

11301 FALLBROOK DRIVE

61,148 square foot, Class B medical office building located in Northwest Houston

Executive Summary



THE OFFERING

JLL, as the exclusive representative of the owner, is pleased to offer a 100% fee simple interest in 11301 Fallbrook Drive (the "Property"), a 61,148 square foot, Class B medical office building located in northwest Houston. The three-story property is currently 70.6% occupied, was delivered in 1984 and features 228 surface spaces for a 3.73 per 1,000 square foot parking ratio. Recent renovations at 11301 Fallbrook total over \$850,000 and include a new roof, elevator upgrades, RTU replacement, wet seal, white-box of certain vacant suites, lobby updates, and bathroom renovations, allowing for minimal capital expenditures for new ownership. Over 92% of the tenants in the Property operate in the healthcare field and benefit from a location adjacent to the HCA Houston Healthcare Cypress Fairbanks Hospital and Kindred Hospital Houston Northwest. Immediate upside is available by leasing the remaining 17,964 square feet of vacant space and marking current tenants to market rates upon expiration.

PROPERTY SUMMARY

PROPERTY ADDRESS:	11301 Fallbrook Dr., Houston, TX 77065
NET RENTABLE AREA:	61,148 SF
LAND SIZE:	2.95 Acres (128,502 SF)
OCCUPANCY:	70.6%
YEAR BUILT:	1984
FLOORS:	3
TYPICAL FLOOR SIZE:	20,400 SF
PARKING:	228 Surface Spaces - 3.73 / 1,000 SF
WALT:	3.8 Years





INVESTMENT HIGHLIGHTS

ADJACENT TO HCA CYPRESS FAIRBANKS HOSPITAL

11301 Fallbrook is located in the heart of the FM 1960 medical center, a well-established cluster of healthcare facilities that serves Northwest Houston. It sits directly across the street from the 180-bed Houston Healthcare Cypress Fairbanks Hospital campus, which was acquired by HCA in 2018 and will soon be undergoing a series of upgrades to its facility. Other healthcare facilities in the immediate area include the Cy-Fair Surgery Center, Kindred Hospital Northwest, and the Texas Children's Health Center. 11301 Fallbrook is a direct beneficiary to the upgrades to the adjacent hospital and growing healthcare presence in the immediate area.

OUTSTANDING DEMOGRAPHICS WITH RAPIDLY INCREASING POPULATION

The Cypress-Fairbanks area of Northwest Houston has experienced **over 50% population growth since 2000 and is expected to grow an additional 8% over the next 5 years**. With a population consisting primarily of family households and white-collar workers, the region is expected to see an increased demand for healthcare services.

SIGNIFICANT UPSIDE POTENTIAL WITH BELOW MARKET RENTS

11301 Fallbrook Drive is a well-maintained property with substantial upside in a thriving medical submarket in Northwest Houston. Currently 70.6% occupied, **there is over 17,900 square feet available for immediate value-add opportunity with additional upside embedded in the current tenancy**, which holds a weighted average remaining lease term of 3.8 years and rents that are significantly below market. The NOI at 11301 Fallbrook is projected to increase over the next three years through lease up and contractual rent increases, as well as rolling existing leases to market rates.

EXTENSIVE RECENT RENOVATIONS

Since 2012, **over \$850,000 has been invested in the Property** to significantly upgrade the building systems and property aesthetics. Ownership has upgraded all elevators and replaced every roof top unit (RTU) at the property, as well as invested in a full roof replacement, bathroom renovations, lobby upgrades and landscaping improvements among other expenditures. Further upgrades include prepping nearly every vacant suite with new paint, carpet, lighting, and ceiling tiles for a seamless move-in for new tenants and minimal tenant improvement allowances.

