



# Houston Infill Industrial Portfolio

657,694 SF, 9-PROPERTY, INFILL INDUSTRIAL PORTFOLIO IN HOUSTON, TEXAS

Investment Flyer



# INVESTMENT SUMMARY

JLL Capital Markets, on behalf of the seller, is pleased to offer qualified investors the opportunity to acquire the **Houston Infill Industrial Portfolio** (the “Portfolio”), a 657,694 square foot portfolio consisting of nine class B industrial properties located in Houston’s northwest, northeast, and southeast submarkets. The Portfolio is currently 97.3% leased, offering investors the opportunity to acquire a stabilized, cash-flowing portfolio with significant upside as the remaining 2.7% of NRA is leased and nearly 80% of the rent roll is marked to market rates upon expiration over the next six years. All buildings are located inside of Beltway 8 within high-growth submarkets that have true barriers to entry and, with an average tenant size of approximately 32,000 square feet, see minimal competition from new supply. As a result, rents continue to grow at a significantly higher pace than the overall market.

# INVESTMENT OVERVIEW



**RARE LARGE-SCALE OPPORTUNITY**



**GEOGRAPHIC DIVERSITY WITH HIGHLY ACCESSIBLE LOCATIONS**



**DIVERSE TENANCY**



**HIGH BARRIER TO ENTRY SUBMARKETS WITH MINIMAL NEW SUPPLY**



PROPERTY NAME	5650 GUHN ROAD	5670 GUHN ROAD	7502 MESA DRIVE	9005 SPIKEWOOD DRIVE	6868 NORTH LOOP EAST	4847 HOMESTEAD ROAD	7100 CAVALCADE	4732 DARIEN	960 PLEASANTVILLE DRIVE	PORTFOLIO
<b>Submarket</b>	Northwest	Northwest	Northeast	Northeast	Northeast	Northeast	Northeast	Northeast	Southeast	<b>Varies</b>
<b>Square Feet</b>	48,600	81,000	39,058	104,000	22,660	27,900	82,740	149,528	102,208	<b>657,694</b>
<b>Occupied SF</b>	48,600	81,000	39,058	104,000	11,405	21,231	82,740	149,528	102,208	<b>639,770</b>
<b>Occupancy</b>	100.0%	100.0%	100.0%	100.0%	50.3%	76.1%	100.0%	100.0%	100.0%	<b>97.3%</b>
<b>Year Built</b>	1982	1982	1981	1976	1973	1973	1980	1978	1977	<b>1978</b>
<b>Clear Height</b>	18'	20'10"	21'	22'7"	16'2"	16'3"	23'9"	18'	22'10"	<b>Varies</b>
<b># Tenants (Vacancies)</b>	5	2	1	1	3 (1)	3 (2)	2	3	1	<b>21 (3)</b>
<b>WALT</b>	2.5 Years	4.5 Years	3.6 Years	4.1 Years	1.2 Years	1.4 Years	3.5 Years	7.5 Years	3.1 Years	<b>4.4 Years</b>
<b># Buildings</b>	1	1	1	1	1	1	1	2	1	<b>10</b>
<b>Office Finish %</b>	19.8%	21.5%	8.3%	2.6%	37.5%	31.8%	6.9%	16.5%	1.3%	<b>11.5%</b>
<b>Parking/Trailer Spaces</b>	44/0	45/0	15/0	39/0	51/0	39/0	55/0	198/5	6/0	<b>492/5</b>
<b>Land</b>	5.8 Acres		1.7 Acres	6.1 Acres	3.7 Acres		4.6 Acres	19.0 Acres	5.6 Acres	<b>46.5 Acres</b>
<b>Flood Zone**</b>	Zone X		Zone X	Zone X	Zone AE*		Zone AE	Zone AE	Zone X	<b>Varies</b>

\*Zone AE, special flood hazard areas subject to inundation by the 1% annual chance flood event (100-year flood), also known as the “base flood”

\*\*Zone X, defined as “areas outside the 0.2% annual chance (500-Year) flood zone”.





