

# INVESTMENT OPPORTUNITY

## OFFERING MEMORANDUM



# 6740 N. ORACLE ROAD

SINGLE TENANT LONG TERM LEASE

NATIONAL HEALTHCARE CREDIT TENANT

LEASED THROUGH 3/2033 WITH ANNUAL RENT INCREASES

CAP RATE INCREASES FROM 6.75% TO 8.22%

PRICE: \$3,999,000

BUILDING SIZE: 12,720 SF



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### Paul Ash Commercial Real Estate

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## INVESTMENT OVERVIEW

Investment Highlights	
Asking Price	\$3,999,000
Lease Term	Over 7 years remaining (3/31/2033)
NOI (Scheduled 2026)	\$269,944.62
NOI (Scheduled 2027)	\$280,293.27
CAP Rate (2026)	6.75%
CAP Rate (2027)	7.01 %
Annual Rent Increases	3% on Modified Gross Rent
Building Size	12,720 Square Feet
Year Built	2000
Lot Size	44,023 Square Feet (~1.01 Acres)
Tax Parcel Number	102-03-150H
Zoning	CB-1, Pima County
Traffic Counts (2024)	38,562 vehicles per day (Source: ADOT)

**DESCRIPTION:** 6740 N. Oracle Road is a single-story 12,720 square foot, garden-style office building that has been fully leased by *Action Behavior Centers*. A tenant in the building since 2021, Action Behavior Centers expanded in 2022 to occupy the entire building. The expansion resulted in a lease extension through March 31 of 2033 with a lease that features 3% annual increases as well as pass-throughs of operating expenses over a Base Year.

**LOCATION:** The property is located at 6740 N. Oracle Road, in the heart of the northwest Tucson. Tucson is home to the University of Arizona and is the second largest city in Arizona, with a population of just over 1,000,000 in the greater Tucson metropolitan statistical area. The property is located on Oracle Road (State Highway 77), just south of Ina Road intersection, which is one of the busiest intersections in Northwest Tucson. Its location is strategically located between the affluent communities of the Catalina Foothills and Oro Valley.

**SITE INFORMATION:** 6740 N. Oracle Road is part of a 4-building development that features nearly 500' of frontage on Oracle Road

(Arizona State Route 77). The Site features a convenient median cut on Oracle Road for southbound traffic, a monument sign (panel available and being used by Action Behavior Centers), and reserved covered parking for each of the 4 buildings. Other tenants in the development include Realty Executives, Loan Depot, First American Title, attorneys Fletcher Struse Wagner & Derksen, and HiFalutin Rapid Western Grill.

**TENANT PROFILE:** Action Behavior Centers (“ABC”) is one of the nation’s fastest growing Applied Behavior Analysis (“ABA”) therapy providers, widely considered the gold standard in autism treatment by payors and clinicians. ABC provides personalized therapy for children with autism, with the goal of expanding their potential and improving their quality of life. Founded as a single center in Austin, TX, in 2016, ABC currently employs approximately 400 graduate-level clinicians and operates almost 400 centers throughout the United States including over 50 in Arizona. In September of 2022 Action Behavior Centers sold to Charlesbank Capital Partners at an \$840 million valuation and \$60 million in projected annual adjusted earnings. Charlesbank’s investment validated ABC’s position as a leading ABA provider with strong clinical outcomes, a unique culture that supports clinician retention, and a data-driven management team. Per Charlesbank at the time of the purchase, their investment “will enable the company to add centers in both new and existing geographies to meet increasing patient demand while maintaining strong clinical outcomes.”

**TENANT WEBSITE:** (<http://www.actionbehavior.com/>)

**LEASE TYPE:** The lease is a Modified Gross Lease with 3% annual increases. Tenant is responsible for pass-throughs of operating expenses over a 2022 Base Year. A full financial analysis of the lease, including the annual projected Net Operating Income and Cap Rates, is included in the Financial Analysis section of this Offering Memorandum.



