

SOCIAL SECURITY ADMINISTRATION
Los Angeles, CA



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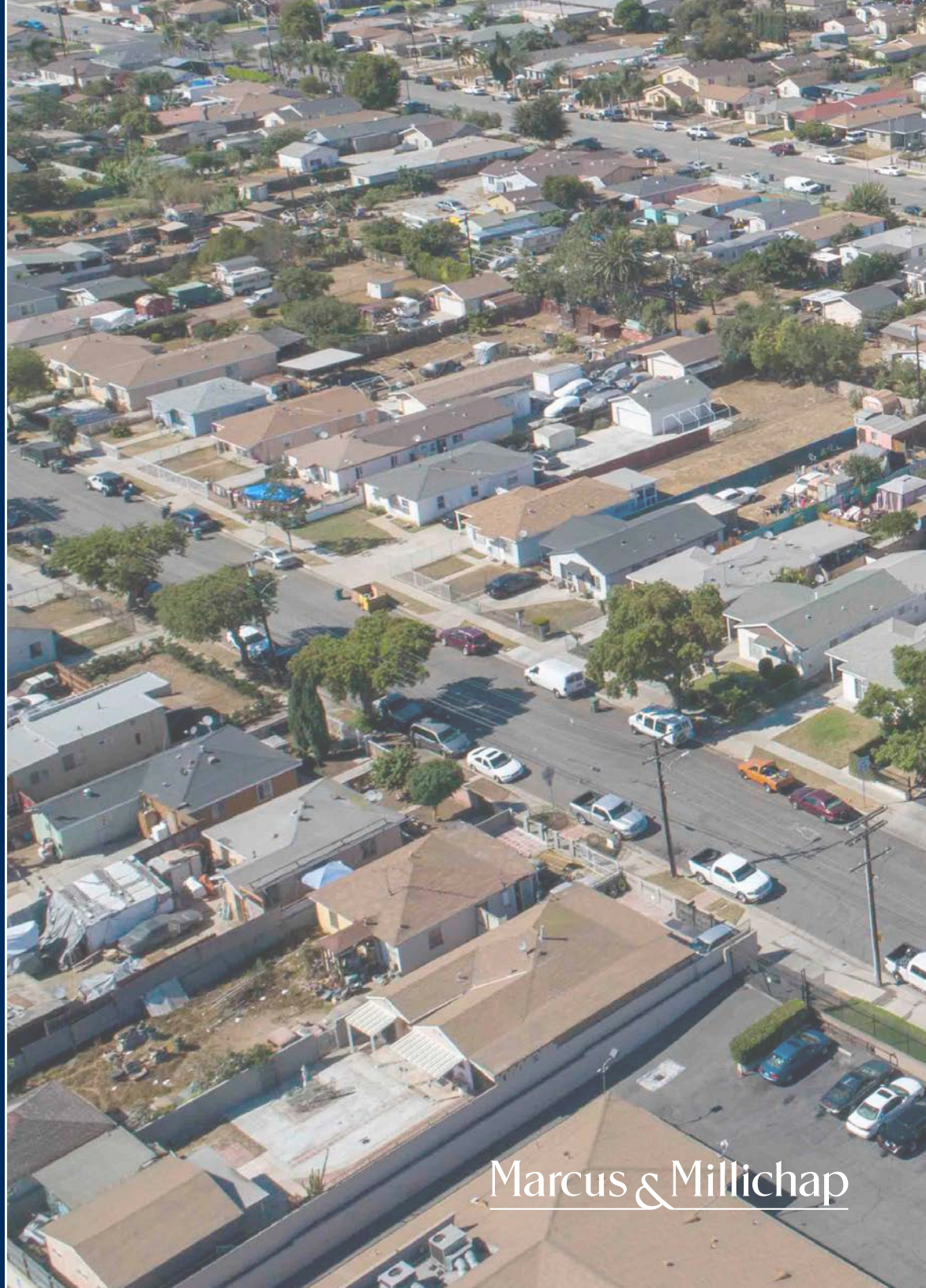
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SOCIAL SECURITY ADMINISTRATION

