

# SOCIAL SECURITY ADMINISTRATION

56492 TWENTY-NINE PALMS HIGHWAY | YUCCA VALLEY, CA 92284

## OFFERING MEMORANDUM





*Colliers International Brokerage Company ("Broker") has been retained as the exclusive advisor and broker for this offering.*

*This Offering Memorandum has been prepared by Broker for use by a limited number of parties and does not purport to provide a necessarily accurate summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information which prospective Buyers may need or desire. All projections have been developed by Broker and designated sources and are based upon assumptions relating to the general economy, competition, and other factors beyond the control of the Seller and therefore are subject to variation. No representation is made by Broker or the Seller as to the accuracy or completeness of the information contained herein, and nothing contained herein shall be relied on as a promise or representation as to the future performance of the Property. Although the information contained herein is believed to be correct, the Seller and its employees disclaim any responsibility for inaccuracies and expect prospective purchasers to exercise independent due diligence in verifying all such information. Further, Broker, the Seller and its employees disclaim any and all liability for representations and warranties, expressed and implied, contained in or omitted from the Offering Memorandum or any other written or oral communication transmitted or made available to the Buyer. The Offering Memorandum does not constitute a representation that there has been no change in the business or affairs of the Property or the Owner since the date of preparation of the Offering Memorandum. Analysis and verification of the information contained in the Offering Memorandum are solely the responsibility of the prospective Buyer. Additional information and an opportunity to inspect the Property will be made available upon written request to interested and qualified prospective Buyers.*

*By accepting the Offering Memorandum, you agree to indemnify, defend, protect and hold Seller and Broker and any affiliate of Seller or Broker harmless from and against any and all claims, damages, demands, liabilities, losses, costs or expenses (including reasonable attorney's fees, collectively "Claims") arising, directly or indirectly from any actions or omissions of Buyer, its employees, officers, directors or agents.*

*Buyer shall indemnify and hold Seller and Broker harmless from and against any claims, causes of action or liabilities, including, without limitation, reasonable attorney's fees and court costs which may be incurred with respect to any claims for other real estate commissions, broker's fees or finder's fees in relation to or in connection with the Property to the extent claimed, through or under Seller.*

*The Seller and Broker each expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers regarding the Property and/or to terminate discussions with any entity at any time with or without notice. The Seller shall have no legal commitment or obligations to any entity reviewing the Offering Memorandum or making an offer to purchase the Property unless a written agreement for the purchase of the Property has been fully executed, delivered, and approved by the Seller and its legal counsel, and any conditions to the Seller's obligation thereunder have been satisfied or waived.*

*The Offering Memorandum and the contents, except such information which is a matter of public record or is provided in sources available to the public, are of a confidential nature. By accepting the Offering Memorandum, you agree that you will hold and treat it in the strictest confidence, that you will not photocopy or duplicate it, that you will not disclose the Offering Memorandum or any of the contents to any other entity (except to outside advisors retained by you, if necessary, for your determination of whether or not to make an offer and from whom you have obtained an agreement of confidentiality) without prior written authorization of the Seller or Broker, and that you will not use the Offering Memorandum or any of the contents in any fashion or manner detrimental to the interest of the Seller or Broker.*

*No employee of seller or at the Subject Property is to be contacted without the written approval of the listing agents and doing so would be a violation of this confidentiality agreement.*

*Broker and their prospective buyers agree not to contact the tenants, their employees or customers of any business on the Property without prior permission from the Landlord.*



# SOCIAL SECURITY ADMINISTRATION

56492 TWENTY-NINE PALMS HIGHWAY  
YUCCA VALLEY, CA 92284

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**Colliers**  
INTERNATIONAL

# EXECUTIVE SUMMARY

## SOCIAL SECURITY ADMINISTRATION



PRICE	\$1,575,000
Down Payment	\$393,750
Down Payment %	25%
Price Per Square Foot (Building)	\$294.94
Rentable Built Area (RBA)	5,340 SF
Lot Size	0.54 Acres
Year Built	2003
Number of Suites	1
Occupancy	100%

