



VIKING & DESERT STORAGE

601-699 W 5TH ST & 401 N BUTZ ST BOX 1563 | OFFERING MEMORANDUM



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Austin McLeod in conjunction with Matthews Real Estate Investment Services, Inc., a cooperating foreign broker for this listing pursuant to Section 535.4(b) of the Texas Administrative Code.

BROKER OF RECORD

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601-699 W 5th St & 401 N Butz St Box 1563



Retail Tenant Map



± 14,780 VPD



Fort Stockton Middle School
±500 Students



Fort Stockton Intermediate School
±316 Students



Fort Stockton—Pecos County Airport

Public, county-owned general aviation airport about 2 miles northwest of Fort Stockton, Texas. \$1.7 M in economic output.



Midland College/ Williams Regional Technical Training Center
±500 Students



Fort Stockton High School
±650 Students

Subject Property



**Fort Stockton—Pecos County Airport**

Public, county-owned general aviation airport about 2 miles northwest of Fort Stockton, Texas. \$1.7 M in economic output.



± 14,780 VPD

**\$11M Panther Stadium**

Athletic building/bleacher renovation at the high school.

385

**\$5M FSISD Agricultural Science Barn**

\$5,000,000 in new construction for an agricultural facility with a practice arena, pens, and classroom.

**Oasis Apartments**

±56-Unit affordable apartment community

**Valley Creek Apartments**

±48-Unit affordable apartment community

Subject Property

**Ft Stockton Manor Apartments**

±36-Unit affordable apartment community

**Stockton Village Apartments**

±64-Unit affordable apartment community

**Southern View Apartments**

±48-Unit affordable apartment community





01

PROPERTY
DETAILS



ASSET OVERVIEW

Facility Name	Viking & Desert Storage
Address	601-699 W 5th St & 401 N Butz St Box 1563
City, State	Fort Stockton, TX
County	Pecos County
Parcel Numbers	01600-06200-02000-000000 & 01600-06200-01000-000000
Lot Size (Acres)	1.59
Year Built	1992
Year Expanded	2015
Number of Buildings	6
Number of Stories	1
Net Rentable SF	±21,300
Total Units	192
Climate Controlled Units	0
Non-Climate Controlled Units	191
Parking Spaces	1
Unit Occupancy	86%
Square Foot Occupancy	85%
Economic Occupancy	85%
3-Mile SF/Capita	11.19
5-Mile SF/Capita	12.79
Management	Owner-Operated with Employees
Foundation	Concrete
Framing	Steel
Roof	Metal
Fencing	Chain-Link, Barbed-Wire
Parking Surface	Gravel
Entry	Keypad Access
Traffic Counts	±5,072 VPD
Flood Zone	No
On-Site Apartment	No

INVESTMENT HIGHLIGHTS

- Attractive day-1 yields with upside still remaining. 7.00% Going-In Cap Rate and projected 8.87% Year 1 Cap Rate
- Projected double-digit returns at stabilization north of 10.50%
- Owner-operated facility with upside available through rental rate increases and new revenue streams like tenant insurance and administrative fees
- Excellent visibility and access near the crossroads of I-10 and US-285
- Below replacement cost offering at \$58 per rentable square foot



LISTING DETAILS

\$1,250,000

List Price

\$87,295

Current NOI

\$122,571

Year 2 NOI

\$132,117

Year 4 NOI

7.00%

Current Cap Rate

9.81%

Year 2 Cap Rate

10.57%

Year 4 Cap Rate

192

Total Units

6

Buildings

1.59 AC

Lot Size

86%

Unit Occupancy

85%

SF Occupancy

85%

Economic Occupancy



UNIT MIX

Non-Climate Controlled

Unit Size	Unit SF	Total Units	Occupied	Vacant	Net Rentable SF	Current Rates	Monthly GPI	Annual Total
5 X 5	25	4	3	1	100	\$42	\$168	\$2,016
5 X 10	50	24	22	2	1,200	\$52	\$1,248	\$14,976
5 X 10	50	16	12	4	800	\$52	\$832	\$9,984
10 X 10	100	42	37	5	4,200	\$78	\$3,276	\$39,312
10 X 10	100	60	56	4	6,000	\$78	\$4,680	\$56,160
10 X 20	200	39	32	7	7,800	\$141	\$5,499	\$65,988
10 X 20	200	6	3	3	1,200	\$141	\$846	\$10,152
Totals	-	192	166	26	21,300	-	\$16,580	\$198,960

