

FOR SALE
SINGLE TENANT OFFICE BUILDING
100% LEASED

For more information
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101 N. WILMOT ROAD, TUCSON, ARIZONA

SALE PRICE:	\$ 20,750,000
CAP RATE:	6.77%
BUILDING SIZE:	± 98,276 SF
LAND SIZE:	± 189,486 SF
PARKING:	± 393 (184 spaces are covered)
ZONING:	C-3 (City of Tucson)
YEAR BUILT:	1980
PARCEL NUMBER:	127-09-011E

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PROPERTY OVERVIEW

The subject property is situated just north of Broadway Blvd and Wilmot Rd. It is a Class "A" six story, +- 98,276 square foot office building positioned in Tucson's dynamic East Central Office Sub-market. This sub-market area contains approximately 45% of all of the available office space in Tucson. The property is surrounded by other mid-rise office buildings which all have occupancy rates in the mid to upper 90% range,

101 N. Wilmot is across the street from St Joseph Hospital Complex. Tucson Medical Center is approximately 3 1/2 miles to the north and Davis Monthan Air Force Base 3 1/2 miles to the south. 101 N. Wilmot is three blocks from Park Place Mall, one of Tucson's largest shopping malls. The University of Arizona is less than 7 miles to the west. Restaurant, shopping, entertainment, lodging and hotel options all surround the property. Two Sun Tran Bus stops, one on Wilmot and the other on Broadway, are located less than one block from the property.

The property is leased to **Rincon Research Corporation**, a defense and intelligence contractor for the US Government. They have occupied the building for over 10 years and have been in business for over 30 years. They have approximately 7 years left on the primary lease term and also have two 5-year renewal options.

Rincon has made significant leasehold improvements to the property to suit its specialized needs, including creating Sensitive Compartmented Information Facility (SCIF) areas and expending in excess of \$1,000,000 just to address it's security needs alone. The property is exceptionally well maintained and professionally managed.

The landlord has also made significant capital improvements, of just over than \$900,000, to the building as well. Those including the following improvements which have been done in the last 4 years:

- Elevator Modifications: \$404,914 (2014)
- All common area hallway carpet replaced: \$25,000 (2014-2016)
- All common area restrooms remodeled: \$281,000 (2015-2016)
- HVAC Pneumatic Valve and Motor Replacement: \$50,000 (2016)
- VAV Boxes replaced on 1st through 4th Floors: \$55,000 (2015-2016)
- Electrical Upgrades: \$50,000 (2016)
- Parking Lot sealing and striping: \$20,000 (2017)

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PROPERTY OVERVIEW, CONTINUED

Recent analysis by both architects and numerous general contractors estimated the total project costs to reconstruct the development at approximately \$285 per square foot and the land component at \$15 per square foot. This brings the total project cost to \$30,851,000 or roughly \$314 per square foot. This is \$10,000,000 less than the listing price.

For a 360 degree view of the property and the neighborhood, please visit the following link:

<https://viewer.hangar.com/360?assetId=vjxbLBd0>

MARKET OVERVIEW

The most recent CoStar office market data report reflects that the office market contains approximately 26,000,000 square feet. Currently, it is 14% is vacant and 196,000 square feet has been absorbed so far this year - through the 3rd quarter of 2017. The vacancy rate in the East Central Submarket area is 13% and absorption has been 90,000 square feet, or about one-half the market total. New construction is virtually non-existent.

The current rents on the property are slightly below market. CoStar reflects that the average gross lease rate is \$21.50 overall throughout Tucson but those in the East Central for similar product types are in the \$24 to \$27 range.. Recent moves to the East Central office submarket area include **Raytheon Missile Systems** leasing the entire 120,000 square foot at Williams Centre, **Bayview Loan Servicing** leasing 40,000 square feet at 5151 E. Broadway and **Truly Nolan** completing its expansion and renovation of its new 60,000 square foot corporate headquarters and training center oin the Williams Centre, **ADP** leasing 50,000 in the Williams Centre for its corporate office and **Banner Health Systems** leasing the 40,000 square foot building just down the street at 535 N. Wilmot.

