

Marcus & Millichap
TAG INDUSTRIAL GROUP

PHARR LOGISTICS CENTER

201 WEST ANAYA ROAD

PHARR, TX 78577

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Marcus & Millichap
TAG INDUSTRIAL GROUP

OFFICES THROUGHOUT THE U.S. AND CANADA
www.marcusmillichap.com

PHARR LOGISTICS CENTER

201 WEST ANAYA ROAD, PHARR, TX 78577

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Marcus & Millichap





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SECTION 1

INVESTMENT OVERVIEW

Marcus & Millichap

OFFERING SUMMARY

- 109,737-Square-Foot Industrial Warehouse Situated on 7.77 Acres
- Features 72 Dock-High Doors, Four Grade-Level Doors, and 79 Parking Spaces
 - 100% Occupied with Three and Five Years Remaining on the Leases
 - Triple-Net Leases, Minimizing Landlord Responsibility and Expenses
- Tough Barrier-to-Entry Market: 4% Overall Vacancy and 4.1% Annual Rent Growth (CoStar)
- Located 1.5 Miles from the Pharr International Bridge with Excellent Access to Military Highway

Marcus & Millichap is pleased to present the opportunity to acquire the property located at 201 West Anaya Road in Pharr, Texas, leased to UPS Supply Chain Solutions, Incorporated and Kontane Integration. The subject property consists of approximately 109,737 square feet of warehouse space and is situated on 7.77 acres of land. The asset features 72 dock-high doors, four grade-level doors, and 79 parking spaces. With triple-net leases in place, the landlord benefits with minimum responsibility and expenses. The property is fully occupied with three and five years remaining on the leases of its two tenants. UPS Supply Chain Solutions, Inc. is a subsidiary of the United Parcel Service that provides third-party logistics (3PL). For the fourth consecutive time this year, the company was recognized as a leader among 19 top North American 3PLs by Gartner Magic Quadrant (UPS). Neighboring tenant, Kontane Integration is also a 3PL specializing in warehousing and industrial packaging solutions. Formed in 2011, Kontane Integration has grown nationally with operations in Texas, North Carolina, and South Carolina (Kontane).

The subject property is located just 1.5 miles from the Pharr-Reynosa International Bridge. With excellent access to Military Highway, the property is situated in a prime location within the Pharr submarket which contains about 5.3 million square feet of industrial space, largely consisting of logistics facilities occupying 4.4 million square feet. The remaining inventory includes 880,000 square feet of specialized space and 76,000 square feet of flex space. Vacancies have not been upended by the pandemic, with the annual vacancy rate falling 240 basis points to 6.3 percent in Q2 2021. Net annual absorption was positive at just over 264,000 square feet, 67 percent higher than the five-year average. Rents increased by 5.9 percent over the past 12 months, the strongest rate of rent growth observed in Pharr since 2014. There is 100,000 square feet of industrial space currently under construction in Pharr, representing just 1.9 percent of inventory (CoStar). With absorption set to far outpace new supply again, the Pharr submarket offers a promising opportunity for industrial real estate investors.

The McAllen-Edinburg-Mission metro is located 250 miles south of San Antonio near the Texas-Mexico border and encompasses Hidalgo County. The metro's proximity to Mexico makes trade and logistics important drivers of the local economy. The University of Texas, Rio Grande Valley has facilities in Edinburg, McAllen and Weslaco. The Rio Grande River also runs through the area, providing recreational opportunities for locals and visitors. The metro is growing at a rapid pace and is expected to add 90,200 residents over the next five years. The metro's location on the Texas-Mexico border has turned the area into a trade hub. As a result, several logistics companies are located there. The metro has a strong healthcare sector, encompassing roughly one-third of the local employment base. The region maintains the largest land port for fresh produce imports from Mexico, with 160,000 loads of produce transported in a typical year.

