

Marcus & Millichap
TAG INDUSTRIAL GROUP

3710 KERMIT HIGHWAY

ODESSA, TX 79764

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All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.

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Texas Real Estate Commission
P.O. Box 12188
Austin, Texas 78711-2188
(512) 936-3000

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY.
PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.

Marcus & Millichap
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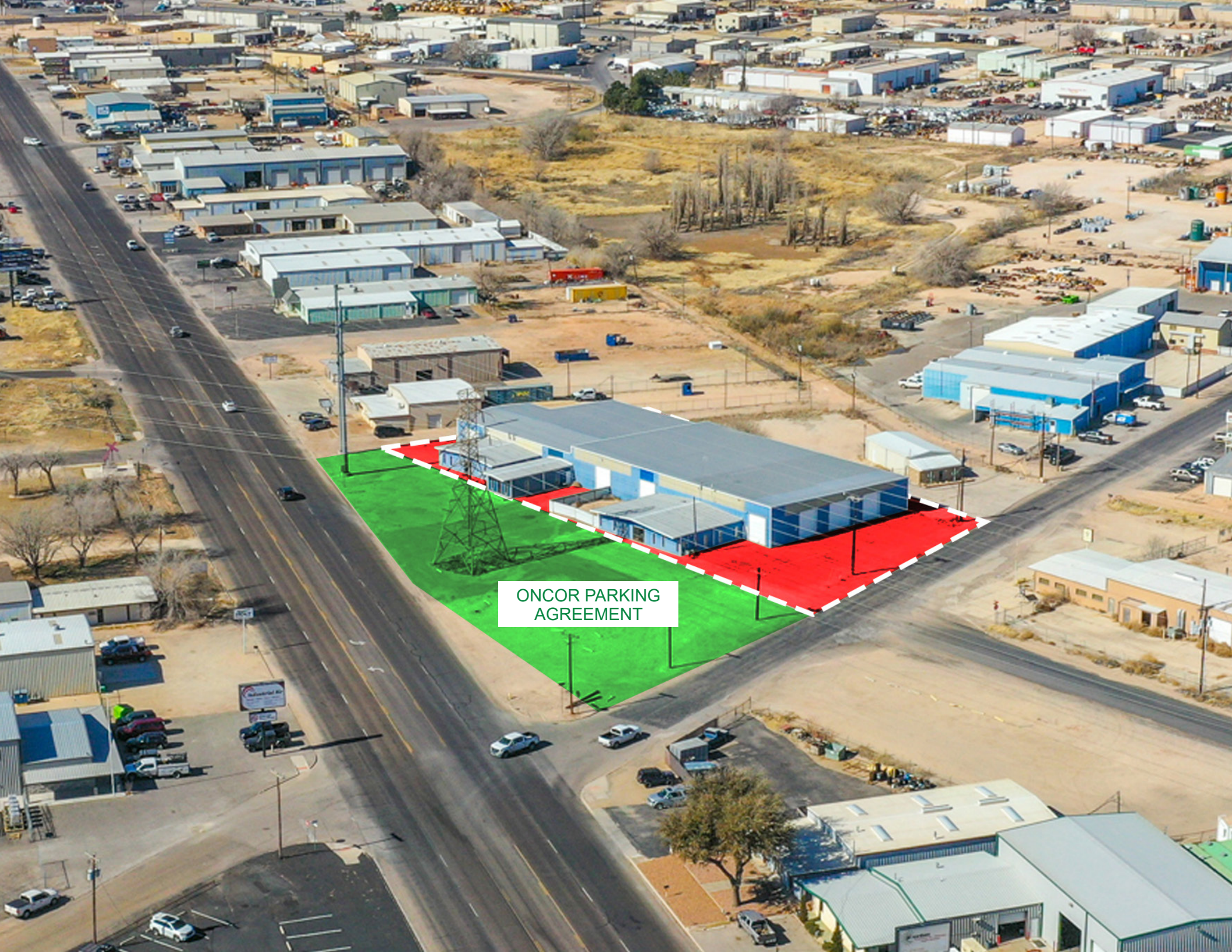
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ONCOR PARKING
AGREEMENT



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Marcus & Millichap



SECTION 1

INVESTMENT OVERVIEW

Marcus & Millichap

OFFERING SUMMARY

- Industrial Asset Totaling 27,830 Square Feet, Situated on 1.08 Acres
- Roof Replacement in 2019 Reduces Near Term Maintenance Expenses
- Strategically Located Vacant Property Ideal for Owner Use or Investment Opportunity
 - Price Per-Square-Foot at 43% Discount to Market Rate
 - 5.1% Rent Growth in Low Construction Market

Marcus & Millichap is pleased to present the opportunity to acquire the property located at 3710 Kermit Highway in Odessa, Texas. The subject property consists of approximately 27,830 square feet of warehouse space and is situated on 1.08 acres of land. The single-tenant asset features eight grade-level doors and a clear height of up to 16 feet. Recently installed in 2019, the metal roof reduces near-term maintenance expenses. For sale as vacant, the warehouse can be purchased as an investment or for owner use.