RETURNS	CURRENT
CAP Rate	6.70%

### RENT SCHEDULE

FIRM TERM 8/21/2017-8/20/2022	\$/SF	ANNUAL	MONTHLY
Shell Rent	\$16.11	\$86,009.95	\$7,167.50
RE Tax Base	\$3.14	\$16,785.05	\$1,398.75
TI Rent	\$4.91	\$26,242.02	\$2,186.84
BSAC	\$0.28	\$1,518.94	\$126.58
OpEx Base	\$8.60	\$45,950.16	\$3,829.18
Total	\$33.05	\$176,506.12	\$14,708.84

FIRM TERM 8/21/2022-8/20/2027	\$/SF	ANNUAL	MONTHLY
Shell Rent	\$16.85	\$89,961.55	\$7,496.80
RE Tax Base	\$3.14	\$16,785.05	\$1,398.75
TI Rent	\$4.91	\$26,242.02	\$2,186.84
BSAC	\$0.28	\$1,518.94	\$126.58
OpEx Base	\$8.60	\$45,950.16	\$3,829.18
Total	\$33.79	\$180,457.72	\$15,038.14

SOFT TERM 8/21/2027-8/20/2032	\$/SF	ANNUAL	MONTHLY
Shell Rent	\$17.61	\$94,019.95	\$7,835.00
RE Tax Base	\$3.14	\$16,785.05	\$1,398.75
TI Rent	\$4.91	\$26,242.02	\$2,186.84
BSAC	\$0.28	\$1,518.94	\$126.58
OpEx Base	\$8.60	\$45,950.16	\$3,829.18
Total	\$34.55	\$184,516.12	\$15,376.34

