

Marcus & Millichap

2407 NORTH PRESTON STREET

ENNIS, TX 75119

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

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Marcus & Millichap

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

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Marcus & Millichap



The background of the page is a photograph of an industrial building. The left side shows the interior of a large, empty warehouse with a high ceiling supported by a grid of dark metal beams. The right side shows the exterior of the building, featuring light-colored corrugated metal siding and a concrete base. A thin orange horizontal line is positioned above the main title.

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SECTION 1

INVESTMENT OVERVIEW

Marcus & Millichap

OFFERING SUMMARY

- Easy Access to I-45, Major Interstate Connecting DFW and Houston
- Situated on 2.13 Acres with Six Docks Allowing for 18-Wheeler Distribution
- Value-Add Opportunity to Increase to Market Rent Upon Expiration of Current Lease
 - Below-Market Rent: \$2.40 per Foot NNN | Market Rent is \$4.00 NNN
 - Submarket Vacancy Rate is Below-Average at 1.6% (CoStar)
 - Priced Below Replacement Cost of the Land and Construction
 - Roof Repair/Resurfacing Currently in Progress (2022)

Marcus & Millichap is pleased to present the opportunity to acquire the property located at 2407 North Preston Street in Ennis, Texas, leased to Party Supplies Group, LLC. The subject property consists of approximately 62,500 square feet of warehouse space and is situated on 2.13 acres of land. The asset features six loading docks, allowing for easy distribution for 18-wheeler trucks. Based on current land and construction costs, the property is priced below replacement cost. At \$2.40 per square foot, the tenant's triple-net lease is below the average market rate of about \$4.00 per square foot for comparable properties. This creates a value-add opportunity for the future landlord when the lease expires in the fall of 2023. Situated just off Interstate 45 in the Outlying Ellis County submarket, the property has direct access to Dallas and Houston.

The Outlying Ellis County submarket is relatively small, containing 13.0 million square feet of industrial space. Logistics space makes up the majority of the submarket, taking up 56 percent of inventory. Over the last four quarters, the vacancy rate has dropped 190 basis points to 1.6 percent during the third quarter of 2022. This compares to the 5.4 percent rate for the overall market. At nearly 320,000 square feet, annual net absorption through Q3 2022 dwarfs the five-year average of about 59,000 square feet. The sudden jump in demand has helped propel market rent growth to an unprecedented 13.7 percent year-over-year during Q3. While rent growth in Outlying Ellis County compares to the overall market, average rents in the submarket offer tenants a 16 percent discount at about \$7.10 per square foot compared to the metro area. With 264,000 square feet currently underway, the inventory is set to expand by a considerable 2 percent. However, nearly all of this new construction is concentrated in the 250,000-square-foot Red Oak data center (CoStar). Therefore, rent growth and vacancies among smaller warehouses will essentially be unaffected by new supply for the foreseeable future.

The Dallas-Fort Worth metroplex is the fourth-most populous metro in the nation, with an aggregate of more than 7.7 million residents. It is composed of 13 counties stretching nearly 10,000 square miles. The city of Dallas houses 1.3 million people, followed by Fort Worth with 919,000 residents. Strong job growth continually draws new residents to the region. To accommodate the additional traffic, the region's transportation network is evolving. Traffic flow is improved as freeways are expanded and miles are being added to tollways and turnpikes. The growth of the transportation network is vital to supporting commuters to the metros numerous corporations and growing industries. Dallas/Fort Worth's population growth in recent years ranks among the highest in the U.S. for a major metro. The Metroplex is home to 24 Fortune 500 companies and many regional headquarters, drawing workers and residents. The area's extensive network of rail and highways, along with the International Inland Port of Dallas, ensure its status as a distribution hub.