CAPITAL EXPENDITURES

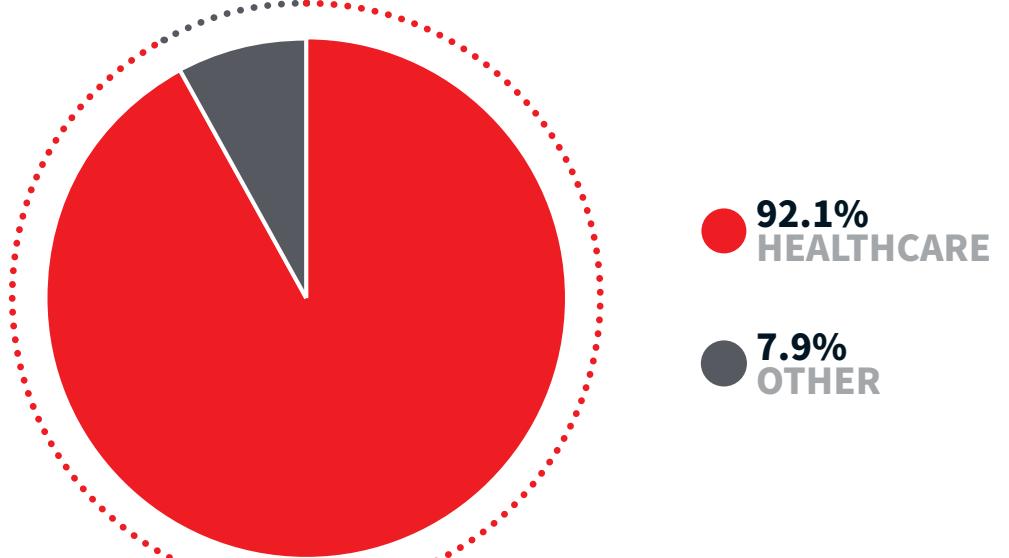
Description of Completed Work	Project Cost	Date Performed
Elevator Upgrades	\$20,000	2012
Replacement of all rooftop HVAC units	\$200,000	2014/2015
Replacement of entry tile with cement	\$15,000	2015
Full roof replacement	\$150,000	2016
Installation of automatic door for handicap persons	\$8,000	2017
Bathroom Renovations	\$140,000	2017
Lobby Updates	\$73,000	2017
Parking Lot Repairs	\$18,500	2017/2019
Digital Directory	\$2,000	2017
Vacancy Suite White Box	\$100,000	2017/2018
Landscaping Improvements	\$35,000	2018
Wet Sealing	\$25,000	2018
Monument Sign Improvements	\$10,000	2018
Fire Meter Tap	\$37,000	2018
Chiller Coil Replacement	\$16,700	2019
Fire Panel Updates	\$3,200	2020
Total	\$853,400	



STRONG LEASING MOMENTUM AND TENANT RESILIENCY DESPITE VOLATILE MARKET CONDITIONS

11301 Fallbrook's tenancy provides an excellent hedge against the economic contraction brought about from the COVID-19 outbreak. Since the beginning of the pandemic, ownership has experienced strong leasing velocity, demonstrating the resiliency of the location, property and rent roll despite uncertain market conditions.

There have been **ZERO** concessions or abatements as a result of COVID-19 outbreak, representing the strength of the rent roll, of which 92.1% is in the healthcare industry.



FROM APRIL TO NOVEMBER 2020:



