



OFFERING MEMORANDUM 125,500 SF Zero Cash Flow Absolute NNN Office Building in Houston, Texas with a Fortune 500, Long-Term Single Tenant

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100000 RICHMOND AVENUE



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ZERO CASH FLOW ABSOLUTE NNN LEASE

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10000RICHMOND AVENUE

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10000 RICHMOND AVENUE

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E X E C U T I V E S U M M A R Y





OFFERING SUMMARY

Property Address	10000 Richmond Avenue Houston, Texas 77042
GLA	125,494 SF
Year Built	1980/2003
Levels	6
Tenants	National Oilwell Varco (NOV)
Sales Price	\$21,230,657
Price/SF	\$169.18

SUMMARY OF TERMS

INTEREST OFFERED

Marcus & Millichap is pleased to present the exclusive opportunity to acquire 10000 Richmond Ave, a 125,000+ square-foot, six-floor office building occupied by long-term tenant, National Oilwell Varco in Houston, Texas.

TERMS OF SALE

10000 Richmond Ave is being offered at \$21,230,657. The subject transaction requires the assumption of existing debt.

PROPERTY TOURS

Prospective purchasers are encouraged to visit the subject property prior to submitting offers. However, all property tours must be arranged with the Marcus & Millichap listing agent(s). At no time shall the tenants, on-site management or staff be contacted without prior approval.

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ZERO CASH FLOW ABSOLUTE NNN 125,000+ SF OFFICE BUILDING WITH LLWELL VARCO ATIONAL 0

INVESTMENT OVERVIEW

Marcus & Millichap is pleased to exclusively offer for sale 10000 Richmond Avenue, a single-tenant office building in Houston, Texas. Built in 1980 and renovated in 2003, the property spans 125,494 square feet on a 4.3-acre lot. The office building has six stories with surface parking and a two-level parking garage. The asset is occupied by National Oilwell Varco with an S&P credit rating of BBB+.

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ZERO CASH FLOW STRUCTURE WITH ABSOLUTE NNN LEASE

- 125,494-square-foot 6-story office building, with surface parking and two-level parking garage
- 18.5 years remaining on absolute NNN lease; land and improvements provide for depreciation
- Property supports nearby newly constructed 450,000 SF Class A office tower occupied by same tenant
- Minimal equity requirement (14% over the debt)



HOUSTON'S LARGE EMPLOYER BASE

 Between 2010 and 2019, Houston saw explosive employment growth of 652,900 jobs in high-income sectors including health care, manufacturing, educational services and management consulting



OCCUPIED BY A PUBLICLY TRADED COMPANY RATED BBB+ BY S&P

- National Oilwell Varco is a Fortune 500 company, with \$8.47 billion in revenues and nearly 34,000 employees
- According to L.E.K. Consulting, the oil and gas industry is expected to recover in 2021 after a moderate recession (www.lek.com/insights/oil-gas-industry-after-covid-19)

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DESIRABLE DEMOGRAPHICS AND TALENT PIPELINE

- Between 2010 and 2018, Houston's population increased 10% from 2,111,457 to 2,331,331; average household income increased 20% from \$69,805 to \$83,867
- Prestigious universities in Houston include Texas Southern University, Rice University, and the University of Houston



LARGE DEVELOPMENTS IN HOUSTON SHOWCASE CAPITAL INVESTMENTS AND CONTINUED GROWTH

- The NRG Astrodome's \$105 million revitalization project would create 500,000 square feet of rentable space, 1,400 parking spaces and nearly 8 acres of open space for large events
- The Texas Medical Center's TMC3 biomedical research hub is a \$3 billion construction project and a collaboration effort among six medical institutions in Houston



10000 RICHMOND SUPPORTS NOV'S NEW 450,000 SQUARE-FOOT CLASS A OFFICE TOWER 3 MINUTES DOWN THE STREET

> 10000 RICHMOND AVENUE

TENANT PROFILE

\$8.5B

BBB+

S&P RATING

PUBLIC NYSE:NOV

~33,800 GLOBAL EMPLOYEES

> **\$4.7B** MARKET CAP

HOUSTON TEXAS HEADQUARTERS



National Oilwell Varco is a provider of technology, equipment, and services to the global oil and gas industry that supports full-field drilling, completion, and production needs. Since 1862, NOV has pioneered innovations that improve the cost-effectiveness, efficiency, safety, and environmental impact of oil and gas operations.





