



7901 John W. Carpenter Freeway

DALLAS, TX

OFFERING MEMORANDUM | www.mercer-company.com



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This Offering Memorandum has been prepared by Mercer Company for use by a limited number of recipients. All information contained herein has been obtained from sources other than Mercer Company, and neither Owner nor Mercer Company, nor their respective equity holders, officers, employees and agents makes any representations or warranties, expressed or implied, as to the accuracy or completeness of the information contained herein. Further, the Offering Memorandum does not constitute a representation that no change in the business or affairs of the property or the Owner has occurred since the date of the preparation of the Offering Memorandum. All analysis and verification of the information contained in the Offering Memorandum is solely the responsibility of the recipient. Mercer Company and Owner and their respective officers, directors, employees, equity holders and agents expressly disclaim any and all liability that may be based upon or relate to the use of the information contained in this Offering Memorandum.

Additional information and an opportunity to inspect the property will be made available upon written request to interested and qualified prospective investors.

Owner and Mercer Company each expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers regarding the property and/or terminate discussions with any entity at any time with or without notice. Owner shall have no legal commitment or obligations to any recipient reviewing this Offering Memorandum or making an offer to purchase the property unless and until such offer is approved by Owner, a written agreement for the purchase of the property has been fully executed, delivered and approved by Owner and its legal counsel, and any obligations set by Owner thereunder have been satisfied or waived.

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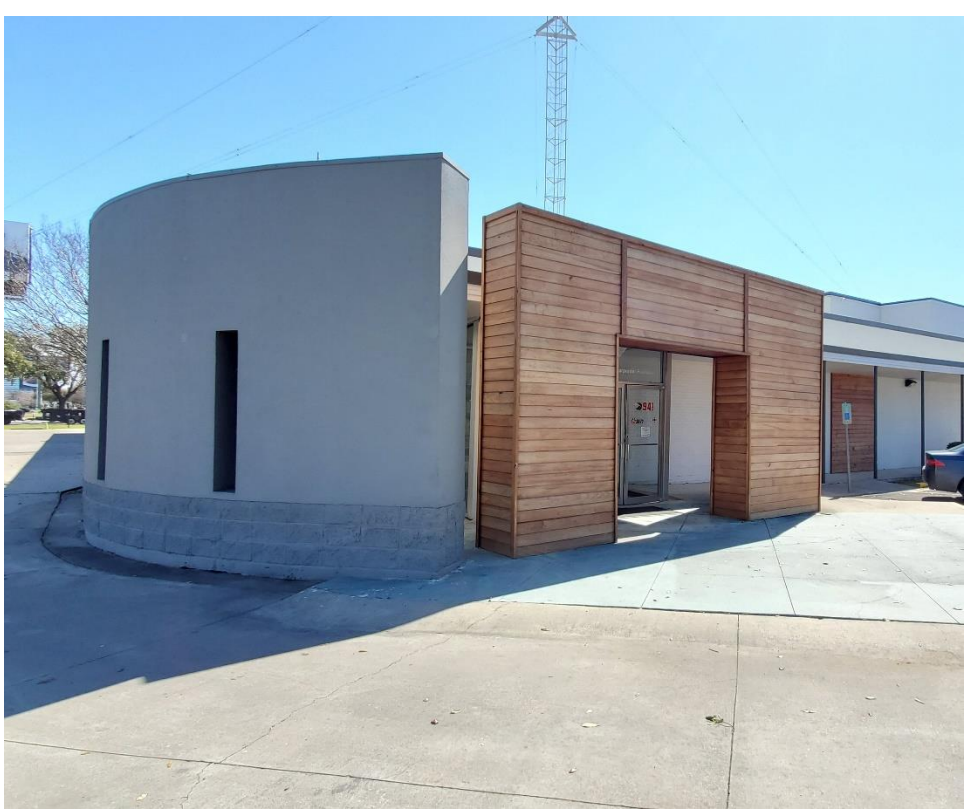
SUBMARKET OVERVIEW