PROPERTY DETAILS

2407 NORTH PRESTON STREET,
ENNIS, TX 75119

Number of Suites	1
Number of Buildings	1
Total Square Feet	62,500
Warehouse Square Feet	55,000
Office Square Feet	7,500
Office Ratio	12%
Year Built	1962
Lot Size	2.13 Acres
Type of Ownership	Fee Simple
Clear Height	14'-16' Clear
Parking Spaces	30 Spaces
Parking Surface	Crushed Gravel
Building Class	C
Tenancy	Single
Dock High Doors	6
Grade Level Doors	1
Construction	Metal
Zoning	F2
Roof Type	Pitched Metal
HVAC Units	Yes
Market	Dallas Fort Worth
Submarket	Outlying Ellis County Ind
Submarket Vacancy	1.60%

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OFFERING HIGHLIGHTS

2407 NORTH PRESTON STREET

ENNIS, TX 75119

OFFERING PRICE
\$2,600,000

CAP RATE
5.77%

PRO-FORMA CAP RATE
9.62%

Offering Price	\$2,600,000
Cap Rate	5.77%
Pro-Forma Cap Rate	9.62%
Price/SF	\$41.60
Total Square Feet	62,500
Rental Rate	\$2.40
Pro-Forma Rent	\$4.00
Lease Type	Triple Net (NNN)
Tenancy	Single
Occupancy	100.00%

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DEBT QUOTE

BANK / CREDIT UNION

Proceeds	50% Loan-to-Cost
Term	Three 5-Year
DSCR	Minimum of 1.25x
Current Rate	6.25% - 6.75% Fixed or Floating
Amortization	20 - 25-Year
Reserves	Potential for Upfront Reserves, or Annual Ongoing Reserves for CapEx Items and/or Tenant Improvements & Leasing Commissions
Lender Fee	0.50% - 1.00%
Recourse	Full-Recourse
Prepayment	Step-Down or Open Prepayment

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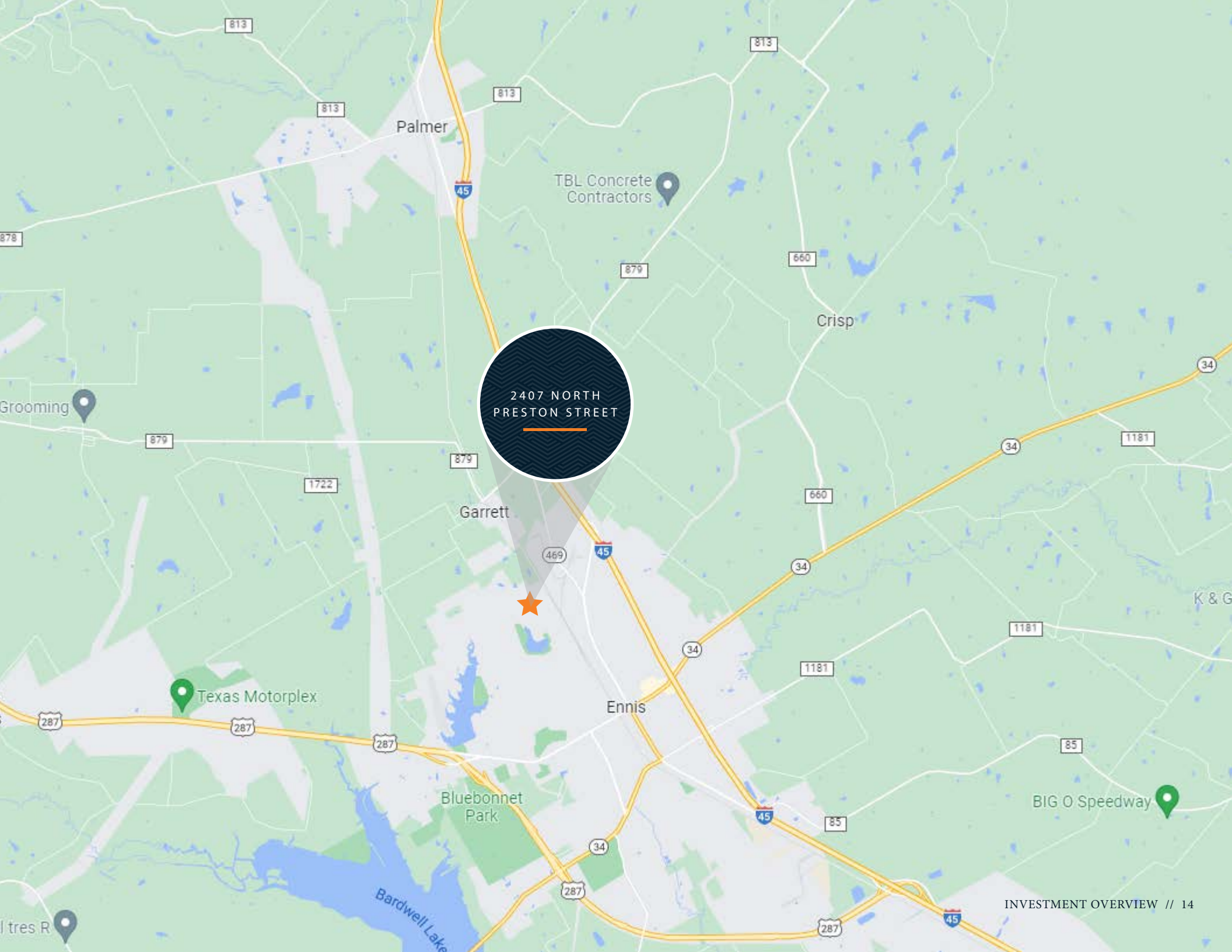
RENT ROLL