LOS ANGELES, CA

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SOCIAL SECURITY ADMINISTRATION

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OFFICES NATIONWIDE AND THROUGHOUT CANADA

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TENANT OVERVIEW

SSA is headquartered in Woodlawn, Maryland, just to the west of Baltimore, at what is known as the Central Office. The agency includes 10 regional offices, eight processing centers, approximately 1,400 field offices, and 37 teleservice centers. As of 2007, about 62,000 people were employed by the SSA. The SSA has an annual budget of more than \$736.1 billion (FY 2011).



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TENANT NAME

SOCIAL SECURITY ADMINISTRATION

WEBSITE

SSA.GOV

OWNERSHIP

GOVERNMENT

NUMBER OF LOCATIONS

1,400+

CREDIT RATING

S&P: AA+

HEADQUARTERS

WOODLAWN, MD

INVESTMENT AND OFFERING HIGHLIGHTS

SOCIAL SECURITY ADMINISTRATION

12429 S AVALON BOULEVARD, LOS ANGELES, CA 90061

- ▶ \$185MM renovation of neighboring Magic Johnson Park started construction in October 2018
- ▶ Approximately one million people within a 5-mile radius from the subject property
- ▶ Strong real estate fundamentals | Renovation and redevelopment upside
- ▶ Build-to-suit for Social Security Administration (SSA) in 2001 | SSA is an AA+ S&P credit rated tenant
- ▶ Significant rent increase in year 6 (2022), bringing the CAP rate to 7.65%
- ▶ Well insulated from consolidation: Nearest SSA locations are at least 10 minutes away and older, in a multi-tenant plaza or both

OFFERING PRICE

\$5,200,000

CAP RATE

6.00%

GROSS LEASABLE AREA

16,660 SF





INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present for purchase this 16,600 SF single-tenant Social Security Administration Branch Office in Los Angeles, California. The building is centrally located in Los Angeles, with immediate access to Interstate 110 and Interstate 105, on the northwest signalized corner of E. 126th Street and S. Avalon Boulevard. 12429 S. Avalon was built-to-suit for SSA in 2001, and leased to the US Federal Government via the General Services Administration. GSA has executed a lease renewal for a new 10-year term commencing in March 2017 for a stable and secure income stream. In year 6, there is a significant rent increase of 20%. The lease is guaranteed



by the United States of America, which has a credit rating of Aaa from Moody's Investor Services. SSA has almost 64,000 employees and 1,500 offices. 12429 S. Avalon is located in a dense urban infill location with approximately 1 million residents within a 5-mile radius.

Los Angeles is known for its Mediterranean climate, ethnic diversity, and sprawling metropolis. The city is also one of the most substantial economic engines within the nation, with a diverse economy in a broad range of professional and cultural fields. Los Angeles is also famous as the home of Hollywood, a major center of the world entertainment industry. A global city, it has been ranked 6th in the Global Cities Index and 9th in the Global Economic Power Index. The Los Angeles combined statistical area (CSA) also has a gross metropolitan product (GMP) of \$831 billion, making it the third-largest in the world, after the Greater Tokyo and New York metropolitan areas. Los Angeles hosted the 1932 and 1984 Summer Olympics and will host the Olympics for a third time in 2028.