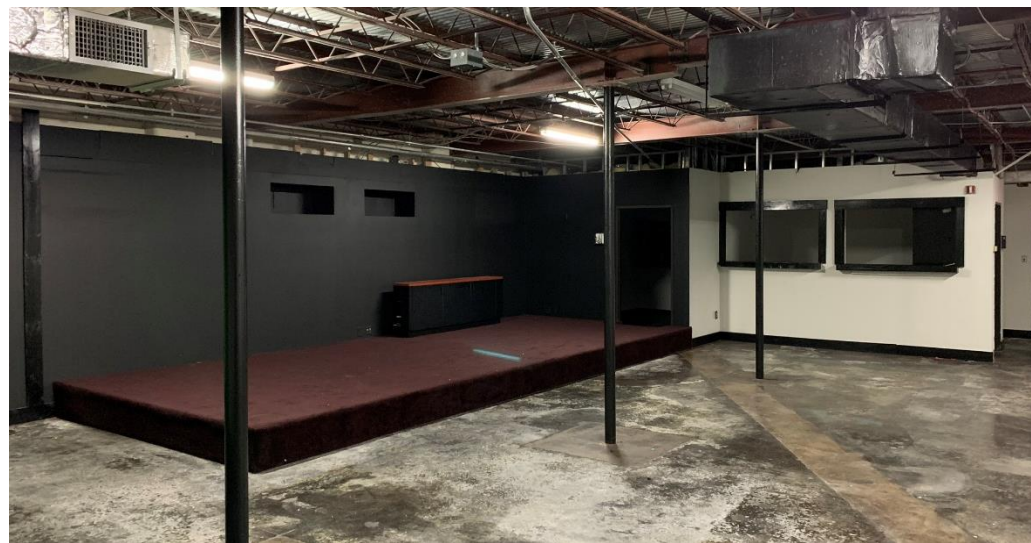
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01

EXECUTIVE SUMMARY

PROPERTY OVERVIEW

Mercer Company is pleased to exclusively present the opportunity to acquire 7901 John W. Carpenter Freeway (the "Property"), a 1.57-acre, 17,254 square foot single-story office building located within the Stemmons Freeway submarket of Dallas, Texas. Ideally positioned along John W. Carpenter Freeway and near the intersection of Mockingbird Lane, the Property boasts numerous highlights but none of which is more predominant than location. Just minutes away from some of Dallas' most affluent neighborhoods, 7901 John W. Carpenter Freeway sits amidst two of the metroplexes most booming submarkets (Brookhollow & Dallas Design District), it lends itself to high traffic counts commuting to a myriad of diverse attractions, businesses, cultures and nightlife.

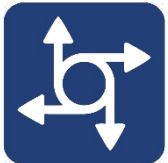
Situated in one of the most lenient zoning districts the City of Dallas has to offer, Industrial Research, the options for a successful and lucrative business are endless; giving the Property excellent long-term redevelopment potential. Industrial, wholesale distribution and storage, office and retail are all permitted; and the nearby amenities will meet your everyday business, staff and customer needs. The Property includes a billboard, that can provide additional income from an investment standpoint, or as an advertisement booster for any owner/user. Additional storage areas provide further flexibility to this quality offering with those businesses who benefit from having an outside showcase area.

PROPERTY HIGHLIGHTS



LOCATION, LOCATION, LOCATION

The proximity to Dallas Central Business District, Dallas Love Field Airport, etc., makes for a highly desirable location for any business. Just minutes away from Downtown Dallas and less than 15 miles from DFW International Airport, 7901 John Carpenter Freeway is the perfect location for multiple business types.



EASE OF ACCESS

The highway accessibility is seamless at this location as customers and employees can exit the highway at Mockingbird Lane when arriving on site and reenter the highway without any intersection or stoplights.



PROPERTY HIGHLIGHTS



TRAFFIC CAN BE A GOOD THING...SOMETIMES

Highway frontage that brings an average traffic count of over 328,000 cars per day. Excellent visibility accompanied by viewpoints from 10 different high traffic intersections with a line of sight of less than 0.35 miles, makes for advertising for any company that occupies the building.



PARKING AND STORAGE

Boasting an impressive parking ratio of 3.94/1,000 SF this is ideal for any business. With 18 spots available in the front of the building and an additional secured lot containing 50 spots at the rear of the building; leaves any business owner rest assured that customers will never be turned away due to parking restraints.



Additionally, the approximately 19,000 square foot rear lot can be used as outside storage for product or as an outdoor showcase area. Fully secured lot with gate & keypad, security system and flood lights.