7100 CAVALCADE



4732 DARIEN



5670 GUHN ROAD



5650 GUHN ROAD



960 PLEASANTVILLE



9005 SPIKEWOOD



4847 HOMESTEAD



7502 MESA



6868 NORTH LOOP EAST

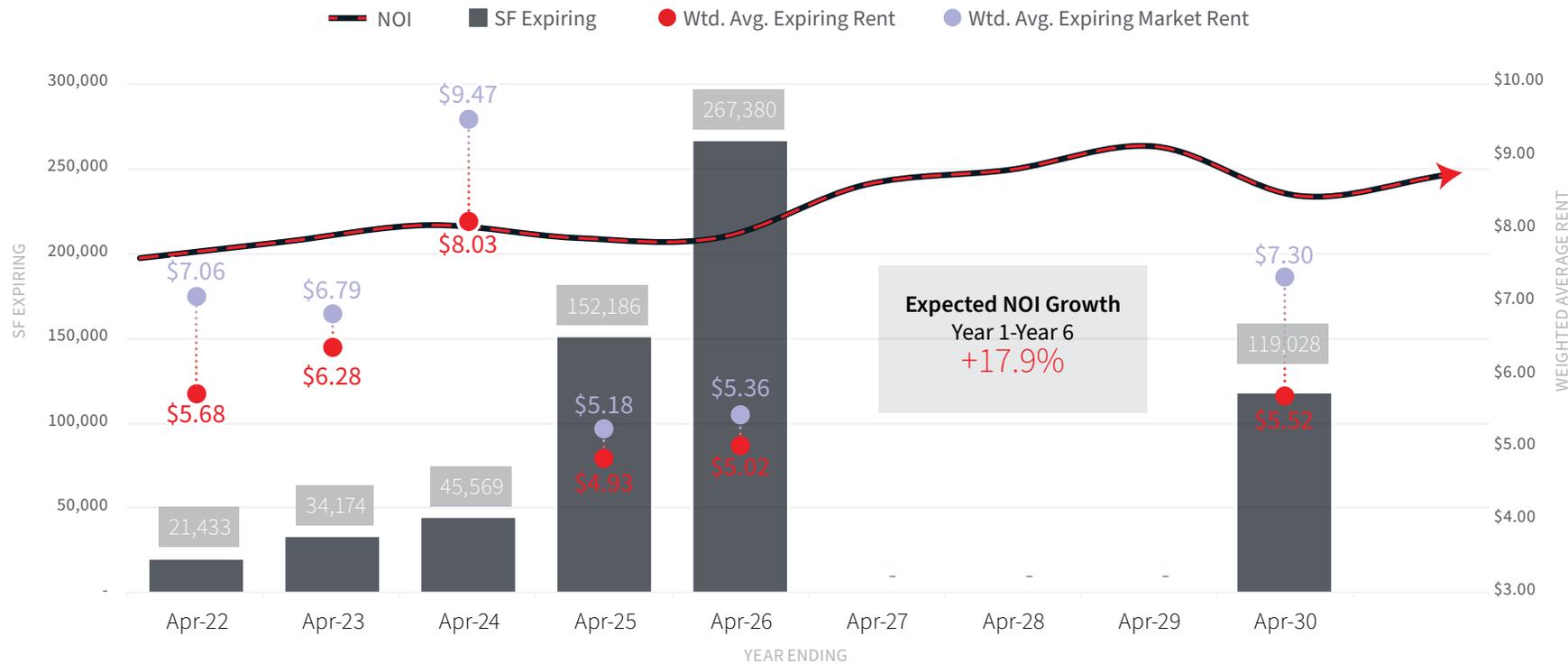
# INVESTMENT HIGHLIGHTS

## STABILIZED PORTFOLIO WITH SIGNIFICANT NOI UPSIDE

- With in-place rents 11.7% below market, the Portfolio presents investors the opportunity to immediately add value through lease up of the 17,924 square feet (2.7% of NRA) of existing vacancy while also marking current rents to market rates upon lease rollover.
- Within 5 years, 79% of the total NRA expires, offering tremendous upside through a mark-to-market strategy.
- Since taking ownership of these assets, current ownership has rolled 54% of the portfolio and achieved an average 25% increase in rents upon rollover with an average of 2.8% annual rent escalations.