Open Parking

Unit Size	Unit SF	Total Units	Occupied	Vacant	Net Rentable SF	Current Rates	Monthly GPI	Annual Total
40 X 10	0	1	1	0	0	\$31	\$31	\$372
Totals	-	1	1	0	0	-	\$31	\$372

Facility Totals	-	192	166	26	21,300	-	\$16,580	\$198,960
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FINANCIAL OVERVIEW

	T-12		Year 1		Year 2		Year 3		Year 4			
	Total	\$ PSF	Total	\$ PSF	Total	\$ PSF	Total	\$ PSF	Total	\$ PSF		
Income												
Gross Potential Rent	\$198,960	\$9.34	\$222,780	\$10.46	\$222,780	\$10.46	\$229,463	\$10.77	\$236,347	\$11.10		
Merchandise Sales	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
Tenant Insurance (Net)	\$0.00	\$0.00	\$8,939	\$0.42	\$11,918	\$0.56	\$12,663	\$0.59	\$13,043	\$0.61		
Admin Fees	\$0.00	\$0.00	\$2,304	\$0.11	\$2,373	\$0.11	\$2,444	\$0.11	\$2,518	\$0.12		
Late Fees	\$2,696	\$0.13	\$2,777	\$0.13	\$2,860	\$0.13	\$2,946	\$0.14	\$3,034	\$0.14		
Economic Vacancy	-14.6%	(\$28,960)	(\$1.36)	-13.0%	(\$28,961)	(\$1.36)	-8.0%	(\$17,822)	(\$0.84)	-8.0%	(\$18,908)	(\$0.89)
Effective Gross Income	\$172,696	\$8.11	\$207,838	\$9.76	\$222,109	\$10.43	\$229,160	\$10.76	\$236,035	\$11.08		
Expenses												
Real Estate Taxes	\$15,549	\$0.73	\$23,441	\$1.10	\$23,910	\$1.12	\$24,388	\$1.14	\$24,876	\$1.17		
Insurance	\$9,579	\$0.45	\$9,771	\$0.46	\$9,966	\$0.47	\$10,165	\$0.48	\$10,369	\$0.49		
Utilities & Trash	\$4,981	\$0.23	\$5,081	\$0.24	\$5,183	\$0.24	\$5,286	\$0.25	\$5,392	\$0.25		
On-Site Payroll	\$20,000	\$0.94	\$20,400	\$0.96	\$20,808	\$0.98	\$21,224	\$1.00	\$21,649	\$1.02		
Management Fees	\$8,635	\$0.41	\$10,392	\$0.49	\$11,105	\$0.52	\$11,458	\$0.54	\$11,802	\$0.55		
Bank and Credit Card Fees	\$3,886	\$0.18	\$4,676	\$0.22	\$4,997	\$0.23	\$5,156	\$0.24	\$5,311	\$0.25		
Advertising & Marketing	\$6,000	\$0.28	\$6,000	\$0.28	\$6,120	\$0.29	\$6,242	\$0.29	\$6,367	\$0.30		
Office & Administrative	\$9,935	\$0.47	\$10,133	\$0.48	\$10,336	\$0.49	\$10,543	\$0.49	\$10,753	\$0.50		
Telephone & Internet	\$1,511	\$0.07	\$1,542	\$0.07	\$1,572	\$0.07	\$1,604	\$0.08	\$1,636	\$0.08		
Repairs & Maintenance	\$5,325	\$0.25	\$5,432	\$0.26	\$5,540	\$0.26	\$5,651	\$0.27	\$5,764	\$0.27		
Total Operating Expenses	\$85,401	\$4.01	\$96,867	\$4.55	\$99,538	\$4.67	\$101,718	\$4.78	\$103,918	\$4.88		
Operating Expense Ratio	49.5%	-	46.6%	-	44.8%	-	44.4%	-	44.0%	-		
Net Operating Income	\$87,295	\$4.10	\$110,971	\$5.21	\$122,571	\$5.75	\$127,442	\$5.98	\$132,117	\$6.20		

