Forest Business Center

JEFFERSONVILLE, PENNSYLVANIA

49,600 SF Three-Tenant Manufacturing Building
High Occupancy Industrial Market Near Philadelphia

Confidential Offering Memorandum

Marcus & Millichap

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Offering Summary

9 South Forrest Avenue
Jeffersonville, PA 19403

Price:	$4,950,000
Price Per Foot:	$99.80/SF
Cap Rate:	6.72%
NOI:	$332,737
RBA:	49,600 SF
Leased:	100%
Lot Size:	3.47 Acres
Zoning:	LCI
Tenants:	3
Lease Types:	Gross & NNN

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Broker of Record:

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Investment Highlights

Fully Occupied Three-Tenant Light-Assembly Building
LCR took occupancy in 2013 and the other two tenants in 2017 and 2021

6 Drive-In Doors and 3 Loading Docks with 16’ Clear Height
Functional layout and easily reconfigurable space appeals to various future users

Ample Onsite Parking with Available Street Parking
89 striped parking spaces on site with plenty of nearby street parking

Healthy Rent Increases with 60% of Space on a NNN Lease
Increases are 2% to 4% annually with the largest tenant having a NNN-lease

Urban Location Near Highways & Downtown Philadelphia
Within 10-minutes of I-76, I-276 and I-476 and 30-minutes to Downtown

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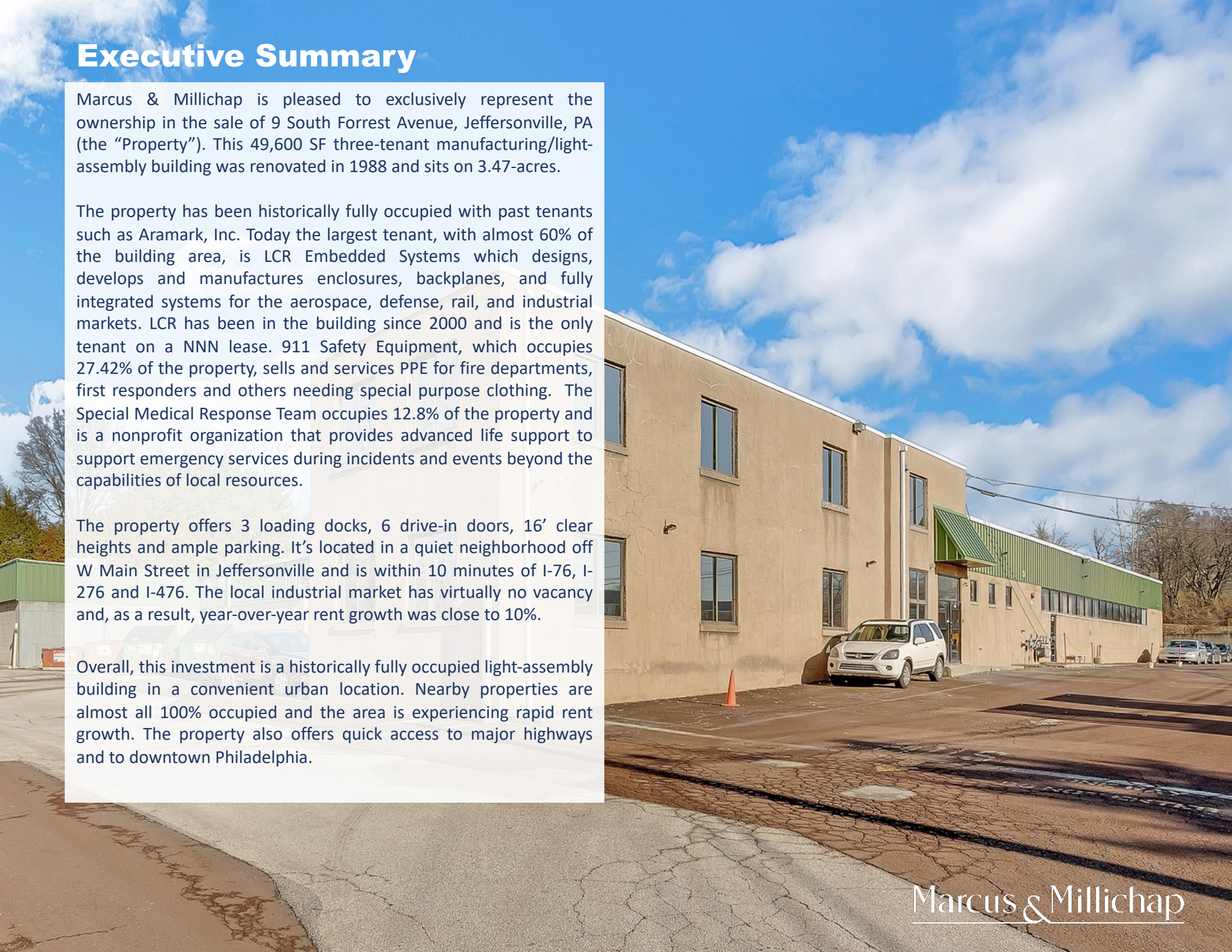
Executive Summary

