

OFFERING MEMORANDUM



**SPRING
TEXAS**

**New Construction
New NNN Lease**

Marcus & Millichap
NNN DEAL GROUP



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REPRESENTATIVE PHOTO

INVESTMENT SUMMARY

7323 N GRAND PKWY W, SPRING, TX 77379

PRICE: \$5,125,500

CAP: 6.25%

RENT: \$320,343

OVERVIEW	
Price	\$5,125,500
Gross Leasable Area (GLA)	13,831 SF
Lot Size (approx.)	1.47 Acres
Net Operating Income	\$320,343
CAP Rate	6.25%
Year Built	2020

LEASE ABSTRACT	
Lease Type	NNN
Lease Term	18 Years
Lease Start	06/15/2020
Lease Expiration	10/14/2038 est
Renewal Options	4x5
Increase	10% escalations every 5-yrs including option periods
Landlord Obligations	None At All

ANNUALIZED OPERATING DATA		
Lease Term	Monthly Rent	Annual Rent
Lease Years 1-5	\$26,695.33	\$320,343.96
Lease Years 6-10	\$29,364.86	\$352,378.32
Lease Years 11-15	\$32,301.35	\$387,616.20
Lease Years 16-18	\$35,531.48	\$426,377.76
Lease Years 19-20 (Renewal Term 1)	\$35,531.48	\$426,377.76
Lease Years 21-23 (Renewal Term 1)	\$39,084.63	\$469,015.56
Lease Years 24-25 (Renewal Term 2)	\$39,084.63	\$469,015.56
Lease Years 26-28 (Renewal Term 2)	\$42,993.10	\$515,917.20
Lease Years 29-30 (Renewal Term 3)	\$42,993.10	\$515,917.20
Lease Years 31-33 (Renewal Term 3)	\$47,292.41	\$567,508.92
Lease Years 34-35 (Renewal Term 4)	\$47,292.41	\$567,508.92
Lease Years 36-38 (Renewal Term 4)	\$52,021.65	\$624,259.80

INVESTMENT HIGHLIGHTS

This single tenant NNN lease passive investment opportunity, offers an investor the ability to acquire a newly constructed 18 year true NNN lease (no landlord obligations) and then offers four 5-year options thereafter. Additionally, the lease hedges against inflation with 10% rent escalations every five years, including option periods.

The Tenant pays property taxes direct, and carries property and liability insurance. Additionally, they carry a very critical business interruption insurance for up to one 1-year of rent in the event the business is not able to operate for an extended period of time. This provides a landlord with secure and a sleep-at-night investment.



**Best in Class Tenant –
Service King is one of the
Largest and Fastest-Growing
Collision Repair Centers in
the United States with 344
Locations in 24 States**



**Service King has \$1.2 Billion
in Revenue and a Moody's
Credit Rating of "B2"**



**Premier Private Equity
Leadership – Majority Owned
by Blackstone, the Largest
Alternative Investment Firm
in the World with Over
\$545 Billion in Current
Assets and Minority Owned
by the Carlyle Group, a
Leading Private Equity
Investment Firm with Over
\$201 Billion in Assets**

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INVESTMENT HIGHLIGHTS

- ◆ New 2020 Construction
- ◆ Landlord Friendly 18 Year Lease
- ◆ Essential retailer, recession resistant business model
- ◆ Strong visibility, located near a newly constructed Christian Bros automotive and a residential neighborhood right along the Parkway



236,173
TOTAL
POPULATION
WITHIN 5-MILE
RADIUS



\$126,264
AVERAGE
HOUSEHOLD
INCOME WITHIN
5-MILE RADIUS

15,340 VPD - SPRING STUEBNER RD

13,720 VPD - KUYKENDAHL RD





REPRESENTATIVE PHOTO



GRAND PKWY



SPRING STUEBNER RD (15,340 - VPD)

KUYKENDAHL RD (13,720 - VPD)



MACRS DEPRECIATION (MODIFIED ACCELERATED COST RECOVERY SYSTEM)

COST SEGREGATION BENEFITS

Cost segregation identifies personal property (generally 5- or 7-year recovery), land improvements (generally 15-year recovery), and other short-lived properties that have been erroneously classified as building property (39- or 27.5-year recovery), which can result in cost savings.

- ◆ MACRS allows for greater accelerated depreciation over longer time periods
- ◆ Deduct greater amounts during the first few years of an asset's life, and relatively less later
- ◆ Any property that is being depreciated can elect the MACRS accounting and do a cost segregation
- ◆ Take advantage of the new 100% bonus depreciation rules that started in 2018
- ◆ Greatly reduce recapture on projects with rehab, renovation or capital expenditures

Subject property qualifies for tax savings via accelerated depreciation via cost segregation.