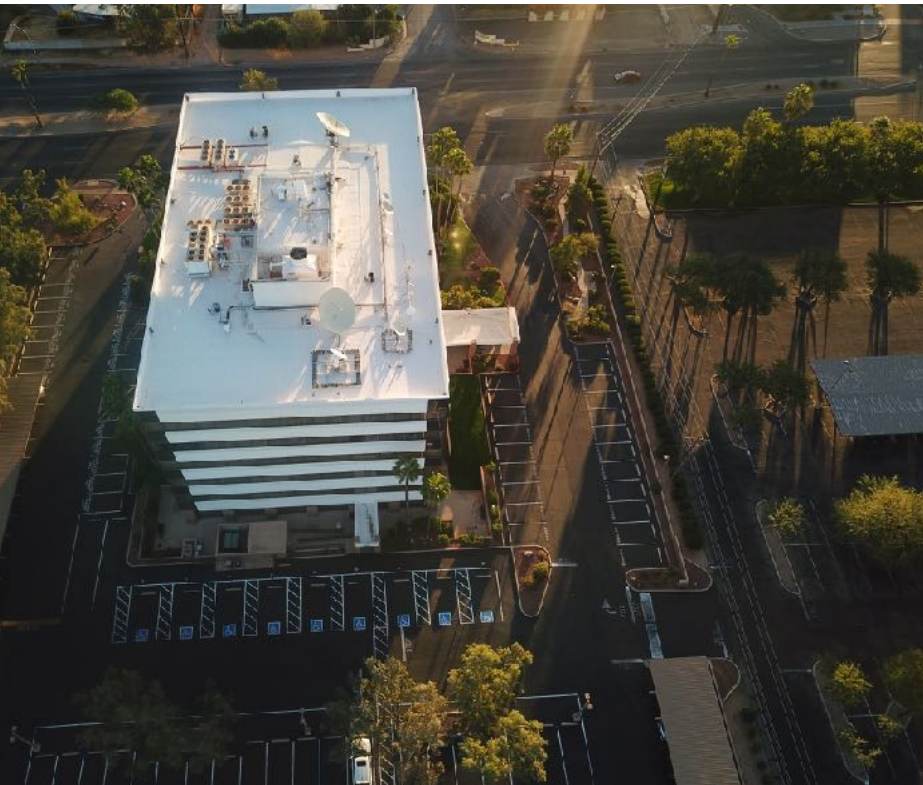
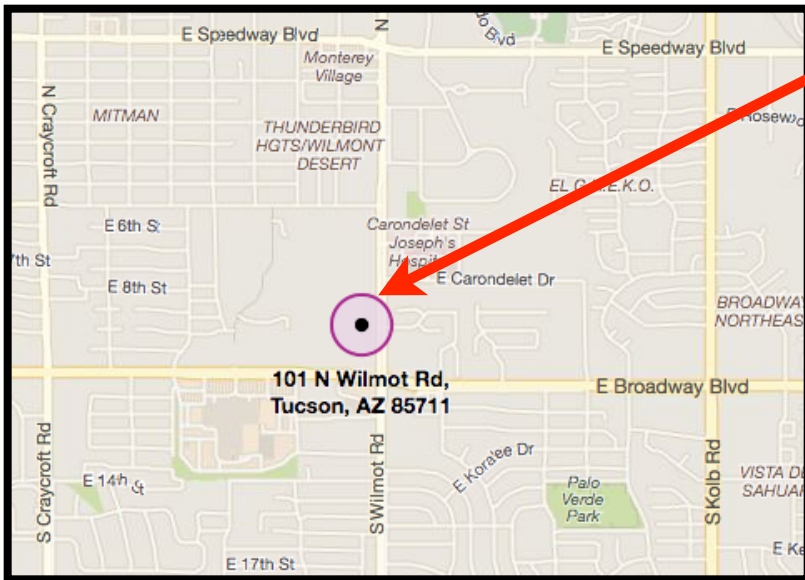
Recent moves to Tucson by **Caterpillar Surface Mining Division** (150,000 square foot build-to-suit) and **Hexagon Mining** (26,000 square foot build-to-suit) coupled with **Sunquest** moving its corporate office to the Foothills submarket leasing in excess of 80,000 square feet for its new office and **Comcast** leasing over 160,000 square feet for its Arizona operations . Due to the lack of supply, the demand for new tenants is being met in new

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SUBJECT



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LEASE HIGHLIGHTS

OCCUPANCY: 100%

TENANT: Rincon Research Corporation

BUILDING SQ FT: 98,276

PRIMARY LEASE TERM: 5/1/12 - 12/31/24

ANNUAL RENTAL INCREASES: 3%

OPTION TO EXTEND - Tenant has two 5-year renewals options each at 3% annual rental increases.

