

Marcus & Millichap  
TAG INDUSTRIAL GROUP

1778 FRANKSTOWN ROAD

JOHNSTOWN, PA 15902

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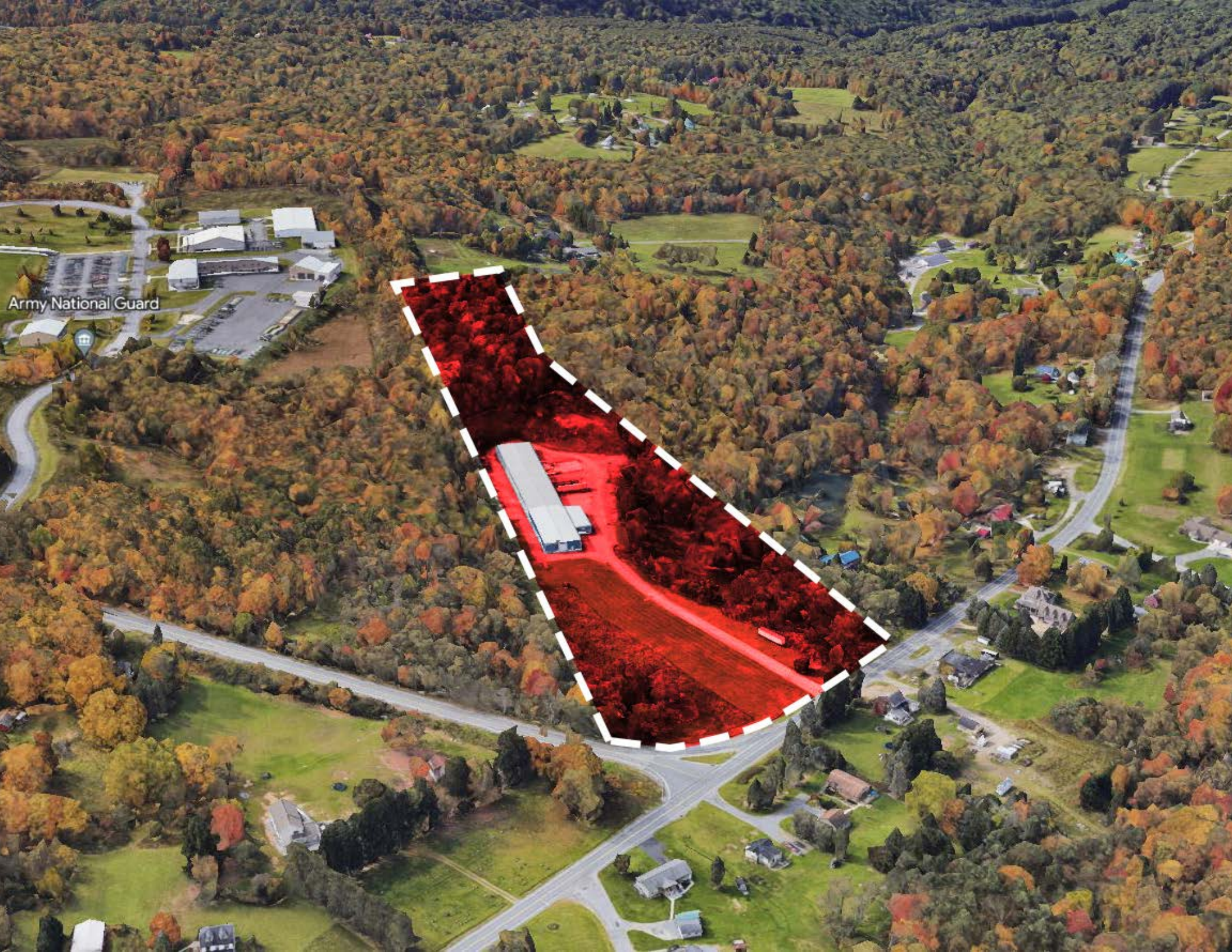
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Army National Guard





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Market Analysis • Demographic Analysis

Marcus & Millichap

The background of the slide is a dark, blue-toned photograph of an industrial interior. It shows a large, multi-level structure with metal beams, pipes, and several hanging industrial lights. The lighting is dim, creating a moody atmosphere. The structure appears to be part of a factory or a large warehouse.