## Below Market Expiring Rents



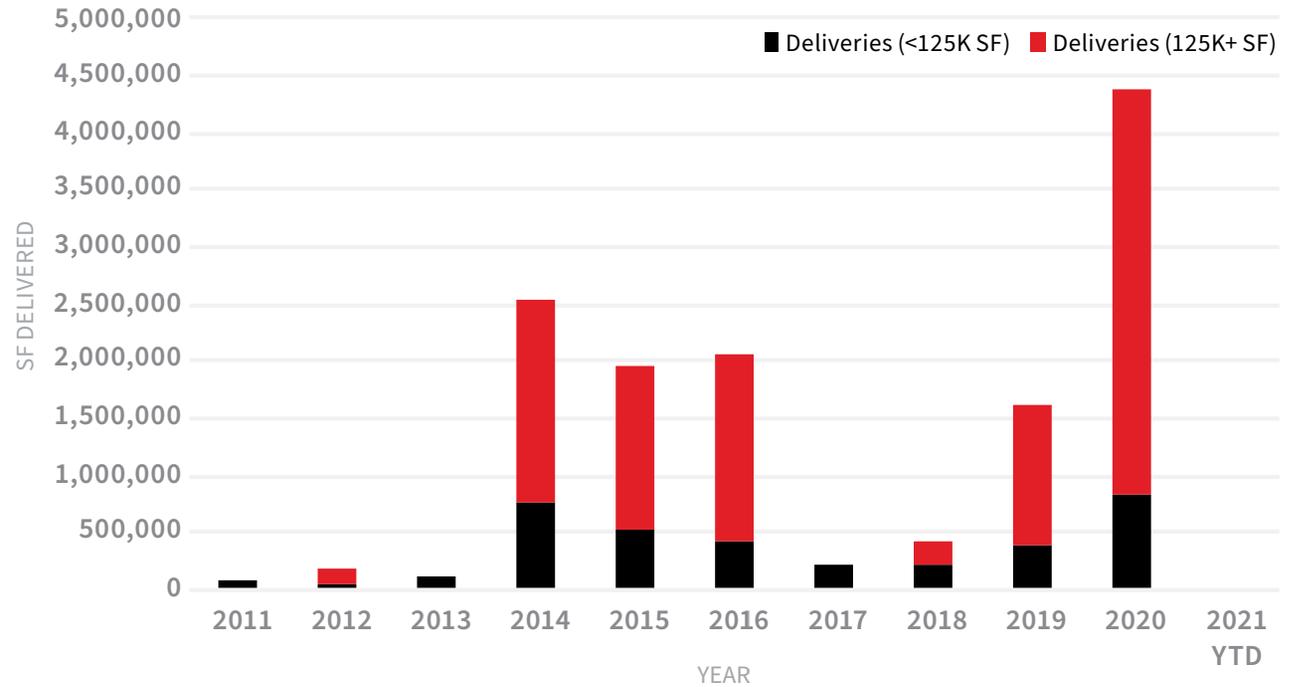
# INVESTMENT HIGHLIGHTS

## RARE LARGE-SCALE OPPORTUNITY

- With a lack of recent significant class-B portfolio transactions, the Portfolio provides investors with a unique opportunity to plant a flag and materially increase their footprint in one of the largest industrial markets through a single transaction.
- Tenant size and variety of office finish provides immediate cash flow diversification with an immunity to new supply risk.
- The average tenant size of 32,000 SF is significantly smaller than what developers are targeting with new construction today.

Average Building Size\*:  
**171,200 SF**

## Houston Industrial Deliveries within Beltway 8 (2011 - 2021)



Since 2011, 13.6 million square feet of industrial product\* has been delivered within Beltway 8. Of these deliveries, only 3.6 million square feet (26.4%) of the product was under 125,000 square feet.

