



ALFA  
LAVAL  
TESLA

# SATSUMA STATION INDUSTRIAL PARK


Two Single-Tenant, Class A+ Industrial Buildings in Northwest Houston 100% leased to **Tesla Motors & Alfa Laval** with 10.2 years of WALT




**NEW CONSTRUCTION  
WITH NO CAPITAL  
REQUIREMENTS**



**IRREPLACEABLE  
INDUSTRIAL PRODUCT  
AMIDST RISING  
CONSTRUCTION PRICES**



**LONG-TERM CREDIT  
TENANCY**



**SECURE CASH FLOW  
WITH BACK END UPSIDE  
POTENTIAL**



**INSTITUTIONAL  
PREFERRED SUBMARKET**



**SIGNIFICANT ACCESS  
TO LABOR VIA  
NORTHWEST HOUSTON  
POPULATION BOOM**



**IMPRESSIVE WALT  
& CASH ON CASH  
RETURNS**



**HOUSTON:  
NATION-LEADING  
GROWTH**



# INVESTMENT SUMMARY

## Offering Statement

Jones Lang LaSalle (“JLL”), as exclusive advisor to the Owner, is pleased to present the opportunity to purchase the fee simple interest in Satsuma Station Industrial Park (the “Property”), an 89,750 square foot, two-building industrial property in Houston, TX with 10.2 years of weighted average lease term. Developed in 2019 by United Equities, the state-of-the-art facilities feature several cranes, stabilized yard, numerous HVAC and ventilation upgrades, 2000-amp electrical service capabilities, ESFR sprinkler systems, LED lighting, and 30’ eave heights, as well as over \$1.3 million worth of tenant-funded improvements.

Located within a 115-acre deed restricted business park, the 6.97 acre Property offers excellent visibility off Highway 290, Houston’s major northwest thoroughfare. Satsuma Station Industrial Park is surrounded by major population cores and rapidly growing master planned communities with over 300,000 residents within a 5-mile radius. Additionally, assets located along the Highway 290 corridor have benefited from historically strong tenant demand as evidenced by short lease up periods and strong absorption figures over the last decade. Satsuma Station Industrial Park offers investors the opportunity to acquire institutional quality industrial product with credit tenancy and 10.2 years of WALT in Houston’s most preferred submarket.

	BUILDING 1	BUILDING 2	TOTAL/AVERAGES
TENANT:	<b>Alfa Laval*</b>	<b>Tesla Motors</b>	
ADDRESS:	14510 Wagg Way Rd. Houston, TX 77041	14520 Wagg Way Rd. Houston, TX 77041	
SIZE (SF):	57,250	32,500	<b>89,750</b>
OCCUPANCY:	100.0%	100.0%	<b>100.0%</b>
LOADING CONFIGURATION:	Side-Load	Side-Load	<b>(2) Side-Load</b>
LAND AREA:	3.48 Acres	2.55 Acres	<b>6.03Acres</b>
YEAR BUILT:	2019	2019	
CLEAR HEIGHT:	28’ Clear	28’ Clear	<b>28’ Clear</b>
WALT:	10.3 Years	9.9 Years	<b>10.2 Years</b>
OFFICE FINISH %:	21.8%	7.7%	<b>16.7%</b>
CONSTRUCTION TYPE:	Tiltwall	Tiltwall	
ELECTRICITY	3 Phase, 480 Volt, 2000 Amps Power	3 Phase, 480 Volt, 2000 Amps Power	
LIGHTING	LED Warehouse Lighting	LED Warehouse Lighting	
CRANES	(2) 20-ton cranes, (1) 10-ton crane, several jib cranes	None	<b>(2) 20-ton cranes, (1) 10-ton crane, several jib cranes</b>
FIRE SUPPRESSION	ESFR Sprinkler System	ESFR Sprinkler System	
PARKING SPACES	81	25	<b>106 Spaces</b>
STABILIZED YARD (SF)	28,982	22,854	<b>51,836 SF</b>

\*Guarantor



# NORTHWEST FACING AERIAL



**NORTHWEST CROSSING**  
277,768 SF  
% LEASED: 53.3%



**MODLO**  
HIGHLAND GROVE INDUSTRIAL PARK  
656,973 SF  
% LEASED: 91.3%



**GATEWAY NORTHWEST**  
951,359 SF  
% LEASED: 100%



**9010 JACKRABBIT RD**  
152,640 SF  
% LEASED: 100%



**SATSUMA DISTRIBUTION CENTER 1**  
315,120 SF  
% LEASED: 100%



**PRECISION FLAMECUTTING & STEEL**  
123,750 SF  
% LEASED: 100%



**TESLA SHOWROOM**  
19820 HEMPSTEAD HWY  
SIZE: 88,492  
NOTES: NEW TESLA LOCATION-CREATES SYNERGIES WITH THE SERVICE CENTER IN SATSUMA STATION INDUSTRIAL PARK.

