



# FEDERAL GOVERNMENT LEASE

## *SOCIAL SECURITY ADMINISTRATION FACILITY*

### CHICAGO HEIGHTS, ILLINOIS



104 S. Halstead St, Chicago Heights, IL 60411

For more information, contact: [Gary Green](#) DRE# 00693574  
(619) 922-1991

[gary@green-properties.com](mailto:gary@green-properties.com)



## **SSA Branch Office: Chicago Heights, Illinois**

### **DETAILS**

- Price: **\$ 3,367,584.00**
- NOI: \$ 210,474.00
- BUILDING SIZE: 15,283 SQ FT
- LEASE TERM: 5 years *(note: same tenant since 2000)*
- TENANT: U.S. Social Security Administration
- OCCUPANCY: 100%
- PROPERTY TYPE: Office
- YEAR BUILT: 2000
- LOT SIZE: 2.5 Acres

### **Investment Highlights**

**SINGLE-TENANT PROPERTY WITH Aaa CREDIT**

- The subject property is 100% leased to the U.S. Federal Government, which features an AAA credit rating from Moody's Investor Services

**5-YEAR LEASE TERM**

- SSA has been in occupancy of this facility since it was built in 2000

**2000 Build-to-Suit for the SSA**

- Designed to meet the specific requirements of the tenant incorporating the latest technology

**HIGH-DEMAND LOCATION / EXCELLENT**

**ACCESSIBILITY**

- This facility has over 100,000 people living within 5 miles, including an average household income of \$60,000/year
- Located on a major north/south artery surrounded by highly amenitized, mixed-use development

**PASSIVE INVESTMENT OPPORTUNITY**

- Managed by current owner who has built & managed (5) other facilities for the SSA

### **Property Description**

The Chicago Heights Social Security Administration (SSA) Branch Office is a single-tenant, 15,283 square foot office facility located in Chicago Heights, IL, approximately 29 miles from downtown Chicago. This location experiences exceptionally strong demand for SSA services. The property is leased for a new 5-year lease term via the U.S. General Services Administration (GSA), demonstrating the long-term commitment to this location. The lease is guaranteed by the United States of America, which has a credit rating of AAA from Moody's Investor Services. The GSA has a long-standing reputation as a tenant with one of the highest renewal probabilities in the commercial real estate industry. Historical data published by the GSA regarding their portfolio of over 8,000 leases nationwide reflects a retention rate which typically exceeds 93%.

The Chicago Heights SSA presents a passive investment opportunity, as the seller/developer has managed (6) SSA facilities since 2000. The seller of this asset has invested over \$ 400,000 in 2020 alone to update this facility to meet and exceed all current standards. The developer's strong relationship with the tenant will provide an easy, hassle-free experience for the future owner.

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# Tenant Overview

The **Social Security Administration (SSA)** is an independent agency of the U.S. federal government that administers Social Security, a social insurance program consisting of retirement, disability, and survivors' benefits. The SSA also issues Social Security numbers and administers the Supplemental Security Income (SSI) Program from more than 1,400 offices around the country, including its regional headquarters in Atlanta, Boston, Chicago, Dallas, Denver, Kansas City, New York, Philadelphia, San Francisco, and Seattle. The SSA operates primarily with an annual federal budget of about \$13 billion and some \$66 billion in contributions from workers. President Franklin D. Roosevelt created Social Security and the administration in 1935.

About 40 million people visit the SSA's field offices and more than 37 million people call the agency daily for filing claims and asking questions. The SSA pays benefits to about 67 million people and issues more than 16 million new and replacement social security cards.

SSA is headquartered in Woodlawn, Maryland, just to the west of Baltimore, at what is known as Central Office. The agency includes 10 regional offices, 8 processing centers, approximately 1,400 field offices, and 37 Teleservice Centers. SSA also operates an extensive international program to service the needs of Social Security beneficiaries living abroad.

