Social Security Administration (SSA) Office of Hearings Operations (OHO) - Field Office

309 Monroe Ave. | Memphis, TN 38103

Offering Memorandum

Colliers

Disclaimer

Colliers International Brokerage Company ("Broker") has been retained as the exclusive advisor and broker for this offering.

This Offering Memorandum has been prepared by Broker for use by a limited number of parties and does not purport to provide a necessarily accurate summary of the Property or any of the documents related thereto, nor does it purport to be all-inclusive or to contain all of the information which prospective Buyers may need or desire. All projections have been developed by Broker and designated sources and are based upon assumptions relating to the general economy, competition, and other factors beyond the control of the Seller and therefore are subject to variation. No representation is made by Broker or the Seller as to the accuracy or completeness of the information contained herein, and nothing contained herein shall be relied on as a promise or representation as to the future performance of the Property. Although the information contained herein is believed to be correct, the Seller and its employees disclaim any responsibility for inaccuracies and expect prospective purchasers to exercise independent due diligence in verifying all such information. Further, Broker, the Seller and its employees disclaim any and all liability for representations and warranties, expressed and implied, contained in or omitted from the Offering Memorandum or any other written or oral communication transmitted or made available to the Buyer. The Offering Memorandum does not constitute a representation that there has been no change in the business or affairs of the Property or the Owner since the date of preparation of the Offering Memorandum. Analysis and verification of the information contained in the Offering Memorandum are solely the responsibility of the prospective Buyer. Additional information and an opportunity to inspect the Property will be made available upon written request to interested and qualified prospective Buyers.

By accepting the Offering Memorandum, you agree to indemnify, defend, protect and hold Seller and Broker and any affiliate of Seller or Broker harmless from and against any and all claims, damages, demands, liabilities, losses, costs or expenses (including reasonable attorney's fees, collectively "Claims") arising, directly or indirectly from any actions or omissions of Buyer, its employees, officers, directors or agents.

Buyer shall indemnify and hold Seller and Broker harmless from and against any claims, causes of action or liabilities, including, without limitation, reasonable attorney's fees and court costs which may be incurred with respect to any claims for other real estate commissions, broker's fees or finder's fees in relation to or in connection with the Property to the extent claimed, through or under Seller.

The Seller and Broker each expressly reserve the right, at their sole discretion, to reject any or all expressions of interest or offers regarding the Property and/or to terminate discussions with any entity at any time with or without notice. The Seller shall have no legal commitment or obligations to any entity reviewing the Offering Memorandum or making an offer to purchase the Property unless a written agreement for the purchase of the Property has been fully executed, delivered, and approved by the Seller and its legal counsel, and any conditions to the Seller's obligation thereunder have been satisfied or waived.

The Offering Memorandum and the contents, except such information which is a matter of public record or is provided in sources available to the public, are of a confidential nature. By accepting the Offering Memorandum, you agree that you will hold and treat it in the strictest confidence, that you will not photocopy or duplicate it, that you will not disclose the Offering Memorandum or any of the contents to any other entity (except to outside advisors retained by you, if necessary, for your determination of whether or not to make an offer and from whom you have obtained an agreement of confidentiality) without prior written authorization of the Seller or Broker, and that you will not use the Offering Memorandum or any of the contents in any fashion or manner detrimental to the interest of the Seller or Broker.

No employee of seller or at the Subject Property is to be contacted without the written approval of the listing agents and doing so would be a violation of this confidentiality agreement.

Broker has created cash flow projections for the Property using Argus Financial Software. Neither Broker nor the Seller make any representation, warranty or guaranty of the economic value of the Property through the cash flow projections contained in this Offering or the associated Argus computer files.

Broker and their prospective buyers agree not to contact the tenants, their employees or customers of any business on the Property without prior permission from the Landlord.

Social Security Administration (SSA)
Office of Hearings Operations (OHO) - Field Office

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Investment **Overview**

The Ficke Team of Colliers has been selected to exclusively market for sale the Social Security Administration (SSA) Office of Hearings Operations (OHO) Field Office in downtown Memphis, Tennessee. This unique judicial court and specialized office building was built to meet the extensive design specifications of the General Services Administration (GSA). GSA recently extended a 10-year succeeding lease extension with the first 5-years firm and non-cancellable. The lease is backed by the full faith of the U.S. federal government, which maintains a Aaa credit rating through Moody's.

