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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.



2575 Interstate Drive | Harrisburg, PA 17110



#### **Broker of Record**

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### **Exclusive Investment Advisory Team**

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**Rokas Samas** 

Marketing Specialist Colliers International

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### Investment Overview

The Ficke Team of Colliers is pleased to present to qualified investors the opportunity to purchase the Commonwealth of Pennsylvania Department of Environmental Protection (DEP) Bureau of Laboratories Headquarters located at 2575 Interstate Drive in Harrisburg, PA. Originally built in 1997 and fully renovated to suit in 2007, the DEP operates their Bureau of Laboratories Headquarters from this location. The subject property is 100% leased on a long-term lease through December 31st, 2031 and is fully guaranteed by the Commonwealth of Pennsylvania (Moody's Aa3) with a 7.4-year lease term remaining.

Investors will benefit from the long-term cash flow secured by this mission-critical state agency with operating expense reimbursement offered by the attractive modified net lease structure. An assumable loan is available and provides qualified borrowers a below-market interest rate of 5.97% with a current loan balance of approximately \$17MM and maturity date of December 15th 2031. Supplemental income is available through the electricity profit sharing and demand response agreements in place with Grid Power Direct and NuEnergen.

The Bureau of Laboratories mission is to protect deliver timely, accurate analytical information in support of Pennsylvania's environmental protection programs and to help assure the quality of statewide laboratory services through laboratory accreditation and improvement activities. This location is the primary lab for state testing, providing a higher barrier to relocation. The Bureau provides a variety of services including testing of inorganic, organic, bacteriological, and radioactive substances present in air, drinking water, non-potable water, and solid environmental samples.

Harrisburg is the capital city of the U.S. commonwealth of Pennsylvania and the seat of Dauphin County. With a population of 50,099 as of 2020, Harrisburg is the ninthmost populous city in Pennsylvania. It is the larger principal city of the Harrisburg—Carlisle MSA, also known as the Susquehanna Valley, which had a population of 591,712 in 2020 and is the fourth-most populous metro area in Pennsylvania. Harrisburg's employment drivers include health-care and a growing technological and biotechnology industry to accompany the dominant government field inherent to being the state's capital. National and international firms with major operations include Ahold Delhaize, ArcelorMittal Steel, HP Inc., IBM, Hershey Foods, Harsco Corporation, Ollie's Bargain Outlet, Rite Aid Corporation, Tyco Electronics, and Volvo Construction Equipment.

### Investment Highlights



Investment Grade Credit of Pennsylvania (Moody's Aa3)



