

IDV Odessa

1220 S. Faudree, Odessa, Texas 79766

A 24,000 SF 5-Year Net Lease Offering Leased to Cross Country Infrastructure Services



INVESTMENT SUMMARY

JLL is pleased to offer qualified investors the opportunity to acquire 1220 S. Faudree (“The Property”), a 24,000 square foot industrial asset situated on ± 5.1 acres in Odessa, Texas. Currently 100% leased, the property provides the opportunity to invest in a newly constructed single-tenant, net leased industrial building with double digit levered cash on cash returns. The facility was developed on a spec basis and subsequently leased to Cross Country Infrastructure Services, a leading supplier of equipment in the construction industry. Cross Country Infrastructure competed with several other users who were interested in the building, a testament to the strength of the market. The property provides investors with cash flow security through a committed single tenant and a weighted average lease term of 4.8 years with 2.5% annual rent bumps throughout.



INVESTMENT SUMMARY

Cross Country Infrastructure Services, Inc.

Address	1220 S. Faudree Road Odessa, Texas
Net Rentable Area (SF)	24,000
Land Size	± 5.1 acres
Year Built	2019
# of Tenants	1
Tenant	Cross Country Infrastructure Services
Average Clear Height	28'
Occupancy	100%
Weighted Average Lease Term	4.8 years
Rent Increases	2.5%/annual



9.25%

CAP RATE



\$4.6 M

PRICE



15%

10-YR AVG. LEVERED
CASH ON CASH



INVESTMENT HIGHLIGHTS

COMMITTED SINGLE TENANT

- The property provides investors with cash flow security and double-digit levered cash on cash returns from a committed single tenant. The weighted average lease term of 4.8 years coupled with the tenant's significant capital investment into the property indicates their long-term commitment to the asset. The Cross Country lease expires in March 2025.

QUALITY TENANCY

- Cross Country Infrastructure is a leading supplier of equipment in the construction industry. The company has been growing rapidly since they were founded in 2014 and has acquired five brands over that time frame. With 20 locations across the US and Canada and abilities to service their South American clients, Cross Country Infrastructure has full capacity to mobilize their large fleet of equipment to support the needs of both large diversified contractors and niche specialty contractors.

NEW CONSTRUCTION

- Delivered in early 2019, the property offers investors and tenants new, Class A construction built to institutional quality standards. The Property offers users a 28' clear height with office finish consisting of 9' ceilings, acoustical ceiling tiles, and LED lighting in both the office and warehouse. The building is a best-in-class asset at an ideal size that perfectly caters to market demand and provides functional product paired with exceptional outside storage. Additionally, the property offers exceptional ease-of-access onto I-20, the main thoroughfare in the region, therefore providing easy access across the region.