# EXECUTIVE SUMMARY

## SOCIAL SECURITY ADMINISTRATION

### CASH FLOW

Year Ending	Current							Pro Forma						
	Dec-2019	Dec-2020	Dec-2021	Dec-2022	Dec-2023	Dec-2024	Dec-2025	Dec-2026	Dec-2027	Dec-2028	Dec-2029	Dec-2030	Dec-2031	Aug-2032
<b>Income</b>														
Shell Rent	\$86,010	\$86,010	\$86,010	\$87,461	\$89,962	\$89,962	\$89,962	\$89,962	\$91,451	\$94,020	\$94,020	\$94,020	\$94,020	\$59,761
RE Tax Base	\$16,785	\$16,785	\$16,785	\$16,785	\$16,785	\$16,785	\$16,785	\$16,785	\$16,785	\$16,785	\$16,785	\$16,785	\$16,785	\$10,669
TI Rent	\$26,242	\$26,242	\$26,242	\$26,242	\$26,242	\$26,242	\$26,242	\$26,242	\$26,242	\$26,242	\$26,242	\$26,242	\$26,242	\$16,680
BSAC	\$1,519	\$1,519	\$1,519	\$1,519	\$1,519	\$1,519	\$1,519	\$1,519	\$1,519	\$1,519	\$1,519	\$1,519	\$1,519	\$965
OpEx	\$47,621	\$48,541	\$49,512	\$50,503	\$51,513	\$52,543	\$53,594	\$54,666	\$55,759	\$56,874	\$58,012	\$59,172	\$60,355	\$39,130
HVAC Overtime	\$260	\$1,380	\$1,394	\$1,408	\$1,422	\$1,436	\$1,450	\$1,465	\$1,480	\$1,494	\$1,509	\$1,524	\$1,540	\$988
RE tax Reimbursement	(\$178)	\$890	\$1,067	\$1,245	\$1,426	\$1,608	\$1,792	\$1,978	\$2,165	\$2,355	\$2,546	\$2,739	\$2,935	\$1,991
<b>Total Income</b>	<b>\$178,259</b>	<b>\$181,368</b>	<b>\$182,529</b>	<b>\$185,162</b>	<b>\$188,868</b>	<b>\$190,094</b>	<b>\$191,343</b>	<b>\$192,616</b>	<b>\$195,401</b>	<b>\$199,289</b>	<b>\$200,633</b>	<b>\$202,002</b>	<b>\$203,395</b>	<b>\$130,184</b>
<b>Expenses</b>														
Fire Alarm Monitoring	\$2,352	\$2,376	\$2,399	\$2,423	\$2,448	\$2,472	\$2,497	\$2,522	\$2,547	\$2,572	\$2,598	\$2,624	\$2,650	\$1,701
HVAC Repairs & Maintenance	\$3,012	\$3,042	\$3,073	\$3,103	\$3,134	\$3,166	\$3,197	\$3,229	\$3,262	\$3,294	\$3,327	\$3,360	\$3,394	\$2,179
Insurance - Property	\$2,552	\$2,578	\$2,603	\$2,629	\$2,656	\$2,682	\$2,709	\$2,736	\$2,763	\$2,791	\$2,819	\$2,847	\$2,876	\$1,846
Janitorial	\$15,030	\$15,180	\$15,332	\$15,485	\$15,640	\$15,797	\$15,955	\$16,114	\$16,275	\$16,438	\$16,602	\$16,768	\$16,936	\$10,873
Janitorial Supplies	\$1,748	\$1,765	\$1,783	\$1,801	\$1,819	\$1,837	\$1,856	\$1,874	\$1,893	\$1,912	\$1,931	\$1,950	\$1,970	\$1,264
Landscaping	\$2,535	\$2,560	\$2,586	\$2,612	\$2,638	\$2,664	\$2,691	\$2,718	\$2,745	\$2,772	\$2,800	\$2,828	\$2,857	\$1,834
Pest Control	\$748	\$755	\$763	\$771	\$778	\$786	\$794	\$802	\$810	\$818	\$826	\$835	\$843	\$541
Property Taxes	\$20,194	\$20,460	\$20,664	\$20,871	\$21,080	\$21,291	\$21,503	\$21,719	\$21,936	\$22,155	\$22,377	\$22,600	\$22,826	\$14,654
Repairs & Maintenance	\$6,025	\$6,085	\$6,146	\$6,208	\$6,270	\$6,332	\$6,396	\$6,460	\$6,524	\$6,589	\$6,655	\$6,722	\$6,789	\$4,358
Trash & Recycle	\$1,973	\$1,993	\$2,033	\$2,073	\$2,115	\$2,157	\$2,200	\$2,244	\$2,289	\$2,335	\$2,381	\$2,429	\$2,478	\$1,591
Utilities	\$12,576	\$12,828	\$13,084	\$13,346	\$13,613	\$13,885	\$14,163	\$14,446	\$14,735	\$15,029	\$15,330	\$15,637	\$15,949	\$10,239
Management Fee	\$4,000	\$4,512	\$4,537	\$4,598	\$4,686	\$4,712	\$4,739	\$4,766	\$4,831	\$4,923	\$4,952	\$4,982	\$5,012	\$3,205
<b>Total Expenses</b>	<b>\$72,745</b>	<b>\$74,134</b>	<b>\$75,003</b>	<b>\$75,920</b>	<b>\$76,876</b>	<b>\$77,781</b>	<b>\$78,699</b>	<b>\$79,629</b>	<b>\$80,610</b>	<b>\$81,630</b>	<b>\$82,600</b>	<b>\$83,583</b>	<b>\$84,579</b>	<b>\$54,285</b>
<b>Total Expenses/Total Income</b>	<b>40.81%</b>	<b>40.88%</b>	<b>41.09%</b>	<b>41.00%</b>	<b>40.70%</b>	<b>40.92%</b>	<b>41.13%</b>	<b>41.34%</b>	<b>41.25%</b>	<b>40.96%</b>	<b>41.17%</b>	<b>41.38%</b>	<b>41.58%</b>	<b>41.70%</b>
<b>Net Operating Income</b>	<b>\$105,514</b>	<b>\$107,234</b>	<b>\$107,526</b>	<b>\$109,242</b>	<b>\$111,992</b>	<b>\$112,313</b>	<b>\$112,645</b>	<b>\$112,986</b>	<b>\$114,791</b>	<b>\$117,659</b>	<b>\$118,033</b>	<b>\$118,419</b>	<b>\$118,816</b>	<b>\$75,899</b>
<b>Cap Rate</b>	<b>6.70%</b>	<b>6.81%</b>	<b>6.83%</b>	<b>6.94%</b>	<b>7.11%</b>	<b>7.13%</b>	<b>7.15%</b>	<b>7.17%</b>	<b>7.29%</b>	<b>7.47%</b>	<b>7.49%</b>	<b>7.52%</b>	<b>7.54%</b>	<b>-</b>