7.4 Years of Lease Term Remaining



\$47.6B State Budget in 2024



Modified Net Lease



Mission Critical Research & Development Laboratory Space



10 Gamma Detectors, 4 Mobile Labs, Nuclear Power Plant Monitoring



150+ Employees Analyzing and Testing Air, Soil, Water, and Food Products

# Property Overview

2575 Interstate Drive | Harrisburg, PA 17110

Duc		C	
Pro	perty	Sumn	ıary

**Property Address** 2575 Interstate Drive, Harrisburg, PA 17110

Rentable Square Feet (RSF) 109,645

4.23 Lot Size (Acres)

**FAR** 0.60

1997/2007 Year Built/Renovated

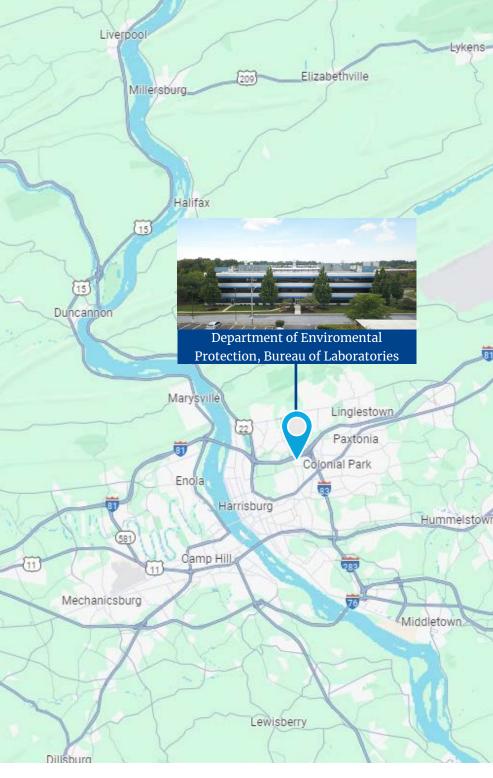
**Building Class** В

Dauphin County

Laboratory/Office **Property Use** 

Fee Simple **Ownership Type** 





### **Tenant Overview**

2575 Interstate Drive | Harrisburg, PA 17110





The Department of Environmental Protection's Bureau of Laboratories is a crucial division responsible for monitoring and analyzing environmental samples to ensure public health and environmental quality. This bureau conducts a wide range of tests on air, water, soil, and other environmental materials to detect pollutants, contaminants, and other potential hazards. By providing accurate and timely data, the Bureau of Laboratories supports regulatory enforcement, policy development, and environmental protection initiatives. Its work is essential for maintaining safe drinking water, clean air, and a healthy ecosystem, ensuring compliance with environmental standards and protecting public health.

Learn More About DEP - Bureau of Laboratories Headquarters

### Service Areas

- Water Quality Monitoring
- · Air Quality Monitoring
- Soil and Sediment Testing Radiological Analysis
- Biological Monitoring
- Chemical and Hazardous Waste Analysis
- Emergency Response Support



### Lease Abstract

2575 Interstate Drive | Harrisburg, PA 17110



Lease Abstract	
Lease Type	Modified Net
Rentable Square Feet (RSF)	109,645
% Share of SF	100.0%
Lease Commencement[1]	1/1/2007
Lease Expiration	12/31/2031
Lease Total Term	25.0
Total Term Remaining	7.4

#### Lease Abstract (continued)

### Option(s) Details

#### N/A

### **Operating Expense Categories**

"Contract Expenses: include management, reserve, grounds maintenance, insurance, exterminating, snow removal, preventative maintenance, painting, elevator maintenance, fire protection system maintenance and building maintenance and repair. (Blended Contract Expense Cap Rate of \$1.901 PSF in Base year)

Reimbursable Expenses: Include janitorial services, trash collection, electricity, natural gas, water and sewer, taxes (Blended \$10.56 PSF in Base Year) Taxes and insurance are not subject to the five percent (5%) expense cap. "

### Reimbursement Structure

Beginning on January 1, 2008 and each yearly anniversary thereafter, the Blended Contract Expense Cap Rate shall be subject to annual increases commensurate with CPI Increase to be taken from the Bureau of Labor Statistics - Urban Consumers, Northeast Cities Index. Lessee to pay Contract Expenses at the actual cost of Contract Expenses incurred or at the Blended Contract Expense Cap Rate, as adjusted by the CPI, which ever is less.

#### **Base Rental Rate \$/SF**

#### \$19.20

#### **Termination Notice**

If the governmental function for which the premises are being leased, is abolished, limited, or restricted, by an Act of Legislature, including the failure of sufficient appropriation by the general assembly to continue payment of the rent or an other amount, the lessee shall have the right to cancel this lease by giving one month's notice in writing.



### Financials Rent Schedule & Loan Assumption

### 2575 Interstate Drive | Harrisburg, PA 17110

Total RSF	109,645
Total Occupancy	100%
Remaining Least Term	7.4
W.Avg Base Rent	\$19.20

	RSF	Lease	Lease Term	Rental Rates	Reimbursement
Tenant Name	Pro Rata %	Status	Start Date End Date	Begin Monthly Annually \$/SF % Increase	Structure
DEP - Bureau of Laboratories	109,645	Contract	1/1/2007 12/31/2031	Current - 1/11/2012 \$175,386.98 \$2,104,644 \$19.20 -	Modified Net

[1] CPI Increase to be taken from the Bureau of Labor Statistics – Urban Consumers, Northeast Cities Index