3 LEASES SIGNED



23.5% OF TOTAL NRA



14,388 SQUARE FEET



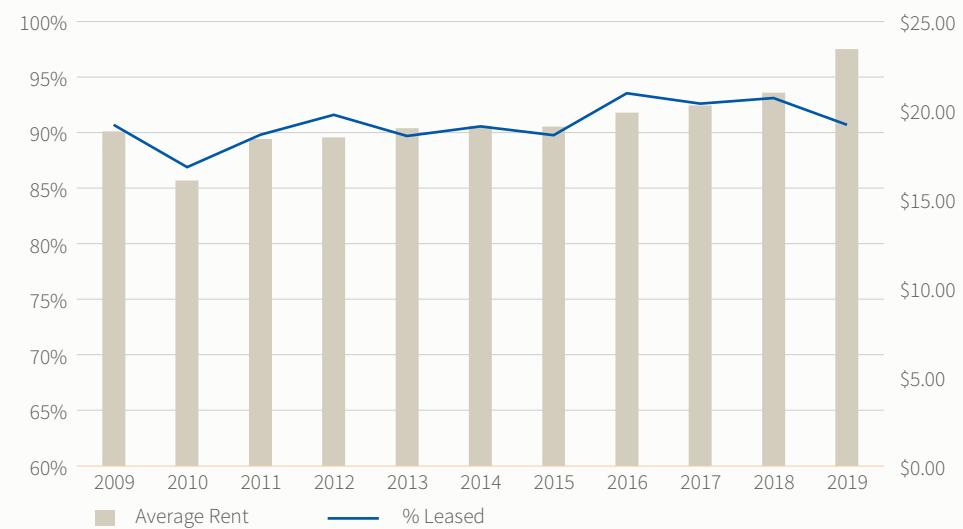
100% COLLECTIONS

EXCEPTIONAL MICRO-MARKET FUNDAMENTALS

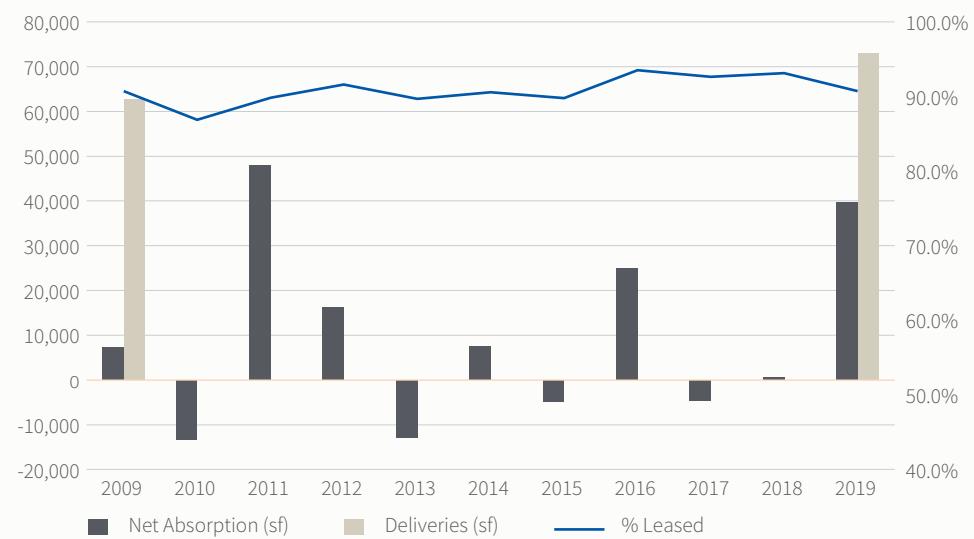
As Houston's population continues to grow northwest, The Property's micro-market (bordered by Highway 290 to the west, Grand Parkway to the north, Grant Road to the east and Beltway 8 to the south) has experienced exceptional market fundamentals. The average office vacancy rate in this micro-market is **currently 15.2% (compared to Houston overall of 25.1% with an average 10-year historical occupancy rate of 90.7%)**. Over the past 10 years, the micro-market has only had **one building delivered** – a 73,000 square foot build-to-suit for Kelsey-Seybold which was completed in 2019. The micro-market has seen **net rental growth of 31.9%** (compared to the northwest submarket overall of 28.2%) since 2012 as well as **positive absorption of 40,175 square feet over the past two years**.