As a lease-up opportunity, investors can achieve above-market returns by taking advantage of Odessa's historically high leasing rates. At \$48.51 per square foot, the asset can be acquired at a 43 percent discount to the average market price, which trades for about \$85 per square foot. With frontage along Kermit Highway, the property is strategically located on a major thoroughfare with a high daily traffic count. Situated on the corner of Kermit Highway and Mankins Avenue, the property is ideal for tenants in need of retail space.

The Odessa market contains 12.2 million square feet of industrial space, 6.5 percent of which have been delivered since 2019. Along with falling absorption rates, the new deliveries pushed up the vacancy rate from 2.1 percent in Q2 2019 to a record peak of 12.7 percent by Q3 2022. However, the vacancy rate dropped to 11.5 percent to finish the year. Going into 2023, construction activity posted 4 consecutive quarters of decline. With only about 19,000 square feet under construction, market rents and vacancies will essentially be unaffected by new supply for the foreseeable future. Despite the rise in vacancies, market rent growth remained robust, rising 5.1 percent in 2022 (CoStar). While oil and gas prices experienced a pullback during the summer of 2022, the global inflationary environment will continue to put upward pressure on both commodities, making Odessa a long-term beneficiary.

Located in West Texas, the Midland-Odessa metro is considered to be an energy capital as the Permian Basin is one of the biggest oil fields in the world and is home to some of the largest petroleum-producing companies. The metro consists of Martin, Midland, and Ector counties. The public sector is a top job provider, but the private sector is the economic driving force. The two largest cities are Midland with over 140,000 residents and Odessa with roughly 123,000 residents.

As the largest single source of oil and gas deposits in the United States, Odessa has long been known for its rich resources. New businesses have come to the city that have helped diversify the economy as well as reinforce the quality-of-life standards. Odessa proudly boasts world-class cultural and recreational facilities as well as healthcare and transportation often associated with larger cities. It also serves as the crucial midpoint between Fort Worth and El Paso. Lucrative financial incentives, site selection, logistics, qualified workforce, easy access to foreign markets, and low cost-of-living make it easy to do business (odessatex.com). Major industries include: medical, energy, distribution, manufacturing, and technology.

PROPERTY DETAILS

3710 KERMIT HIGHWAY,
ODESSA, TX 79764

Number of Suites	1
Number of Buildings	1
Total Square Feet	27,830
Warehouse Square Feet	23,830
Office Square Feet	4,000
Office Ratio	14%
Year Built	1978/2021
Lot Size	1.08 Acres
Type of Ownership	Fee Simple
Clear Height	+/- 16'
Parking Surface	Asphalt
Building Class	C
Tenancy	Single
Grade Level Doors	8
Construction	Metal
Power	220v
Zoning	Commercial
Roof Type	Metal
Age/Condition of Roofs	Replaced in 2019
HVAC Units	3
Age/Condition of HVAC	2013, 2015, 2016
Market	Odessa



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3710 KERMIT HIGHWAY

ODESSA, TX 79764

OFFERING PRICE
\$1,350,000

PRO FORMA CAP RATE
12.37%

Offering Price	\$1,350,000
Pro Forma Cap Rate	12.37%
Price/SF	\$48.51
Total Square Feet	27,830
Tenancy	Single
Occupancy	0.00%