Lender	Wells Fargo Bank Northwest, N.A, as Trustee
Type	Credit Tenant Lease Debt
Orginial Loan Amount	\$27,059,000
Current Loan Balance (as of January 1, 2025)	\$17,040,680
Maturity Date	12/15/2031
Interest Rate	5.97%
Amortization (Yrs.)	24
	Adjusting:
	2025: \$1,960,350
	2026: \$1,963,379
Annual Debt Service	2027: \$2,277,957
	2028: \$2,278,765
	2029: \$2,279,800
	2030: \$2,281,265
	2031: \$2,282,693
Balloon Payment Amount (12/15/2031)	\$7,280,927
Assumption	1.0% of Outstanding Principal Amount

### Financials Pro Forma Cash Flow

### 2575 Interstate Drive | Harrisburg, PA 17110

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
For the Years Ending <sup>[1]</sup>			Dec-2024	Dec-2025	Dec-2026	Dec-2027	Dec-2028	Dec-2029	Dec-2030	Dec-2031	Dec-2032	Dec-2033	Dec-2034	Total
		4/05												
Rental Revenue		<u>\$/SF</u>	2404644	2404644	2404644	2404644	2404644	2404644	2.104.644	2404644	2 245 400	2 245 400	2 245 400	22 702 475
DEP - Bureau of Laboratories - Base Rent  Total Rental Revenue	• •	19.20	2,104,644		2,104,644									23,782,475 23,782,475
Total Rental Revenue	-	\$19.20	2,104,644	2,104,644	2, 104,644	2,104,644	2,104,644	2,104,644	2,104,644	2,104,644	2,315,108	2,315,108	2,315,108	23,/82,4/3
Other Tenant Revenue - Expense Recoveries	[3]													
Tenant Reimbursement		13.58	1,488,720	1,487,713	1,532,344	1,578,315	1,625,664	1,674,434	1,724,667	1,776,407	1,829,699	1,884,590	1,941,128	18,543,682
Reimbursable Recoveries (Tenant)		-\$0.01	(1,007)	44,631	45,970	47,349	48,770	50,233	51,740	53,292	54,891	56,538	58,234	510,642
CAM Recoveries	[5] \$	\$10.80	1,183,996	680,546	700,962	721,991	743,651	765,960	788,939	812,607	836,985	862,095	887,958	8,985,688
Contract Recoveries (CAM)		-\$4.59	(503,450)	20,416	21,029	21,660	22,310	22,979	23,668	24,378	25,110	25,863	26,639	-269,400
Other Income - Electricity	[6]	\$2.71	296,736	305,638	314,807	324,251	333,979	343,998	354,318	364,948	375,896	387,173	398,788	3,800,534
Total Other Tenant Revenue	\$	\$22.48	2,464,995	2,538,944	2,615,113	2,693,566	2,774,373	2,857,604	2,943,332	3,031,632	3,122,581	3,216,259	3,312,747	31,571,147
Effective Gross Revenue	4	\$41.68	4,569,638	4,643,588	4,719,757	4,798,210	4,879,017	4,962,248	5,047,976	5,136,276	5,437,690	5,531,367	5,627,855	55,353,622
Onesation Funerace	[7]													
Operating Expenses    Ianitorial - Tenant Reimbursement		\$3.38	370,374	381,485	392,930	404,718	416,859	429,365	442,246	455,513	469,179	483,254	497,752	4,743,675
Fire Prevention - Tenant Reimbursement		\$0.04	4,783	4,926	5,074	5,227	5,383	5,545	5,711	5,882	6,059	6,241	6,428	61,260
Trash Collection - Tenant Reimbursement		\$0.12	12,815	13,199	13,595	14,003	14,423	14,856	15,302	15,761	16,234	16,721	17,222	164,132
Electricity - Tenant Reimbursement		\$7.46	817,450	841,974	867,233	893,250	920,047	947,649	976,078	1,005,360	1,035,521	1,066,587	1,098,584	10,469,733
Fuel - Tenant Reimbursement		\$1.02	112,369	115,740	119,212	122,789	126,472	130,266	134,174	138,200	142,346	146,616	151,015	1,439,199
Water - Tenant Reimbursement		\$0.12	12,927	13,315	13,714	14,126	14,549	14,986	15,436	15,899	16,376	16,867	17,373	165,566
Sewer - Tenant Reimbursement		\$0.15	16,255	16,743	17,245	17,762	18,295	18,844	19,409	19,992	20,591	21,209	21,845	208,191
Property Taxes - Tenant Reimbursement		\$1.28	140,740	144,962	149,311	153,790	158,404	163,156	168,051	173,092	178,285	183,634	189,143	1,802,569
1 /		\$1.03	112,995	116,384	119,876	123,472	127,176	130,992	134,921	138,969	143,138	147,432	151,855	1,447,211
Property Insurance - CAM Recoveries		\$0.43	47,330	48,750	50,212	51,719	53,270	54,868	56,514	58,210	59,956	61,755	63,608	606,193
Prevenatative Maintenance - CAM Recoveries		\$2.31	253,768	261,381	269,222	277,299	285,618	294,187	303,012	312,103	321,466	331,110	341,043	3,250,209
Landscaping/Snow Removal - CAM Recoveries		\$0.17	18,466	19,020	19,591	20,178	20,784	21,407	22,049	22,711	23,392	24,094	24,817	236,509
Elevator Contract - CAM Recoveries		\$0.10	10,725	11,047	11,378	11,719	12,071	12,433	12,806	13,190	13,586	13,994	14,414	137,364
Alarm Monitoring - CAM Recoveries		\$0.03	2,773	2,856	2,942	3,030	3,121	3,215	3,311	3,410	3,513	3,618	3,727	35,516
Repairs & Maintenance - CAM Recoveries		\$2.14	234,489	241,524	248,769	256,232	263,919	271,837	279,992	288,392	297,044	305,955	315,134	3,003,287
Total Operating Expenses	,	19.78	2,168,259	2,233,306	2,300,306	2,369,315	2,440,394	2,513,606	2,589,014	2,666,685	2,746,685	2,829,086	2,913,958	27,770,613
Net Operating Income	\$	\$21.90	2,401,380	2,410,282	2,419,451	2,428,895	2,438,623	2,448,642	2,458,962	2,469,592	2,691,004	2,702,281	2,713,897	27,583,009

