

OFFERING MEMORANDUM

FEDEX GROUND

12305 Bailey Court East
North Jackson, OH 44451

MATTHEWSTM
REAL ESTATE INVESTMENT SERVICES

I N D U S T R I A L



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CONTENT

EXECUTIVE SUMMARY	3
PROPERTY OVERVIEW	6
TENANT OVERVIEW	9
LOCATION OVERVIEW	11





EXECUTIVE SUMMARY

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INVESTMENT HIGHLIGHTS

- This distribution center plays an important role for FedEx as it is located directly off of the I-76 – primary thoroughfare between Akron and Youngstown
- FedEx recently increased its capacity after undergoing a 57,000 SF expansion that was completed in 2015. The property also has 30,000 SF of additional expansion capability if needed in the future
- The cost of the expansion is currently being amortized through increased rent until 2021 at rate of \$8.60/SF and then resets to an extremely low rental rate of \$3.17/SF
- FedEx Corporate has established North Jackson, OH as a “hub” for the company by having a 104,000 SF FedEx Freight down the road
- Located within a lively industrial park with many industrial tenants including a 600,000 SF Macy’s distribution center and a 210,000 SF Things Remembered distribution center
- With over \$5,000,000 in lease payments within the primary term, the original general contractor of the building has confirmed that all in costs to rebuild this facility today would be between \$65-\$70/SF = \$9,457,500 - \$10,200,000, not including the cost of land

ADDRESS

12305 Bailey Court East
North Jackson, OH 44451

PRICE

\$10,000,000

CAP RATE

12.97%

OWNER FINANCING OPTION

PURCHASE PRICE	\$10,000,000
DOWN PAYMENT	\$4,000,000
LOAN (60% LTV)	\$6,000,000
TERM	5-year term fixed at 6%; 25-year amortization

8/1/2018 ANNUAL RENT	\$1,296,569
CURRENT DEBT SERVICE	\$463,897
CASH FLOW AFTER DEBT SERVICE	\$832,672
CASH DOWN	\$4,000,000
CURRENT CASH ON CASH RETURN	20.82%

AVERAGE ANNUAL RENT (OVER 5-YEAR LOAN)	\$963,705
CURRENT DEBT SERVICE	\$463,897
CASH FLOW AFTER DEBT SERVICE	\$499,808
CASH DOWN	\$4,000,000
AVERAGE 5-YEAR CASH ON CASH RETURN	12.50%

FEDEX GROUND

12305 Bailey Court East
North Jackson, OH 44451

GLA
± 145,878 SF
LOT SIZE
± 15.9 Acres
YEAR BUILT
2008



TENANT SUMMARY

TENANT

FedEx Ground Package System, Inc.

OWNERSHIP

Fee Simple

LEASE TYPE

NN - Roof and Structure Only

ROOF & STRUCTURE

Landlord Responsible

ORIGINAL LEASE TERM

10 Years

RENT COMMENCEMENT

8/1/2008

LEASE EXPIRATION

9/30/2021

TERM REMAINING

4+ Years

CURRENT ANNUAL RENT

\$1,254,974.52

OPTIONS

Three, 1-Year Options

ANNUALIZED OPERATING DATA

	MONTHLY RENT	ANNUAL RENT	RENT/SF
CURRENT - 7/31/2018	\$104,581.21	\$1,254,974.52	\$8.60
8/1/2018 - 9/31/2021	\$108,047.45	\$1,296,569.40	\$8.89
OPTION 1	\$38,508.26	\$462,099.12	\$3.17
OPTION 2	\$38,893.34	\$466,720.08	\$3.20
OPTION 3	\$39,282.28	\$471,387.36	\$3.23



PROPERTY OVERVIEW

THE OFFERING

ADDRESS
12305 Bailey Court East
North Jackson, OH 44451

APN
50-011-0-001.03-0

SITE DESCRIPTION

GLA
± 145,878 SF

LOT SIZE
± 15.9 Acres

CONSTRUCTION

FRAMING
Metal

YEAR BUILT
2008

LOT SIZE
15.9 Acres

INDUSTRIAL SPACE
95.87% SF

OFFICE SPACE
4.13%

ROOF
Pitched

CLEAR HEIGHT
23' - 25'

DOCKS
36 Ext.

