



① PERSPECTIVE VIEW





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# EXECUTIVE SUMMARY

FROST + SMOOTHIE KING ▶ KINGWOOD | TEXAS







<b>Property:</b>	Frost Bank & Smoothie King
<b>Address:</b>	2710 W. Lake Houston Pkwy Kingwood, TX 77345
<b>List Price:</b>	\$3,437,304
<b>NOI:</b>	\$197,645
<b>Cap Rate:</b>	5.75%
<b>Lease Term:</b>	10 Years
<b>Lease Start:</b>	Est. December 2020
<b>Lease Expiration:</b>	Est. September 2030

Real Capital Investments is pleased to present to qualified investors a two-tenant Frost Bank & Smoothie King asset in the affluent northeast Houston, Texas suburb of Kingwood. The property is situated at the signalized, hard corner intersection of W Lake Houston Parkway and Kings Crossing Drive, in an extremely high barrier to entry trade area. Traffic counts on W Lake Houston Parkway exceed 29,000 vehicles per day, with an additional 31,678 vehicles per day traveling on nearby Kingwood Drive. This is a dense, infill area with over 140,000 people living in a 5-mile radius of the property. Average household income within this 5-mile radius exceeds \$120,000. Kingwood, affectionately known as “the livable forest” is an affluent, 14,000 acre master-planned community in northeast Houston with amenities such as two country club golf courses, over 500 acres of private parks and nature preserves, 75 miles of hike and bike trails, highly ranked schools and more than 100 clubs and organizations. The property is positioned less than a half-mile from the Lake Houston YMCA with more than 9,000 members and within a mile of Kingwood High School with over 2,800 students. Within 3 miles of the property are 9 public elementary, middle and high schools, and 8 private schools totaling over 11,300 students. Kingwood is an affluent, multi-generational north Houston neighborhood that enjoys a reputation for high quality of life thanks to its safety, affordability, high ranking schools, convenient access to many major employers and a multitude of nearby amenities. This Frost Bank + Smoothie King offering provides an investor the opportunity to acquire a property that will bring income for decades due to its positioning in a high barrier to entry market, with a growing population and excellent real estate fundamentals. The property is recently redeveloped with long term leases in place and no upcoming capital improvement requirements, which results in minimal landlord responsibility and a stable income stream for an investor.