## BUILDING 1-ALFA LAVAL

SIZE (SF):	57,250
OCCUPANCY:	100%
WALT:	10.3 years
OFFICE FINISH:	21.8%
IN-PLACE NOI:	\$604,560

290  
149,657 VPD

## BUILDING 2 - TESLA MOTORS

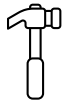
SIZE (SF):	32,500
OCCUPANCY:	100%
WALT:	9.9 years
OFFICE FINISH:	7.7%
IN-PLACE NOI:	\$319,174

## TOTALS/AVERAGE

SIZE (SF):	89,750
OCCUPANCY:	100%
% OFFICE FINISH:	16.7%
WALT:	10.2 years
NOI:	\$923,734

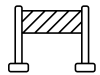


# INVESTMENT HIGHLIGHTS



## New Construction with No Capital Requirements

Developed in 2019 by United Equities, Satsuma Station Industrial Park consists of two, state-of-the-art industrial buildings providing all amenities and building characteristics sophisticated tenants have come to expect in modern manufacturing facilities. Alfa Laval's building includes a 5,500 square foot fully air-conditioned innovation center, a waste water treatment plant, warehouse ventilation, upgraded 2000 amp electrical services, numerous jib cranes, (2) 20-ton cranes, (1) 10-ton crane, LED lighting, and an ESFR sprinkler system. Telsa's building features a wash bay, paint booths, 100% HVAC state of the art ventilation, new lighting, electrical feeds to all the charging stations and body shop equipment along with additional paving for car parking, 2000 amp electrical service, and an ESFR sprinkler system. The Property represents an excellent opportunity to acquire new construction, industrial assets at an attractive basis.



## Irreplaceable Industrial Product Amidst Rising Construction Prices

With the continued rise in construction and land prices, the Property would be incredibly expensive to develop. New developments targeting smaller tenants will become more difficult to replicate in the near-term and therefore decrease the amount of new supply coming available, allowing investors to push rent growth in the coming years.

During the last recession, construction costs took nearly five years to recover. In 2021, construction costs have quickly recovered since a slight decline of 1.1% in 2020 and are projected to increase 3.5-5.0% annually through 2025.



# INVESTMENT HIGHLIGHTS



## Long-Term Credit Tenancy

The Property provides investors with the opportunity to acquire a property 100% leased to two, fast-growing globally recognized tenants including Tesla (NASDAQ: TSLA), who has a \$701 billion market cap, and Alfa Laval, an investment grade tenant with BBB+ credit (S&P). Alfa Laval's current lease takes them to 2032 and features 2.0% annual rent escalations. Tesla's lease will also expire in 2032, but features 2.5% annual rent escalations and includes two, five-year, fixed rate renewal options.



## Secure Cash Flow with Back End Upside Potential

Satsuma Station Industrial Park offers investors a stable cash flow stream through mid-2032 and the potential for significant value creation at expiration via favorable renewal options. Tesla's renewal options continue their contractual 2.50% annual rent escalations and Alfa Laval's lease features renewal options at 100% of fair market value. The blend of two different forms of renewal options allows a new owner the opportunity to capitalize on a lease that will expire almost 13% below market rate in 2032, while also achieving stable income and cash flow security via fixed-rate options.



## Institutionally Preferred Submarket

Satsuma Station is located within Houston's Northwest submarket, the most sought-after location amongst institutional investors in Houston. The submarket boasts the lowest vacancy (8.7%) of Houston's four largest submarkets despite having the most inventory (114.5M SF). The submarket is a "must have" location for tenants due to its proximity to Houston's continued population growth in West/Northwest Houston. The Property has visibility from Highway 290 which boasts traffic of 149,657 vehicles per day.

The Property is surrounded by some of the most renowned institutional owners in the country due to its premier Northwest location. Surrounding owners include Carson Companies, Modlo, Principal, Duke Realty, USAA, Clarion Partners, Prologis,, and many others.