DRIVE-IN DOORS
10 Tot. / 14'w x 16'h

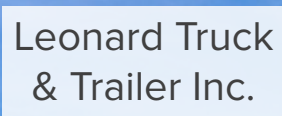
TRAILER PARKING

52' TRAILER PARKING

PARKING
± 260 Surface Spaces

PARKING RATIO
1.78 : 1,00 SF





North Bailey Road

Bailey Court

NEIGHBORING INDUSTRIAL TENANTS



TENANT OVERVIEW



FEDEX GROUND REVENUE (FY 2016)

REVENUE (IN MILLIONS)
\$16,574

MARGIN
13.70%

OPERATING INCOME (IN MILLIONS)
\$2,276

AVERAGE DAILY VOLUME
7,526

FEDEX CORPORATION

FedEx Corporation provides customers and businesses worldwide with a broad portfolio of transportation, e-commerce, and business services. With annual revenues of \$58 billion, the company offers integrated business applications through operating companies competing collectively and managed collaboratively, under the respected FedEx brand. FedEx Ground is a leading North American provider of ground small-package delivery services, providing service to the U.S. and Canada. FedEx Home Delivery®, the industry's first ground service dedicated to residential delivery, is available from FedEx Ground and provides Saturday delivery for no additional charge. FedEx SmartPost® is a ground service that specializes in the consolidation and delivery of high volumes of low-weight, less time-sensitive business-to-consumer packages primarily using the U.S. Postal Service® for last mile delivery to residences. FedEx Ground business segment financial results include FedEx Supply Chain, one of the largest third-party logistics providers in North America.

FEDEX GROUND

The Company's FedEx Ground segment operates through FedEx Ground Package System, Inc. (FedEx Ground), which is a North American provider of small package ground delivery services. The segment provides day-certain service to any business address in the United States and Canada, as well as residential delivery to residences in the United States through its FedEx Home Delivery service. As of May 31, 2016, the FedEx Ground segment operated a multiple hub-and-spoke sorting and distribution system consisting of 575 facilities, including 33 hubs, in the United States and Canada. To provide FedEx Home Delivery service and FedEx SmartPost Service, the FedEx Ground segment leverages its pickup operation and hub and line haul network. FedEx Ground provides shipment tracing and proof-of-delivery signature functionality through its Website, fedex.com.



LOCATION OVERVIEW

CLEVELAND, OH

Cleveland is based on the southern shore of Lake Erie near the mouth of the Cuyahoga River. It is 90 miles west of the Pennsylvania border and the county seat of Cuyahoga County. Considered part of the “Great Lakes Region”, Cleveland has access to major waterways, namely the Ohio and Erie Canals. The city’s geographic location has been instrumental to its growth and establishment as an important business center.

Consequently, the steel and manufacturing industries emerged as leading sectors of Cleveland’s economy. Through the promotion of the technology sector, city leaders have propagated the diversification of the economy. The new economic powerhouses include health care and academics, with major hospital systems, universities and related businesses. Cleveland’s largest employer is the Cleveland Clinic, which carries the distinction of being among America’s best hospitals. Combining its strengths in technology and health care, Cleveland is also growing its biotech and medical research industries.



MILES TO NORTH JACKSON: 61.3

AKRON, OH

Akron developed into a canal town situated along the Ohio and Erie Canalway. Akron is the city of invention, and as the railroads replaced the canal system, the rubber industry grew under the entrepreneurship of Dr. Benjamin Franklin Goodrich and Harvey Firestone. The presence of B.F. Goodrich Tire, The Goodyear Tire & Rubber Company, Firestone Tire and General Tire led Akron to become the Rubber Capital of the World. Now, Akron is a world-renowned center or polymer-related companies and is at the center of the “Polymer Valley”. More than 20 Fortune 500 companies have invested in the city. Akron is also home to many small manufacturing firms and has a large variety of retail establishments and shopping complexes.

Fifty percent of America’s population lives within a 500-mile radius of Akron, and within a 150-miles radius there are approximately 10 million. Akron has easy access to a network of superhighways and is a major trucking hub. A market potential of 111 million people live within a day’s drive of Akron.