#### **Notes to Cash Flow**

- 1. Analysis start date begins on Januarry 1, 2024.
- 2. Contractually based rental rate increases shown as defined in the lease agreement Tenant assumed to extend a 10-year deal with 110% increases of the base rental rate.
- Tenant pays on a reseting operating expense amount which resets every year Tenant will pay any additional overage above the previous annual amount or will be credited any shortfall if appliciable with the expense adjusting the next year based on the applicible increase or shortfall.
- Tenant reimbursement tranche outlined below in the 'Operating Expense Categories' section in the Lease Abstract.
- 5. CAM recoveries tranche outlined below in the 'Operating Expense Categories' section in the Lease Abstract.
- 6. Other Income Contractual income derived from GridPowerDirect and NuEnergen contracts. Income based on 2023 YE Income with 3% annual growth projected.
- 7. Operating expense source: Property 2023 income statements Analysis assumes 3.0% YoY growth every fiscal year.
- 8. Management Fee is assumed to be 2.5% effective gross revenue (EGR Year 1).

# Energy Abstract



Energy Abstract: GridPowerDirect					
Energy Provider	GridPowerDirect				
Agreement Type	Electricity Profit Plan				
Term	Month-to-Month				
Termination	Thirty (30) Day Notice				
Payment Sharing Structure	50% profit share above margin between wholesale energy costs and actual bill.				
Website	https://www.gridpowerdirect.com/				

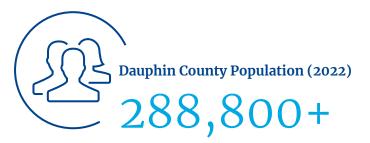


Energy Abstract: NuEnergen					
Energy Provider	NuEnergen				
Agreement Type	Demand Response				
Term	12/31/2020 - 12/31/2025				
Termination	Automatically renews for an additional 12 month periods with 90 day termination notice prior to expiration.				
Payment Sharing Structure	NuEnergen will pay customer 73%of all payments obtained by NuEnergen owing to customers performance in the program(s).				
Website	https://www.nuenergen.com/				

# Harrisburg, PA Demographics

# Dauphin **County**





### Harrisburg Overview | 10 Mile Radius



#### **Population**

In the identified area, the current year population is 364,409. The 2010 Census population count in the area was 326,015, and 355,225 in 2020, a 0.9% annual growth rate. The rate of growth since 2020 was 0.6% annually.

