

Mckim & Creed Building

10 Year Lease w/ Annual Escalations

--- Single Tenant Net Lease Investment ---



243 North Front Street

Downtown Wilmington, North Carolina

January 4, 2016

Presented By:

Cape Fear Commercial

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The information contained herein is from sources we deem accurate and reliable. However, it is submitted without representation or warranty, and Cape Fear Commercial assumes no liability for errors and omissions of any kind.

EXECUTIVE SUMMARY

INVESTMENT PROPERTY SALE WILMINGTON, NC

Cape Fear Commercial is pleased to present the Mckim & Creed Building, a net-leased, single tenant office investment property located in the heart of Historic Downtown Wilmington, NC. The building is adjacent to the Bijou Park and the planned Water Street Parking Deck Redevelopment

McKim & Creed, a regional engineering firm, has occupied this building for nearly 30 years, and has recently entered into a new 10 year lease with annual escalations.

INVESTMENT HIGHLIGHTS

- Single tenant investment
- NN Lease
- New, 10- year lease
- Annual Escalations
- Adjacent to the planned City Parking Deck Redevelopment
- Credit tenant, which is a regional engineering firm with 19 offices in five states
- Major capital renovations and repairs in 2015 include HVAC, roof, and stucco



Address:	243 N Front Street Wilmington, New Hanover County 28401
Property Type:	Single Tenant Office
Property Size:	+/-21,600 Sq. Ft. (+/-8,465 Sq. Ft. land)
Tenant:	McKim & Creed Inc.
Lease Type:	NN Lease (further outlined herein)
Remaining Term:	10 years
Year 2 NOI:	\$243,540, with 2.50% annual rent escalations
Price:	\$3,359,172
Cap Rate:	7.25% (Year 2)
Price Per Sq. Ft.:	\$155.52 per Sq. Ft.

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PROPERTY SUMMARY

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Description:	Originally two separate buildings, the Subject was previously combined to create a single building (and tax parcel), which is currently upfitted to accommodate a single user.
Property Type:	Single - Tenant Office
PIN:	R04720-007-014-000
Land:	+/-8,465 Sq. Ft.
Zoning:	CBD (Central Business District)
Building:	+/-21,600 Sq. Ft. (exclusive of a functioning basement area)
Year Built:	1908 and 1912
Year Renovated:	2015 (roof, HVAC, & stucco); other significant renovations occurred in 1985, 1989, 1999, and 2010. Also, it should be noted that the building did contain asbestos containing materials (ACM's); indication is that the ACM's were removed in 1985.
Construction:	Brick
Roof:	Replaced in 2015, 10 year warranty
HVAC:	15 systems, all recently replaced: 13 units in 2015, 1 unit in 2014, and 1 unit in 2011.

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LEASE SUMMARY

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Tenant:	McKim & Creed, Inc., a North Carolina Corporation		
Lease Type:	NN Lease	Year 1	\$237,600.00
Term:	10 years	Year 2	\$243,540.00
Expiration:	April 1, 2025	Year 3	\$249,628.50
Option Periods:	None	Year 4	\$255,869.21
Rent:	Year 1 rent is \$237,600 with 2.50% annual escalations thereafter. See table to the right.	Year 5	\$262,265.94
Property Taxes:	Paid by Tenant	Year 6	\$268,822.59
Property Insurance:	Paid by Tenant	Year 7	\$275,379.24
Repairs & Maintenance:	Landlord is responsible for the roof, exterior walls & windows, foundation, floor slab exterior canopies, gutters and water spouts, and utility services. Tenant is responsible for the HVAC and the interior, including the interior windows, doors and entrances, storefronts, floor coverings, ceilings, interior walls, interior lighting, plumbing, sewage facilities, etc..	Year 8	\$281,935.89
Insurance:	Tenant must maintain \$3mm per occurrence; \$3mm in the aggregate; and a \$2mm umbrella policy.	Year 9	\$288,492.54
Guaranty:	Corporate	Year 10	\$295,049.19
Tenant Improvements:	As part of the lease, the Landlord recently completed extensive renovations to both the interior and exterior of the building. Some of the major improvements included: <ul style="list-style-type: none"> • 13 of the 15 HVAC units were replaced • Replaced the roof & skylight • Repaired and resurfaced stucco • A full list of repairs is available in the Dropbox file 		
Tenant Background:	<ul style="list-style-type: none"> • www.mckimcreed.com • Mckim & Creed is one of the nation's top engineering, design and geomatics firm. • See following page for more details 		

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Company Services

Professional Services –

McKim & Creed specializes in a complete suite of professional engineering and geospatial services to fulfill project needs with the highest levels of excellence.

