

RETAIL DEVELOPMENT INVESTMENT OPPORTUNITY

13075 PALACE DRIVE, CONROE, TX 77306

OFFERING MEMORANDUM



OFFERING MEMORANDUM

**BERKSHIRE HATHAWAY
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— 2019 —
**FORTUNE'S 10
MOST ADMIRED
COMPANIES IN
THE WORLD**



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Confidentiality & Disclaimer

13075 PALACE DRIVE, CONROE, TX 77306

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PRESENTED BY:

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PALACE DRIVE RETAIL PLAZA

PROPERTY INFORMATION

1

EXECUTIVE SUMMARY

OPPORTUNITY ZONE INFO

DESCRIPTION OF DEVELOPMENT

PROPOSED DEVELOPMENT PLAN

ARTIST RENDERINGS

NEARBY POPULATION

PALACE DRIVE RETAIL PLAZA

Executive Summary



This is an Artist Rendering and DOES NOT represent current tenant contracts

LAND PRICE:	\$750,000
PROPOSED USE:	Retail Shopping Plaza
SALE TYPE:	Investment/Development
ACRES:	3.50
PLAZA SIZE:	30,000 SF
CROSS STREETS:	FM 2090 & Palace Drive

PROPERTY FEATURES

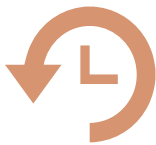
- Ideally Situated for Future Development of a Retail Shopping Plaza
- Centrally Located on FM 2090, a Major Route Connecting The Woodlands/Conroe with Kingwood/New Caney
- Close to The Grand Texas Sports and Entertainment District & Theme Park in New Caney
- Located Directly Across from School Population in Excess of 3,000, bringing Parents to the Door Step of this Development
- 380' Frontage on FM 2090 & 500' Frontage on Palace Drive with No Direct Retail Competition
- Great investment Land to Hold for Future Development
- May Be Used for Investment into a \$5 Million Development of a Retail Shopping Plaza
- Initial Studies Commissioned by the Developer supports Substantial Projected Earnings & Growth Rates
- Located in an Economic Opportunity Zone offering significant tax breaks on qualified properties

PALACE DRIVE RETAIL PLAZA

Opportunity Zone

**Property/Development is located in an Economic Opportunity Zone
Offering Significant Tax Breaks on Qualified Properties.
Call Agent for details**

The Opportunity Zones program offers three tax incentives for investing in low-income communities through a qualified Opportunity Fund ¹:



Temporary Deferral

A temporary deferral of inclusion in taxable income for capital gains reinvested into an Opportunity Fund. The deferred gain must be recognized on the earlier of the date on which the opportunity zone investment is disposed of or December 31, 2026.



Step-Up In Basis

A step-up in basis for capital gains reinvested in an Opportunity Fund. The basis is increased by 10% if the investment in the Opportunity Fund is held by the taxpayer for at least 5 years and by an additional 5% if held for at least 7 years, thereby excluding up to 15% of the original gain from taxation.

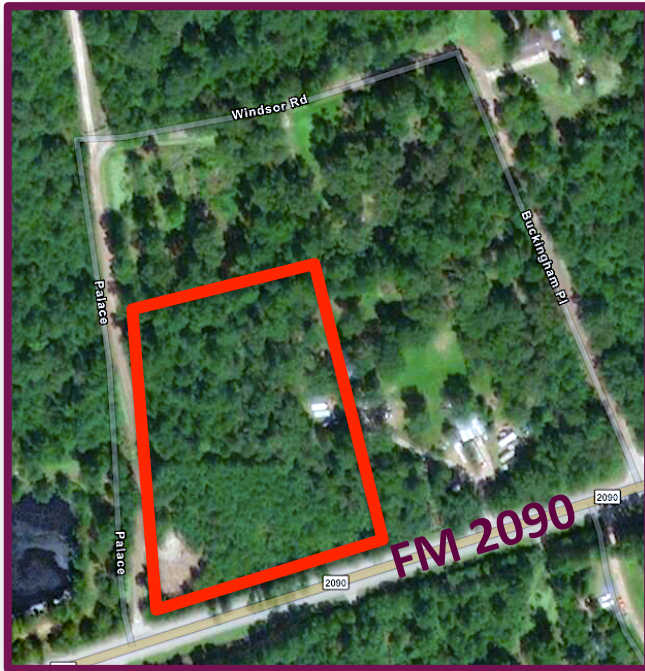


Permanent Exclusion

A permanent exclusion from taxable income of capital gains from the sale or exchange of an investment in an Opportunity Fund if the investment is held for at least 10 years. This exclusion only applies to gains accrued after an investment in an Opportunity Fund.

PALACE DRIVE RETAIL PLAZA

Description of Development



LAND OVERVIEW

Land is not divisible, as it is intended for development of a Retail Shopping Plaza. It may be purchased and held for future development or purchased as part of a proposed \$5 million Development Project.

DEVELOPMENT OVERVIEW

Approx. 3.5 Acres for sale for the Development of a Retail Shopping Plaza. Developer has commissioned feasibility, market analysis, appraisal, construction & architectural studies to support such a project. These reports reveal an opportunity to develop upscale retail space with market rents approx. \$5 ~ \$10 per SF lower than the market for brand new retail in this growing area. TXDot has also approved approx. \$100MM in improvements to FM 2090, FM 1485 & Hwy 242 to accommodate the traffic for the nearby 630+ Acre Grand Texas Sports and Entertainment District & Theme Park in New Caney. Combined with expected explosive traffic growth along FM 2090, a major transportation route connecting I-69 (Kingwood/New Caney Area) to I-45 (The Woodlands/Conroe Area), the market lease rates for this Plaza are sure to attract Nationally Recognized Brand Tenants. Demand in sub-market out paces supply, and most retail in the market are over 10 years old. Studies were performed by reputable firms in their respective industry specialties, and are available for review by interested investors.

SCHEDULE A VIST TODAY!

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LOCATION

45 Minutes North of Houston. From Houston, take Interstate 45 North. Take exit 79A towards Highway 242. Turn Right on Hwy 242. Turn Left on Old Houston Rd (FM 1485). Turn right on FM 2090. Land is on the left just past Moorhead Jr. High at the intersection of FM 2090 & Palace Drive. Please have Rick Stallings or Pouya Tiraie accompany you on your visit.



PALACE DRIVE RETAIL PLAZA

Proposed Development



DEVELOPMENT PLAN

Upscale Retail Plaza with 2 Buildings
Totaling Approx. 30,000 SF of Retail
Space, Landscaped Parking Lot, Retention
Pond & Water Features

PALACE DRIVE RETAIL PLAZA

Artist Renderings

Beautiful Upscale Elevations & Landscaping



Attract National Brand Tenants

PALACE DRIVE RETAIL PLAZA

Nearby Population

SCHOOLS (Miles/Enrollment)

Caney Creek High (0 / 2,100)

Moorhead Jr. High (0 / 1,100)

Grangerland Intermediate (1 / 1,100)

Milam Elementary (1 / 800)

NEARBY CITIES/TOWNS (miles/population)

Grangerland (1 / 5,800)

Splendora(10 /2,100)

Conroe (12 / 84,400)

New Caney (12 / 20,000)

Kingwood/Porter (15 / 113,000)

Shenandoah (15 / 2,900)

The Woodlands (16 / 109,700)



