



HOBBY LOBBY

6145 Westheimer Road, Houston, TX 77057

BRAND NEW 10-YEAR NET LEASE



Representative Photo



INVESTMENT OVERVIEW

OFFERING PRICE	\$11,369,000
NOI	\$693,517
CAP RATE	6.10%
TERM REMAINING	10 Years
RENT INCREASES	\$0.50/SF every 5 years
BUILDING SIZE	44,743 SF
LAND AREA	3.06 Acres
TRAFFIC COUNTS	Westheimer Road: 82,293 VPD

INVESTMENT SUMMARY

The CBRE Net Lease Property Group is pleased to exclusively offer a 44,743-square-foot Hobby Lobby situated on 3.06 acres in Houston, TX (MSA Population: 7.0 Million). Hobby Lobby's net lease is expected to commence in January 2020 and will feature 10 years of primary term remaining with three 5-year renewal options. This site has excellent access and visibility on Westheimer Road (Traffic Count: 82,293 VPD) and is just 2 miles east of Interstate 610 (Traffic Count: 188,051 VPD), a 38-mile-long loop around the inner-city sector of Houston. Hobby Lobby is strategically positioned adjacent to Goodwill, Schlotzsky's, and Chili's, and is across from Briargrove Plaza which is home to Sun & Ski Sports, The Palm Houston, The Melting Pot, and various local retailers. Hobby Lobby benefits from its location in one of Houston's most populated retail and commercial corridors with 22.3 MSF of retail, 43.9 MSF of office, 11.8 MSF of industrial, and 65,335 multifamily units within a 3-mile radius. Additional tenants in the immediate area include Whole Foods, Kroger, Trader Joe's, Target, The Home Depot, Academy Sports + Outdoors, 24 Hour Fitness, Michaels, REI, DSW, Ross Dress for Less, Tuesday Morning, Petco, Office Depot, AutoZone Auto Parts, Chase Bank, Bank of America, Verizon, Walgreens, CVS, Carrabba's, Boston Market, Jason's Deli, Jimmy John's, Whataburger, McDonald's, and Starbucks, among others. Hobby Lobby benefits from its proximity to Downtown Houston, located 8 miles east of the site, which is a bustling business hub and home to a dynamic community of world-class art, entertainment, food and attractions, such as the Houston Aquarium and Minute Maid Ballpark. Furthermore, Hobby Lobby enjoys dynamic demographics with a population of 226,863 and an average household income of \$104,391 within a 3-mile radius.

Representative Photo

Demographics	1-Mile	3-Mile	5-Mile
 Population	41,040	226,863	532,927
 AHI	\$86,339	\$104,391	\$114,884



INVESTMENT HIGHLIGHTS

Premier Tenant

Based in Oklahoma City, Oklahoma, Hobby Lobby Stores, Inc. is the largest privately-owned arts-and-crafts retailer in the world with more than 850 stores operating in 46 states. The company provides broad mix of products, including arts and crafts supplies, fashion fabrics, baskets, silk flowers, needlework, wearable art, picture framing, cards, party supplies and furniture. Its product portfolio covers more than 70,000 items under the store channel.

Net Lease

Hobby Lobby's net lease is expected to commence in January 2020 and will feature 10 years of primary term remaining 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.

Excellent Access & Visibility

This site has excellent access and visibility on Westheimer Road (Traffic Count: 82,293 VPD) and is just 2 miles east of Interstate 610 (Traffic Count: 188,051 VPD), a 38-mile-long loop around the inner-city sector of Houston.

Strategic Location

Hobby Lobby is strategically positioned adjacent to Goodwill, Schlotzsky's, and Chili's, and is across from Briargrove Plaza which is home to Sun & Ski Sports, The Palm Houston, The Melting Pot, and various local retailers.