- \* Pro Forma Cap Rate are based on purchase price
- \* Based on 2019 Operating Statement provided by Seller
- \* Government does not reimburse the water bond portion in RE taxes. 2019 tax bill is \$20,459.84 in total and \$17,675.26 excluding the water bond taxes.
- \* 2020 Projected HVAC Overtime is the average of 2018 and 2019, assume increases 1% every year
- \* Assume 2% CPI escalation annually
- \* Assume 2% growth in utilities and 1% growth in other expenses annually
- \* 2.5% Management Fees (based on Effective Gross Revenue less RE Tax Reimbursement)

### LEASE SUMMARY

TENANT	SQUARE FEET	% BLDG SHARE	LEASE COM-MENCEMENT	SOFT LEASE EXPIRATION	EXTENSION LEASE EXPIRATION	ANNUAL RENT PSF	TOTAL CURRENT SHELL RENT PER MONTH	TOTAL CURRENT SHELL RENT PER YEAR	8/21/2022 RENT PER YEAR	8/21/2027 RENT PER YEAR	LEASE TYPE
SSA	5,340.00	100.00%	8/21/2017	8/20/2027	8/20/2032	\$33.05	\$14,708.84	\$176,506	\$180,458	\$184,516	Modified Gross

# INVESTMENT OVERVIEW

## SOCIAL SECURITY ADMINISTRATION

Colliers International is pleased to present to the investment community, 56492 Twenty-Nine Palms Highway in Yucca Valley, California. This single-tenant government office building features 5,340 square feet, which was developed in 2003 as a build-to-suit for the Social Security Administration. As part of the 2017 renewal, the GSA invested over \$279,000 which included new furniture, a remodeled lobby with added windows to improve workflow in this busy facility, and updated security features. The landlord also invested in a 512 square foot addition, new roof, carpet, hard surface floors, new exterior drainage, and sprinkler system. Additionally, the landlord installed a remote-control thermostat which features online access to control the six-unit HVAC systems.

The property is encumbered by a 15-year gross lease, which is backed by the US Government, AA+ S&P rated, and currently has over eight (8) years remaining on the firm term and over thirteen (13) years remaining on the term. This investment is ideal for an investor who is seeking a stable cash flow from one of the highest credit tenants available. The property is cash flowing \$105,071 annual through August 2022. In August 2022, the cash flow will increase to \$109,023, and in August 2027 the cash flow will increase to \$113,081, through the remaining term of August 20, 2032. With attractive financing, an investor could achieve an 13.32% total return with an approximate 25% percent down payment.

The SSA is an independent agency of the United States Federal Government that administers Social Security, a social insurance program consisting of retirement disability, and survivors benefits. The agency includes ten regional offices, eight processing centers, and approximately 1,300 field offices, and 37 Teleservice Centers. As of 2007, about 62,000 people were employed by the SSA. Social Security is the largest social welfare program in the United States. The SSA has been named the sixth best places to work in the federal government.

## INVESTMENT HIGHLIGHTS

- United States Government Lease - US Social Security Administration, AA+ Rating S&P
- Build-to-Suit Facility for the Social Security Administration in 2003
- In 2017, the GSA invested over \$279,000 in Tenant Improvement
- Rent Escalations in 8/2022 and 8/2027
- Busy Facility with Newly Added Customer Service Windows
- Long-Term Lease Expiring August 20, 2032
- Attractive 13.32% Levered Return



# REGIONAL MAP



**56492 TWENTY-NINE PALMS HIGHWAY**  
YUCCA VALLEY, CA 92284





ANTELOPE TRAIL

PALM AVENUE

ANTELOPE TRAIL

CHOLLA AVENUE

56492 TWENTY-NINE PALMS HIGHWAY  
YUCCA VALLEY, CA 92284

TWENTY NINE PALMS HIGHWAY

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# DEMOGRAPHICS

1 MILES    3 MILES    5 MILES

## POPULATION

2024 Projection	5,845	19,837	25,167
2019 Estimate	5,576	19,185	24,393
2010 Census	5,002	17,905	22,912
2000 Census	4,421	14,711	18,673

## INCOME

2019 Average Household	\$50,695	\$62,424	\$63,986
2019 Median Household	\$37,362	\$46,263	\$47,488
2019 Per Capita	\$21,566	\$25,191	\$25,614

