

Westport Industrial Park FAQ

1. What is pricing guidance?

- a. \$125/SF or \$23.5M
- b. We have it stabilizing to a 6.8% ROC by year 3

2. When is CFO?

- a. April 10, 2025

3. Who is the seller / why are they selling?

- a. Koontz is the seller – they are the developer, delivered in 2023
- b. They are selling to recirculate capital

4. Why has the seller only done two leases over the course of two years?

- a. Leasing in this pocket has actually been pretty strong over the past year or so but they have missed at Westport for two reasons:
 - i. There is not spec work in place in the buildings, the vacancies are currently in shell condition. Most of 20-40k SF tenants need to be able to move quickly (30-60 days), which has caused tenants to look elsewhere
 - 1. Leasing brokers think they are likely 80%+ leased if there were spec offices in place
- b. Developer has not been willing to contribute adequate TI dollars to lease up spaces of this size. Oftentimes the potential tenants have been asked to come out of pocket for a significant portion of the TI which has pushed them to other locations
 - i. On most deals the landlord has only been willing to offer \$10-12 in TI when most of the requirements they have priced need \$15-20

5. Lease/Sale Comps?

- a. Available in the document center

6. Has there been any financing feedback from lenders?

- a. Yes, connect with Meredith Sheeder (meredith.sheeder@jll.com) and Scott Dickey (scott.dickey@jll.com) for preliminary debt quote matrix

7. What is the supply story in this area of San Antonio?

- The majority of the new supply in San Antonio has been built on the east and northeast sides of the city, which is where you are seeing the largest holes in the market's vacancy
- Large blocks (350,000 SF and larger) built over the past 2-3 years makes up a disproportionate amount of the vacancy in San Antonio with 8 buildings making up approximately 3.5% of the total market vacancy
- Suite sizes of 50,000 or less have been the strong point of the San Antonio market, consistently printing vacancy numbers a 5.0% and below. Westport would fall within this particular data set

8. What are the demand drivers for this submarket?

- a. The west submarket of San Antonio serves two primary functions:
 - i. Provide localized distribution space for tenants who are following the rooftop growth on the west side of San Antonio. West San Antonio is the fastest growing part of the city from a population perspective, which drives needs for tenants supplying construction materials, service providers (HVAC, plumbing, Etc.), and last mile ecommerce

- ii. The west submarket is also well positioned to service large manufacturing hubs on the west and south sides of San Antonio. Port of San Antonio, JCB, Toyota, and Navistar are just a few of the large users who will have ancillary requirements that need to locate in this area

9. What has leasing activity looked like in this submarket?

- a. The west/northwest market has had a flurry of positive momentum over the past 4-5 months with almost 300,000 SF of leases signed in this submarket in the second half of 2024
- b. Leon Creek has signed several strong lease deals and recently sold at 33% leased to Highstreet Logistics at \$127.01 per square foot, where they solved to a return somewhere in the mid to high 6's once stabilized
- c. Along with that, Mid City Business Park is just signed a lease for all of their Building 1 (129k SF) at \$8.63 NNN taking a direct competitor off of the market

10. Is there any leasing activity?

- a. Yes, there are several high-level inquiries who have reached out recently, as well as a JCB supplier who is wanting to lease 20,000-25,000 SF of space. The JCB supplier has toured the building and should be sending an RFP in the coming days, they will need to be as close as possible to the new JCB plant on the south side of the city, Westport appears to be their #1 option.

11. What is the plan for the Phase II land adjacent to the buildings?

- a. As of now there are no immediate plans to move forward with Phase II of this project by Koontz. Preliminary plans show two more 93,000 SF buildings that could be built on the remaining land.
- b. Koontz would be willing to sell the land or structure some sort of development agreement with a buyer of Phase I if there is interest from a potential buyer of Phase II