases
- Increases of property taxes over a base year reimbursement

PROPERTY SUMMARY

THE OFFERING	
Property	Single Tenant Government Office
Property Address	11309 Old Highway 49 Gulfport, MS 39503
Asking Price	\$2,547,000
Capitalization Rate Year 2025	7.50%

Year Built	2007
Gross Leaseable Area	10,905
Type of Ownership	Fee Simple
Lot Size	2.6 Acres

LEASE SUMMARY	
Tenant	GSA – Internal Revenue Service
Rent Increases	CPI increases on operating costs
Guarantor	United States Government
Lease Type	Modified Gross
Lease Commencement	12/04/2021
Lease Expiration	12/03/2031
Term on Lease (Years)	10 Years including 8 years of firm term
Renewal Options	1 @ 5 years \$14.00 SF
Landlord Responsibility	CAM, Insurance, Taxes, Maintenance & Repairs, Utilities
Tenant Responsibility	CPI increase of operating expenses plus increases of property taxes

RENT SCHEDULE

YEAR	ANNUAL RENT	MONTHLY RENT	RENT/SF
12/04/2021-12/03/2029	\$152,670	\$12,723	\$14.00
12/04/2029 -12/03/2031	\$174,480	\$14,540	\$16.00

2025 PROJECTED OPERATING INFORMATION

INCOME	
Base Rental Income	\$152,670
Operating Costs & Increases	\$ 70,833
Tenant Allowance Reimb.	\$ 70,745
Gross Income	\$296,425
Operating Expenses	\$105,364
Operating Income	\$191,060
OPERATING EXPENSES	
Taxes	\$ 15,900
Insurance	\$ 15,338
Electricity	\$ 18,428
Water/ Sewer	\$ 1,782
Trash Removal	\$ 3,296
Janitorial & Supplies	\$ 13,254
Landscaping	\$ 6,901
Repairs & Maintenance	\$ 18,085
Pest Control	\$ 796
Alarm	\$ 852
Management Fee	\$ 7,411
Replacement Reserves	\$ 3,272
Total Expenses	\$105,364