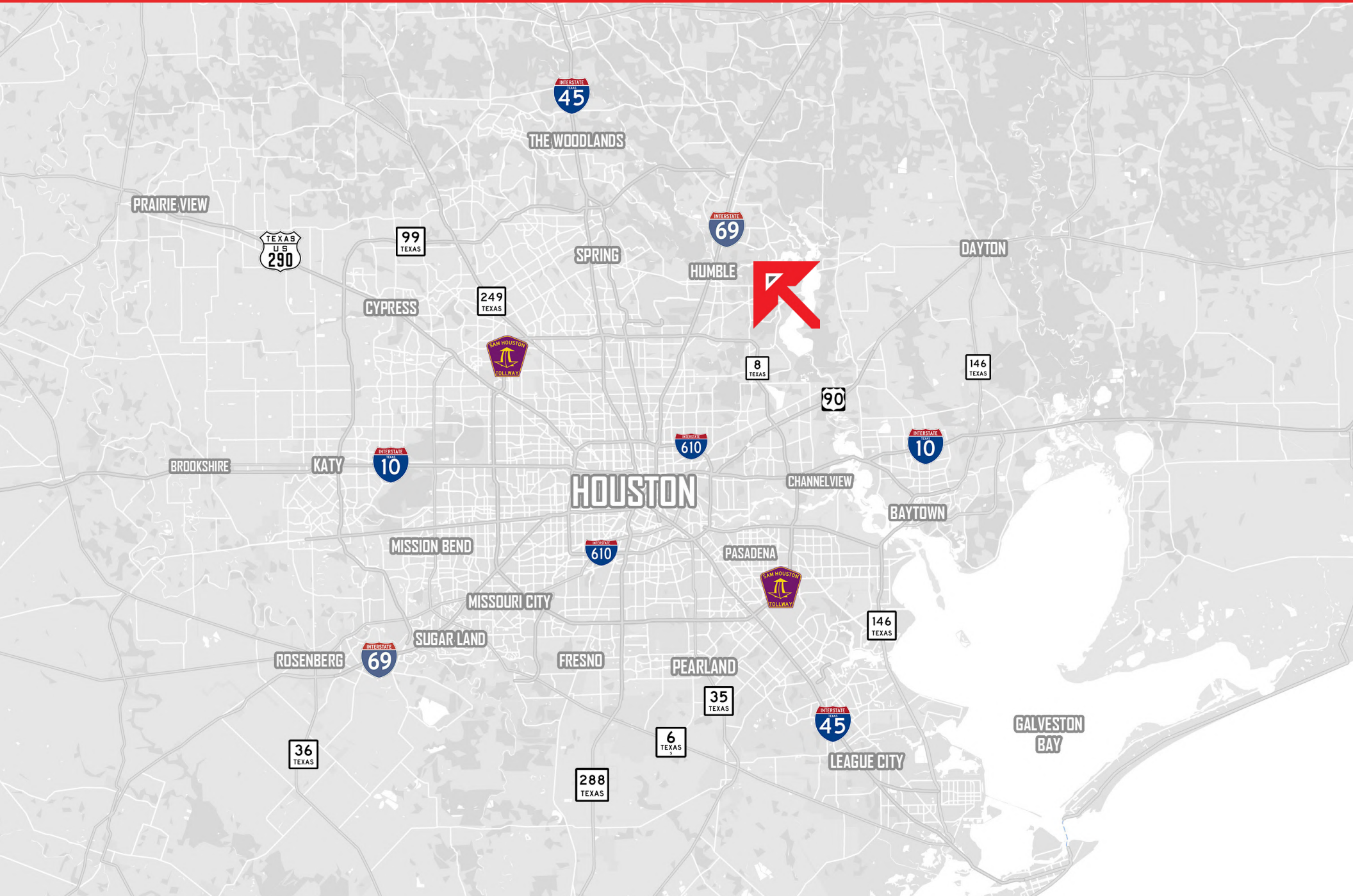




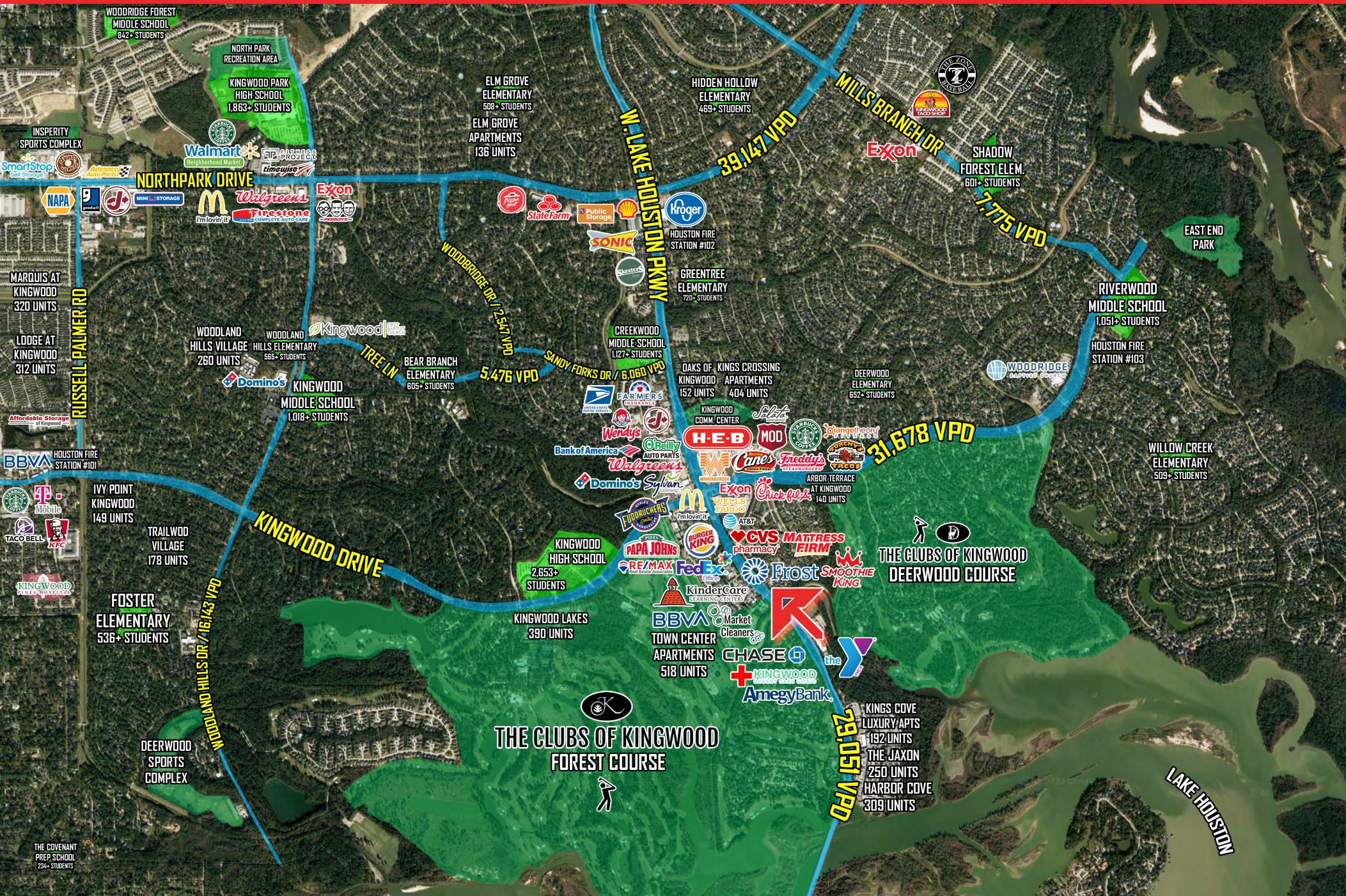
- Newly Redeveloped Asset with Brand New 10 Year NNN Leases – Stable Cash Flow Asset with Minimal Landlord Responsibilities and Two (5-Year) Options to Renew
- 10% Rent Increases Every 5 Years Throughout the Initial Term and Option Periods, Providing a Strong Hedge Against Inflation
- Frost Bank Has Over \$39.4 Billion in Assets and Makes Up 72% of the Net Operating Income
- Recession and Pandemic Resistant Asset – Smoothie King is an Essential Business with a Drive-Thru, Which Allows Continuous Operation, Even During Shutdowns
- Frost Has Been in Business Since 1868 and Withstood Numerous Health and Economic Hardships Over the Last 152 Years – Frost Paid Full Rent at All Locations During COVID, Regardless if Locations Were Open
- Both Tenants Have NNN Leases That Reimburse for CAM, Taxes, Insurance and Management, Providing an Ideal Lease Structure for a More Passive Investor – Management Reimbursement Allows for Hands-Off Ownership Without Reducing the Investor's Return
- High Barrier to Entry Trade Area with Minimal Development and Redevelopment Opportunities
- Kingwood is a 14,000 Acre Master-Planned Community in Northeast Houston with Amenities Such as Two Country Club Golf Courses, Over 500 Acres of Private Parks and Nature Preserves, 75 Miles of Hike and Bike Trails, Highly Ranked Schools and More Than 100 Clubs and Organizations