# SECTION 1

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## INVESTMENT OVERVIEW

Marcus & Millichap

## OFFERING SUMMARY

- 27,265-Square-Foot Industrial Asset Situated on 17 Acres
- Highly Functional Property: 18 Grade-Level Doors and Three Dock-High Doors in a Distribution Layout
  - Partial Sale-Leaseback with Lease-up or Owner-Use Opportunity of 18,600 Square Feet
  - Excess Acreage Creates Opportunity for Additional Development and Value-Add
- Proximate to John Murtha Johnstown-Cambria County Airport

Marcus & Millichap is pleased to present the opportunity to acquire the property located at 1778 Frankstown Road in Johnstown, Pennsylvania, occupied by the current owner. The subject property consists of approximately 27,265 square feet of warehouse space and is situated on 17 acres of land. The multi-tenant asset features a distribution layout equipped with 18 grade-level doors, three dock-high doors, and a clear height of 14'. The property sits in close proximity to the John Murtha Johnstown-Cambria County Airport. Upon the sale of the property, the owner of the tenants B-Line Express and Epic Pro Paymaster plans to execute a partial triple net leaseback with 3.0 percent annual rent escalations and lease terms of one year and five years, respectively. With 18,600 square feet of vacant space, the property can be acquired for partial owner use or as a lease-up investment. Excess Acreage also offers investors a value-add development opportunity.

Johnstown is a relatively small market, containing 5.8 million square feet of industrial space. The vacancy rate has trended lower over the last two years, settling at just 2.1 percent during the third quarter of 2023. While the increase in market rents has slowed in recent quarters, the annual growth rate remained robust at 7.2 percent in Q3, allowing landlords to stay ahead of the consumer price index. Unlike most markets that have to contend with a flood of new developments, Johnstown had no industrial properties under construction in Q3 (CoStar). If net absorption remains in positive territory, vacancies will remain low for the foreseeable future, helping to keep rent growth high.

Located 57 miles east of Pittsburgh, Johnstown, Pennsylvania, is home to over 18,000 residents in the picturesque landscape of the Laurel Highlands. The development of the city began with the construction of the Pennsylvania Railroad, which spurred the growth of the iron, coal, and steel industries during the second half of the 19th century. During this time, Johnstown's Cambria Iron Company emerged as the nation's largest steel producer in the United States. However, Johnstown's fame also stems from the devastating Johnstown Flood of 1889, one of the deadliest natural disasters in U.S. history. Over the years, Johnstown has experienced significant shifts in its economy along with the decline of the steel industry. Today, the local economy is largely anchored by healthcare, education, defense, and tourism. Major employers include Conemaugh Memorial Medical Center and the University of Pittsburgh at Johnstown. While Johnstown has faced socioeconomic hardships, it retains its small-town charm and community spirit. The resilient city continues to reinvent itself, embracing new opportunities while honoring its industrial heritage.

## PROPERTY DETAILS

1778 FRANKSTOWN ROAD,  
JOHNSTOWN, PA 15902

Number of Buildings	1
Total Square Feet	27,265
Warehouse Square Feet	22,715
Office Square Feet	4,550
Office Ratio	17%
Year Built	2000/2012
Lot Size	17 Acres
Type of Ownership	Fee Simple
Clear Height	14'
Parking Spaces	80
Parking Surface	Asphalt
Building Class	B
Tenancy	Multi
Dock High Doors	3
Grade Level Doors	18
Construction	Metal
Power	3 Phase 277/800
Type of Lighting	Fluorescent and LED
Zoning	Light Industrial
Roof Type	Metal
Age/Condition of Roofs	23 Years, 10 Years
HVAC Units	2
Age/Condition of HVAC	23 Years, 10 Years
Market	Johnstown
Market Vacancy	2.10%

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## 1778 FRANKSTOWN ROAD

JOHNSTOWN, PA 15902

OFFERING PRICE  
**\$2,600,000**

PRO FORMA CAP RATE  
**9.62%**

Offering Price	\$2,600,000
Pro Forma Cap Rate	9.62%
Price/SF	\$95.36
Total Square Feet	27,265
Rental Rate	\$11.85
Lease Type	Triple-Net (NNN)
Lease Term	Five Years, Year-to-Year
Rental Increases	3% Annually
Tenancy	Multi
Occupancy	31.80%

