

HERON LAKES

315,805 Square Foot, 7 Building Value-Add Office Portfolio in Northwest Houston



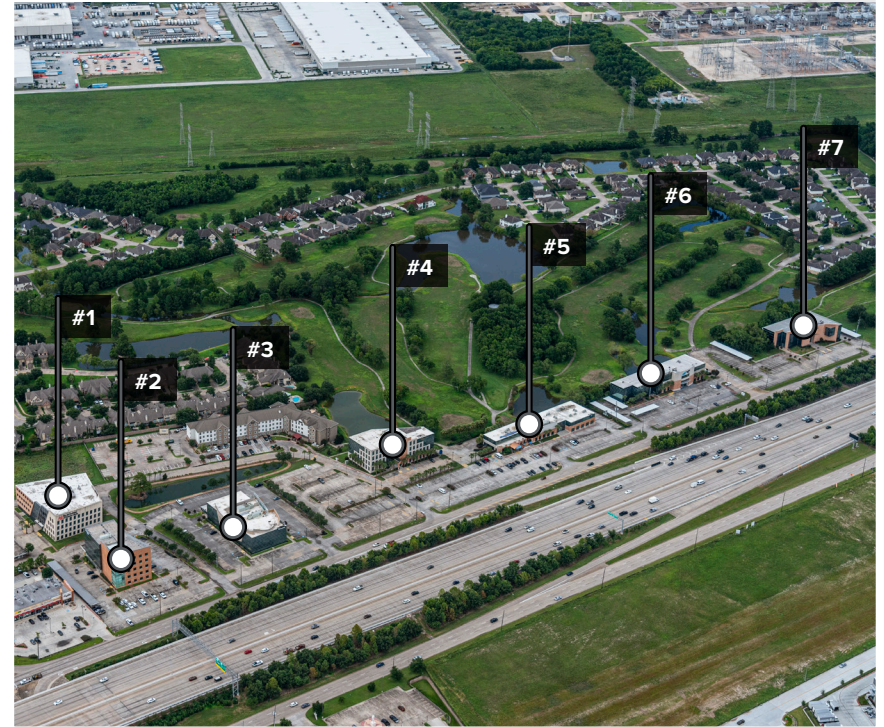
Executive Summary




EXECUTIVE SUMMARY


Jones Lang LaSalle Americas, Inc., as an exclusive advisor to Midland Loan Servicing and Heron Lakes 2005 HQ-7, LLC, is pleased to present the opportunity to acquire the fee-simple interest in Heron Lakes (“The Portfolio”), a seven-building office portfolio comprised of 315,805 square feet, situated on approximately 14.18 acres strategically located in one of the fastest-growing submarkets in Houston. Heron Lakes has unparalleled Beltway frontage and visibility, as well as excellent regional accessibility being located between U.S. Highway 290 and State Highway 249 along the Sam Houston Parkway.


Heron Lakes presents investors the opportunity to acquire an extremely well located seven building REO portfolio at a basis well below replacement cost. The portfolio’s current occupancy at 65.6%, is well below the submarket average of 83% and is a reflection of the previous owner’s under capitalization followed by a year of being operated under bankruptcy protection. The occupancy was over 90% as recently as 2019 which demonstrates the effects of the impaired ownership. Heron Lakes is the benefactor of robust population growth in Northwest Houston, providing tenants with attractive drive times to some of Houston’s most highly regarded suburban neighborhoods including The Woodlands, Champions Forest, Spring Cypress and more. Heron Lakes is a premier option for tenants in northwest Houston as evidenced by it’s high historical occupancy. The buildings, all unique to one another in terms of size, architecture and floor plans, provide tenants both large and small with multiple options.





