

# MORRISTOWN INFILL

1 CORY ROAD  
MORRISTOWN, NEW JERSEY



296,000 SF  
RENTS 40% OF MARKET  
+/- 6.5 ACRES PARKING +++



## THE OFFERING

As exclusive agent, Cushman & Wakefield's National Industrial Advisory Group is pleased to offer a 100% fee interest in **1 Cory Road** for sale. Located less than a mile from downtown Morristown, this 296,000 SF building on +/- 18 acres represents the rare opportunity to acquire infill industrial building with an opportunistic investment profile.

The property features 25 loading positions, 20' clear heights, and is fully leased to four tenants at an average in-place rent of \$4.44 PSF, a fraction of today's \$10.75 PSF market rate. The building's largest tenant (50% of GLA) rolls within 20 months, presenting the near-term ability to mark-to-market or reposition the building for high throughput use. The property includes +/- 6.5 acres for parking which is currently underutilized and under-rented.

Situated less than five minutes from both Exit 36 on I-287 and Exit 1B on Route 24, the Property offers proximate access to NYC, the Port of NY/NJ, and the 475,000 residents within a ten-mile radius of Morristown. The Property is walkable to downtown Morristown, a mass-transit oriented suburban CBD, home to C-suite executives and a rapidly growing labor pool.

**1 Cory Road** offers investors with multiple paths to value creation via significant mark-to-market, repositioning for high throughput usage, and activating +/- 6.5 acres of underutilized parking. NOI is projected to nearly double from \$1.77M to \$3.3M in just three years.

### PROPERTY SNAPSHOT



AREA:  
296,000 SF



Avg Rent:  
\$4.44 PSF



WALT:  
3.42 YEARS



NOI:  
\$1.77M

### FINANCIAL SUMMARY

90 % NOI GROWTH

	Year 1	Year 2	Year 3
Avg. Rent PSF (NNN):	\$4.77	\$5.82	\$8.61
Net Operating Income	\$1,765,064	\$2,220,421	\$3,332,937

# INVESTMENT HIGHLIGHTS

## MULTIPLE WAYS TO ADD VALUE

- +54% of GLA expires within 20 months, +164% mark-to-market potential
- Opportunity to expand loading & add high throughput / drive-thru capabilities to compliment excess fleet parking potential
- Ability to reconfigure building layout to better serve last-mile & eComm users

## IN-PLACE RENTS 40% OF MARKET

- Average in-place rent of \$4.44 PSF vs. \$10.75 PSF market
- Ability to increase NOI by \$1.6M (+90%) over three years
- Limited competing product, opportunity to control the market & push rents
- Morris County asking rents up 62% since 2017, from \$6.70 PSF to \$10.85 PSF. Occupancy levels up 440 bps

## RARE MORRISTOWN INFILL INDUSTRIAL OPPORTUNITY

- 296,000 square feet on 17.9 acres, 446 kW rooftop solar system
- Only industrial building +150,000 SF within 3 miles of downtown Morristown
- Less than 5 minutes to I-287 (North & South) and Route 24 (East & West). Less than 10 minutes south of I-80.
- Extreme land constraints and high barriers to entry
- Morristown: Vibrant live/work/play transit-oriented suburban CBD with growing high-income population