- Excellent Demographics – Over 140,000 People in a 5-Mile Radius with Average Household Income Exceeding \$120,000, Resulting in Extremely High Bank Deposits (Chase \$388M, Bank of America \$358M and Wells Fargo \$261M)
- Tremendous Recent Growth – Over 51% Population Growth in a 5-Mile Radius Since 2000 Census
- High Traffic Location – Over 29,000 Vehicles Per Day on W Lake Houston Parkway and Over 31,000 Vehicles Per Day on Kingwood Drive
- Strategically Positioned at a Signalized Hard Corner Intersection with Multiple Points of Ingress and Egress
- Less Than a Half-Mile from the Lake Houston YMCA with More Than 9,000 Members and Within a Mile of Kingwood High School with Over 2,800 students
- Situated Near HEB Which is a Dominant Regional Grocery Store That Bring Daily-Needs Consumers to the Trade Area
- Located Within 3 Miles of 9 Public Elementary, Middle and High Schools, Along with 8 Private Schools, Totalling Over 11,300 Students
- Texas is an Income Tax Free State with a Strong Economy, Providing an Ideal Location for a 1031 Exchange Asset

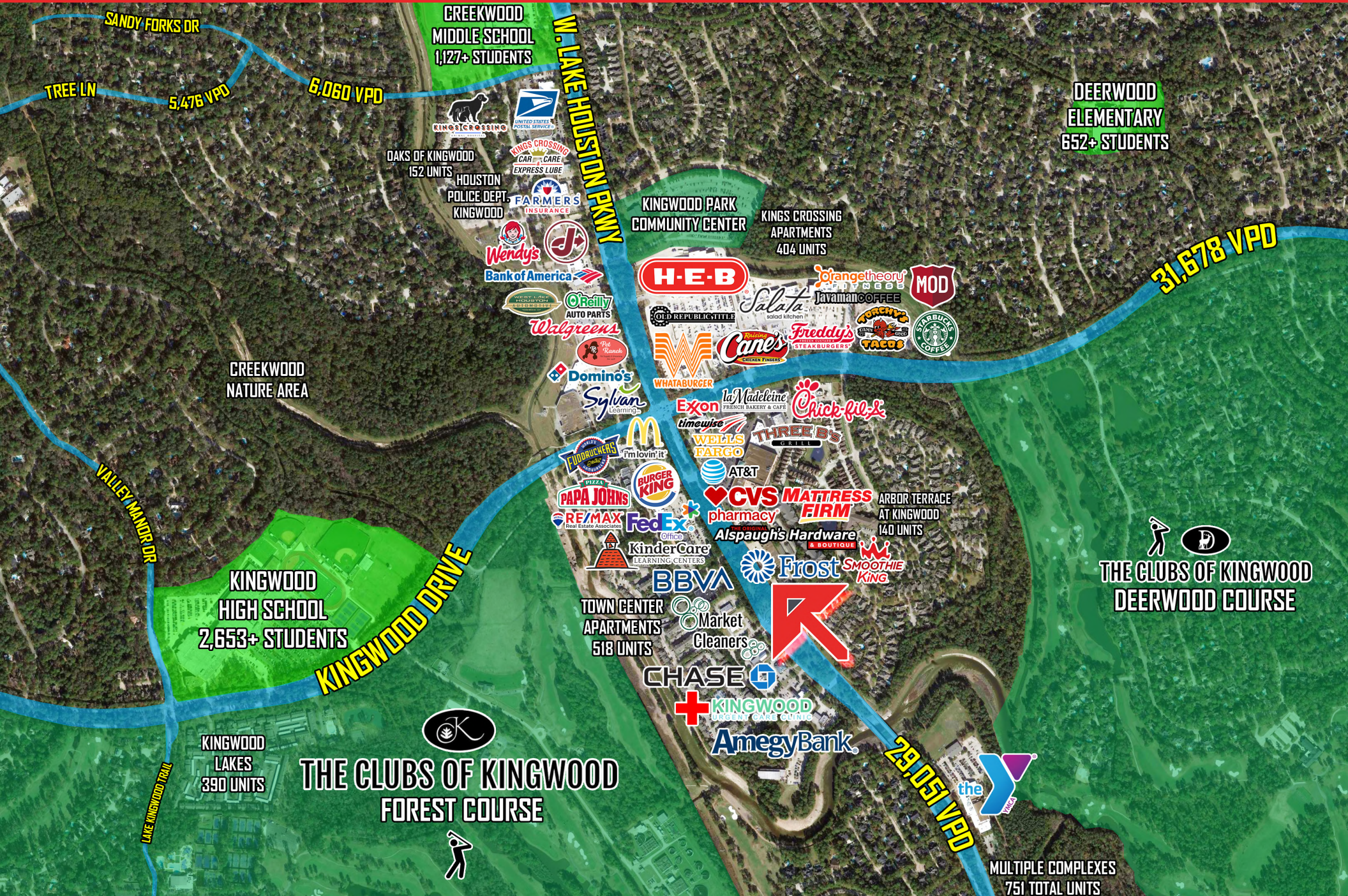


















KINGS COVE  
LUXURY APTS  
192 UNITS

THE JAXON  
250 UNITS

HARBOR COVE  
309 UNITS

29,051 VPD



THE CLUBS OF KINGWOOD  
FOREST COURSE



TOWN CENTER  
APARTMENTS  
518 UNITS



ARBOR TERRACE  
AT KINGWOOD  
140 UNITS



KinderCare  
LEARNING CENTERS



W. LAKE HOUSTON PKWY





# PROPERTY DESCRIPTION

FROST + SMOOTHIE KING ▶ KINGWOOD | TEXAS





<b>Address:</b>	2710 W Lake Houston Parkway Kingwood, TX 77345	
<b>Parcel ID:</b>	1173770010003	
<b>Land Size:</b>	Approximately 1.15 Acres	
<b>Access:</b>	W Lake Houston Pkwy & Kings Crossing Dr	
<b>Signage:</b>	Monument & Building Signage	
<b>Year of Construction:</b>	1994/2020	
<b>Building Size:</b>	Approximately 5,763 Square Feet	
<b>Parking:</b>	37 Parking Spaces on site	
<b>Drive Areas:</b>	Concrete Pavement, Concrete Curbs	
<b>Zoning:</b>	Commercial	
<b>Traffic Counts:</b>	W Lake Houston Parkway	29,051 VPD
	Kingwood Drive	31,678 VPD



<b>Tenant Name:</b>	Frost Bank	
<b>Property Location:</b>	2710 W Lake Houston Pkwy Kingwood, TX 77339	
<b>Lease Start:</b>	Estimated December 2020	
<b>Lease Expiration:</b>	Estimated December 2030	
<b>Lease Type:</b>	NNN	
<b>Base Lease Term:</b>	10 Years	
<b>Renewal Options:</b>	Two (2) Additional (5-Year) Options to Renew	
<b>Rental Increases:</b>	10% Bumps Every 5 Years	
<b>Suite Size:</b>	4,139 Square Feet (72% of the GLA)	
<b>Annual Base Rent:</b>	Years 1-5:	\$144,865.00
	Years 6-10:	\$159,351.50 (10% Increase)
<b>Annual Option Rent:</b>	Years 11-15:	\$175,286.65 (10% Increase)
	Years 16-20:	\$192,836.01 (10% Increase)
<b>Estoppel:</b>	Within 20 Days	
<b>SDNA:</b>	Within 30 Days	

<b>Tenant Name:</b>	Zavala SK 2, LLC dba Smoothie King	
<b>Property Location:</b>	2710 W Lake Houston Pkwy Kingwood, TX 77339	
<b>Lease Start:</b>	Estimated December 2020	
<b>Lease Expiration:</b>	Estimated December 2030	
<b>Lease Type:</b>	NNN	
<b>Base Lease Term:</b>	10 Years	
<b>Renewal Options:</b>	Two (2) Additional (5-Year) Options to Renew	
<b>Rental Increases:</b>	10% Bumps Every 5 Years	
<b>Suite Size:</b>	1,624 Square Feet (28% of the GLA)	
<b>Annual Base Rent:</b>	Years 1-5:	\$52,780.00
	Years 6-10:	\$58,058.00 (10% Increase)
<b>Annual Option Rent:</b>	Years 11-15:	\$63,871.92 (10% Increase)
	Years 16-20:	\$70,254.24 (10% Increase)
<b>Estoppel:</b>	Within 10 Days	
<b>SDNA:</b>	Within 10 Days	





The collage consists of 15 individual images arranged in a grid-like fashion. The top row features a night view of a Frost Bank building, a hand holding a smartphone with the Frost Bank app, a tall modern glass skyscraper, and a group of five men in suits holding a 'CFR' award. The second row includes a historical black and white photo of an ornate metal safe, a close-up of a black Frost Bank jersey with a Nike logo, and a delivery person carrying a Frost Bank box. The third row shows two employees in purple aprons serving a customer, three women holding a large check for \$100,000 from Frost Bank, and a modern glass skyscraper. The bottom row features a Frost Bank building with flags, a person using a mobile payment device, a person holding a smartphone, a person using a laptop, and a person using a tablet.