# INVESTMENT HIGHLIGHTS

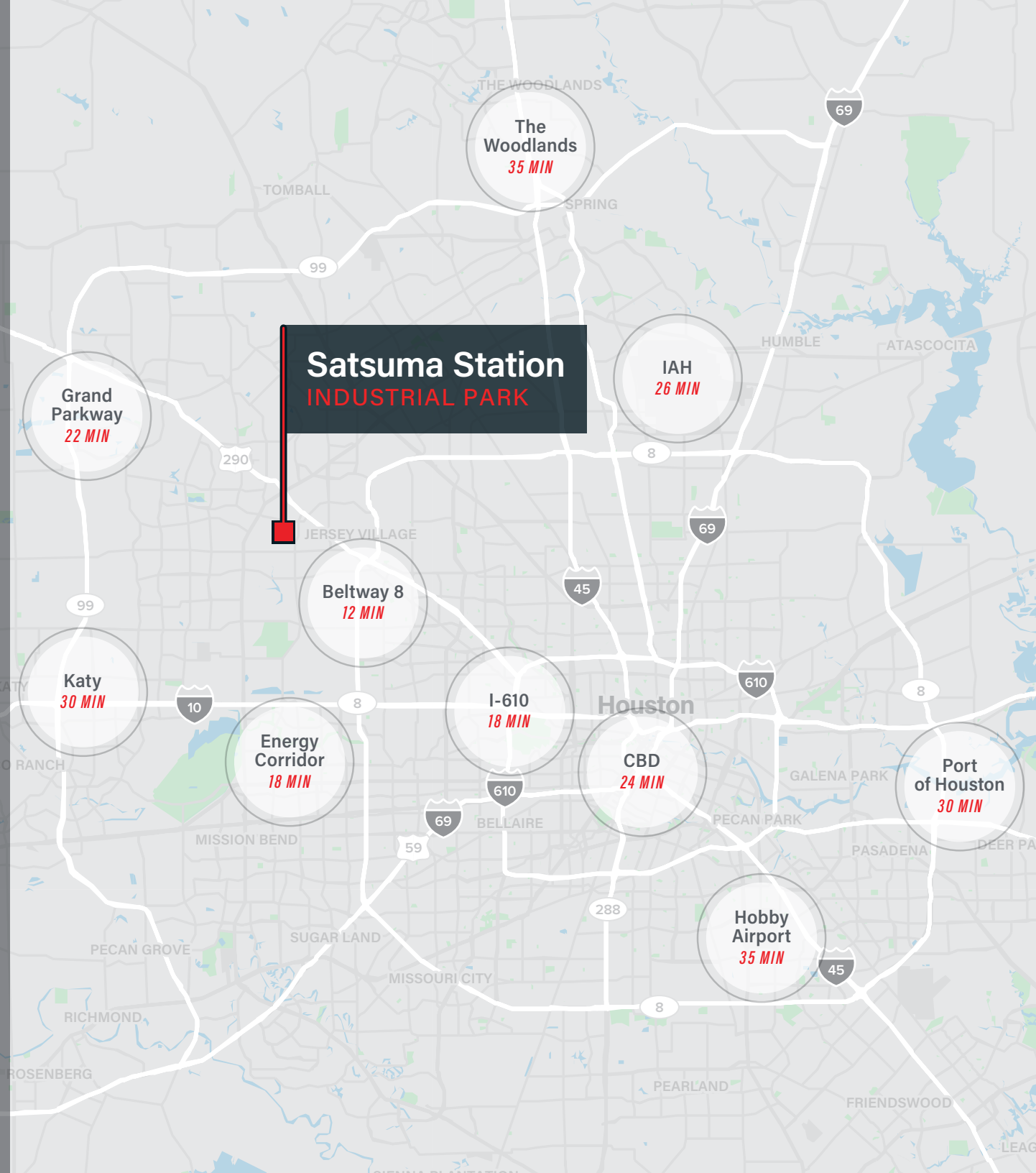


## Premier Northwest Houston Location

The location along Highway 290 provides excellent visibility and accessibility along one of Houston's major trade routes and rapidly growing population centers via Beltway 8 (12-minute drive) and the Grand Parkway (12-minute drive). The Property's location in Northwest Houston also allows tenants to serve Houston, Austin and San Antonio from a single location. Among these three major cities, tenants are able to serve over 10.5 million residents.

