



ACTUAL PHOTO

 **3132 LYNNHURST BLVD, CHESAPEAKE, VA 23321**

Marcus & Millichap

INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present for sale this single tenant net leased U.S. Department of Veterans Affairs building in Chesapeake, Virginia. The subject property consists of a 5,000 square foot freestanding building on a 2.5-acre parcel of land.

Strategically located in the heart of Chesapeake, Virginia, the property benefits from quick access to Interstate 664 with traffic counts in excess of 85,000 vehicles per day just off of the Pughsville Road exit with traffic counts of over 23,000 vehicles per day. The area offers attractive demographics with 3.5 percent population growth, a population of 64,267, and an average household income of \$97,486 within a three mile radius.

The twenty-year (20) gross lease is guaranteed by the U.S. Government, Department of Veteran Affairs, part of the GSA, with a AAA credit rating. The lease has ten years of firm term, with approximately 7.4 years remaining and two additional five-year soft term options. The GSA invested over \$600,000 into constructing the buildout and tenant improvements, completed in September of 2019. A new HVAC system was also recently installed. The landlord benefits from a rent increase of 5 percent in the soft term. The parcel is large enough to support the additional development of up to 7,000 square feet of gross leasable area. All operating expenses associated with landlord responsibilities are subcontracted to third-party vendors and scheduled on autopay.

Chesapeake, Virginia, is part of the Norfolk MSA, boasting solid demographics and a strong job market. The government sector is still the most dominant sector locally, as the largest naval base globally, Naval Station Norfolk is located here. Those jobs tend to be among the most resilient during economic downturns as most contractors are considered mission essential. In recent years the area has also experienced tremendous growth within the private sector. Leading the charge within that space has been Amazon. The Seattle-based e-commerce giant announced in March 2020 would be bringing two new state-of-the-art facilities to the area, with one in Chesapeake and the other in Suffolk. Those two facilities, which are only about six miles from one another and are slated to complete in the coming months, will collectively amount to nearly 4.5 million square feet and bring about 1,500 jobs to the metro.

INVESTMENT HIGHLIGHTS

- Single Tenant Investment Property with AAA Credit - U.S. Government, Department of Veteran Affairs - Veterans Administration Office
- 20-Year Lease with the Department of Veterans Affairs Signed in April, 2019; 10 Years Firm Term, with Additional Two 5-Year Soft Terms
- Located in the Heart of Chesapeake, Virginia
- Over \$600,000 of Construction Build-Out/Tenant Improvements (Completed in September, 2019)
- Scheduled Increases in Options Periods
- Operating Expenses are Primarily Subcontracted with Auto Payments - Hands Off Landlord Responsibilities
- Site is Large Enough to Support an Additional Building Up to 7,000 SF
- New HVAC Recently Installed
- Strong Demographics & Population Growth
- 30 Min Drive from Norfolk International Airport
- Norfolk is Home to 15 Military Installations, Including Naval Station Norfolk, The World's Largest Naval Base
- With more than 80,000 Active-Duty Military personnel, the Region has One of the Largest Concentrations of Armed Forces in the United States

THE OFFERING



U.S. Department of Veterans Affairs
3132 Lynnhurst Boulevard
Chesapeake, Virginia 23321



PROPERTY DETAILS

Lot Size	108,900 SF (2.50 Acres)
Rentable Square Feet	5,000 SF
Price/SF	\$19.86
Year Built	2004

FINANCIAL OVERVIEW

List Price	\$1,654,950
Down Payment	100% / \$1,654,950
Cap Rate	6.00%
Type of Ownership	Fee Simple