 Beltway frontage & visibility with excellent ingress/egress

 Value add opportunity at an attractive basis

 Superior demographics & residential base

 Stable and high-performing submarket

 High growth location with exceptional regional access

 Robust suburban amenity base

 Resilient Houston economy

PROPERTY SUMMARY

NO.	BUILDING	RENTABLE SF	STORIES	BUILT/RENOV.	LEASED
1	10740 N. Gessner Dr.	75,871	4	2008	57.1%
2	7908 N. Sam Houston Parkway W.	42,310	5	2007	79.9%
3	7906 N. Sam Houston Parkway W.	39,978	3	2004	49.5%
4	7904 N. Sam Houston Parkway W.	42,225	4	2004	92.0%
5	7900 N. Sam Houston Parkway W.	37,374	2	2002	63.1%
6	7850 N. Sam Houston Parkway W.	42,833	3	2001	98.6%
7	7840 N. Sam Houston Parkway W.	35,214	3	2005	16.0%
		315,805			65.6%

7904 N. Sam Houston Parkway W.



10740 N. Sam Houston Parkway W.



7840 N. Sam Houston Parkway W.



7906 N. Sam Houston Parkway W.



7850 N. Sam Houston Parkway W.



7900 N. Sam Houston Parkway W.



7908 N. Sam Houston Parkway W.



INVESTMENT HIGHLIGHTS

BELTWAY FRONTAGE & VISIBILITY WITH EXCELLENT INGRESS/EGRESS

The Portfolio has direct frontage on Sam Houston Parkway (“Beltway 8”), providing visibility and branding opportunities to the 105,000+ vehicles per day that travel the tollway and 28,615 vehicles per day that travel the service road. The Portfolio also provides tenants with exceptional multi-directional regional connectivity through Beltway 8, State Highway 249, U.S. Highway 290, and Interstate 10, linking Heron Lakes to Houston’s newest and most highly-regarded residential communities and employment centers including The Woodlands, Spring, Cypress, and more. Heron Lakes also features nine access points of ingress and egress including two from N. Gessner Road that facilitate easy access to and from the buildings.

VALUE ADD OPPORTUNITY AT AN ATTRACTIVE BASIS

Heron Lakes allows investors to focus on value creation primarily through lease up of the 108,538 square feet (34.4% of the NRA) of vacant space. The Portfolio also presents several additional opportunities to drive rental rates up through a variety of potential cosmetic-related capital projects. Additionally, the Portfolio holds a unique competitive leasing advantage by having the ability to accommodate a variety of tenants due to a 3.54/1000 parking ratio and efficient floor plates. With the future of office tenant space in flux, Heron Lakes provides a myriad of options from low rise, walk-up office space to upper floors with views to accommodate tenants with various social distancing needs. Heron Lakes presents investors a rare opportunity to purchase an extremely well-located suburban office park significantly below replacement cost.



SUPERIOR DEMOGRAPHICS & RESIDENTIAL BASE

The regional profile showcases a population that is well-educated, occupationally diverse, above state average in income and below state average in unemployment. Heron Lakes has a residential base of 285,910 people with an average household income of \$85,047 within a five-mile radius. The five-mile radius surrounding the portfolio has an average household income of \$85,047 (approximately 40% higher than the Houston average) and is expected to increase by 7.5% over the next five years. As Houston’s population continues to grow to the north and northwest, the Portfolio’s regional accessibility is well-positioned to benefit from outsized tenant demand.

CENSUS 2010 SUMMARY	1-MILE	3-MILE	5-MILE
Population	4,194	95,972	264,584
Households	1,275	33,087	92,659
Median Age	30.3	32.4	33.1

2020 SUMMARY	1-MILE	3-MILE	5-MILE
Population	4,551	102,463	285,910
Households	1,367	34,953	99,067
Median Age	32.3	34.0	34.6
Median Household Income	\$63,441	\$63,333	\$61,611
Average Household Income	\$76,393	\$84,281	\$85,047

2025 SUMMARY	1-MILE	3-MILE	5-MILE
Population	4,754	107,140	299,491
Households	1,419	36,363	103,206
Median Age	32.1	34.5	35.1
Median Household Income	\$69,879	\$67,332	\$65,009
Average Household Income	\$84,777	\$91,572	\$91,930