LEASE AND OFFERING SUMMARY

THE OFFERING

Property	Social Security Administration
Property Address	12429 S Avalon Blvd. Los Angeles, CA 90061
Price	\$5,200,000
Capitalization Rate	6.00%

PROPERTY DESCRIPTION

Year Built	2001
Gross Leasable Area	16,660 SF
Zoning	LCM1-B1-R1
Type of Ownership	Fee Simple
Acres	0.811
Parking	42 Spaces and Street

NOI

Net Operating Income (Current)	\$312,339
Net Operating Income (Year 6)	\$397,703

YEARS	BASE RENT	BASE RENT/SF	OPERATING COSTS	PER SF	TOTAL RENT	PER SF
1-5	\$336,865	\$20.22	\$96,961	\$5.82	\$433,826	\$26.04
6-10	\$422,164	\$25.34	\$96,961	\$5.82	\$519,125	\$31.16

LEASE SUMMARY

Property Subtype	Government Office
Tenant	SSA
Base Rent Increase	After year 5
Guarantor	Federal Government
Lease Type	Gross
Lease Commencement	March 1, 2017
Lease Expiration	February 28, 2027
Lease Term	10 years, Termination Rights begin in year 6
Term Remaining on Lease (Years)	8
Right of First Refusal/Offer	No



FINANCIAL ANALYSIS

SSA in Los Angeles, CA

16,660 SF bldg built in 2001

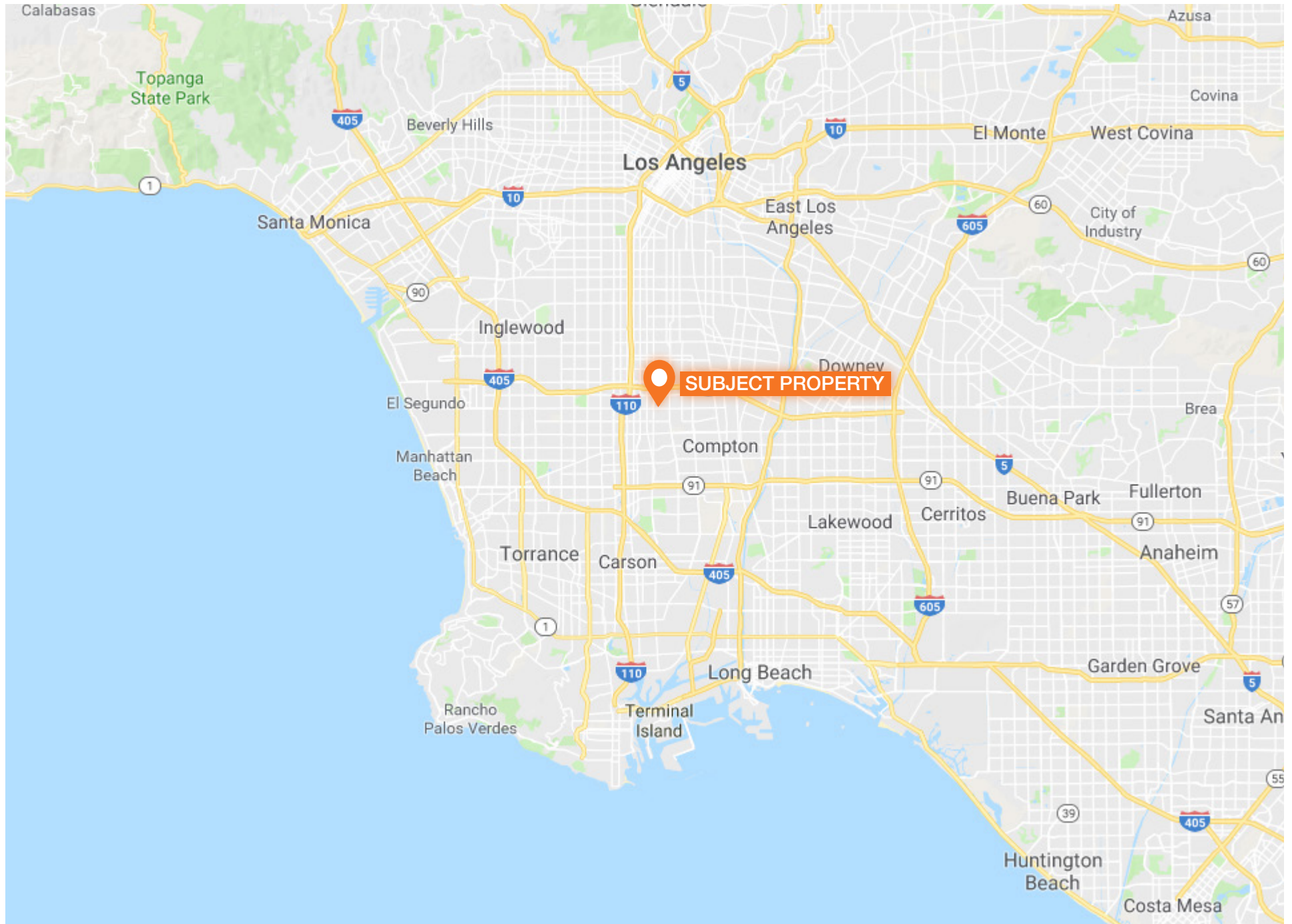
Income	2019	Per SF
Lease Income	\$433,826	\$26.04
Real Estate Tax Reimbursement	\$34,697	\$2.08
Annual Revenue Totals	\$468,523	\$28.12