PROPERTY RENT DATA

RENT INCREASES	MONTHLY RENT	ANNUAL RENT
04/01/2019 - 03/31/2029 (Current)	\$12,708	\$152,500
04/01/2029 - 03/31/2034 (Option 1)	\$13,146	\$157,750
04/01/2034 - 03/31/2039 (Option 2)	\$13,650	\$163,800
Base Rent (\$30.50 / SF)		\$152,500
Reimbursements		\$6,952
Operating Expenses		\$60,154
Net Operating Income (\$19.86 / SF)		\$99,297
TOTAL ANNUAL RETURN	CAP 6.00%	\$99,297

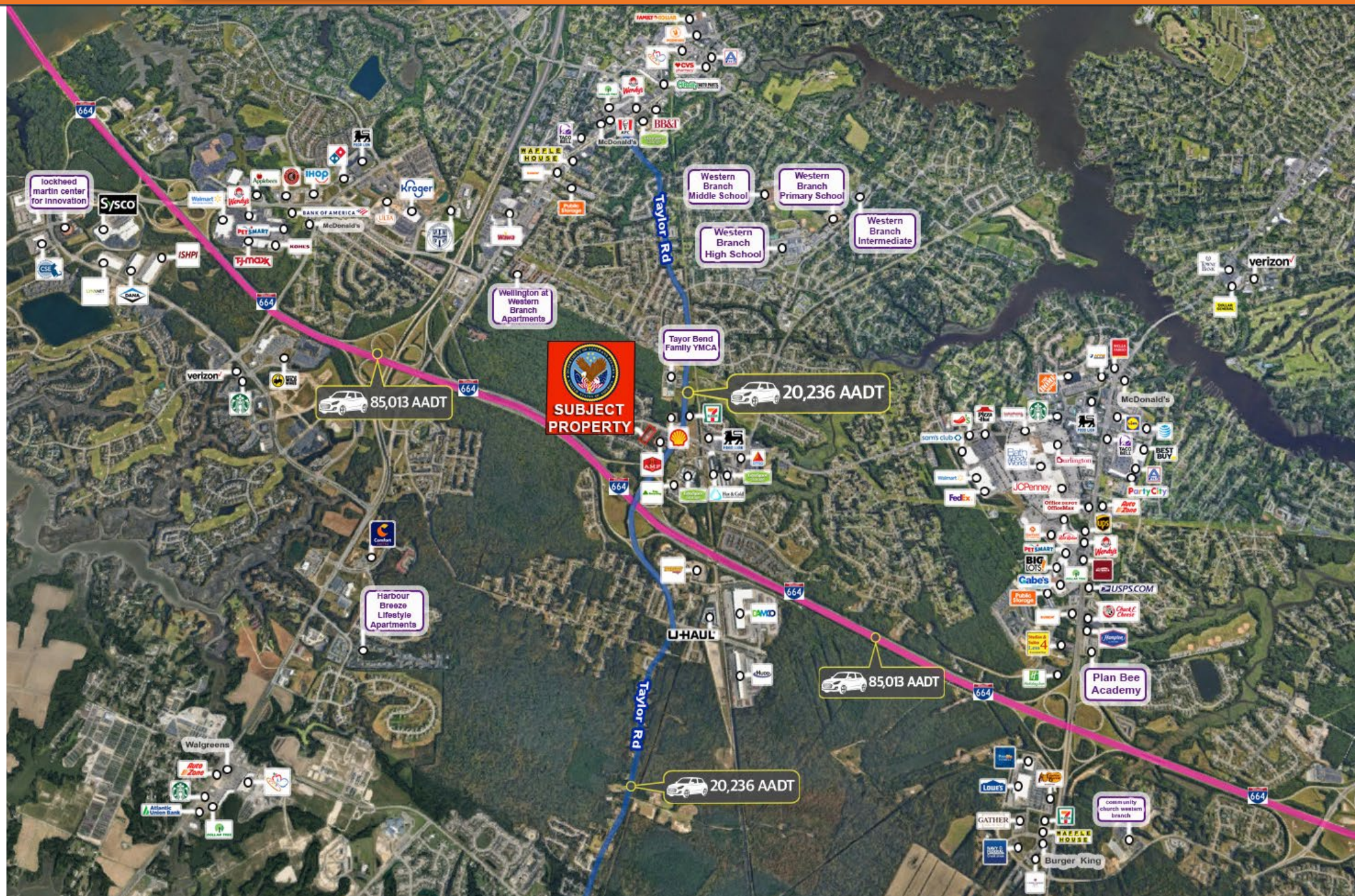
LEASE ABSTRACT

Tenant Trade Name	U.S. Department Of Veterans Affairs
Tenant	U.S. Department Of Veterans Affairs
Ownership	Public
Guarantor	United States Government
Lease Type	Modified Gross
Lease Term	10 Years
Lease Commencement Date	04/01/2019
Rent Commencement Date	04/01/2019
Expiration Date of Base Term	03/31/2029
Increases	Scheduled Increases in Option Periods
Options	Two 5-Year Options
Term Remaining on Lease	7 Years
Property Type	Net Leased Single Tenant Medical Office
Landlord Responsibility	All
Tenant Responsibility	Operating Cost Reimbursement
Right of First Refusal	No

PRICING AND FINANCIAL ANALYSIS

OPERATING STATEMENT TTM

OPERATING INCOME	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	FULL YEAR
Rental Income	12,708	12,708	12,708	12,708	12,708	12,708	12,708	12,708	12,708	12,708	12,708	12,708	152,500
Reimbursements												6,952	6,952
