



# SOCIAL SECURITY ADMINISTRATION

Rock Hill, SC



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## Social Security Administration

499 Lakeshore Parkway,

Rock Hill, SC 29730

### EXCLUSIVELY LISTED BY

#### Justin Fenn

Senior Associate

Patel Yozwiak Group

Columbus Office

Office (614) 360 9048

[justin.fenn@marcusmillichap.com](mailto:justin.fenn@marcusmillichap.com)

License OH: SAL.2002011928

#### Elizabeth Kuhn

Associate

Patel Yozwiak Group

Cincinnati Office

Direct: (513) 878-7739

[Elizabeth.Kuhn@marcusmillichap.com](mailto:Elizabeth.Kuhn@marcusmillichap.com)

License: OH: SAL.2020007188

#### Dan Yozwiak

First Vice President, Investments

Patel Yozwiak Group

Columbus Office

Office (614) 360-9036

[dan.yozwiak@marcusmillichap.com](mailto:dan.yozwiak@marcusmillichap.com)

License: OH: SAL.2008003600

#### Darpan Patel

First Vice President, Investments

Patel Yozwiak Group

Tampa Office

Office (513) 878-7723

[darpan.patel@marcusmillichap.com](mailto:darpan.patel@marcusmillichap.com)

License: OH: SAL 2012000748

Ben Yelm

SC Broker of Record

Lic #: 303785

Marcus & Millichap

OFFICES NATIONWIDE AND THROUGHOUT CANADA

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Social Security Administration (SSA) is headquartered in Baltimore, Maryland at what is known as the Central Office. The agency includes 10 regional offices, eight processing centers, approximately 1,230 field offices and 37 teleservice centers. As of 2020, about 60,000 people were employed by the SSA. The SSA has an annual budget of more than \$1.06 trillion (Fiscal Year 2018).

FY 2021 Budget

**\$40 B**

Ownership

**U.S. Government**

Number of Locations

**1,200+**

Credit Rating

**S&P: AA+**

# SOCIAL SECURITY ADMINISTRATION

499 Lakeshore Parkway, Rock Hill, SC 29730

OFFERING PRICE

**\$2,976,446**

CAP RATE

**5.75%**

GROSS LEASABLE AREA

**12,204 SF**

- ▶ GSA Just Renewed for 15 Years including 10 Years Firm
- ▶ New lease commenced on 12/11/21 with a 10% rent bump, major TI package planned to follow in 2022
- ▶ Standard & Poor's AA+ Investment Grade Credit Tenant
- ▶ 2011 Class A Construction Build-to-Suit Suburban Office designed to LEED Silver specifications
- ▶ Located 5 minutes from I-77 with easy access to downtown Charlotte
- ▶ Lakeshore Parkway is 2 miles east of downtown Rock Hill
- ▶ High population growth area: Rock Hill has 12% increase since 2010
- ▶ Located near many national tenants including Target, Walmart and Sam's Club

## PROPERTY OVERVIEW // 499 Lakeshore Parkway

THE OFFERING	
Property	Social Security Administration
Property Address	499 Lakeshore Parkway, Rock Hill, SC 29730
Price	\$2,976,446
Cap Rate	5.75%
Price/SF	\$243.89

INVESTMENT SUMMARY	
Property Subtype	Single Tenant Office
Property GLA:	12,204 SF
Tenant:	Social Security Administration
Guarantor:	U.S. Government (S&P: AA+)
Lease Type:	Full Service Gross
Lease Commence:	12/11/2021
Lease Expiration:	12/10/2036
Term Remaining:	15 Years (10 Years Firm Term)*
Rental Increases:	In Soft Term**

PROPERTY DESCRIPTION	
Year Built	2012
Type of Ownership	Fee Simple
Lot Size	+/- 2.25 Acres
Occupancy	Single Tenant
Parking	59 Spaces
Stories	1
Zoning	PUD

INCOME	CURRENT	\$/SF
Annual Shell Rent	\$231,876	\$19.00
Operating Costs***	\$85,428	\$7.00
Effective Gross Income	\$317,304	\$26.00

EXPENSES	CURRENT	\$/SF
Electricity	\$32,542	\$2.67
Garbage & Recycling	\$6,682	\$0.55
General Maintenance Labor	\$2,203	\$0.18
Janitorial Expense	\$23,535	\$1.93
Landscaping	\$6,396	\$0.52
pest control	\$188	\$0.02
electrician	\$2,775	\$0.23
Painting	\$0	\$0.00
Plumbing	\$602	\$0.05
HVAC	\$3,653	\$0.30
Annual Fire Inspection	\$587	\$0.05
Property Tax	\$51,134	\$4.19
Property Insurance	\$4,758	\$0.39
Management (3.5%)	\$11,106	\$0.91
Total Operating Expenses	\$146,158	\$11.98

<b>NOI</b>	<b>\$171,146</b>	<b>\$14.02</b>
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\*Starting in Year 11 (12/11/31) SSA has a rolling 90 day kickout clause but per GSA's turnover analysis this is very unlikely to occur. GSA rarely leaves a lease prior to its expiration.