VENUES ATTRACTING VISITORS TO AREA

Grand Texas Sports & Entertainment
District

Grand Texas Theme Park

Big Rivers Waterpark

Cynthia Woods Mitchell Pavilion



PALACE DRIVE RETAIL PLAZA

LOCATION INFORMATION

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PROXIMITY MAPS

LOCATION IN TEXAS

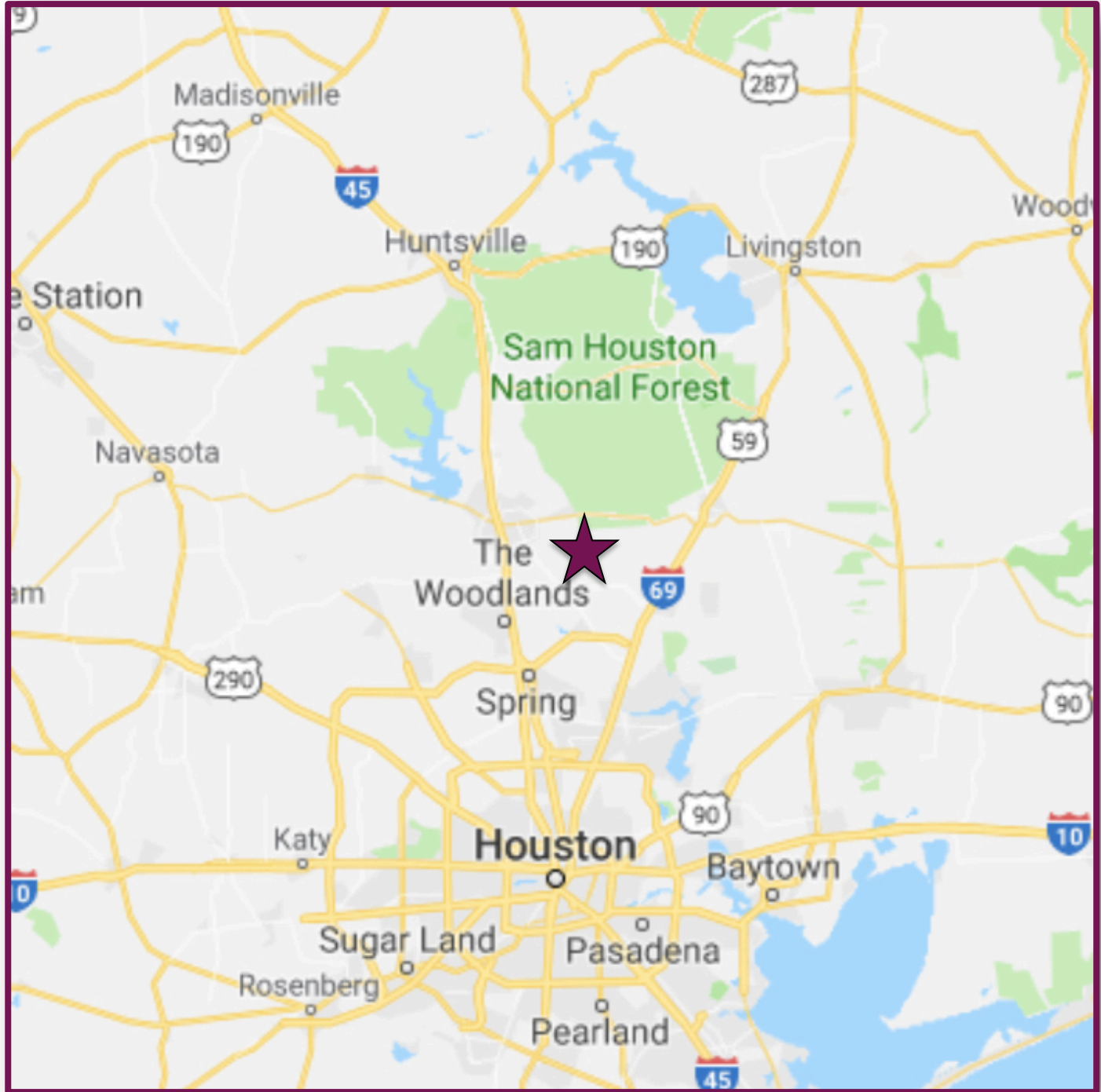
PALACE DRIVE RETAIL PLAZA

Proximity Maps



PALACE DRIVE RETAIL PLAZA

Location in Texas



PALACE DRIVE RETAIL PLAZA

LOCATION INFORMATION

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FINANCIAL SUMMARIES

PRO FORMA INCOME STATEMENT

DETAILED FINANCIAL ANALYSIS

PALACE DRIVE RETAIL PLAZA

Financial Summary

Land Purchase Only

INVESTMENT OVERVIEW

Acres/SF	3.483 / 151,719
Price	\$750,000
Price per Acre	\$215,332
Price per SF	\$4.94

FINANCING DATA

Down Payment	\$156,000
Loan Amount	\$600,000
Annual Debt Service	\$45,300
Debt Service Monthly	\$3,800
Principal Reduction (yr 1)	\$11,100
Interest Rate (%)	5.75
Terms (Yrs)	25

PALACE DRIVE RETAIL PLAZA

Financial Summary

Purchase of Development (including Land)

INVESTMENT OVERVIEW

Net Income	\$ 571,950
Sales Price ¹	\$ 10,249,000
Development Cost ²	\$ 4,893,000
Capital Gain	\$ 5,356,000
Acquisition Cap Rate	11.69%
10-Year ROA ¹	15.25%
IRR ¹	31.52%

INVESTMENT ALLOCATION

Development Cost ²	\$ 4,893,000
Value of Land (Contributed by Developer)	(750,000)
Investor	(750,000)
Loan Requirement	<u>\$ 3,393,000</u>

FINANCING DATA

Loan Amount	\$ 3,393,000
Annual Debt Service ³	\$ 256,000
Monthly Debt Service ³	\$ 21,300

¹ Assumes a 10 Year Holding Period, a 7.5% Disposition Cap Rate & 5% Disposition Cost. Profit is pre-tax

² Includes Improvements, Land & Site Work

³ Assumes 5.75% Interest Rate, 25 Year Loan Term & 1% Loan Costs

PALACE DRIVE RETAIL PLAZA

Financial Summary

Pro Forma Income Statement Development

Retail SF	30,000
Lease Rate/SF/Year ¹	\$18
Retail Lease Income	\$540,000
Outparcel Lease Income	75,000
Less: Vacancy ²	<u>(43,050)</u>
Net Income	<u><u>\$571,950</u></u>

¹ NNNs are estimated to be \$5.35/SF/Year

² Assumes Occupancy Rate of 93%

Detailed Financial Analysis

The previous pages are summaries of information available in the form of feasibility studies, market analysis, appraisals, construction cost estimates & architectural designs, as well as detailed CCIM Analysis. If you are interested in purchasing more than just the land, please request more detailed information that support the information provided in this Offering Memorandum.