Memphis is a city in the U.S. state of Tennessee. It is the seat of Shelby County, in the southwestern most part of the state, and is situated along the Mississippi River. With a population of 633,104 at the 2020 U.S. census, Memphis is the second-most populous city in Tennessee after Nashville. Memphis is the fifth-most populous city in the Southeast, the nation's 28th-most populous overall, as well as the largest city bordering the Mississippi River and third largest metropolitan statistical area behind Greater St. Louis and the Twin Cities on the Mississippi River.

The city is home to a major professional sports team, the Grizzlies of the NBA and the Memphis Showboats of the USFL. Other attractions include Graceland, the Memphis Pyramid, Sun Studio, the Blues Hall of Fame and Stax Museum of American Soul Music. Memphis-style barbecue has achieved international prominence, and the city hosts the annual World Championship Barbecue Cooking Contest, which attracts more than 100,000 visitors each year. Higher-level educational institutions include the University of Memphis, Christian Brothers University and Rhodes College.

Investment **Highlights**

- New Succeeding 10-Year Lease (5-Firm / Non-Cancellable)
- Level II Security Facility Constructed to Meet GSA's Rigorous Design Specifications
- Uniquely Positioned in Downtown Memphis Surrounding a Significant Development Boom
- 2008 Renovate-to-Suit, Taken to the Studs with a Complete Retrofit
- Per 2020 Census, the Memphis MSA Population Boasts over 633,000 Residents
- Moody's Aaa Rated Credit Tenant

Tenant **Overview**

309 Monroe Ave. | Memphis, TN 38103

The United States 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 survivor benefits. To qualify for most of these benefits, most workers pay Social Security taxes on their earnings; the claimant's benefits are based on the wage earner's contributions. Otherwise benefits such as Supplemental Security Income (SSI) are given based on need. SSA offers its services to the public through 1,200 field offices, a website, and a national toll-free number. Field offices, which served 43 million individuals in 2019, were reopened on April 7, 2022 after being closed for two years due to the COVID-19 pandemic.

SSA is headquartered in Woodlawn, Maryland, just to the west of Baltimore, at what is known as Central Office. In addition to its 1,200 field offices, the agency includes 10 regional offices, 8 processing centers, and 37 Teleservice Centers. As of 2018, about 60,000 people were employed by SSA. SSA operates the largest government program in the United States. In fiscal year (FY) 2022, the agency expects to pay out $1.2 trillion in Social Security benefits to 66 million individuals. In addition, SSA expects to pay $61 billion in SSI benefits to 7.5 million low-income individuals in FY 2022.

The Social Security Administration's (SSA) administrative appeals operation is one of the largest administrative judicial systems in the world. SSA issues more than half a million hearing and appeal dispositions each year. Under the Office of Hearings Operations (OHO), administrative law judges (ALJ) conduct hearings and issue decisions. Within the Office of Analytics, Review, and Oversight (OARO), the Appeals Council considers appeals from hearing decisions and acts as the final level of administrative review for the agency.

Service Areas & **Benefits**

- Retirement
- Disability (SSDI)
- Supplemental Security Income (SSI)
- Medicare
- Spouses, Children & Survivor Benefits
- Medicaid

Property **Photography**

309 Monroe Ave. | Memphis, TN 38103

Property **Overview**

309 Monroe Ave. | Memphis, TN 38103

Property Summary	
Property Address	309 Monroe Avenue Memphis, TN 38103
Lot Size (Acres)	1.56
Rentable Square Feet	22,677
ANSI/BOMA Occupant Area (ABOA) Square Feet	19,367
Year Built/Renovated	1940/2008
Ownership Type	Fee Simple

Lease Summary	
Lease Type	Modified Gross
Rentable Square Feet	22,677
ANSI/BOMA Occupant Area (ABOA) Square Feet	19,367
% Share of SF	100%
Lease Commencement	6/1/2023
Lease Expiration (Firm)	5/31/2028
Lease Expiration (Total)	5/31/2033

Financials **Rent Schedule & Rent Roll**

309 Monroe Ave. | Memphis, TN 38103

Rentable Square Feet	22,677
Real Estate Tax Base	TBD
Real Estate Tax Percentage	100%