PROPERTY DETAILS

PHARR LOGISTICS CENTER 201 WEST ANAYA ROAD, PHARR, TX 78577

Number of Suites	3
Number of Buildings	1
Total Square Feet	109,737
Year Built	1994
Lot Size	7.77 Acres
Type of Ownership	Fee Simple
Clear Height	24'-26'
Parking Spaces	79
Parking Surface	Concrete
Building Class	B
Tenancy	Multi Tenant
Dock High Doors	72
Grade Level Doors	4
Sprinklers	Wet
Construction	Masonry
Type of Lighting	400 W Metal Halide & Skylights Throughout
Zoning	IN
Age/Condition of Roofs	New Roof in 2020, Including Installing New Translucent Sky-Light Panels
HVAC Units	New in 2021 with 5-Year Warranty for Compressor and 1-Year Warranty for Parts
Age/Condition of HVAC	One 10 Ton Unit Replaced in 2020, the Second Unit was Replaced in 2021
Market	McAllen/Edinburg/Pharr
Submarket	Pharr
Market Vacancy	4%



PHARR LOGISTICS CENTER

201 WEST ANAYA ROAD, PHARR, TX 78577

OFFERING PRICE
\$7,770,000

CAP RATE
6.40%

Offering Price	\$7,770,000
Cap Rate	6.40%
Price/SF	\$70.81
Total Square Feet	109,737
Rental Rate	\$4.53
Lease Type	Triple Net (NNN)
Tenancy	Multi Tenant
Occupancy	100%

This information has been secured from sources we believe to be reliable, but we make no representations or warranties, express or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2021 Marcus & Millichap. All rights reserved. (Activity ID: ZAC0060658)

DEBT QUOTE

MARCUS MILLICHAP CAPITAL CORPORATION

INDICATIVE FINANCING TERMS

Lender	CMBS	Bank
Loan Amount	\$5,005,000	\$5,775,000
Max Proceeds	Up to 65% LTPP	Up to 75% LTV
Term	10 Years	Up to 10 Years
Amortization	30 Years	25 Years
Interest-Only	Up to 3 Years	12 Months
Index	Greater of 10-Year Swap/10-Year UST	N/A
Index Rate as of 6/15/2021	1.47%	N/A
Spreads	1.90%	N/A
All-In Rate as of 6/15/2021	10-Years Fixed: 3.37%	5-Years Fixed: 3.75% 10-Years Fixed: 4.25%
Lender Fee	Par	0.50%
Reserves	TI/LC: TBD tenant rollover CapEx: TBD (determined by PSA)	TI/LC: None CapEx: None
Prepayment	Defeasance	Open
Recourse	Non-recourse, standard carveouts	Limited (25% to 50%) to full recourse depending on leverage
Other	Combination of upfront and ongoing reserves and cash flow sweeps around tenant rollovers	N/A