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## RENT ROLL

Tenant Name	Suite	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	Renewal Options and Option Year Rental Information
Vacant	A	18,600	68.2%	N/A	N/A	\$0.00	\$0.00	\$0.00	\$139,500	N/A	N/A		-
Epic Pro Paymaster Offices	B	1,465	5.4%	Close of Escrow	COE + 5 Years	\$19.60	\$2,393	\$28,710	\$29,571	COE +1 Year	3.00%	NNN	3% Annual Increases
B-Line Express	C	7,200	26.4%	Close of Escrow	COE + 1 Year	\$10.27	\$6,163	\$73,950	\$76,169	COE +1 Year	3.00%	NNN	Year-To-Year, 3 (1-Year) Renewal Options 3% Annual Increases
Total		27,265				\$11.85	\$8,555	\$102,660	\$245,240				
Occupied Tenants: 2				Unoccupied Tenants: 1		Occupied GLA: 31.80%		Unoccupied GLA: 68.20%					
Total Current Rents: \$8,555						Occupied Current Rents: \$8,555		Unoccupied Current Rents: \$0					

Notes: Suite A is currently occupied by NASC whose lease expires 2/1/2024. Tenant will be vacating. NASC currently pays a base rent of (\$6.43/SF) for 16,500 SF of warehouse space and (\$14.60/SF) for 2,100 SF of office space. Tenant pays (\$1,081.45/Month) for property taxes and (\$400/Month) for maintenance. The tenant is currently responsible for all utility expenses for the property.