## HOUSEHOLDS

2024 Projection	2,533	7,987	10,035
2019 Estimate	2,421	7,731	9,736
2010 Census	2,178	7,221	9,151
2000 Census	1,989	6,131	7,662

## HOME VALUE

2019 Median Home Value	\$128,740	\$214,574	\$223,765
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## EMPLOYMENT

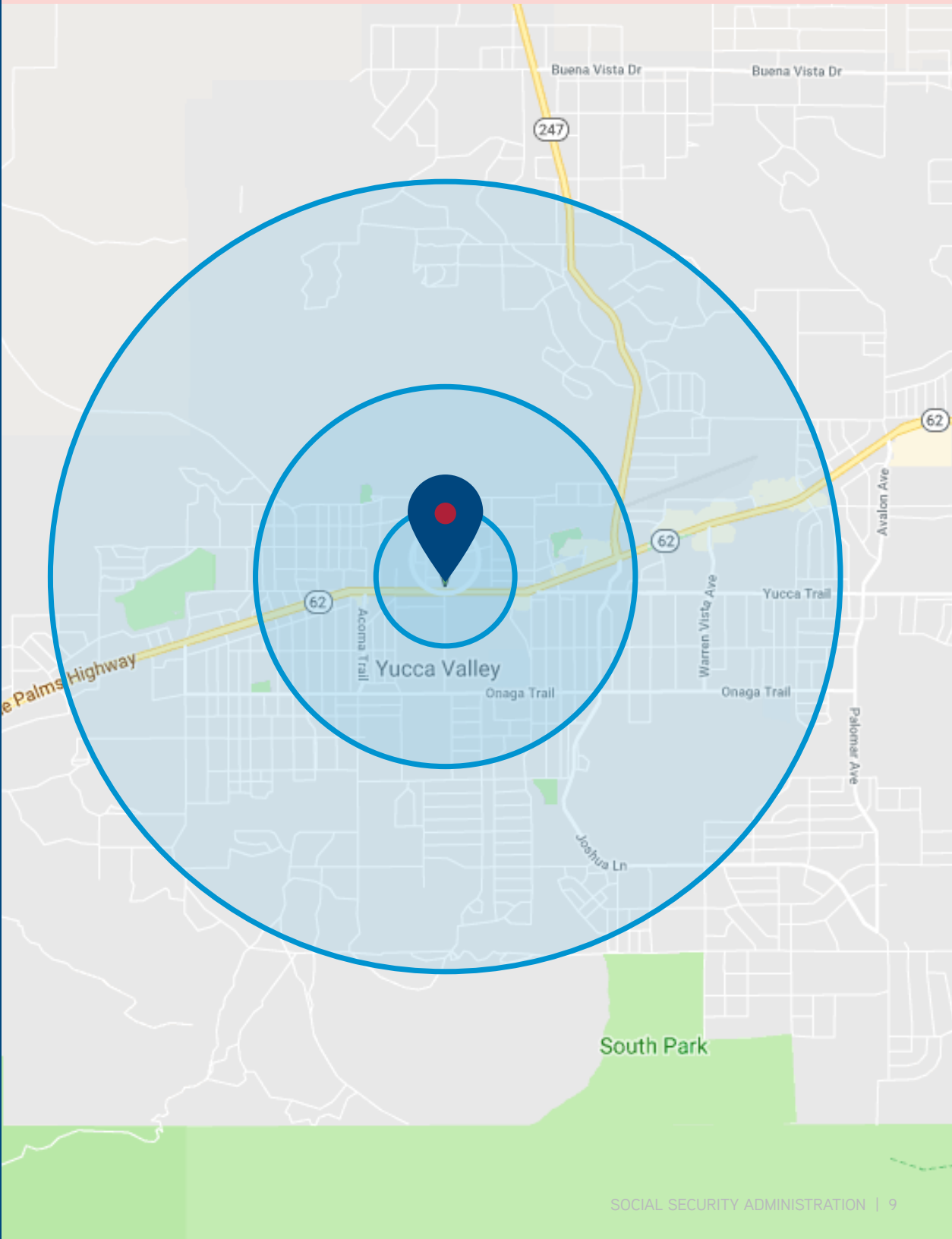
2019 Government (SIC91-97) Businesses	14	17	25
2019 Government (SIC91-97) Employees	197	240	282
2019 Total Daytime Population	7,164	19,236	24,167