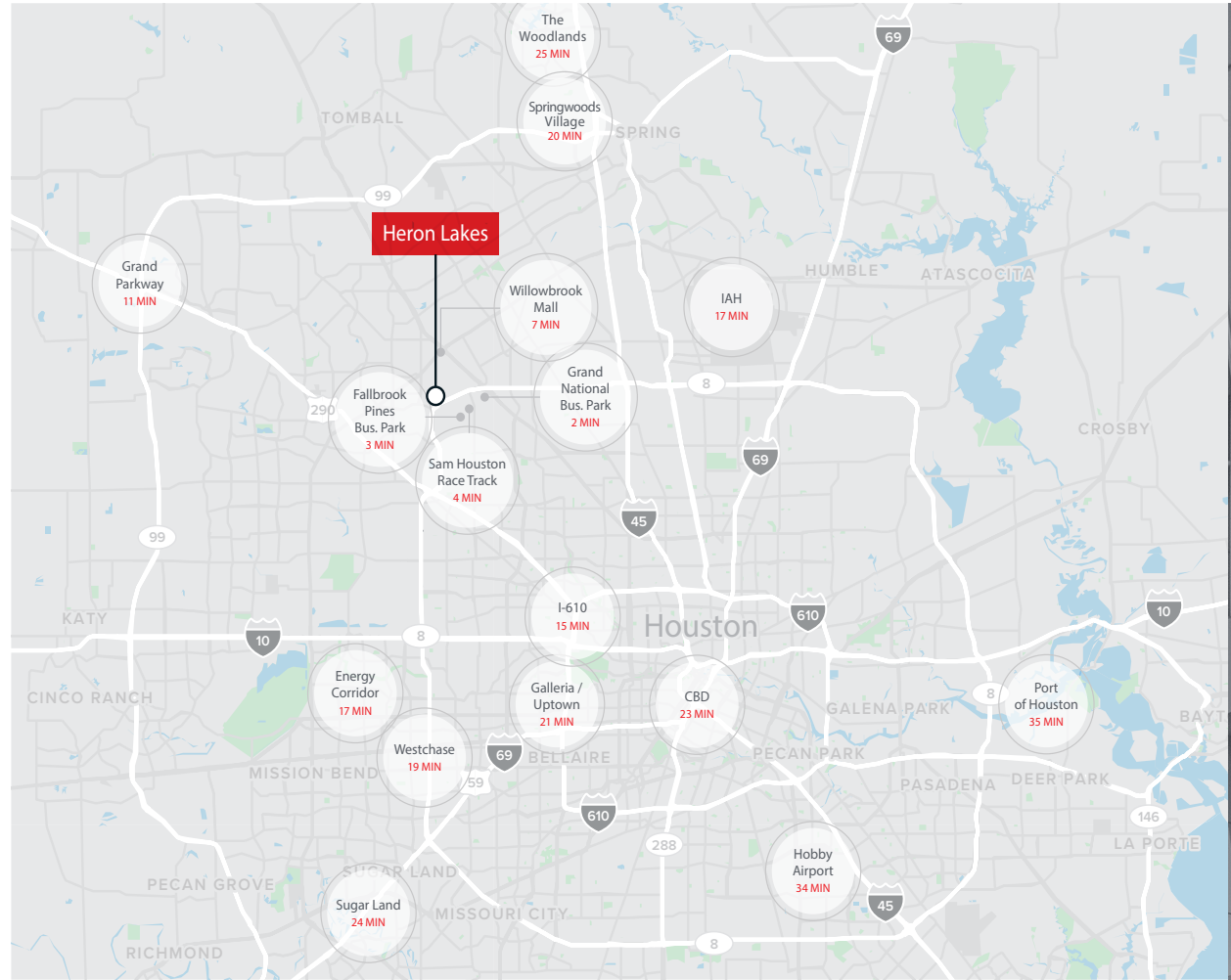
TRENDS: 2020-2025 ANNUAL RATE	1-MILE	3-MILE	5-MILE
Population	0.88%	0.90%	0.93%
Households	0.75%	0.79%	0.82%
Median Household Income	1.95%	1.23%	1.08%



**HIGH GROWTH LOCATION
WITH EXCEPTIONAL REGIONAL ACCESS**

Heron Lakes is strategically located in one of the fastest growing areas of the Houston MSA. Grand National Business Park, a Hines industrial development located immediately across the Beltway, will include 3.0 million square feet of industrial/logistics space and will offer an amenity retail center on the Beltway 8 frontage along with a business-class hotel. Directly across from Grand National Business Park, Trammell Crow Company & Clarion’s Fall Brook Pines Business Park consists of over 1.3 million square feet of industrial/logistics space that delivered in 2018 and brought even more growth to the area.