POTENTIAL RENTAL INCOME

A high-return option to add to an investment portfolio, this properties diverse zoning district allows an investor to acquire and unlock a proven income-generator in an established area. This location caters exceptionally well to Dallas Design District businesses looking to escape the insanely high rent prices, while not sacrificing their clients and brand. The property also includes a billboard that can be rented out separately, producing an additional revenue stream for any investor with minimum maintenance involved.





Dallas: Big Things Happen Here

**WITHIN
5 MILES**



30,000 Class A
Multifamily Units



35.8 M SF
Class A Office



24.1 M SF
Retail



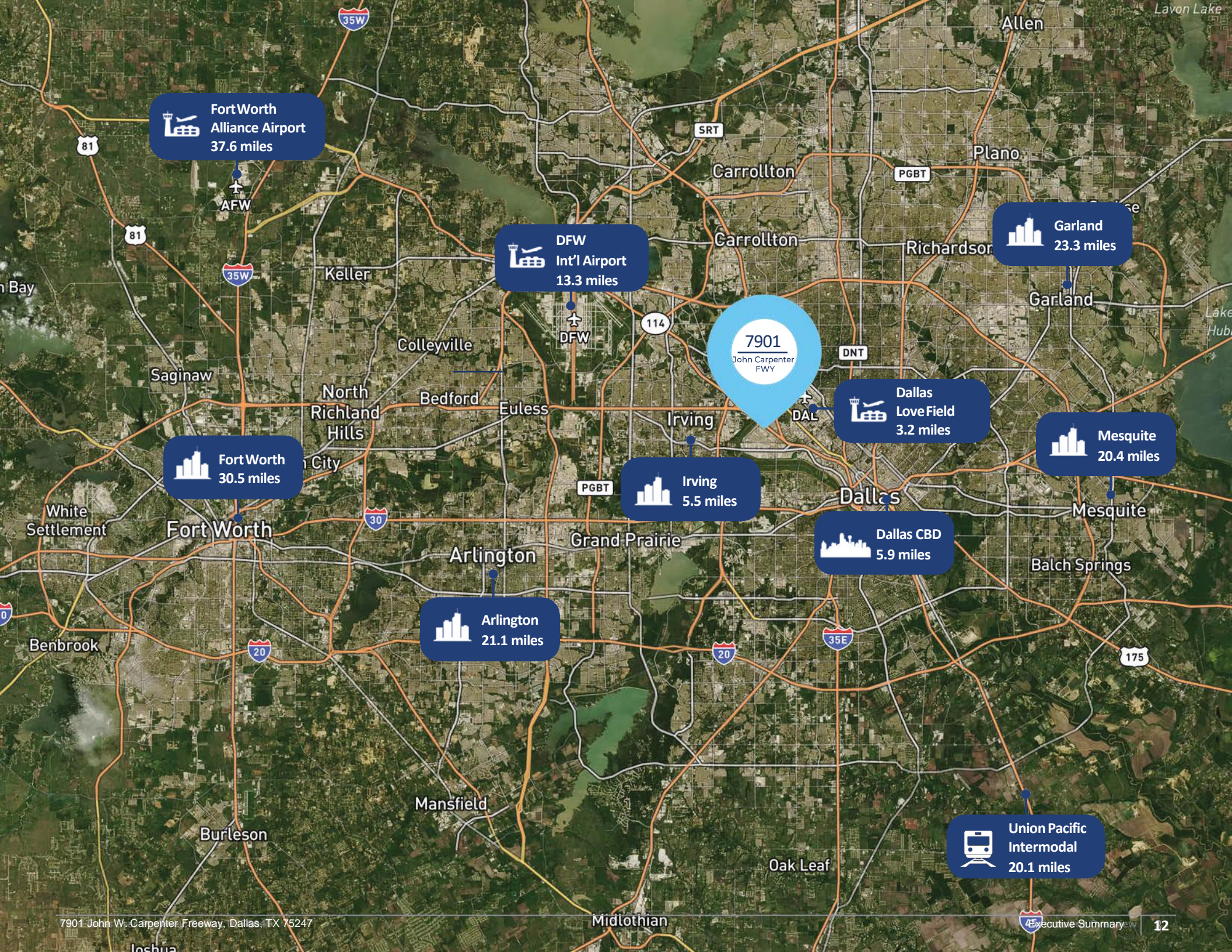
Dallas Medical
District



Dallas
Love Field
Airport



Dallas Central
Business District



Fort Worth Alliance Airport
37.6 miles

DFW Int'l Airport
13.3 miles

Garland
23.3 miles

7901
John Carpenter FWY

Dallas Love Field
3.2 miles

Fort Worth
30.5 miles

Mesquite
20.4 miles

Irving
5.5 miles

Dallas CBD
5.9 miles

Arlington
21.1 miles

Union Pacific Intermodal
20.1 miles

02

PROPERTY OVERVIEW

PROPERTY OVERVIEW



Submarket	Brookhollow / Stemmons Freeway
Address	7901 John W. Carpenter Freeway
County	Dallas
Property Size	17,254
Occupancy	Multi
Land Size	1.57 acres
# Buildings	1
# Tenants	2
Year Built (Remodel)	1957 (2019)
Office/Retail Finish	100%
Clear Height	12'
Zoning	Industrial Research



03

LOCATION OVERVIEW

DFW Market Overview

The Dallas-Fort Worth industrial market was performing well to start 2020, thanks to the metro's robust job and population growth. The market continues to deliver an incredible amount of industrial supply averaging more than 20 million SF of net new supply annually over the past few years. Over the past 12 months, the market has added 25.3 million SF of new product. However, vacancies have remained stable at 6.43% due to a combination of impressive demand for speculative projects and a few significant build-to-suits that delivered. The market has been keeping up, absorbing 23.1 million SF over the past 12 months. The market leads the nation in construction, with nearly 35 million SF underway. At 6.4%, rent growth has remained positive and remains one of the leading large metros. This is especially impressive, considering how late it is in the current economic cycle, along with the sheer volume of inventory, added this cycle. Transaction activity is driven by institutional capital, with national portfolio sales accounting for a significant portion of sales volume.