Tenant Name	Suite	Square Feet	% Bldg Share	Lease Dates Comm.	Lease Dates Exp.	Annual Rent per Sq. Ft.	Total Rent Per Month	Total Rent Per Year	Pro Forma Rent Per Year	Lease Type
Party Supplies Group, LLC	1	62,500	100.0%	10/16/18	10/15/23	\$2.40	\$12,500	\$150,000	\$249,996	NNN
Total		62,500				\$2.40	\$12,500	\$150,000	\$249,996	
Occupied Tenants: 1			Unoccupied Tenants: 0			Occupied GLA: 100.00%		Unoccupied GLA: 0.00%		
Total Current Rents: \$12,500						Occupied Current Rents: \$12,500		Unoccupied Current Rents: \$0		

OPERATING STATEMENT

Income	Current		Per SF	Pro Forma		Per SF
Scheduled Base Rental Income	150,000		2.40	250,000		4.00
Expense Reimbursement Income						
Net Lease Reimbursement						
Insurance	31,220		0.50	31,220		0.50
Real estate Taxes	33,080		0.53	44,531		0.71
Total Reimbursement Income	\$64,300	100.0%	\$1.03	\$75,751	100.0%	\$1.21
Effective Gross Revenue	\$214,300		\$3.43	\$325,751		\$5.21

Operating Expenses	Current		Per SF	Pro Forma		Per SF
Insurance	31,220		0.50	31,220		0.50
Real Estate Taxes	33,080		0.53	44,531		0.71
Total Expenses	\$64,301		\$1.03	\$75,752		\$1.21
Expenses as % of EGR	30.0%			23.3%		
Net Operating Income	\$150,000		\$2.40	\$250,000		\$4.00