RECENT ACQUISITIONS



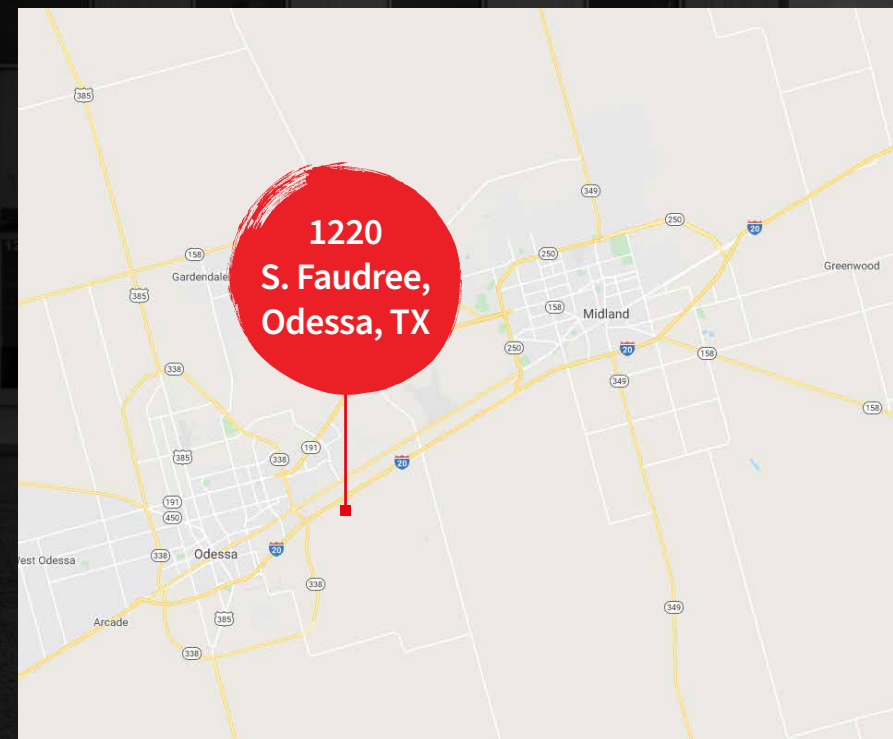
INVESTMENT HIGHLIGHTS

TECHNOLOGICAL ADVANCES IN THE PERMIAN BASIN ARE THE KEYS TO U.S. ENERGY PERFORMANCE

- Technological advances in hydraulic fracturing and horizontal drilling have dramatically increased the production capacity of new and existing drill sites and have allowed previously inaccessible oil to be extracted at considerably lower costs than ever before. As a result, the Permian Basin accounts for 68% of Texas' total oil production and 80% of Texas' reserves, making the Permian Basin the world's most reliable, cost effective and productive energy region.

THRIVING PERMIAN BASIN ECONOMY

- The Permian Basin is the top producing oil field in the world, surpassing the Ghawar field in Saudi Arabia and the Western Siberian fields in Russia. Over the past 10 years, production in the Permian Basin has increased from 800,000 barrels per day to more than 4.5 million. Leading energy companies are investing billions of dollars in current and planned infrastructure improvements in the region. The Permian Basin represents one of the few energy investment geographies in the world today where an oil and gas company can grow at the speed of a tech company.



PROPERTY DESCRIPTION

Site Description

Property Name:	Cross Country Infrastructure Building
Location:	1220 S. Faudree Rd., Odessa, TX 79766
Square Footage:	24,000 SF
Number of Buildings:	1
Land Area:	5.1 acres
Coverage Ratio:	10.8%
Clear Heights:	Eave Height - 28 feet
Year Built:	2019
Utilities:	Water - City of Odessa Wastewater - Septic Power - OnCor Gas - Atmos Cable/Internet/Phone - AT&T
Parking Space:	42 regular; 3 ADA

Construction

Foundation:	6" thick concrete slab reinforced w/ #3 rebar @ 16" each way
Framing:	Pre-Engineered Metal Building
Cranes:	Building is crane ready, but does not have any cranes installed
Exterior Walls:	Exterior Masonry Façade on three sides Pre-engineered metal panels - insulation - R 19
Roof:	Standing Seam Metal Roof; Insulation - R19



PROPERTY DESCRIPTION



Mechanical

HVAC:	Three Split Unit Systems Two (2) - 6-Ton Units One (1) - 2-Ton Unit
Electrical Service:	Power - OnCor
Fire Protection:	ESFR Sprinkler System

Interior

Typical Office Finish:	Stained Concrete Floor
Office Ceilings:	9'-0" ceilings; Acoustical ceiling tiles
Office Lighting:	Lay-in 45W LED Lighting throughout Office Recessed 22W LED Lighting in Office Restrooms
Warehouse Floors:	Concrete sealed with Euclid Diamond Hard
Warehouse Lighting:	Overhead 150W LED Lighting Throughout Warehouse



SITE PLAN



TENANT PROFILE



Company Overview

Cross Country Infrastructure is a leading supplier of materials, tools, heavy equipment and parts for the construction industry. The company offers dozers, excavators, trailers, motor graders, padding buckets, pipelayers, pipe benders, skid loaders, tack rigs, telehandlers, trenchers, and other equipment. Cross Country has access to nearly 1 million items from over 400 manufacturers and provides a complete line of hydrostatic testing equipment and supplies. Since their inception in 2014, Cross Country has acquired five brands and grown to over 20 locations. Cross Country is headquartered in Edison, NJ.