INVENTORY SF



826M

+3.1% Prior Period 800M

MARKET RENT/SF



\$6.15

+6.03% Prior Period \$5.80

12 MO NET ABSORPTION SF



23.1M

+5.0% Prior Period 22.0M

MARKET SALE PRICE/SF



\$79

+12.2% Prior Period \$71

VACANCY RATE



6.43%

+0.06% Prior Period 6.40%

MARKET CAP RATE



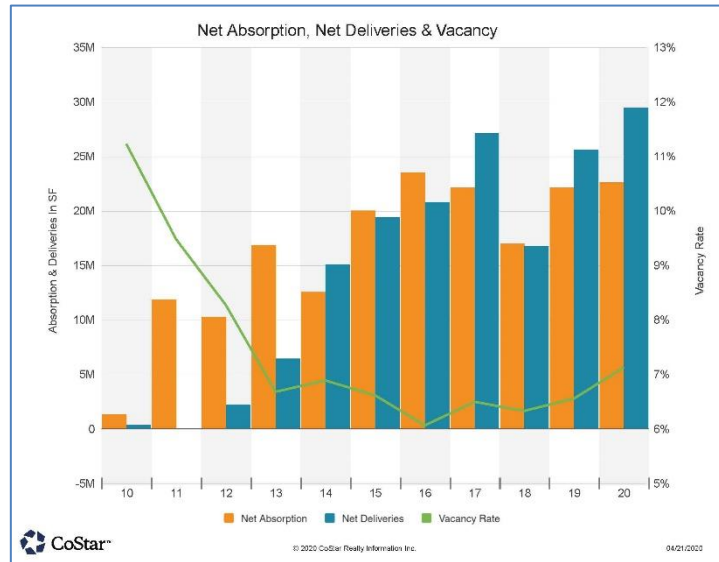
5.9%

-0.2% Prior Period 6.1%



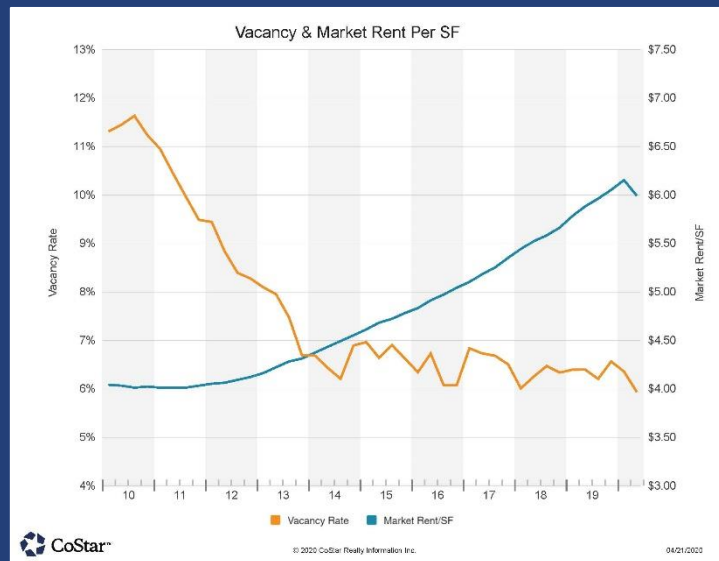
Absorption

The DFW industrial market has absorbed over 23.1 million square feet over the last 12 months, one of the highest absorption numbers in the metro's history. Since 2010, the DFW industrial market has absorbed more than 165 million square feet, which equates to a quarterly average of 5.5 million square feet per quarter. Over the most recent four quarters, the market has absorbed an average of 7.54 million square feet each quarter. The DFW industrial market has added significant new supply in recent years, yet robust tenant demand for industrial product in DFW has kept the market balanced. Since 2010, tenant demand has outstripped new supply by more than 1.2 times, resulting in steadily increasing market occupancy.



Occupancy

Since 2010, occupancy within the DFW industrial market has grown by 5.52% and has averaged 92.4%. Dating back to 2005, the market has been remarkably stable with occupancy never dipping below 88.5%. Both warehouse and flex markets continue to perform with current occupancy levels of 93.7% and 93.6%, respectively.



Rental Rates