MILES TO NORTH JACKSON: 37.0



NORTH JACKSON, OH

North Jackson is an unincorporated community in central Jackson Township just a few minutes east of Youngstown, Ohio. The North Jackson community is a part of the Youngstown-Warren-Boardman, OH-PA Metropolitan Statistical Area in the Mahoning Valley, which is also referred to as Steel Valley.

A CENTER FOR ADVANCED MANUFACTURING, DISTRIBUTION AND BACK OFFICE ACTIVITY

The Youngstown–Warren–Boardman metropolitan area, typically known as the Mahoning Valley or the Steel Valley, is a metropolitan area in Northeast Ohio in the United States, with the city of Youngstown, Ohio at its center. It is located at the geographic center of the United States' Rust Belt, which stretches from Minneapolis in the west to Johnstown and Altoona in the east. Given its great location, this area has a strong commuter interchange with Cleveland and Pittsburgh and their metropolitan areas. The Mahoning Valley also has unparalleled market access, offering overnight ground access to both New York City and Chicago.

- Only Metro Area centered between Chicago and New York
- Nearly \$1.4 billion worth of manufacturing, office, distribution, hotel and research/development projects have been announced in the past 5 years
- Convenient logistical access to suppliers and customers via air, highway, rail or water port

YOUNGSTOWN COMMERCE PARK (YCP)

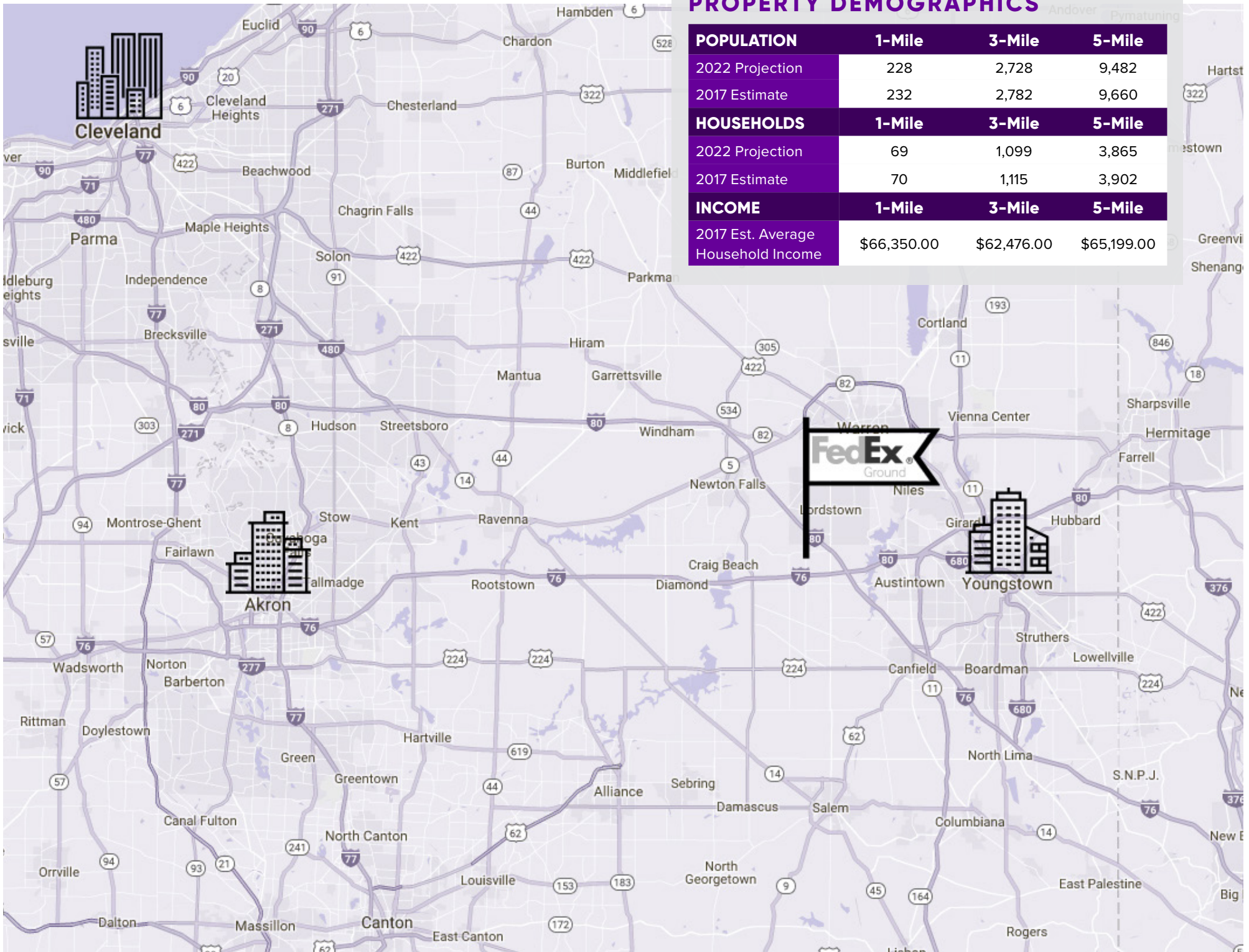
Located in North Jackson Township, Youngstown Commerce Park is one of many industrial parks in the Northeast Ohio region. Built to spur diversification of the Mahoning Valley's economy, YCP has been successful in drawing companies such as Stamped Steel Products, Sovereign Circuits, Advantage Building Systems, Heather Creek Foods, Co-Steel and boosting redevelopment along North Jackson's Bailey Road corridor. Properly zoned for controlled growth, North Jackson provides companies the ability to expand while having access to major highway arteries. YCP tenants have rail and interstate access that is logistically favorable for distribution and manufacturing activity.