2407 NORTH
PRESTON STREET





Apothecary No 1401

U-Haul
Neighborhood Dealer

Lone Star Civil Process

2407 NORTH
PRESTON STREET

Fine Line Ribbon

RL Squiggles Craft
& Party Supplies

Ellis County
Appliance Disposal
Used appliance store

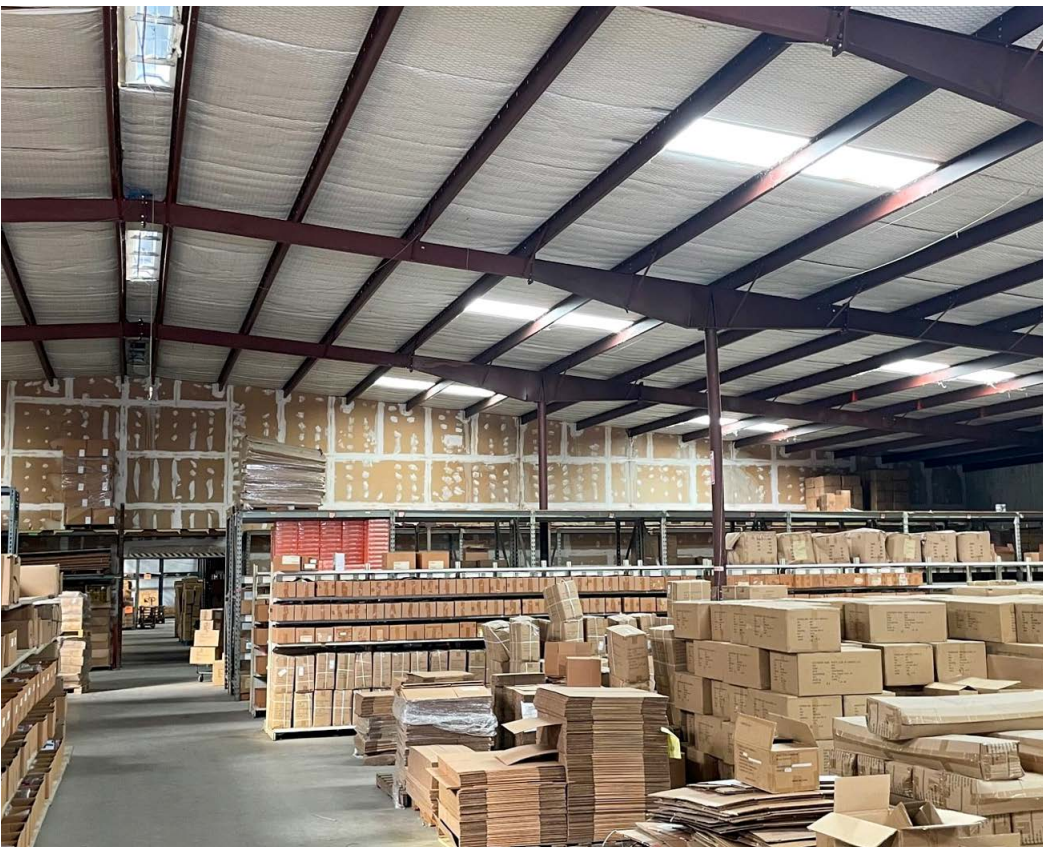
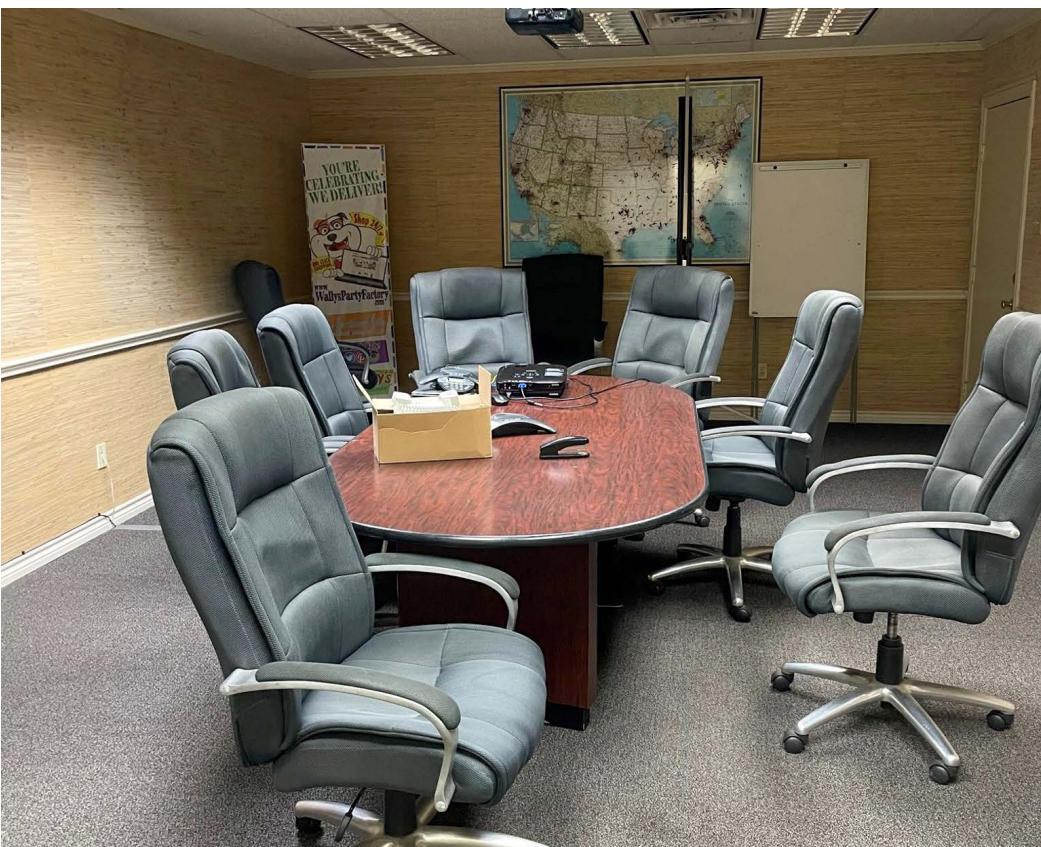
Novelinks