OPERATING EXPENSE STOP: The Lease is subject to a Base Year Operating Expense Stop Provision of \$878,587 (+-\$8.94 SQ FT).

TENANT IMPROVEMENTS: The Lease provides for a reduction of +-\$96,493 annually (+-\$0.98 Sq Ft) to reimburse tenant for previous improvements completed to the property.

JANITORIAL: Tenant rent is reduced \$61,234 annually (for the cost of provided janitorial services to its offices)

INCOME AND EXPENSE INFORMATION

LEASE DATES	LEASE RATE	(LESS OPERATING EXPENSES)	(LESS T.I. COSTS)	LESS JANITORIAL	NET ANNUAL RENT
5/1/17 - 4/30/18	\$24.34	(\$8.94)	(\$0.98)	(\$0.62)	\$13.80
5/1/18 - 4/30/19	\$25.08	(\$8.94)	(\$0.98)	(\$0.62)	\$14.54
5/1/19 - 4/30/20	\$25.83	(\$8.94)	(\$0.98)	(\$0.62)	\$15.29
5/1/20 - 4/30/21	\$26.60	(\$8.94)	(\$0.98)	(\$0.62)	\$16.06
5/1/21 - 4/30/22	\$27.40	(\$8.94)	(\$0.98)	(\$0.62)	\$16.86
5/1/22 - 4/30/23	\$28.22	(\$8.94)	\$0.00	(\$0.62)	\$18.67
5/1/23 - 4/30/24	\$29.07	(\$8.94)	\$0.00	(\$0.62)	\$19.52
5/1/24 - 12/31/24	\$29.94	(\$8.94)	\$0.00	(\$0.62)	\$20.38

NOTE: All Lease Highlights along with the Income and Expense Information reflected herein are provided as an overview and are approximate figures. A due diligence package, which includes the full and complete copy of the Lease, will be provided to qualified potential buyers for review.

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RINCON RESEARCH

AN EMPLOYEE-OWNED COMPANY

Rincon Research is an incredibly vibrant organization that conceives, analyzes, designs, implements, and tests software solutions for some of the most intriguing Government projects. As a small business headquartered in Tucson, Arizona, we have a 30+ year history marked by steady growth in both revenue and customers.

Rincon Research's support of NASA's Space Network Ground Segment Sustainment (SGSS) program earned us the 2013 Small Business Subcontractor of the year award from the Goddard Space Flight Center. Our development of Main Mission Frontends will move NASA into the next generation of ground system solutions.

Founded in 1983, Rincon Research began as a small research company. Today our business serves a variety of Government agencies. We have diversified through the expertise of our talented teams of scientists, engineers,