Profit and Loss Actual & Projected

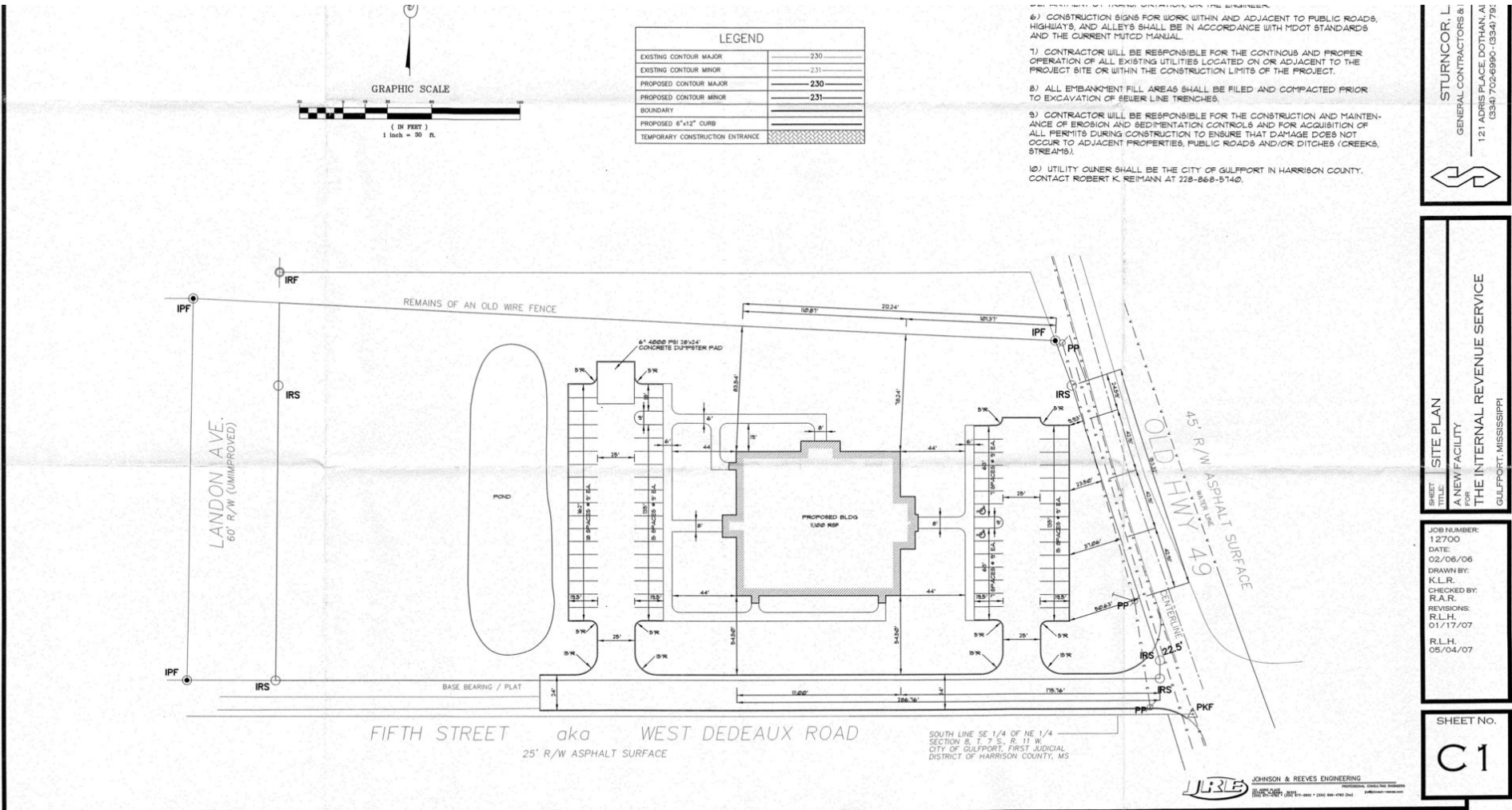
Internal Revenue Service - Gulfport, MS

	Actual Firm Term 2024		Firm Term Proforma 2025		Firm Term Proforma 2026		Firm Term Proforma 2027		Firm Term Proforma 2028		Firm Term Proforma 2029		Non-Firm Term Proforma 2030		Non-Firm Term Proforma 2031	
Rent	\$152,670	\$14.00	\$152,670	\$14.00	\$152,670	\$152,670	\$152,670	\$152,670	\$152,670	\$152,670	\$152,670	\$174,480	\$174,480	\$16.00		
Operating Costs	\$70,883	\$6.50	\$70,883	\$6.50	\$70,883	\$70,883	\$70,883	\$70,883	\$70,883	\$70,883	\$70,883	\$70,883	\$70,883	\$6.50		
Operating Cost Increases	\$0	\$0.00	\$2,126	\$0.20	\$4,253	\$6,379	\$8,506	\$10,632	\$12,759	\$14,885	\$16.00					
Property Tax Reimbursement	\$0	\$0.00	\$0	\$0.00	\$77	\$554	\$1,046	\$1,552	\$2,073	\$2,610	\$0.24					
Reimb Tenant Improvement Allowance	\$67,391	\$6.18	\$67,391	\$6.18	\$67,391	\$67,391	\$67,391	\$67,391	\$67,391	\$67,391	\$0	\$0	\$0.00			
Reimb BSAC	\$3,354	\$0.31	\$3,354	\$0.31	\$3,354	\$3,354	\$3,354	\$3,354	\$3,354	\$3,354	\$0	\$0	\$0.00			
Total Income	\$294,298	\$26.99	\$296,425	\$27.18	\$298,628	\$301,232	\$303,850	\$306,482	\$260,195	\$262,858	\$24.10					
EXPENSES																
Taxes	\$15,437	\$1.42	\$15,900	\$1.46	\$16,377	\$16,868	\$17,374	\$17,896	\$18,433	\$18,986	\$1.74					
Insurance	\$14,940	\$1.37	\$15,388	\$1.41	\$15,850	\$16,325	\$16,815	\$17,319	\$17,839	\$18,374	\$1.68					
Utilities Electricity	\$17,891	\$1.64	\$18,428	\$1.69	\$18,980	\$19,550	\$20,136	\$20,740	\$21,363	\$22,003	\$2.02					
Utilities Water-Sewer	\$1,730	\$0.16	\$1,782	\$0.16	\$1,836	\$1,891	\$1,947	\$2,006	\$2,066	\$2,128	\$0.20					
Trash	\$3,200	\$0.29	\$3,296	\$0.30	\$3,395	\$3,497	\$3,602	\$3,710	\$3,821	\$3,936	\$0.36					
Janitorial & Supplies	\$12,868	\$1.18	\$13,254	\$1.22	\$13,652	\$14,061	\$14,483	\$14,918	\$15,365	\$15,826	\$1.45					
Landscaping	\$6,700	\$0.61	\$6,901	\$0.63	\$7,108	\$7,321	\$7,541	\$7,767	\$8,000	\$8,240	\$0.76					
Repairs & Maintenance	\$17,558	\$1.61	\$18,085	\$1.66	\$18,627	\$19,186	\$19,762	\$20,355	\$20,965	\$21,594	\$1.98					
Pest Control	\$773	\$0.07	\$796	\$0.07	\$820	\$844	\$870	\$896	\$922	\$950	\$0.09					
Alarm	\$827	\$0.08	\$852	\$0.08	\$878	\$904	\$931	\$959	\$988	\$1,018	\$0.09					
2.5% Management Fee	\$0	\$0.00	\$7,411	\$0.68	\$7,466	\$7,531	\$7,596	\$7,662	\$6,505	\$6,571	\$0.60					
\$0.30 Replacement Reserves	\$0	\$0.00	\$3,272	\$0.30	\$3,272	\$3,272	\$3,272	\$3,272	\$3,272	\$3,272	\$0.30					
Total Expenses	\$91,924	\$8.43	\$105,364	\$9.66	\$108,260	\$111,250	\$114,329	\$117,499	\$119,539	\$122,898	\$11.27					
Total Net Income	\$202,374	\$18.56	\$191,060	\$17.52	\$190,369	\$189,981	\$189,520	\$188,983	\$140,656	\$139,960	\$12.83					
NOTES																
Operating Costs as of 12/4/2021 Per Lease	6.50 SF (excluding property taxes)															
Assumption Operating Cost Increases as of 2024 (CPI)	3%															
Property Tax (Base Year 2021) Per Lease	\$15,823															
Assumption Annual Expense Increases	3%															
Annual Tenant Improvement Rent Reimbursements	\$67,391 82 monthly payments from 3/1/2023 to 12/1/2029 Lease Amedment 9															
Annual Bldg Security Amor Cap Reimbursements	\$3,354 82 monthly payments from 3/1/2023 to 12/1/2029 Lease Amedment 9															
	\$70,745															
Capitalization Rate 2025 Projected NOI	7.50%															
Purchase Price	\$2,547,000															
Price Per Sq Ft	\$234															