PALACE DRIVE RETAIL PLAZA

DEMOGRAPHICS

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5, 10 & 15 MILE RADIUS MAP

GENERAL PROFILE

EXECUTIVE SUMMARY

MAJOR SHOPPING CENTERS

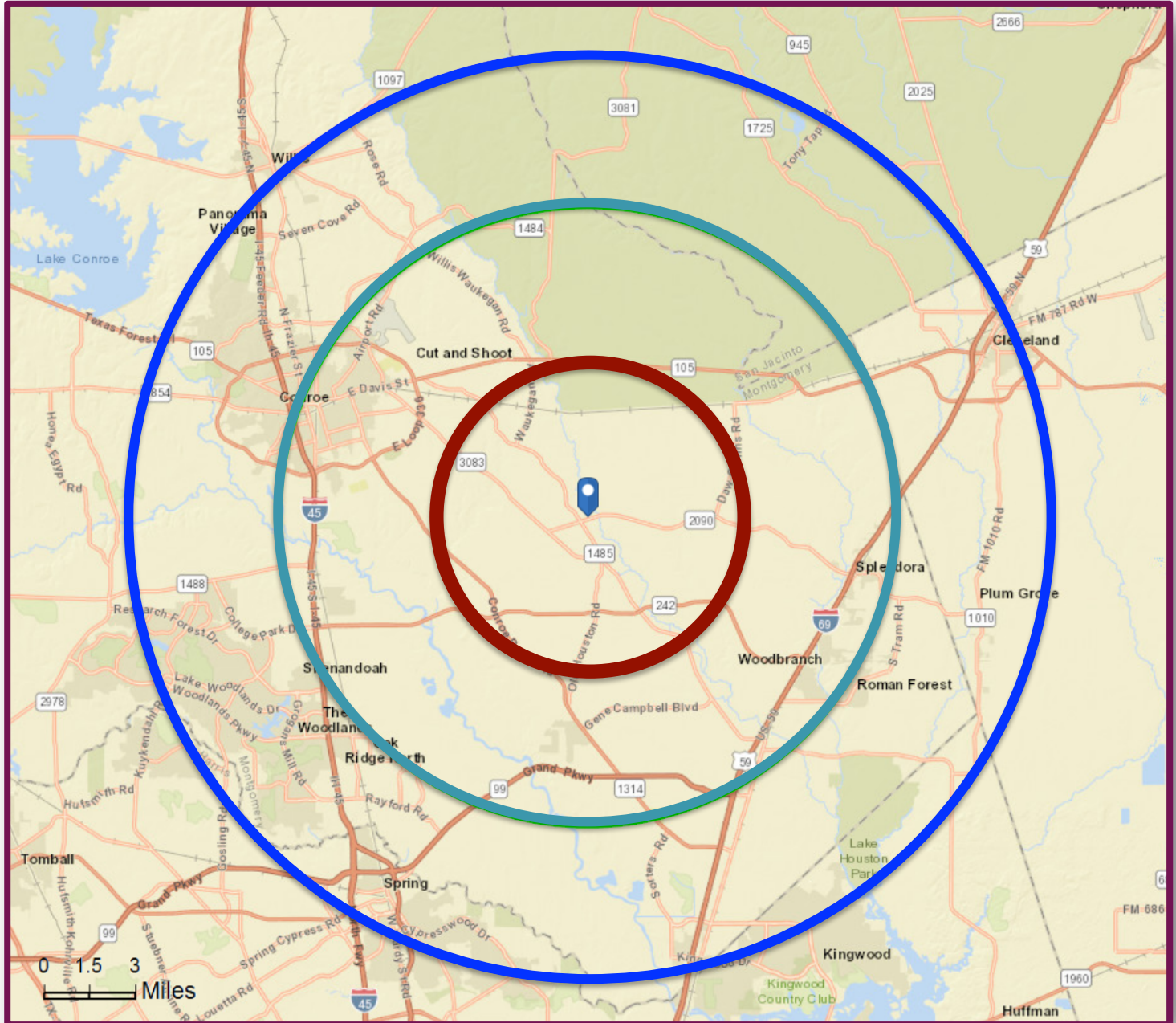
RETAIL MARKET POTENTIAL

RETAIL MARKETPLACE PROFILE

ADDITIONAL DEMOGRAPHICS AVAILABLE UPON REQUEST

PALACE DRIVE RETAIL PLAZA

5, 10 & 15 Mile Radius



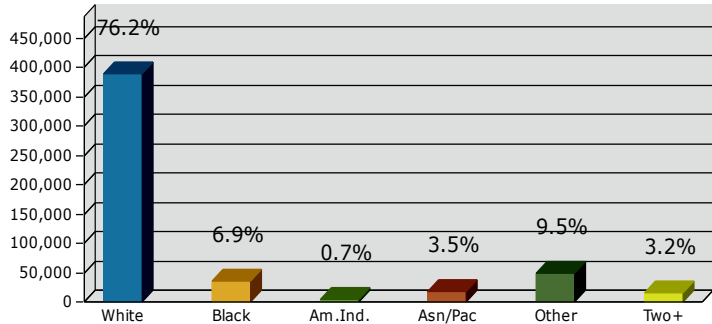
**The Following Pages Feature Information for 15 Mile Radius Only
(unless otherwise stated)**