WWW.RINCON.COM

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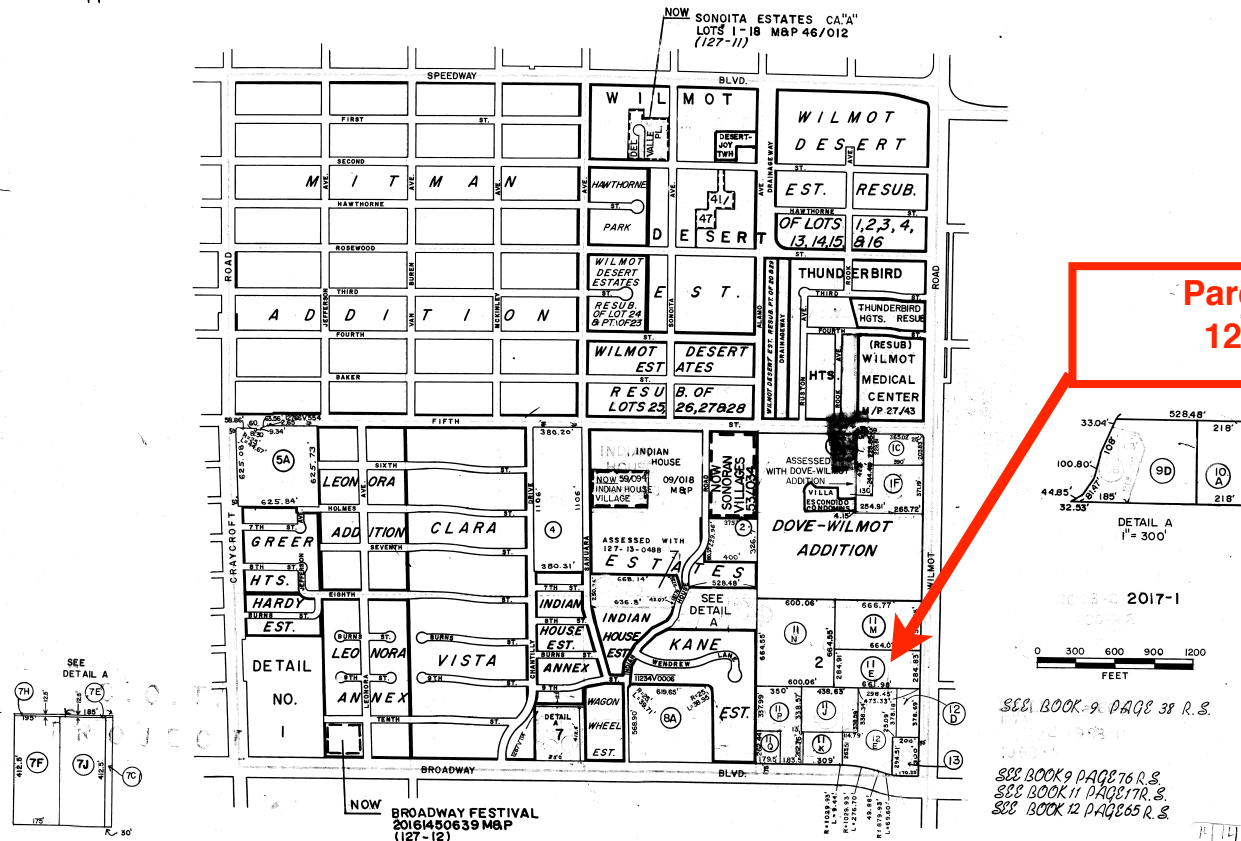
ASSESSOR'S MAP

