



# BIG LOTS

4815 Interstate 10 East, Baytown, TX 77521

BRAND NEW 10-YEAR NET LEASE



Actual Location





## INVESTMENT OVERVIEW

OFFERING PRICE	\$6,251,000
NOI	\$396,933
CAP RATE	6.35%
TERM REMAINING	±10.5 Years
RENT INCREASES	\$0.50/SF every 5 years
BUILDING SIZE	46,698 SF
LAND AREA	5.80 Acres
PARKING SPACES	283 Spaces
TRAFFIC COUNTS	Interstate 10: 57,603 VPD

## INVESTMENT SUMMARY

The CBRE Net Lease Property Group is pleased to exclusively offer a 46,698-square-foot Big Lots situated on 5.80 acres in Baytown, TX—a component of the Houston–The Woodlands–Sugar Land Metropolitan Area (MSA Population: 6.9 Million). Big Lot's net lease commenced in August 2019 and features ±10.5 years of primary term with three 5-year renewal options. The parcel includes excess land that can be redeveloped in order to create additional upside. Big Lots consented to the development in the lease which will significantly streamline the process. The site has excellent frontage on Interstate 10 (Traffic Count: 57,603 VPD), which provides access to Downtown Houston just 25 miles west of the site. Big Lots is strategically positioned across from the San Jacinto Mall, which is currently being redeveloped into an outdoor retail and lifestyle center called San Jacinto Marketplace. The project will result in 1.1 MSF of retail, 80,000-square-feet of office space, 20 restaurants, and a festival and concert space. The first phase of the project is expected to be completed in December 2020. Additional tenants in the immediate area include a brand new HEB and Burlington, Kroger, Kohl's, Marshalls, Michaels, Boot Barn, Shoe Carnival, PetSmart, Academy Sports + Outdoors, Tractor Supply, Walgreens, Buc-ee's, Dollar General, Verizon, AT&T, ULTA, Chrysler Jeep Dodge RAM dealership, O'Reilly Auto Parts, Panera Bread, Buffalo Wild Wings, Olive Garden, Cracker Barrel, Outback Steakhouse, Texas Roadhouse, Red Lobster, Firehouse Subs, Whataburger, Starbucks, Wendy's, and Popeyes, among many others. Big Lots benefits from a large built in customer base with several hotels in the immediate area, including Hilton Garden Inn, Holiday Inn Express, Hampton Inn, SpringHill Suites by Marriott, and Baymont by Wyndham, among others. In addition, Big Lots also benefits from its location within Baytown's primary retail and commercial corridor with 4.6 MSF of retail, 1.2 MSF of industrial, and 4,669 multifamily units within a 3-mile radius. Furthermore, Big Lots enjoys dynamic demographics with a population of 37,849 and an average household income of \$80,171 within a 3-mile radius.

Demographics	1-Mile	3-Mile	5-Mile
 <b>Population</b>	9,560	37,849	93,006
 <b>AHI</b>	\$94,859	\$80,171	\$76,944

Actual Location



# INVESTMENT HIGHLIGHTS

## Premier Tenant

Headquartered in Columbus, Ohio, Big Lots, Inc. (NYSE: BIG, S&P: BBB-) is a discount retailer that offers competitive pricing on a large range of merchandise, including furniture, seasonal items, home goods, food, consumables, electronics, toys, and accessories. Originally founded in 1967, Big Lots currently operates a total of 1,401 stores with approximately 35,600 employees. For the fiscal year ended February 2, 2019, Big Lots, Inc. reported net sales of \$5.3 billion and net income of \$156.9 million. The tenant under the Lease is PNS Stores, Inc., a subsidiary of Big Lots.

## Net Lease

Big Lot's net lease commenced in August 2019 and features  $\pm 10.5$  years of primary term with three 5-year renewal options.

## Below Replacement Cost

This offering is an excellent opportunity to acquire a highly-desirable retail box at a price that is significantly below the replacement cost.

## Developable Pad Upside Opportunity

The parcel includes excess land that can be redeveloped in order to create additional upside. Big Lots consented to the development in the lease which will significantly streamline the process. To note, the site is overparked, and there is an additional 25,000-square-feet of gross building area.

## Excellent Frontage & Visibility

The site has excellent frontage on Interstate 10 (Traffic Count: 57,603 VPD), which provides access to Downtown Houston just 25 miles west of the site.