www.crosscountryis.com

Lease Abstract

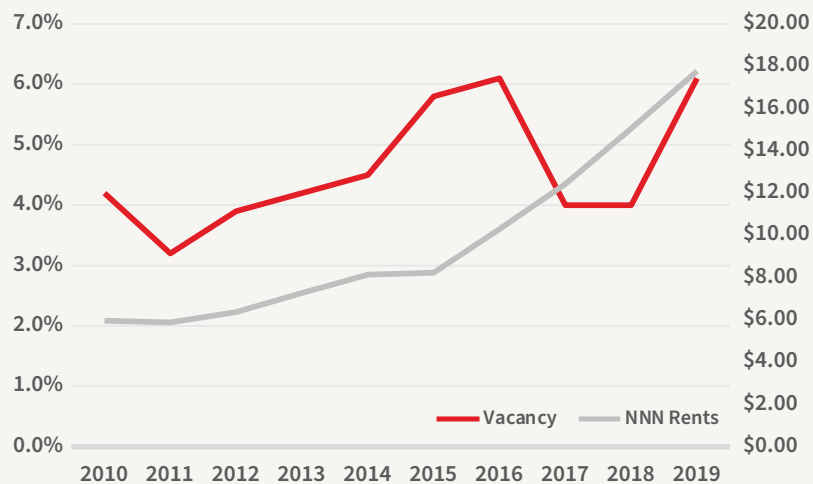
Tenant:	Cross Country Infrastructure Services Inc.		
Premises:	1220 S. Faudree Road, Odessa, TX 79766		
Rentable SF:	5.1 acre parcel of land with 24,000 SF of improvements		
Commencement Date:	10/1/2019		
Lease Term:	66 months		
Lease Maturity Date:	3/31/2025		
Base Rent:	<u>Period</u>	<u>Monthly Rent</u>	<u>Annual Rent</u>
	10/1/2019 - 10/31/2019	\$0.00	\$0.00
	11/1/2019 - 3/31/2020	\$17,750.00	\$213,000.00
	4/1/2020 - 3/31/2021	\$35,500.00	\$426,000.00
	4/1/2021 - 3/31/2022	\$36,387.50	\$436,650.00
	4/1/2022 - 3/31/2023	\$37,297.19	\$447,566.28
	4/1/2023 - 3/31/2024	\$38,229.62	\$458,755.44
	4/1/2024 - 3/31/2025	\$39,185.36	\$470,224.32
Annual Rent Escalations:	2.50% annual escalations		
Security Deposit:	\$38,000.00		
Renewal Options:	One, 60-month renewal at market rate		
Termination Option:	N/A aside from standard casualty clauses		
Landlord's Repair and Maintenance:	Landlord shall, at it's sole expense, repair and maintain the roof, exterior walls, foundation, and structural portions of the Building.		
Tenant's Maintenance:	Tenant responsible for general maintenance and repairs including costs under HVAC and other mechanical maintenance contracts, and repairs and replacements of equipment used in connection with such maintenance and repair work.		
Operating Expenses:	Net lease with Tenant responsible for the payment of all expenses pertaining to or arising from the ownership, operation, use, and occupancy of the Leased Premises.		

INDUSTRIAL MARKET OVERVIEW

Midland / Odessa

The Midland/Odessa industrial market has experienced significant growth and continued improvement over the last decade. Rent has surged in the last ten years, increasing at a dramatic annual rate of 14% a year. Deliveries have exponentially increased over the last four years, going from 13 buildings delivered in 2016 to 90 buildings delivered in 2019. As deliveries rise net absorption has continued to remain strong, indicating healthy growth in the Midland/Odessa industrial market. Vacancy has consistently hovered in between 4.2% and 6.1% over the last ten years. Vacancy for the Midland/Odessa industrial market has remained consistent and low, illustrated through the 4.6% average over the last decade. With consistently low vacancy, positive absorption, and dramatically rising rents, the Midland/Odessa industrial market is perfectly positioned to maintain its' status as one of the one of the strongest markets in the country.