ASSESSOR'S RECORD MAP

127-09
-10
-11
-12
-13
-14

SECTION 12, TOWNSHIP 14 SOUTH, RANGE 14 EAST

41 41

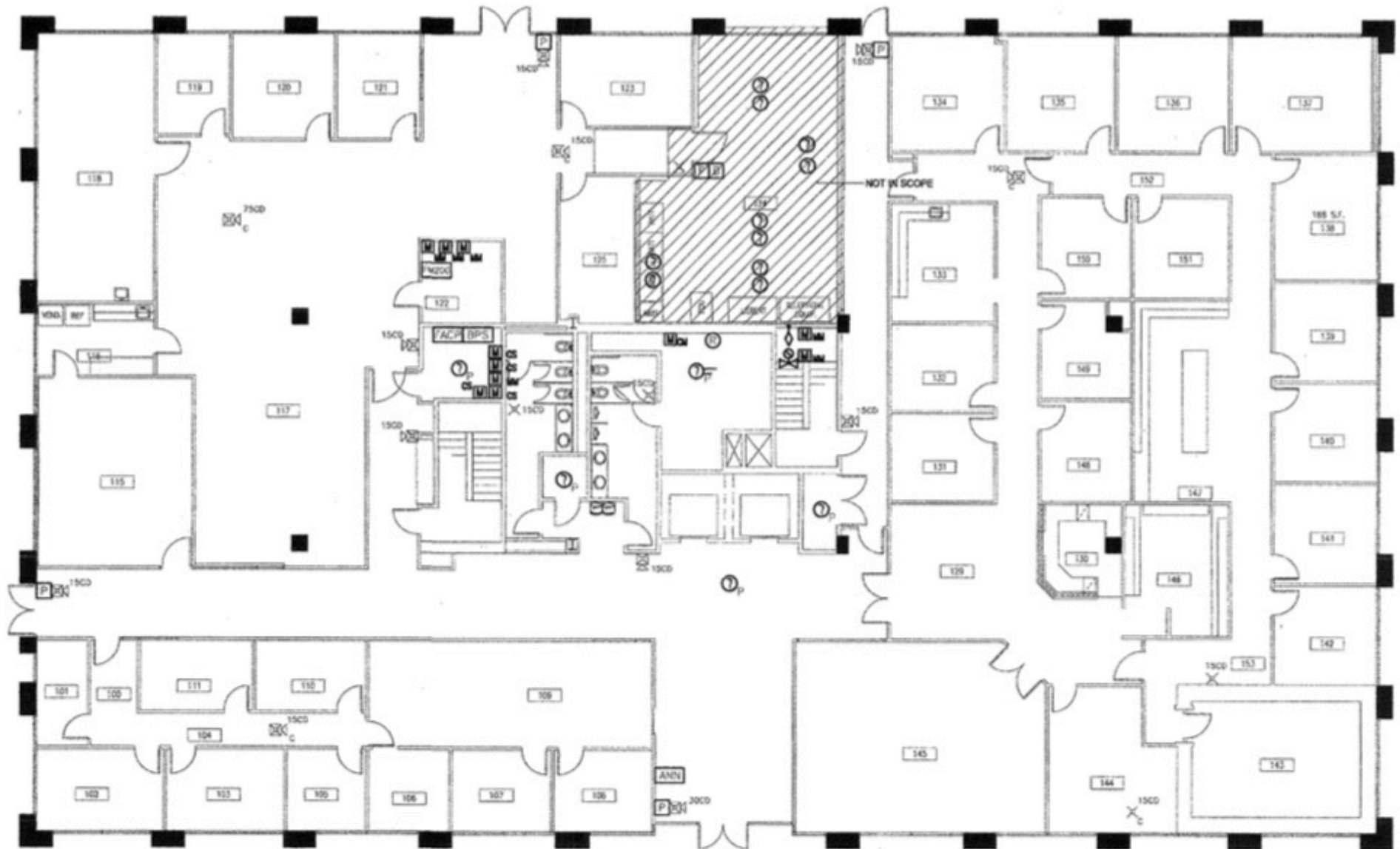