The lease was renewed on 12/4/2021 with a ten year term on a full service basis with eight years of firm term and two years on non-firm term. During the first eight years, the tenant pays base rent, operating costs, operating cost increases, plus reimbursement of tenant allowance and building secured amortization capital. After the first eight years, only base rent, operating costs and operating cost increases are paid. Effective 12/4/2029, base rent increases to \$174,480 per year for the last two years of the lease term. Throughout the lease, the tenant pays increases in operating costs over a base year cost of \$6.50 SF, calculated using a CPI formula. Throughout the lease, the tenant pays increases in property taxes over a base year 2021 cost of \$15,822.85

After the first eight years, the tenant has the right to terminate the lease with 90 days notice. According to the GSA, less than 1.2% of GSA leases were terminated prior to the expiration date.

ADDITIONAL PHOTOS



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AERIAL MAP



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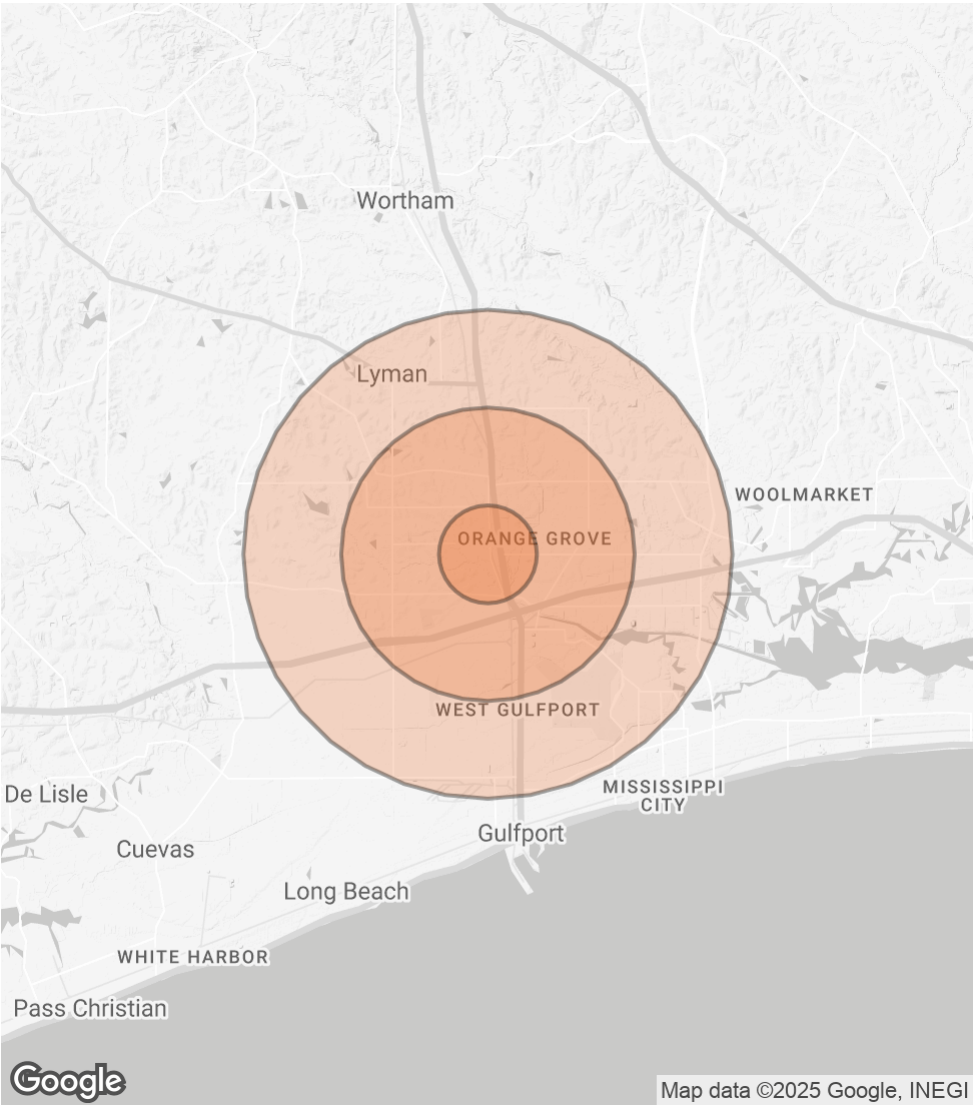
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DEMOGRAPHICS MAP & REPORT