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P R O P E R T Y **D E T A I L S**

PROPERTY PROFILE

Property Type	Office			
Ownership Type	Fee Simple			
Acres	4.301 AC			
Number of Buildings	1			
Number of Stories	6			
> Tenant	National Oilwell Varco, LP (NOV)			
Date Built	1980/2003			
Heating/Cooling	Heating, ventilation and air conditioning (HVAC) is provided by a cooling tower, two chillers with variable speed drive and two air handler units (AHUs) per floor. Heating is provided by electric strips located in variable air volume (VAV) boxes.			
Water	City of Houston			
Sewer	City of Houston			
Electricity	Reliant			
Parking	81 Surface parking and 1 (one) two-level above-ground parking structure with 270 spaces			

FIRE LANE NO PA





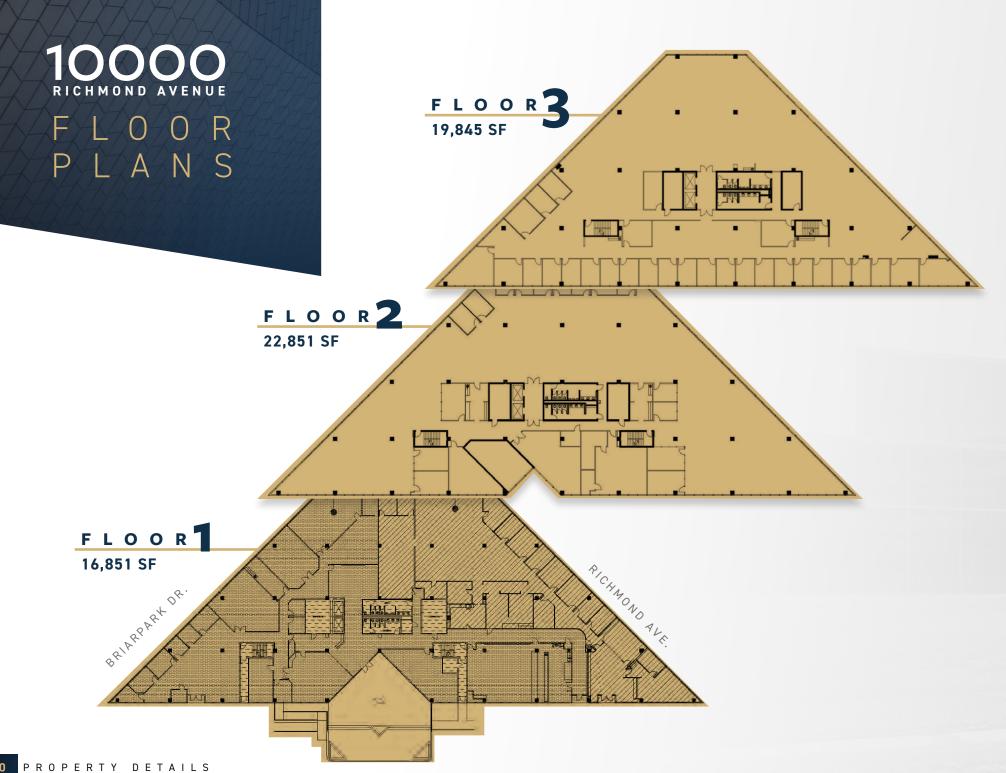
THE BUILDING IS ENERGY STAR LABELED WITH CONTROLLED ACCESS

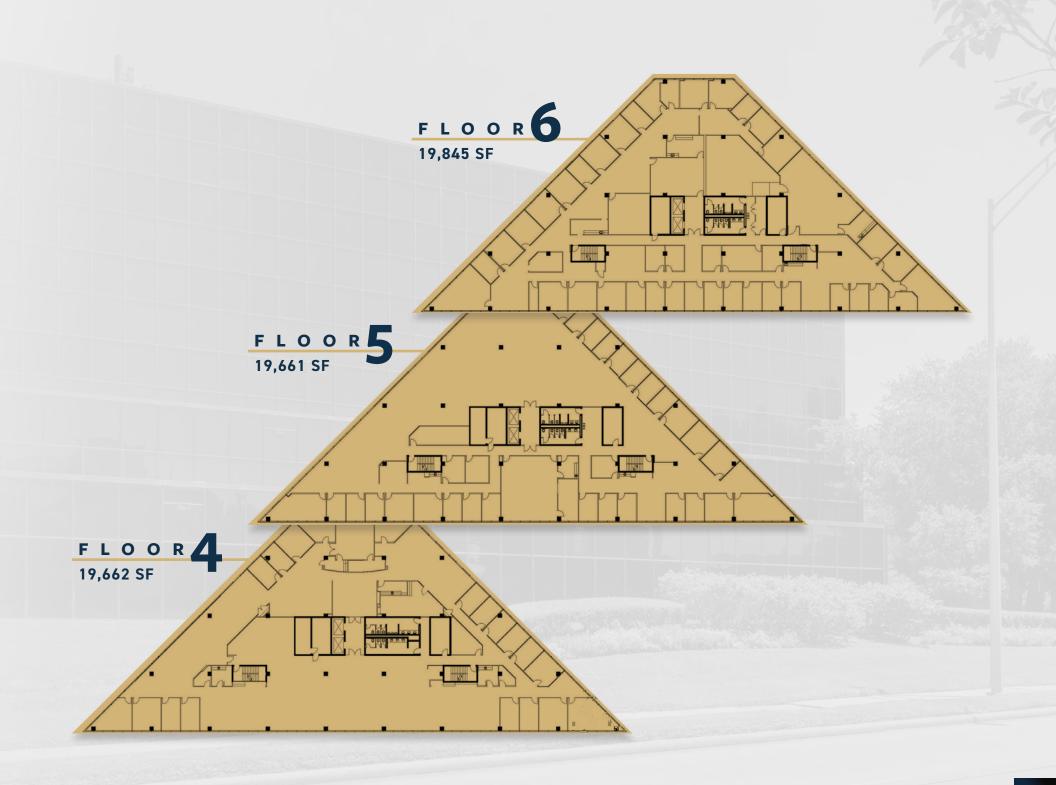




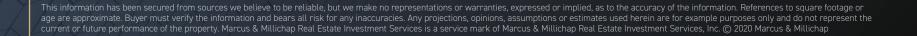








SECTION THREE



10000

RICHMOND AVENUE

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FINANCIAL ANALYSIS

FINANCIAL SUMMARY

PAYDOWN RE-ADVANCE FEATURE:

An investor can satisfy the equity and debt portion of their tax free exchange through the acquisition and extract excess equity over the required purchase equity without tax liability.