TOTAL OPERATING INCOME	12,708	12,708	12,708	12,708	12,708	12,708	12,708	12,708	12,708	12,708	12,708	19,660	159,451
OPERATING EXPENSES													
Security - Built-in Systems	300			300			300			300			1,199
Utilities - Dominion Energy (electric)	820	557	900	1,257	1,563	1,739	1,007	717	810	745	940	754	11,808
Property Taxes			4,556			4,445			4,039			4,039	17,080
Property Insurance		3,919											3,919
Utilities - HRUBS (water/sewer)	114			113		113		115		115		115	686
Repairs & Maintenance - Worley Grounds (landscape)	524	524	524	524	524	524	524	524	524	524	524	524	6,288
Repairs & Maintenance - Dodson (pest control)	65	65	65	65	65	65	65	65	65	65	65	65	780
Repairs & Maintenance - WBS (dumpster removal)	100	100	100	100	100	100	100	100	100	100	100	100	1,205
Repairs & Maintenance - Solitude Waste Mgmt. (lake fountain)	117											109	226
Repairs & Maintenance - FrestStart Cleaning (cleaning services)	975	975	975	975	975	975	975	975	975	975	975	975	11,700
Phone/Internet - Verizon	352	400	365	351	393	431	381	381	381	381	381	381	4,578
Repairs & Maintenance - Inside Air (HVAC)												360	360
Repairs & Maintenance - Mr. Sparkle (gutter cleaning)										325			325
Management Fee													
TOTAL OPERATING EXPENSES	3,367	6,541	7,485	3,685	3,620	8,392	3,352	2,878	6,895	3,530	2,985	7,423	60,154
Net Profit	9,341	6,167	5,223	9,023	9,088	4,316	9,356	9,831	5,814	9,178	9,723	12,237	99,297