Calendar Year Scheduled Rent	Gross Scheduled Rent	Less Base Year Expenses	Net Operating Income	Price	Cap Rate
2026	\$344,956.98	-\$75,012.36	\$269,944.62	\$3,999,000.00	6.75%
2027	\$355,305.63	-\$75,012.36	\$280,293.27	\$3,999,000.00	7.01%
2028	\$365,964.78	-\$75,012.36	\$290,952.42	\$3,999,000.00	7.28%
2029	\$376,943.79	-\$75,012.36	\$301,931.43	\$3,999,000.00	7.55%
2030	\$388,252.11	-\$75,012.36	\$313,239.75	\$3,999,000.00	7.83%
2031	\$399,899.67	-\$75,012.36	\$324,887.31	\$3,999,000.00	8.12%
2032	\$411,896.64	-\$75,012.36	\$336,884.28	\$3,999,000.00	8.42%
2033	TBD	TBD	TBD	\$3,999,000.00	TBD



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# LEASE PROFILE

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Lease Timeline	
Initial Lease Execution Date	June 10, 2021
Initial Lease Commencement Date	June 10, 2021
Date Tenant Opened for Business	September 27, 2021
Initial Rent Commencement Date	December 1, 2021
Expansion Amendment Executed	October 28, 2022
Delivery Date of Expansion Premises	January 1, 2023
Rent Start Date - Entire Premises	April 1, 2023
Lease Expiration Date	March 31, 2033
Annual Rent Escalation Date	April 1st



Lease Abstract	
Remaining Term:	Over 7 Years
Lease Type:	Modified Gross
Base Year	2022
Base Year Expense Total	\$75,012.36
Annual Increases in Base Rent	3.0%
Renewal Option	Five Years @ FMV
Area of Original Premises (sf)	6,511
Area of Expansion Space (sf)	6,209
Revised Area of Premises (sf)	12,720
Covered Parking	12 Spaces
Monument Signage	Yes
Building Signage	Yes
Security Deposit	\$25,000

# BASE YEAR EXPENSES

## BASE YEAR EXPENSES

Expense	Total	Cost/sf	Notes
Bank Service Charges	\$34.24	\$0.003	
Cleaning - Not Applicable	\$0.00	\$0.000	Tenant paying for 100% of janitorial as of 1/1/2023
Utilities - Not Applicable	\$0.00	\$0.000	Tenant paying for 100% of utilities as of 1/1/2023
Licenses and Permits	\$30.00	\$0.002	
Office Supplies	\$134.72	\$0.011	
Repairs	\$3,605.69	\$0.283	Includes HVAC maintenance and repairs as well as annual fire inspection.
Insurance	\$4,433.00	\$0.349	
Real Property Taxes	\$36,791.12	\$2.892	2nd Half of 2021 & 1st Half of 2022 Taxes were paid in 2022
Association Dues	\$10,409.64	\$0.818	6740 Building is 1 of 4 buildings in the original development
Management Fees (projected)	\$12,720.00	\$1.000	4% of rent at start rate of \$25/sf
Plumbing	\$0.00	\$0.000	
Exterminating	\$838.00	\$0.066	
Capital Improvements:			Roof amortization over 20 year warranty period
New Roof in 2019	\$3,779.25	\$0.297	20 year warranty and amortization
Parking Lot in 2013	\$2,236.70	\$0.176	10 year amortization
	\$75,012.36	\$5.897	
Capital Improvements:	Initial Cost	Yearly Amort.	Notes
New Roof in 2019	\$75,585.00	\$3,779.250	20 year warranty
Parking Lot in 2013	\$22,367.00	\$2,236.700	10 year amortization
HVAC Units	\$0.00	\$0.000	3 were replaced in 2020 but were all covered by an insurance claim.
		\$6,015.950	