Marcus & Millichap is pleased to exclusively represent the ownership in the sale of 9 South Forrest Avenue, Jeffersonville, PA (the "Property"). This 49,600 SF three-tenant manufacturing/light-assembly building was renovated in 1988 and sits on 3.47-acres.

The property has been historically fully occupied with past tenants such as Aramark, Inc. Today the largest tenant, with almost 60% of the building area, is LCR Embedded Systems which designs, develops and manufactures enclosures, backplanes, and fully integrated systems for the aerospace, defense, rail, and industrial markets. LCR has been in the building since 2000 and is the only tenant on a NNN lease. 911 Safety Equipment, which occupies 27.42% of the property, sells and services PPE for fire departments, first responders and others needing special purpose clothing. The Special Medical Response Team occupies 12.8% of the property and is a nonprofit organization that provides advanced life support to support emergency services during incidents and events beyond the capabilities of local resources.

The property offers 3 loading docks, 6 drive-in doors, 16' clear heights and ample parking. It's located in a quiet neighborhood off W Main Street in Jeffersonville and is within 10 minutes of I-76, I-276 and I-476. The local industrial market has virtually no vacancy and, as a result, year-over-year rent growth was close to 10%.

Overall, this investment is a historically fully occupied light-assembly building in a convenient urban location. Nearby properties are almost all 100% occupied and the area is experiencing rapid rent growth. The property also offers quick access to major highways and to downtown Philadelphia.



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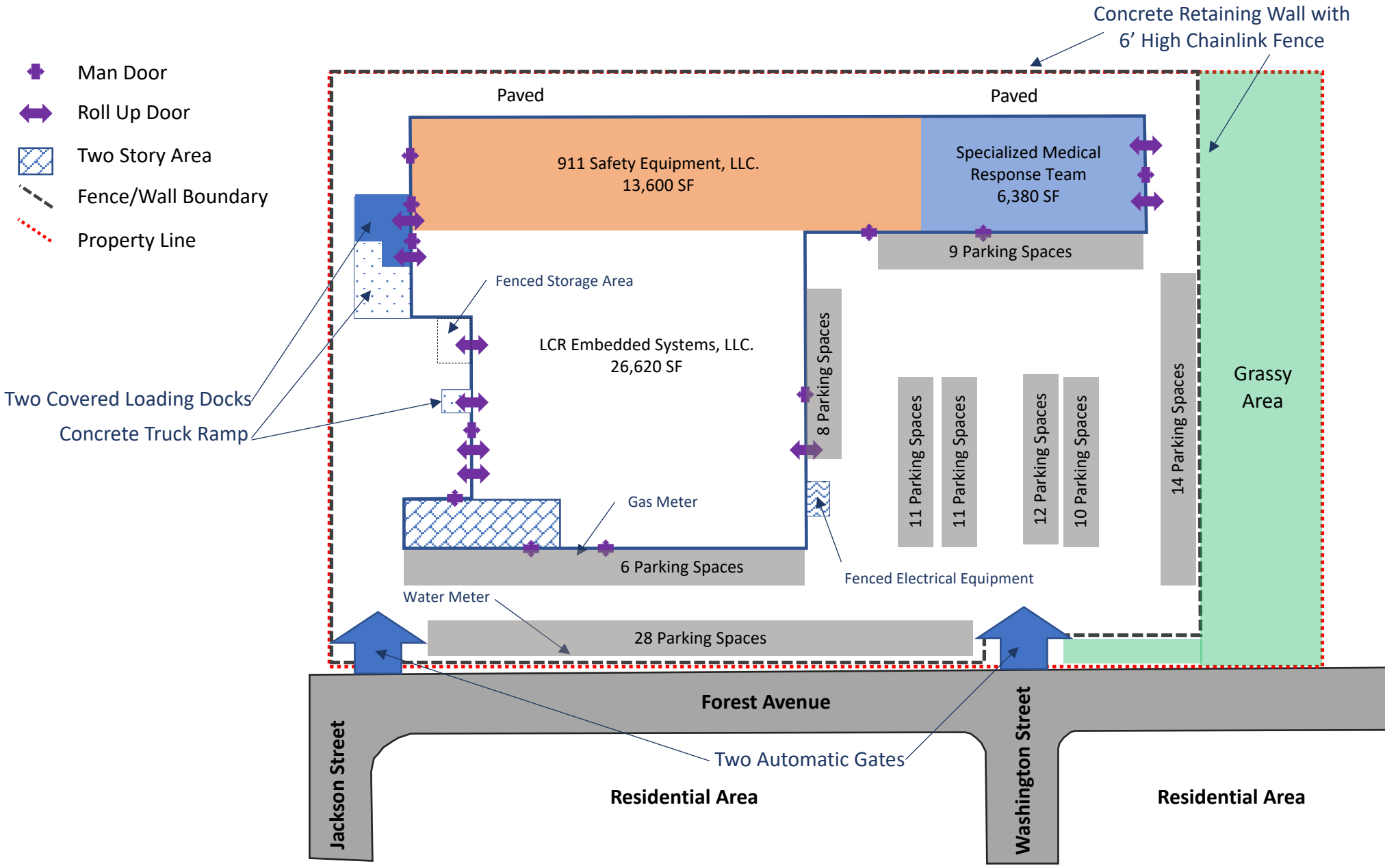
Site Plan