*\*Includes properties 25K SF+, built between 2011-2021, Class A & B, multi-tenant, non-owner occupied.*

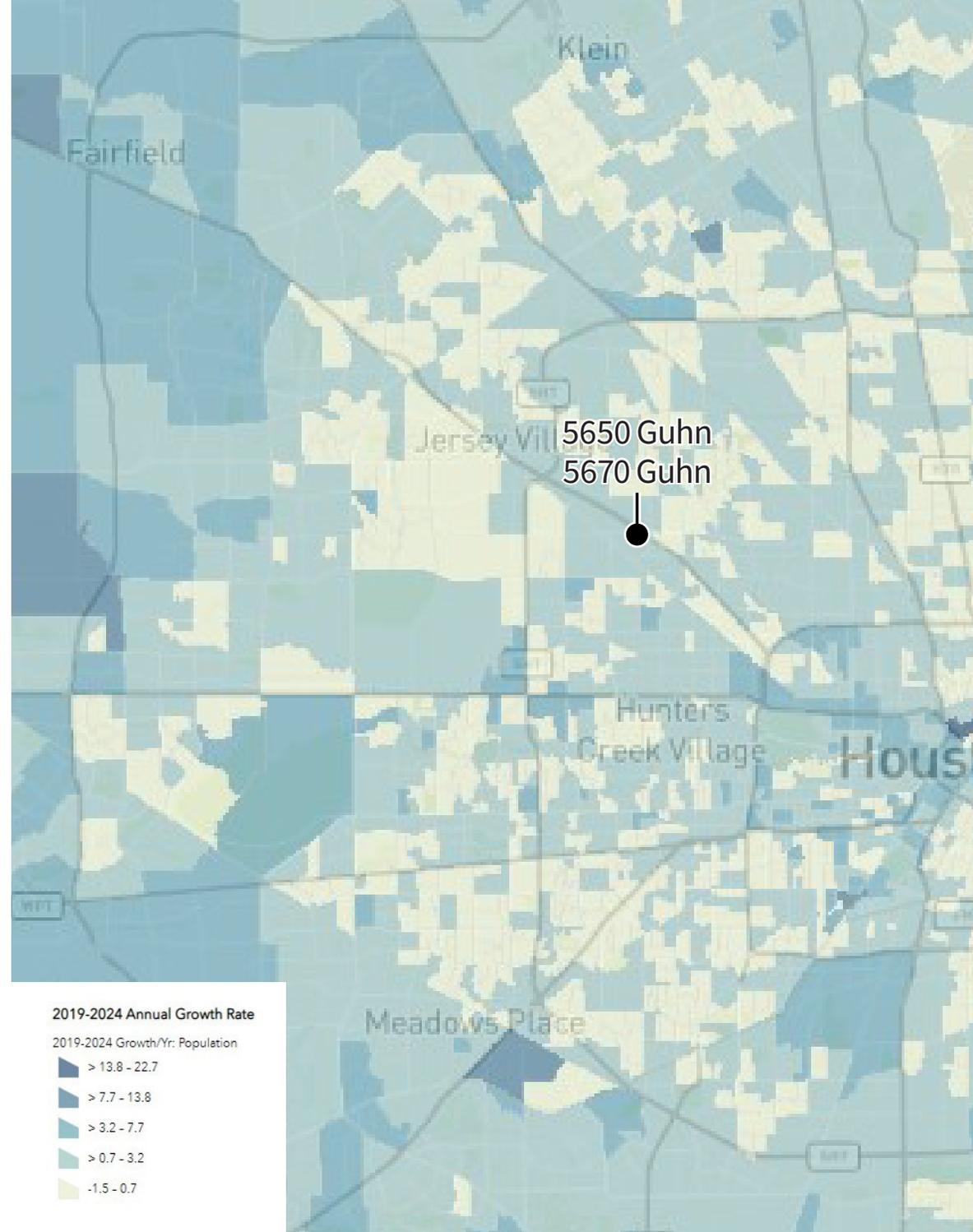
# INVESTMENT HIGHLIGHTS

## GEOGRAPHIC DIVERSITY

- Widely spread across Houston's Northwest, Northeast, and Southeast submarkets, the Portfolio offers investors significant geographic diversification.
- Each of the properties are located in desirable infill locations and are within Houston's Beltway 8 (Sam Houston Tollway), which spans 88 miles around the entire city of Houston.
- 5 of the properties are located within Loop 610, Houston's inner loop, in irreplaceable locations with strong barriers to entry.