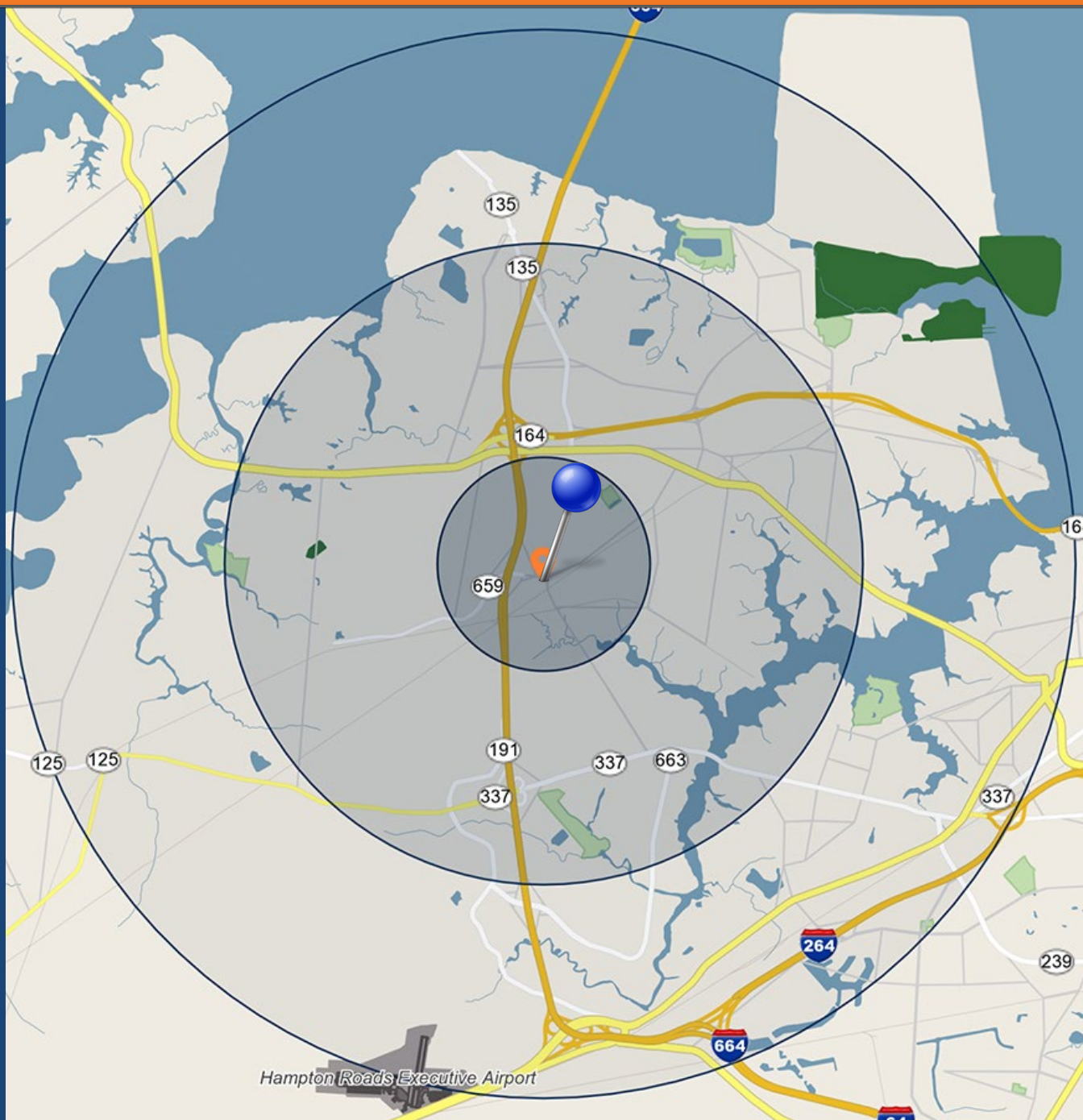












POPULATION	1 Mile	3 Miles	5 Miles
2026 Projection			
Total Population	11,916	72,306	127,976
2021 Estimate			
Total Population	11,166	67,018	121,774
2010 Census			
Total Population	9,986	58,366	112,076
2000 Census			
Total Population	8,777	47,523	98,984
Daytime Population			
2021 Estimate	6,503	55,259	105,485
HOUSEHOLDS	1 Mile	3 Miles	5 Miles
2026 Projection			
Total Households	4,234	26,958	47,701
2021 Estimate			
Total Households	3,952	24,894	45,247
Average (Mean) Household Size	2.8	2.7	2.6
2010 Census			
Total Households	3,510	21,774	41,768
2000 Census			
Total Households	3,047	17,517	36,044
HOUSING UNITS	1 Mile	3 Miles	5 Miles
Occupied Units			
2026 Projection	4,472	29,008	51,567
2021 Estimate	4,172	26,699	48,776