### Drive Times to Major Markets

<b>BELTWAY 8</b>	12 minutes	5.8 Miles
<b>GRAND PARKWAY</b>	22 Minutes	12.1 miles
<b>I-610</b>	18 minutes	17.1 miles
<b>ENERGY CORRIDOR</b>	18 minutes	10.8 miles
<b>DOWNTOWN</b>	24 minutes	23.7 miles
<b>KATY</b>	30 minutes	28.3 miles
<b>IAH</b>	26 minutes	26.2 miles
<b>THE WOODLANDS</b>	35 minutes	34.9 miles
<b>HOBBY AIRPORT</b>	35 minutes	32.3 miles
<b>THE PORT OF HOUSTON</b>	30 minutes	30.4 miles



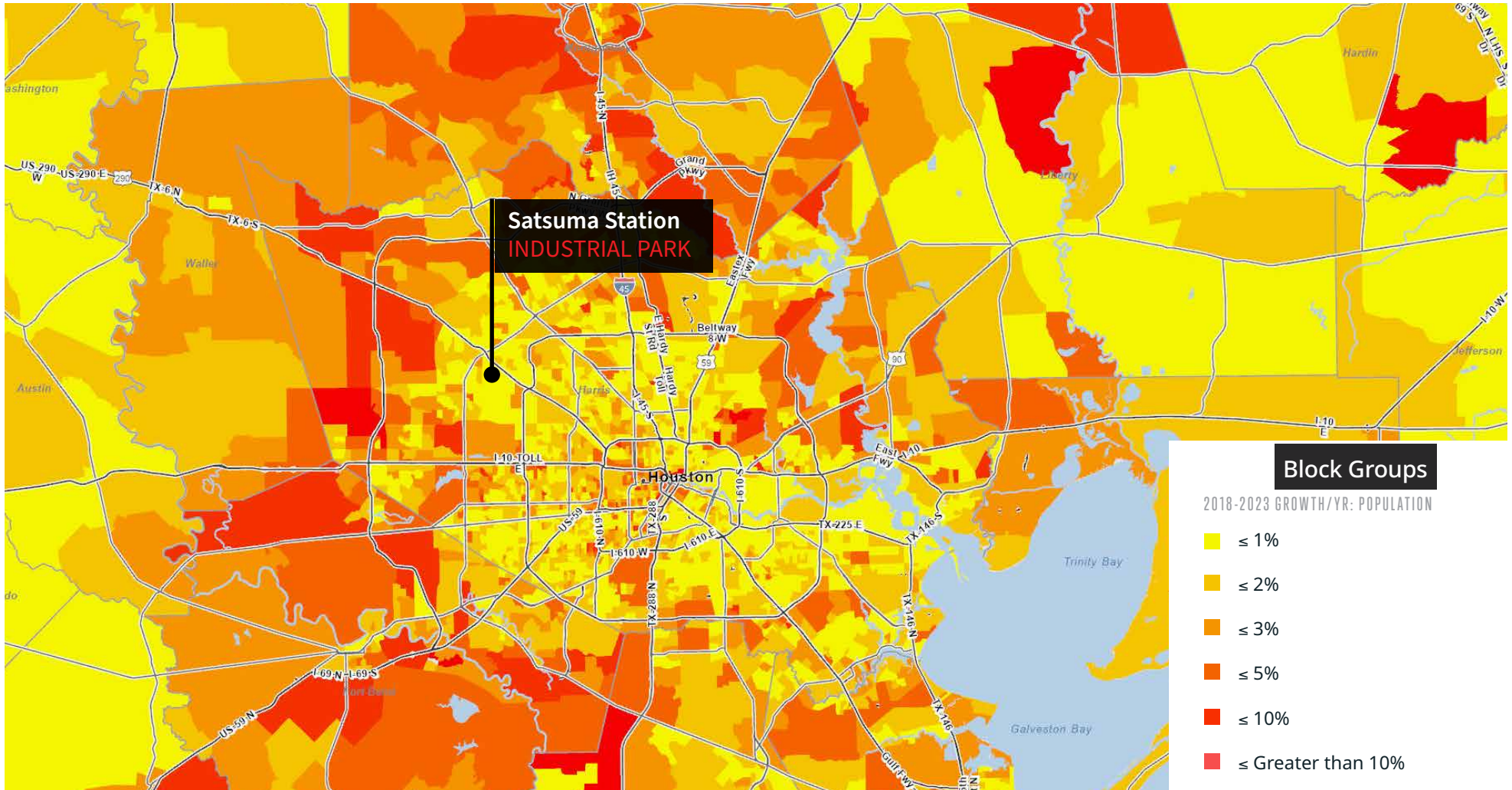


# INVESTMENT HIGHLIGHTS



## Significant Access to Labor Via Northwest Houston Population Boom

The property is strategically located in Northwest Houston within one of the city's largest active warehouse labor pools. The significant access to the labor pool will provide plenty of employee options for future tenants without the worry of dwindling labor supply. Additionally, Satsuma Station Industrial Park is located just east of the fastest growing area of Houston as indicated by the heat map below.



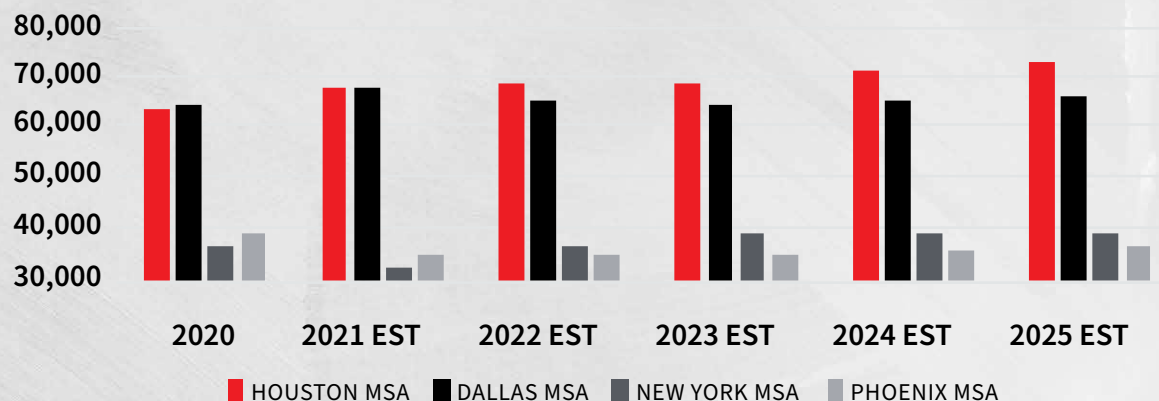
# INVESTMENT HIGHLIGHTS



## Explosive Regional Population Growth

**Houston led the nation in Housing Starts in 2019 and expected to be a leading MSA for new home starts for the next 5 years.**

**HOUSING STARTS (MULTI FAMILY & SINGLE FAMILY)**



## Impressive WALT & Cash on Cash Returns

The stabilized asset boasts robust cash-on-cash returns with significant weighted average lease term. Overall, the portfolio has a WALT of 10.2 years (as of January 