Itemized Expenses	Current	Per SF
Taxes	\$63,250	\$3.81
Janitorial	\$22,395	\$1.35
Landscaping	\$3,650	\$0.22
HVAC	\$4,000	\$0.24
Insurance	\$2,901	\$0.17
Maintenance	\$6,390	\$0.38
Gas/Electric	\$35,630	\$2.15
Water	\$6,561	\$0.40
Property Management	\$1,991	\$0.12
Other Utilities	\$9,484	\$0.57
Total Expenses	\$156,252	\$9.41

NOI	\$312,271	\$18.74
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- GSA has the right to terminate the lease beginning in Year 6 by providing 90 days written notice.
- GSA is responsible for reimbursement of any increase in real estate taxes above the base amount. The real estate tax base is established at \$28,488.
- GSA pays an annual CPI adjustment for operating costs. The operating cost base is established in the lease at \$96,961.







MARKET OVERVIEW

Willowbrook/Compton



Ervin “Magic” Johnson Park and Recreation Area Renovation Mock-ups
(Adjacent from Subject Property on Avalon Blvd.)

The Los Angeles County Board of Supervisors recently voted to fund construction of the first phase of a master plan that will dramatically transform Magic Johnson Park into a community oasis, further continuing the renaissance in Willowbrook. “The plan reflects feedback from hundreds of residents and the result is visionary,” said Supervisor Mark Ridley-Thomas.

The park is 120 acres generally comprised of open space. A few years ago, the County’s Department of Parks and Recreation led a comprehensive community process to prioritize new amenities for the park. In Spring 2015, the resulting master plan was adopted containing a host of features to be built over the next two decades, while first focusing on constructing amenities that do not otherwise exist in South Los Angeles.