ASSUMPTIONS:

- Gross Potential Rent - Adjusted to market rates in Year 1, Unchanged in Year 2, and 3% increases in Year 3 and Year 4
- Tenant Insurance (Self-Storage Units Only) - 60% penetration x \$6.50 (Profit) x 12 months in Year 1, 80% penetration in Year 2, 85% penetration in Year 3, 3% annual growth moving forward
- Admin Fees - \$24 per move-in x 8 move-ins per month x 12 months in Year 1, 3% annual growth moving forward
- Real Estate Taxes - Estimated in Year 1 based on the sale price (with 25% goodwill allocation) and current millage rate, followed by 2% annual growth moving forward
- Insurance Expense - 2% annual growth starting in Year 1
- Utilities Expense - 2% annual growth starting in Year 1
- Management Fee - 5% of Effective Gross Income
- Bank and Credit Card Fees - 2.25% of Effective Gross Income
- Advertising & Marketing - \$500 per month budget starting in Year 1, 2% annual growth moving forward
- Office & Administrative - 2% annual growth starting in Year 1
- Telephone & Internet - 2% annual growth starting in Year 1
- Repairs & Maintenance - 2% annual growth starting in Year 1

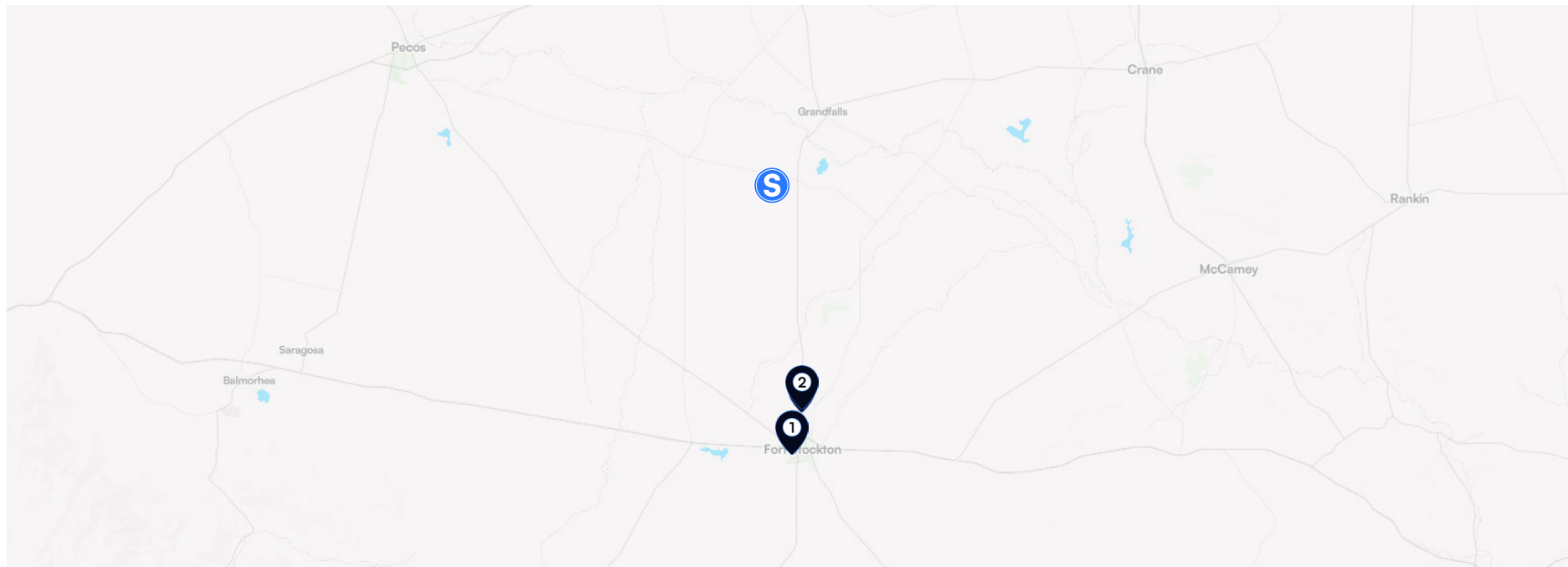
10 YEAR CASH FLOW ANALYSIS

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Income										
Gross Potential Rent	\$222,780	\$222,780	\$229,463	\$236,347	\$243,438	\$250,741	\$258,263	\$266,011	\$273,991	\$282,211
Merchandise Sales	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Tenant Insurance (Net)	\$8,939	\$11,918	\$12,663	\$13,043	\$13,434	\$13,838	\$14,253	\$14,680	\$15,121	\$15,574
Admin Fees	\$2,304	\$2,373	\$2,444	\$2,518	\$2,593	\$2,671	\$2,751	\$2,834	\$2,919	\$3,006
Late Fees	\$2,777	\$2,860	\$2,946	\$3,034	\$3,125	\$3,219	\$3,316	\$3,415	\$3,518	\$3,623
Economic Vacancy	(\$28,961)	(\$17,822)	(\$18,357)	(\$18,908)	(\$19,475)	(\$20,059)	(\$20,661)	(\$21,281)	(\$21,919)	(\$22,577)
Effective Gross Income	\$207,838	\$222,109	\$229,160	\$236,035	\$243,116	\$250,409	\$257,922	\$265,659	\$273,629	\$281,838
Expenses										