Dominant Retail & Commercial Corridor

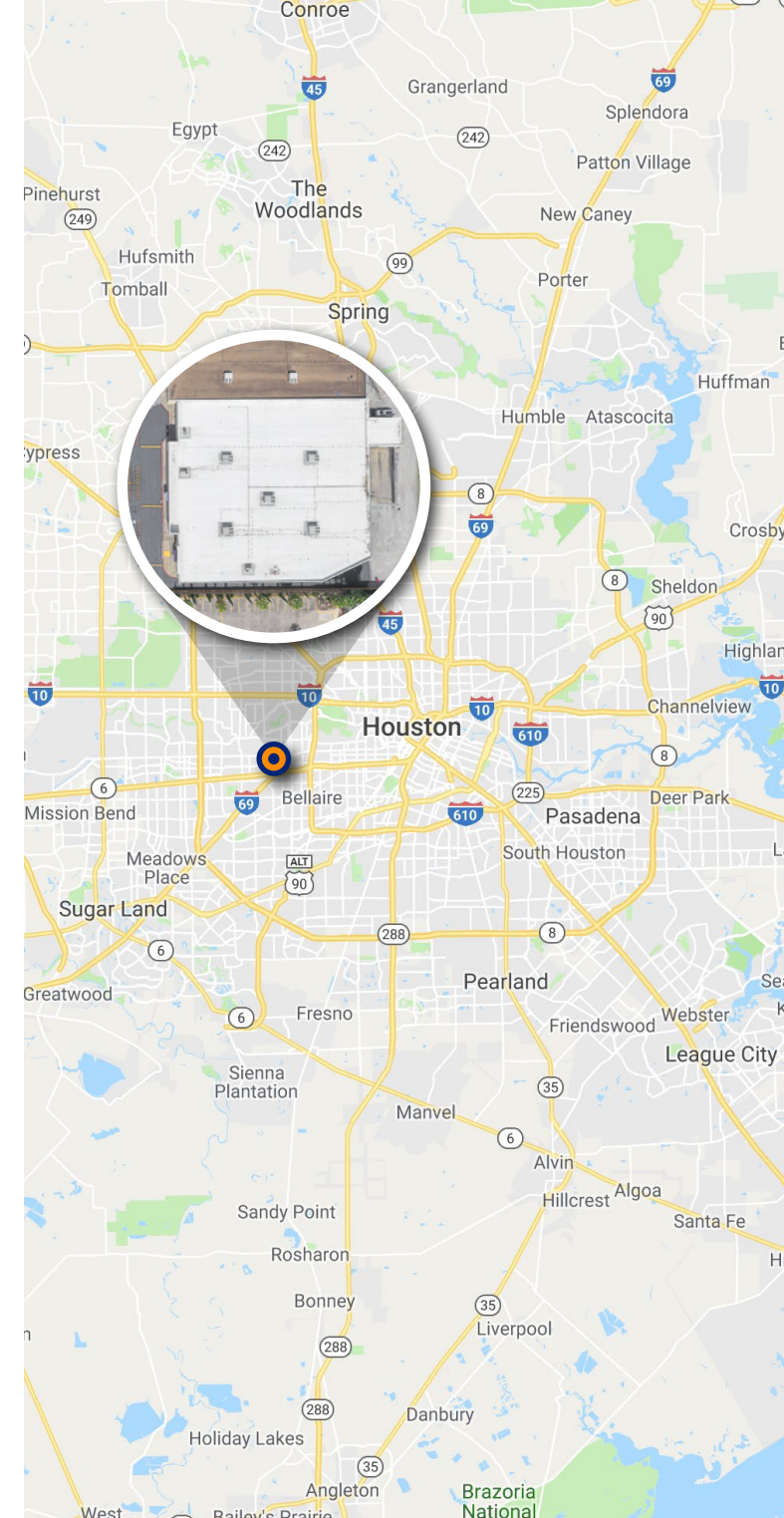
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Dynamic Demographics

Hobby Lobby enjoys dynamic demographics with a population of 226,863 and an average household income of \$104,391 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.