Engineering Services –

Areas of expertise include planning and land development, water resource planning, wastewater and stormwater management, reclaimed water system, structural engineering and more.

Geomatics –

McKim & Creed provides accurate land mapping and data measurement through a full range of advanced geomatics technologies, including airborne LiDAR, mobile scanning, GPS mapping, aerial photogrammetry, hydrographic surveying, subsurface utility engineering and 3D laser scanning.

Company Overview and Achievements

- Founded in 1978
- 19 offices located throughout the southern United States
- Over 350 employees
- More than \$53 million in revenues
- 2015 Engineering Excellence Grand Award, American Council of Engineering Companies of North Carolina, Fayetteville State University Science and Technology Building
- 2015 Engineering Excellence Grand Award, American Council of Engineering Companies of North Carolina, Sea Bright to Manasquan Profile Survey
- Earlier this year, Fayetteville State University's Science and Technology Building won a "NC Award of Merit for Project Implementation" from the NC State Building Commission and an "Excellence in Project Implementation" award from the State Construction Office.
- 2014 Engineering Excellence Honors Award, American Council of Engineering Companies of North Carolina, Catawba River Water Main HDD
- 2014 President's Award, American Council of Engineering Companies of North Carolina
- 2014 Consultant of the Year, Wastewater and Water Category, Florida Chapter, American Public Works Association
- 2013 Project of the Year, Emergency Repair, Projects Under \$5 Million, American Public Works Association, Florida Chapter, Siesta Key to Casey Key Water Main
- 2013 Technology Award, Region IV ASHRAE, U.S. Postal Service Processing & Distribution Center
- 2013 Award of Outstanding Contribution to Our Community, Hillsborough County (Fla.) Planning Commission, Alline Avenue Area Drainage Improvements
- 2013 Engineering Excellence Honors Award American Council of Engineering Companies of North Carolina, Kings Bluff Intake Project
- 2010 Engineering Excellence Grand Award Florida Institute of Consulting Engineers, Lake Manatee Water Treatment Plant Pilot Plant Study
- 2010 Engineering Excellence Grand Conceptor Award American Council of Engineering Companies of North Carolina, Mobile Scanning Projects

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- 2010 Engineering Excellence Honors Award American Council of Engineering Companies of North Carolina, James A. Loughlin (Northside) Wastewater Treatment Plant Expansion/Upgrade
- 2010 Engineering Excellence Honors Award American Council of Engineering Companies of North Carolina, North Carolina Center for Automotive Research, Phase 1A
- 2009 ABC of the Carolinas Merit Award for Excellence in Construction Association of Builders and Contractors, James A. Loughlin (Northside) Wastewater Treatment Plant Expansion/Upgrade
- 2009 Future of the Region Honorable Mention* Tampa Bay Regional Council Manatee County Biosolids Thermal Dryer
- 2009 Future of the Region Certificate of Excellence* Tampa Bay Regional Council Bishop Creek Erosion Control/Water Quality Improvement
- 2009 Engineering Excellence Grand Award American Council of Engineering Companies of North Carolina Summerhouse on Everett Bay Reclaimed Water Cannonsgate
- 2008 Engineering Excellence Honor Award, American Council of Engineering Companies of Virginia King William WWTP Phase I Expansion
- ZweigWhite Hot List 2006
- Engineering News-Record's top 500 design firms
- Engineering News-Record's top 200 environmental firms