6/01/2023 - 5/31/2028 (Firm Term)	**$/SF**	**Annual**	**Monthly**
Shell Rent	$21.00	$476,328.89	$39,694.07
OpEx Rent	$6.57	$148,876.00	$12,406.33
Total	**$27.57**	**$625,204.89**	**$52,100.41**

6/01/2028 - 5/31/2033 (Soft Term)	**$/SF**	**Annual**	**Monthly**
Shell Rent	$21.00	$476,328.89	$39,694.07
OpEx Rent	$6.57	$148,876.00	$12,406
Total	**$27.57**	**$625,204.89**	**$52,100.41**

Notes to Rent Schedule

- SSA & OHO RE Tax Base Has not yet been set - Analysis estimates the RE Tax Base will be $63,593.76 (2024 Projected)

Tenant	Square Feet	Building Share %	Lease Commencement	Lease Expiration (Firm)	Lease Term Remaining (Firm)	Lease Expiration (Total)	Lease Term Remaining (Total)	Annual Rent PSF	Total Rent Per Month	Total Rent Per Year	Lease Type
SSA & OHO	19,367	100%	6/1/2023	5/31/2028	4.39	5/31/2033	9.39	$32.28	$52,100.41	$625,204.89	Modified Gross
Total	**19,367**	**100%**		**WALT**	**4.39**	**WALT**	**9.39**	**$32.28**	**$52,100.41**	**$625,204.89**	

Financials **Pro Forma Cash Flow**

309 Monroe Ave. | Memphis, TN 38103

For the Years Ending			Year 1 Dec-2024	Year 2 Dec-2025	Year 3 Dec-2026	Year 4 Dec-2027	Year 5 Dec-2028	Year 6 Dec-2029	Year 7 Dec-2030	Year 8 Dec-2031	Year 9 Dec-2032	Year 10 Dec-2033	Year 11 Dec-2034	Total
Rental Revenue		*$/SF*												
SSA & OHO - Shell Rent	[1]	*$21.00*	476,329	476,329	476,329	476,329	476,329	476,329	476,329	476,329	476,329	517,856	526,162	5,330,978
Total Rental Revenue		***$21.00***	**476,329**	**476,329**	**476,329**	**476,329**	**476,329**	**476,329**	**476,329**	**476,329**	**476,329**	**517,856**	**526,162**	**5,330,978**
Other Tenant Revenue														
SSA & OHO - OpEx Rent	[2]	*$6.76*	153,218	158,581	164,131	169,876	175,821	181,975	188,344	194,936	201,759	208,821	216,129	2,013,591
SSA & OHO - RE Tax Reimbursement	[3]	*$0.00*	0	1,908	3,873	5,897	7,982	10,129	12,341	14,619	16,965	19,382	21,871	114,965
Total Other Tenant Revenue		***$6.76***	**153,218**	**160,489**	**168,004**	**175,773**	**183,803**	**192,104**	**200,685**	**209,555**	**218,724**	**228,203**	**238,000**	**2,128,556**
Effective Gross Revenue		***$27.76***	**629,547**	**636,818**	**644,333**	**652,102**	**660,131**	**668,433**	**677,013**	**685,883**	**695,053**	**746,059**	**764,162**	**7,459,534**
Operating Expenses	[4]													
Administrative		*$0.05*	1,157	1,192	1,227	1,264	1,302	1,341	1,382	1,423	1,466	1,510	1,555	14,819
Management Fees		*$0.36*	8,100	8,343	8,593	8,851	9,117	9,390	9,672	9,962	10,261	10,569	10,886	103,743
Insurance		*$0.57*	12,867	13,253	13,651	14,060	14,482	14,916	15,364	15,825	16,300	16,789	17,292	164,798
Cleaning		*$1.52*	34,490	35,525	36,590	37,688	38,819	39,983	41,183	42,418	43,691	45,001	46,351	441,739
HVAC Contract		*$0.33*	7,502	7,727	7,959	8,198	8,444	8,697	8,958	9,227	9,503	9,788	10,082	96,084
Extermination		*$0.03*	597	615	633	652	672	692	713	734	756	779	802	7,646
Fire-Life Safety		*$0.14*	3,181	3,276	3,375	3,476	3,580	3,688	3,798	3,912	4,030	4,150	4,275	40,742
Landscaping		*$0.22*	4,884	5,031	5,181	5,337	5,497	5,662	5,832	6,007	6,187	6,373	6,564	62,553
Trash Removal		*$0.08*	1,757	1,810	1,864	1,920	1,978	2,037	2,098	2,161	2,226	2,292	2,361	22,503
Parking Lot Cleaning		*$0.27*	6,112	6,295	6,484	6,679	6,879	7,085	7,298	7,517	7,742	7,975	8,214	78,281
Repairs and Maintenance	[5]	*$0.25*	5,669	5,839	6,015	6,195	6,381	6,572	6,769	6,972	7,182	7,397	7,619	72,611
Electricity		*$1.41*	31,954	32,912	33,900	34,917	35,964	37,043	38,154	39,299	40,478	41,692	42,943	409,255
Water and Sewer		*$0.09*	2,069	2,132	2,196	2,261	2,329	2,399	2,471	2,545	2,622	2,700	2,781	26,505
Natural Gas		*$0.18*	4,194	4,320	4,449	4,583	4,720	4,862	5,007	5,158	5,312	5,472	5,636	53,712
Property Taxes		*$2.80*	63,594	65,502	67,467	69,491	71,575	73,723	75,934	78,212	80,559	82,975	85,465	814,496
Total Operating Expenses		***$8.30***	**188,127**	**193,770**	**199,584**	**205,571**	**211,738**	**218,090**	**224,633**	**231,372**	**238,313**	**245,463**	**252,826**	**2,409,487**
Net Operating Income		***$19.47***	**441,420**	**443,047**	**444,749**	**446,531**	**448,393**	**450,342**	**452,380**	**454,511**	**456,740**	**500,596**	**511,335**	**5,050,046**