## 2019 UNEMPLOYMENT RATE

	9.6%	9.8%	9.6%
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## RACE & ETHNICITY

2019 White Population (%)	75.81%	79.21%	79.84%
2019 Hispanic Population (%)	27.51%	23.62%	23.08%
2019 Black/African American Population (%)	3.78%	3.46%	3.44%
2019 Asian Population (%)	2.76%	3.00%	2.81%





# DEMOGRAPHICS

YUCCA VALLEY OVERVIEW (1 MILE RADIUS)



## POPULATION

In 2018, the population in your selected geography is 5,160. The population has changed by 25.67% since 2000. It is estimated that the population in your area will be 5,591.00 five years from now, which represents a change of 8.35% from the current year. The current population is 47.63% male and 52.37% female. The median age of the population in your area is 40.63, compare this to the US average which is 37.83. The population density in your area is 1,642.12 people per square mile.



## HOUSEHOLDS

There are currently 2,224 households in your selected geography. The number of households has changed by 20.74% since 2000. It is estimated that the number of households in your area will be 2,432 five years from now, which represents a change of 9.35% from the current year. The average household size in your area is 2.33 persons.



## INCOME

Current median household income is \$47,488 in the area, compared to \$60,548 for all U.S. households. Median household income is projected to be \$55,451 in five years, compared to \$69,180 for all U.S. households. Current average household income is \$63,986 in this area, compared to \$87,398 for all U.S. households. Average household income is projected to be \$76,772 in five years, compared to \$99,638 for all U.S. households. Current per capita income is \$25,614 in the area, compared to the U.S. per capita income of \$33,028. The per capita income is projected to be \$30,698 in five years, compared to \$36,530 for all U.S. households.





## RACE AND ETHNICITY

The current year racial makeup of your selected area is as follows: 79.12% White, 3.29% Black, 0.30% Native American and 2.30% Asian/Pacific Islander. Compare these to US averages which are: 70.42% White, 12.85% Black, 0.19% Native American and 5.53% Asian/Pacific Islander. People of Hispanic origin are counted independently of race.

People of Hispanic origin make up 25.28% of the current year population in your selected area. Compare this to the US average of 17.88%.



## HOUSING

The median housing value in your area was \$113,509 in 2018, compare this to the US average of \$193,953. In 2000, there were 1,166 owner occupied housing units in your area and there were 676 renter occupied housing units in your area. The median rent at the time was \$395.



## EMPLOYMENT

In 2018, there are 2,204 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 51.44% of employees are employed in white-collar occupations in this geography, and 49.10% are employed in blue-collar occupations. In 2018, unemployment in this area is 7.91%. In 2000, the average time traveled to work was 25.00 minutes.



# RIVERSIDE-SAN BERNARDINO

## OVERVIEW

The Riverside-San Bernardino metro, also referred to as the Inland Empire, is a 28,000-square-mile region in Southern California composed of San Bernardino and Riverside counties. The metro contains a population approaching 4.6 million. The largest city is Riverside with more than 327,000 residents, followed by San Bernardino with nearly 221,000 people. Valleys in the southwestern portion of the region, adjacent to Los Angeles, Orange County and San Diego County, are the most populous in the metro. These areas abut the San Bernardino and San Jacinto mountains, behind which lies the high desert area of Victorville/Barstow to the north and the lowdesert Coachella, home of Palm Springs, to the east.



### STRONG DEMOGRAPHIC TRENDS

Jobs, colleges, new-home construction and more affordable housing options will draw 350,000 new residents to the Inland Empire in the next five years.



### DOMINANT INDUSTRIAL MARKET

The metro is one of the nation's leading industrial markets in terms of sales, construction and absorption.