Man Door
Roll Up Door
Two Story Area
Fence/Wall Boundary
Property Line
Concrete Retaining Wall with
6' High Chainlink Fence
Paved
Paved
911 Safety Equipment, LLC.
13,600 SF
Specialized Medical
Response Team
6,380 SF
9 Parking Spaces
Fenced Storage Area
LCR Embedded Systems, LLC.
26,620 SF
8 Parking Spaces
11 Parking Spaces
11 Parking Spaces
12 Parking Spaces
10 Parking Spaces
14 Parking Spaces
Grassy
Area
Two Covered Loading Docks
Concrete Truck Ramp
Gas Meter
6 Parking Spaces
Fenced Electrical Equipment
Water Meter
28 Parking Spaces
Forest Avenue
Jackson Street
Washington Street
Two Automatic Gates
Residential Area
Residential Area

LCR | EMBEDDED SYSTEMS, INC.

Website: https://www.lcrembeddedsystems.com/

LCR supports US Department of Defense agency programs with leading edge products and technologies. Advanced packaging solutions and fully integrated systems help to drive mission critical applications in the most demanding environments. They offer a full suite of rapid design, manufacturing, testing, and system integration services as well as a wide range of standard and custom solutions to help their customers achieve their missions.

LCR has a 30-year history as a trusted supplier of innovative COTS and custom embedded systems. In air borne, ground and sea-based equipment, LCR solutions have a track record of proven performance and reliability.

The company takes pride in their commitment to honesty and integrity, complete customer satisfaction, professional development, and fostering an atmosphere of continuous improvement. The LCR leadership team offers decades of experience with engineering design and manufacturing for the aerospace & defense and rugged industrial.

9 South Forrest Avenue houses LCR Embedded Systems' headquarters. Within this space is their engineering center, customer support center, and manufacturing facility. LCR has one other location in Ridgeland, Mississippi which provides additional engineering resources in board design and system integration.

Lease Summary

Tenant:	**LCR Embedded Systems, LLC**
Lease Type:	**NNN**
Original Occupancy:	**August 30, 2000**
Lease Commence:	**December 2, 2021**
Lease Expiration:	**December 31, 2023**
RBA:	**29,620 SF**
Proportionate Share:	**59.7%**
Base Rent:	**$212,552.04/Year**
Rent Escalations:	**First Annual Increase is 3% then 4% during option periods**
Renewal Options:	**Three 1-Year Terms**
Renewal Rent:	**1st Renewal: $227,685.72/Year 2nd Renewal: $236,793.12/Year 3rd Renewal: $246,264.84/Year**
Renewal Notice:	**180 Days**
Tenant Reimbursements:	**Taxes, insurance, operating expenses, management fee plus repair and replacement of paving, parking, roads, non-structural components of the roof, painting and mechanical systems.**
Landlord Responsibilities:	**Most Capital Costs**
Security Deposit:	**None**

Website: https://www.911safetyequipment.com/topic/about

911 Safety Equipment LLC has been managing specialized flame-resistant clothing programs for more than 16 years. Thousands of individual wearers choose 911SE to manage their PPE – making 911SE the most trusted source for NFPA 1971 clothing. As a major purchaser of NFPA 1971 clothing from the top manufacturers, 911SE provides unparalleled service and equipment. 911SE consists of four divisions: 911Clean, 911Rental Gear, 911GSA, and 911Municipal.