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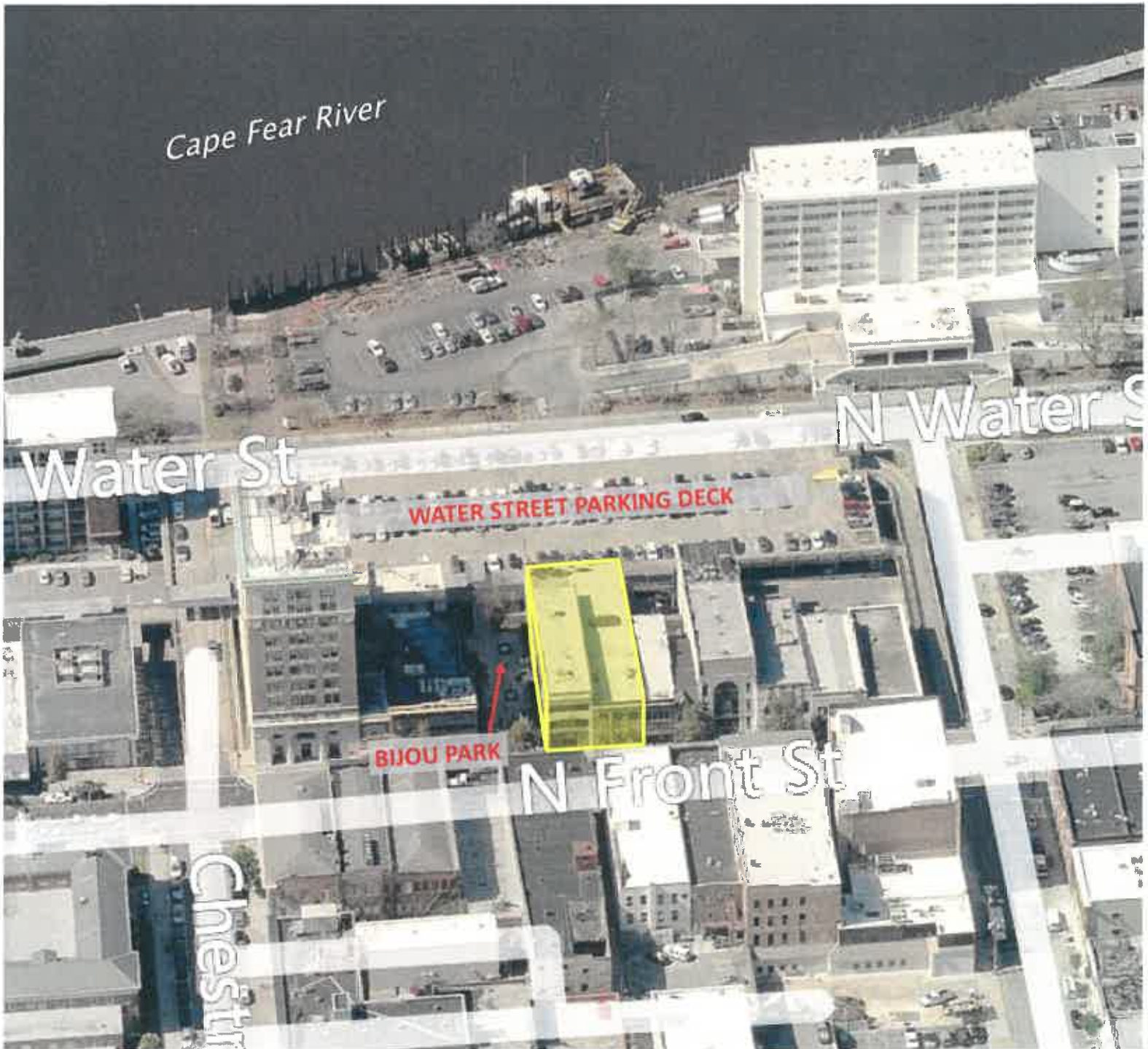


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PHOTOS

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Over the past few years, downtown Wilmington has experienced tremendous growth and transformation; from new breweries, restaurants as well as other retailers have made Downtown a destination for shopping and dining, which is complimented with a growing office market.

Anchoring northern Downtown is Cape Fear Community College's main campus. The college is the sixth largest community college in the state, and continues to grow and invest significant money in Downtown. Recently developments include the Union Station building, the Humanities and Fine Arts Building and a parking deck.



Cape Fear Community College's
Union Station Building

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The New Convention Center



Other projects of note over the past few years have been the completion of the new Convention Center and the extension to the City Riverwalk.

The plan of most significant importance with relation to the Mckim & Creed Building is the adjacent City of Wilmington Water Street Parking Deck Redevelopment Project. After a competitive RFP process, the City selected East-West Partners of Chapel Hill for the public-private redevelopment project of this parking deck, which will be a mixed-use project that will transform the block as well as the Downtown. The project will include parking, retail, residential as well as public space and pedestrian-friendly connectivity to Front Street adjacent to the Mckim & Creed Building.