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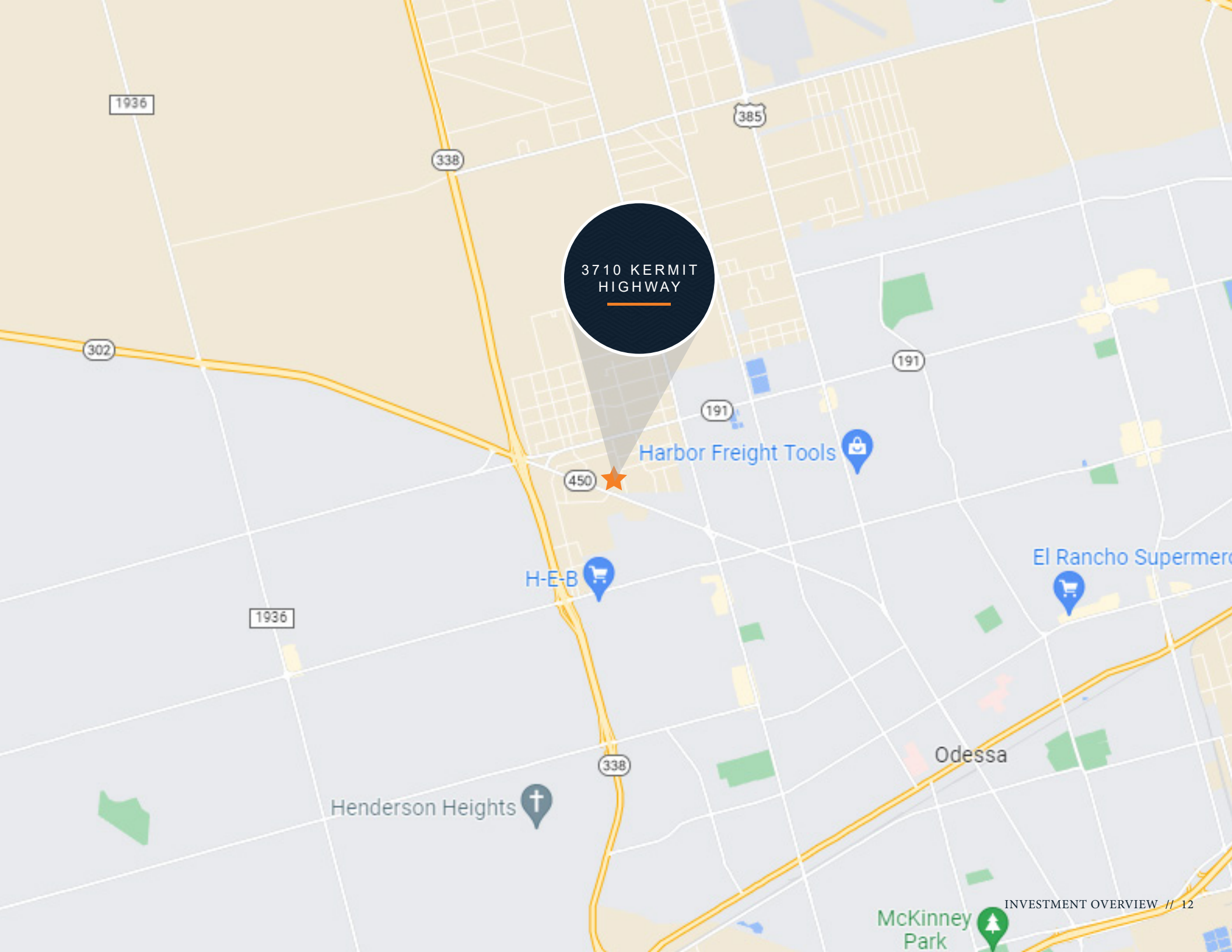
RENT ROLL

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	Lease Type
			Comm.	Exp.					
Potential Rent	27,830	100.0%	-	-	\$6.00	\$13,915	\$166,980	\$166,980	NNN
Total	27,830				\$6.00	\$13,915	\$166,980	\$166,980	
Occupied Tenants: 1			Unoccupied Tenants: 0		Occupied GLA: 100.00%		Unoccupied GLA: 0.00%		
Total Current Rents: \$0					Occupied Current Rents: \$0		Unoccupied Current Rents: \$0		

OPERATING STATEMENT

Income	Current	Per SF	Pro Forma	Per SF
Scheduled Base Rental Income	0	0.00	166,980	6.00
Expense Reimbursement Income				
Net Lease Reimbursement				
Insurance	0	0.00	8,349	0.30
Real Estate Taxes	0	0.00	19,693	0.71
Total Reimbursement Income	\$0 0.0%	\$0.00	\$28,042 100.0%	\$1.01
Effective Gross Revenue	\$0	\$0.00	\$195,022	\$7.01