Historical Occupancy & Rental Rates - Comp Set - 10-Year History

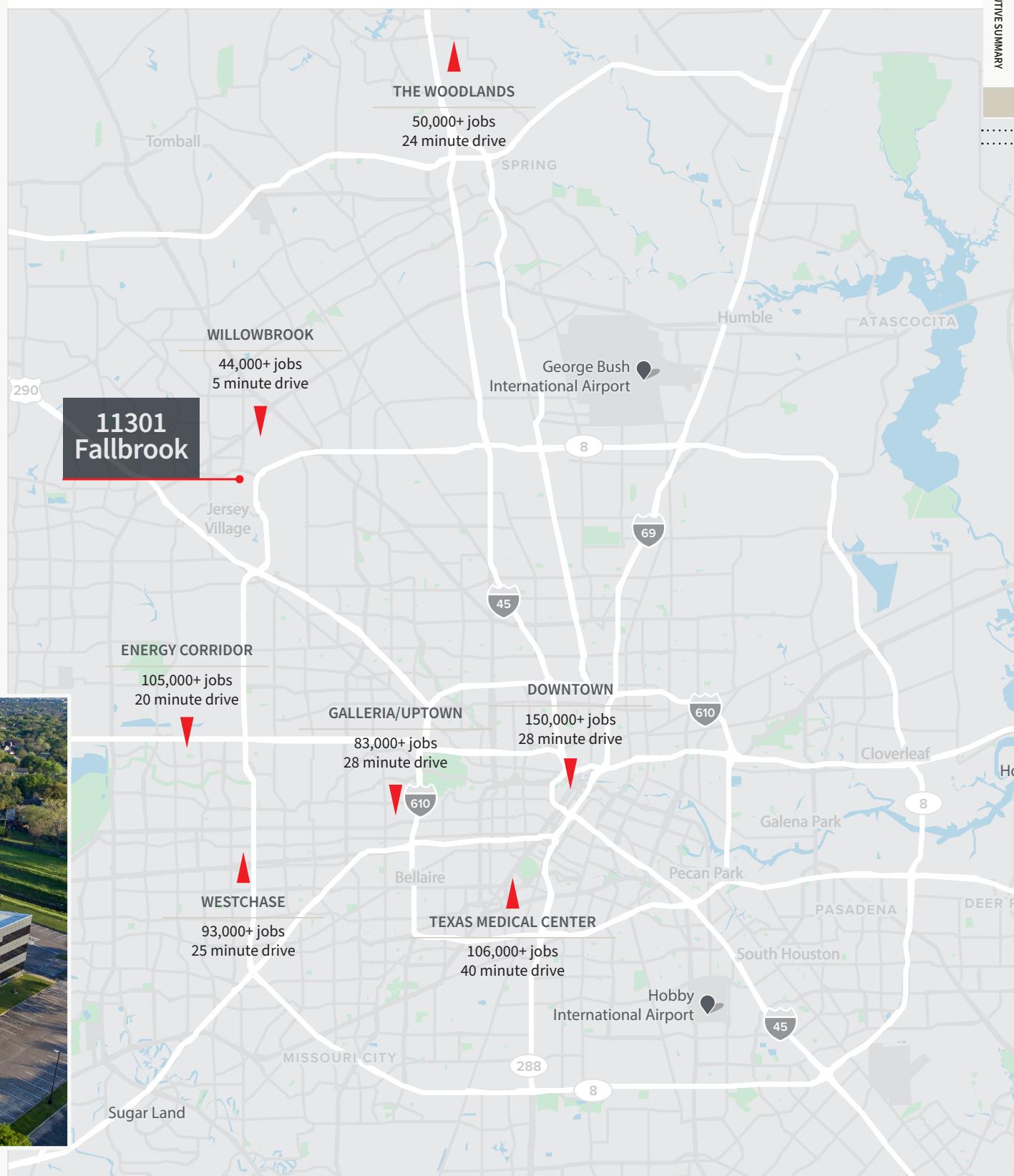


Historical Absorption & Deliveries - Comp Set - 10-Year History



HIGH GROWTH LOCATION WITH EXCEPTIONAL REGIONAL CONNECTIVITY

11301 Fallbrook is strategically located in a highly visible location in a sought-after medical office submarket within one of the fastest growing areas of the Houston MSA. The Property is positioned just off the intersection of FM 1960 and Highway 290 with traffic counts of **57,000 and 188,000 vehicles per day**, respectively. The Texas Department of Transportation is nearly complete on a **\$1.2 billion overhaul of a 38-mile section of Highway 290**, which includes a new interchange at FM 1960, greatly improving traffic flows to the area. Contributors to the area's rapid growth are its location between the Energy Corridor and The Woodlands, and proximity to ExxonMobil's 385-acre campus comprised of approximately 3-million square feet, Noble Energy's 1 million square foot global headquarters, and the multitude of large corporate campuses within Springwoods Village. Exceptional regional accessibility is offered via Highway 290, the Grand Parkway, and the Sam Houston Parkway, providing unparalleled access to some of Houston's most prestigious communities and employment centers. Additional elements include state of-the-art medical facilities, high-end affordable housing, recreational facilities including parks, golf courses, and immediate access to a plethora of dining and shopping venues that are unmatched in suburban Houston.



N ➤



SITE PLAN



MARTIN T. HOGAN

Senior Director

T. 713.852.3557

marty.hogan@am.jll.com



9 Greenway Plaza

Suite 700

Houston, TX 77046

T. 713.852.3500

F. 713.852.3490

<http://am.jll.com>

RICK GOINGS

Director

T. 713.425.5855

rick.goings@am.jll.com

KATHERINE MILLER

Analyst

T. 713.852.3485

katherine.miller@am.jll.com

FOR FINANCING INQUIRIES**TYLER FORD**

Managing Director

T. 713.852.3517

tyler.ford@am.jll.com

Copyright © Jones Lang LaSalle IP, Inc. 2020

Jones Lang LaSalle Americas, Inc. or its state-licensed affiliate ("JLL") has been engaged by the owner of the property [properties] to market it [them] for [sale] [lease]. Information concerning the property [properties] described herein has been obtained from sources other than JLL, and neither Owner nor JLL, nor their respective equity holders, officers, directors, employees and agents makes any representations or warranties, express or implied, as to the accuracy or completeness of such information. Any and all reference to age, square footage, income, expenses and any other property specific information are approximate. Any opinions, assumptions, or estimates contained herein are projections only and used for illustrative purposes and may be based on assumptions or due diligence criteria different from that used by a purchaser. JLL and owner disclaim any liability that may be based upon or related to the information contained herein. Prospective purchasers should conduct their own independent investigation and rely on those results. The information contained herein is subject to change. The Property may be withdrawn without notice. If the recipient of this information has signed a confidentiality agreement regarding this matter, this information is subject to the terms of that agreement. ©2020. Jones Lang LaSalle IP, Inc. All rights reserved.