## Strategic Location

Big Lots is strategically positioned across from the San Jacinto Mall, which is currently being redeveloped into an outdoor retail and lifestyle center called San Jacinto Marketplace. The project will result in 1.1 MSF of retail, 80,000-square-feet of office space, 20 restaurants, and a festival and concert space.

## Dominant Retail & Commercial Corridor

Additional tenants in the immediate area include a brand new HEB and Burlington, Kroger, Kohl's, Marshalls, Michaels, Boot Barn, Shoe Carnival, PetSmart, Academy Sports + Outdoors, Tractor Supply, Walgreens, Buc-ee's, Dollar General, Verizon, AT&T, ULTA, Chrysler Jeep Dodge RAM dealership, O'Reilly Auto Parts, Panera Bread, Buffalo Wild Wings, Olive Garden, Cracker Barrel, Outback Steakhouse, Texas Roadhouse, Red Lobster, Firehouse Subs, Whataburger, Starbucks, Wendy's, and Popeyes, among many others.

## Built-In Customer Base

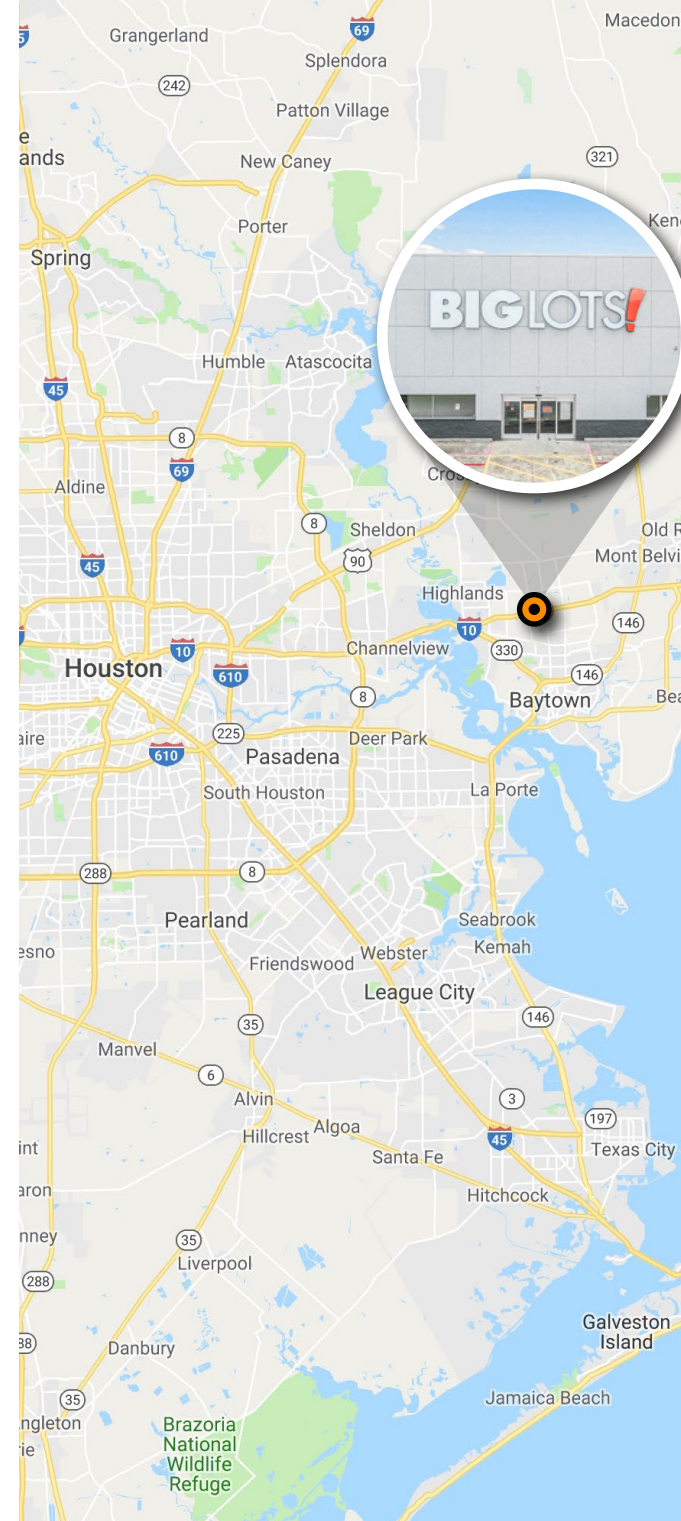
Big Lots benefits from a large built in customer base with several hotels in the immediate area, including Hilton Garden Inn, Holiday Inn Express, Hampton Inn, SpringHill Suites by Marriott, and Baymont by Wyndham, among others. In addition, Big Lots also benefits from its location within Baytown's primary retail and commercial corridor with 4.6 MSF of retail, 1.2 MSF of industrial, and 4,669 multifamily units within a 3-mile radius.