# AERIAL

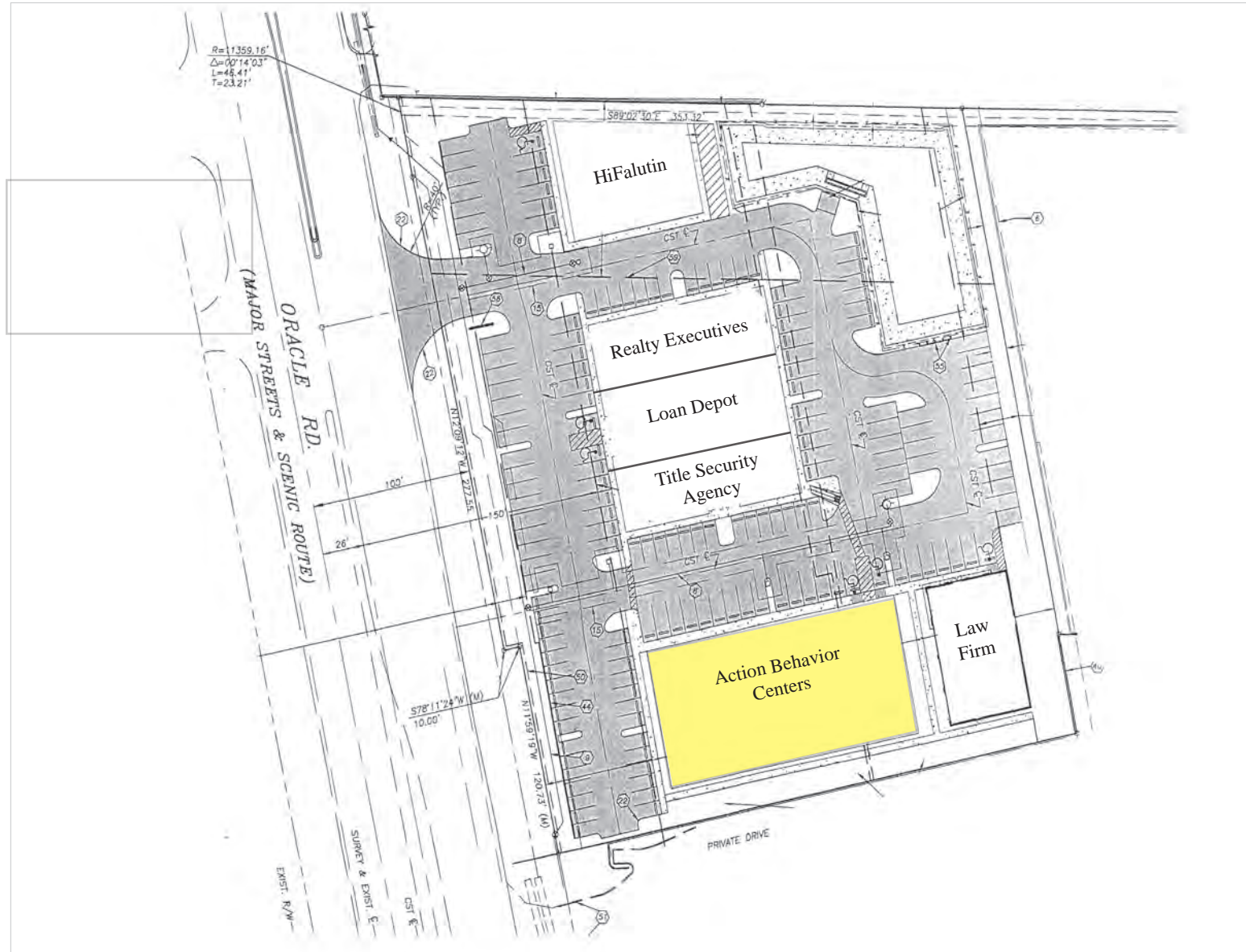
## AERIAL





# DEVELOPMENT PLAN

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# PHOTOS

## PHOTOS





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