Call today to see if cost segregation is right for you!

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REPRESENTATIVE PHOTO

TENANT SUMMARY

SERVICE KING COLLISION

OUR MISSION

Service King strives to be the collision repair operator of choice by providing a secure, fulfilling workplace that motivates our teammates to deliver safe, superior repairs with excellent customer service while ensuring sustainable, profitable growth and opportunity.

Service King Collision Repair is a national leader in collision repair and offers high-quality repairs with a lifetime warranty, free professional estimates, rental options and coordination through Enterprise. Many Service King locations even feature Enterprise on-site. Service King also works collaboratively with all major insurance partners to streamline the auto body repair process.

Service King currently has over 330 locations in 24 states, and plans to continue growing. In 2011, Service King acquires Alamo Body and Paint and its eight San Antonio lo-cations in March, positioning the company as the largest independently and teammate-owned collision repair organization in the U.S. with 42 locations across the state of Texas. In 2012, global asset manager The Carlyle Group closes on its acquisition of majority ownership of Service King Collision Repair Centers. In 2014, after Service King tripled its revenue over a two-year period, premier global investment and advisory firm, Blackstone,



purchased majority ownership of the company. The Carlyle Group remains a minor investor as do Service King internal shareholders. Service King acquires Sterling Auto Body Centers and its 62 collision repair centers across 16 states in the U.S. The deal marked the largest acquisition in collision repair industry history establishing the national footprint and future strategy for growth. In 2015, Service King surpassed \$1 billion in annual revenue.

**9 out of 10 insurance companies recommend
Service King Collision Repair Centers.**

TENANT SUMMARY

THE TOP 3 COLLISION REPAIR COMPANIES

RANK	COMPANY	LOCATIONS	# OF STATES LOCATED IN	FOUNDED	HEADQUARTERS	PARENT COMPANY
1	Caliber Collision/Abra	1,200+	37	1997	Lewisville, TX	Hellman & Friedman + Penfund
2	Gerber Collision & Glass	500+	26	1937	Elmhurst, IL	The Boyd Group, Inc.
3	Service King Collision	344+	24	1976	Richardson, TX	Blackstone + Carlyle Group

COLLISION CENTER INDUSTRY

Collision Center Market
Reports \$47 Billion in
Annual Revenue

Huge Growth Potential:
86% of Collision Centers are
Non-National Operators

Industry Driven by
Insurance Provider
Relationships

Cost-Synergy
Opportunity in Collision
Center Market

Service Kings Provides
Lifetime Warranties to
its' Customers

Projected Industry
Growth of
2.3% Annually



REPRESENTATIVE PHOTO

SERVICE KING COLLISION



RICHARDSON, TEXAS

HEADQUARTERS

1976

YEAR FOUNDED

344+

LOCATIONS

PRIVATE

OWNERSHIP

\$1 (BIL)

(last reported 2015)

REVENUE

RANKED 3RD NATIONALLY
AMONG NATIONAL BODYSHOPS

RANKING

WWW.SERVICEKING.COM

WEBSITE

TENANT SUMMARY

Service King Collision Repair Centers is a national leader in collision repair that operates in 24 states with over 344 locations and plans to continue growing. Service King offers high-quality repairs with a lifetime warranty, free estimates, on-site rental cars and an overall superior customer service experience.

In 2012, as one of the largest independent operators of collision repair centers in the U.S., global asset manager The Carlyle Group closes on its acquisition of majority ownership of Service King Collision Repair Centers. In 2014, after Service King tripled its revenue over a two-year period, premier global investment and advisory firm Blackstone purchased majority ownership of the company. Blackstone is currently the largest alternative investment firm in the world with over \$545 billion in current assets (as of June 30th, 2019). The Carlyle Group remains a minority investor as do Service King internal shareholders. In 2018, Service King surpassed over \$1.2 billion in annual revenue.

Service King strives to be the collision repair operator of choice by providing a secure, fulfilling workplace that motivates their teammates to deliver safe, superior repairs with excellent customer service while ensuring sustainable, profitable growth and opportunity.