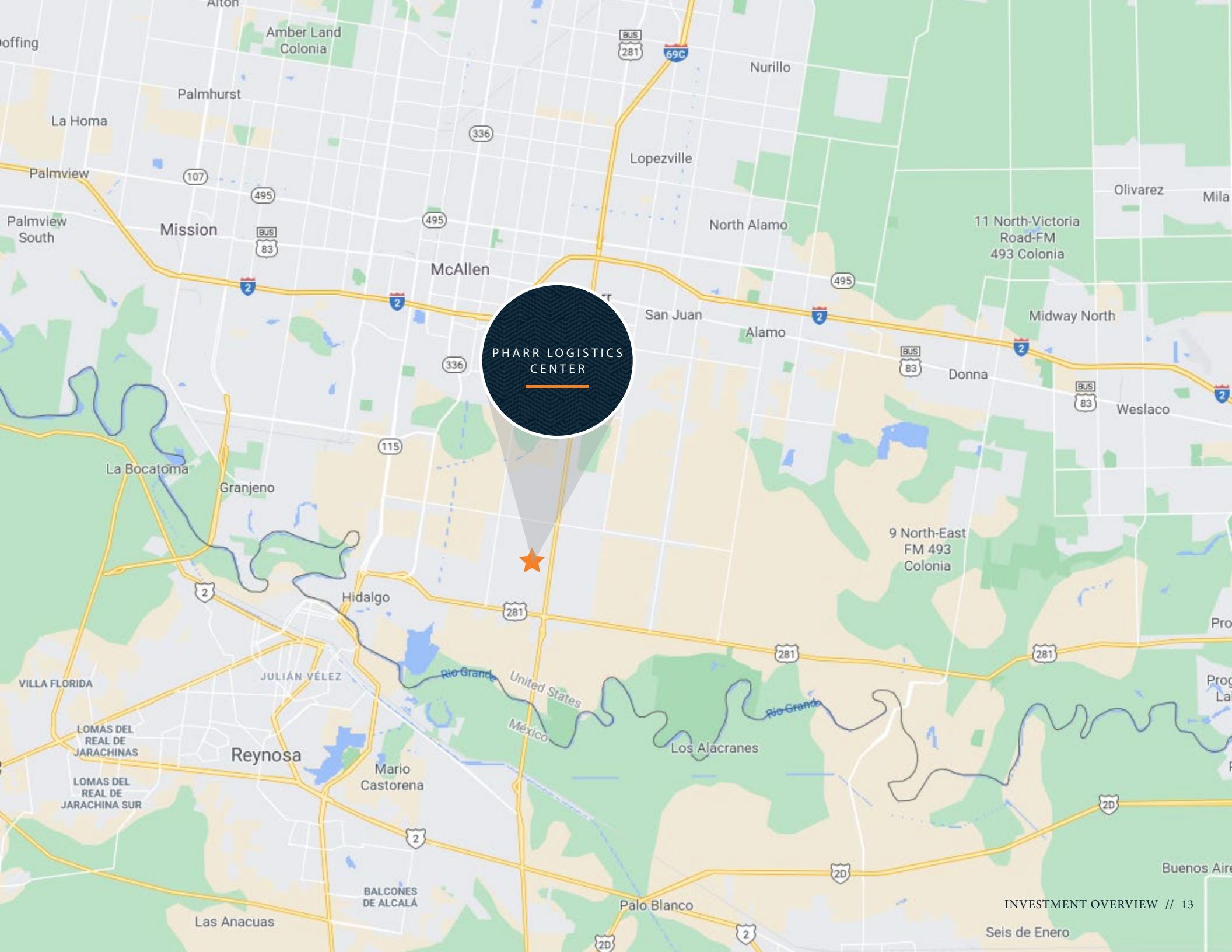
RENT ROLL

Tenant Name	Square Feet	% Bldg Share	Lease Dates		Annual Rent per Sq. Ft.	Total Rent Per Month	Total Rent Per Year	Pro Forma Rent Per Year	Changes on	Rent Increase	Lease Type
			Comm.	Exp.							
Kontane Integration	66,446	60.6%	3/1/21	2/28/26	\$4.44	\$24,585	\$295,020	\$295,020	Mar-2022	2% Annual Increase	NNN
UPS Supply Chain Solutions, Inc	43,291	39.4%	2/1/95	12/31/24	\$4.67	\$16,862	\$202,342	\$202,342	Jan-2022	2.5% Annual Increase	NNN
Total	109,737				\$4.53	\$41,447	\$497,362	\$497,362			
Occupied Tenants: 2			Unoccupied Tenants: 0		Occupied GLA: 100.00%		Unoccupied GLA: 0.00%				
			Total Current Rents: \$41,447		Occupied Current Rents: \$41,447		Unoccupied Current Rents: \$0				

OPERATING STATEMENT

Income	Current		Per SF	Pro Forma		Per SF
Scheduled Base Rental Income	497,362		4.53	497,362		4.53
Expense Reimbursement Income						
Net Lease Reimbursement						
CAM	17,650		0.16	17,650		0.16
Insurance	32,051		0.29	32,051		0.29
Real estate Taxes	108,495		0.99	108,495		0.99
Total Reimbursement Income	\$158,196	100.0%	\$1.44	\$158,196	100.0%	\$1.44
Effective Gross Revenue	\$655,558		\$5.97	\$655,558		\$5.97

Operating Expenses	Current		Per SF	Pro Forma		Per SF
Management Fee	17,650		0.16	17,650		0.16
Insurance	32,051		0.29	32,051		0.29
Real Estate Taxes	108,495		0.99	108,495		0.99
Total Expenses	\$158,196		\$1.44	\$158,196		\$1.44
Expenses as % of EGR	24.1%			24.1%		
Net Operating Income	\$497,362		\$4.53	\$497,362		\$4.53



PHARR LOGISTICS CENTER





Trancasa

Sustaita Forwarding

Enlace Frontier Services

Sunmex Produce

BONAFRUIT

Inco Trading

Mustang Trucking

PHARR LOGISTICS CENTER

Fresh Valley Cold Storage LLC

Bbb Ind

UNIMEX



TENANT SUMMARY

“Your logistics. Simplified.”

TENANT

UPS Supply Chain Solutions Inc.