Social Security is the largest social welfare program in the United States. For the year 2014, the net cost of social security was \$906.4 billion which accounted for 21% of government expenditure. The SSA's President's 2017 budget of \$13.1 billion allowed the agency to build a workforce to execute its multi-year plan to eliminate the hearings backlog and invest in its IT infrastructure. The money was also be used to expand its efforts to prevent and deter fraud by adding new units to its Cooperative Disability Investigation (CDI) program and to continue to support its SSA fraud prosecutors.





# GSA Overview

The **General Services Administration (GSA)** provides centralized procurement for the federal government, offering billions of dollars worth of products, services, and facilities that federal agencies need to serve the public. In addition to acting as the government's landlord in obtaining office space for the federal workforce, the GSA also manages properties, and supplies equipment, telecommunications, and information technology products to its customer agencies. It oversees some \$24 billion in federal assets, including 8,600 buildings, and over 20,000 vehicles. It also manages USA.gov, the government's official website.

GSA's acquisition solutions supply federal purchasers with cost-effective high-quality products and services from commercial vendors. The GSA helps federal agencies build and acquire office space, products and other workspace services, and oversees the preservation of historic federal

properties. Its policies covering travel, property, and management practices promote efficient government operations.

GSA was established by President Harry Truman on July 1, 1949, to streamline the administrative work of the federal government. GSA consolidated the National Archives Establishment, the Federal Works Agency, and the Public Buildings Administration; the Bureau of Federal Supply and the Office of Contract Settlement; and the War Assets Administration into one federal agency tasked with administering supplies and providing workplaces for federal employees.

Today, through its two largest offices – the Public Buildings Service and the Federal Acquisition Service – and various staff offices, GSA provides workspace to more than 1 million federal civilian workers, oversees the preservation of more than 480 historic buildings, and facilitates the federal government's purchase of high-quality, low-cost goods and services from quality commercial vendors.

The landlord for the civilian federal government, **Public Buildings Service (PBS)** acquires space on behalf of the federal government through new construction and leasing, and acts as a caretaker for federal properties across the country. PBS owns or leases 8,700 assets, maintains an inventory of more than 370 million square feet of workspace for 1.1 million federal employees, and preserves more than 481 historic properties.

PBS is funded primarily through the Federal Buildings Fund, which is supported by rent from federal customer agencies.

As an integral part of GSA, the **Federal Acquisition Service (FAS)** possesses unrivaled capability to deliver comprehensive products and services across government at the best value possible. FAS offers a continuum of innovative solutions and services in the areas of: Products and Services, Technology, Motor Vehicle Management, Transportation, Travel, and Procurement and Online Acquisition Tools.





# BUILDING DATA

## Introduction:

The description of the subject improvements is based on a personal visitation of the building and a review of the plat map. The visitation is not a substitute for thorough engineering studies. The subject photographs can be seen at the end of this section.

## General Description:

The subject consists of a free-standing one story, slab on grade with a 5" concrete floor, stand up concrete panels, fully sprinklered & new flat roof. The total square footage per county records is 15,283 gross sq. ft. The building was erected in 2000 and is in great condition. It has been fully remodeled and upgraded to current GSA standards in 2020.

## Occupancy:

The subject property is currently 100% occupied by a GSA tenant (Social Security Administration) on a 5-year lease. Per the lease agreement, BOMA recognizes the net rentable area of the SSA tenant as +/- 15,000 sq.ft.