REPRESENTATIVE PHOTO

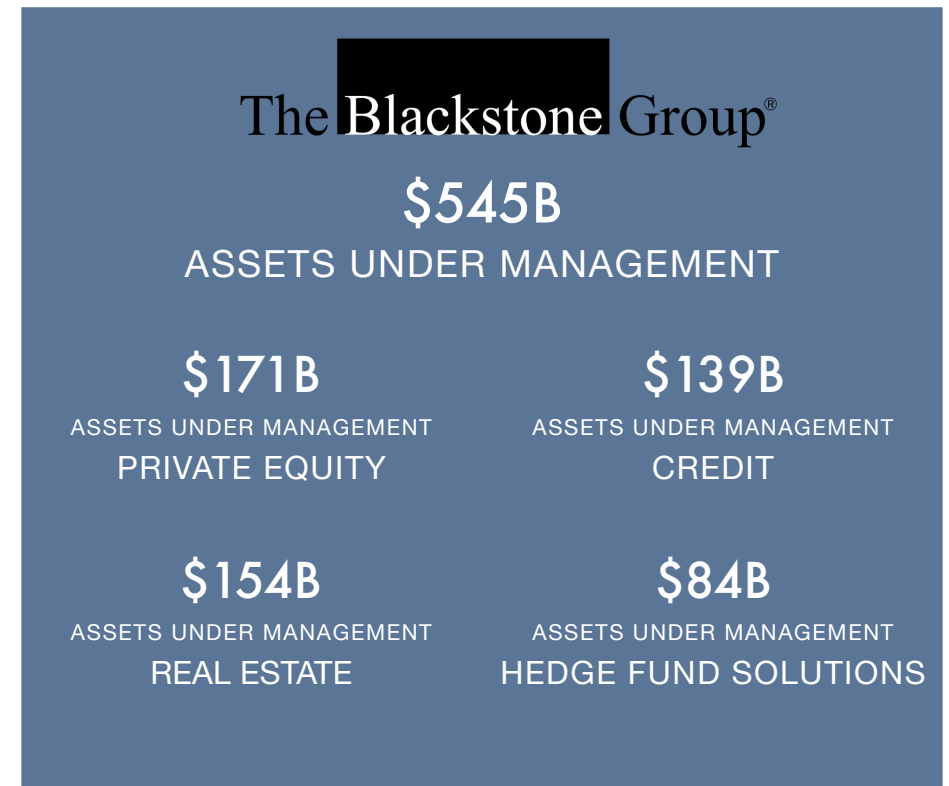
TENANT SUMMARY

Blackstone is one of the world's leading investment groups that currently has over \$545 Billion assets under their management. Their investments are designed to preserve and grow their limited partners' capital, provide financial security for millions of retirees, sovereign wealth funds, and other institutional and individual investors, and contribute to overall economic growth.

Blackstone seeks to create positive economic impact and long-term value for their investors, the companies they invest in, and the communities in which they work. This is achieved by their use of extraordinary people and flexible capital to help companies solve problems. The firm was founded in 1985 by Stephen A. Schwarzman, their Chair-man & CEO, and Peter G. Peterson, who retired as Senior Chairman in 2008. Over 30 years later, they are a firm of nearly 2,500 employees in 24 offices worldwide and their portfolio companies employ over 400,000 people across the globe.

At Blackstone, they apply our capabilities as a leading global investment firm to deliver solutions. The capital they deploy on behalf of their investors fuels the development of businesses and communities. The investments they make are the wellsprings of future opportunity. Through this work, Blackstone seeks to ensure a secure retirement for millions.

The deep expertise of the Blackstone team gives them a base of intellectual capital on which to draw. Their businesses are diversified across a wide spectrum of regions, industries, and asset classes, give them the expertise, access to resources and critical mass to take advantage of investment opportunities on a global scale. Blackstone's performance is characterized by a record of superior risk-adjusted returns across a broad and expanding range of asset classes and through all types of economic conditions.





