



MULTI-TENANT INDUSTRIAL

3141 N 35TH AVE | PHOENIX, AZ 85017

OFFERING MEMORANDUM

EXCLUSIVE LISTING AGENTS:

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ALEXIS SUAREZ

Broker of Record

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PROPERTY SUMMARY

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Matthews™ Real Estate Investment Services is excited to offer the opportunity to acquire this industrial property located in the city of Phoenix.

This property sits on a 1.03 AC parcel which can be accessed from 35th Avenue. 35th Avenue sees around 41,000 vehicles per day and is also situated between Thomas Rd & Indian School Rd which sees 41,000 & 55,000 vehicles per day, respectively. Only 0.6 miles from the US-60 Highway and 1.6 miles from the I-17 Highway, this location is great for getting around the city. The square footage is equally divided between both suites; 10,080 SF each suite totaling to 20,160 SF. The building is 100% leased through the end of 2023. Both tenants are currently paying below-market rental rates and opens the opportunity to bring the rental rates to market upon conclusion of the leases.



PROPERTY OVERVIEW

Address	3141 N 35th Ave, Phoenix, AZ 85017
Building SF	20,160
Building Construction	Concrete Tilt Up
Year Built	1980
Lot Size	44,785 SF 1.03 AC
Office SF	5,600 SF 28.0% of Total SF
Sprinklered	Yes
APN's	108-03-020A
Zoning	IND.PK
Tenancy	Multi-Tenant 2 Suites 10,080 SF Each
Power	600a/277-480v 3 Phase
Grade-Level Doors	5 GL Doors 12' W x 14' H
Clear Height	20'

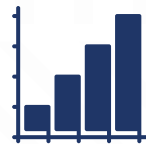
INVESTMENT HIGHLIGHTS

- Value Add Opportunity | Both Tenants Are Paying Below-Market Rent
- Opportunity Zone | Capital Gain Tax Strategy
- Extremely Low Vacancy Submarket | 3.1% Vacancy (CoStar Q2 2021 QTD)
- High Market Rent Growth | 8.1% YOY Rental Growth (CoStar Q2 2021 QTD)
- High-Quality Facility | Concrete Tilt-Up; Well Maintained
- Strategic Location | Minutes from US-60 & I-17 Highways
- Highly Trafficked Area | Around 41,000 Vehicles Per Day
- Priced Well Below Replacement Cost



PRICE

\$1,900,000



CAP RATE

5.40%



PRICE PER SF

\$94



YEAR BUILT

1980



GLA

±20,160 SF

AutoZone TACO BELL BURGER KING
 Reilly AUTO PARTS cricket QT QuikTrip
 ARCO metro by T-Mobile

CUBESMART self storage

metro by T-Mobile

COSTCO WHOLESALE Little Caesars
 CHASE CH IH dd's DISCOUNTS
 McDonald's BMO Harris Bank
 FAMILY DOLLAR First Community Bank
 cricket RBC
 Advance Auto Parts Krispy Kreme CARDENAS

7 ELEVEN US STORAGE Centers Mobil
 RedRoof 76 Super 8

CIRCLE K

W INDIAN SCHOOL RD
 ± 55,000 VPD

PAYNE INDUSTRIAL DISTRICT

PLAZA DEL SOL SHOPPING MALL

US STORAGE Centers
 ARCO

CHASE
 ExtraSpace Storage

Pizza Hut FOOD CITY BURGER KING
 SUBWAY CVS pharmacy ACE
 cricket

NORTH 35TH AVE
 ± 41,000 VPD

SUBJECT PROPERTY

GRAND AVENUE
 ± 39,000 VPD

INTERSTATE 17
 ± 172,000 VPD

CVS pharmacy Jack in the box
 CIRCLE K Chevron Church's
 cricket metro by T-Mobile

PACIFIC BUSINESS PARK
 GOODYEAR

AutoZone Bank of America
 CIRCLE K DOLLAR TREE
 FAMILY DOLLAR metro by T-Mobile

ARROWHEAD PLAZA SHOPPING MALL

WEST THOMAS RD
 ± 41,000 VPD

BBVA Compass SUBWAY
 FAMILY DOLLAR metro Mobil

NAPA QT QuikTrip Carl's Jr.
 SUBWAY ExtraSpace Storage metro by T-Mobile

Jack in the box McDonald's Arby's
 DUNKIN' Starbucks
 Denny's Chevron LAQUINTA INNS