Additional 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 3M square feet, Noble Energy’s 1M square foot global headquarters, and the multitude of large corporate campuses within Springwoods Village. Additional elements include state-of the-art medical facilities, high-end and affordable housing, and immediate access to a plethora of dining and shopping venues that are unmatched in suburban Houston.



SpringWoods Village 20 Minute Drive



Galleria/Uptown 21 Minute Drive



Central Business District 23 Minute Drive



ROBUST SUBURBAN AMENITY BASE

Heron Lakes' strategic location provides its tenants with the distinct advantage of convenience. Northwest Houston has experienced significant development and population growth over the last 10 years, creating more demand for office product. The area has an "urban-suburban" feel with over 15.1 million square of retail space within a 4-mile radius and is surrounded by both executive and employee housing options for tenants.



DINING

- Another Broken Egg
- Babin's Seafood
- BJ's Restaurant
- Beck's Prime
- Buffalo Wild Wings
- Chili's
- Chipotle
- Churrascos
- CiCi's Pizza
- Denny's
- El Corrito Mexican
- El Tiempo
- Fuddrucker's
- Fuzzy's Taco Shop
- Hopdoddy
- Marble Slab Creamery
- Mia Bella
- Mo's Irish Pub
- New York Pizza
- Olive Garden
- Peli Peli
- P.F. Chang's
- Potbelly Sandwich Works
- Quiznos
- Raising Cane's
- Salata
- Saltgrass Steakhouse
- Sandtrap Grill
- Shingley Do-Nuts
- Smashburger

SUBWAY

- Torchy's Tacos
- Whataburger

ENTERTAINMENT

- AMC Theatres
- Sam Houston Race Park
- Baker Street Pub

HEALTH AND FITNESS

- 24 Hour Fitness
- Lifetime Fitness
- Planet Fitness

HEALTH CARE CENTERS

- Methodist Hospital
- Willowbrook

LODGING

- Best Western Premier
- Element by Westin
- Extended Stay America
- Fairfield Inn & Suites
- Hilton Garden Inn
- Home 2 Suites by Hampton
- Homewood Suites
- Hyatt Place
- Residence Inn