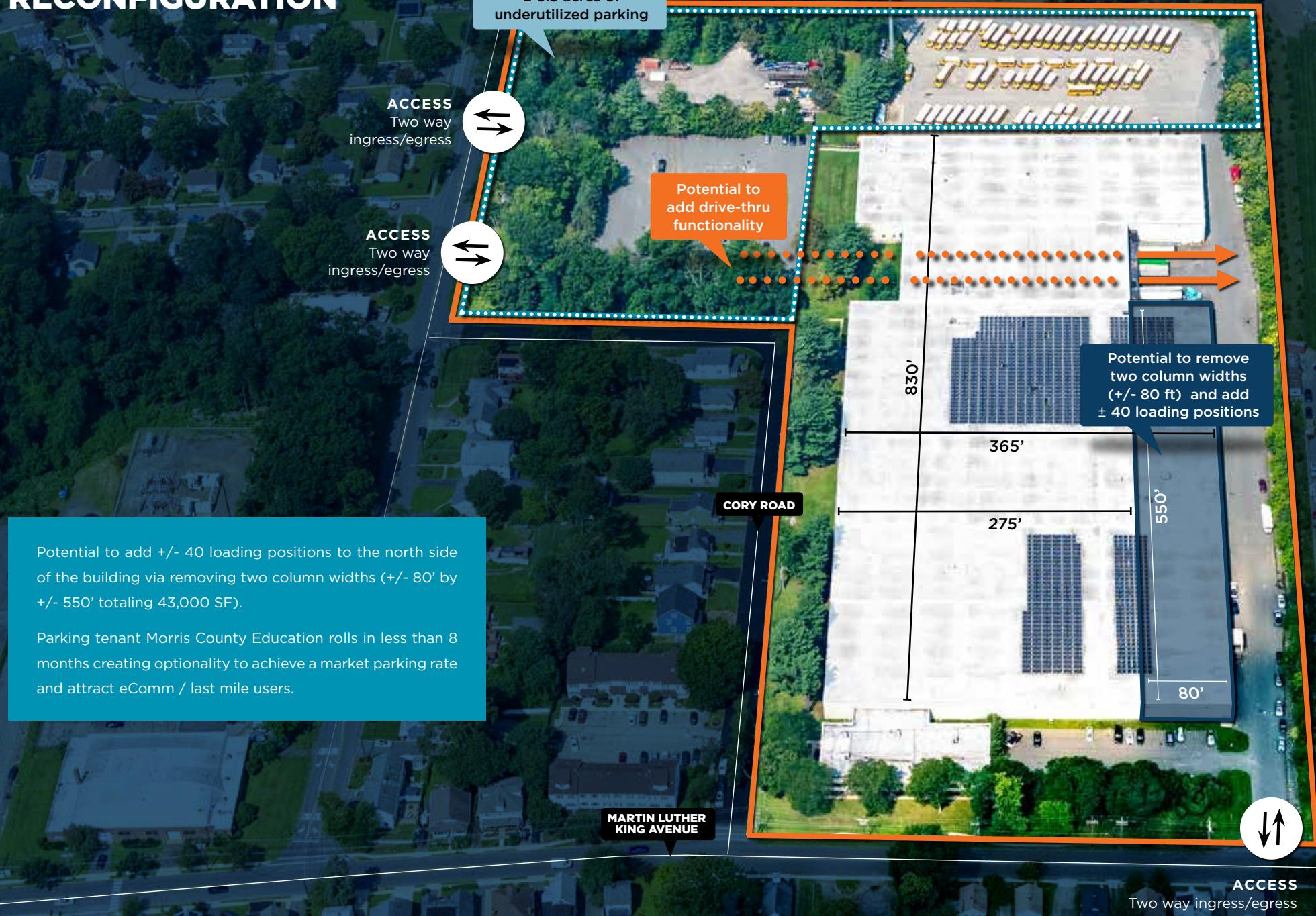
## PARKING, PARKING, PARKING

- +/- 6.5 acres of underutilized parking
- Ability to command significant parking rent premium & unlock additional revenue
- Fleet parking has become #1 requirement for last-mile / infill users
- NJ parking rents up 50% YoY in high density markets

# PROPERTY DESCRIPTION



# BUILDING & SITE RECONFIGURATION





## FINANCIAL SUMMARY

### GENERAL ASSUMPTIONS

Net Rentable Area:	296,000 SF
Analysis Start Date:	1/1/22
Analysis Hold:	10 Year Hold
General Inflation:	2.50%
Market Rent Inflation:	7%, 7%, 6%, 5%, 4%, 3%, 2.50%
General Vacancy:	None
Capital Reserves:	\$0.10 PSF