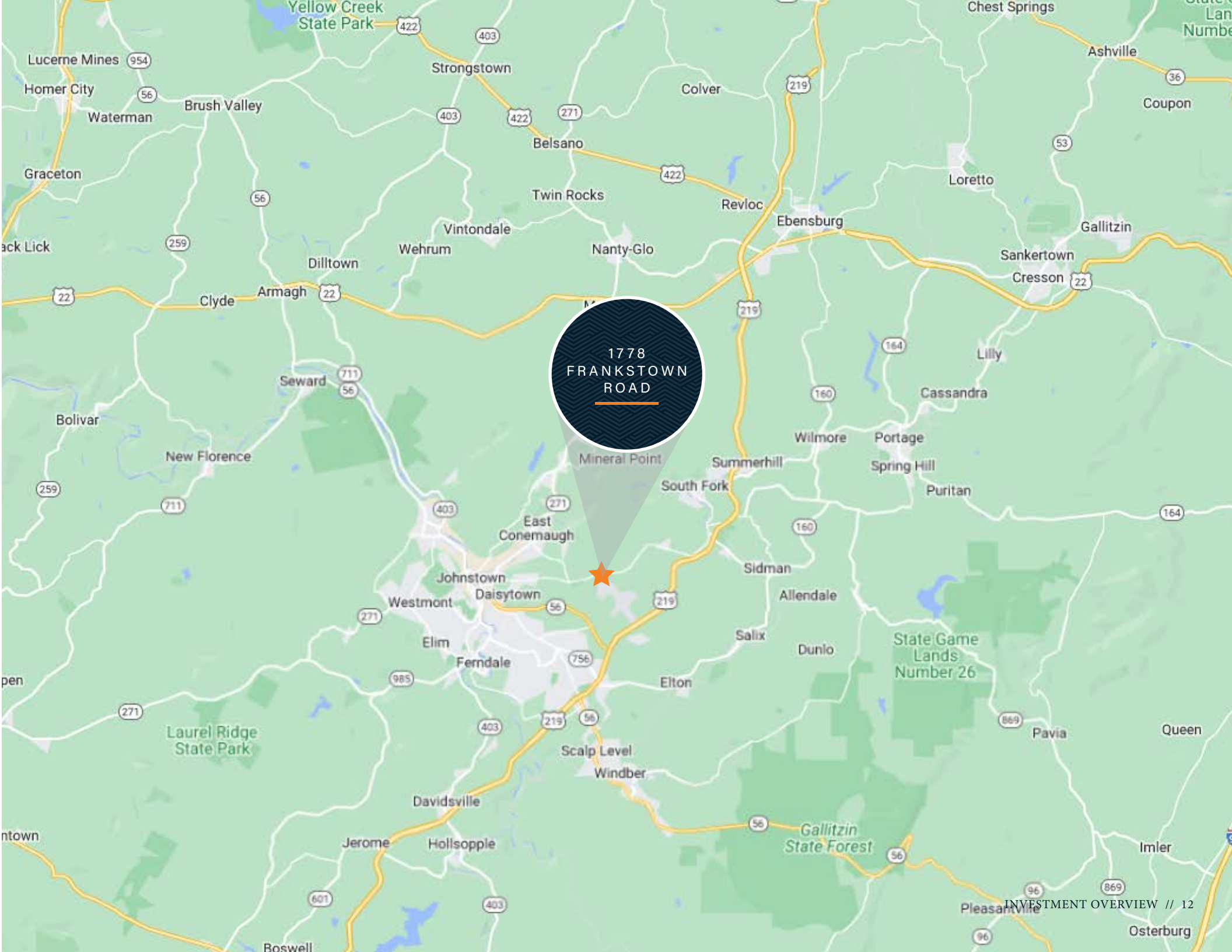


## OPERATING STATEMENT

Income	Current		Per SF	Pro Forma		Per SF
Scheduled Base Rental Income	102,660		3.77	245,240		8.99
Expense Reimbursement Income						
Net Lease Reimbursement						
Insurance	4,568		0.17	10,390		0.38
Real Estate Taxes	8,584		0.31	19,527		0.72
Total Reimbursement Income	\$13,152	52.2%	\$0.48	\$29,917	119.1%	\$1.10
Effective Gross Revenue	\$115,812		\$4.25	\$275,157		\$10.09

Operating Expenses	Current		Per SF	Pro Forma		Per SF
Insurance	6,072		0.22	6,072		0.22
Real Estate Taxes	19,137		0.70	19,048		0.70
Total Expenses	\$25,209		\$0.92	\$25,120		\$0.92
Expenses as % of EGR	21.8%			9.1%		
Net Operating Income	\$90,603		\$3.32	\$250,037		\$9.17



1778  
FRANKSTOWN  
ROAD





1778  
FRANKSTOWN  
ROAD













## 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 2,143 debt  
and equity  
financings in 2022



National platform operating  
within the firm's  
brokerage offices



\$12.8 billion total  
national volume  
in 2022



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-toned photograph of an industrial interior. It shows a large, multi-level structure with a complex network of steel beams and pipes. Several spherical pendant lights are visible, hanging from the ceiling. The overall atmosphere is industrial and modern.

## SECTION 2

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### MARKET OVERVIEW

Marcus & Millichap

# PITTSBURGH

## PENNSYLVANIA

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The Pittsburgh metro rests at the foothills of the Allegheny Mountains in the southwestern corner of Pennsylvania, outside the congested East Coast corridor. Consisting of Armstrong, Butler, Fayette, Westmoreland, Washington, Allegheny and Beaver counties, the metro contains 2.4 million residents, with around half concentrated in Allegheny County. The region's economy — which was once dominated by the steel industry — has diversified, with the help of the area's many colleges and universities, which provide a steady flow of educated personnel. The city limits of Pittsburgh are located where the Allegheny and Monongahela rivers join to form the Ohio River. Pittsburgh is the most populous city in the metro and the second largest in Pennsylvania, with approximately 310,500 residents.



EMPLOYMENT  
TRENDS



POPULATION  
GROWTH



QUALITY HIGHER  
EDUCATION



## METROPLEX GROWTH

### ECONOMY

Once centered on the steel industry, Pittsburgh's economy has become much more diversified over the past 20 years and continues to evolve. Nine Fortune 500 companies call Pittsburgh home, including PNC Financial Services, WESCO International, U.S. Steel, Alcoa, PPG Industries, Viatris, Westinghouse Air Brake, Arconic and Dick's Sporting Goods. High-tech is expanding, particularly in automation and manufacturing equipment, soft-ware, biotechnology, environmental services and pharmaceuticals.