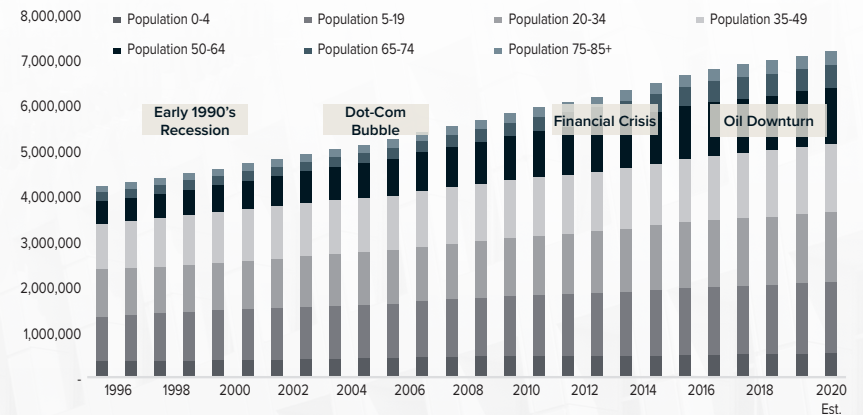
BANKS

- Bank of America
- Capital One
- Compass Bank
- Wells Fargo
- Woodforest Bank

RESILIENT HOUSTON ECONOMY

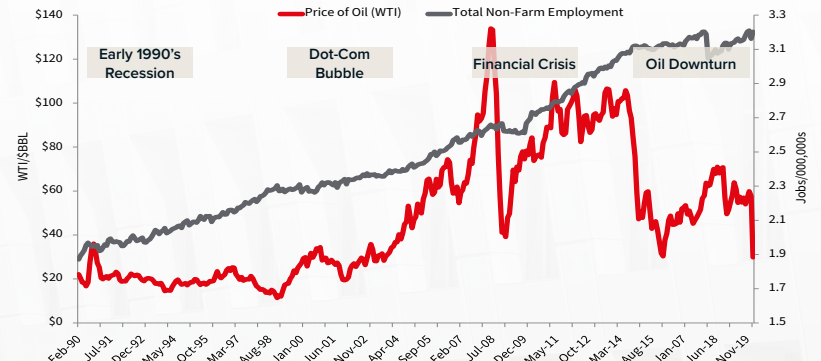
Despite four economic recessions in the last 30 years, Houston has continually held strong as illustrated in its' steady employment growth through past downturns. Houston now has a total of 3.2 million jobs regionally and registered as the No. 1 U.S. Destination City for U-Hauls in America in 2019 for the 11th consecutive year. Houston has also experienced consistent population growth proven by the addition of 89,994 people from July 2018 to July 2019, a percentage growth of 1.3% compared to the national average of 0.5%.

HOUSTON POPULATION GROWTH - 7.1 MILLION RESIDENTS



HOUSTON EMPLOYMENT VS. PRICE OF OIL (WTI)

Despite volatility of oil prices, Houston continues to add jobs now at 3.2 million regionally



STABLE AND HIGH-PERFORMING SUBMARKET

Heron Lakes is within Houston’s West Belt / S.H. 249 submarket, one of the MSA’s best performing office submarkets. The submarket is comprised of over 7.1 million square feet averaging 82.5% leased. Furthermore, the north section of the West Belt / S.H. 249 submarket has outperformed the total submarket averages over the last decade, fueled by shorter commute times and more abundant amenities. Currently, the north section of the submarket is 83.0% occupied compared to the total submarket being 78.9% occupied. The West Belt / S.H. 249 submarket has had only two years of negative net absorption in the last 10 years despite nearly doubling in size between 2012 and 2015 and the north section has realized 21.6% rent growth since 2012, compared to just 7.3% for the total submarket.



	# OF BUILDINGS	TOTAL SF	DIRECT VACANCY	% LEASED	TOTAL VACANCY	% OCCUPIED	AVERAGE NET RENT	TTM NET ABSORPTION	TTM LEASING ACTIVITY
WEST BELT SUBMARKET TOTAL	49	7,143,447	1,249,919	82.5%	1,506,001	78.9%	19.14	(363,979)	553,119
West Belt South	19	2,856,231	568,078	80.1%	776,210	72.8%	17.82	(241,331)	306,144
West Belt North	30	4,287,216	681,841	84.1%	729,791	83.0%	20.61	(122,648)	246,975



