



# AT&T

Confidential Offering Memorandum  
Oklahoma City, OK



# JLL

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# Summary

Investment Summary

AT&T – Oklahoma City, OK

# The Offering

JLL is pleased to offer for sale the fee-simple interest in a freestanding, single-tenant AT&T (the “Property”, or “Asset”) located in Oklahoma City, Oklahoma.

Strategically positioned at the premier retail intersection of northwest Oklahoma City, the Asset benefits from exposure to over 66,000 vehicles passing daily along both North May Avenue and the Northwest Expressway combined. These two roads connect the Property to the greater MSA via intersections with the Lake Hefner Parkway and Interstate 44, making this location one of the most desired retail intersections in Oklahoma City. These high traffic counts, as well as the accessibility to major economic drivers in the immediate area including the Integris Baptist Medical Center and First State Bank Building, explain why retailers such as Target, Home Depot, ALDI, CVS, Walgreens and many more are in the immediate area. While there are four years remaining on New Cingular Wireless PCS, LLC's double-net lease, the strength of the location suggests they will continue to operate at the location for years to come. This offering presents the unique opportunity to acquire a strong tenant for an accretive cap rate with strong residual value in the real estate.

## INVESTMENT HIGHLIGHTS

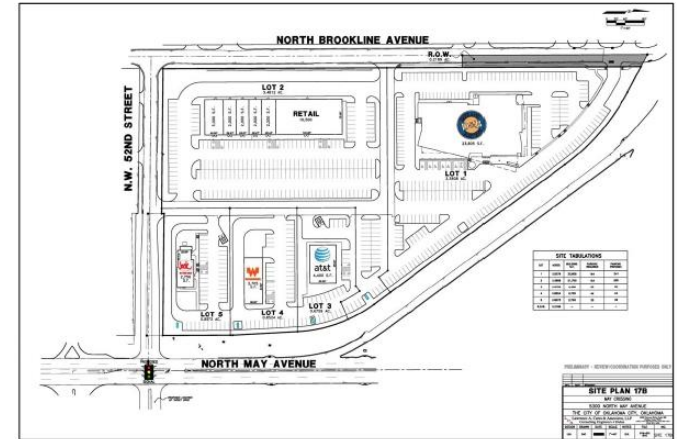
- The Property was a build-to-suit for AT&T in 2013, demonstrating their commitment to the location for the foreseeable future.
- Located at the premier intersection of northwest Oklahoma City, the Asset benefits from over 66,000 vehicles passing daily along North May Avenue and Northwest Expressway combined.
- The Property is subject to a double net lease with minimal landlord responsibilities, over four years of primary term remaining, two, five-year options for renewal, and ten percent increases every five years.
- The tenant, New Cingular Wireless PCS, LLC, is a wholly-owned subsidiary of AT&T Inc., which carries an investment grade credit rating of 'BBB+/Stable' by S&P.
- Retailers such as Target, The Home Depot, CVS, Walgreens, ALDI, and many more in the immediate area demonstrate the quality of the retail location and tenant desire to have space close to this intersection.
- Major economic drivers such as the Integris Baptist Medical Center (551-bed hospital) and the First State Bank Building create a dense consumer base of those who work in the immediate area. The daytime population increases by over 91% during work hours within one mile of the Property.

## PROPERTY SUMMARY

Address	5325 N May Ave, Oklahoma City, OK 73112
Price	\$2,715,430
Cap Rate	7.00%
NOI	\$190,080
Lease Type	NN (Roof & Structure; Expense pass-through)
Square Footage	4,800 SF
Site Size	+/- 0.68 acres
Year Built	2013
Tenant	New Cingular Wireless PCS, LLC
Owner Interest	Fee-simple
Remaining Term	4.5 years
Rental Increases	10% every 5 years
Option Periods	2, 5-year options

# Property

The Property was a build-to-suit for AT&T constructed in 2013, sitting as an outparcel to DXL and Dave & Busters at one of the busiest intersections of Oklahoma City. With over 66,000 vehicles passing daily on North May Avenue and Northwest Expressway combined, the Property gets outstanding exposure to many commuters traveling to the northwest suburbs as well as those working in the immediate area at the Integris Baptist Medical Center and the First State Bank building along Northwest Expressway. The presence of Target, The Home Depot, Walgreens, CVS and many other national retailers demonstrates the quality of the retail location and offers security in the longevity of the tenancy.



## BUILDING AND LEASE SPECIFICATIONS

Address	5325 N May Ave, Oklahoma City, OK 73112
Year Built	2013
Ownership Interest	Fee-simple
Parcel Size	+/- 0.68 acres
Property Type	Freestanding Single-Tenant Retail
Property Size	4,800 square feet
Tenant	New Cingular Wireless PCS, LLC (Corporate)
Lease Type	NN (Roof & Structure; Expense pass-through)
Lease Expiration	9/30/2023
Lease Term Remaining	4.5 years (as of 4/1/19)
Renewal Options	2, 5-year options
Net Operating Income	\$190,080
Rental Increases	10% every 5 years











# Market

## Market Overview Oklahoma City, OK



# Market

## Oklahoma City, Oklahoma

Oklahoma City is the state capital and largest city in the state of Oklahoma, with an estimated 2016 population of 638,000, according to the U.S. Census Bureau. While traditionally viewed as having an economy dependent on the energy sector, the city has become more insulated from this sector in recent years. The local economy was only minimally impacted by a previous decline in oil and gas prices, as it has experienced diversifying growth in sectors such as government and hospitality in recent years. OKC has also seen expansion in other non-energy sectors, such as defense and service industries, recently attracting new and expanded business from companies such as Boeing and Paycom. This trend is expected to continue, due to the low cost of doing business within the city, which is approximately 20% below the national average, per Moody's Analytics.