**7%**  
MANUFACTURING



**16%**  
PROFESSIONAL AND  
BUSINESS SERVICES



**10%**  
GOVERNMENT



**9%**  
LEISURE AND HOSPITALITY



**7%**  
FINANCIAL  
ACTIVITIES



**18%**  
TRADE, TRANSPORTATION,  
AND UTILITIES



**5%**  
CONSTRUCTION



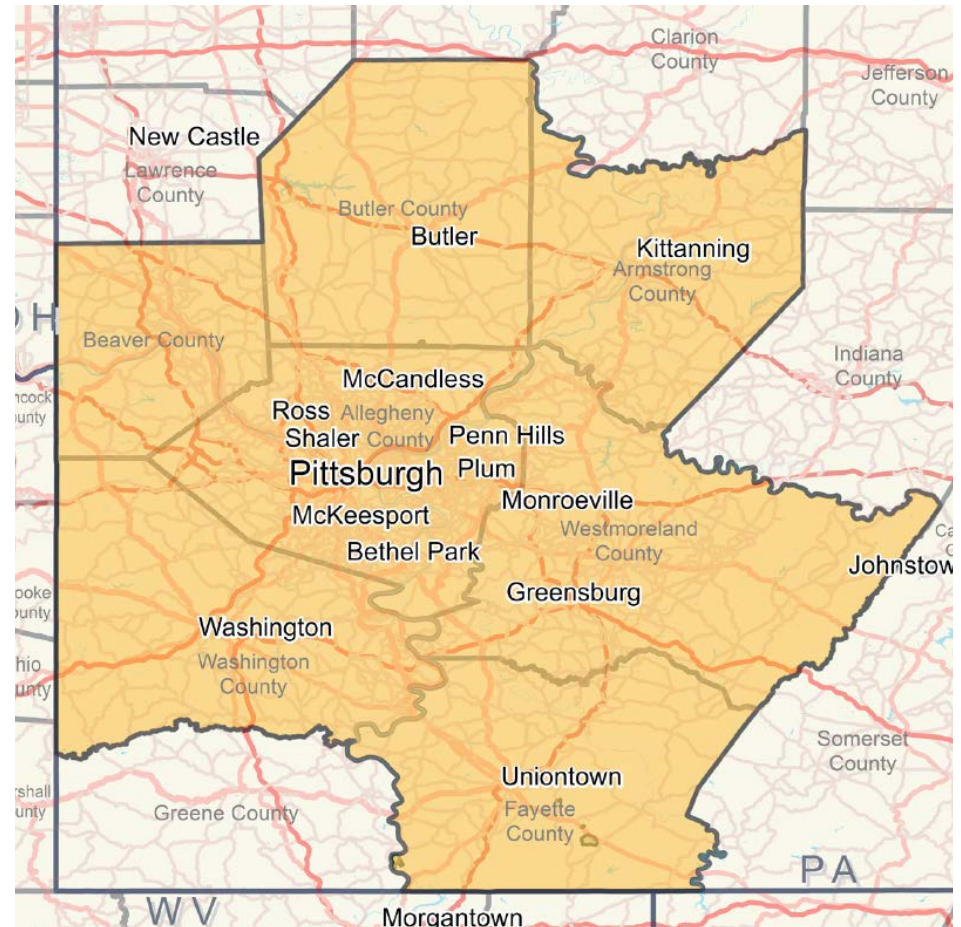
**21%**  
EDUCATION AND  
HEALTH SERVICES



**2%**  
INFORMATION



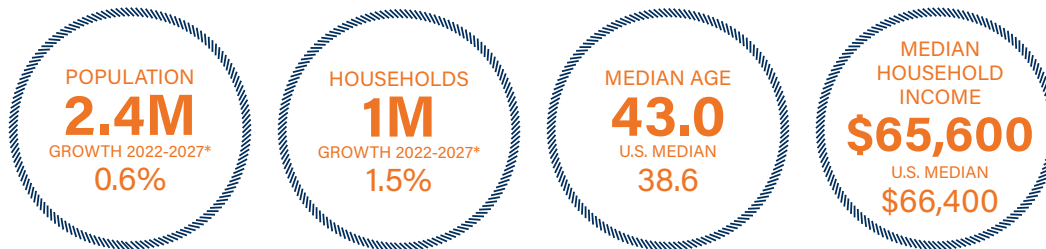
**4%**  
OTHER SERVICES



## METROPLEX GROWTH

### DEMOGRAPHICS

The metro is expected to add around 14,400 people through 2027, which will result in the formation of almost 15,000 households. A median home price below the national level allows 69 percent of households to own their home, which is above the national rate of 64 percent. Roughly 34 percent of people ages 25 and older hold bachelor's degrees; 13 percent have also earned a graduate or professional degree.