Preston Self Storage

Wei Cool
Temporarily closed

Tyner Electric





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



SECTION 2

MARKET OVERVIEW

Marcus & Millichap

DALLAS TEXAS

The Dallas/Fort Worth Metroplex is the fourth most populous metro in the nation, with an aggregate of nearly 7.7 million residents. It is composed of 13 counties, stretching nearly 10,000 square miles. The core cities of Dallas and Fort Worth house 1.3 million and 900,000 residents respectively. Strong corporate relocations and job gains continually draw new residents to the region, which has added more than 100,000 more people since the onset of the COVID-19 health crisis. In keeping with historical trends, Collin and Denton counties have received the majority of growth. To accommodate the additional traffic, the region's transportation network is evolving. The expansion of the transportation network is vital to supporting the substantial developments in housing, retail and industrial, allowing commuters to access the metro's numerous corporations and expanding array of industries.



SUBSTANTIAL
POPULATION GAINS



LARGE CORPORATE
BASE

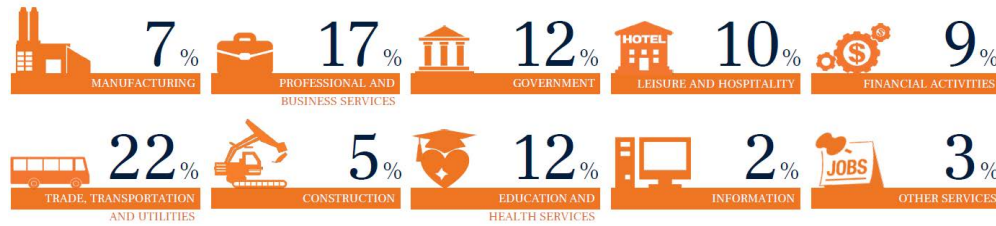


MAJOR DISTRIBUTION
CENTER

METROPLEX GROWTH

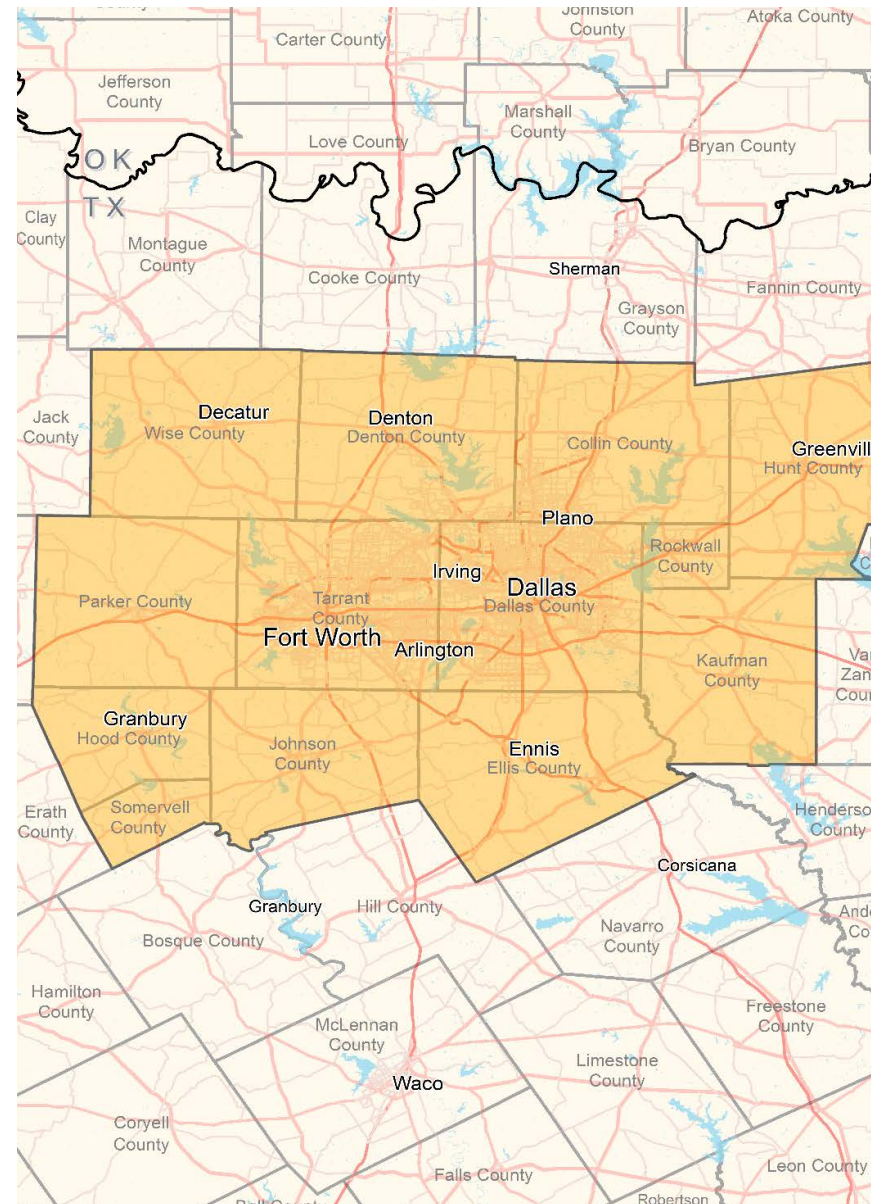
ECONOMY

The Metroplex's central location, temperate climate, no state income tax and a right-to-work labor policy attract employers. Dallas-Fort Worth is one of the nation's largest employment markets, with nearly 4.0 million jobs. The labor force has doubled since 1990. The region is home to 22 Fortune 500 companies in a variety of sectors, including American Airlines Group, Southwest Airlines, Fluor, AT&T, Tenet Healthcare, Kimberly-Clark and D.R. Horton. The area is forecast to add jobs at an average annual rate of 1.7 percent through 2025, more than triple the U.S. level. Economic expansion will be further fueled by a rise in financial services and high-tech companies.