Rent Growth Unimpacted by Vacancy



PROPERTY **AERIAL**



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Economic Overview

ECONOMIC OVERVIEW

- Located in the heart of the Permian Basin, Midland and Odessa are at the industrial and commercial crossroads of West Texas. The two cities are halfway between Dallas/Fort Worth and El Paso. Together, Midland and Odessa make up the hub of the Petroplex, which produces a total of one fourth of the entire nation's oil and gas. The Midland-Odessa combined statistical area was the fastest-growing region in the United States from 2010 to 2015, according to the U.S. Census Bureau. Midland and Odessa are sister cities about 20 miles apart and are jointly promoted as "Two Cities, No Limits." The cities were two of five Texas metros that were among the top 20 fastest growing metro areas between 2014 and 2015.

POPULATION

- The City of Odessa sits atop the Permian Basin, one of North America's largest oil reserves making the city's economy intricately tied to the energy industry. In recent years, Odessa has experienced phenomenal growth as a result of advances in drilling technology, such as hydraulic fracturing and directional drilling. Since then, Odessa has thrived with the influx of companies and new workers, making Odessa is the 28th most populous city in the state of Texas. From 2010 to 2016, Odessa's population, totaling nearly 114,000 people, grew by over 12% – that's double the national average. The population surrounding the Property, within a 10-mile radius, boasts an average household income of over \$87,000, which caters perfectly to the in-place tenants. With the majority of Odessa's population being blue-collar workers, this necessity-based shopping center has experienced a steady flow of customers, even during the recent oil slump. Population growth in Odessa has historically far exceeded the major Texas MSA's and national population growth rates, and is expected to maintain this impressive trend well into the future.



DIVERSIFIED ECONOMY

- Odessa has recently experienced one of the most dynamic periods in its economy. Within the past decade, Odessa's meteoric growth was a result of its burgeoning oil extraction industry. Since then, Odessa's economy has increasingly diversified beyond its natural resource roots. The city has been growing at a healthy rate and diversifying its economy to assure the sustained growth that will make the city stable and an attraction for businesses and families. Government, leisure & hospitality and trade, transportation & construction now represent a significant share of Odessa's total employment base, with professional & business services and financial activities also experiencing substantial gains in recent years.

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ENVISION ODESSA

- Envision Odessa is the long-term comprehensive plan that is utilized by the Council of Odessa and other decision-makers as decisions on growth, development, and revitalization are being made. These guidelines acknowledge the dramatic impact that the oil and gas industry has on Odessa's economy and are working towards further diversifying the economy to ensure consistent economic growth, even during downturns in the energy market. Guidelines in the plan include enhancing roadways with landscaping and medians, encouraging investment in downtown and other areas through business incentives, improving the gateways into Odessa, building more affordable housing and developing more public spaces, public art and entertainment venues. Meanwhile, city officials would seek infill development in run-down areas and rehabilitation of other areas. Recently, plans for the \$72-million development of the Marriott hotel and rehabilitation of the Ector Theater have been announced and finalized. Winwood Town Center benefits from the increasing density and economic activity of Odessa's comprehensive plan, Envision Odessa, and will continue to do so in light of all the ongoing and future capital improvements within the area. With a much lower cost of living in Odessa, there is ample spending power available.

REBOUNDED ECONOMIC GROWTH

- The Odessa economy has remained active, as the population has held steady. Unlike the oil bust of the 1980s, when the combined Midland-Odessa region revenue dropped by one-third which prompted more layoffs, the most recent oil downturn has not had much of an economic impact on the region. The diversified economy of Odessa gives the area a competitive advantage that can be leveraged to even further strengthen and diversify the economy. As a result of strong economic diversification and progressing demographics, Midland and Odessa ranked seventh and 12th, respectively, on 2016 U.S.'s fastest growing cities list.

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