HEADQUARTERS

Alpharetta, GA

DATE FOUNDED

1907

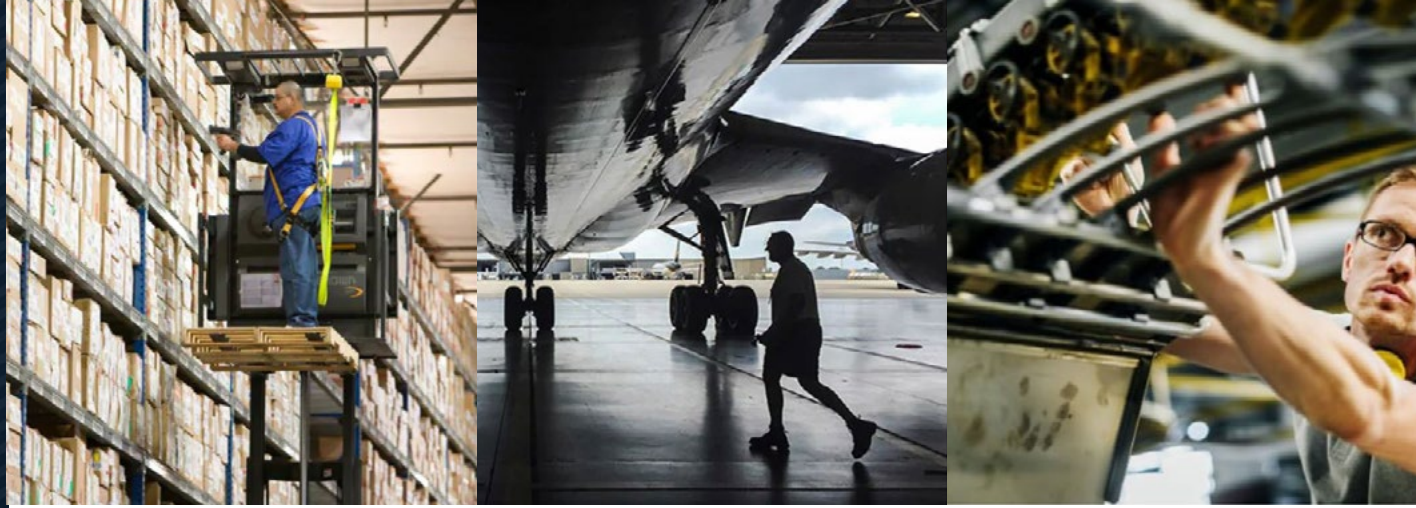
2020 REVENUE

\$9,302,000,000

EMPLOYEES

77,000+

www.ups.com/us/en/supply-chain/Home.page



UPS Supply Chain Solutions is a subsidiary of the United Parcel Service that provides third party logistics. The company offers a comprehensive portfolio of services to enhance customers’ business performance, including logistics and distribution, transportation and freight, consulting, customs brokerage, and international trade services. UPS Supply Chain Solutions provides the expertise and the scale to meet the total supply chain needs of customers worldwide, whether it requires the movement of goods, information or funds.

For the fourth consecutive time, UPS Supply Chain Solutions (SCS) has been named a Leader in the Gartner Magic Quadrant for Third-Party Logistics, North America. UPS SCS was recognized as a Leader based on our completeness of vision and ability to execute.