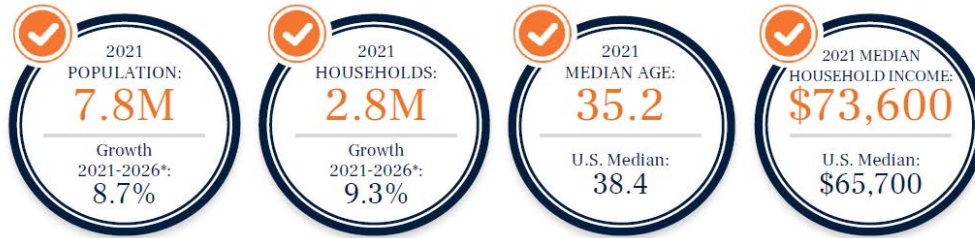


TRANSPORTATION

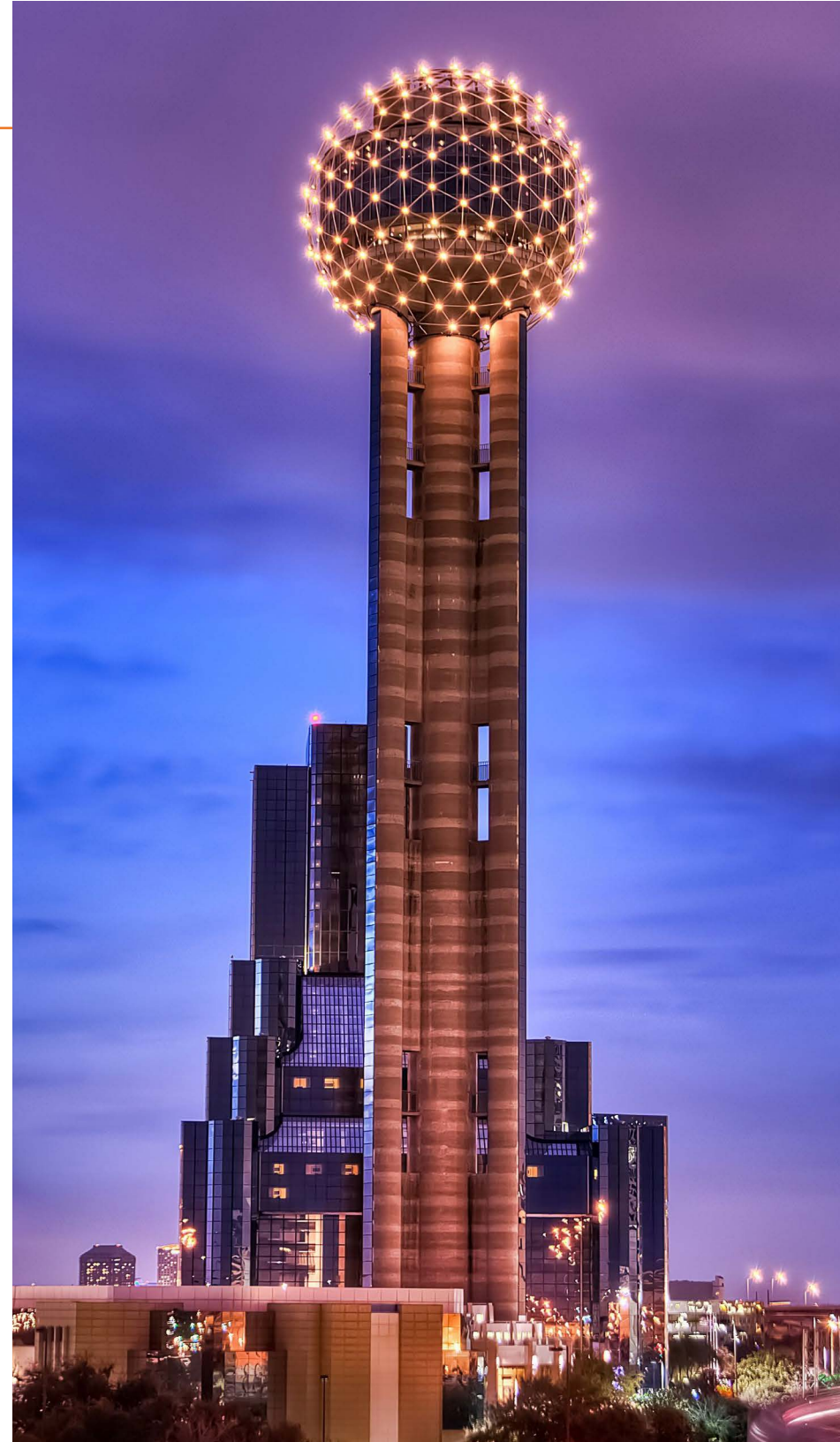
The area is connected to the rest of the nation by way of Interstates 20, 30, 35, 45, 345, 635 and 820, along with other major thoroughfares. Dallas Area Rapid Transit covers Dallas and 12 surrounding cities, and it consists of buses and a light-rail system. Freight-serving lines in the region include Union Pacific, BNSF and Kansas City Southern. BNSF is headquartered in Fort Worth. Trinity Railway Express and Amtrak provide passenger rail service. Via rail to Houston Port, and Highways 20 and 45, the International Inland Port of Dallas connects the region to global markets and trade. Two airports that service passengers are Dallas/Fort Worth International and Dallas Love Field, while Fort Worth Alliance is the center of a major cargo alliance. There are also 13 smaller airports in the area. The Alliance Global Logistics Hub is one of two intermodal facilities in Texas that connects road, rail and air.