750,000

DMA POPULATION

\$42,228

MEDIAN HOUSEHOLD INCOME



PROPERTY DEMOGRAPHICS

POPULATION	1-Mile	3-Mile	5-Mile
2022 Projection	228	2,728	9,482
2017 Estimate	232	2,782	9,660
HOUSEHOLDS	1-Mile	3-Mile	5-Mile
2022 Projection	69	1,099	3,865
2017 Estimate	70	1,115	3,902
INCOME	1-Mile	3-Mile	5-Mile
2017 Est. Average Household Income	\$66,350.00	\$62,476.00	\$65,199.00

YOUNGSTOWN, OH

15 miles east of North Jackson, Youngstown is located on the Mahoning River. The area is in the midst of a cultural and economic renaissance that combines rich historical tradition with the zeal of a new generation. Downtown Youngstown in particular is seeing a resurgence of businesses including restaurants, bars, galleries and local shops, while organizations like the Youngstown Neighborhood Development Corporation seek to shore up the urban neighborhoods. The strong work ethic the region is known for is helping to make the revival happen. New construction has dovetailed with efforts to cultivate business growth.

INDUSTRIAL CLIMATE

Youngstown is the site of several steel and metalworking operations; The largest industrial employers within the Youngstown city limits are Vallourec Star Steel Company (formerly North Star Steel), which has recently expanded its operations, and Exal Corporation. A mainstay of Youngstown's industrial economy has long been the GM Lordstown plant. The General Motors' Lordstown Assembly plant is the largest industrial employer in the area. One of the nation's largest auto plants in terms of square feet, the Lordstown facility was home to production of the Chevrolet Impala, Vega, and Cavalier. It was recently expanded and retooled with a new paint facility.

There is an abundant supply of available, affordable and highly productive labor. With award-winning business incubators and dedicated training facilities, Youngstown's diverse workforce has proven it can exceed the demands of any business setting.

YOUNGSTOWN STATE UNIVERSITY

Youngstown State University (YSU) is a public, urban research university located just north of Youngstown's downtown area that is also the largest employer in the city. The university's 175-acre campus houses about 15,000 students.

At Youngstown State University (YSU), undergraduate students have more than 115 undergraduate majors to choose from. The public university also offers over 40 programs for graduate students through the YSU business school, education school, and departments of nursing and physical therapy, among other departments. Outside of the classroom, there are about 140 student organizations to consider joining, including Greek life and the Youngstown State Penguins sports teams, which compete in the NCAA Division I Horizon League.





CONFIDENTIALITY & DISCLAIMER STATEMENT

This Offering Memorandum contains select information pertaining to the business and affairs of **FedEx Ground** located at **12305 Bailey Court East, North Jackson, OH 44451 (“Property”)**. It has been prepared by Matthews Real Estate Investment Services . This 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 is based in part upon information supplied by the Seller and in part upon financial information obtained from sources it deems reliable. Owner, nor their officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents 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 and conduct their own due diligence.

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.

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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