International Air



North American Air



Ocean



Multimodal



Ground



Transportation Management



Supplier Management



One-to-Many

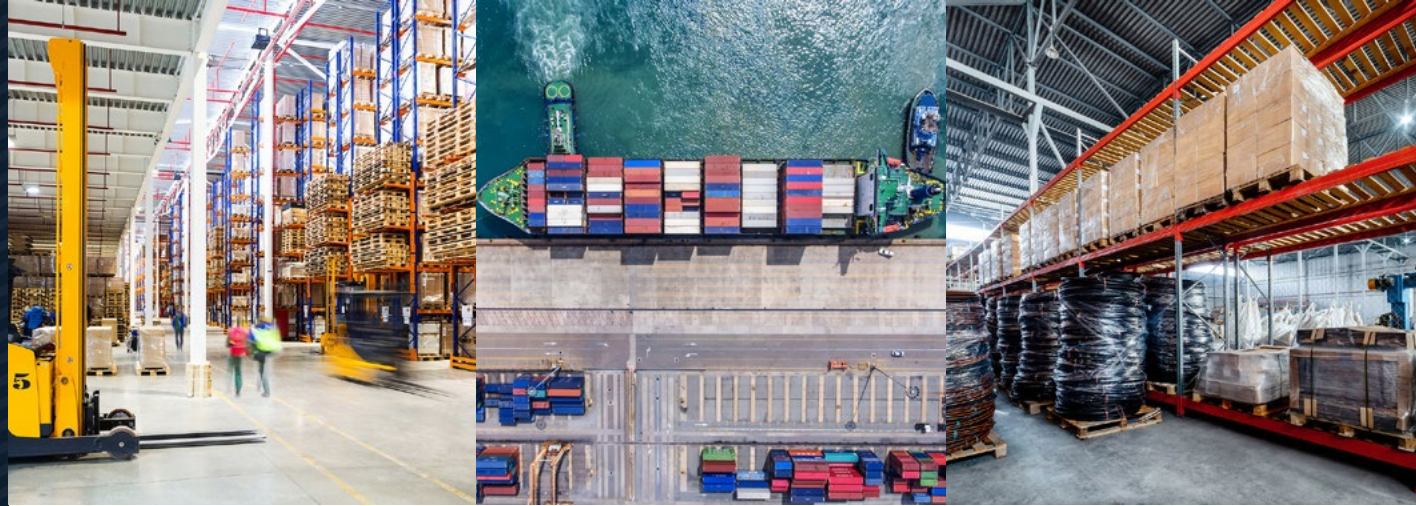


Specialized Services



Insurance & Financial Services

TENANT SUMMARY



Kontane Integration is a private joint venture formed in 2011 by Stove Valle Capital Integration and Kontane Logisitics. Kontane Integration is an industry leader in Third Party Logistics (3PL) with offices in North Carolina, South Carolina and Texas. The company has expanded to include warehousing and distribution, cross-docking, freight consolidation, import material receipt, line sequencing, parts distribution, development of logistics information systems, subassembly, and foreign trade zones services.

Kontane Integration has the assets, certification, experience and flexibility to develop client-aligned supply chain solutions. In collaboration with partner customers, the company creates value in new ways. The company utilizes subassembly, physical fulfillment, and cloud-based technology to build logical, customer-focused logistic platforms. Over the last five years, Kontane Integration has expanded in areas of automotive, consumer goods and electronics.

TENANT

Kontane Integration

HEADQUARTERS

McAllen, TX

DATE FOUNDED

2011

LOCATIONS

North Carolina, South Carolina
and Texas

www.kontaneintegration.com

CAPABILITIES

MMCC—our fully integrated, dedicated financing arm—is committed to providing superior capital market expertise, precisely managed execution, and unparalleled access to capital sources, providing the most competitive rates and terms.

We leverage out prominent capital market relationships with commercial banks, life insurance companies, CMBS, private and public debt/equity funds, Fannie Mae, Freddie Mac, and HUD to provide our clients with the greatest range of financing options.

Our dedicated, knowledgeable experts understand the challenges of financing and work tirelessly to resolve all potential issues for the benefit of our clients.



Closed 1,944 debt and equity financings in 2019



National platform operating within the firm's brokerage offices



\$7.18 billion total national volume in 2019



Access to more capital sources than any other firm in the industry

WHY MMCC?

Optimum financing solutions to enhance value

Enhanced control through MMCC's ability to qualify investor finance contingencies

Enhanced control through quickly identifying potential debt/equity sources, processing, and closing buyer's finance alternatives

Enhanced control through MMCC's ability to monitor investor/due diligence and underwriting to ensure timely, predictable closings



SECTION 2

MARKET OVERVIEW

Marcus & Millichap

MCALLEN- EDINBURG-MISSION TEXAS

The McAllen-Edinburg-Mission metro is located 250 miles south of San Antonio near the Texas-Mexico border and encompasses Hidalgo County. The metro's proximity to Mexico makes trade and logistics important drivers of the local economy. The University of Texas, Rio Grande Valley has facilities in Edinburg, McAllen and Weslaco. The Rio Grande River also runs through the area, providing recreational opportunities for locals and visitors. The metro is growing at a rapid pace and is expected to add 90,200 residents over the next five years.