METROPLEX GROWTH



Roughly 671,400 new people are expected through 2025, fueled by robust job growth, natural increases and north-to-south migration. The Metroplex is projected to add 262,400 households during the same period, generating the need for additional housing options. A younger population resides in the Metroplex, indicated by a median age that is below that of the U.S. measure. An educated population provides a skilled labor pool and higher incomes. Almost 34 percent of residents ages 25 and older have at least a bachelor's degree, compared with 31 percent for the nation. The median income is more than \$8,200 above the national level. Given the market's younger median age, approximately 60 percent of residents owned their homes in 2020 providing a vibrant rental market.



DEMOGRAPHICS



24,675

Total Population
Within 5 miles



\$77,311

Average Household Income
Within 5 miles



12,852

Employees
Within 1 mile

DEMOGRAPHICS

POPULATION	1 Mile	3 Miles	5 Miles
2026 Projection			
Total Population	5,327	21,970	26,336
2021 Estimate			
Total Population	5,055	20,659	24,675
2010 Census			
Total Population	4,454	18,049	21,379
2000 Census			
Total Population	3,978	16,130	18,657
Daytime Population			
2021 Estimate	2,323	18,729	22,189
HOUSEHOLDS	1 Mile	3 Miles	5 Miles
2026 Projection			
Total Households	1,763	7,392	9,000
2021 Estimate			
Total Households	1,670	6,928	8,400
Average (Mean) Household Size	3.1	2.9	2.9
2010 Census			
Total Households	1,463	5,959	7,158
2000 Census			
Total Households	1,346	5,321	6,242

HOUSEHOLDS BY INCOME	1 Mile	3 Miles	5 Miles
2021 Estimate			
\$200,000 or More	3.9%	3.6%	3.8%
\$150,000-\$199,999	3.2%	5.4%	5.6%
\$100,000-\$149,999	21.1%	15.0%	15.4%
\$75,000-\$99,999	13.9%	13.5%	14.0%
\$50,000-\$74,999	16.9%	16.1%	16.1%
\$35,000-\$49,999	9.8%	12.6%	12.5%
\$25,000-\$34,999	9.5%	11.8%	11.8%
\$15,000-\$24,999	11.3%	10.5%	10.2%
Under \$15,000	10.5%	11.5%	10.7%
Average Household Income	\$80,949	\$75,453	\$77,311
Median Household Income	\$60,257	\$54,488	\$56,004
Per Capita Income	\$26,746	\$25,408	\$26,439
POPULATION PROFILE	1 Mile	3 Miles	5 Miles
Population By Age			
2021 Estimate Total Population	5,055	20,659	24,675
Under 20	32.9%	30.8%	30.6%
20 to 34 Years	21.4%	22.2%	21.7%
35 to 39 Years	7.2%	7.1%	7.0%
40 to 49 Years	10.9%	11.2%	11.4%
50 to 64 Years	14.4%	14.9%	15.3%
Age 65+	13.3%	13.8%	14.0%
Median Age	32.3	33.1	33.5
Population 25+ by Education Level			
2021 Estimate Population Age 25+	3,060	12,897	15,502
Elementary (0-8)	9.2%	14.9%	14.0%
Some High School (9-11)	11.1%	11.9%	11.7%
High School Graduate (12)	34.6%	30.9%	31.1%
Some College (13-15)	22.8%	20.7%	21.3%
Associate Degree Only	8.4%	7.0%	7.0%
Bachelor's Degree Only	7.5%	8.1%	8.6%
Graduate Degree	6.4%	6.5%	6.3%
Travel Time to Work			
Average Travel Time to Work in Minutes	25.0	25.0	26.0

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