## Dynamic Demographics

Big Lots enjoys dynamic demographics with a population of 37,849 and an average household income of \$80,171 within a 3-mile radius.

## Houston MSA Advantage

With a population of nearly 7.0 million across the 9-county Metropolitan Statistical Area, Houston is the fifth-largest metro area within the United States. Houston's population has grown by 49% since 2000, and future projections expect the city to add an additional 2.46 million people by 2030. Home to 21 Fortune 500 companies, Houston also houses a high concentration of the world's largest foreign corporations.





Eco Services Operations



**INTERSTATE 10: 57,603 VPD**

**CREEKS**  
*Kitchen*



**BIG  
LOTS!**





# PROPERTY DESCRIPTION



## Location

4815 Interstate 10 East  
Baytown, TX 77521



## Site

Standalone box located directly off  
Interstate 10.



## Land Area

5.80 Acres  
APN: 115-337-001-0323



## Building Area

46,698 SF



## Frontage & Access

Frontage along Interstate 10.  
4 access points from Interstate 10  
Service Road and Eastpoint Boulevard.



## Parking

283 Spaces



## Traffic Counts

Interstate 10: 57,603 VPD



## Year Built

1986



## Zoning

Harris County, TX



**BIG LOTS!**

EASTPOINT BLVD

INTERSTATE 10 FRONTAGE



INTERSTATE 10: 57,603 VPD



## TENANT PROFILE



Headquartered in Columbus, Ohio, Big Lots, Inc. (S&P: BBB-) is a discount retailer that offers competitive pricing on a large range of merchandise, including furniture, seasonal items, home goods, food, consumables, electronics, toys, and accessories. Originally founded in 1967, Big Lots currently operates a total of 1,401 stores with approximately 35,600 employees. Big Lots traces its roots back to the formation of Consolidated Stores Corporation which operated through stores called “Odd Lots.” All stores were eventually rebranded as Big Lots upon running into a naming conflict with the New Jersey-based Odd Lot Trading Co.

Consolidated Stores Corp. became publicly traded on the American Stock Exchange during 1985. It later switched to the New York Stock Exchange under the symbol “CNS” in 1986. During 2001, the company decided to shift its focus solely on the Big Lots brand and changed its name to “Big Lots, Inc.” and its ticker to “BLI.” Big Lots is currently traded under the ticker symbol “BIG.” For the fiscal year ended February 2, 2019, Big Lots, Inc. reported net sales of \$5.3 billion and net income of \$156.9 million.

The tenant under the lease is PNS Stores, Inc., a subsidiary of Big Lots.

NUMBER OF STORES	1,401
HEADQUARTERS	Columbus, OH
NUMBER OF EMPLOYEES	35,600
TICKER	NYSE: BIG
CREDIT RATING	S&P: BBB-
WEBSITE	<a href="http://www.biglots.com">www.biglots.com</a>