Operating Expenses	Current	Per SF	Pro Forma	Per SF
Insurance	8,349	0.30	8,349	0.30
Real Estate Taxes	19,693	0.71	19,693	0.71
Total Expenses	\$28,042	\$1.01	\$28,042	\$1.01
Expenses as % of EGR	0.0%		14.4%	
Net Operating Income	-\$28,042	(\$1.01)	\$166,980	\$6.00



3710 KERMIT
HIGHWAY

Harbor Freight Tools

H-E-B

El Rancho Supermercado

Odessa

Henderson Heights

McKinney
Park

An aerial photograph of an industrial park. A large blue and white building is highlighted with a white circle containing an orange star. A callout bubble points to this building with the text "3710 KERMIT HIGHWAY". The surrounding area includes various other industrial buildings, parking lots, and a road labeled "3710 KERMIT HIGHWAY".

3710 KERMIT
HIGHWAY



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 2,399 debt and equity financings in 2021



National platform operating within the firm's brokerage offices



\$10.4 billion total national volume in 2021



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

The background of the slide is a dark blue, semi-transparent image of an industrial interior. It shows a large space with a high ceiling, featuring a complex network of white metal beams and pipes. Several white, dome-shaped pendant lights are suspended from the ceiling. In the lower-left corner, a large, light-colored industrial door is visible. The overall aesthetic is clean and professional, typical of a corporate or technical report.

SECTION 2

MARKET OVERVIEW

Marcus & Millichap

MIDLAND-ODESSA TEXAS

Located in West Texas, the Midland-Odessa metro is considered an energy capital, as the Permian Basin is one of the biggest oil fields in the world and is home to some of the largest petroleum-producing companies. The metro consists of Martin, Midland and Ector counties. The public sector is a top job provider, but the private sector is driving the economic growth. The two largest cities are Midland, with over 140,000 residents, and Odessa, where roughly 123,000 citizens live.



ENERGY HUB



FAST GROWING
POPULATION

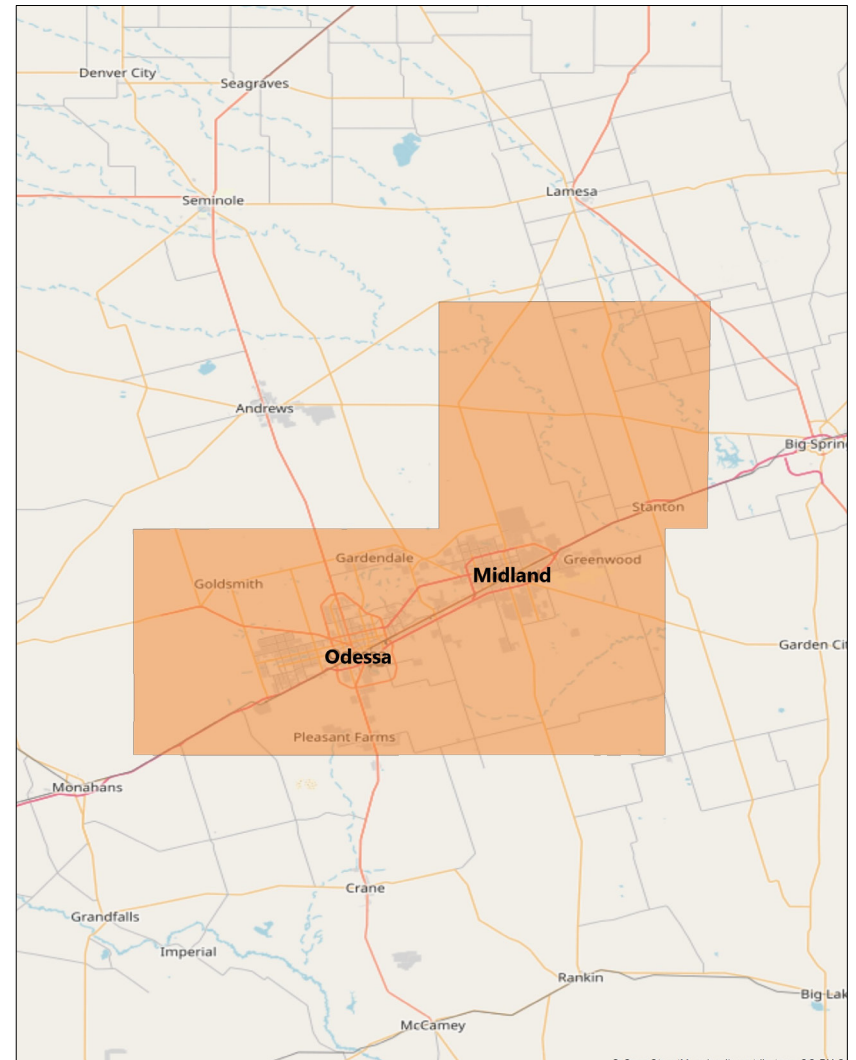
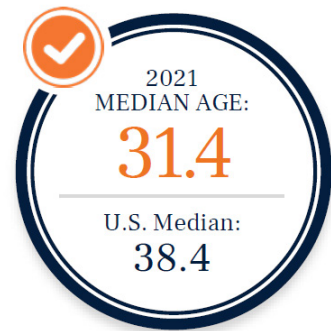