LOGISTICS INDUSTRY



HEALTHCARE

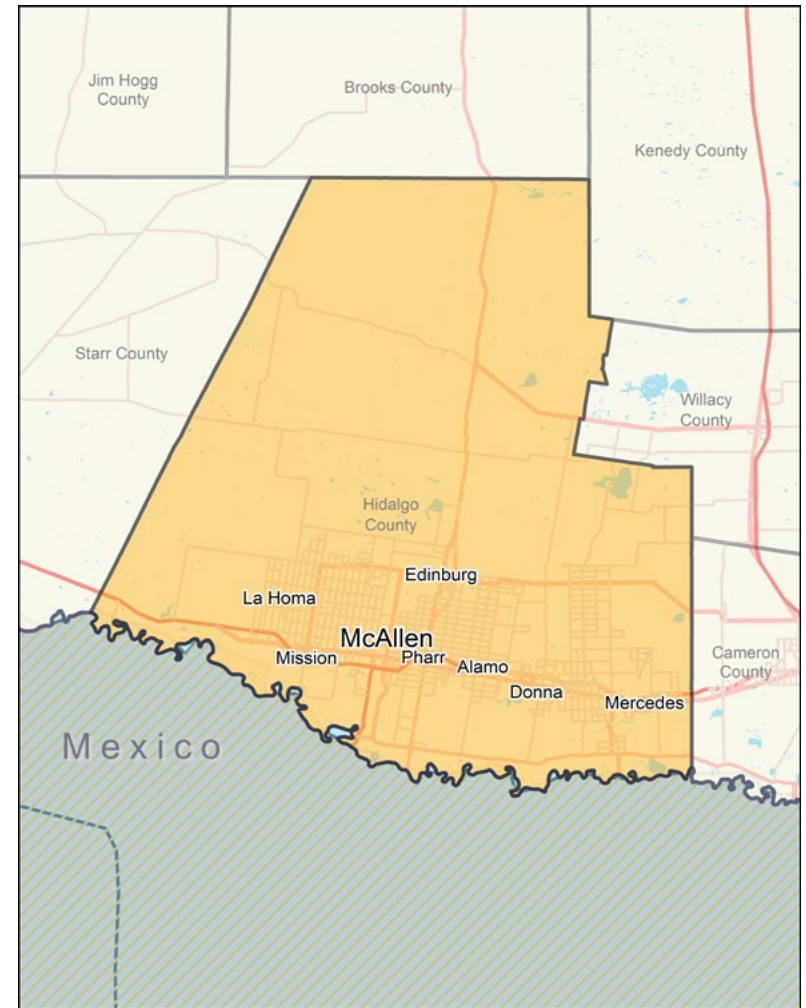
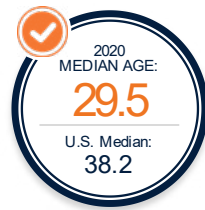


FOOD STORAGE AND
PROCESSING

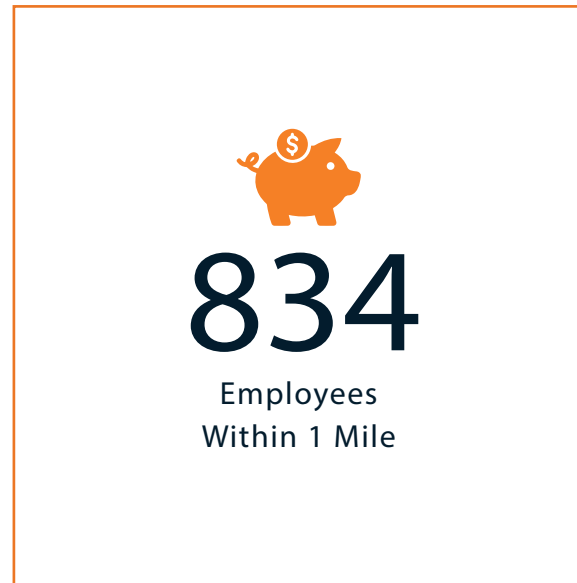
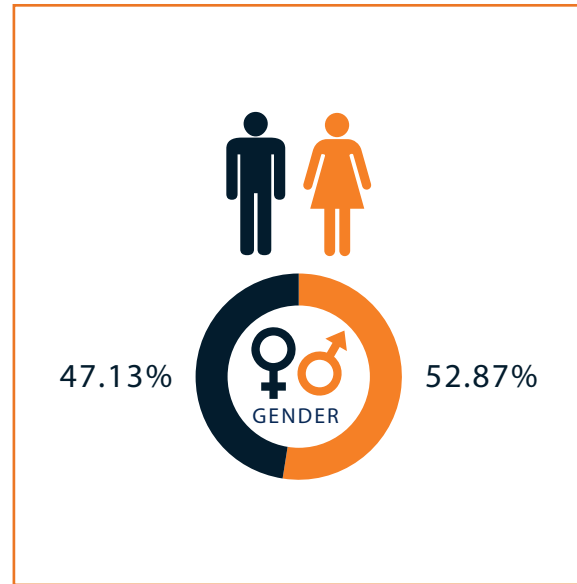
METROPLEX GROWTH