Public Storage

CIRCLE K



FINANCIAL OVERVIEW

FINANCIAL OVERVIEW

TENANT	ADDRESS	START DATE	END DATE	LEASE TYPE	SQFT	% OF BUILDING	MONTHLY RENT	RENT INCREASE	DATE OF INCREASE
Aispuro Imports	3141 N 35th Ave Suite 103	August 2014	October 2024	Modified Gross	10,080 SF	50%	\$5,682	2.50%	November 2021
E-Waste Solutions	3141 N 35th Ave Suite 101	October 2019	September 2023	Modified Gross	10,080 SF	50%	\$5,540	-	-

2021 ACTUALS	ANNUAL	\$ PSF/YR
INCOME & ASSUMPTIONS:		
Gross Rental Income	\$135,942	\$6.74
EXPENSES:		
Property Taxes	\$22,122	\$(1.10)
Insurance	\$2,905	\$(0.14)
Landscaping	\$4,200	\$(0.21)
Water	\$4,200	\$(0.21)
Total Operating Expenses	\$33,427	\$(1.66)
NET OPERATING INCOME	\$102,515	\$5.09

2024 PRO FORMA	ANNUAL	\$ PSF/YR
INCOME & ASSUMPTIONS:		
Gross Rental Income*	\$185,047	\$9.18
EXPENSES:		
Property Taxes**	\$5,551	\$(0.28)
Insurance	\$5,551	\$(0.28)
Vacancy***	\$24,899	\$(1.24)
Management Fee***	\$2,905	\$(0.14)
Landscaping	\$4,200	\$(0.21)
Water	\$4,200	\$(0.21)
Total Operating Expenses	\$47,307	\$(2.35)
NET OPERATING INCOME	\$137,740	\$6.83

DEBT QUOTE

LTV: 65%

RATE: 3.950%

AMORTIZATION: 25 Years

Loan quote provided by Matthews Capital based on market conditions at this time. Actual rates and terms will vary based on market conditions at closing.

Assumptions

*Annual Rent Growth of 3% was Applied to Current Market Rent

**Annual Property Tax Increase of 3% Was Applied

***Vacancy & Management Fees of 3% Were Applied





AREA OVERVIEW



PHOENIX, AZ

The Phoenix Metropolitan Area – often referred to as the Valley of the Sun, the Salt River Valley, or Phoenix Metro – is a metropolitan area, centered on the city of Phoenix, that includes much of the central part of the U.S. state of Arizona. The United States Office of Management and Budget designates the area as the Phoenix-Mesa-Scottsdale Metropolitan Statistical Area (MSA), defining it as Maricopa and Pinal counties.

Greater Phoenix encompasses 2,000 square miles and more than 20 incorporated cities, including Glendale, Scottsdale, Tempe and Mesa. Maricopa County, in which Phoenix is located, covers more than 9,000 square miles. Phoenix's elevation is 1,117 feet, and the city's horizon is defined by three distinct mountains: South Mountain, Camelback Mountain and Piestewa Peak.



4.95 MILLION
2020 ESTIMATED
POPULATION



\$227.74 BILLION
GROSS METRO
PRODUCT



3.2%
EMPLOYMENT
GROWTH





POPULATION

HOUSEHOLD

AVG INCOME

	2021 ESTIMATE	2026 PROJECTION	2021 ESTIMATE	2026 PROJECTION	2021 ESTIMATE
1-MILE	16,794	17,938 (1.40% ↑)	1,865	4,664 (1.40% ↑)	\$47,089
3-MILE	198,582	211,690 (1.30% ↑)	21,849	60,777 (1.30% ↑)	\$51,853
5-MILE	502,574	538,227 (1.50% ↑)	104,434	175,835 (1.50% ↑)	\$59,887

*SUBJECT PROPERTY DEMOGRAPHICS

INDUSTRIAL TRENDS

Robust population and job growth in the Valley of the Sun have bolstered a rapidly growing consumer base in the region, which has generated industrial demand.

Last-mile delivery operators and logistics companies have seen an increase in demand due to the rise in online orders. Amazon signed several leases since the start of the year for both small (under 200,000 SF) and extensive distribution centers.

Approximately 35 million consumers can be reached within a single day's truck ride from metro Phoenix, fueling demand for industrial space among companies in the e-commerce, logistics, and construction industries. Phoenix has also become one of the most active data center markets in the country, not only because of the vast consumer base but also due to Arizona's tax incentive for data center development, a robust and growing power grid, and limited occurrence of natural disasters.