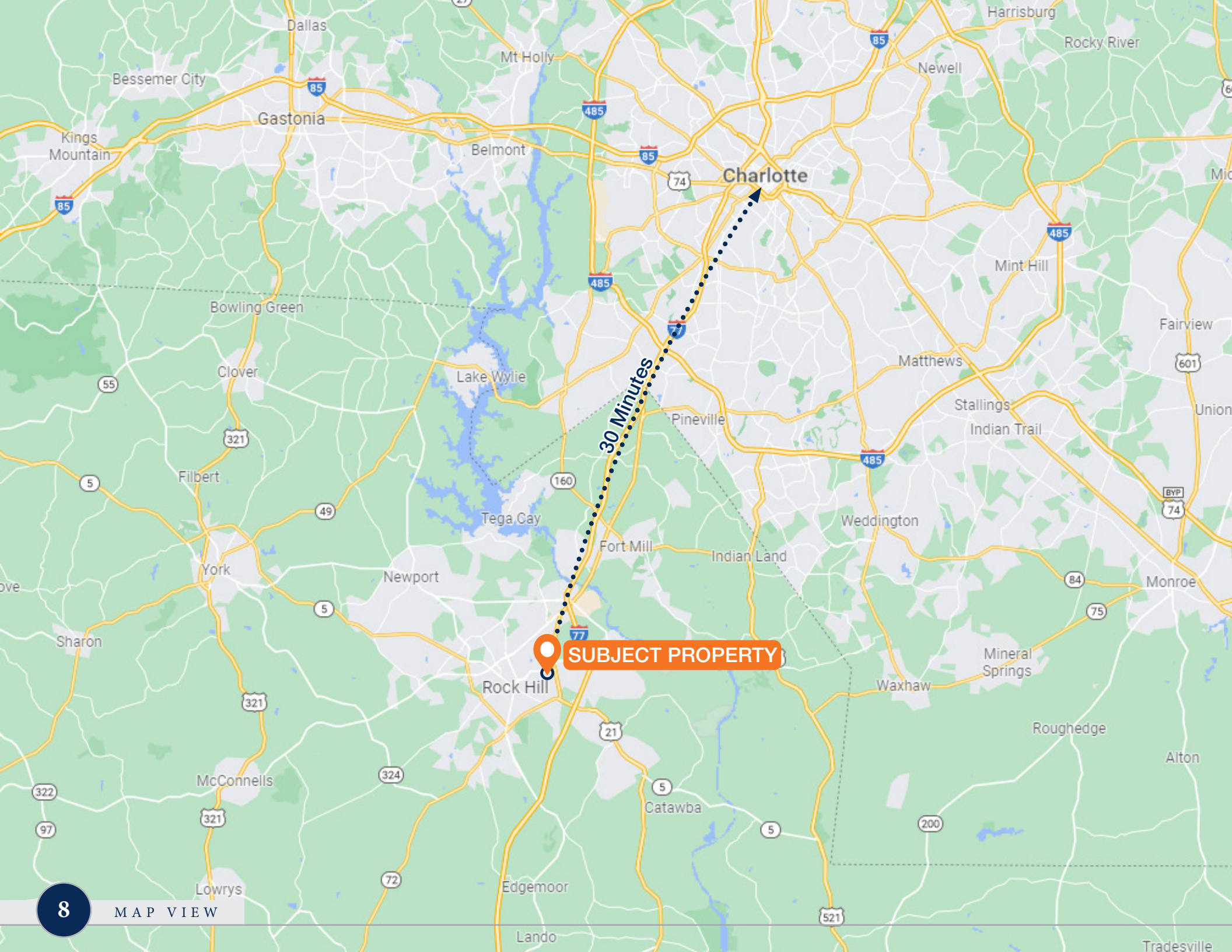
\*\*Tenant has a 10% increase in the base rent starting in Year 11 (12/11/31).

\*\*\*Per the lease GSA shall pay annual incremental adjusted rent per the Cost of Living Index per CPI-W. Per the new 15 (10) lease SSA has budgeted \$812,397 in tenant improvements.