## FAVORABLE MARKET FUNDAMENTALS

- The Houston MSA continues to be a leader in population growth with a population of 7.2 million, which is projected to grow by 16% and reach 8.4 million by 2030.
- Houston added 10,600 jobs in December 2020 for a total of 3.1 million total jobs in the metro area.
- 2020 was a record year for Houston home sales with 96,151 single family homes sold, a 10.5% increase from 2019.



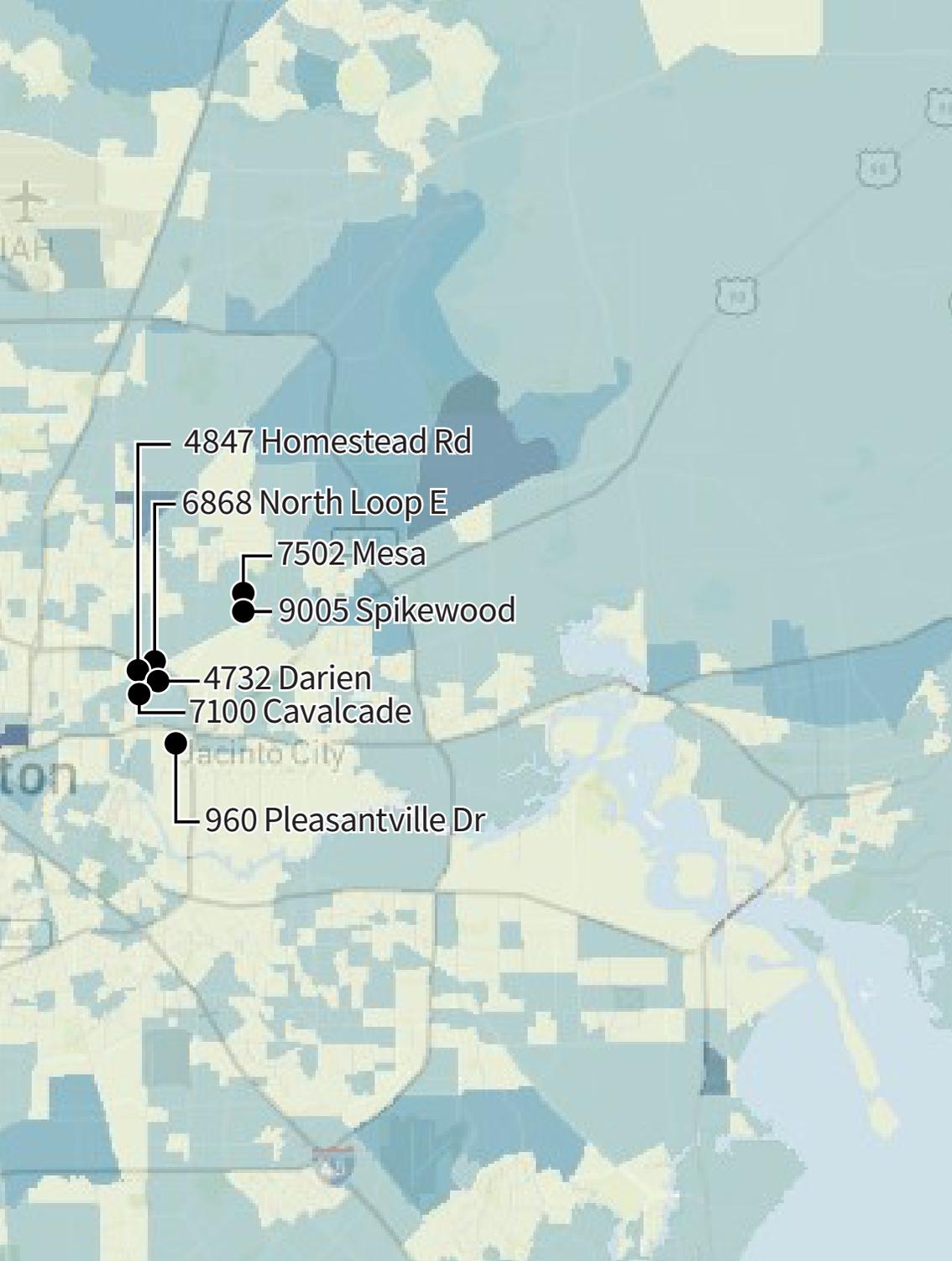
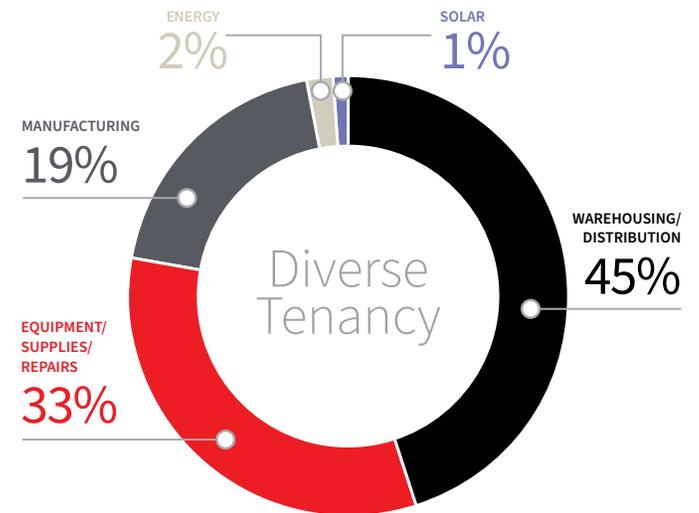
## INVESTMENT HIGHLIGHTS