ECONOMY

The metro has a diverse employment base, including sectors such as healthcare, retail and trade. The healthcare sector is a significant part of the economy and several large hospitals are located in the area, including Rio Grande Regional Hospital, McAllen Medical Center and McAllen Heart Hospital. GE Aviation and Royal Technologies Corp. have major manufacturing facilities in the metro, supplying hundreds of jobs. South Texas College is located within McAllen. It regularly receives grants to provide equipment upgrades and manufacturing training. Texas A&M University opened a satellite campus in the new master-planned community of Tres Lagos.



DEMOGRAPHICS



DEMOGRAPHICS

POPULATION	1 Miles	3 Miles	5 Miles
■ 2025 Projection			
Total Population	20	23,862	61,482
■ 2020 Estimate			
Total Population	19	22,265	55,997
■ 2010 Census			
Total Population	17	20,213	49,288
■ 2000 Census			
Total Population	13	12,404	29,230
■ Daytime Population			
2020 Estimate	44	15,382	45,419
HOUSEHOLDS	1 Miles	3 Miles	5 Miles
■ 2025 Projection			
Total Households	8	5,632	15,377
■ 2020 Estimate			
Total Households	7	5,217	13,960
Average (Mean) Household Size	4.17	4.27	3.87
■ 2010 Census			
Total Households	7	4,654	12,033
■ 2000 Census			
Total Households	5	2,610	6,901

HOUSEHOLDS BY INCOME	1 Miles	3 Miles	5 Miles
■ 2020 Estimate			
\$200,000 or More	0.48%	0.39%	1.34%
\$150,000 - \$199,000	0.16%	0.89%	2.06%
\$100,000 - \$149,000	5.81%	3.86%	6.63%
\$75,000 - \$99,999	4.68%	5.76%	7.80%
\$50,000 - \$74,999	12.76%	14.69%	17.83%
\$35,000 - \$49,999	17.77%	16.88%	16.38%
\$25,000 - \$34,999	14.86%	11.70%	12.11%
\$15,000 - \$24,999	13.41%	19.80%	16.23%
Under \$15,000	30.05%	26.02%	19.63%
Average Household Income	\$38,735	\$38,692	\$50,142
Median Household Income	\$28,371	\$28,194	\$36,767
Per Capita Income	\$15,420	\$9,066	\$12,504
POPULATION PROFILE	1 Miles	3 Miles	5 Miles
■ Population By Age			
2020 Estimate Total Population	19	22,265	55,997
Under 20	37.08%	42.06%	39.21%
20 to 34 Years	23.06%	20.85%	20.51%
35 to 39 Years	5.96%	6.55%	6.60%
40 to 49 Years	11.66%	11.63%	12.10%
50 to 64 Years	14.06%	11.27%	11.91%
Age 65+	8.18%	7.65%	9.65%
Median Age	27.60	25.00	27.19
■ Population 25+ by Education Level			
2020 Estimate Population Age 25+	10	11,132	29,707
Elementary (0-8)	40.55%	27.18%	19.64%
Some High School (9-11)	11.64%	15.27%	14.84%
High School Graduate (12)	20.80%	23.54%	24.88%
Some College (13-15)	8.47%	14.09%	16.68%
Associate Degree Only	0.78%	2.43%	3.60%
Bachelors Degree Only	6.28%	8.38%	11.76%
Graduate Degree	0.99%	1.44%	3.42%
■ Time Travel to Work			
Average Travel Time in Minutes	25	23	23



INFORMATION ABOUT BROKERAGE SERVICES

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

11-2-2015

TYPES OF REAL ESTATE LICENSE HOLDERS:

- A BROKER is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- A SALES AGENT must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of each party to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - that the owner will accept a price less than the written asking price;
 - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
- any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

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Designated Broker of Firm	License No.	Email	Phone
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Sales Agent/Associate's Name	License No.	Email	Phone

Buyer/Tenant/Seller/Landlord Initials

Date

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