Please Request Additional Information if Interested

PALACE DRIVE RETAIL PLAZA

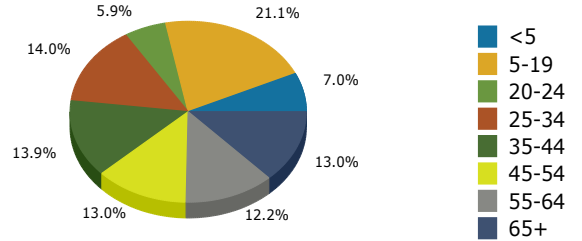
General Profile

2019 Population by Race

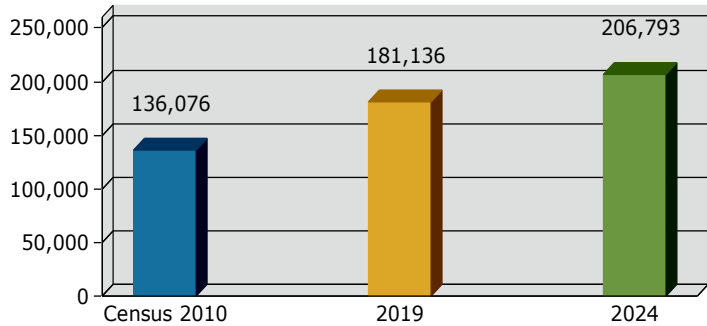


2019 Percent Hispanic Origin: 27.9%

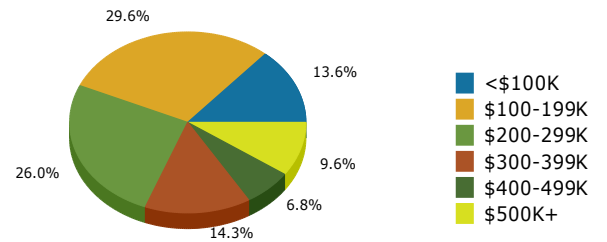
2019 Population by Age



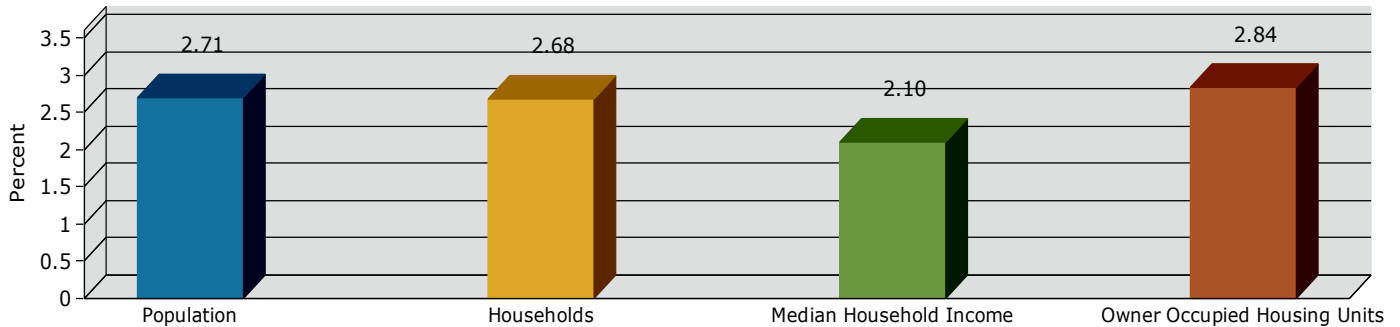
Households



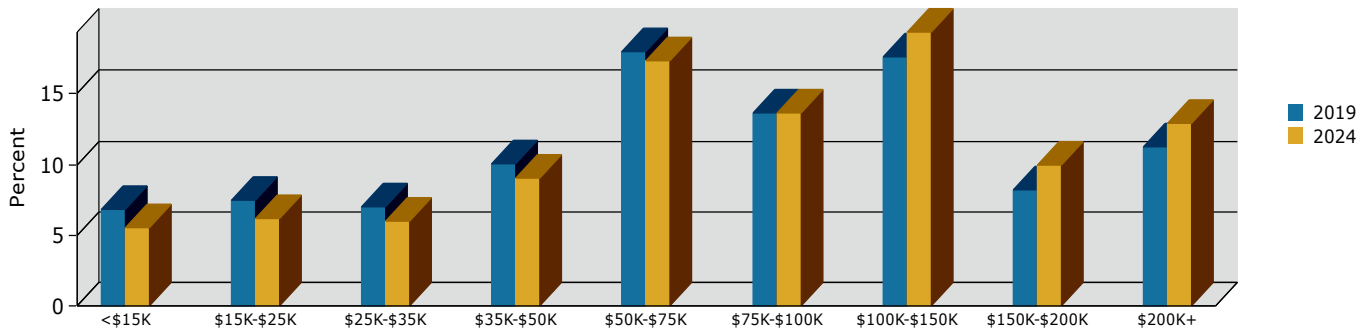
2019 Home Value



2019-2024 Annual Growth Rate



Household Income



Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2019 and 2024.

PALACE DRIVE RETAIL PLAZA

Executive Summary

	5 miles	10 miles	15 miles
Population			
2000 Population	13,753	80,343	268,781
2010 Population	20,020	118,889	382,545
2019 Population	23,526	157,957	510,594
2024 Population	25,859	182,159	583,663
2000-2010 Annual Rate	3.83%	4.00%	3.59%
2010-2019 Annual Rate	1.76%	3.12%	3.17%
2019-2024 Annual Rate	1.91%	2.89%	2.71%
2019 Male Population	50.8%	50.5%	49.5%
2019 Female Population	49.2%	49.5%	50.5%
2019 Median Age	32.6	34.2	36.4

In the identified area, the current year population is 510,594. In 2010, the Census count in the area was 382,545. The rate of change since 2010 was 3.17% annually. The five-year projection for the population in the area is 583,663 representing a change of 2.71% annually from 2019 to 2024. Currently, the population is 49.5% male and 50.5% female.

Median Age

The median age in this area is 32.6, compared to U.S. median age of 38.5.

Race and Ethnicity

2019 White Alone	78.0%	74.6%	76.2%
2019 Black Alone	2.0%	6.2%	6.9%
2019 American Indian/Alaska Native Alone	1.5%	1.0%	0.7%
2019 Asian Alone	0.9%	2.0%	3.4%
2019 Pacific Islander Alone	0.0%	0.1%	0.1%
2019 Other Race	14.6%	12.7%	9.5%
2019 Two or More Races	3.0%	3.4%	3.2%
2019 Hispanic Origin (Any Race)	41.1%	36.6%	27.9%

Persons of Hispanic origin represent 27.9% of the population in the identified area compared to 18.6% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 64.9 in the identified area, compared to 64.8 for the U.S. as a whole.

Households

2019 Wealth Index	57	95	125
2000 Households	4,481	26,472	93,197
2010 Households	6,313	38,823	136,076
2019 Total Households	7,335	51,371	181,136
2024 Total Households	8,027	59,304	206,793
2000-2010 Annual Rate	3.49%	3.90%	3.86%
2010-2019 Annual Rate	1.64%	3.07%	3.14%
2019-2024 Annual Rate	1.82%	2.91%	2.68%
2019 Average Household Size	3.21	3.03	2.80

The household count in this area has changed from 136,076 in 2010 to 181,136 in the current year, a change of 3.14% annually. The five-year projection of households is 206,793, a change of 2.68% annually from the current year total. Average household size is currently 2.80, compared to 2.79 in the year 2010. The number of families in the current year is 132,980 in the specified area.

PALACE DRIVE RETAIL PLAZA

Executive Summary

	5 miles	10 miles	15 miles
Mortgage Income			
2019 Percent of Income for Mortgage	10.9%	15.5%	14.4%
Median Household Income			
2019 Median Household Income	\$50,274	\$61,930	\$75,963
2024 Median Household Income	\$55,519	\$71,909	\$84,278
2019-2024 Annual Rate	2.00%	3.03%	2.10%
Average Household Income			
2019 Average Household Income	\$64,740	\$85,707	\$104,666
2024 Average Household Income	\$75,171	\$100,786	\$117,965
2019-2024 Annual Rate	3.03%	3.29%	2.42%
Per Capita Income			
2019 Per Capita Income	\$20,133	\$27,825	\$36,984
2024 Per Capita Income	\$23,273	\$32,719	\$41,621
2019-2024 Annual Rate	2.94%	3.29%	2.39%

Households by Income

Current median household income is \$75,963 in the area, compared to \$60,548 for all U.S. households. Median household income is projected to be \$84,278 in five years, compared to \$69,180 for all U.S. households

Current average household income is \$104,666 in this area, compared to \$87,398 for all U.S. households. Average household income is projected to be \$117,965 in five years, compared to \$99,638 for all U.S. households

Current per capita income is \$36,984 in the area, compared to the U.S. per capita income of \$33,028. The per capita income is projected to be \$41,621 in five years, compared to \$36,530 for all U.S. households

Housing			
2019 Housing Affordability Index	215	138	142
2000 Total Housing Units	4,850	28,539	99,548
2000 Owner Occupied Housing Units	3,765	19,978	70,851
2000 Renter Occupied Housing Units	716	6,494	22,346
2000 Vacant Housing Units	369	2,067	6,351
2010 Total Housing Units	6,893	41,941	147,050
2010 Owner Occupied Housing Units	4,832	28,302	97,306
2010 Renter Occupied Housing Units	1,481	10,521	38,770
2010 Vacant Housing Units	580	3,118	10,974
2019 Total Housing Units	7,991	54,593	191,314
2019 Owner Occupied Housing Units	5,145	37,004	125,395
2019 Renter Occupied Housing Units	2,190	14,367	55,741
2019 Vacant Housing Units	656	3,222	10,178
2024 Total Housing Units	8,737	62,669	217,589
2024 Owner Occupied Housing Units	5,553	43,275	144,257
2024 Renter Occupied Housing Units	2,474	16,029	62,537
2024 Vacant Housing Units	710	3,365	10,796