### QUALITY OF LIFE

Pittsburgh is a relatively affordable place to live, compared with many other major East Coast metros. In addition, the market has one of the lowest crime rates in the country. There are more than 500 organizations serving southwestern Pennsylvania, such as the Pittsburgh Cultural Trust, which has revitalized downtown. Regional amenities also include three professional sports teams: the Pittsburgh Steelers (NFL), Pirates (MLB) and Penguins (NHL). The Pittsburgh Penguins and the University of Pittsburgh Medical Center (UPMC) built a \$72 million sports medical center and practice rinks. UPMC is one of the busiest transplant centers in the world. In addition, UPMC Children's Hospital of Pittsburgh is one of the highest-ranked children's hospitals in the nation.





## DEMOGRAPHICS



49,310

Total Population  
Within 5 miles



\$64,252

Average Household Income  
Within 5 miles



21,598

Employees  
Within 1 Mile

## DEMOGRAPHICS

POPULATION	1 Mile	3 Miles	5 Miles
<b>2027 Projection</b>			
Total Population	612	12,088	48,372
<b>2022 Estimate</b>			
Total Population	624	12,247	49,310
<b>2010 Census</b>			
Total Population	674	13,161	53,463
<b>2000 Census</b>			
Total Population	704	13,577	58,242
<b>Daytime Population</b>			
2022 Estimate	628	11,703	59,783
HOUSEHOLDS	1 Mile	3 Miles	5 Miles
<b>2027 Projection</b>			
Total Households	260	5,362	21,648
<b>2022 Estimate</b>			
Total Households	263	5,404	21,890
Average (Mean) Household Size	2.4	2.3	2.2
<b>2010 Census</b>			
Total Households	282	5,753	23,410
<b>2000 Census</b>			
Total Households	274	5,762	24,785

HOUSEHOLDS BY INCOME	1 Mile	3 Miles	5 Miles
<b>2022 Estimate</b>			
\$200,000 or More	0.7%	1.6%	2.1%
\$150,000-\$199,999	7.2%	4.2%	3.5%
\$100,000-\$149,999	10.3%	12.6%	11.2%
\$75,000-\$99,999	15.0%	14.2%	12.4%
\$50,000-\$74,999	25.3%	20.7%	18.8%
\$35,000-\$49,999	13.6%	14.1%	13.3%
\$25,000-\$34,999	9.8%	10.7%	10.9%
\$15,000-\$24,999	9.6%	10.6%	11.9%
Under \$15,000	8.3%	11.3%	15.8%
Average Household Income	\$68,150	\$67,072	\$64,252
Median Household Income	\$57,594	\$53,771	\$47,516
Per Capita Income	\$28,714	\$29,602	\$28,930
POPULATION PROFILE	1 Mile	3 Miles	5 Miles
<b>Population By Age</b>			
2022 Estimate Total Population	624	12,247	49,310
Under 20	17.6%	19.8%	21.4%
20 to 34 Years	12.3%	15.1%	17.0%
35 to 39 Years	5.0%	4.8%	4.8%
40 to 49 Years	13.2%	11.2%	10.8%
50 to 64 Years	25.7%	22.7%	20.9%
Age 65+	26.1%	26.5%	25.1%
Median Age	51.2	49.3	46.5
<b>Population 25+ by Education Level</b>			
2022 Estimate Population Age 25+	487	9,240	35,594
Elementary (0-8)	1.9%	1.8%	2.0%
Some High School (9-11)	5.4%	6.0%	6.2%
High School Graduate (12)	51.6%	46.4%	45.2%
Some College (13-15)	15.9%	16.3%	15.9%
Associate Degree Only	9.0%	8.7%	9.4%
Bachelor's Degree Only	12.1%	14.7%	13.7%
Graduate Degree	4.1%	6.2%	7.7%
<b>Travel Time to Work</b>			
Average Travel Time to Work in Minutes	23.0	23.0	23.0



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