The signed lease states that the first years annual rent is: \$ 362,262



# BUILDING DATA (*CONTINUED*)

<u>Gross Building Area:</u>	15,283 sq. ft.
<u>Net Rentable Area:</u>	+/- 15,000 sq. ft.
<u>Exterior Walls:</u>	Steel supports & concrete panels with window openings
<u>Foundation/Slab:</u>	Poured reinforced concrete
<u>Windows:</u>	Brushed aluminum framing
<u>Floor Constructions:</u>	Concrete slab with Carpet &/or Tile
<u>Wall Covering:</u>	Paint
<u>Handicap Access:</u>	Accessible
<u>Rest Rooms:</u>	Two accessible employee restrooms Two accessible public restrooms (Lobby)



# BUILDING DATA (*CONTINUED*)

<u>HVAC (In Office Area:</u> ductwork	(7) new (2020) roof mounted HVAC units for heating & cooling with central control with new distribution system and supply & return ceiling diffusers in good operating condition appropriate for the remodeled interior building configuration
<u>Electrical:</u>	Unless otherwise noted the electrical system is assumed to be in excellent working order and adequate for the building
<u>Fire Protection Systems:</u>	The building has a fire sprinkler system. It is assumed that the building has adequate fire alarm systems, fire exits, fire extinguishers, and/or other fire protection measures adequate to meet the local fire marshal requirements
<u>Ceiling System:</u>	Acoustical tiles in suspended T-grid system
<u>Lighting System:</u>	Fully recessed LED lights 2x2 30 watt light panels with occupancy sensors
<u>Grounds &amp; Landscaping:</u>	Upgraded landscaping which meets, or exceeds the Government requirements
<u>Parking:</u>	There are 73 surface parking spaces, including three handicapped spaces & one loading space.
<u>Environmental:</u> of hazardous	The value estimate rendered within this report is predicated on the assumption that there is no hazardous material on or in the property that would cause a loss in value. No evidence waste or toxic materials were visible
<u>Roof:</u>	Brand new APP modified membrane roof was installed in 2020 with a 12yr roof guarantee



# BUILDING DATA (CONTINUED)

## Americans with Disabilities

### Act of January 1990:

The building does conform to the Americans with Disabilities Act of January 1990.

*It must also be noted that we are in compliance with all current SSA requirements*

## Functional Quality of

### Tenant Space:

The interior floor plans are flexible and will accommodate a variety of tenant layouts. There are no observed design problems and none are reported by management

## Design/Appeal:

The design of the subject is appropriate for office use and the building has a market appeal that is comparable to other competitive buildings in the area

## Overall Quality and

### Condition:

The building appears to be of good quality construction and is in good condition relative to its age

## Functional Utility

### of Improvements:

The improvements do satisfy the demands made on the improvements by the Social Security Administration

## Compatibility with

### Surrounding Uses:

The subject is surrounded by similar commercial office buildings and is seen to be in better condition with the surrounding buildings and uses

## Personal Property

### (Furniture, Fixtures, and

### Equipment):

Personal Property has not been valued in this report

## Current Improvement:

This facility has been improved with over \$ 400,000 in shell and T.I.'s, of which the landlord covered ALL improvement costs





## 2020 TENANT IMPROVEMENTS (DESCRIPTIONS)

### **Capital Expenditures in 2020:**

- 1.) Paramount Painting, LLC – Remove 20yr old wallpaper throughout the entire inside of this 15,283 single story facility; skim coat, prime, and paint walls; spot prime and paint ceilings throughout; paint +/- 40% of the exterior of this facility; remove all desks & boxes as necessary and reassemble when finished painting all the interior walls of this office structure; furnish & install new vinyl plank flooring in server room; remove existing cabinets in employee kitchen area; furnish & install new cabinets, countertops, and stainless steel double bowl sink; re-caulk & update all bathrooms in this facility (including floors); furnish and install FRP in seating areas on wall return with corner pieces (including rubber base)
- 2.) Van Drumen Heating & Air – Replace 20yr old HVAC units inside of this facility; install (7) Lennox Rooftop units and (1) modulating, ductless Fujitsu System for the IT room to cool down system; install (12) locking thermostat covers; install wifi thermostat controls to monitor/manage rooftop unit; Honeywell Vision Pro 8000's connect to electric on the roof; including the permitting of all work
- 3.) M&M Home Remodeling – APP modified membrane roof with the roof including a 12yr roof guarantee; drainage is provided by two-way slope in steel decking; 4" deck drains