With relatively few barriers to development, a flourishing local economy, and favorable demographics, **new industrial supply has consistently poured into the market**. Much of the new supply is speculative and is primarily tailored to the logistics segment. Even with elevated levels of construction, strong demand has maintained a vacancy rate well below the market's historical average.

Many companies established industrial operations in Phoenix because of the low cost of doing business and proximity to major regional markets, particularly in California. **The average industrial rent in Phoenix is near the national average but is roughly 35%-40% below average rents in Los Angeles and Orange County.**

SOURCE: Costar

COMPONENTS BROKEN DOWN	
VACANCY	In recent years, e-commerce, third-party logistics, pharmaceuticals, food and beverage, data center operators, and advanced manufacturing firms have stimulated demand. 20Q2 marked the third-highest level of net absorption in the market's history. Leasing activity has been strongest in the West Valley, including Tolleson, Goodyear, and Glendale. Tenants benefit from proximity to Interstate 10, which provides access to California within a one-day truck haul. Affordability of land, a vast labor pool, and new supply are also contributing factors that are fueling demand for space. Meanwhile, advanced manufacturers and last-mile operators are willing to pay a premium in high-growth areas in the East Valley, where they can draw from a strong talent pool in Tempe and Chandler.
CONSTRUCTION	Industrial construction has continued nearly uninterrupted. About 11.8 million SF is underway, which accounts for 3.2% of the market's existing inventory. That ranks Phoenix among the top 10 industrial markets for construction. Approximately 60% of the space under construction is available for lease, which is a high share compared to the past several years when speculative space accounted for 30% to 40% of new inventory. Developers have also been active in parts of the Southeast Valley, especially by the Phoenix-Mesa Gateway Airport and south of the Loop 202 near Chandler Airport. About 2 million SF is underway in this area. Robust household formation, high-skilled labor, and quality infrastructure in the area continue to draw last-mile operators, advanced manufacturing, and data center users.
SALES	Phoenix industrial investment reached a record high in 2019, topping \$3.3 billion, and sales velocity carried into the first few months of 2020.

ECONOMY

The Phoenix Metropolitan area has historically been the center of the state's economy. As with the state of Arizona, the area relied on the five C's (copper, cattle, climate, citrus, and cotton) for its economic growth and expansion. However, after World War II, the area entered the manufacturing industry, which spurred the growth of what would eventually be one of the largest urban areas in the nation. **According to data released in 2019 by the U.S. Bureau of Economic Analysis, Arizona's real gross domestic product (GDP) increased by four percent in 2018, the fourth-fastest growth rate in the nation. Arizona's GDP growth outpaced that of 46 other states including California, Florida, and Texas. Sectors including manufacturing, real estate, and rental leasing, and construction contributed the most to Arizona's GDP growth over the last year.** About 46.8 million people visit from other states and Canada each year, due to the area's mild winters and long, sunny days. The technology and service industries currently account for almost 77% of total employment in the region. As well as a strong tourism industry, the Phoenix area has a significant business sector. **Phoenix is home to several Fortune 500 and Fortune 1000 regional and international headquarters.**



ECONOMIC DEVELOPMENTS

- **Voya Financial** announced it will open a new office in the metro Phoenix area and bring more than **1,000 jobs** to the Phoenix area.
- **CarMax**, the nation's largest retailer of used cars, created **430 new jobs** for their new Customer Experience Center which opened in Tempe in December of 2019.
- **Verdigris Holdings, Inc.**, selected Arizona for its corporate headquarters bringing over **210 jobs** to the area. This represents an economic infusion of over **\$32 million per year** by 2022 along with a \$19 million capital investment.
- **thredUP**, the world's largest online marketplace to buy and sell secondhand women's and children's clothing, opened a new distribution and office in Phoenix and is expected to bring **500 new jobs** to the market.
- **Choice Hotels** recently announced it will be locating its technology headquarters to north Scottsdale expecting to hire **500 people** over the next five years.
- **AT&T** created **500 jobs** at a new, state-of-the-art customer call center located within AT&T's corporate campus bringing the total number of AT&T employees in Arizona to 1,700.
- **Nike** plans to invest \$185 million to turn the Lincoln Logistics facility into a manufacturing plant for the mid-sole cushioning for its athletic shoes. The 901,700-square-foot facility will employ more than **500 full-time employees**.