911Clean was created in 2001 as a division of 911 Safety Equipment LLC. 911Clean is one of the nation's largest independent service providers.

911Rental Gear is intended to offer fire academy students, fire departments, and industrial fire brigades with a low-cost rental alternative to purchasing new equipment.

911GSA offers a wide range of products including Total solutions for Law Enforcement, Security, Facility Management Systems, Fire Rescue, Special Purpose Clothing, Marine Craft & Emergency/Disaster Response.

911 Safety Equipment's municipal division supplies safety equipment and uniforms to police and fire departments in the Tri state area

Lease Summary

Tenant:	**911 Safety Equipment, LLC**
Lease Type:	**IG**
Lease Commence:	**December 1, 2017**
Lease Expiration:	**November 30, 2023**
RBA:	**13,600 SF**
Base Rent:	**$111,000/Year**
Rent Escalations:	**None Remaining in Base Term**
Renewal Options:	**One 5-Year Option**
Renewal Rent (Dec 1, 2023):	**$113,220/Year**
Renewal Escalations:	**2% Annual Escalations**
Renewal Notice:	**120 Days**
Tenant Responsibilities:	**Water & Sewer, Trash Removal, Interior Maintenance and Cleaning, Utilities**
Security Deposit:	**$7,750**

Website: https://smrteam.com/

The Special Medical Response Team was developed in 1982 and became incorporated in 1984 as a non-profit organization. SMRT is managed by an elected board of directors which includes a President, Vice President, Treasurer, and secretary, all being active members. The team is committed to "providing the highest level of advanced medical care to victims in high risk or extreme environments". Their services include Mine Medical Support, PA-SMAT, SAR Medical Support, USAR Medical Support, and Law Enforcement Medical Support.

The Mine Medical Support team provides underground response and surface support. PA-SMAT is the Pennsylvania State Medical Assistance Team in which the SMRT sponsors with two divisions across the Commonwealth of Pennsylvania. Their missions include advanced life support medical stations, dignitary care, large event medical care, natural disaster care centers, casualty collections points and medical and non-medical logistics support. The SAR Medical Support and USAR Medical Support services expanded the team to provide advanced life support for the urban search and rescue. SMRT's Law Enforcement Medical Support expanded the team to include providing advanced life support to the law enforcement community during austere incidents such as high-risk warrants, diplomatic and political events, and hostage situations.

Lease Summary

Tenant:	**Special Medical Response Team**
Lease Type:	**IG**
Lease Commence:	**July 1, 2021**
Lease Expiration:	**June 30, 2024 ***
RBA:	**6,380 SF**
Base Rent (as of July 1, 2022):	**$66,288/Year ****
Rent Escalations:	**3% Annually**
Renewal Options:	**None**
Right To Terminate:	**Tenant has a termination right with 90 days notice in the event they lose their grant funding**
Tenant Responsibilities:	**Water & Sewer, Trash Removal, Interior Maintenance, Cleaning, Utilities**
Security Deposit:	**$5,363**

*** The tenant recently asked to negotiate an early 3-year lease extension to allow them to plan for their future funding/budget needs. The current proposal extends their lease 3-years with 3% annal escalations. This discussion is at an early stage, and nothing is in writing.**

**** Current base rent is $64,356 annually but increases to $66,288 annually on July 1, 2022.**

Financial Analysis

	Suite	Unit Size (SF)	Monthly Rent	Annual Rent	Rent/SF	Lease Type	Lease Exp.	Escalations	Options
LCR Embedded Systems, Inc	100	29,620	$ 17,713	$ 212,552	$ 7.18	NNN	12/31/2023	3% then 4%	3 1-Year Opt.
911 Safety Equipment, LLC	200	13,600	$ 9,250	$ 111,000	$ 8.16	IG	11/30/2023	In Opt. Period	1 5-Year Opt.
Specialized Medical Response Team, Inc	300	6,380	$ 5,524	$ 66,288	$10.39	IG	6/30/2024	3%	None
TOTAL		**49,600**	**$ 32,487**	**$ 389,840**					