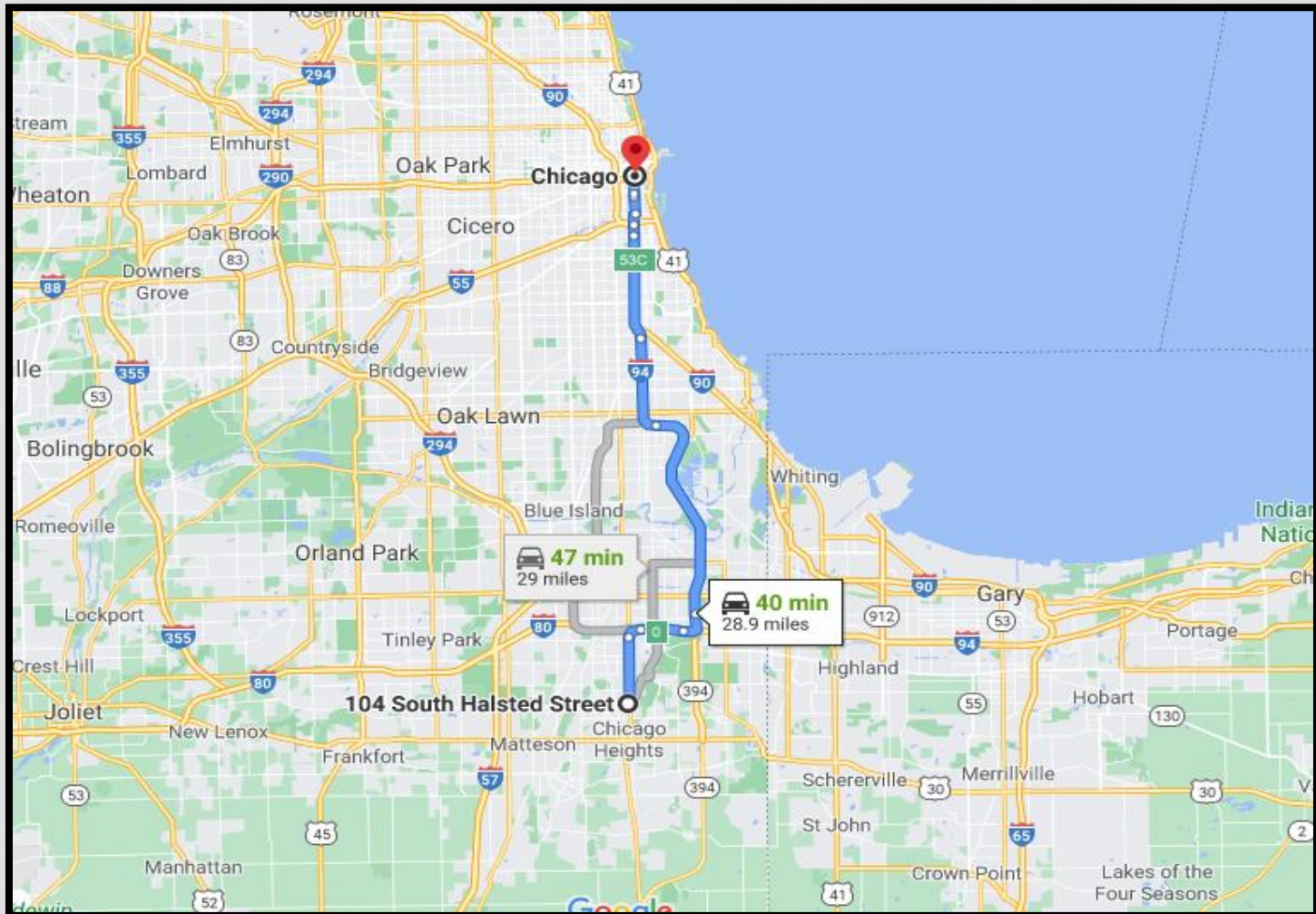
## 2020 TENANT IMPROVEMENTS (DESCRIPTIONS)