### MARKET LEASING ASSUMPTIONS

	Market \$10.75 PSF	Parking \$15,000/acre/mo.
Renewal Probability	75.00%	75.00%
Term Length	10 Years	10 Years
<b>Market Rent PSF (NNN)</b>	<b>\$10.75</b>	<b>\$15,000/acre/mo.</b>
Rent Steps	3.00%	3.00%
Downtime	6 months	3 months
Free Rent (new / renew)	2 months / None	None
TI (new / renew)	\$3.00/SF / \$1.00/SF	None
LC (new / renew) <sup>1</sup>	6.25%	6.25%
Expense Reimbursements	NNN	NNN

(1) Blended 6.25% assumes a 50% chance the listing broker will procure the deal and earn 5.0% commission. When a tenant representative broker is involved, the total commission will be 7.5% inclusive of a 2.5% override to the listing broker

### RENT ROLL

Tenant	SF	LCD	LXD	Annual Rent Steps:	Annual Rent	Rent PSF	Market Rent PSF	% of Market	Renewal Options	Recovery Structure
All Modes Transport <sup>(1)</sup>	151,000	8/1/98	7/31/23	Flat	\$614,570	\$4.07	\$10.75	38%	None	NNN (51% Pro Rata Share)
Car Link	93,440	4/1/18	3/31/28	2.00%	\$388,860	\$4.24	\$10.75	39%	None	NNN (32% Pro Rata Share)
Car Link (Parking) <sup>(2)</sup>	-	4/1/18	3/31/28	Flat	\$36,000	-	-	-	None	-
Regal Drapes <sup>(3)</sup> (Sublessee of Carlink)	10,700	7/1/19	3/31/25	4.00%	\$75,221	\$6.76	-	-	Two fixed 18-month renewals (9 mos. notice)	NNN (11.45% Pro Rata Share)
Morris County Education <sup>(4)</sup> (Blended Warehouse & Parking (80 Buses))	8,000	8/1/07	8/31/22	Flat	\$159,000	-	-	-	None	NNN (4.5% of water & sewer / 5% of lawn maintenance & 3% for the remaining maintenance)
Preferred Plastics & Packaging <sup>(5)</sup>	43,560	9/18/18	3/31/26	2.00%	\$267,890	\$6.12	\$10.75	57%	None	NNN (15% Pro Rata Share)
SBA Communications (Cell Tower)	-	8/25/07	8/24/22	2.00%	\$31,167	-	-	-	Three five year terms at 2% increases	-
<b>296,000</b>		<b>3.42 Year WALT</b>			<b>\$4.44</b>	<b>\$10.75</b>	<b>+41%</b>			

1 Tenants pro-rata share increased in the third lease amendment from 45.23% to 51% based off an increase in leased area (133,000 SF to 151,000 SF)

2 Car Link currently leases the upper parking lot for car-carrying trailers.

3 Sublease goes through 3/31/25 and has 2 18-month options to renew making their term coterminous with Car Link's 3/31/2028 expiry

4 Blended rate PSF on 8,000 SF is \$19.87 PSF which incorporates 80 bus spots. This rent is removed from the average building calculations due to the blended rate