## 1ST RANKED HEALTH & FITNESS-FOCUSED SMOOTHIE FRANCHISE BRAND

 **1000+**  
LOCATIONS

 **FOUNDED IN 1973**  
**HEADQUARTERS IN DALLAS, TEXAS**

**800+ STORES COMMITTED OVER LAST 5 YEARS**  
**100+ NEW LOCATIONS PROJECTED PER YEAR**

**\$415.7 MILLION TOTAL REVENUE** [2018]  
**INCREASED \$43.15M (11.58%) FROM YEAR PRIOR**

**AVERAGE ANNUAL SALES PER LOCATION (TOP 25%) = \$723,000.00**  
**SAME-STORE SALES GROWTH EACH OF THE LAST 5 YEARS**

- + ENTREPRENEUR MAGAZINE'S #1 JUICE BAR FRANCHISE FOR 26 YEARS
- + #22 in ENTREPRENEUR MAGAZINE'S 2019 FRANCHISE 500 RANKINGS
- + ENTREPRENEUR MAGAZINE'S 40TH FASTEST GROWING FRANCHISE in 2019
- + #1 in NATION'S RESTAURANT NEWS' 2016 CONSUMER PICK IN THE LIMITED SERVICE RESTAURANTS BEVERAGE CATEGORY

Entrepreneur  
FRANCHISE  
**RANKED #14** IN  
ENTREPRENEUR MAGAZINE'S  
FRANCHISE 500 LIST [2020]  
— 2020 —

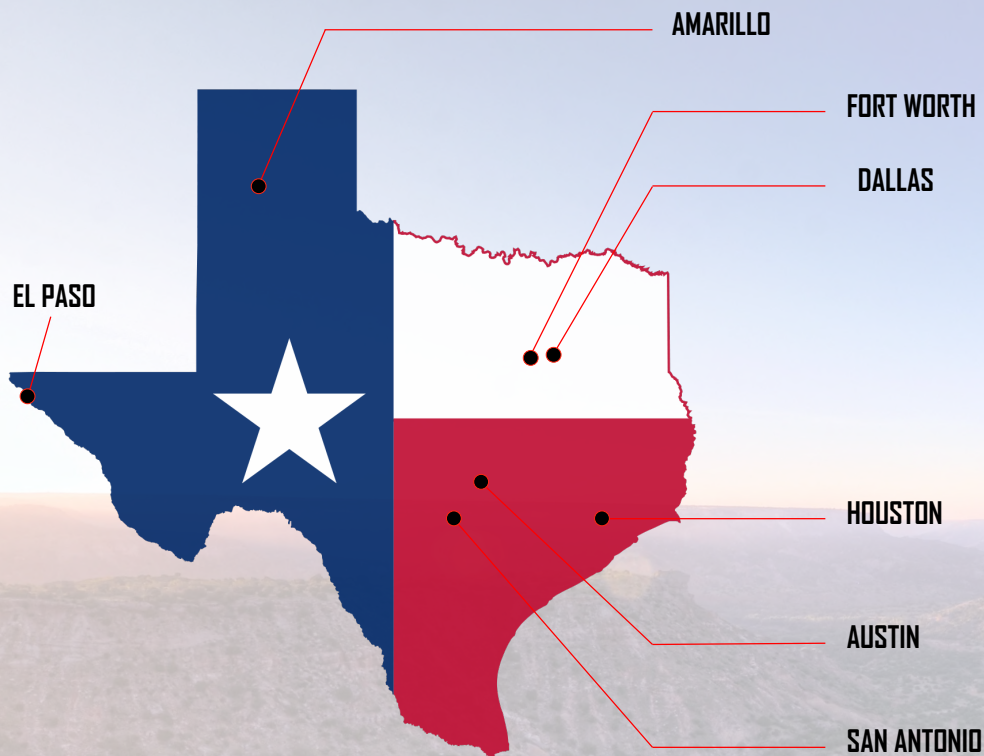




# MARKET OVERVIEW

FROST + SMOOTHIE KING ▶ KINGWOOD | TEXAS





POPULATION  
**29,900,000+**



**Fastest growing**  
strongest & most  
resilient economy in  
the United States

**2nd**

LARGEST CIVILIAN  
LABOR WORKFORCE IN THE U.S.  
**13+ MILLION WORKERS**



TOP STATE FOR  
JOB GROWTH

**350,000+ JOBS CREATED IN 2019**



**OVER 3,000 COMPANIES**  
HAVE LOCATED OR EXPANDED  
FACILITIES IN TEXAS SINCE 2009



**ACCOUNTS FOR 10% OF MANUFACTURING**  
IN THE UNITED STATES EVERY YEAR  
**LARGEST PRODUCER OF WIND POWER**  
IN AMERICA, CREATING 3x MORE THAN THE  
NEXT CLOSEST STATE

**54**

**FORTUNE 500**  
COMPANIES  
IN TEXAS



BY ITSELF, TEXAS WOULD BE THE  
**10TH LARGEST ECONOMY**  
**IN THE ENTIRE WORLD**  
and IS THE **2ND LARGEST** IN THE U.S.