### **Capital Expenditures in 2020:** *(Continued)*

- 4.) TCL Electrical – Replaced the 20yr old lighting system with 2x2 LED 30W light panels with intelligent occupancy sensors; 250W fixtures to LED Flood light 80W add-ons for this project; drywall ceiling installation hardware kit, plus lift rental
- 5.) Clearview Industries – Building caulking work; sealed & caulked all the exterior windows in the facility, including the main entrance door
- 6.) Abel Plus Services Inc. – Mold remediation services; GSA sponsored mold specialist to advise when the work was complete
- 7.) Industrial Hygienist TEM Environmental – TEM in industrial hygienist that developed scope & monitored mold removal
- 8.) Fence Masters – GSA required the new owner to provide fenced in, enclosed with a gate, opener with (2) ballads for security
- 9.) Project Management – Oversee all new construction for site realty partner

## SSA Chicago Heights – Standard map view

Distance from Downtown Chicago to SSA Site  
(29 miles; 40 minute drive)



## **SSA Chicago Heights – View of SSA Site**

Parking Lot View



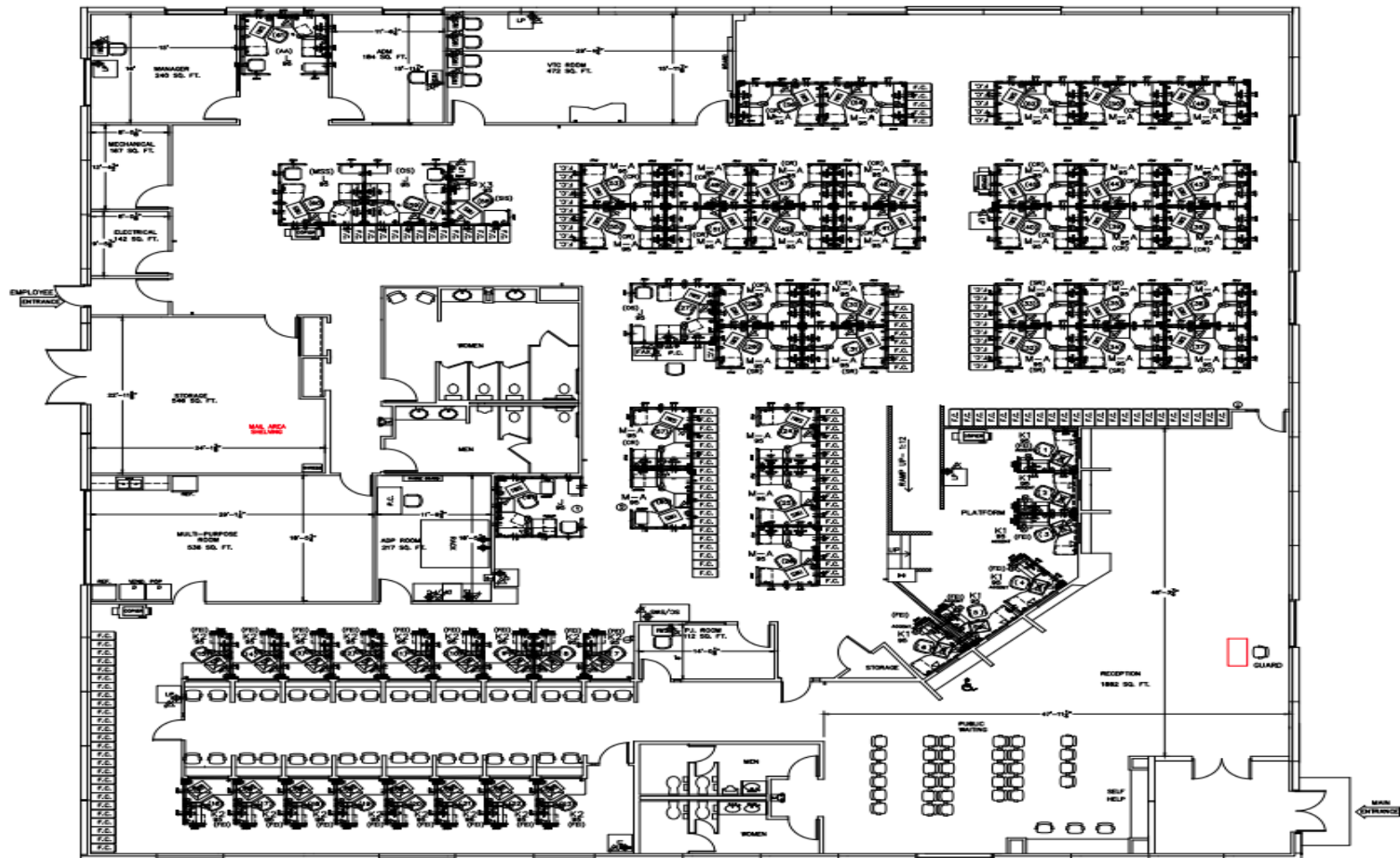


## SSA Chicago Heights – Aerial/Satellite View





# SSA CHICAGO HEIGHTS



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The lease term with the Federal Government (GSA) was written for a 5year term. The effective start date for this lease is 05/02/2020.

The Federal Government (GSA) leases this space to the Social Security Administration (SSA).

**NOTE:** *This contract/lease is with the Federal Government (GSA) and if the Social Security Administration were to vacate the space before the lease term, the Federal Government (GSA) is still contractually obligated to continue with the lease.*





## Lease Analysis

Lease Term: 5 years

