

1220 S. FAUDREE ROAD

ODESSA, TEXAS



EXECUTIVE SUMMARY

A 24,000 SF 4.3-Year Net Lease Offering Leased to Cross Country Infrastructure Services



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ODESSA, TEXAS

OFFERING 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 4.3 years with 2.5% annual rent bumps throughout.

INVESTMENT SUMMARY

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%
WALT	4.3 years
RENT INCREASES	2.5%/annual



10.00%

CAP RATE



\$4.26 M

PRICE



16.5%

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 4.3 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.





MIDLAND / ODESSA

The Midland/Odessa industrial market has experienced significant growth and continued improvement over the last decade prior to the global pandemic. Rent had surged in the last ten years, increasing at a dramatic average annual rate of 13% a year. Deliveries have exponentially increased over the last four years, going from 13 buildings delivered in 2016 to 92 buildings delivered in 2019 and already 51 buildings delivered through Q3 2020 alone. Industrial rents in the Midland/Odessa market of \$13.66 PSF are above the 5-year average as of Q3 2020. In addition to the 2.2 million SF that delivered over the last three years (a cumulative inventory expansion of 11.3%), there is 128,430 SF currently underway. Vacancies in the metro were moderately above both the five-year and ten-year average as of 2020Q3, and trended upwards over the past four quarters. Shortly before the coronavirus, employment growth in the metro was on solid footing. At the end of last year, employment was growing at a 1.7% rate, slightly outpacing the 1.4% national growth rate at that time. In total, industrial employment makes up about 71,000 of the area's 206,000 jobs. While the impact of the global pandemic may have affected the Midland/Odessa market, its proven track record and consistent growth should allow Midland/Odessa to bounce back faster than most other markets.



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