### HIGHLY ACCESSIBLE LOCATIONS

- Each of the properties have direct access to Houston's major thoroughfares: Beltway 8, Westpark Tollway, Highway 290, Loop 610 and I-10.
- These strategic locations offer tenants desirable freeway visibility, excellent connectivity to Houston's major employment and population centers, and ease of access which will continue to attract future tenants.

### DIVERSE TENANCY

- The portfolio is comprised of a diverse set of tenants with limited exposure to the energy industry (2%).
- The majority of tenants (45%) are in the warehousing/distribution industry, which accentuates Houston's substantial need for immediate goods and services as the city continues to see substantial population and employment growth.



# HOUSTON INDUSTRIAL MARKET

## Q4 2020 HIGHLIGHTS

- Class B properties inside of Beltway 8 outperform Houston's class B properties throughout Houston with lower vacancy rates (currently 9.8% versus 11.7%)
- The Class B industrial market inside Beltway 8 saw 2.5 million square feet of leasing activity in 2020
- Leasing activity has been strong in 2021 with 16 deals signed for 106,354 square feet and positive net absorption of 57,429 square feet

Inventory\*



38,392,128 SF

2020 Total Leasing Activity (SF)



2,498,711 SF

Total Occupancy



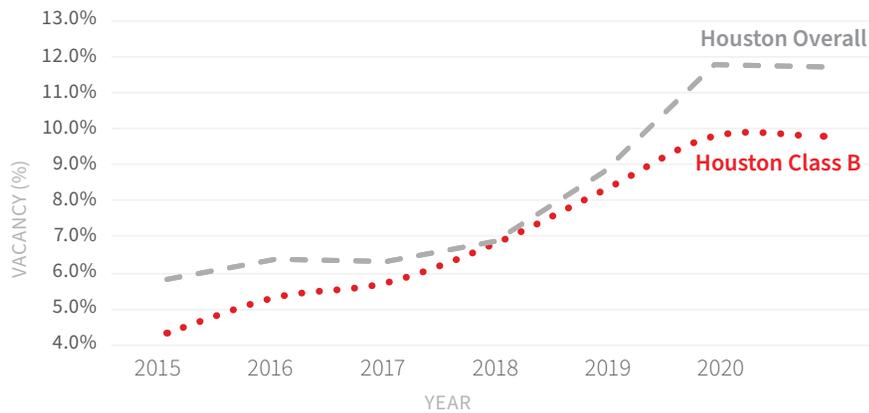
90.2%

Average Asking Rent (NNN)



\$0.53

Vacant Percent % Total



Average Asking Rents



	INVENTORY (SF)	2021 YTD NET ABSORPTION (SF)	2020 TOTAL LEASING ACTIVITY (SF)	TOTAL VACANCY (%)	TOTAL AVAILABILITY (%)	AVERAGE DIRECT ASKING RENT (\$/SF)
Houston (Class B)	38,392,128 SF	57,429	2,498,711	9.8%	12.1%	\$0.53

Source: CoStar Data

\*Includes data from Class B properties inside of Beltway 8 between 20K - 150K square feet that are non-owner occupied.