#### Households



The household count in this area has changed from 145,874 in 2020 to 150,214 in the current year, a change of 0.72% annually. The five-year projection of households is 154,430, a change of 0.56% annually from the current year total. Average household size is currently 2.36, compared to 2.38 in the year 2020. The number of families in the current year is 90,687 in the specified area.

#### Households by income (Average)



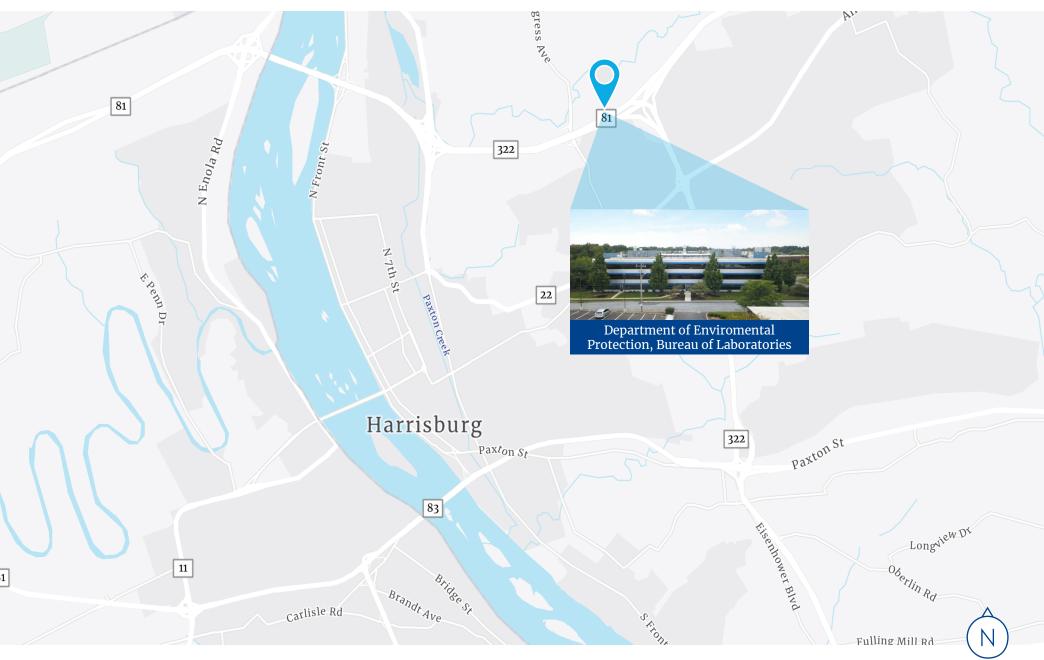
Current average household income is \$106,034 in this area, compared to \$107,008 for all U.S. households. Average household income is projected to be \$122,053 in five years, compared to \$122,048 for all U.S. households