	Owner Historical Income & Expenses			2022 Projection	
	2019	2020	2021	Current	$/SF
Base Rent	**$ 366,314**	**$ 368,989**	**$ 374,047**	**$ 389,840**	**$ 7.94**
CAM Reimbursements	$ 84,494	$ 50,677	$ 56,637	$ 83,184	$ 1.69
Utility Reimbursements	$ 70,991	$ 97,048	$ 80,824	$ 96,524	$ 1.97
Total Revenue	**$ 521,799**	**$ 516,714**	**$ 511,508**	**$ 569,548**	**$ 11.60**
Expenses					
Real Estate Tax	$ 51,307	$ 51,559	$ 51,747	$ 52,803	$ 1.08
Insurance	$ -	$ -	$ 1,385	$ 8,308	$ 0.17
Landscaping	$ 4,394	$ 6,532	$ 3,898	$ 4,000	$ 0.08
Repairs & Maintenance	$ 3,550	$ 14,211	$ 30,899	$ 42,160	$ 0.86
Management Fee	$ 22,800	$ 22,800	$ 22,800	$ 22,800	$ 0.46
Snow Removal	$ 10,550	$ 2,125	$ 15,125	$ 9,266	$ 0.19
Utilities	$ 53,830	$ 50,130	$ 76,030	$ 59,997	$ 1.22
Water & Sewer	$ 44,688	$ 31,644	$ 33,249	$ 36,527	$ 0.74
Utility Invoicing Service	$ 900	$ 825	$ 950	$ 950	$ 0.02
Total Expenses	**$ 192,019**	**$ 179,826**	**$ 236,083**	**$ 236,811**	**$ 4.82**
NOI	**$ 329,780**	**$ 336,888**	**$ 275,425**	**$ 332,737**	**$ 6.77**

Notes To Underwriting

- Certain expenses were removed from the owners historical P&L. These include: amortization, bank service charges, depreciation, office expense, broker commissions and accounting.
- In the 2022 projection, insurance was added based on industry standards. Snow removal, utilities and water & sewer charges were based on the average of the prior 3 years. Repairs & maintenance was increased based on industry standards.
- 2022 Underwriting is based on the leases and not historical management practices. 100% of utilities and water & sewer was assumed to be reimbursed and 59.7% of the remaining operating expenses were assumed to be reimbursed.
- Rent roll and 2022 base rent indicates base rent as of July 2022.

Building Specifications

Parcel Number	63-00-02473-002
Year Built	1950/Renovated 1988
Building Area	49,117 SF
Total Lot Area	3.49-Acres
Zoning	LC&I
FAR	0.32
Floors	1 with 2-story office
Clear Heights	16’
Docks	6
Drive In Doors	3
Columns	20’w x 20’d
Structure	Masonry
Parking	89 Spaces
HVAC	Fully Air Conditioned
Roof	TPO Roof installed 2005
Water & Sewer	Public
Electric	480V, 3 Phase
Gas	On Site
Sprinkler	Throughout
Security	Fence, exterior lights, cameras, automatic gates

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Zoning

Purpose

The Limited Commercial and Industrial Districts (LC&I) may be used or occupied for any of the following purposes: dwelling quarters, restaurant, commissary, canteen, hospital infirmary, clinic, office building, business or professional offices, studio, financial institution, technical training schools, scientific laboratories, agricultural or industrial research, wholesale, warehousing, distributing, trucking, cold storage plant, frozen food locker, light manufacturing, manufacturing of products, printing, publishing, cleaning, laundering, dyeing, electrical substations, private day-care centers, signs subject to provisions, unified development, and billboards subject to standards.