Source: JLL Research

# Houston at a Glance

## GEOGRAPHY

9 **COUNTIES**  
in the Houston MSA

10,000  
square miles  
larger than the state of NJ



## POPULATION & DEMOS

7 **MILLION**  
residents in the Houston MSA

2.3 **MILLION**  
residents in the city of Houston



1 IN 4 Houstonians are foreign-born

5TH MOST POPULOUS MSA IN THE NATION  
4TH MOST POPULOUS CITY IN THE NATION

## CLUTCH CITY



## INTERNATIONAL HUB

4<sup>th</sup> largest  
MULTI-AIRPORT SYSTEM  
IN THE U.S.

58.3 million  
PASSENGERS

GLOBAL HUB FOR  
Aerospace Technology

## ECONOMY

26<sup>th</sup>  
**LARGEST**



economy in the world if Houston were  
an independent nation

7<sup>th</sup>  
**LARGEST**  
U.S. metro economy in the nation



\$480  
**BILLION GDP [2018]**



## EMPLOYMENT

3.2 **MILLION JOBS IN THE HOUSTON MSA**  
more than 35 states and nearly a quarter of Texas'  
entire employment base

2<sup>ND</sup> **LARGEST**  
NUMBER OF JOBS CREATED IN 2018 OUT  
OF ANY MSA IN THE NATION

64,400  
**NEW JOBS CREATED IN 2019**

42,300  
**NEW JOBS FORECASTED IN 2020**

## CORPORATE HEADQUARTERS

22 **FORTUNE 500**  
companies call Houston home

3<sup>RD</sup> **LARGEST**  
NUMBER OF FORTUNE 1000  
companies in the nation

4<sup>TH</sup> **LARGEST**  
NUMBER OF FORTUNE 500  
companies in the nation

## GLOBAL TRADE CITY

73 **FOREIGN-OWNED FIRMS**



1<sup>ST</sup> IN IMPORT AND EXPORT  
1<sup>ST</sup> GULF COAST CONTAINER PORT

**LARGEST GULF COAST  
CONTAINER PORT**

1<sup>st</sup>  
IN FOREIGN  
WATERBORNE  
TONNAGE

## TEXAS MEDICAL CENTER

LARGEST MEDICAL COMPLEX IN THE WORLD

\$25 **BILLION**  
IN LOCAL GDP

8<sup>th</sup> **LARGEST**  
BUSINESS DISTRICT IN THE U.S.



10 **MILLION**  
PATIENT ENCOUNTERS PER YEAR

106,000+  
EMPLOYEES AT TMC

## Contact

# information

### Investment Advisory

#### Trent Agnew, SIOR

Senior Managing Director  
JLL Capital Markets  
trent.agnew@am.jll.com  
(713) 852-3431

#### Rusty Tamlyn, CCIM, SIOR

Senior Managing Director  
JLL Capital Markets  
rusty.tamlyn@am.jll.com  
(713) 852-3561

#### Charles Strauss

Director  
JLL Capital Markets  
charles.strauss@am.jll.com  
(713) 212-6574

#### Katherine Miller

Analyst  
JLL Capital Markets  
katherine.miller@am.jll.com  
(713) 852-3485

#### Bryan Strode

Analyst  
JLL Capital Markets  
bryan.strode@am.jll.com  
(713) 212-6551

### For Financing Inquiries

#### Matt Kafka

Senior Managing Director  
JLL Capital Markets  
matt.kafka@am.jll.com  
(713) 852-3545



9 Greenway Plaza, Suite 700 | Houston, TX 77049 | (713) 852-3500  
[www.us.jll.com/capitalmarkets](http://www.us.jll.com/capitalmarkets)

Copyright © Jones Lang LaSalle IP, Inc. 2021

Jones Lang LaSalle Americas, Inc. or its state-licensed affiliate ("JLL") has been engaged by the owner of the properties to market them for sale. Information concerning the 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 Properties 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. ©2021. Jones Lang LaSalle IP, Inc. All rights reserved.