Monthly Rent: \$ 30,188.50 x 12mths = \$ 362,262.00 per year

Cap Rate: 6.25%

### **Monthly/Annual Expenses**

Description of Expenses		Monthly Expenses	Annual Expenses
A)	Water, Sewer, Steam	\$ 100.00	\$ 1,200.00
B)	Electricity	\$ 1,459.00*	\$ 17,508.00
C)	Gas	\$ 188.00*	\$ 2,256.00
D)	Trash Removal	\$ 422.00*	\$ 5,064.00
F)	Landscaping	\$ 600.00	\$ 7,200.00
G)	Snow Removal	\$ 625.00	\$ 7,500.00
H)	Windows & Doors	\$ 333.00	\$ 3,996.00
I)	Pest Control	\$ 115.00	\$ 1,380.00
J)	Janitorial Service & Supplies	\$ 3,950*	\$ 47,400.00
K)	Liability Insurance	\$ 691.00	\$ 8,292.00
L)	Fire Alarm (Monitoring & Maintenance)	\$ 250.00	\$ 3,000.00
M)	HVAC Maintenance	\$ 60.00	\$ 720.00
(Continued on next page)			



## Monthly/Annual Expenses

*(Continued)*

Description of Expenses		Monthly Expenses	Annual Expenses
N)	Plumbing Maintenance	\$ 55.00	\$ 660.00
O)	Sprinkler Fire Alarm Maintenance	\$ 100.00	\$ 1,200.00
P)	Administration & Office Expenses	\$ 200.00	\$ 2,400.00
Q)	Parking Lot Maintenance	\$ 84.00	\$1,008.00
R)	Property Taxes	\$ 3,417.00	\$ 41,004
	<b>Sub Totals:</b>	<b>\$ 12,649.00</b>	<b>\$ 151,788.00</b>
<i>* Expenses are inclusive of normal occupancy (NOT limited occupancy during COVID)</i>			



## Summary of Annualized Scheduled **Income** + **Expenses**

Annual Gross Income	\$ 362,262.00
Less Total Annualized Expenses	<u>(\$ 151,788.00)</u>
<b>Annual Net Operating Income (NOI)</b>	<b>= \$ 210,474.00</b>
Cap Rate	= 6.25%
<b>Resulting Purchase Price</b>	<b>= \$ 3,367,584.00</b>



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