REPRESENTATIVE PHOTO

SITE CONSTRUCTION

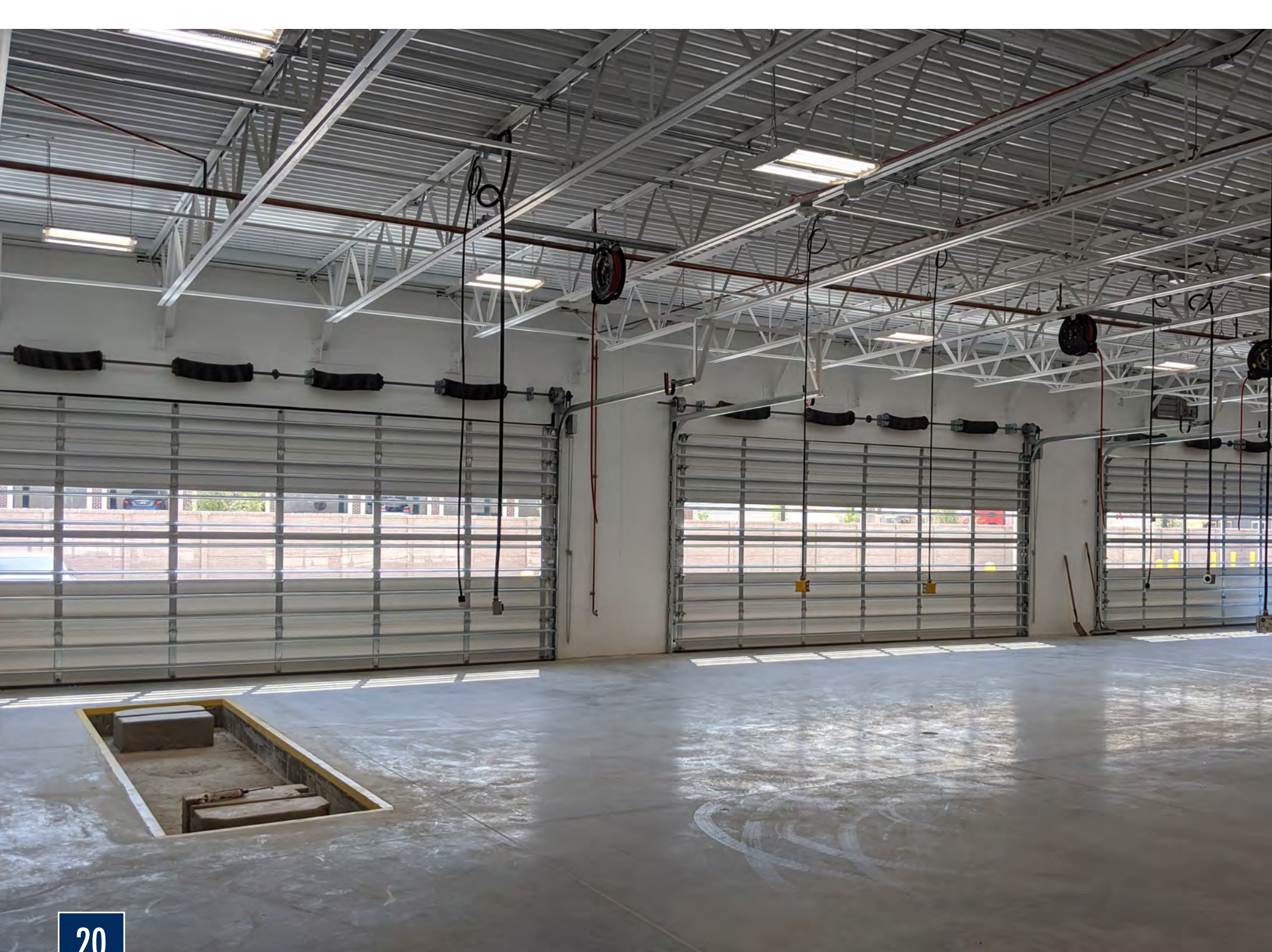
CONSTRUCTION TIME-LAPSE

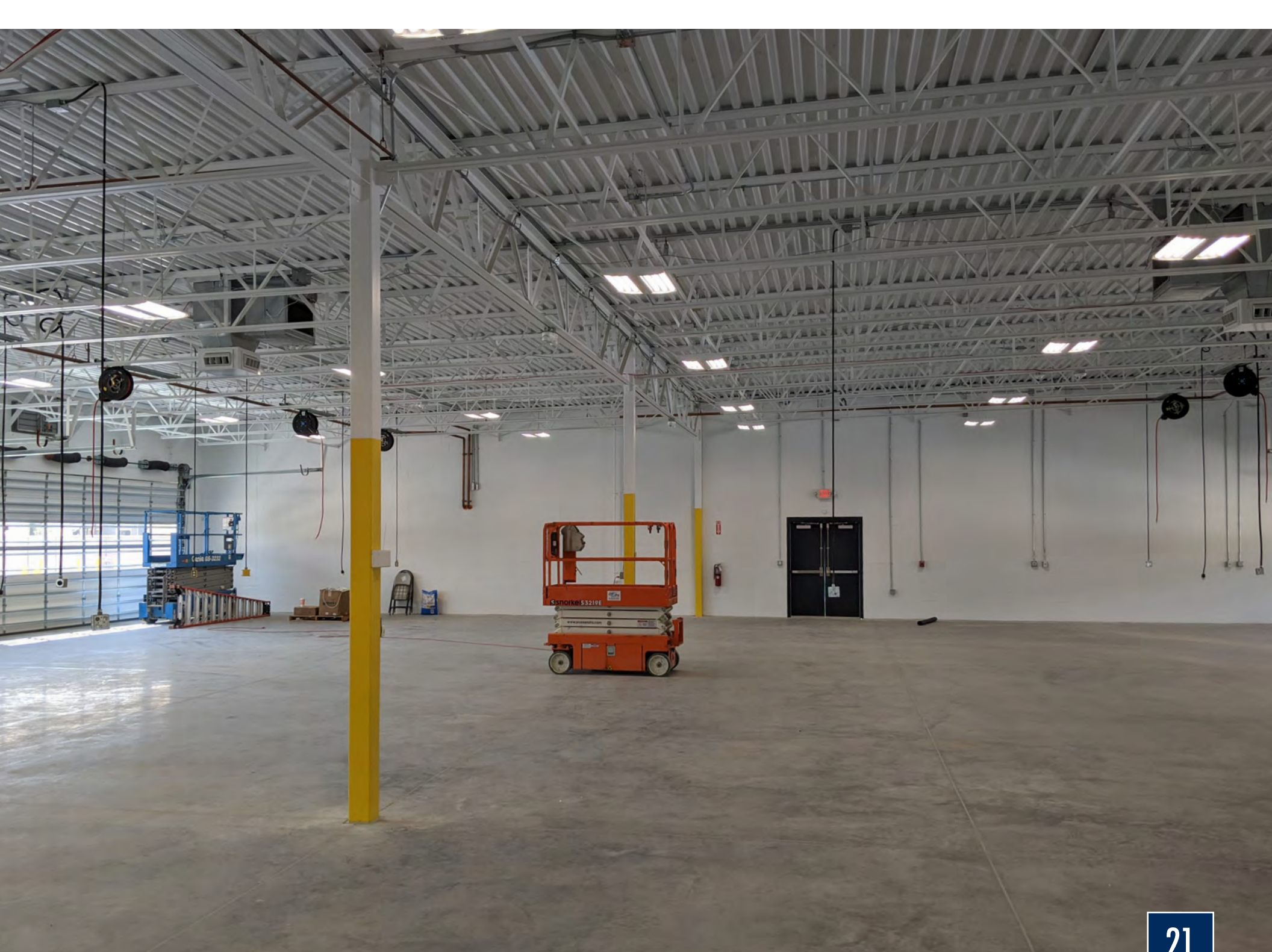


- ◆ The fire marshal passed the final inspection on 6-09-2020
- ◆ Certificate of Occupancy was issued on 06-09-2020
- ◆ Final punch list was accepted on 06-09-2020
- ◆ Keys to be delivered to a Service King representative by 6/12/2020