HOUSEHOLDS BY INCOME	1 Mile	3 Miles	5 Miles
2021 Estimate			
\$200,000 or More	6.7%	6.2%	5.6%
\$150,000-\$199,999	7.9%	8.2%	7.3%
\$100,000-\$149,999	21.1%	22.3%	20.0%
\$75,000-\$99,999	14.4%	16.6%	16.6%
\$50,000-\$74,999	17.4%	17.5%	18.4%
\$35,000-\$49,999	11.3%	10.8%	11.7%
\$25,000-\$34,999	8.8%	6.6%	6.8%
\$15,000-\$24,999	5.7%	6.5%	6.8%
Under \$15,000	6.7%	5.5%	6.8%
Average Household Income	\$100,594	\$98,847	\$93,521
Median Household Income	\$75,278	\$79,763	\$74,240
Per Capita Income	\$35,703	\$36,740	\$34,978

GEOGRAPHY: 5 MILE



POPULATION

In 2021, the population in your selected geography is 121,774. The population has changed by 23.0 percent since 2000. It is estimated that the population in your area will be 127,976 five years from now, which represents a change of 5.1 percent from the current year. The current population is 48.1 percent male and 51.9 percent female. The median age of the population in your area is 37.5, compared with the U.S. average, which is 38.4. The population density in your area is 1,549 people per square mile.



HOUSEHOLDS

There are currently 45,247 households in your selected geography. The number of households has changed by 25.5 percent since 2000. It is estimated that the number of households in your area will be 47,701 five years from now, which represents a change of 5.4 percent from the current year. The average household size in your area is 2.6 people.



INCOME

In 2021, the median household income for your selected geography is \$74,240, compared with the U.S. average, which is currently \$65,694. The median household income for your area has changed by 61.9 percent since 2000. It is estimated that the median household income in your area will be \$78,582 five years from now, which represents a change of 5.8 percent from the current year.

The current year per capita income in your area is \$34,978, compared with the U.S. average, which is \$36,445. The current year's average household income in your area is \$93,521, compared with the U.S. average, which is \$94,822.



EMPLOYMENT

In 2021, 61,747 people in your selected area were employed. The 2000 Census revealed that 65.5 percent of employees are in white-collar occupations in this geography, and 34.5 percent are in blue-collar occupations. In 2021, unemployment in this area was 4.0 percent. In 2000, the average time traveled to work was 22.8 minutes.



HOUSING

The median housing value in your area was \$269,327 in 2021, compared with the U.S. median of \$227,827. In 2000, there were 25,792 owner-occupied housing units and 10,251 renter-occupied housing units in your area. The median rent at the time was \$513.



EDUCATION

The selected area in 2021 had a higher level of educational attainment when compared with the U.S. averages. 12.2 percent of the selected area's residents had earned a graduate degree compared with the national average of only 12.0 percent, and 18.8 percent completed a bachelor's degree, compared with the national average of 19.5 percent.

The number of area residents with an associate degree was higher than the nation's at 9.9 percent vs. 8.3 percent, respectively.

The area had fewer high-school graduates, 25.6 percent vs. 27.2 percent for the nation, but the percentage of residents who completed some college is higher than the average for the nation, at 25.1 percent in the selected area compared with the 20.5 percent in the U.S.

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Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

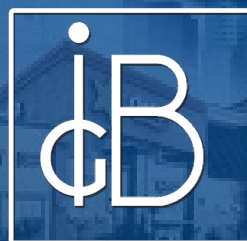
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Marcus & Millichap



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