The city has many major economic drivers stabilizing the region and maintaining a growing population base. Oklahoma City is home to two Fortune 500 companies, Chesapeake Energy and Devon Energy, as well as Love's Travel Stops & Country Stores, which ranked 13<sup>th</sup> on the Forbes list of private companies. Institutions of higher education are spread throughout the region with Oklahoma City University, University of Oklahoma (Norman), University of Central Oklahoma (Edmond), Oklahoma Christian University, and several more all have presences in the metro area.

Downtown and the suburbs of Oklahoma City are connected by an extensive network of highways and interstates, including Interstates 40, 44, and 35 as well as U.S. Highway 62 and many state highways. Will Rogers World Airport has nonstop flights across the United States via many national airline carriers.

## Location Highlights



Integris Baptist Medical Center, a 551 bed award winning hospital, is just 0.5 miles northwest of the Property along the Northwest Expressway.



The Property is adjacent to the First State Bank building on Northwest Expressway, as well as several major office buildings and parks in the immediate area.



Over 47% of the population has a college degree, and 95.2% of the civilian labor force is employed within a mile radius of the Property.



The Oklahoma City retail market has seen 5 straight years of positive absorption and rising NNN rents. The current vacancy rate is at 5.4% for the entire market.

## Demographic Information

	1-Mile	3-Mile	5-Mile
<b>Population</b>			
2018 Population	12,320	100,869	234,841
2018 Number of Households	6,339	45,285	100,131
2023 Proj. Population	12,994	105,400	247,076
2023 Proj. Households	6,654	47,108	105,201
2018-2023 Annual Growth	1.07%	0.88%	1.02%
2018-2023 Total Growth	5.47%	4.49%	5.21%
2018 Daytime Population	23,562	122,243	351,971
2018 Daytime Pop Increase	91.25%	21.19%	49.88%
<b>Income</b>			
Average HH Income	\$66,796	\$70,665	\$64,179
Median HH Income	\$44,959	\$47,111	\$43,024
Less than \$35,000	38.2%	36.8%	40.5%
\$35,000 - \$49,999	16.0%	15.5%	15.3%
\$50,000 - \$74,999	17.9%	18.2%	17.7%
\$75,000 - \$99,999	12.2%	10.8%	10.0%
More than \$100,000	15.6%	18.8%	16.4%



## Immediate Aerial





## Area Overview Map





# Tenant

## Tenant Overview AT&T



# The Tenant

## AT&T



Dallas-based AT&T Inc. owns AT&T Mobility, an integrated telecommunications provider and the second-largest wireless telecommunications carrier in the United States. The company earned \$163.8 billion in total revenue in 2018. After investing heavily in 3G technology prior to the current period, AT&T Mobility has invested billions of dollars into enhancing and upgrading its Global System for Mobile Communications (GSM) network infrastructure to facilitate high-speed downlink packet access (HSDPA), an advanced 3G network protocol. In 2013, AT&T introduced DriveMode, an app that, when enabled and a vehicle is moving 25.0 miles per hour or more, automatically sends customizable auto-reply messages to incoming texts. AT&T has collaborated with wireless device makers and app developers to further develop no-text-and-drive technology.

In July 2015, AT&T completed a merger deal with DirecTV for \$67.1 billion, including net debt, to create better bundle packages than its competitors and tap into the rapidly expanding pay-TV market. In 2016, AT&T announced its intention to acquire Time Warner Inc., which owns HBO and top cable networks such as TBS and TNT. The deal, which is valued at \$85.4 billion, was approved of in June 2018 by a federal judge. Nevertheless, a merger of this magnitude will likely be scrutinized by a variety of institutions and will need to meet further regulatory and other contingencies to be fully passed.

In 2018, following the purchase of time Warner Cable, AT&T announced plans to offer TV programming free to its mobile customers. While wireless customers will get the product for free, other customers can purchase the platform for \$15.00 a month. The company plans to leverage this product to generate advertising revenue, develop premium content and entice cord-cutters, which have increasingly shied away from purchasing TV and other entertainment bundles.

### Financial Performance

- Over the five years to 2018, AT&T's wireless revenue is forecast to decline at an annualized rate of 1.1% to \$58.2 billion. The increase in data use, propelled by the success of the iPhone, was a boon to AT&T over the past five years. It not only supported strong wireless revenue growth, but also delivered a considerable improvement in the profitability of AT&T's wireless operations. Average revenue per user (ARPU) increased, pulling up data revenue and resulting in an impressive improvement in the operating margin of AT&T's wireless services. AT&T has changed its contract for new customers to a tiered data-usage pricing scheme, with a growing percentage of postpaid smartphone subscribers on usage-based data plans. The company is also expected to benefit greatly from its acquisition of Time Warner Inc. and will likely use the added platform in an attempt to incentivize customers to switch wireless telecommunications providers.

### Tenant Overview

Tenant:	New Cingular Wireless PCS, LLC
Parent:	AT&T
Headquarters:	Dallas, TX
Year Founded:	1983
Sector:	Telecommunications
Website:	<a href="https://www.att.com/">https://www.att.com/</a>



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