# LEASE ABSTRACT

<b>TENANT</b>	PNS Stores, Inc. (Big Lots)
<b>LEASE TERM</b>	±10.5 Years
<b>LEASE COMMENCEMENT</b>	August 8, 2019
<b>LEASE EXPIRATION</b>	January 31, 2030
<b>TERM REMAINING</b>	±10.5 Years
<b>LEASE TYPE</b>	NN
<b>CURRENT TERM RENT</b>	Years 1 - 5: \$396,933 Years 6 - January 31, 2030: \$420,282
<b>RENT ESCALATIONS</b>	\$0.50/SF increase every 5 years
<b>REMAINING OPTIONS</b>	Three 5-year options
<b>OPTION RENT</b>	Option 1: \$443,631 Option 2: \$466,980 Option 3: \$490,329
<b>TAXES</b>	Tenant shall pay Tenant's pro-rata share of all real property taxes and assessments, which may be levied or assessed by any lawful authority against the land and improvements in the Shopping Center or against Landlord in respect of the land and improvements in the Shopping Center.
<b>INSURANCE</b>	<p><b>Landlord</b> shall carry (subject to the below reimbursement from Tenant) the following policies of insurance: (i) a policy covering all improvements located in the Shopping Center, including the Demised Premises, (except for Tenant's trade fixtures, furnishings, and inventory against perils normally covered under special form all risk insurance) for the perils of earthquake and flood, in an amount not less than the full replacement value of all the improvements located in the Shopping Center, including the Demised Premises; and (ii) commercial general liability insurance covering the Common Areas with minimum limits of the following: \$1,000,000 each event combined single limit with a \$2,000,000 general total combined single limit.</p> <p><b>Tenant</b> agrees to carry, at its own expense, the following policies of insurance: (i) commercial general liability insurance covering the Demised Premises and Tenant's use, with minimums of the following: \$1,000,000 each event combined single limit with a \$2,000,000 general total combined single limit; and (ii) all risk property insurance coverage, including but not limited to damage due to fire, wind, hail, smoke, explosion, structural collapse, lightning, water, flood, and earthquake coverage for Tenant's trade fixtures and personal property in an amount equal to at least 90% of the replacement cost thereof. Tenant shall have the option to self-insure for all plate glass.</p> <p>Tenant's pro-rata share of the estimated cost and expense of Landlord's insurance premiums, plus Tenant's pro-rata share of any deductible or self-insured retention actually paid in connection with Landlord's insurance; provided, however, in no event shall Tenant's pro-rata share of the deductibles or self-insured retention costs exceed \$25,000.</p>
<b>REPAIRS &amp; MAINTENANCE</b>	<p><b>Landlord</b> agrees, at Landlord's sole cost and expense, to make all maintenance, repairs, and replacements, necessary to keep the exterior and structural portions of the Demised Premises in good order, repair, and operation. The exterior and structural portions of the Demised Premises include (without limitation) each of the following: (i) exterior walls of the Demised Premises and exterior faces thereof, (ii) the roof, (iii) gutters, downspouts, and roof drainage system; (iv) foundations and floor slabs; (v) all structural members of the building of which the Demised Premises is a part of; (vi) marquee lights or rear or side floodlights, and (vii) electrical, plumbing, sprinkler, and other mechanical systems and equipment located outside the interior surface of the exterior.</p> <p><b>Tenant</b> agrees to make all repairs necessary to keep the interior portions of the Demises Premises and the exterior portions of the Demised Premises in good order, repair, and operation, except those which the Landlord is required to make. Tenant's Repair Obligations shall include (without limitation) each of the following: (i) interior faces of the exterior walls, (ii) ceilings, (iii) floor coverings, (iv) non-structural portions of the exterior storefront of the Demised Premises, (v) heating, ventilating and air conditioning system exclusively serving the Demised Premises, (vi) the electrical, plumbing, sprinkler and other mechanical systems and equipment exclusively serving the Demised Premises, and (vii) exterior improvements to or for the benefit of the Demised Premises that are installed by Tenant.</p>
<b>COMMON AREA MAINTENANCE</b>	<p>Subject to the below CAM Cap, Tenant agrees to pay to Landlord its pro-rata share of the Common Area Charges. Capital expenditures shall be included in the reimbursement on an amortized basis over their useful life.</p> <p>Tenant's pro-rata share of Common Area Charges shall be capped at \$1.10 per square foot of the Demised Premises for the first Lease Year during the Original Term, as well as the Partial Lease Year, if any. Thereafter, throughout the Term of this Lease, including any renewals or extensions, the CAM Cap shall be increased by 5% each Lease Year.</p> <p>Landlord shall be responsible for the following with respect to the Common Areas: (i) operating, maintaining, refurbishing, repairing, replacing, improving and lighting the Common Areas; (ii) operating, maintaining, refurbishing, repairing, replacing, improving and lighting the service areas, garbage and refuse disposal facilities, Shopping Center maintenance and storage room, loading area and all other areas and facilities located in the Shopping Center which are used in the maintenance and operation of the Shopping Center; (iii) operating, maintaining, refurbishing, repairing, replacing, improving and lighting appropriate parking area entrances, exit and directional markers, Shopping Center signs, and other traffic control signs as are reasonably required to effect the site plan; (iv) providing security, lighting and policing if necessary, and on-site and off-site traffic control; (v) maintaining all paved surfaces in a level and smooth condition, free of potholes; re-striping and repainting as required to keep same clearly visible and appropriately marked; and (vi) cleaning, sweeping, and snow and ice removal as needed.</p>



## AREA OVERVIEW

### BAYTOWN, TX

Baytown is a city in the Gulf Coast region of Texas. Located within the Houston metropolitan area, it lies on the northern side of the Galveston Bay complex near the outlets of the San Jacinto River and Buffalo Bayou and is the sixth-largest city within this metropolitan area. Major highways serving the city include State Highway 146 and Interstate 10. As of 2018, Baytown had a population of 85,000 people.