Real Estate Taxes	\$23,441	\$23,910	\$24,388	\$24,876	\$25,374	\$25,881	\$26,399	\$26,927	\$27,465	\$28,014
Insurance	\$9,771	\$9,966	\$10,165	\$10,369	\$10,576	\$10,788	\$11,003	\$11,223	\$11,448	\$11,677
Utilities & Trash	\$5,081	\$5,183	\$5,286	\$5,392	\$5,500	\$5,610	\$5,722	\$5,836	\$5,953	\$6,072
On-Site Payroll	\$20,400	\$20,808	\$21,224	\$21,649	\$22,082	\$22,523	\$22,974	\$23,433	\$23,902	\$24,380
Management Fees	\$10,392	\$11,105	\$11,458	\$11,802	\$12,156	\$12,520	\$12,896	\$13,283	\$13,681	\$14,092
Bank and Credit Card Fees	\$4,676	\$4,997	\$5,156	\$5,311	\$5,470	\$5,634	\$5,803	\$5,977	\$6,157	\$6,341
Advertising & Marketing	\$6,000	\$6,120	\$6,242	\$6,367	\$6,495	\$6,624	\$6,757	\$6,892	\$7,030	\$7,171
Office & Administrative	\$10,133	\$10,336	\$10,543	\$10,753	\$10,969	\$11,188	\$11,412	\$11,640	\$11,873	\$12,110
Telephone & Internet	\$1,542	\$1,572	\$1,604	\$1,636	\$1,669	\$1,702	\$1,736	\$1,771	\$1,806	\$1,842
Repairs & Maintenance	\$5,432	\$5,540	\$5,651	\$5,764	\$5,879	\$5,997	\$6,117	\$6,239	\$6,364	\$6,491
Total Operating Expenses	\$96,867	\$99,538	\$101,718	\$103,918	\$106,168	\$108,467	\$110,818	\$113,222	\$115,679	\$118,191
<i>Operating Expense Ratio</i>	<i>46.6%</i>	<i>44.8%</i>	<i>44.4%</i>	<i>44.0%</i>	<i>43.7%</i>	<i>43.3%</i>	<i>43.0%</i>	<i>42.6%</i>	<i>42.3%</i>	<i>41.9%</i>
Net Operating Income	\$110,971	\$122,571	\$127,442	\$132,117	\$136,948	\$141,942	\$147,103	\$152,438	\$157,950	\$163,647

NON-CLIMATE CONTROLLED RENT COMPARABLES

Facility Name	Address	5x5 NC		5x10 NC		10x10 NC		10x20 NC		Distance to Property
		In-Store	Web Rate	In-Store	Web Rate	In-Store	Web Rate	In-Store	Web Rate	
 Subject Property	601-699 W 5th St & 401 N Butz St Box 1563, Fort Stockton, TX	\$42.00	-	\$52.00	-	\$78.00	-	\$141.00	-	-
 iStorage	1076 US Hwy 285, Fort Stockton, TX	\$50.00	-	\$70.00	-	\$90.00	-	-	-	0.96 Miles
 WTI Self Storage	1164 W 47th Ln, Fort Stockton, TX	-	-	-	-	\$90.00	-	\$138.00	-	3.55 Miles
Averages		\$50.00	-	\$70.00	-	\$90.00	-	\$138.00	-	
Average Rent Per Foot		\$2.00	-	\$1.40	-	\$0.90	-	\$0.69	-	