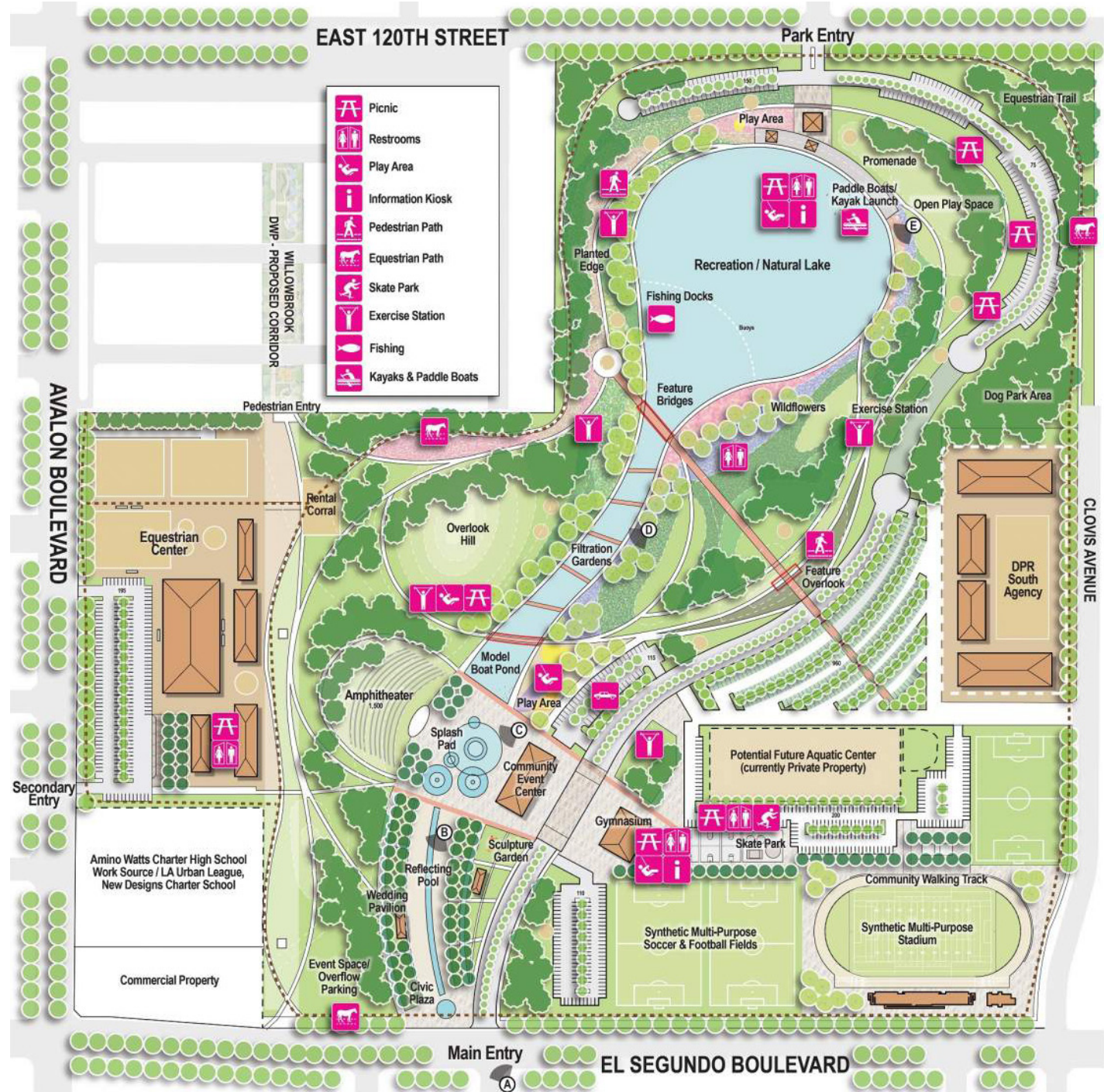
The first phase of the project (Phase 1A), estimated to cost \$50 million, includes a 20,000-square-foot community events center. Also included will be an outdoor wedding pavilion, a splash pad, children’s play areas, better security lighting, walking paths and parking lots. The first phase also includes an innovative project that will address water conservation and water quality goals. Water will be diverted from the nearby Compton Creek, cleaned, and used to fill the lower lake and irrigate 30 acres of the park, thereby creating a wetland experience for park goers. Work will begin in October of this year and is anticipated for completion in the Spring of 2020.