## MARKET ANALYSIS // *Charlotte, NC*

COSTAR ANALYTICS	INVENTORY			DEMAND	AVAILABILITY			SALES			
Market	BUILDINGS	UNDER CONSTRUCTION	12 MONTHS DELIVERED	12 MO. NET ABSORPTION	MARKET RENT/SF	VACANCY RATE	AVAILABLE SF	12 MONTHS TRANSACTIONS	12 MO. SALES VOLUME	SALE PRICE/SF	MARKET CAP RATE
Charlotte Market	7,020	5M SF	5.1M SF	-208K SF	\$29.63	12%	20.1M SF	564	\$3.3 Billion	\$260	6.7%
Rock Hill Submarket	625	20K SF	56K SF	133K SF	\$25.69	5.1%	554K SF	51	\$61.7 Million	\$215	7.4%

### CHARLOTTE MARKET SUMMARY:

Charlotte's office market is at a turning point in its recovery. On the one hand, jobs in office-using sectors such as financial activities and professional services continued to grow throughout the downturn. Leasing activity in 21Q3 more than doubled the 20Q3 total as companies moved to lure employees back to the office. Sublease availability declined from its peak in 21Q2 as tenants moved into quality space. On the other hand, total leasing activity is below 2019 levels and twice as much sublet space remains on the market as pre-pandemic. Uncertainty still surrounds the future of work and some companies have announced long-term plans for hybrid or work-from-home arrangements, while others have pushed their return-to-office dates into 2022. This comes at the same time as a large pipeline of projects that broke ground before the pandemic is beginning to deliver, pushing the vacancy rate in the region to its highest level since 2013.

While brisk leasing activity is an encouraging sign for the demand side of Charlotte's office market, a sustained surge in supply will be a challenge for absorption and rent growth in the coming year. Charlotte saw one of the largest inventory expansions in percentage terms, second only to Austin, Texas, in the year leading up to 21Q3. An additional 5.0 million SF is underway in the region. While more than 60% of that new construction is preleased, many of those tenants are moving from existing buildings, which could take time to backfill as companies reevaluate office footprint needs. Duke Energy, for example, announced plans to consolidate its 4,000 Uptown employees into Duke Energy Plaza when it delivers in late 2022. That will reduce the utility's office footprint by 60%, putting 1.5 million SF on the market.

On the upside, the absorption of excess sublet space. Additionally, anticipated move-ins from firms like Honeywell, Lowe's, LendingTree, and First National Bank should help boost net absorption over the next couple years.

With plenty of high-end supply in the pipeline, tenants have put a premium on building quality, in both urban and suburban areas. While rent growth remains well below the record rates seen shortly before the pandemic, Charlotte's office rents have continued to outpace the nation and remain positive overall. Submarkets with newer, higher-quality building are seeing the highest rent growth. Investors returned to the market in 2021. After a year of slower investment activity, the market set a quarterly record for sales volume in 21Q3. Institutional as well as national and international buyers continue to look to high-growth but affordable markets like Charlotte for higher yields.

### ROCK HILL SUBMARKET SUMMARY:

York County is one of the Charlotte metro's fastest-growing counties, thanks to strong school systems and low home prices in suburbs such as Fort Mill and Tega Cay. That growth, combined with South Carolina's aggressive business recruitment incentives, helped York County emerge as a growing office submarket as well.

Developers have expanded office inventory here by about 25% since 2015, mostly in larger office parks and mixed-use development such as Kingsley and Southbridge in Fort Mill, where headquarters and large branch office tenants include LPL Financial, Lash Group, and Domtar. Many of these companies were lured across the state line by government incentives. Lash Group moved to Fort Mill from just across the state line back in 2014, followed by LPL in 2016. RoundPoint Mortgage Servicing announced in 2018 plans to relocate its headquarters to the Southbridge in Fort Mill, creating 1,100 jobs.

Construction has slowed since 2019, and continued demand has tightened vacancies to 5.1%, well below market-wide rates. Still, rent growth has slowed to around 1.4% year over year due to uncertainty surrounding the economy and office users' return-to-work plans.

Investment has trended upward throughout the past decade, especially in the submarket's premium office properties, though sales activity slowed in 2021. Roughly \$38.3 million has traded hands over the past year. Assets have appreciated well, with pricing climbing from less than \$130/SF in 2010 to more than \$210/SF in 2020. The largest recent sale came in December 2020, when Massachusetts-based REIT Office Properties Income Trust bought the RoundPoint Mortgage headquarters for \$35.1 million, or \$234/SF.



## MARKET OVERVIEW // *Rock Hill, SC*

Rock Hill is the largest city in York County, South Carolina, and the fifth-largest city in the state. It is also the fourth-largest city of the Charlotte metropolitan area, behind Charlotte, Concord, and Gastonia (all located in North Carolina, unlike Rock Hill). The city is located approximately 25 miles south of Charlotte and approximately 70 miles north of Columbia.