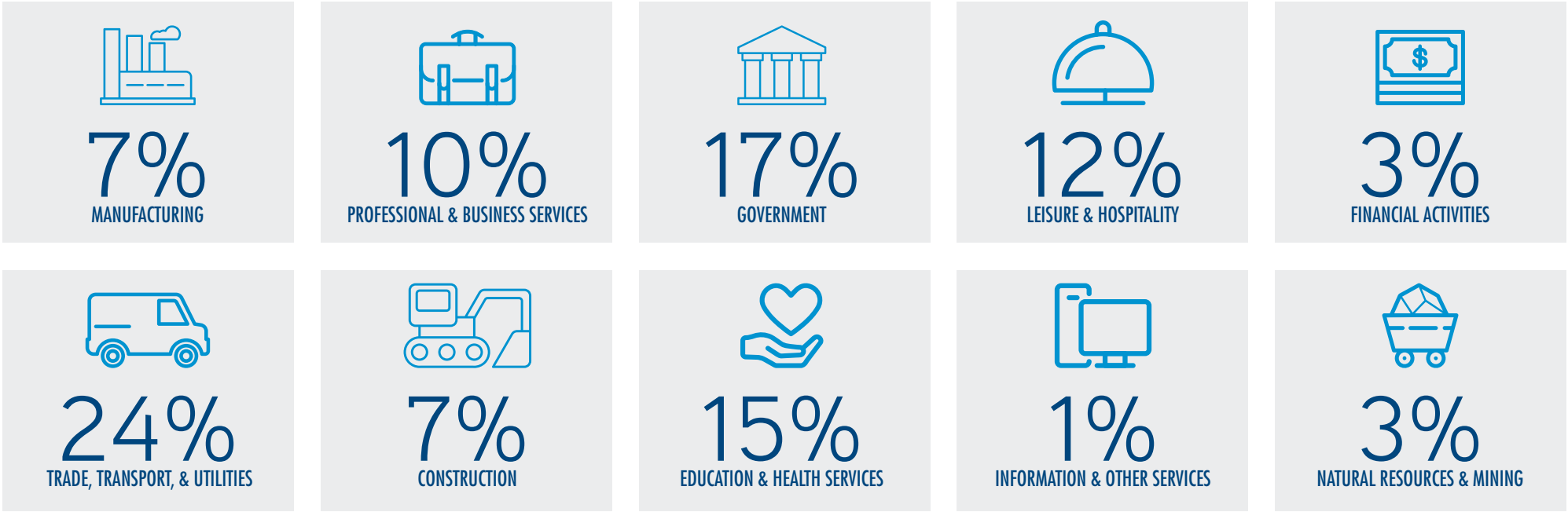
### STRATEGIC LOCATION

Near LAX and Ontario International airports and ports in Long Beach and Los Angeles, Riverside-San Bernardino has vast air, rail and interstate transit network.



# RIVERSIDE-SAN BERNARDINO

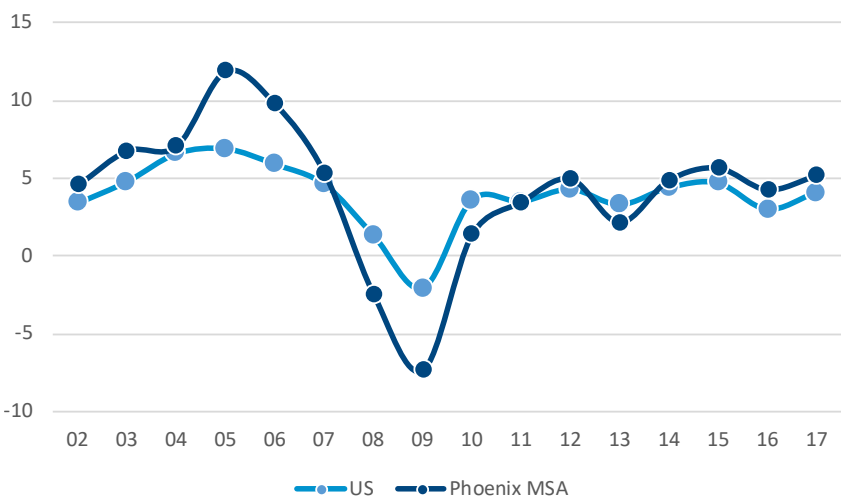
## ECONOMY



### MAJOR AREA EMPLOYERS

San Bernardino County
Riverside County
Stater Bros.
Loma Linda University Medical Center
Kaiser Permanente
Walmart
University of California, Riverside
Fort Irwin
Ontario International Airport
March Air Reserve Base

### ECONOMIC GROWTH





## OFFERING MEMORANDUM

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