AMAZON TO ADD THOUSANDS OF JOBS TO PHOENIX METRO

New sites supporting operations network to open throughout the Valley by end of 2020; more to come in 2021

Amazon.com, Inc. (NASDAQ: AMZN) announced in August 2020 that **11 new sites across the Phoenix metro area are expected to be open by the end of 2020** to support customer fulfillment and delivery operations. The new sites are expected to create more than 3,000 new full- and part-time jobs with a minimum wage of \$15 per hour and comprehensive benefits starting on day one.

The news follows Amazon's recent announcement of the company's Phoenix Tech Hub expansion at 100 Mill, which will bring more than 500 new jobs to the community. **Amazon has invested more than \$11 billion in Arizona since 2010 and directly employs more than 17,000 people across the state.**

The new sites include seven delivery stations and two additional facilities that support fulfillment operations in Avondale, Chandler, Goodyear, Mesa, Phoenix, and Tempe. Delivery stations power the last mile of Amazon's order fulfillment process. **These sites will create hundreds of permanent, full-time, and part-time jobs**, in addition to offering entrepreneurs the opportunity to build their own small business delivering Amazon packages, and independent contractors the flexibility to be their own boss and create their own schedule delivering for Amazon Flex.

Amazon's first cross-dock facility in the state is also slated to open by year's end in Phoenix with 1,000 full-time positions. The 600,000 square-foot building will support customer fulfillment by receiving large orders of inventory and redistributing products to fulfillment centers across the company's operations network.

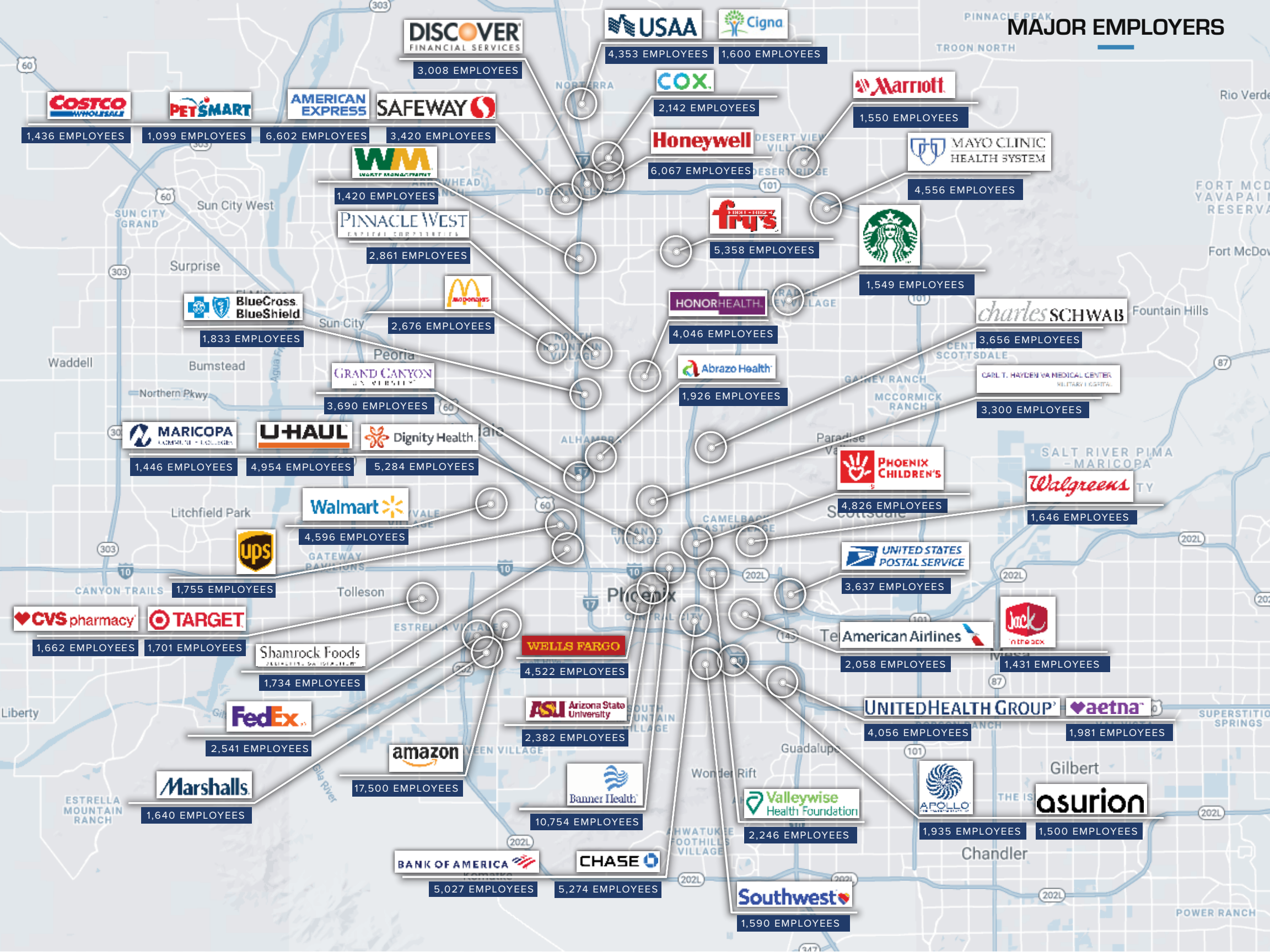
In 2021, Amazon will launch additional sites to support customer fulfillment and operations, including a cross-dock facility in Goodyear and a delivery station in Surprise, creating more than 1,000 full-time jobs in the West Valley.