Rock Hill offers scenic riverfront views along the Catawba River and is home to numerous nature trails, restaurants, and thirty-one parks which are used for both national and local events. Its historic downtown consist of twelve contiguous buildings built as early as 1840 offering dining and retail options. The city is also home to three colleges, including Winthrop University, a public liberal arts university founded in 1886 which enrolls nearly 6,000 students annually.

Rock Hill's economy was once dominated by the textile industry, and the restructuring of that industry in moving jobs overseas caused a decline in the local economy at one time. Over the past decade, Rock Hill has transitioned to a relatively strong manufacturing workforce.

Other major companies in Rock Hill with headquarters or North American headquarters include Hyosung, Comporium Communications, 3D Systems, Atlas Copco, and The Carolina Panthers. The city is transitioning to a retail and manufacturing economy, and has been working to attract national and global companies.





POPULATION	1 Mile	3 Miles	5 Miles
<b>2026 Projection</b>			
Total Population	5,495	51,647	98,029
<b>2021 Estimate</b>			
Total Population	5,420	49,861	93,194
<b>2010 Census</b>			
Total Population	4,968	44,556	80,923
<b>2000 Census</b>			
Total Population	4,582	40,340	65,964
<b>Daytime Population</b>			
2021 Estimate	7,354	62,025	99,127
HOUSEHOLDS	1 Mile	3 Miles	5 Miles
<b>2026 Projection</b>			
Total Households	2,384	21,078	39,370
<b>2021 Estimate</b>			
Total Households	2,315	20,023	36,941
Average (Mean) Household Size	2.4	2.4	2.5
<b>2010 Census</b>			
Total Households	2,114	17,517	31,608
<b>2000 Census</b>			
Total Households	1,897	15,213	24,820
HOUSEHOLDS BY INCOME	1 Mile	3 Miles	5 Miles
<b>2021 Estimate</b>			
\$200,000 or More	3.1%	3.1%	4.6%
\$150,000-\$199,999	1.8%	3.8%	5.2%
\$100,000-\$149,999	9.6%	10.7%	13.7%
\$75,000-\$99,999	8.1%	11.0%	13.3%
\$50,000-\$74,999	19.0%	18.0%	18.4%
\$35,000-\$49,999	16.7%	14.7%	13.4%
\$25,000-\$34,999	10.4%	12.9%	11.2%
\$15,000-\$24,999	12.9%	11.5%	9.2%
Under \$15,000	18.4%	14.3%	11.1%
Average Household Income	\$56,616	\$66,069	\$79,068
Median Household Income	\$41,715	\$46,710	\$56,031
Per Capita Income	\$24,195	\$27,064	\$31,660

POPULATION PROFILE	1 Mile	3 Miles	5 Miles
<b>Population By Age</b>			
2021 Estimate Total Population	5,420	49,861	93,194
Under 20	24.4%	26.1%	25.9%
20 to 34 Years	25.1%	26.3%	23.6%
35 to 49 Years	20.0%	18.4%	19.6%
50 to 59 Years	10.9%	11.0%	11.9%
60 to 64 Years	5.2%	5.0%	5.3%
65 to 69 Years	4.1%	4.0%	4.3%
70 to 74 Years	4.0%	3.2%	3.4%
Age 75+	6.3%	6.1%	5.9%
Median Age	35.3	33.4	35.3
<b>Population by Gender</b>			
2021 Estimate Total Population	5,420	49,861	93,194
Male Population	46.3%	45.8%	46.5%
Female Population	53.7%	54.2%	53.5%
<b>Travel Time to Work</b>			
Average Travel Time to Work in Minutes	22.0	24.0	26.0



**Marcus & Millichap**  
PATEL YOZWIAK GROUP

## EXCLUSIVELY LISTED BY

### **JUSTIN FENN**

Senior Associate  
Columbus Office  
Direct: (614) 360-9048  
Justin.Fenn@marcusmillichap.com  
License: SAL.2002011928

### **ELIZABETH KUHN**

Associate  
Cincinnati Office  
Direct: (513) 878-7739  
Elizabeth.Kuhn@marcusmillichap.com  
License: OH: SAL.2020007188

### **DARPAN PATEL**

First Vice President, Investments  
Tampa Office  
Direct: (513) 878-7723  
Darpan.Patel@marcusmillichap.com  
License: OH SAL 2012000748

### **DAN YOZWIAK**

First Vice President, Investments  
Columbus Office  
Direct: (614) 403-1094  
Dan.Yozwiak@marcusmillichap.com  
License: OH SAL 2008003600

### **Ben Yelm**

SC Broker of Record  
Lic #: 303785