LAMBO CHINESE BUFFET

HOBBY LOBBY

ECUADORIAN CONSULATE

JUNGMAN NEIGHBORHOOD LIBRARY

DANDANAH

THE RIDLEY
APARTMENT HOMES

PROPERTY DESCRIPTION



Location

6145 Westheimer Road
Houston, TX 77057



Site

Adjacent to Goodwill, Schlotzsky's,
FASTSIGNS, Chili's Grill & Bar, and
Lambo Chinese Buffet.



Land Area

3.06 Acres
APN: 117-301-000-0001



Building Area

44,743 SF



Frontage & Access

4 access points via Westheimer Road
and Greenridge Drive.



Commercial Base

22.3 MSF of retail, 43.9 MSF of office,
11.8 MSF of industrial, and 65,335
multifamily units within a 3-mile
radius.



Traffic Counts

Westheimer Road: 82,293 VPD
Interstate 610: 188,051 VPD



Year Built

1991



Zoning

Harris County, TX

WESTHEIMER ROAD: 82,293 VPD



TENANT PROFILE



HOBBY LOBBY

Based in Oklahoma City, Oklahoma, Hobby Lobby Stores, Inc. (Hobby Lobby) is the largest privately-owned arts-and-crafts retailer in the world with more than 850 stores operating in 46 states. The company provides a broad mix of products, including arts and crafts supplies, fashion fabrics, baskets, silk flowers, needlework, wearable art, picture framing, cards, party supplies, and furniture. Its product portfolio covers more than 70,000 items under the store channel as well as a large department devoted to seasonal merchandise. Hobby Lobby offers classes in areas including cake decorating, drawing, jewelry making, painting, sewing, needlework, floral design, and knitting. The company also sells a diversified range of products including fixtures, candles, scented products, office supplies, and educational products through its affiliated companies, namely Hemispheres and Mardel Christian and Education Supply. Its wide product base enables the company to cater to the diverse needs of its consumers, thereby providing an edge over its competitors.

YEAR FOUNDED	1970
PRIVATE/PUBLIC	Private
NUMBER OF LOCATIONS	850+
NUMBER OF EMPLOYEES	37,500
HEADQUARTERS	Oklahoma City, OK
WEBSITE	www.hobbylobby.com



Hobby Lobby is transitioning from a former Toys R Us site.