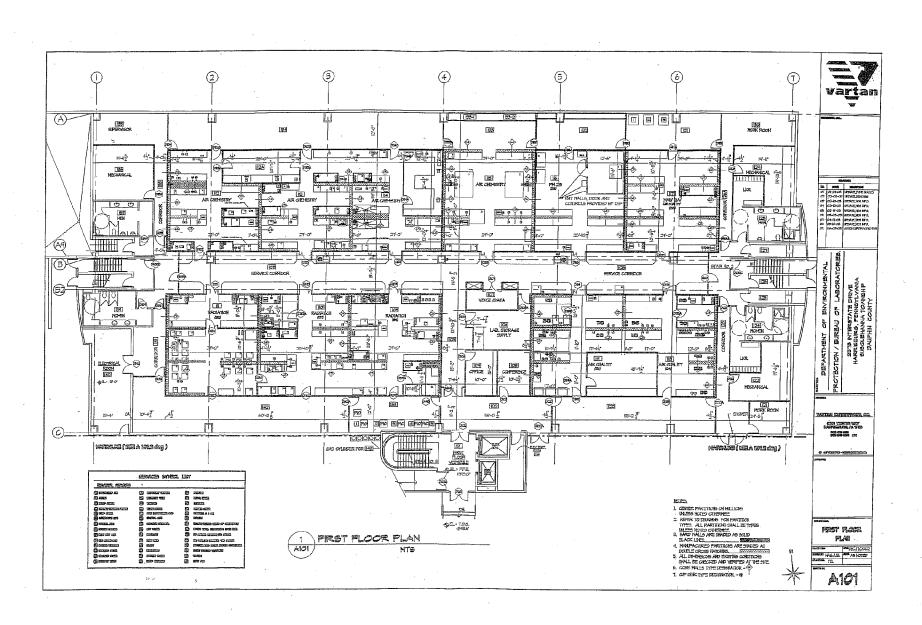
#### Housing

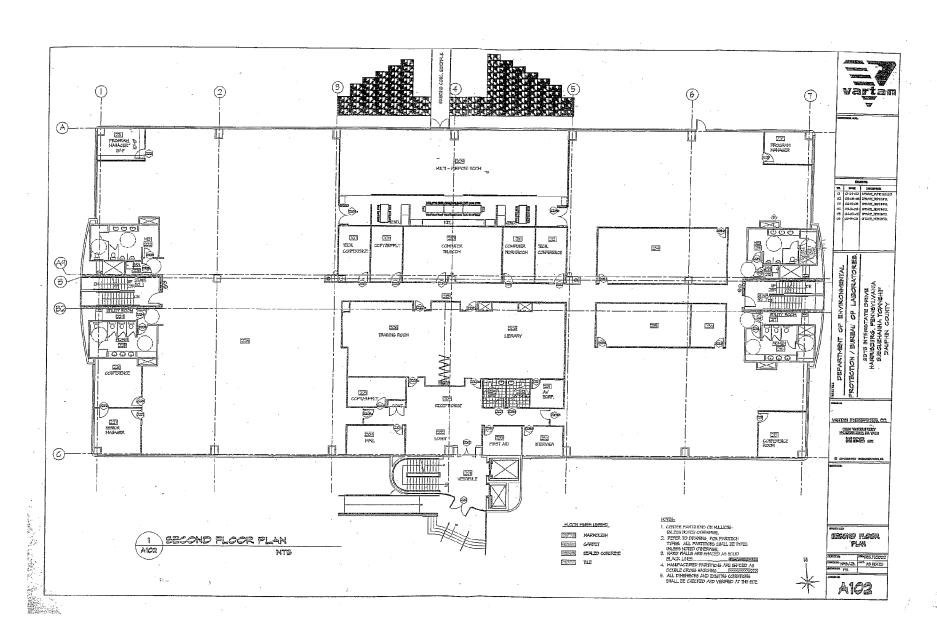


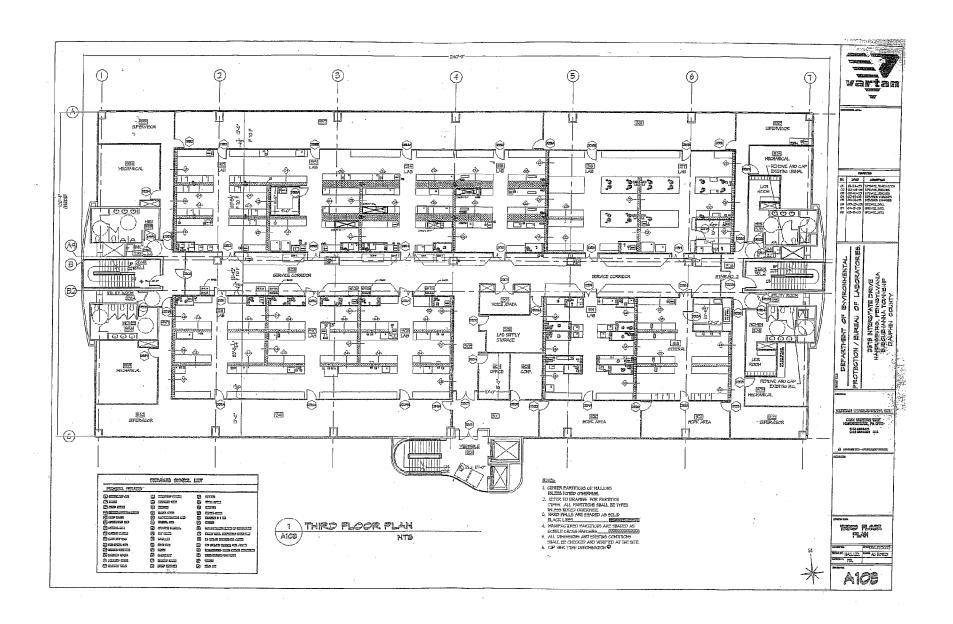
Currently 63.1% of the 160,385 housing units in the area are owner occupied; 36.9% renter occupied; and 6.3% are vacant. 64.6% of the housing units in the US are owner occupied; 35.4% are renter occupied; and 10.0% are vacant. In 2010, there were 146,454 housing units in the area - 61.1% owner occupied, 31.6% renter occupied, and 7.3% vacant. The annual rate of change in housing units since 2020 is 0.7%. Median home value in the area is \$271,795, 