HIGHER
EDUCATION

METROPLEX GROWTH

ECONOMY

The oil and energy sector drives the Midland-Odessa economy. The Permian Basin covers more than 86,000 square miles and is believed to contain as much as 46 billion barrels of oil. Petroleum powerhouses, such as ExxonMobil, Chevron and Occidental Petroleum, have major operations in the area. Odessa has become a regional distribution hub for many companies outside of the energy industry. Family Dollar has its Texas Distribution Center in Odessa. Of the top 10 employers in Midland-Odessa, four are in the health care field. This sector is driven, in part, by the Texas Tech University Health Sciences Center.



DEMOGRAPHICS



121,649

Total Population
Within 5 miles



50.7%



49.3%



\$76,467

Average Household Income
Within 5 miles



68,289

Employees
Within 1 Mile

DEMOGRAPHICS

POPULATION	1 Mile	3 Miles	5 Miles
2027 Projection			
Total Population	6,700	63,150	128,569
2022 Estimate			
Total Population	6,440	60,806	121,649
2010 Census			
Total Population	5,927	55,753	107,419
2000 Census			
Total Population	5,467	52,569	98,564
Daytime Population			
2022 Estimate	9,975	73,763	143,102
HOUSEHOLDS	1 Mile	3 Miles	5 Miles
2027 Projection			
Total Households	2,461	22,065	46,059
2022 Estimate			
Total Households	2,357	21,158	43,518
Average (Mean) Household Size	2.7	2.8	2.7
2010 Census			
Total Households	2,149	19,273	38,441
2000 Census			
Total Households	1,995	18,601	36,024

HOUSEHOLDS BY INCOME	1 Mile	3 Miles	5 Miles
2022 Estimate			
\$200,000 or More	2.7%	2.1%	3.2%
\$150,000-\$199,999	3.9%	4.1%	5.4%
\$100,000-\$149,999	16.1%	15.0%	15.6%
\$75,000-\$99,999	14.3%	12.4%	12.5%
\$50,000-\$74,999	20.1%	19.1%	18.5%
\$35,000-\$49,999	14.4%	15.1%	14.1%
\$25,000-\$34,999	10.1%	10.2%	9.7%
\$15,000-\$24,999	8.7%	11.4%	10.9%
Under \$15,000	10.0%	10.6%	9.9%
Average Household Income	\$74,045	\$69,373	\$76,467
Median Household Income	\$58,509	\$53,568	\$57,481
Per Capita Income	\$27,102	\$24,327	\$27,531
POPULATION PROFILE	1 Mile	3 Miles	5 Miles
Population By Age			
2022 Estimate Total Population	6,440	60,806	121,649
Under 20	32.2%	33.3%	32.5%
20 to 34 Years	22.7%	23.8%	23.9%
35 to 39 Years	8.0%	7.8%	7.6%
40 to 49 Years	12.9%	11.8%	11.7%
50 to 64 Years	14.5%	13.9%	14.3%
Age 65+	9.8%	9.3%	10.0%
Median Age	32.2	30.8	31.2
Population 25+ by Education Level			
2022 Estimate Population Age 25+	3,967	36,434	73,579
Elementary (0-8)	7.3%	11.3%	10.8%
Some High School (9-11)	16.3%	16.2%	14.4%
High School Graduate (12)	35.7%	33.3%	30.7%
Some College (13-15)	25.4%	22.5%	23.4%
Associate Degree Only	6.2%	6.3%	6.9%
Bachelor's Degree Only	6.4%	7.7%	9.7%
Graduate Degree	2.8%	2.8%	3.9%
Travel Time to Work			
Average Travel Time to Work in Minutes	22.0	23.0	23.0



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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Date

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