Notes to Cash Flow

1. SSA Base Rental Rate assumed 110% shell rent increase upon lease expiry
2. SSA & OHO OpEx Base is $148,876/annum - Subject to CPI Increases, figure illustrated above includes any year previous increases. Future CPI growth schedule is assumed: 3.5% Y-o-Y
3. SSA & OHO RE Tax Base Has not yet been set - Analysis estimates the RE Tax Base will be $63,593.76 (2024 Projected)
4. Operating expense source: Property 2024 Budgeted Income Statements - Analysis assumed 3.0% YoY Growth
5. Repairs & Maintenance is assumed to be $0.25*Building RSF
6. HVAC Units were recently replaced. The new units are trending Electricity and Power usage approximately 10% lower than prior years costs.

Memphis, TN **Demographics**

County Population

930,585+

Memphis Overview | 5 Mile Radius

Population

In the identified area, the current year population is 136,687. The 2010 Census population count in the area was 146,751, and 134,260 in 2020, a -0.9% annual growth rate. The rate of growth since 2020 was 0.6% annually. The five-year projection for the population in the area is 138,246 representing a change of 0.2% annually. Currently, the population is 48.9% male and 51.1% female. and 51.0% female.

Households

The household count in this area has changed from 61,665 in 2020 to 62,993 in the current year, a change of 0.70% annually. The five-year projection of households is 64,681, a change of 0.53% annually from the current year total. Average household size is currently 2.09, compared to in the year 2020. The number of families in the current year is 28,728 in the specified area.

Households by income (Average)

Current average household income is $71,376 in this area, compared to $107,008 for all U.S. households. Average household income is projected to be $84,824 in five years, compared to $122,048 for all U.S. households.