POPULATION	1 MILE	3 MILES	5 MILES
TOTAL POPULATION	3,816	29,880	63,107
AVERAGE AGE	43.3	35.3	35.0
AVERAGE AGE (MALE)	43.0	34.5	33.6
AVERAGE AGE (FEMALE)	45.6	36.5	37.2

HOUSEHOLDS & INCOME	1 MILE	3 MILES	5 MILES
TOTAL HOUSEHOLDS	1,451	12,334	26,575
# OF PERSONS PER HH	2.6	2.4	2.4
AVERAGE HH INCOME	\$68,607	\$58,082	\$57,105
AVERAGE HOUSE VALUE	\$137,030	\$131,353	\$141,755

** Demographic data derived from 2020 ACS - US Census*



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PROFESSIONAL BACKGROUND

Matt Levin, CCIM, focuses on the sale and leasing of retail, office and industrial properties. With over 30 years experience in the real estate industry, he has completed over 500 transactions valued at \$300 million. prior to joining Crye-Leike Commercial, Matt was a multi-year recipient of the Partner Circle Award, SVN Commercial Real Estate’s highest recognition, and consistently performed in the top 100 of advisors nationally.

Prior to joining SVN, Matt served as President of Dekalb Realty Company. Previously, he served as a \$250 million Commercial Real Estate Non-Performing Loan Portfolio Manager for the Federal Deposit Insurance Corporation (FDIC).

Matt is a Phoenix Award recipient of the Atlanta Commercial Board of Realtors’ Million Dollar Club. He is past president of the Georgia State University, Real Estate Alumni Group, and past chairman of the Scholarship Committee of the Georgia Chapter of CCIM.

Matt received his Bachelor of Arts from Emory University and Master of Science degree in Real Estate from Georgia State University.

He lives with his wife of over 23 years Valerie and daughter Camille. Matt is an avid sailor having first learned from his father. "Sailing is much like life, you’re heading for a destination and the changes in weather, wind and current require anticipation, attention and adjustment. Getting there can be as interesting as arriving."

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PROFESSIONAL BACKGROUND

Andrew Agee is the Senior Managing Director for SVN International | Avat Realty’s Multifamily Group, having completed transactions in Tennessee, Alabama, Mississippi, and Georgia. The SVN Multifamily Team brokered over \$2 Billion in multifamily sales in each of the last two years. SVN’s commitment to excellence and their entrepreneurial spirit is reflected in their strict policy of sharing commission with other brokers regardless of the circumstances. This has been proven to increase demand for assets and, consequently, price.

Andrew Agee and the Southeast Regional office are extremely customer centric, personable, knowledgeable, and subscribe wholeheartedly to the SVN model of Win/Win relationships, transparency, and cooperative real estate with all parties, including other brokers.

Andrew is a member of the National Apartment Association, CCIM, Committee of 100 in Huntsville, is involved as a board member of a large local political committee in North Alabama, and serves on the board of the Margarita Society, a non profit organization that collects thousands of toys for various charitable organizations at Christmas. He is also involved with the Development Council of the Huntsville Hospital Foundation.

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