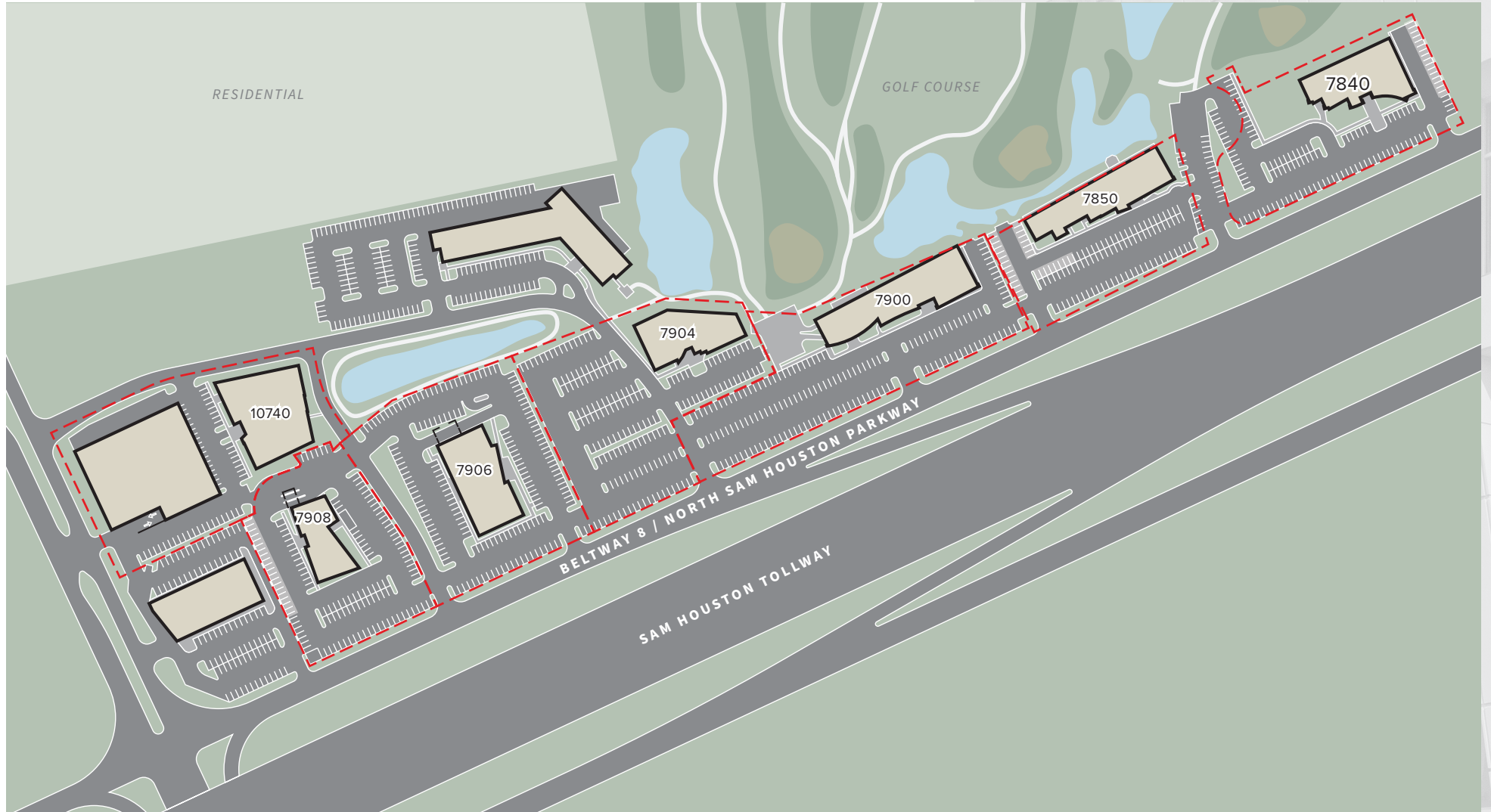
SITE PLAN

RENTABLE SF
315,805

OF BUILDINGS
SEVEN

% LEASED
65.6%

WALT
2.9





CBD

Galleria/Uptown

Beltway Lakes

249

SAM HOUSTON
RACE PARK

Fallbrook Distribution Center

Fallbrook Pines
Business Park

Grand National
Business Park

Fallbrook Dr

8

HERON LAKES

Heron Lakes Estates

N Gessner Rd



Galleria/Uptown

Memorial City

Remington Square

Houston Oaks

Sam Houston Crossing

Fallbrook Pines Business Park

Fallbrook Distribution Center

Legacy Center

Grand National Business Park

Fallbrook Dr

Northwest Crossings

HERON LAKES

8

N. Gessner Rd

Heron Lakes Estates

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1. Go to the property page to get more info – and download the OM.
2. Download and view the Due Diligence (You will need to accept the Confidentiality Agreement to do so).
3. To make an offer, including the price and terms, simply submit the LOI. Upon submission a digital copy will be sent to you and to the listing broker.

Should the seller accept your offer, you will receive a notification from CREXi. The purchase documents will be sent to you, and the closing portal will activate for this deal on the CREXi site. A CREXi representative will be available to assist you throughout the escrow process towards a smooth and successful closing!

FINE PRINT:



Offer Details: All offers are non-binding. In the LOI you will be able to enter detailed highlights about your offer, including whether the offer is contingent upon financing. Use the "Add Files" button to upload any relevant documents such as your personalized LOI or comments to a PSA.



Investor Info: Please confirm your contact information. If you are a broker submitting an offer on behalf of your client, select "Broker" from the Investor profile drop-down menu, and complete the Buyer's name and Email.



Investor Background: Please confirm your investment information, and whether any of the check boxes apply. You are not bound to these statistics. The estimates are designed to give the broker a general sense of your investment history. Use the "Add Files" button to upload any relevant documents, such as a letter from a banker or redacted bank statement. Any information provided by users is transmitted using the Secure Socket Layer (SSL) protocol, and stored on hardened servers with strict access control policies.



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