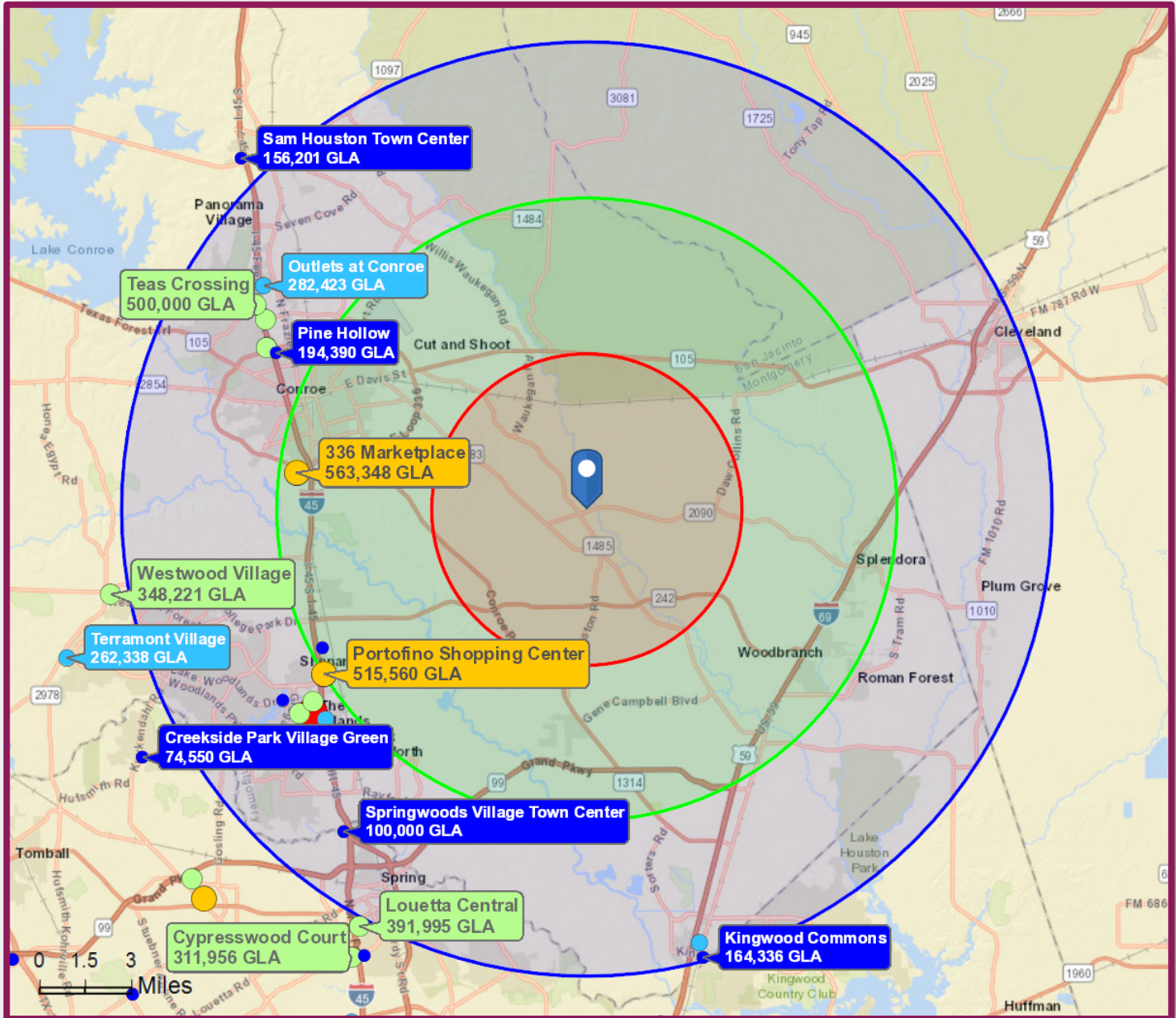
Currently, 65.5% of the 191,314 housing units in the area are owner occupied; 29.1%, renter occupied; and 5.3% are vacant. Currently, in the U.S., 56.4% of the housing units in the area are owner occupied; 32.4% are renter occupied; and 11.2% are vacant. In 2010, there were 147,050 housing units in the area - 66.2% owner occupied, 26.4% renter occupied, and 7.5% vacant. The annual rate of change in housing units since 2010 is 12.41%. Median home value in the area is \$224,053, compared to a median home value of \$234,154 for the U.S. In five years, median value is projected to change by 2.85% annually to \$257,909.

Data Note: Income is expressed in current dollars. Housing Affordability Index and Percent of Income for Mortgage calculations are only available for areas with 50 or more owner-occupied housing units.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2019 and 2024 Esri converted Census 2000 data into 2010 geography.

PALACE DRIVE RETAIL PLAZA

Major Shopping Centers



Gross Leasable Area (SF)

- Less than 200,000
- 200,001 – 300,000
- 300,001 – 500,000
- 500,001 – 800,000
- More than 800,000

Source: Directory of Major Malls, Inc. (January 2019).

PALACE DRIVE RETAIL PLAZA

Retail Market Potential

Demographic Summary	2019	2024
Population	510,594	583,663
Population 18+	379,782	434,591
Households	181,136	206,793
Median Household Income	\$75,963	\$84,278

Product/Consumer Behavior	Expected Number of Adults or HHs	Percent of Adults/HHs	MPI
Apparel (Adults)			
Bought any men's clothing in last 12 months	186,824	49.2%	104
Bought any women's clothing in last 12 months	168,583	44.4%	104
Bought clothing for child <13 years in last 6 months	114,889	30.3%	113
Bought any shoes in last 12 months	205,496	54.1%	103
Bought costume jewelry in last 12 months	66,577	17.5%	101
Bought any fine jewelry in last 12 months	67,000	17.6%	99
Bought a watch in last 12 months	59,385	15.6%	101
Automobiles (Households)			
HH owns/leases any vehicle	162,310	89.6%	105
HH bought/leased new vehicle last 12 months	20,463	11.3%	115
Automotive Aftermarket (Adults)			
Bought gasoline in last 6 months	337,644	88.9%	104
Bought/changed motor oil in last 12 months	188,151	49.5%	104
Had tune-up in last 12 months	94,396	24.9%	100
Beverages (Adults)			
Drank bottled water/seltzer in last 6 months	273,442	72.0%	100
Drank regular cola in last 6 months	169,429	44.6%	100
Drank beer/ale in last 6 months	161,397	42.5%	101
Cameras (Adults)			
Own digital point & shoot camera/camcorder	39,749	10.5%	105
Own digital SLR camera/camcorder	33,400	8.8%	111
Printed digital photos in last 12 months	95,967	25.3%	111
Cell Phones (Adults/Households)			
Bought cell phone in last 12 months	134,318	35.4%	102
Have a smartphone	331,940	87.4%	104
Have a smartphone: Android phone (any brand)	159,353	42.0%	104
Have a smartphone: Apple iPhone	167,621	44.1%	105
Number of cell phones in household: 1	46,114	25.5%	84
Number of cell phones in household: 2	71,670	39.6%	102
Number of cell phones in household: 3+	59,862	33.0%	118
HH has cell phone only (no landline telephone)	104,665	57.8%	103
Computers (Households)			
HH owns a computer	140,628	77.6%	106
HH owns desktop computer	71,784	39.6%	107
HH owns laptop/notebook	110,221	60.8%	108
HH owns any Apple/Mac brand computer	34,798	19.2%	106
HH owns any PC/non-Apple brand computer	118,132	65.2%	106
HH purchased most recent computer in a store	69,075	38.1%	105
HH purchased most recent computer online	26,984	14.9%	110
Spent <\$1-499 on most recent home computer	25,976	14.3%	97
Spent \$500-\$999 on most recent home computer	32,789	18.1%	108
Spent \$1,000-\$1,499 on most recent home computer	18,302	10.1%	105
Spent \$1,500-\$1,999 on most recent home computer	9,025	5.0%	112
Spent \$2,000+ on most recent home computer	8,090	4.5%	113