MARKET OVERVIEW

Magic Johnson Park

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- ▶ The Magic Johnson Park makeover serves as a centerpiece to more expansive changes taking place throughout the Willowbrook community
- ▶ East of the park, the L.A. Metro is planning a \$66 million upgrade to the Willowbrook/Rosa Parks station
- ▶ The park will fold in an adjacent vacant housing development bringing the total footprint of the park to 120 acres
- ▶ Adjacent 94 unit housing development recently began construction featuring 30 units set aside for low to moderate income families and down payment assistance backed by L.A. County Community Development Commission
- ▶ L.A. County Arts Commission received funding through the National Endowment for the Arts to further the Willowbrook revitalization by funding public art projects throughout the neighborhood



Site plan for Magic Johnson Park Renovations

Willowbrook Revitalization Efforts

The Willowbrook/Rosa Parks Station is the 4th most used Metro Station in L.A. The Willowbrook/Rosa Parks Improvement Project will provide significant upgrades to this busy rail and bus station, expanding its multi modal capacity and role as a quality community resource, and ushering it into a new era of Metro Rail. The goals for this Project are to: Enhance safety and security, improve connections to the surrounding community, expand station capacity and streamline rail and bus transfers.

Metro is working in tandem with several community revitalization efforts in the area, a number of which are spearheaded by the Los Angeles County Department of Public Works, this will complement significant local streetscape and development investments and build a revitalized gateway into and for the Willowbrook Community.



Mock-up of renovated Metro Station



**SUBJECT
PROPERTY**



Willowbrook/Rosa Parks Metro Station
(Renovations to be completed by 2020)

Martin Luther King Jr. Community Hospital
(Renovations completed in 2018
sparked larger revitalization efforts in the
neighborhood)

E 126th St. lot to be merged with Park

9.5 acre Magnolia Walk housing development
backed by the L.A. County Community
Development Commission includes 94 units
and began construction in 2018

MARKET OVERVIEW

Los Angeles, CA

Los Angeles County is one of the most populated metropolitan areas in the nation, containing more than 10 million inhabitants. Population gains in Los Angeles preceded and created economic expansion, rather than followed it, which was the case in most other U.S. metros. Since 2010, the local population expanded by more than 452,500 residents. Most of the growth came from foreign immigration, rather than natural increases or domestic migration. A population gain of 0.5 percent annually is expected during the next five years. Diminished growth will stem from smaller household sizes and declining affordability, trends that already have pushed housing development outward into surrounding counties. The population of Los Angeles County is younger than the nation, with a median age of 35.8 years compared with the U.S. median of 37.5 years. The cohort ages 25 to 44 is much larger than that of the country, as many people come to the area seeking employment.

Long recognized as the financial, commercial and industrial capital of Southern California, the sprawling Los Angeles metropolitan area is one of the nation's leading urban-industrial hubs. There are 15 Fortune 500 companies headquartered in the county. Tourism, trade, manufacturing, entertainment, healthcare and defense provide a foundation for the local economy. Los Angeles is home to two of the busiest ports in the world: the Port of Los Angeles and the Port of Long Beach. The two ports generate more than \$10 billion in U.S. Customs revenues and taxes. Together, the ports account for related employment for nearly 1.3 million people in Southern California and receive more than 40 percent of all U.S. container traffic.



Downtown L.A.

MARKET OVERVIEW

Los Angeles, CA

The Los Angeles region enjoys pleasant weather, with sunshine reigning throughout the year. Bounded by mountains and the Pacific Ocean, the temperature rarely rises above 85 degrees or falls below 40 degrees and rainfall is minimal. The mild Los Angeles climate enables people to enjoy outdoor recreation during much of the year, and a variety of landscapes foster many outdoor activities. It is possible to swim in the ocean and ski on the mountains on the same day. The region is home to the Los Angeles Zoo and Botanical Gardens and the 4,100-acre Griffith Park, one of the largest urban parks in the nation.



Downtown L.A.

Los Angeles Top Employers (By Employee Number)

- 1) The Walt Disney Company
- 2) Los Angeles County Government
- 3) Los Angeles Unified School District
- 4) US Federal Government
- 5) University of California, Los Angeles
- 6) Los Angeles City Government
- 7) State of California Government
- 8) Kaiser Permanente
- 9) Northrop Grumman Corp.
- 10) Boeing Co.



L.A. Coliseum home of the Los Angeles Rams and USC



SSA | LOS ANGELES, CA

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