Actual Site Photos

LEASE ABSTRACT

TENANT	Hobby Lobby Stores, Inc.
LEASE TERM	10 Years
LEASE COMMENCEMENT	January 31, 2020 (Estimate)
LEASE EXPIRATION	January 31, 2030 (Estimate)
LEASE TYPE	NN
CURRENT TERM RENT	Years 1 - 5: \$693,517 Years 6 - 10: \$715,888
RENT ESCALATIONS	\$0.50/SF increase every 5 years
REMAINING OPTIONS	Three 5-year options
OPTION RENT	Option 1: \$738,260 Option 2: \$760,631 Option 3: \$783,003
UTILITIES	Pursuant to the terms of the REA, Tenant shall be solely responsible for directly paying to the electric provider all Common Area electricity costs and shall bill and collect from the adjacent property owner its share of such electricity costs.
TAXES	Tenant shall pay all ad valorem real estate taxes levied by a taxing authority against the Tax Parcel on or before the last day that such taxes may be paid without penalty, commission, interest, or other charges.
INSURANCE:	Landlord shall maintain on the Landlord's Parcel with reimbursement from Tenant (i) all-risk special form commercial property insurance with limits sufficient to replace 100% of the Landlord's Parcel improvements; (ii) commercial general liability insurance against claims for bodily injury and property damage with a combined single limit per occurrence of not less than \$3,000,000; and (iii) workers' compensation insurance in an amount required by Law. Tenant, at Tenant's sole expense, shall maintain on the Leased Premises: (i) commercial general liability insurance against claims for bodily injury and property damage (by way of a combination of commercial general liability coverage and excess umbrella coverage), with a combined single limit of not less than \$3,000,000; (ii) property insurance covering Tenant's Personal Property; and (iii) workers' compensation insurance in an amount required by Law. Tenant shall have the right to satisfy its obligations regarding Tenant's Insurance by way of self-insurance provided Tenant maintains a net worth of at least \$75,000,000.
REPAIRS & MAINTENANCE:	Landlord shall maintain and repair, at Landlord's sole expense, the exterior of the Leased Premises, including, but not limited to, the guttering, downspouts, and exterior paint; the structural components of the Landlord's Parcel; the roof system of the Leased Premises (including, but not limited to, the roof structure, roof membrane, and roof access); the load bearing walls, slab, and foundation system of the Leased Premises; the water, sewer, and other utility lines, ducts, and conduits serving the Landlord's Parcel and Leased Premises that are outside the Leased Premises; and any undeveloped outlots or other undeveloped portions of the Landlord's Parcel. Landlord shall also be responsible for maintaining any portion of the fire sprinkler system located outside of the Leased Premises. Tenant shall maintain and repair, at Tenant's sole expense, the interior of the Leased Premises, including floor coverings, drop ceilings and interior non-load bearing walls; the heating and air conditioning equipment; the plumbing components; the electrical components; the water, sewer and other utility lines; and the doors, windows and plate glass. Landlord shall reimburse Tenant for the unamortized cost of any Capital Improvements performed by Tenant during the last five years of the Term.
COMMON AREA MAINTENANCE	Tenant, at Tenant's sole cost and expense, shall maintain the Common Area located on the Landlord's Parcel. Such maintenance shall be limited to maintenance reasonable necessary and consistent with good shopping center business practices in the city or metropolitan area where the Shopping Center is located, including lighting, cleaning, snow and ice removal, repairing, landscaping, and periodic parking lot re-stripping.

AREA OVERVIEW

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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Confidentiality Agreement

Your receipt of this Memorandum constitutes your acknowledgement that (i) it is a confidential Memorandum solely for your limited use and benefit in determining whether you desire to express further interest in the acquisition of the Property, (ii) you will hold it in the strictest confidence, (iii) you will not disclose it or its contents to any third party without the prior written authorization of the owner of the Property ("Owner") or CBRE, Inc., and (iv) you will not use any part of this Memorandum in any manner detrimental to the Owner or CBRE, Inc.

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

Disclaimer

This Memorandum contains select information pertaining to the Property and the Owner, and does not purport to be all-inclusive or contain all or part of the information which prospective investors may require to evaluate a purchase of the Property. The information contained in this Memorandum has been obtained from sources believed to be reliable, but has not been verified for accuracy, completeness, or fitness for any particular purpose. All information is presented "as is" without representation or warranty of any kind. Such information includes estimates based on forward-looking assumptions relating to the general economy, market conditions, competition and other factors which are subject to uncertainty and may not represent the current or future performance of the Property. All references to acreages, square footages, and other measurements are approximations. This Memorandum describes certain documents, including leases and other materials, in summary form. These summaries may not be complete nor accurate descriptions of the full agreements referenced. Additional information and an opportunity to inspect the Property may be made available to qualified prospective purchasers. You are advised to independently verify the accuracy and completeness of all summaries and information contained herein, to consult with independent legal and financial advisors, and carefully investigate the economics of this transaction and Property's suitability for your needs. **ANY RELIANCE ON THE CONTENT OF THIS MEMORANDUM IS SOLELY AT YOUR OWN RISK.**

The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Property, and/or to terminate discussions at any time with or without notice to you. All offers, counteroffers, and negotiations shall be non-binding and neither CBRE, Inc. nor the Owner shall have any legal commitment or obligation except as set forth in a fully executed, definitive purchase and sale agreement delivered by the Owner.

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