**NO STATE INCOME TAX**  
MAKING IT AN IDEAL LOCATION  
FOR A 1031 EXCHANGE ASSET



**RATED 2nd BEST**  
**STATE FOR BUSINESS**  
BY FORBES MAGAZINE



**4th LARGEST CITY**  
IN THE UNITED STATES  
**METRO POPULATION: 6,997,384**

**1st LARGEST CITY**  
IN THE STATE OF TEXAS  
**CITY POPULATION: 2,325,502**



**18.2% POPULATION GROWTH**  
INCREASE BETWEEN 2010 & 2018  
(METRO AREA)



**1,574,365+ CIVILIAN LABOR FORCE**  
UP 4.6% SINCE APRIL 2018

**18+ MILLION**  
VISITORS COME TO  
THE CITY EVERY YEAR



**2 COMMERCIAL AIRPORTS**



**4 INTERSTATE HIGHWAYS**

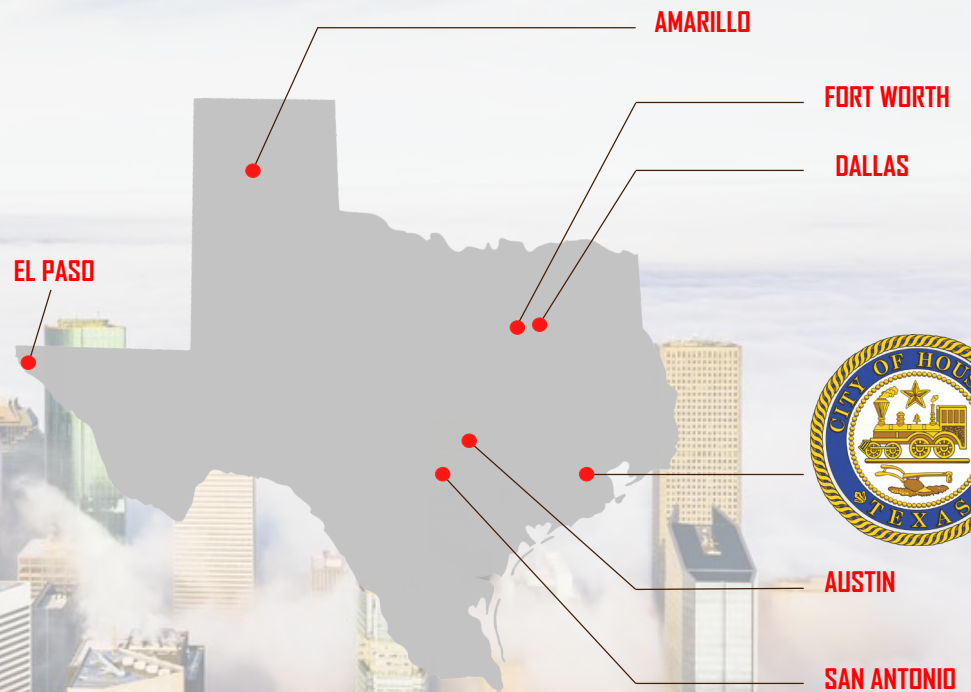


**7 RAILWAY PORTS**

**25 FORTUNE  
500 COMPANIES**  
BASED IN HOUSTON MSA

**2nd LARGEST CONCENTRATION OF FORTUNE 1000  
COMPANIES IN THE COUNTRY (49) BEHIND ONLY  
NEW YORK (72)**

- HOME TO THE **WORLD'S LARGEST MEDICAL CENTER**  
TEXAS MEDICAL CENTER
- PORT HOUSTON IS THE NATION'S **LARGEST PORT**  
**IN FOREIGN TONNAGE** HANDLING OVER 247 MILLION  
TONS OF CARGO ANNUALLY
- HOME TO **4 PROFESSIONAL SPORTS FRANCHISES:**