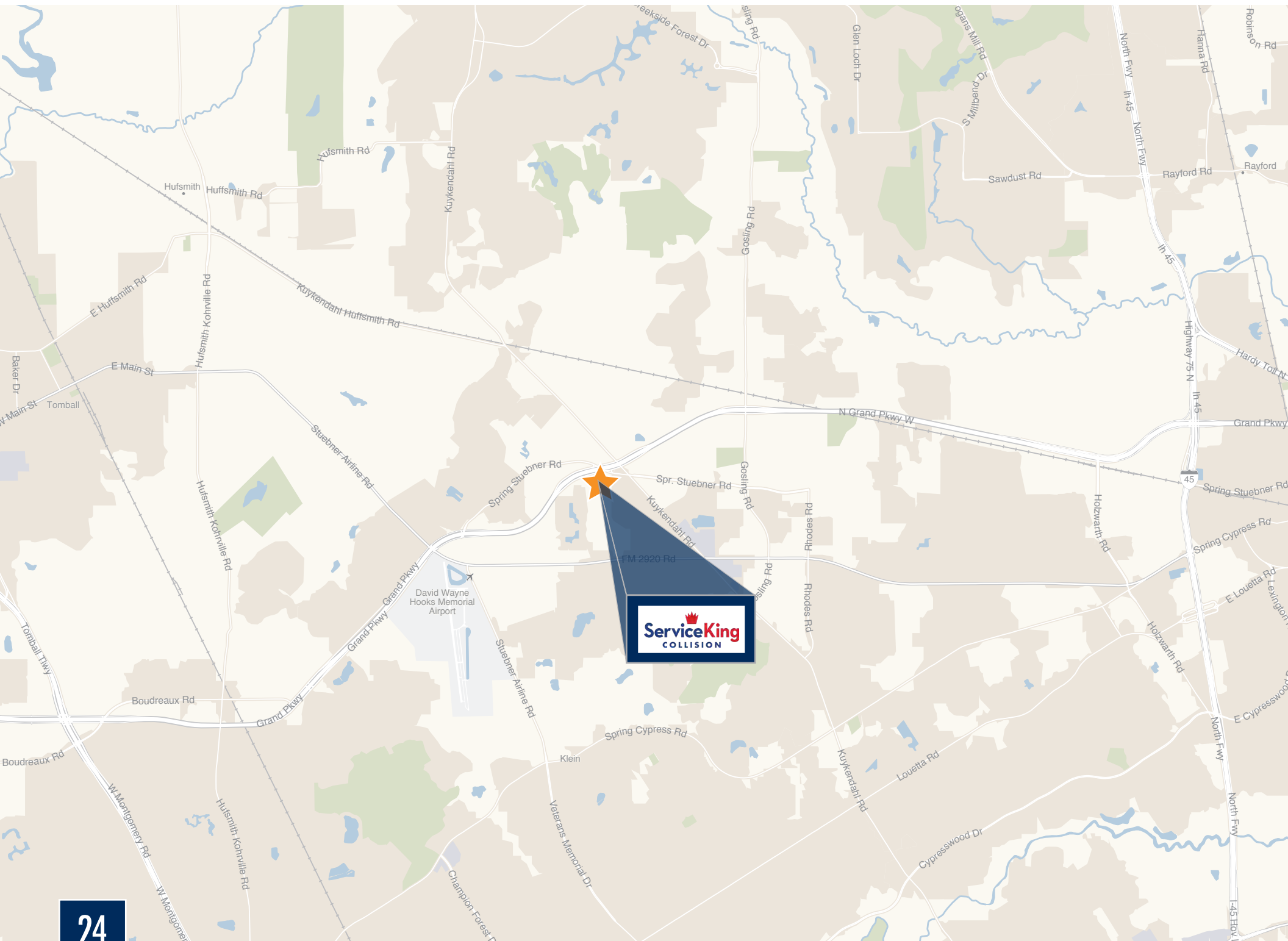




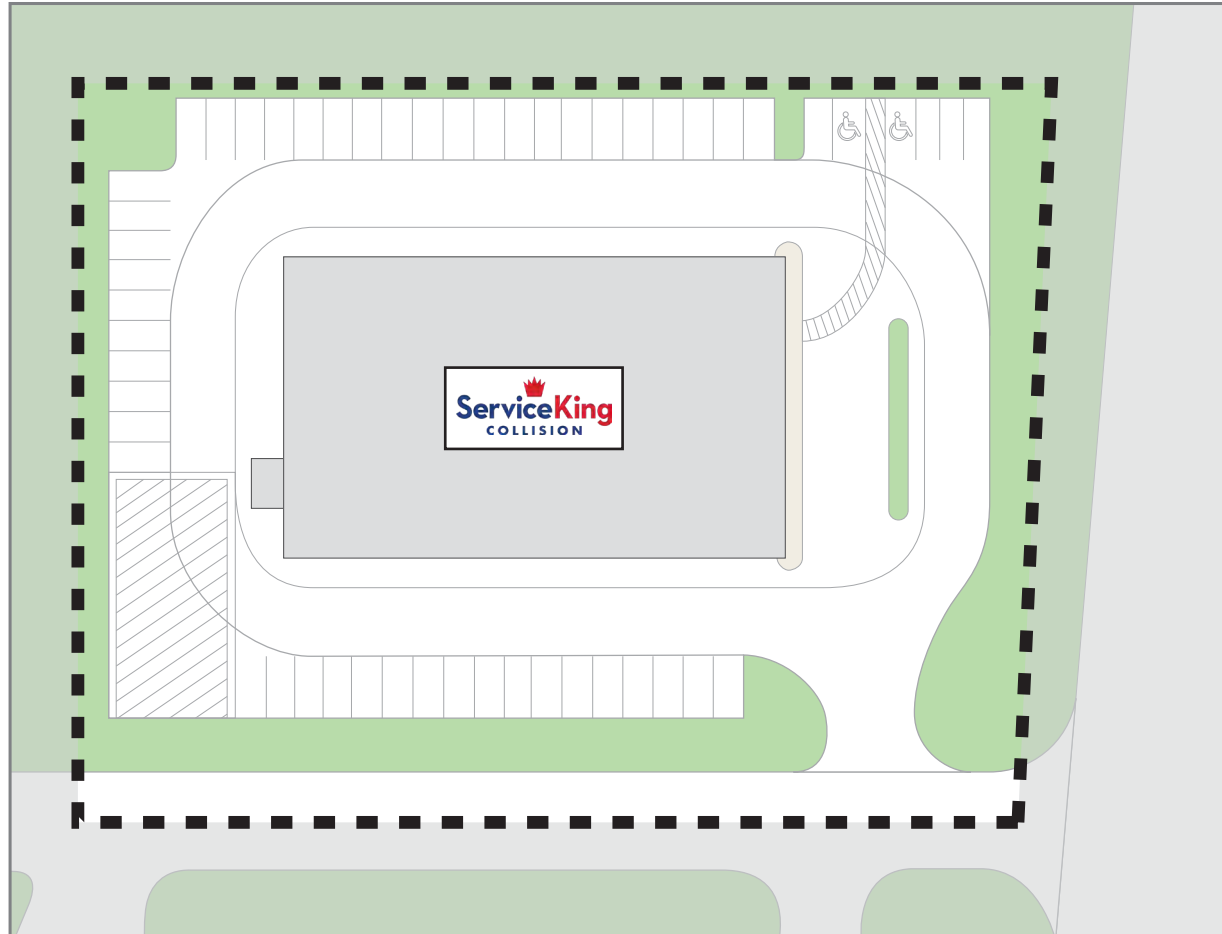








SITE PLAN



LOCATION OVERVIEW

SPRING, TEXAS

Spring is located just 20 miles north of Downtown Houston, in Texas. It is part of Harris County and is full of old town charm as well as big attractions such as the area's waterpark. Spring also provides residents with a suburban feel with easy accessibility to Texas's largest city, Houston. Spring also ranks as number 15 in Niche's "Most Diverse Suburbs in Texas". The Interstate 45 and State Highway 99 Intersect in Spring, providing easy accessibility for commuters as well as ease of travel to neighboring cities.

Exploring Old Town Spring is one of the most popular attractions in the area. This old part of town is filled with unique shops, eateries, art galleries, and much more. Various festivals take place here throughout the year such as the "Autumn Art & Texas Wine Festival" in Fall, "SpringFest" in March, "Home for the Holidays" in November and December, and much more. Another popular spot in Old Town is the Corkscrew BBQ. This wildly popular BBQ joint makes it easy to understand why Texas is known for its BBQ. It's hard to resist Corkscrew's pork ribs and smoked brisket, which sell out within hours of opening. After enjoying some BBQ, another popular destination is the Hurricane Harbor Splashdown waterpark. This waterpark is sure to keep the family having fun and makes Spring a popular tourist destination.

ExxonMobil opened a facility in Spring in 2014, bringing 10,000 new employees and visitors to the area. The facility serves as the home to Upstream, Downstream, Chemicals and XTO Energy companies, as well as their associated service groups. The campus takes up 385 wooded acres and is just off the I-45 in Texas. It has become an integral part of Spring as well as the greater Houston area. It provides the local economy and Texas with significant economic benefits. The facility was built with leading technology and engineering, creating a modern yet sustainable campus.