## CASH FLOW

Potential to increase average rent by 80% over three years

Year Ending	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Dec 2022	Dec 2023	Dec 2024		Dec 2025	Dec 2026	Dec 2027	Dec 2028	Dec 2029	Dec 2031
Total SF Expiring:	8,000	151,000	0	0	43,560	0	93,440	0	0	0
Wtd. Avg. Rent PSF NNN:	\$4.77	\$5.82	\$8.61		\$8.85	\$9.75	\$10.36	\$12.88	\$14.11	\$14.54
<i>PSF</i>										
Potential Base Rent	\$4.82	\$1,427,029	\$1,865,974	\$2,549,485	\$2,618,556	\$2,913,741	\$3,067,424	\$3,841,568	\$4,177,729	\$4,303,060
Total Expense Recoveries <sup>(1)</sup>	\$1.62	\$480,724	\$465,814	\$538,195	\$551,642	\$555,077	\$585,786	\$589,996	\$647,067	\$663,567
In-Place Parking Income	\$0.12	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$36,000	\$9,000	\$0	\$0
Market Parking Income (4.3 acres) <sup>(2)</sup>	\$0.00	\$0	\$396,675	\$406,592	\$416,757	\$427,176	\$437,855	\$918,921	\$1,102,518	\$1,130,081
Cell Tower Income	\$0.11	\$31,375	\$32,002	\$32,642	\$33,295	\$33,961	\$34,640	\$35,333	\$36,040	\$36,760
Solar - Tenant Billings <sup>(3)</sup>	\$0.21	\$63,155	\$63,787	\$64,425	\$65,069	\$65,720	\$66,377	\$67,041	\$67,711	\$68,388
Solar - Open Market <sup>(4)</sup>	\$0.81	\$238,989	\$241,379	\$243,793	\$246,231	\$248,693	\$251,180	\$253,692	\$256,229	\$258,791
<b>Effective Gross Revenue</b>	<b>\$7.60</b>	<b>\$2,248,605</b>	<b>\$2,724,444</b>	<b>\$3,871,131</b>	<b>\$3,967,549</b>	<b>\$4,156,054</b>	<b>\$4,479,262</b>	<b>\$5,429,901</b>	<b>\$6,287,293</b>	<b>\$6,460,648</b>
<b>Total Operating Expenses <sup>(5)</sup></b>	<b>\$1.63</b>	<b>\$483,542</b>	<b>\$504,023</b>	<b>\$538,195</b>	<b>\$551,642</b>	<b>\$567,220</b>	<b>\$585,786</b>	<b>\$617,204</b>	<b>\$647,067</b>	<b>\$663,567</b>
<b>Net Operating Income</b>	<b>\$5.96</b>	<b>\$1,765,064</b>	<b>\$2,220,421</b>	<b>\$3,332,937</b>	<b>\$3,415,907</b>	<b>\$3,588,835</b>	<b>\$3,893,476</b>	<b>\$4,812,697</b>	<b>\$5,640,226</b>	<b>\$5,797,081</b>
Total Leasing & Capital Costs	\$0.10	\$29,600	\$1,592,012	\$31,099	\$31,876	\$530,776	\$33,490	\$1,175,694	\$35,185	\$36,065
<b>Net Cash Flow (NCF)</b>	<b>\$5.86</b>	<b>\$1,735,464</b>	<b>\$628,409</b>	<b>\$3,301,838</b>	<b>\$3,384,031</b>	<b>\$3,058,058</b>	<b>\$3,859,986</b>	<b>\$3,637,003</b>	<b>\$5,605,041</b>	<b>\$5,761,016</b>
										<b>\$5,921,465</b>

### Footnotes:

1 New leases are modeled to assume the existing pro-rata shares for each suite amounting to 100% to avoid any over-recovering of expenses.

2 Market parking income assumes 4.3 acres of the total parking area is leased beginning with 2.15 acres on Jan 1 2023 (4 months after the expiration of Morris County Education) at a rate of \$15,000 per acre per month. The remaining 2.15 acres is leased to Car Link and is assumed to take on market assumptions upon lease roll 3/31/2028.