PALACE DRIVE RETAIL PLAZA

Retail Market Potential

Product/Consumer Behavior	Expected Number of Adults or HHs	Percent of Adults/HHs	MPI
Convenience Stores (Adults)			
Shopped at convenience store in last 6 months	247,293	65.1%	103
Bought brewed coffee at convenience store in last 30 days	51,683	13.6%	98
Bought cigarettes at convenience store in last 30 days	39,550	10.4%	96
Bought gas at convenience store in last 30 days	152,878	40.3%	108
Spent at convenience store in last 30 days: <\$1-19	27,236	7.2%	104
Spent at convenience store in last 30 days: \$20-\$39	36,350	9.6%	101
Spent at convenience store in last 30 days: \$40-\$50	30,517	8.0%	97
Spent at convenience store in last 30 days: \$51-\$99	20,748	5.5%	99
Spent at convenience store in last 30 days: \$100+	90,985	24.0%	107
Entertainment (Adults)			
Attended a movie in last 6 months	234,163	61.7%	105
Went to live theater in last 12 months	39,836	10.5%	95
Went to a bar/night club in last 12 months	64,949	17.1%	99
Dined out in last 12 months	206,974	54.5%	105
Gambled at a casino in last 12 months	48,969	12.9%	98
Visited a theme park in last 12 months	77,931	20.5%	108
Viewed movie (video-on-demand) in last 30 days	72,394	19.1%	109
Viewed TV show (video-on-demand) in last 30 days	50,600	13.3%	105
Watched any pay-per-view TV in last 12 months	40,087	10.6%	108
Downloaded a movie over the Internet in last 30 days	38,175	10.1%	105
Downloaded any individual song in last 6 months	79,867	21.0%	110
Watched a movie online in the last 30 days	106,614	28.1%	104
Watched a TV program online in last 30 days	75,133	19.8%	104
Played a video/electronic game (console) in last 12 months	33,918	8.9%	101
Played a video/electronic game (portable) in last 12 months	18,168	4.8%	102
Financial (Adults)			
Have home mortgage (1st)	136,442	35.9%	116
Used ATM/cash machine in last 12 months	212,033	55.8%	106
Own any stock	27,656	7.3%	102
Own U.S. savings bond	16,666	4.4%	101
Own shares in mutual fund (stock)	28,298	7.5%	104
Own shares in mutual fund (bonds)	18,980	5.0%	105
Have interest checking account	116,531	30.7%	107
Have non-interest checking account	112,261	29.6%	101
Have savings account	226,298	59.6%	104
Have 401K retirement savings plan	69,667	18.3%	114
Own/used any credit/debit card in last 12 months	309,304	81.4%	103
Avg monthly credit card expenditures: <\$1-110	44,147	11.6%	101
Avg monthly credit card expenditures: \$111-\$225	28,710	7.6%	103
Avg monthly credit card expenditures: \$226-\$450	24,863	6.5%	96
Avg monthly credit card expenditures: \$451-\$700	24,022	6.3%	103
Avg monthly credit card expenditures: \$701-\$1,000	20,769	5.5%	98
Avg monthly credit card expenditures: \$1,001+	47,643	12.5%	108
Did banking online in last 12 months	163,109	42.9%	110
Did banking on mobile device in last 12 months	110,690	29.1%	113
Paid bills online in last 12 months	206,431	54.4%	108

PALACE DRIVE RETAIL PLAZA

Retail Market Potential

Product/Consumer Behavior	Expected Number of Adults/HHs	Percent of Adults/HHs	MPI
Grocery (Adults)			
Used beef (fresh/frozen) in last 6 months	128,362	70.9%	103
Used bread in last 6 months	169,187	93.4%	100
Used chicken (fresh or frozen) in last 6 months	128,999	71.2%	103
Used turkey (fresh or frozen) in last 6 months	25,616	14.1%	94
Used fish/seafood (fresh or frozen) in last 6 months	100,440	55.5%	100
Used fresh fruit/vegetables in last 6 months	156,817	86.6%	101
Used fresh milk in last 6 months	157,695	87.1%	101
Used organic food in last 6 months	44,541	24.6%	103
Health (Adults)			
Exercise at home 2+ times per week	108,681	28.6%	104
Exercise at club 2+ times per week	58,985	15.5%	108
Visited a doctor in last 12 months	292,370	77.0%	100
Used vitamin/dietary supplement in last 6 months	202,884	53.4%	99
Home (Households)			
Did any home improvement in last 12 months	54,640	30.2%	109
Used any housekeeper/professional cleaning service in last 12 months	27,608	15.2%	105
Purchased low ticket HH furnishings in last 12 months	32,708	18.1%	106
Purchased big ticket HH furnishings in last 12 months	43,071	23.8%	107
Bought any small kitchen appliance in last 12 months	41,754	23.1%	103
Bought any large kitchen appliance in last 12 months	27,596	15.2%	109
Insurance (Adults/Households)			
Currently carry life insurance	181,354	47.8%	108
Carry medical/hospital/accident insurance	286,585	75.5%	101
Carry homeowner insurance	194,505	51.2%	108
Carry renter's insurance	30,576	8.1%	95
Have auto insurance: 1 vehicle in household covered	51,290	28.3%	91
Have auto insurance: 2 vehicles in household covered	58,448	32.3%	113
Have auto insurance: 3+ vehicles in household covered	46,416	25.6%	112
Pets (Households)			
Household owns any pet	106,896	59.0%	108
Household owns any cat	42,041	23.2%	102
Household owns any dog	83,842	46.3%	111
Psychographics (Adults)			
Buying American is important to me	147,034	38.7%	99
Usually buy items on credit rather than wait	48,829	12.9%	98
Usually buy based on quality - not price	70,202	18.5%	97
Price is usually more important than brand name	106,272	28.0%	102
Usually use coupons for brands I buy often	65,389	17.2%	100
Am interested in how to help the environment	71,407	18.8%	97
Usually pay more for environ safe product	52,007	13.7%	97
Usually value green products over convenience	41,751	11.0%	97
Likely to buy a brand that supports a charity	131,818	34.7%	99
Reading (Adults)			
Bought digital book in last 12 months	54,340	14.3%	111
Bought hardcover book in last 12 months	76,333	20.1%	100
Bought paperback book in last 12 month	110,903	29.2%	102
Read any daily newspaper (paper version)	59,984	15.8%	86
Read any digital newspaper in last 30 days	153,675	40.5%	102
Read any magazine (paper/electronic version) in last 6 months	346,618	91.3%	100