Over the last year, Spring has seen the job market increase by 3.2%, which is greater than the U.S. average of 1.6%. In the beginning of 2020, U-Haul named Spring-The Woodlands to be the No. 14 among the 2019 U-Haul Growth Cities. This was analyzed from the city's rental transactions and net gain of U-Haul trucks which entered and left the area, showing the increase in migration trends towards the Spring area. Whether you are in Spring to explore Old Town or embarking on your next business venture, the area's suburban feel with big-city amenities make it the perfect place for everyone's needs.

LOCATION OVERVIEW

HOUSTON, TEXAS

Houston is the largest city in the state with a population of more than 2.3 million residents according to the United States Census Bureau. The city is recognized for its vibrant economy, beautiful surroundings and diverse population. More than 145 different languages are spoken in Houston, the third largest number for any U.S. city. Houston also has a very young population, with the largest segment between the ages of 5 and 19.

Houston enjoys one of the most robust and dynamic economies in the world, with a broad industrial base in energy, health care, manufacturing, aeronautics and transportation. The city features the second largest concentration of Fortune 500 companies in the country. Houston has a reputation as the “Energy Capital of the World,” with more than 3,700 energy-related establishments located in the area. The nearby Port of Houston handles the most international waterborne tonnage in the world and is known as the undisputed global leader in international business. The Texas Medical Center is the world’s largest medical complex, with 21 hospitals, one of which is the leading cancer hospital in the country. Houston’s impressive workforce fills 2.9 million jobs, more than the states of Maryland, Arizona or Colorado. Known for its endless outdoor activities and as a leader in green space, Houston rates first in the nation for total acreage in parkland, with more than 56,405 acres.

Houston offers its residents and visitors more than 300 miles of interconnected bikeways and an impressive transportation network. The highway system contains more than 575 miles of freeways and expressways, providing excellent access to markets outside the region. The Metro buses and MetroRail provide excellent affordable public transportation. The Houston Airport System, which includes George Bush Intercontinental, William P. Hobby, and Ellington Airport, handled over 55 million passengers in 2018.