### HOUSTON, TX

With a population of nearly 7.0 million across the 9-county Metropolitan Statistical Area, Houston is the fifth-largest metro area within the United States. Houston's population has grown by 49% since 2000, and future projections expect the city to add an additional 2.46 million people by 2030.

#### Economy

Home to 21 Fortune 500 companies, Houston also houses 63 of the world's largest foreign corporations. Only New York City is home to more large public companies than Houston. Among the world's Top 100 non-U.S. based corporations, more than half have non-retail operations in the city. Houston's talented workforce can be largely attributed to the 40 colleges, universities, and higher-education institutions within the area. This workforce is a critical component of the Houston economy and serves to elevate Houston's energy, aeronautics and technology sectors. Known as the "Energy Capital of the World," Houston serves as home base for 39 of the nation's 138 publicly-traded oil and gas exploration companies. Houston's global energy industry employs over 237,000 individuals. Additionally, the Port of Houston ranks first in the U.S. in terms of international waterborne tonnage handled and second in terms of total cargo tonnage handled.

The city is also home of the Texas Medical Center, the world's largest concentration of healthcare and research institutions, and NASA's Johnson Space Center, where the Mission Control Center is located. Houston offers many cultural institutions and exhibits which attract more than 7 million visitors annually to the Houston Museum District.

Long term, above-average population growth and expansion in energy, housing and distribution will help propel above-average gains for the metro area. Among the 12 largest metropolitan areas in the country, Houston ranked third in terms of jobs added throughout the year and the annual job growth rate. From April 2018 to April 2019, Houston's professional and business services super-sector added the largest number of jobs (22,300 increase).

## HOUSTON MSA



**Population:  
7.0 MILLION**



**Population Growth Since 2000:  
49%**



**Home to 21  
Fortune 500 companies**



**"Energy Capital of the World"**

## AREA OVERVIEW

### HOUSTON, TX (CONTINUED)

#### Houston Airport System

The Houston Airport System is the fourth-largest multi-airport system in the United States. Its three facilities (George Bush International Airport, William P. Hobby Airport and Ellington Airport) serve more than 58 million passengers annually, including over 11 million international travelers. The total economic impact of the Houston Airport System exceeds \$27.5 billion every year. According to the most recent economic impact study, the three airports collectively contributed more than \$27 billion to the local economy and were directly responsible for more than 230,000 jobs that generated \$8.7 billion in employment earnings. A primary international passenger and cargo gateway to Latin America, Houston boasts the highest number of weekly nonstop flights to Mexico from the U.S. Houston's facilities combine to create one of the world's most efficient airport systems and, as a result of Houston's strategic location, provide an ideal distribution hub for both domestic and international markets. Substantial investment from corporations as well as the city's multi-faceted manufacturing, logistics and healthcare systems make Houston a global destination for local and foreign businesses.

#### Education

Five separate and distinct state universities are located within Houston's metropolitan area. The University of Houston is a nationally recognized Tier One research university and is the flagship institution of the University of Houston System. The third-largest university in Texas, the University of Houston has ±43,000 students enrolled on its 667-acre campus in southeast Houston. The metropolitan area is also home to Texas Southern University and Prairie View A&M University.

#### Texas Medical Center

The city is also home to the 1,345-acre Texas Medical Center, which is the world's largest premier medical center. The Texas Medical Center has an economic impact in excess of \$10 billion and welcomes ±10 million patients annually into its 21-million-square-foot facility. Member institutions include 21 renowned hospitals, three public health organizations, seven acute care wards, six pediatric care wards, eight specialty care wards, two universities, three medical schools, eight academic and research institutions, and 13 support organizations. Furthermore, the Texas Medical Center supports the eighth-largest business district in the United States and employs more than 106,000.

#### TOP EMPLOYERS

MEMORIAL HERMANN HEALTH SYSTEM	26,021
THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER	14,720
SCHLUMBERGER LTD.	12,207
LANDRY'S INC.	11,200
EXXON MOBILE CORP.	11,000
BAYLOR COLLEGE OF MEDICINE	9,071
NATIONAL OILWELL VARCO INC.	8,960
CHEVRON CORP	8,000
SHELL OIL CO.	7,900
BAKER HUGHES INC.	5,695

Source: Moody's Analytics





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**CBRE**

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If after reviewing this Memorandum, you have no further interest in purchasing the Property, kindly return it to CBRE, Inc.

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