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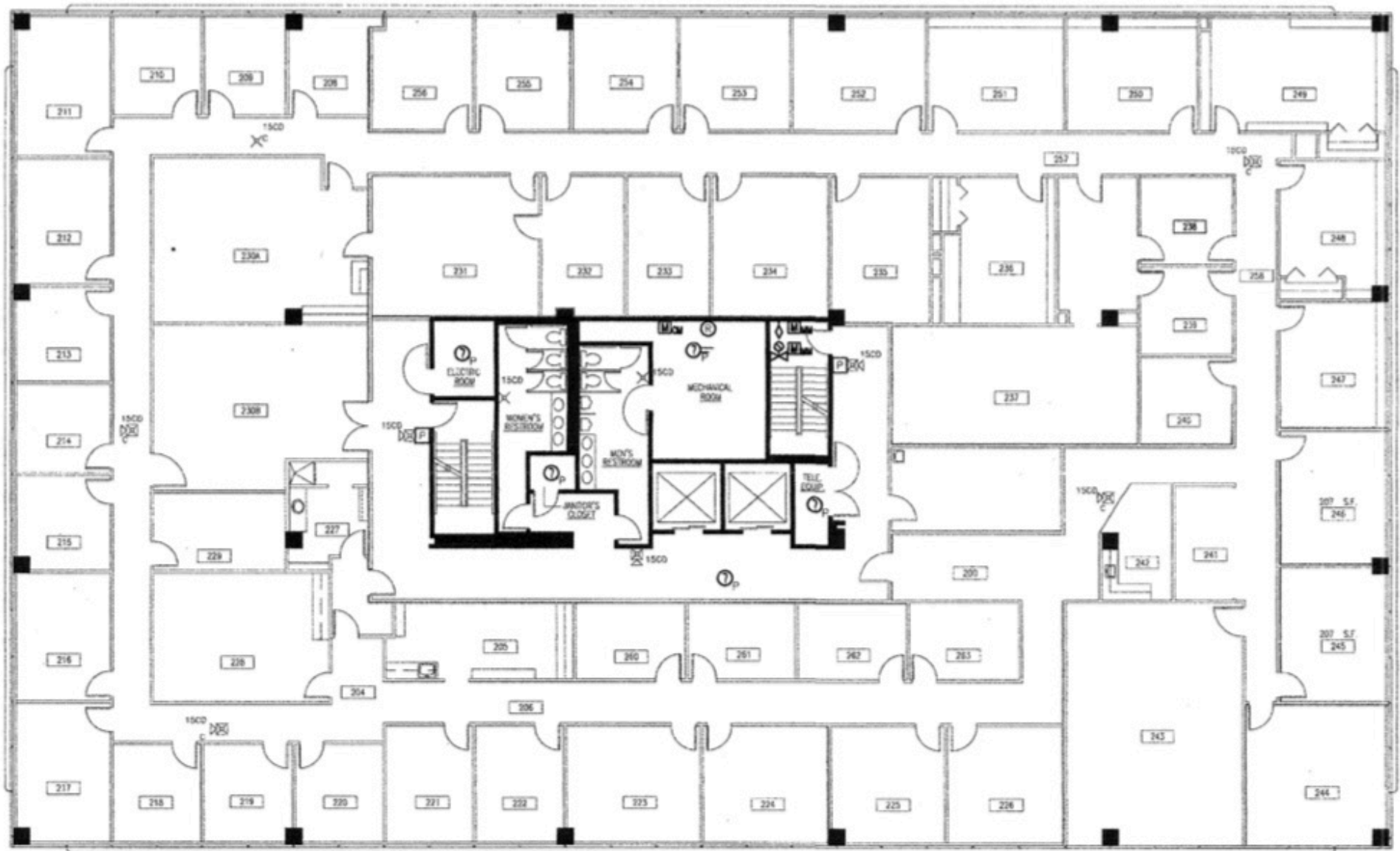
1ST FLOOR PLAN