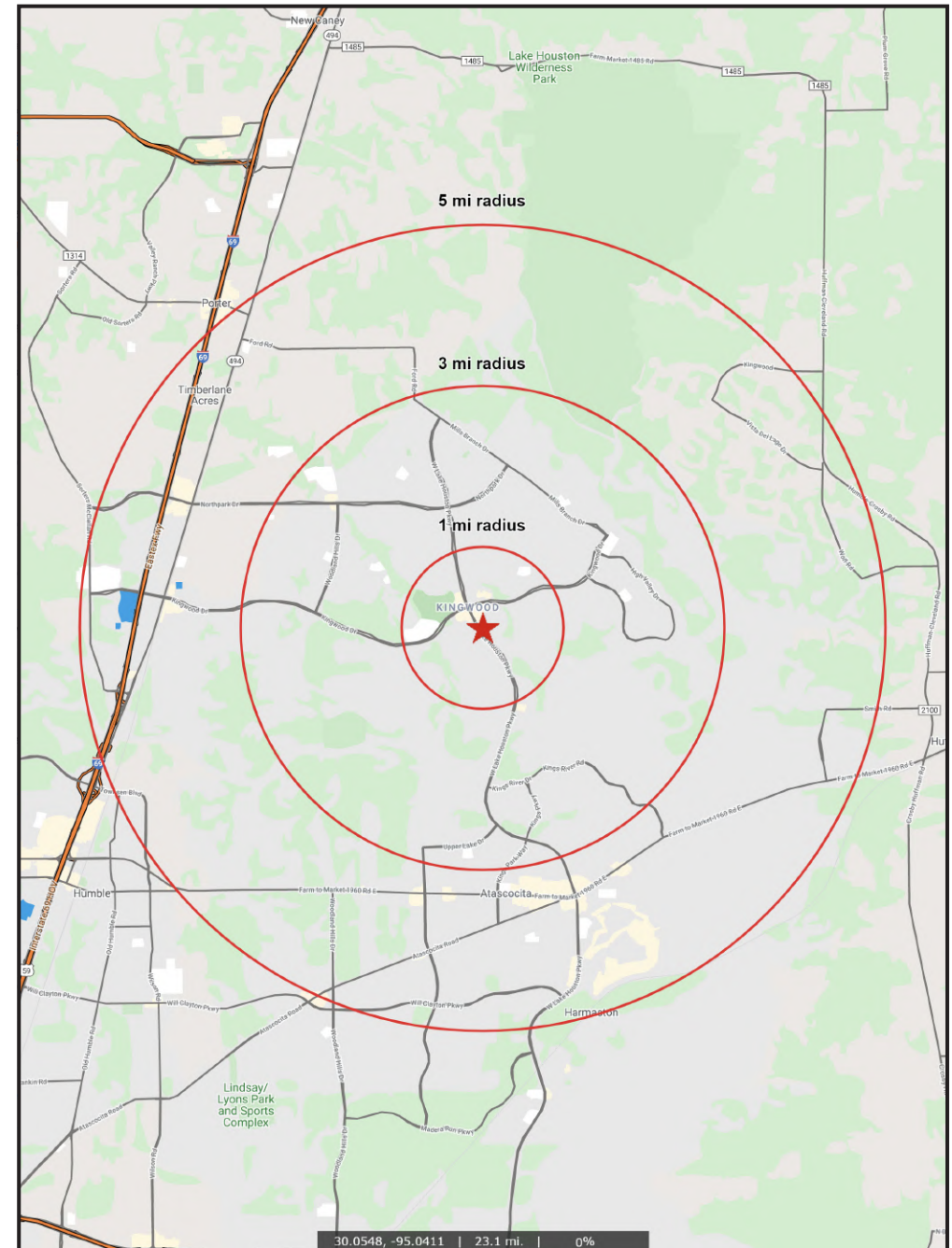




## 2710 W Lake Houston Pkwy

Kingwood, TX 77345

POPULATION	2020 Estimated Population	8,533	67,334	140,212
	2025 Projected Population	8,838	69,270	146,789
	2010 Census Population	7,803	64,350	126,912
	2000 Census Population	7,102	59,247	92,872
	Projected Annual Growth 2020 to 2025	0.7%	0.6%	0.9%
	Historical Annual Growth 2000 to 2020	1.0%	0.7%	2.5%
	2020 Median Age	40.3	38.9	36.3
HOUSEHOLDS	2020 Estimated Households	4,180	25,415	52,544
	2025 Projected Households	4,396	26,812	55,928
	2010 Census Households	3,596	23,219	45,735
	2000 Census Households	2,940	20,218	32,107
	Projected Annual Growth 2020 to 2025	1.0%	1.1%	1.3%
	Historical Annual Growth 2000 to 2020	2.1%	1.3%	3.2%
RACE AND ETHNICITY	2020 Estimated White	73.6%	77.9%	72.8%
	2020 Estimated Black or African American	10.8%	8.8%	12.3%
	2020 Estimated Asian or Pacific Islander	5.0%	5.5%	5.1%
	2020 Estimated American Indian or Native Alaskan	0.5%	0.5%	0.6%
	2020 Estimated Other Races	10.0%	7.4%	9.2%
	2020 Estimated Hispanic	21.6%	22.0%	24.3%
INCOME	2020 Estimated Average Household Income	\$93,751	\$140,354	\$120,495
	2020 Estimated Median Household Income	\$64,448	\$93,926	\$84,876
	2020 Estimated Per Capita Income	\$45,929	\$52,977	\$45,161
EDUCATION (AGE 25+)	2020 Estimated Elementary (Grade Level 0 to 8)	3.1%	1.6%	2.6%
	2020 Estimated Some High School (Grade Level 9 to 11)	1.7%	2.7%	4.1%
	2020 Estimated High School Graduate	12.8%	14.6%	18.7%
	2020 Estimated Some College	18.4%	21.6%	23.8%
	2020 Estimated Associates Degree Only	7.5%	8.6%	8.9%
	2020 Estimated Bachelors Degree Only	36.6%	33.9%	28.5%
2020 Estimated Graduate Degree	19.9%	16.9%	13.5%	
BUSINESS	2020 Estimated Total Businesses	515	1,431	4,693
	2020 Estimated Total Employees	4,495	12,077	37,660
	2020 Estimated Employee Population per Business	8.7	8.4	8.0
	2020 Estimated Residential Population per Business	16.6	47.0	29.9