SOURCE: BusinessWire



“This is big news, not only for the Phoenix area but for the entire state of Arizona,” said Governor Doug Ducey. “Amazon employs thousands of people in our state, and the company’s decision to expand its operations here will create thousands of more job opportunities for our citizens. We are grateful for Amazon’s continued investment in Arizona.”

MAJOR EMPLOYERS



QUALITY OF LIFE

Nicknamed the “Valley of the Sun,” the Greater Phoenix area sees more sunshine than any other metro area in the country. That in and of itself is enough to entice people to lay down roots, but Arizona’s capital also features a desirable combination of a thriving job market, a relatively low cost of living, and plenty of ways to enjoy the nice weather.



10TH IN U.S. FOR BEST ECONOMIC OUTLOOK,
THE AMERICAN LEGISLATIVE EXCHANGE COUNCIL, 2020



20TH FASTEST GROWING METRO IN U.S.,
U.S. NEWS, 2020



RANKED 26TH BEST PLACE TO LIVE IN U.S.,
U.S. NEWS, 2020



PHOENIX SUNS (NBA)



ARIZONA CARDINALS (NFL)



ARIZONA DIAMONDBACKS (MLB)

HIGHER EDUCATION

ARIZONA STATE UNIVERSITY

Arizona State University is a public metropolitan research university on five campuses across the Phoenix metropolitan area, and four regional learning centers throughout Arizona. ASU is one of the largest public universities by enrollment in the U.S.

Recognized by U.S. News & World Report as the country's most innovative school, Arizona State University is where students and faculty work with NASA to develop, advance, and lead innovations in space exploration. This is where Nobel laureates and Pulitzer Prize winners teach master learners. This is where nationally ranked and internationally ranked programs prepare next-generation innovators to thrive while advancing pioneering research, strategic partnerships, entrepreneurship, and economic development. ASU offers 800+ accredited undergraduate and graduate degree programs and 270+ minors and certificates — and that number is growing this fall.

ASU's nationally ranked programs inspire the top-qualified graduates and have positioned the university as a "top-tier" recruiting and hiring institution by more than 50 of the country's top corporations, according to professional recruiters and rankings services around the world.

ASU graduates more than 20,000 thinkers, innovators, and master learners every year.



#1

In the U.S. For Innovation
-U.S. News & World Report, 2016-2020



#3

In the U.S. For Interdisciplinary
Science Research



\$4B

University Generated
Economic Impact



\$640M

In Research Expenditures in FY19



CONFIDENTIALITY & DISCLAIMER STATEMENT

This Offering Memorandum contains select information pertaining to the business and affairs of **3141 N 35th Ave, Phoenix, AZ 85017** (“Property”). The Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews Real Estate Investment Services. The material and information in the Offering Memorandum is unverified. Matthews Real Estate Investment Services has not made any investigation, and makes no warranty or representation, with respect to square footage, income and expenses, the future financial performance of the property, future rent, and real estate value market conditions, the condition or financial prospects of any tenant, or the tenants’ plans or intentions to continue to occupy space at the property. All prospective purchasers should conduct their own thorough due diligence investigation of each of these areas with the assistance of their accounting, construction, and legal professionals, and seek expert opinions regarding volatile market conditions given the unpredictable changes resulting from the continuing COVID-19 pandemic. The information is based in part upon information supplied by the Owner and in part upon financial information obtained from sources the Owner deems reliable. Owner, nor their officers, employees, or real estate agents make any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum, or any of its content, and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

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Owner and Matthews Real Estate Investment Services expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser’s sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Matthews Real Estate Investment Services or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.

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