PALACE DRIVE RETAIL PLAZA

Retail Market Potential

Product/Consumer Behavior	Expected Number of Adults or HHS	Percent of Adults/HHS	MPI
Restaurants (Adults)			
Went to family restaurant/steak house in last 6 months	296,044	78.0%	104
Went to family restaurant/steak house: 4+ times a month	111,303	29.3%	110
Went to fast food/drive-in restaurant in last 6 months	350,383	92.3%	102
Went to fast food/drive-in restaurant 9+ times/month	161,130	42.4%	108
Fast food restaurant last 6 months: eat in	146,129	38.5%	103
Fast food restaurant last 6 months: home delivery	33,847	8.9%	103
Fast food restaurant last 6 months: take-out/drive-thru	195,660	51.5%	110
Fast food restaurant last 6 months: take-out/walk-in	81,170	21.4%	103
Television & Electronics (Adults/Households)			
Own any tablet	198,255	52.2%	108
Own any e-reader	34,094	9.0%	108
Own e-reader/tablet: iPad	118,366	31.2%	110
HH has Internet connectable TV	57,272	31.6%	110
Own any portable MP3 player	76,854	20.2%	109
HH owns 1 TV	32,427	17.9%	85
HH owns 2 TVs	48,315	26.7%	99
HH owns 3 TVs	40,820	22.5%	107
HH owns 4+ TVs	36,218	20.0%	115
HH subscribes to cable TV	78,031	43.1%	99
HH subscribes to fiber optic	12,026	6.6%	94
HH owns portable GPS navigation device	42,488	23.5%	102
HH purchased video game system in last 12 months	15,761	8.7%	106
HH owns any Internet video device for TV	48,378	26.7%	111
Travel (Adults)			
Took domestic trip in continental US last 12 months	211,529	55.7%	106
Took 3+ domestic non-business trips in last 12 months	49,237	13.0%	110
Spent on domestic vacations in last 12 months: <\$1-999	41,376	10.9%	101
Spent on domestic vacations in last 12 months: \$1,000-\$1,499	24,897	6.6%	105
Spent on domestic vacations in last 12 months: \$1,500-\$1,999	16,761	4.4%	110
Spent on domestic vacations in last 12 months: \$2,000-\$2,999	17,157	4.5%	108
Spent on domestic vacations in last 12 months: \$3,000+	26,716	7.0%	109
Domestic travel in last 12 months: used general travel website	28,105	7.4%	108
Took foreign trip (including Alaska and Hawaii) in last 3 years	109,776	28.9%	105
Took 3+ foreign trips by plane in last 3 years	20,885	5.5%	101
Spent on foreign vacations in last 12 months: <\$1-999	17,846	4.7%	101
Spent on foreign vacations in last 12 months: \$1,000-\$2,999	14,892	3.9%	98
Spent on foreign vacations in last 12 months: \$3,000+	23,909	6.3%	100
Foreign travel in last 3 years: used general travel website	22,267	5.9%	102
Nights spent in hotel/motel in last 12 months: any	180,852	47.6%	107
Took cruise of more than one day in last 3 years	37,858	10.0%	112
Member of any frequent flyer program	74,035	19.5%	108
Member of any hotel rewards program	74,174	19.5%	108

Data Note: An MPI (Market Potential Index) measures the relative likelihood of the adults or households in the specified trade area to exhibit certain consumer behavior or purchasing patterns compared to the U.S. An MPI of 100 represents the U.S. Average

Source: These data are based upon national propensities to use various products and services, applied to local demographic composition. Usage data were collected by GfK MRI in a nationally representative survey of U.S. households. Esri forecasts for 2019 and 2024.

PALACE DRIVE RETAIL PLAZA

Retail MarketPlace Profile

Summary Demographics

2019 Population	510,594
2019 Households	181,136
2019 Median Disposable Income	\$60,730
2019 Per Capita Income	\$36,984

2017 Industry Summary	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Total Retail Trade and Food & Drink	44-45,722	\$7,629,854,783	\$7,756,306,876	-\$126,452,093	-0.8	3,048
Total Retail Trade	44-45	\$6,860,150,701	\$6,977,497,741	-\$117,347,040	-0.8	2,180
Total Food & Drink	722	\$769,704,083	\$778,809,135	-\$9,105,052	-0.6	868

2017 Industry Group	NAICS	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage/Surplus Factor	Number of Businesses
Motor Vehicle & Parts Dealers	441	\$1,484,828,012	\$1,430,989,655	\$53,838,357	1.8	284
Automobile Dealers	4411	\$1,194,428,538	\$1,108,061,393	\$86,367,145	3.8	135
Other Motor Vehicle Dealers	4412	\$159,816,729	\$229,988,552	-\$70,171,823	-18.0	58
Auto Parts, Accessories & Tire Stores	4413	\$130,582,746	\$92,939,710	\$37,643,036	16.8	91
Furniture & Home Furnishings Stores	442	\$242,104,249	\$191,247,153	\$50,857,096	11.7	137
Furniture Stores	4421	\$140,412,862	\$113,054,630	\$27,358,232	10.8	67
Home Furnishings Stores	4422	\$101,691,386	\$78,192,523	\$23,498,863	13.1	70
Electronics & Appliance Stores	443	\$249,971,386	\$193,100,260	\$56,871,126	12.8	105
Bldg Materials, Garden Equip. & Supply Stores	444	\$457,302,173	\$401,819,529	\$55,482,644	6.5	177
Bldg Material & Supplies Dealers	4441	\$431,304,598	\$382,786,931	\$48,517,667	6.0	145
Lawn & Garden Equip & Supply Stores	4442	\$25,997,575	\$19,032,598	\$6,964,977	15.5	32
Food & Beverage Stores	445	\$1,230,871,605	\$1,191,733,686	\$39,137,919	1.6	241
Grocery Stores	4451	\$1,115,537,946	\$1,092,421,652	\$23,116,294	1.0	153
Specialty Food Stores	4452	\$52,139,459	\$19,690,941	\$32,448,518	45.2	49
Beer, Wine & Liquor Stores	4453	\$63,194,201	\$79,621,093	-\$16,426,892	-11.5	38
Health & Personal Care Stores	446,4461	\$391,017,184	\$353,958,549	\$37,058,635	5.0	170
Gasoline Stations	447,4471	\$678,749,398	\$811,199,903	-\$132,450,505	-8.9	185
Clothing & Clothing Accessories Stores	448	\$315,881,397	\$383,287,908	-\$67,406,511	-9.6	292
Clothing Stores	4481	\$208,774,808	\$291,908,912	-\$83,134,104	-16.6	199
Shoe Stores	4482	\$44,393,656	\$49,610,848	-\$5,217,192	-5.5	45
Jewelry, Luggage & Leather Goods Stores	4483	\$62,712,933	\$41,768,147	\$20,944,786	20.0	48
Sporting Goods, Hobby, Book & Music Stores	451	\$237,547,670	\$183,412,163	\$54,135,507	12.9	123
Sporting Goods/Hobby/Musical Instr Stores	4511	\$212,069,079	\$163,638,605	\$48,430,474	12.9	109
Book, Periodical & Music Stores	4512	\$25,478,591	\$19,773,558	\$5,705,033	12.6	13
General Merchandise Stores	452	\$1,198,083,324	\$1,594,905,677	-\$396,822,353	-14.2	117
Department Stores Excluding Leased Depts.	4521	\$835,639,689	\$900,315,846	-\$64,676,157	-3.7	38
Other General Merchandise Stores	4529	\$362,443,635	\$694,589,831	-\$332,146,196	-31.4	78
Miscellaneous Store Retailers	453	\$269,574,624	\$202,033,550	\$67,541,074	14.3	316
Florists	4531	\$12,003,745	\$10,862,339	\$1,141,406	5.0	31
Office Supplies, Stationery & Gift Stores	4532	\$58,347,580	\$41,328,410	\$17,019,170	17.1	80
Used Merchandise Stores	4533	\$45,994,193	\$32,784,119	\$13,210,074	16.8	60
Other Miscellaneous Store Retailers	4539	\$153,229,106	\$117,058,682	\$36,170,424	13.4	146
Nonstore Retailers	454	\$104,219,680	\$39,809,708	\$64,409,972	44.7	33
Electronic Shopping & Mail-Order Houses	4541	\$75,402,271	\$6,563,093	\$68,839,178	84.0	9
Vending Machine Operators	4542	\$6,098,350	\$3,791,168	\$2,307,182	23.3	5
Direct Selling Establishments	4543	\$22,719,060	\$29,455,447	-\$6,736,387	-12.9	19
Food Services & Drinking Places	722	\$769,704,083	\$778,809,135	-\$9,105,052	-0.6	868
Special Food Services	7223	\$9,274,674	\$9,324,706	-\$50,032	-0.3	29
Drinking Places - Alcoholic Beverages	7224	\$28,243,811	\$19,866,187	\$8,377,624	17.4	42
Restaurants/Other Eating Places	7225	\$732,185,598	\$749,618,241	-\$17,432,643	-1.2	797