## Approved by the Texas Real Estate Commission for Voluntary Use

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

**B**efore working with a real estate broker, you should know that the duties of a broker depend on whom the broker represents. If you are a prospective seller or landlord (owner) or a prospective buyer or tenant (buyer), you should know that the broker who lists the property for sale or lease is the owner's agent. A broker who acts as a subagent represents the owner in cooperation with the listing broker. A broker who acts as a buyer's agent represents the buyer. A broker may act as an intermediary between the parties if the parties consent in writing. A broker can assist you in locating a property, preparing a contract or lease, or obtaining financing without representing you. A broker is obligated by law to treat you honestly

### IF THE BROKER REPRESENTS THE OWNER:

The broker becomes the owner's agent by entering into an agreement with the owner, usually through a written - listing agreement, or by agreeing to act as a subagent by accepting an offer of subagency from the listing broker. A subagent may work in a different real estate office. A listing broker or subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first. The buyer should not tell the owner's agent anything the buyer would not want the owner to know because an owner's agent must disclose to the owner any material information.

### IF THE BROKER REPRESENTS THE BUYER:

The broker becomes the buyer's agent by entering into an agreement to represent the buyer, usually through a written buyer representation agreement. A buyer's agent can assist the owner but does not represent the owner and must place the interest of the buyer first. The owner should not tell a buyer's agent anything the owner would not want the buyer to know because a buyer's agent must disclose to the buyer any material information known to the agent.

### IF THE BROKER ACTS AS AN INTERMEDIARY:

A broker may act as an intermediary between the parties if the broker complies with The Texas Real Estate License Act. The broker must obtain the

each party to the transaction to act as an intermediary. The written consent must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. The broker is required to treat each party honestly and fairly and to comply with The Texas Real Estate License Act. A broker who acts as an intermediary in a transaction:

- (1) shall treat all parties honestly;
- (2) may not disclose that the owner will accept a price less than the asking price unless authorized in writing to do so by the owner;
- (3) may not disclose that the buyer will pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer; and
- (4) may not disclose any confidential information or any information that a party specifically instructs the broker in writing not to disclose unless authorized in writing to disclose the information or required to do so by The Texas Real Estate License Act or a court order or if the information materially relates to the condition of the property.

With the parties' consent, a broker acting as an intermediary between the parties may appoint a person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under that Act and associated with the broker to communicate with and carry out instructions of the other party.

If you choose to have a broker represent you, you should enter into a written agreement with the broker that clearly establishes the broker's obligations and your obligations. The agreement should state how and by whom the broker will be paid. You have the right to choose the type of representation, if any, you wish to receive. Your payment of a fee to a broker does not necessarily establish that the broker represents you. If you have any questions regarding the duties and responsibilities of the broker, you should resolve those questions

Real estate licensee asks that you acknowledge receipt of this information about brokerage services for the licensee's records.



## DISCLAIMER

The information contained in this Offering Memorandum is proprietary and strictly confidential. It is furnished solely for the purpose of considering the purchase of the Frost & Smoothie King located at 2710 W. Lake Houston Pkwy (the "Property") and is not to be used for any other purposes. This information should not, under any circumstances, be made available or disclosed to any third party without the express written consent of Real Capital Investments or Owner, or used for any purpose whatsoever other than to evaluate the possible purchase of the Property. Real Capital Investments nor the Owner make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein, and nothing contained herein is or shall be relied upon as a promise or representation as to the future performance of the Property. This Offering Memorandum may include certain statements and estimates by Real Capital Investments with respect to the projected future performance of the Property. These Assumptions may or may not be proven to be correct, and there can be no assurance that such estimates will be achieved. Real Capital Investments and the Owner disclaim any and all liability for representations or warranties, expressed or implied, contained in or omitted from this Offering Memorandum, or any other written or oral communication transmitted or made available to the recipient. The recipient shall be entitled to rely solely on those representations and warranties that may be made to it in any final, fully executed and delivered Real Estate Purchase and Sale Agreement between it and Owner. The information contained herein is subject to change without notice and the recipient of these materials shall not look to Owner or Real Capital Investments, nor any of their officers, employees, representatives, independent contractors, or affiliates, for the accuracy or completeness thereof. Recipients of this Offering Memorandum are advised and encouraged to conduct their own comprehensive review and analysis of the Property. This Offering Memorandum is a solicitation of interest only and is not an offer to sell the Property. The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest to purchase the Property and expressly reserves the right, at its sole discretion, to terminate discussions with any entity at any time with or without notice. The Owner shall have no legal commitment or obligation to any entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until the Owner executes and delivers a signed Real Estate Purchase and Sale Agreement on terms acceptable to Owner, in Owner's sole discretion. By submitting an offer, a prospective purchaser will be deemed to have acknowledged the foregoing and agreed to release Owner and Real Capital Investments from any liability with respect hereto.

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