Robust tenant demand for industrial space has driven rapid rental rate growth in the DFW industrial market in recent years. Since 2010, average rental rates within the DFW industrial market have increased by more than 52% to a record high of \$6.15 per SF.

DFW INDUSTRIAL MARKET OVERVIEW

AVAILABILITY

Market Rent/SF	\$6.15
Vacancy Rate	6.43%
Vacant SF	53.1M
Availability Rate	10.5%
Available SF	90.2M
Sublet SF	7.3M
Months on Market	5.8

DEMAND

12 Mo Net Absorp % of Inventory	2.8%
12 Mo Leased SF	55M
Months on Market	5.8
Months to Lease	3.4
Months Vacant	3.2
24 Mo Lease Renewal Rate	65.6%
Population Growth 5 Yrs	7.8%

INVENTORY

Existing Buildings	15,410
Under Construction Avg SF	244K
12 Mo Demolished SF	264K
12 Mo Occupancy % at Delivery	53%
12 Mo Construction Starts SF	25.8M
12 Mo Delivered SF	25.3M
12 Mo Avg Delivered SF	176K

SALES PAST YEAR

Asking Price Per SF	\$87
Sale to Asking Price Differential	-9.0%
Sales Volume	\$3.6B
Properties Sold	1,116
Months to Sale	9.1
For Sale Listings	459
Total For Sale SF	20.1M



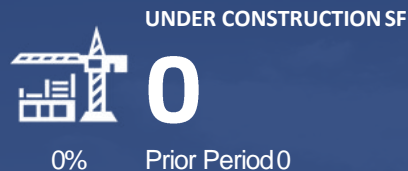
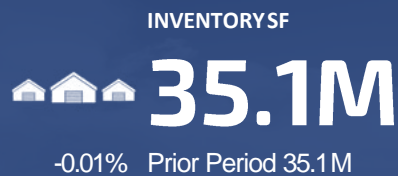
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SUBMARKET OVERVIEW

WEST BROOKHOLLOW SUBMARKET OVERVIEW

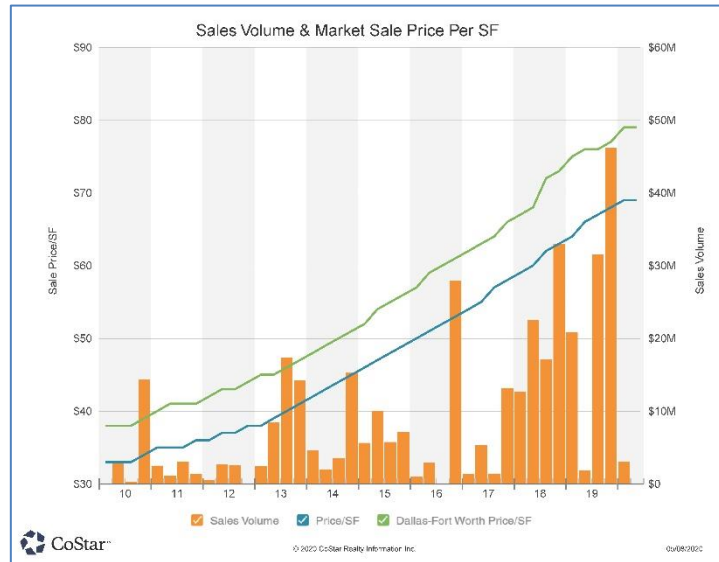
Vacancies in West Brookhollow are tight due to a complete lack of new supply coupled with steady demand this cycle. The supply outlook is bare as the submarket is largely built-out, and there are still plenty of developable sites in nearby submarkets, making it unnecessary to redevelop existing assets here. Due to ultra-low vacancies, rent growth will likely continue to outperform the ten year average for the next few years.