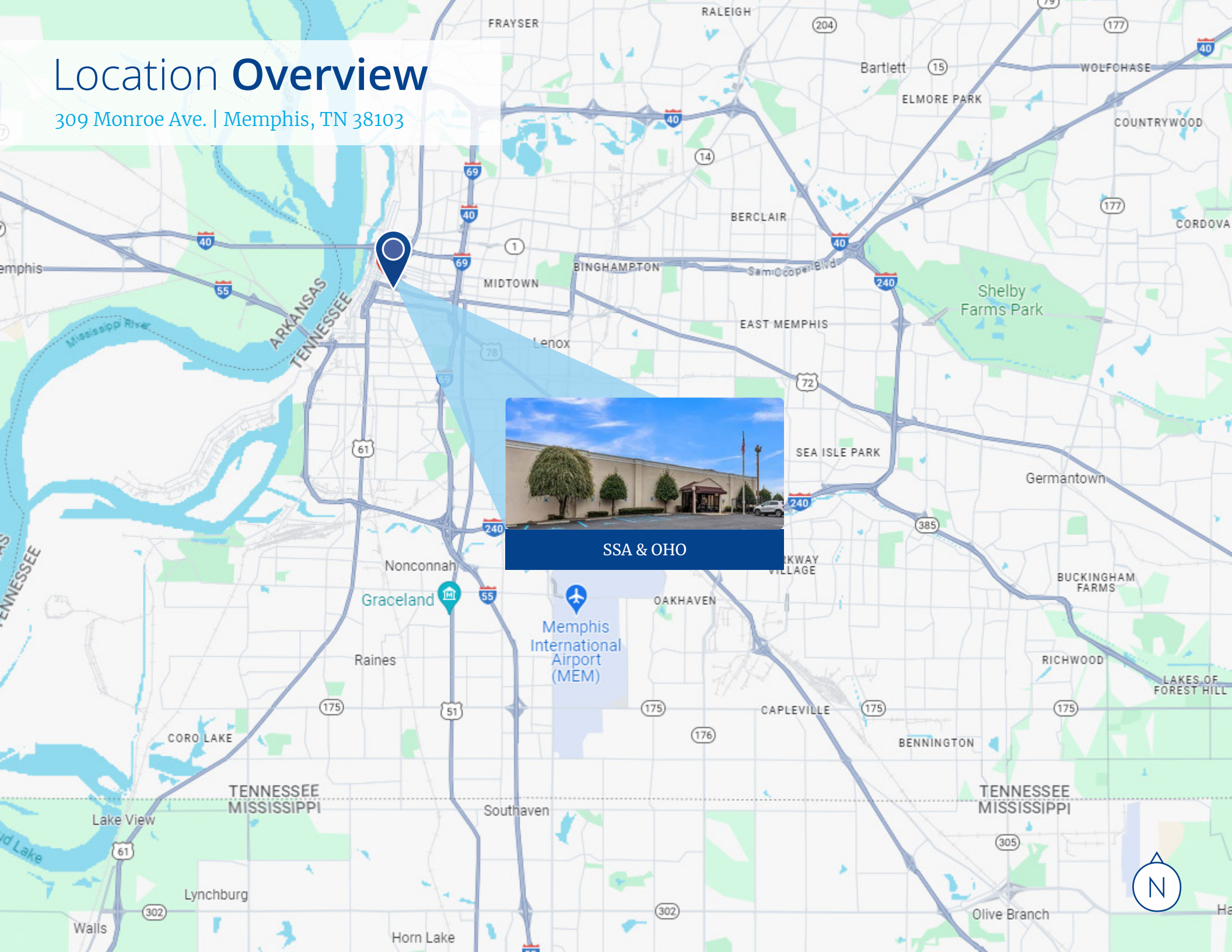
Housing

Currently 38.2% of the 73,388 housing units in the area are owner occupied; 61.8% renter occupied; and 14.2% are vacant. 64.6% of the housing units in the US are owner occupied; 35.4% are renter occupied; and 10.0% are vacant. In 2010, there were 75,562 housing units in the area - 34.0% owner occupied, 47.7% renter occupied, and 18.3% vacant. The annual rate of change in housing units since 2020 is 0.7%. Median home value in the area is $178,133, compared to a median home value of $308,943 for the U.S. In five years, median home value in the area is projected to change to $277,005, compared to a median home value of $350,006 in the US.

Source: ESRI

Location **Overview**

309 Monroe Ave. | Memphis, TN 38103



Pricing **Details**

Price Unstated

A formal Call for Offers will be established at a date to be detmined.

Please contact us for pricing guidance and details.

Offering **Instructions**

309 Monroe Ave. | Memphis, TN 38103

Offers should be submitted via email to:

Geoff.Ficke@colliers.com, Zack.Ficke@colliers.com & Debra.VanderWeit@colliers.com
Please include the following:

1. Purchase price
2. Source of debt and equity
3. Earnest money deposit
4. Due diligence and closing timelines
5. Detailed list of contingencies including investment committee, appraisal, and/or Lender approval that may be required
6. Detailed list of closing cost responsibilities

Property Tours	Form of PSA	Title & Escrow
By Appointment Only	TBD	TBD

Thank you.

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