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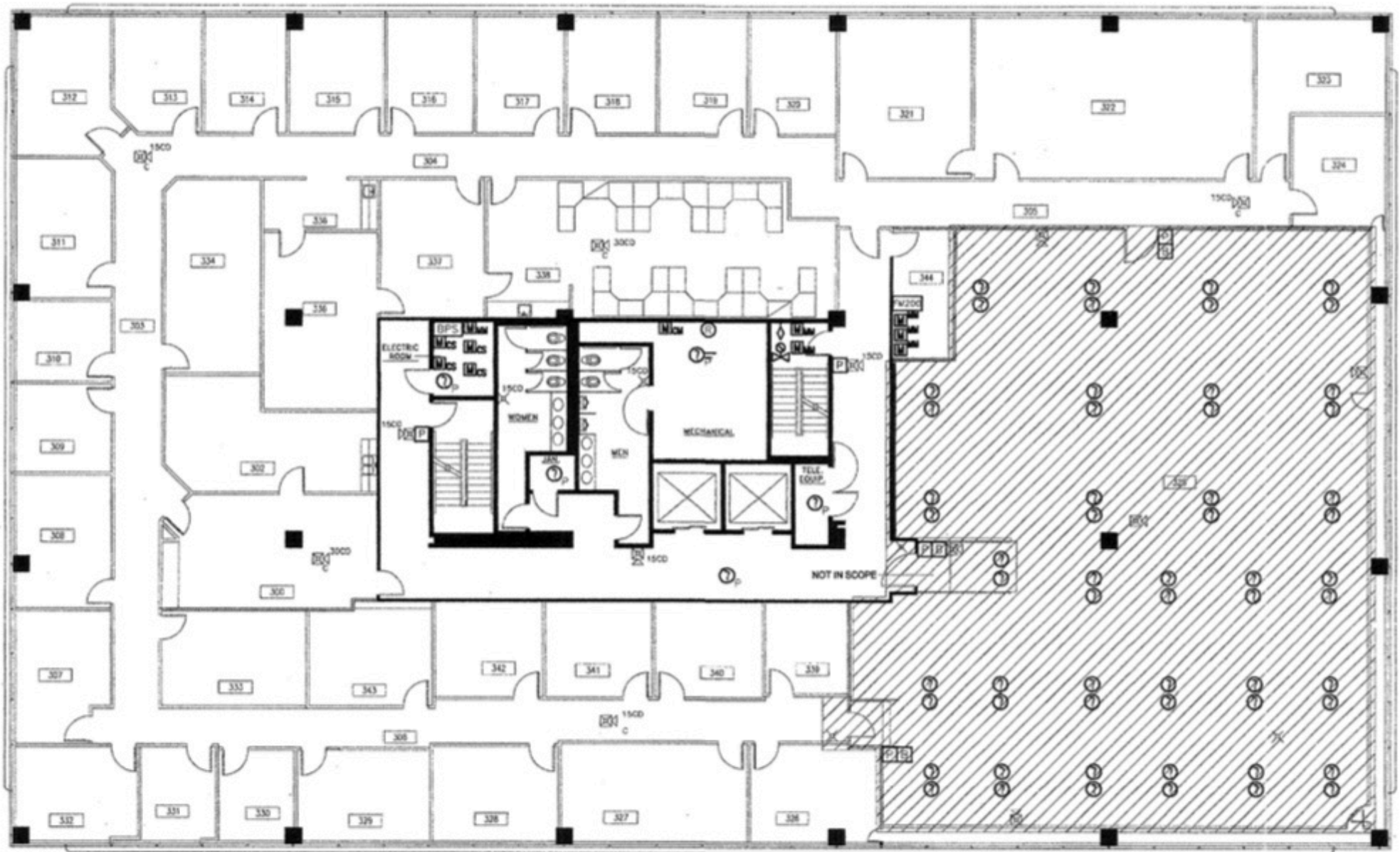
2ND FLOOR PLAN