Building Building Restrictions

- IC&I Maximum Building Height: 35’
- LC&I Front Setbacks: 50’
- LC&I Rear Setbacks: 25’
- LC&I Side Setbacks: 25’

Relevant Lease Comps

Property	250 King Manor Dr King of Prussia, PA	2495 Blvd of the Generals Norristown, PA	307 E Church Rd King of Prussia, PA	489 Shoemaker Rd King of Prussia, PA	2551 Industry Ln Norristown, PA
Space	1st Floor-Direct	1st Floor – Direct	1st Floor-Direct	1st Floor-Suite 111-Direct	1st Floor-Direct
Date Signed	October 4, 2021	September 15, 2021	August 10, 2020	October 1, 2020	April 30, 2021
Size	25,000 SF	12,000 SF	9,000 SF	6,000 SF	11,200 SF
Use	Industrial	Industrial	Flex	Flex	Flex
Rent	$9.50/SF	$7.75/SF	$8.25/SF	$8.00/SF	$9.00/SF
Rent Type	NNN	NNN	NNN	NNN	NNN
Notes	This space is leased to Kay Lighting until January 1, 2032, and includes 2 docks and 2 drive-ins. It is part of a multi-tenant industrial warehouse that includes 2 more drive-ins, 18'-24' clear heights, and 60 parking spaces.	A one-floor, multi-tenant industrial warehouse built in 1988. This space includes 1 dock, 1 drive in, 18' clear heights and sprinklers. This building is also zoned LCI.	This space was leased for a 1-year term and includes 2 docks and 2 drive-ins. The multi-tenant building has 20' ceiling heights, sprinklers and 100 parking spaces.	This space is leased to A.G. Marketing with 4 years remaining on the original 5-year term. It includes 2 docks and has 20'-21' ceiling heights and 60 parking spaces.	This space is leased by International Electronic Components and includes 2 docks. The multi-tenant building includes 14' ceiling heights and 12 parking spaces. It is 57.1% industrial space and 42.9% office.

Market Summary

Jeffersonville, Pennsylvania

Jeffersonville possesses 4.8 million square feet of industrial real estate with zero construction under way and 80,200 square feet of positive net absorption. High industrial demand in this area contributes to the market's 98.8% occupancy rate.

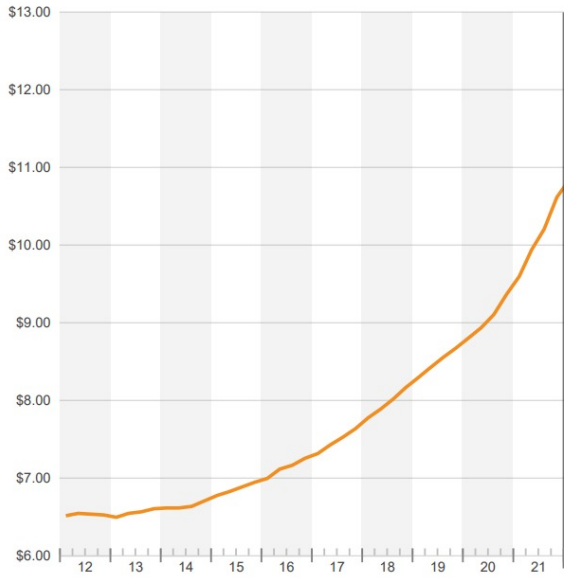
Furthermore, industrial market rents have grown 12.3% year-over-year and now average $10.17/SF in Jeffersonville. In addition to the high occupancy, the 24-month renewal rate in this area is 81.2%. Overall, Jeffersonville, Pennsylvania is a low vacancy industrial submarket with healthy annual rent growth in the past few years.

Industrial Submarket Metrics

	1-Mile Radius	3-Mile Radius	5-Mile Radius
Properties in Survey	23	165	243
Inventory SF	301K	5.4M	7.5M
Vacancy	0.00%	0.40%	3.20%
TTM Net Absorption SF	0	94.5K	65.9K
TTM Net Absorption %	0.00%	1.70%	0.90%
Market Rent/SF	$11.57/SF	$10.41/SF	$10.62/SF
Annual Rent Growth	9.90%	13.90%	13.70%

Source: Costar January 2022 Survey

Previous 10-Year Market Rents With 5-Year Forecast



Source: Costar January, 2022 Survey

Strong Submarket Performance

The immediate area has similar industrial metrics to Norristown. Within 1-mile, there is no vacancy. As a result, this submarket has seen significant 9.9% rent growth over the past year.

There is currently no industrial construction in Jeffersonville. As demand for industrial property continues to drive higher, rents are expected to grow as well. The figure to the left illustrates industrial market rents in the Jeffersonville submarket in the previous 10-years. By Q1 of 2025, rents are projected to reach $11.81/SF.

Demographics

There are 54,218 residents in the surrounding 2-mile area and 178,797 people within 5-miles. The average household income in the area is $113,300. Between 2021 and 2026 the population in the surrounding 3-miles is expected to grow by 2.17%.

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