1, 2022) with no rollover during the first ten years. There are a myriad of financing options readily available in today's low interest rate environment for the asset due to its' new construction and credit tenancy, which will allow investors the opportunity to achieve healthy cash-on-cash returns.



## Houston Nation Leading Growth

In 2020, Houston led the nation in single-unit housing permits. With 48,208 permits, Houston led Dallas by nearly 5,000 permits and Austin by more than 20,000 permits. Driven by Houston's nation-leading population growth, the Houston housing market shows no signs of slowing down. Single family home sales for the month of December jumped 25.5% compared to December 2019, leading to record low inventories across the MSA.

Over the past 10 years, Houston has gained 1,284,268 residents, pushing the MSA's population to over 8 million people.

### METROPOLITAN STATISTICAL AREA

### SINGLE-FAMILY PERMITS: DEC (UNITS #YTD, NSA)

Houston-The Woodlands-Sugar Land, TX	48,208
Dallas-Fort Worth-Arlington, TX	43,884
Phoenix-Mesa-Scottsdale, AZ	31,724
Atlanta-Sandy Springs-Roswell, GA	28,057
Austin-Round Rock, TX	21,653
Charlotte-Concord-Gastonia, NC-SC	17,807
Tampa-St. Petersburg-Clearwater, FL	16,028
Orlando-Kissimmee-Sanford, FL	15,523
Nashville-Davidson-Murfreesboro-Franklin, TN	14,125
Washington-Arlington-Alexandria, DC-VA-MD-WV	13,594

Sources: National Association of Home Builders



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