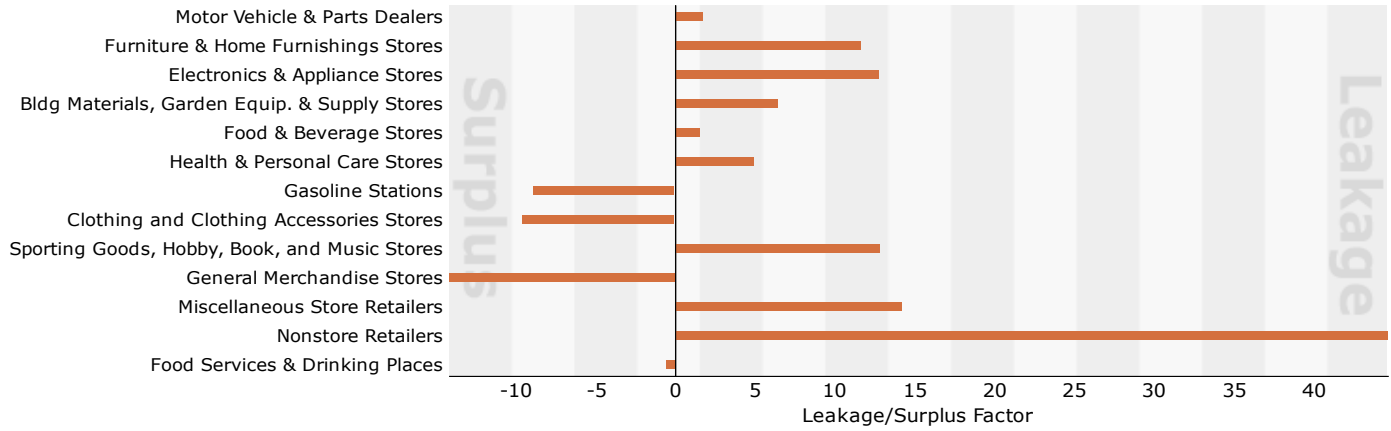
Data Note: Supply (retail sales) estimates sales to consumers by establishments. Sales to businesses are excluded. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments. Supply and demand estimates are in current dollars. The Leakage/Surplus Factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents "leakage" of retail opportunity outside of the trade area. A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. The Retail Gap represents the difference between Retail Potential and Retail Sales. Esri uses the North American Industry Classification System (NAICS) to classify businesses by their primary type of economic activity. Retail establishments are classified into 27 industry groups in the Retail Trade sector, as well as four industry groups within the Food Services & Drinking Establishments subsector. For more information on the Retail MarketPlace data, please click on the link below to view the Methodology Statement.
<http://www.esri.com/library/whitepapers/pdfs/esri-data-retail-marketplace.pdf>

Source: Esri and Infogroup. Esri 2019 Updated Demographics. Esri 2017 Retail MarketPlace Copyright 2019 Esri. Copyright 2017 Infogroup, Inc. All rights reserved.

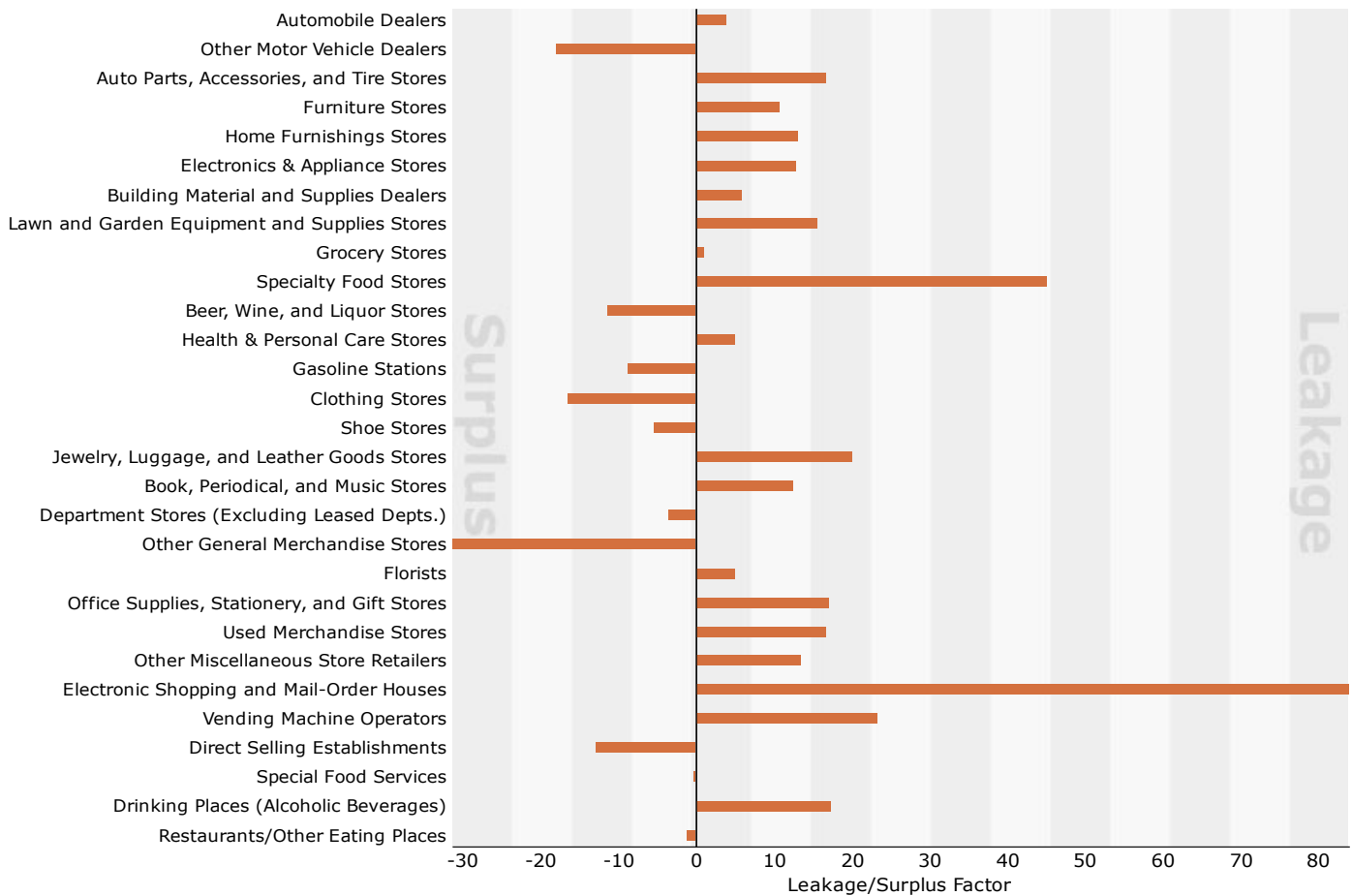
PALACE DRIVE RETAIL PLAZA

Retail MarketPlace Profile

2017 Leakage/Surplus Factor by Industry Subsector



2017 Leakage/Surplus Factor by Industry Group



Source: Esri and Infogroup. Esri 2019 Updated Demographics. Esri 2017 Retail MarketPlace Copyright 2019 Esri. Copyright 2017 Infogroup, Inc. All rights reserved.



Information About Brokerage Services

11-2-2015

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

TYPES OF REAL ESTATE LICENSE HOLDERS:

- **A BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- **A SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of each party to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - that the owner will accept a price less than the written asking price;
 - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

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Buyer/Tenant/Seller/Landlord Initials

Date