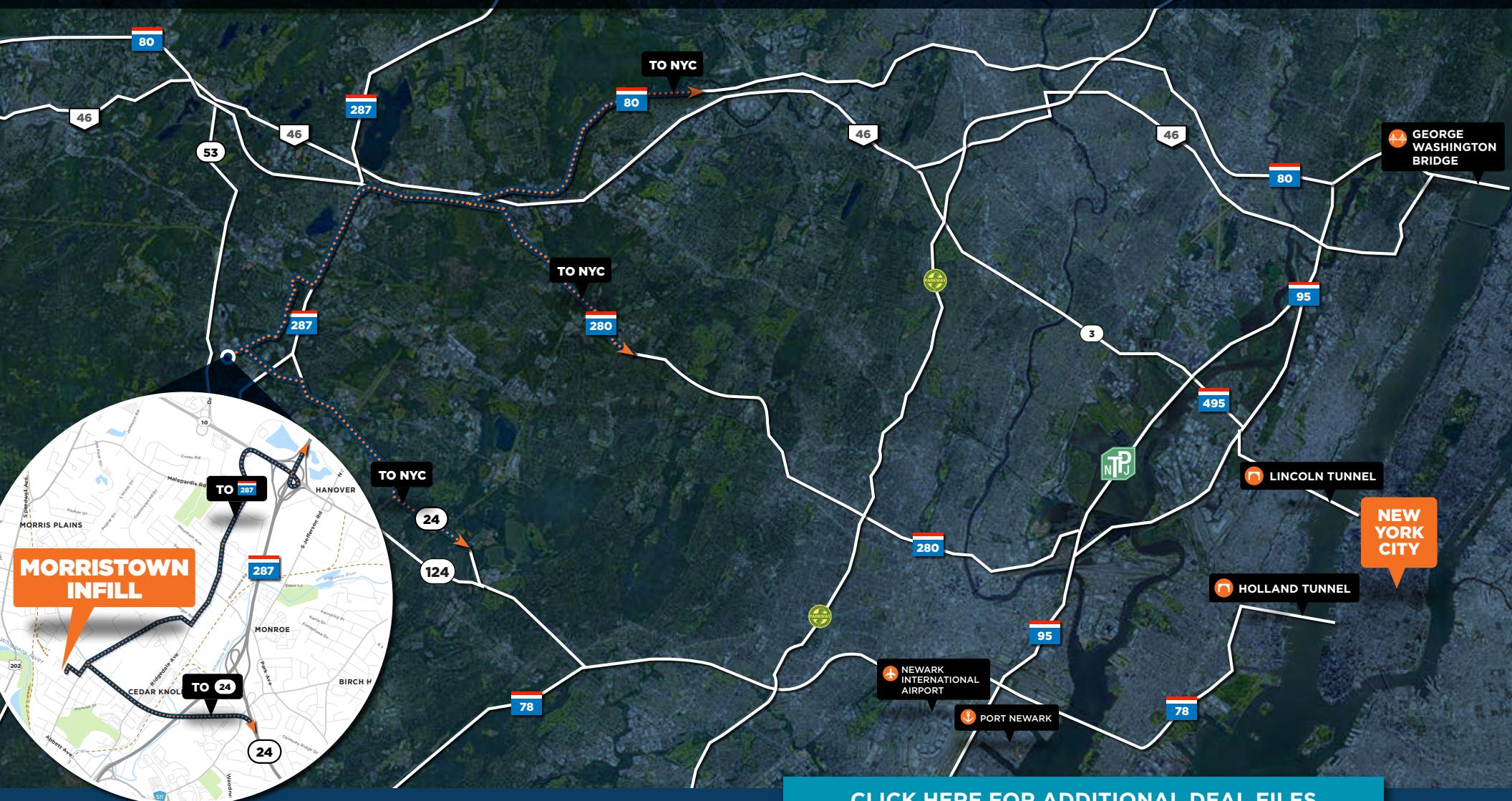
3 Solar revenue from tenant billing includes charges to the two largest tenants at the property Car Link and All Modes at \$.12 kWh amounting to a total income of \$61,615.09 in 2020. Analysis assumes income grows at 1% annual inflation.

4 Solar revenue from open market sales to First Energy amounted to \$233,160 in 2020. Analysis assumes income grows at 1% annual inflation.

5 Total Operating Expenses are based on historical income statements and are in-line with anticipated expenses shown in the 2018 lease to Preferred Plastics.

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