MAJOR EMPLOYERS SPRING, TX

Walmart	31,000
Memorial Hermann Health System	27,211
H-E-B	26,956
Houston Methodist	23,669
UT M.D. Anderson Cancer Center	21,001
McDonald's Corp	16,100
Kroger	15,902
Exxon Mobil Corp.	15,000
Texas Children's Hospital	15,000
United Airlines	13,904

LOCATION HIGHLIGHTS

SPRING, TEXAS

ONE OF THE "BEST PLACES TO LIVE" IN TEXAS



Houston suburb
(just 21 miles north of
downtown Houston)



Located at the hub of
transportation infrastructure to
and from Houston (located just off
the Grand Parkway toll road)



Located along the
corridor of the region's
destination retail



Close enough to Houston
to accommodate for "country"
living just outside a big city

DEMOGRAPHICS / SPRING, TX



236,173

Total Population Within 5-Mile Radius



\$126,264

Average Household Income
Within 5-Mile Radius



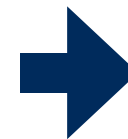
\$52,991

Median Household Income
Within 5-Mile Radius



81,515

Total Households in 5-Mile Radius



66.21%

From 2010

POPULATION	1 MILE	3 MILES	5 MILES
2024 Projection	8,597	80,294	236,173
2019A Estimate	6,903	65,096	197,083
Growth 2019A - 2024	24.55%	23.35%	19.83%
2000 Census	1,332	22,295	87,915
2010 Census	4,685	45,089	143,808
Growth 2000 - 2010	251.80%	102.24%	63.58%

HOUSEHOLDS	1 MILES	3 MILES	5 MILES
2024 Projections	2,772	26,552	81,515
2019A Estimate	2,218	21,415	67,673
Growth 2019A - 2024	24.97%	23.99%	20.46%
2000 Census	463	7,308	29,420
2010 Census	1,491	14,656	49,040
Growth 2000 - 2010	221.96%	100.54%	66.69%

HOUSEHOLDS BY INCOME (2019A Est.)	1 MILES	3 MILES	5 MILES
\$200,000 or More	10.12%	10.92%	12.06%
\$150,000 - \$199,999	10.62%	11.20%	11.64%
\$100,000 - \$149,999	23.81%	22.52%	21.16%
\$75,000 - \$99,999	18.56%	17.52%	15.54%
\$50,000 - \$74,999	17.27%	16.50%	16.23%
\$35,000 - \$49,999	9.18%	8.82%	9.10%
\$25,000 - \$34,999	4.06%	5.30%	5.91%
\$15,000 - \$24,999	2.45%	3.42%	4.08%
\$10,000 - \$14,999	2.05%	1.47%	1.65%
Under \$9,999	1.88%	2.33%	2.63%

2019A Est. Average Household Income	\$122,323	\$123,696	\$126,264
2019A Est. Median Household Income	\$92,258	\$92,027	\$91,274
2019A Est. Per Capita Income	\$39,314	\$40,697	\$43,376

POPULATION PROFILE	1 MILES	3 MILES	5 MILES
2019A Estimated Population by Age	6,903	65,096	197,083
Under 4	8.4%	7.4%	7.0%
5 to 14 Years	18.5%	16.4%	15.5%
15 to 17 Years	5.5%	5.1%	4.9%
18 to 19 Years	3.1%	3.0%	2.8%
20 to 24 Years	6.1%	5.8%	5.8%
25 to 29 Years	6.3%	5.5%	5.8%
30 to 34 Years	7.9%	6.6%	6.5%
35 to 39 Years	8.1%	7.3%	6.9%
40 to 49 Years	13.3%	14.2%	14.2%
50 to 59 Years	9.6%	12.2%	13.2%
60 to 64 Years	4.2%	5.5%	5.9%
65 to 69 Years	3.6%	4.7%	4.8%
70 to 74 Years	2.3%	3.0%	3.0%
Age 75+	3.2%	3.4%	3.6%
2019A Median Age	31.5	35.1	36.3

2019A Population 25 + by Education Level	4,037	40,591	126,160
Elementary (0-8)	2.33%	2.84%	2.07%
Some High School (9-11)	2.72%	3.53%	3.56%
High School Graduate (12)	18.50%	19.88%	18.90%
Some College (13-15)	24.70%	23.14%	23.70%
Associates Degree Only	7.76%	8.29%	8.48%
Bachelors Degree Only	28.91%	28.48%	28.57%
Graduate Degree	13.53%	12.58%	13.53%



REPRESENTATIVE PHOTO



**SPRING
TEXAS**

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SENIOR DIRECTOR, NET LEASED PROPERTIES GROUP

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