NON-CLIMATE CONTROLLED RENT COMPARABLES MAP





02

MARKET
OVERVIEW

FORT STOCKTON, TX POPULATION STATISTICS

WITHIN 5 MILES

37

Median Age

1,910

Owner Occupied
Households

998

Renter Occupied
Households

\$84,495

Average Household
Income

8,019

TOTAL
POPULATION

2.7

AVG HOUSEHOLD
SIZE (PEOPLE)

2,908

NUMBER OF
HOUSEHOLDS

\$61,111

MEDIAN
HOUSEHOLD INCOME



DEMOGRAPHIC ANALYSIS

POPULATION			
	1-MILE	3-MILE	5-MILE
2020 Population	6,372	10,645	11,994
2025 Population	6,294	10,442	11,682
2030 Population Projection	6,160	10,212	11,403
Median Age	35.5	36.7	36.8
HOUSEHOLDS			
	1-MILE	3-MILE	5-MILE
2020 Households	2,392	3,670	4,160
2025 Households	2,345	3,567	4,016
2030 Household Projection	2,289	3,474	3,905
Owner Occupied Households	1,447	2,314	2,665
Renter Occupied Households	843	1,160	1,239
INCOME			
	1-MILE	3-MILE	5-MILE
Avg Household Income	\$81,411	\$87,511	\$88,074
Median Household Income	\$56,460	\$66,126	\$67,936
< \$25,000	560	830	947
\$25,000 - 50,000	554	728	787
\$50,000 - 75,000	241	379	412
\$75,000 - 100,000	209	382	430
\$100,000 - 125,000	288	430	523
\$125,000 - 150,000	143	237	293
\$150,000 - 200,000	203	297	303
\$200,000+	145	281	322



Confidentiality Agreement and Disclaimer

This Offering Memorandum contains select information pertaining to the business and affairs of the property owner and its tenant for real property located at **601-699 W 5th St & 401 N Butz St Box 1563** ("Property"). The Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews™. The material and information in the Offering Memorandum is unverified. Matthews™ has not made any investigation, and makes no warranty or representation, with respect to square footage, income and expenses, the future financial performance of the property, future rent, and real estate value market conditions, the condition or financial prospects of any tenant, or the tenants' plans or intentions to continue to occupy space at the property. All prospective purchasers should conduct their own thorough due diligence investigation of each of these areas with the assistance of their accounting, construction, and legal professionals, and seek expert opinions regarding volatile market conditions given the unpredictable changes resulting from the continuing COVID-19 pandemic. The information is based in part upon information supplied by the Owner and in part upon financial information obtained from sources the Owner deems reliable. Neither owner, nor their officers, employees, or real estate agents make any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum, or any of its content, and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner.

Matthews™ is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee in the Offering Memorandum. The presence of any entity's name or logo, including any commercial tenant's name or logo, is informational only and does not indicate or suggest any affiliation and/or endorsement of Matthews™, the property, or the seller by such entity.

Owner and Matthews™ expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Owner or Matthews™ or any of their affiliates or any of their respective officers, directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date of this Offering Memorandum.



Information About Brokerage Services

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

11-2-2015



TYPES OF REAL ESTATE LICENSE HOLDERS:

- A **BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- A **SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of *each party* to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - that the owner will accept a price less than the written asking price;
 - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

Matthews Real Estate Investment Services, Inc.	9005919	transactions@matthews.com	866-889-0050
Licensed Broker /Broker Firm Name or Primary Assumed Business Name	License No.	Email	Phone
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Designated Broker of Firm	License No.	Email	Phone
Patrick Graham	528005	licensing@matthews.com	866-889-0050
Licensed Supervisor of Sales Agent/ Associate	License No.	Email	Phone
Sales Agent/Associate's Name	License No.	Email	Phone

Buyer/Tenant/Seller/Landlord Initials

Date



MATTHEWS™

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