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3RD FLOOR PLAN

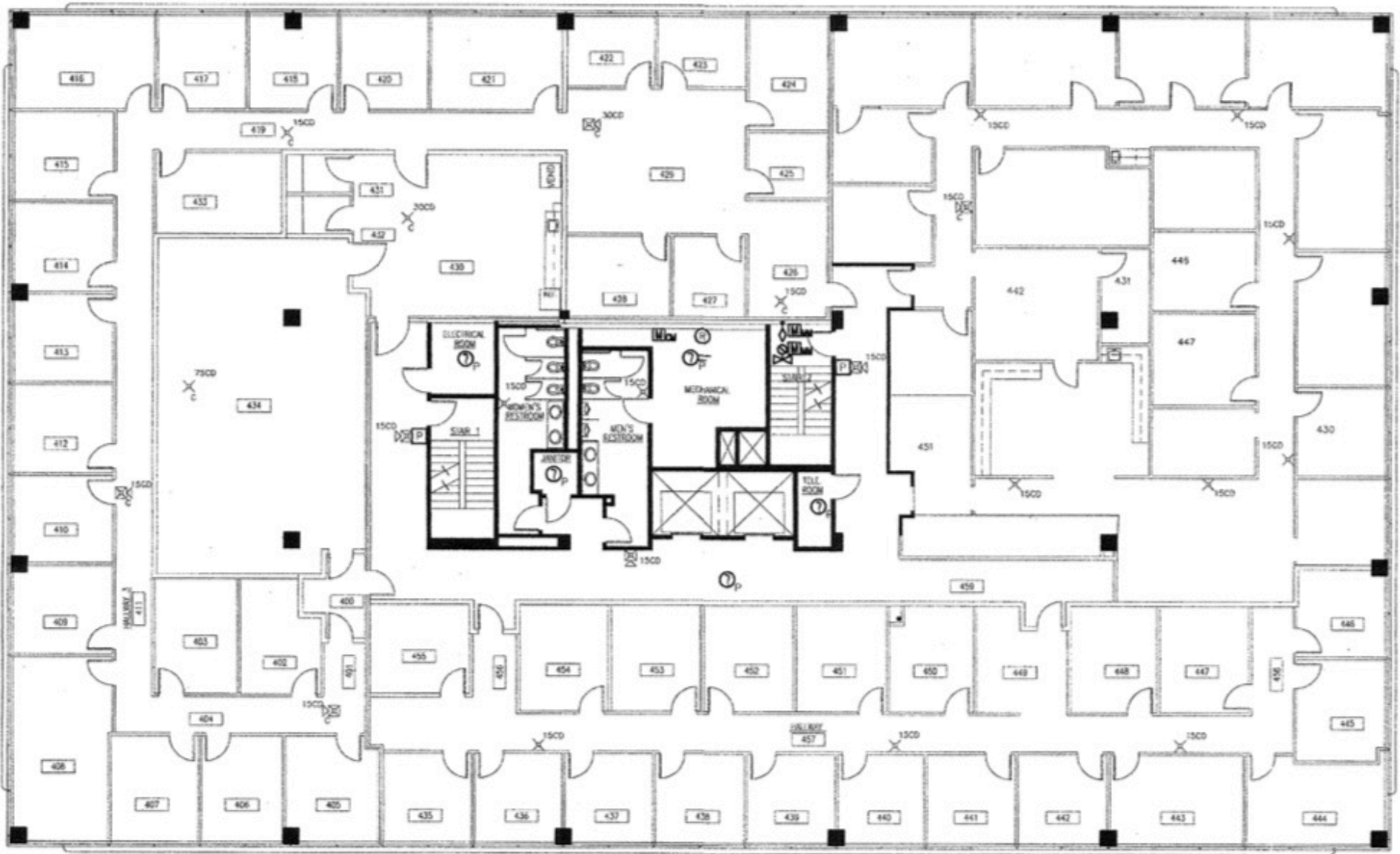


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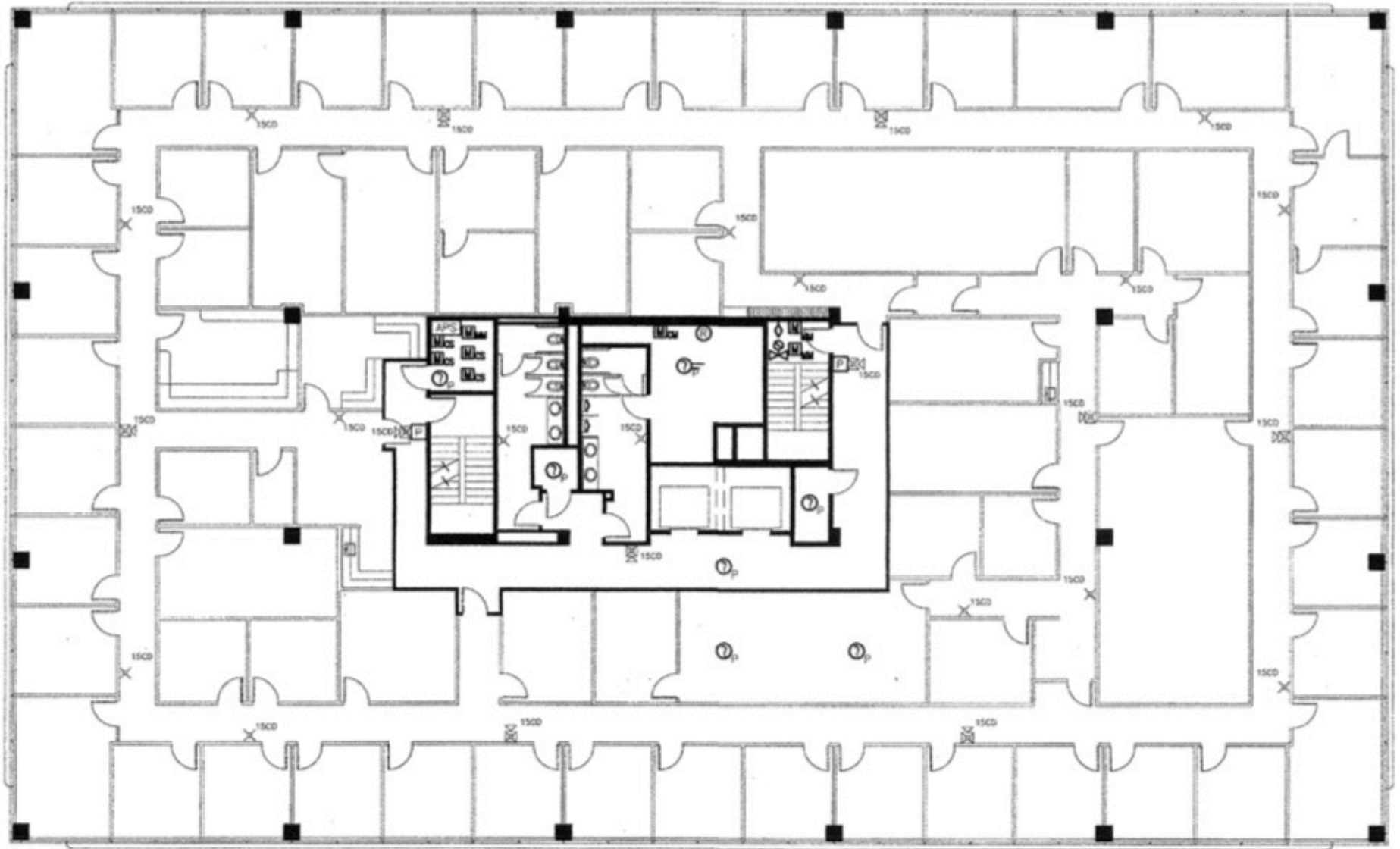
4TH FLOOR PLAN



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