West Brookhollow is between the Dallas CBD and the Dallas/Fort Worth International Airport. The submarket is split by Texas State Highway 183, which connects to several highways traveling in all directions through the metroplex. While West Brookhollow is one of the largest submarkets in the metroplex by inventory, most of its stock was built before the 1980s, and most buildings lack the specifications necessary for modern distribution or e-commerce operations. Therefore, manufacturers, suppliers, or local distributors will continue to drive demand.



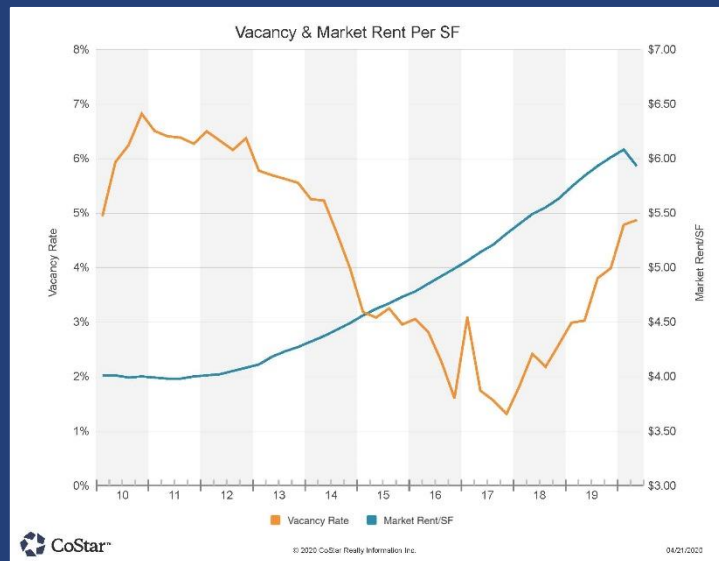
Sales

Similar to other close-in submarkets with older inventory, West Brookhollow typically sees a large number of deals take place annually. The submarket has averaged more than 70 sales per year since 2013. Of the over 80 deals that have taken place since 2019, only 6 were properties 100,000 SF or greater. Most deals are focused on smaller properties and involve local investment firms, small businesses, or individual owners. While pricing has increased substantially this cycle, deals in West Brookhollow typically come at a discount compared to the D-FW metro average. In the largest deal of the past few years, 1330 Regal Row sold in late 2017. The 387,000-SF facility was formerly a manufacturing plant for Mary Kay. The company sold the property to precision sheet metal manufacturer, Humanetics, which will move into the facility in 2020. Mary Kay relocated its operations to a new facility in Lewisville.



Occupancy

Leasing activity in this older industrial node remains steady. Vacancies have trended below the metro average for the entire cycle, and considering the lack of developable land in the submarket, supply should be minimal. With tenants gobbling up nearly all the smaller and medium-sized blocks of space metro-wide, there is also little risk of movement outside the submarket, especially considering West Brookhollow's location near some of the densest and highest-income population centers in Dallas. Meanwhile, there is a risk of tenants leaving the area. For instance, Mary Kay moved out of its 250,000 SF distribution facility in late 2019. The company opened a larger new facility in Lewisville the year before.



Rental Rates

Rents in West Brookhollow are slightly below the metro average, at about \$6.50/SF. This ranks the submarket close to nearby N Stemmons/Valwood and East DFW Airport/Las Colinas. Similar to the metro as a whole, rent growth has greatly outperformed the ten year average in recent years. With a lack of supply-side pressure and a robust local economy, rent growth could continue to outperform.

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