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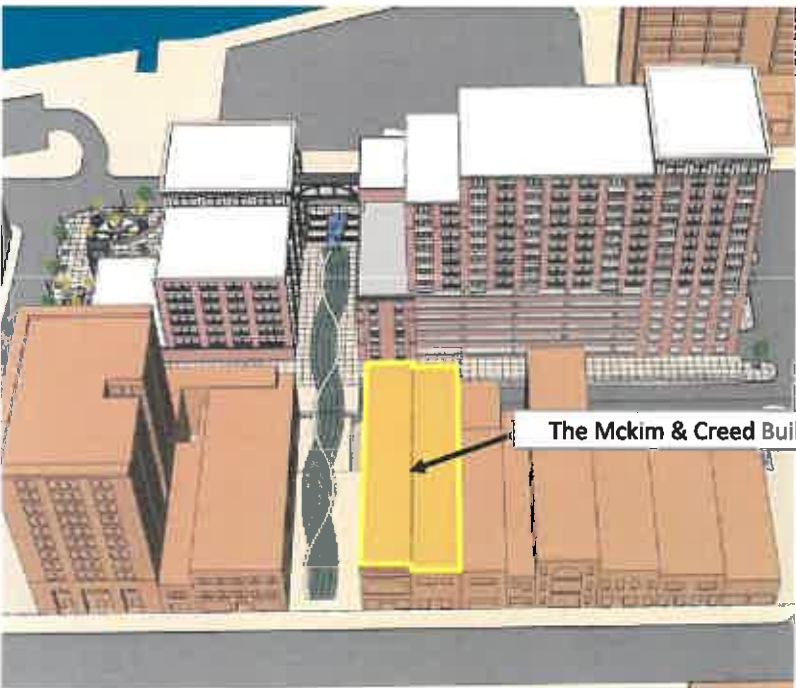
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PARKING DECK REDEVELOPMENT

INVESTMENT PROPERTY SALE WILMINGTON, NC



Rendering of the Planned Chestnut Parking Deck Redevelopment. The project is adjacent to the McKim & Creed Building to the west.



The illustration to the left shows the planned redevelopment and its connectivity to Bijou Park, which abuts the Mckim & Creed Building

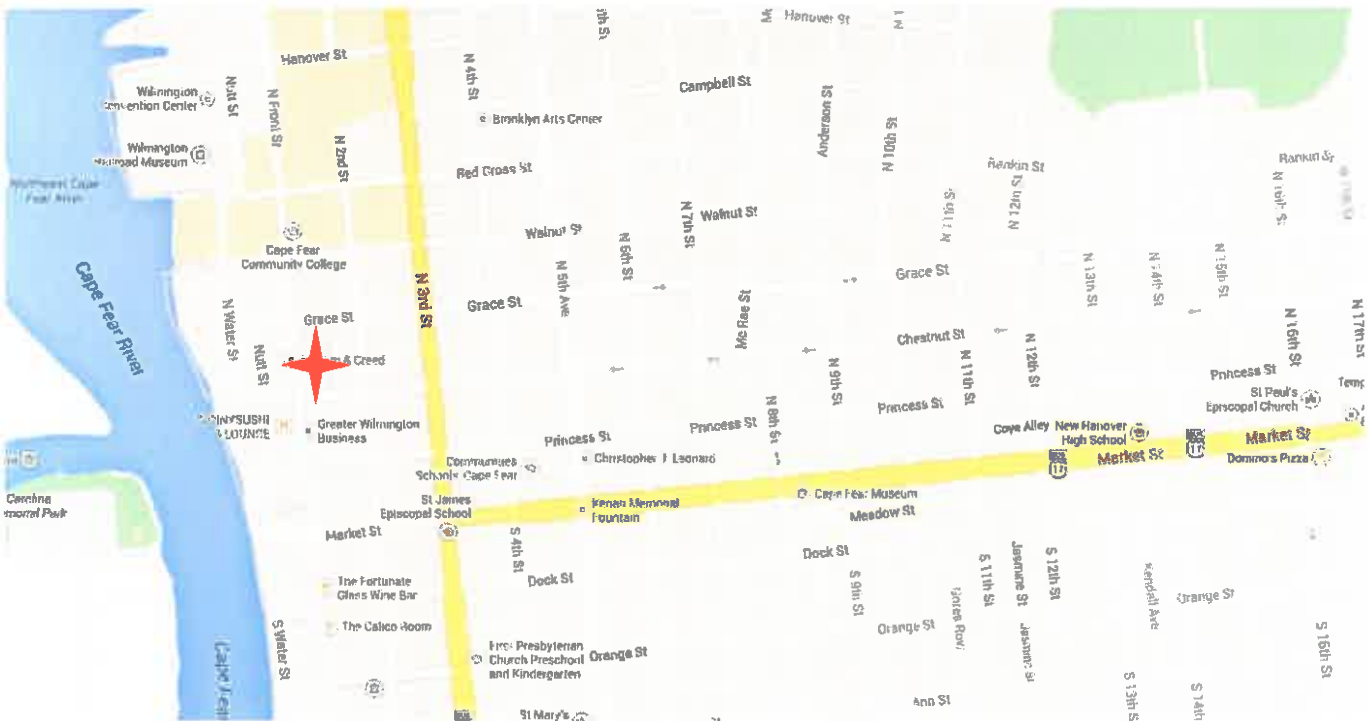
For more information please visit: http://www.wilmingtonnc.gov/city_manager/special_projects/water_street_deck

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