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 \$328,236, compared to a median home value of \$350,006 in the US.

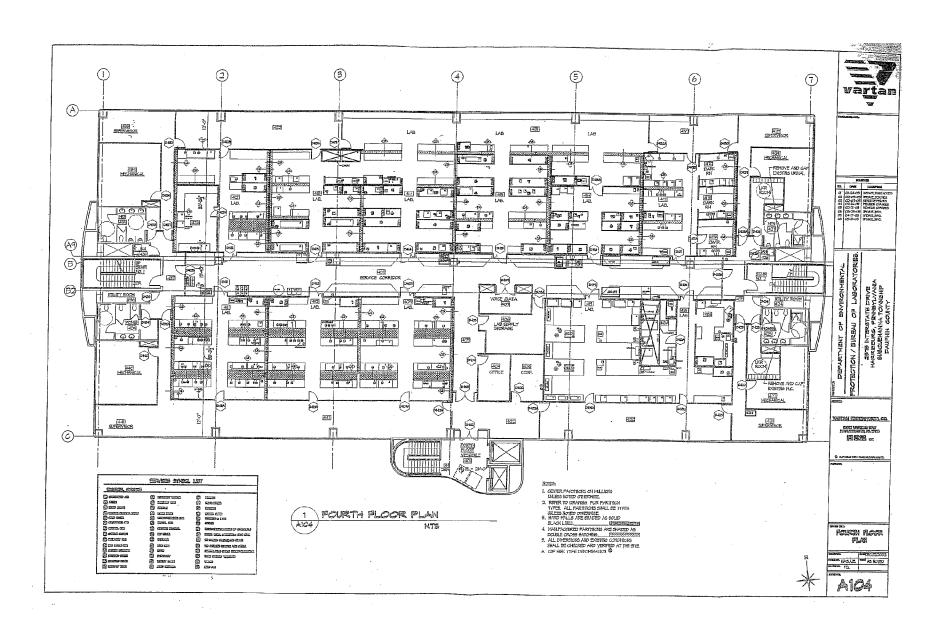
### Location Overview













Purchase Price \$30,015,000 (\$273.75/psf)

**Cap Rate** 8.00%

**Pro Forma NOI** \$2,401,380



Offers should be submitted via email to: **Geoff.Ficke@colliers.com** & **Zack.Ficke@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** 

**Form of PSA** 

**Title & Escrow** 

By Appointment Only

TBD

TBD



# Thank you.

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



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