PROPERTY SUMMARY

Address	10000 Richmond Ave, Houston, TX
Total Rentable SF	125,494 SF
Sales Price	\$21,230,657
Sale Price/SF	\$169.18
Lease Expiration Date	1/31/2039
Purchase Option	See page 25

ASSUMABLE DEBT FINANCING

Loan Start Date	Jan, 2014
Original Loan Amount	\$20,654,282
Current Loan Balance (as of 10/2020)	\$18,623,384
Interest Rate	4.835%
Term Years	25
Maturity Date	1/31/2039
Balloon Payment	\$8,478,116
Equity Requirement	\$2,607,723 (14% over the debt)





LEASE PURCHASE OPTION

In accordance with the terms of this Lease, Tenant shall make an irrevocable and unconditional offer, in writing, to purchase the Premises from Landlord ("Tenant's Rejectable Offer") on or before the date which is two hundred forty (240) days prior to the Expiration Date of the initial Term, for a purchase price equal to Eight Million Four Hundred Eight Thousand Ninety-Eight and No/100 Dollars (\$8,408,098.00) ("Purchase Price") together with any costs associated with such transfer ("Additions to Purchase Price"). Tenant shall submit Tenant's Rejectable Offer simultaneously to both Landlord and Lender. If the Premises are then subject to a mortgage, Tenant's Rejectable Offer may be rejected by Landlord only with Lender's written consent as set forth below:

1 Landlord and Lender shall each have ninety (90) days after its receipt of Tenant's Rejectable Offer, to either accept or reject such offer. If, however, Landlord or Lender fail to respond to such offer by notifying Tenant of its acceptance or rejection within the foregoing ninety (90) day time period or Tenant has rejected Tenant's Rejectable Offer, then Tenant shall resubmit Tenant's Rejectable Offer to both Landlord and Lender within five (5) days after the expiration of the foregoing ninety (90) day time period. Within ninety (90) days following Landlord's and Lender's receipt of this second submission of Tenant's Rejectable Offer, Landlord and Lender shall notify Tenant of its acceptance or rejection of Tenant's Rejectable Offer. If Landlord or Lender fail to respond within the additional ninety (90) day time period set forth above, then Tenant's Rejectable Offer shall be irrevo-cably and unconditionally deemed accepted by Landlord and Lender as of the last day of the additional ninety (90) day period without the need for further action.

2 Should Tenant's Rejectable Offer be rejected by Landlord and Lender, this Lease shall continue in full force and effect and this Section 73 shall be deemed null and void.

3 Notwithstanding the foregoing to the contrary, Landlord's rejection of Tenant's Rejectable Offer during the additional ninety (90) days shall be void and of no force and effect, unless it is accompanied by the written notice of Lender (if the Premises are then subject to a mortgage) to the effect that Lender also rejects Tenant's Rejectable Offer or alternatively, if Lender elects to accept Tenant's Rejectable Offer by written notice to Tenant then, notwithstanding any notice by Landlord to the contrary, Tenant's Rejectable Offer to purchase shall be deemed accepted for all purposes hereof as of the last day of the additional ninety (90) day period.

In the event Landlord accepts Tenant's Rejectable Offer or is deemed to have accepted Tenant's Rejectable Offer as expressly stated herein, then the conveyance by Landlord to Tenant of title to the Premises shall close on the final day of the initial Term of this Lease (the "Closing Date"), at noon at the local office of Landlord's counsel (or at such other time and place as the parties hereto may agree upon), and Tenant shall pay the Purchase Price and Additions to Purchase Price by transferring immediately available funds to such account or accounts and in such bank or banks as Lender or Landlord, in that order, shall designate, upon delivery to Tenant of a special warranty deed conveying the Premises in addition to all other customary and standard required documents for similar real estate closing in Houston, Harris County, Texas. The special warranty deed shall convey title, free from encumbrances other than (A) Permitted Encumbrances, (B) liens or encumbrances created or suffered by Tenant or arising by reason of the failure of Tenant to observe or perform any of the terms, covenants or agreements herein provided to be observed and performed by Tenant, and (C) any installments of taxes then affecting the Premises. Upon the closing and funding of the Purchase Price, as set forth above, this Lease shall be deemed terminated and the parties hereunder shall be released and relieved of all further obligations and liabilities hereunder, except for any such obligations and liabilities that specifically survive the termination of this Lease.

Notwithstanding the foregoing to the contrary, Tenant shall not be required to submit Tenant's Rejectable Offer as set forth in this Section 73, if at the time in which such offer shall be submitted, there is no mortgage encumbering the Premises. Additionally, if, during any of the aforementioned notice and review periods, any mortgage encumbering the Premises is paid off in full, then Tenant's Rejectable Offer shall be deemed rejected and considered null and void.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease effective as of the Effective Date, December 11, 2013

RENT ROLL

TENANT	GLA	%	LEASE START	LEASE END	ANNUAL RENT/SF	RENT PER MONTH	ANNUAL RENT	ANNUAL CPI INCREASES	RENEWAL OPTIONS
National Oilwell Varco, LP	125,494	100.00%	2/1/2014	1/31/2039	\$10.00	\$104,578	\$1,254,940	-	None
Total/Avgs.	125,494					\$104,578	\$1,254,940		
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MARKET OVERVIEW

THE ENERGY CAPITAL OF THE WORLD

Houston is the largest city in the state of Texas and fourth most populous city in the nation. In 2018, Houston had 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 very young residents, with the largest population segment between the ages of 5 and 19.

30 MARKET OVERVIEW

ROBUST, DYNAMIC, AND DIVERSE ECONOMY

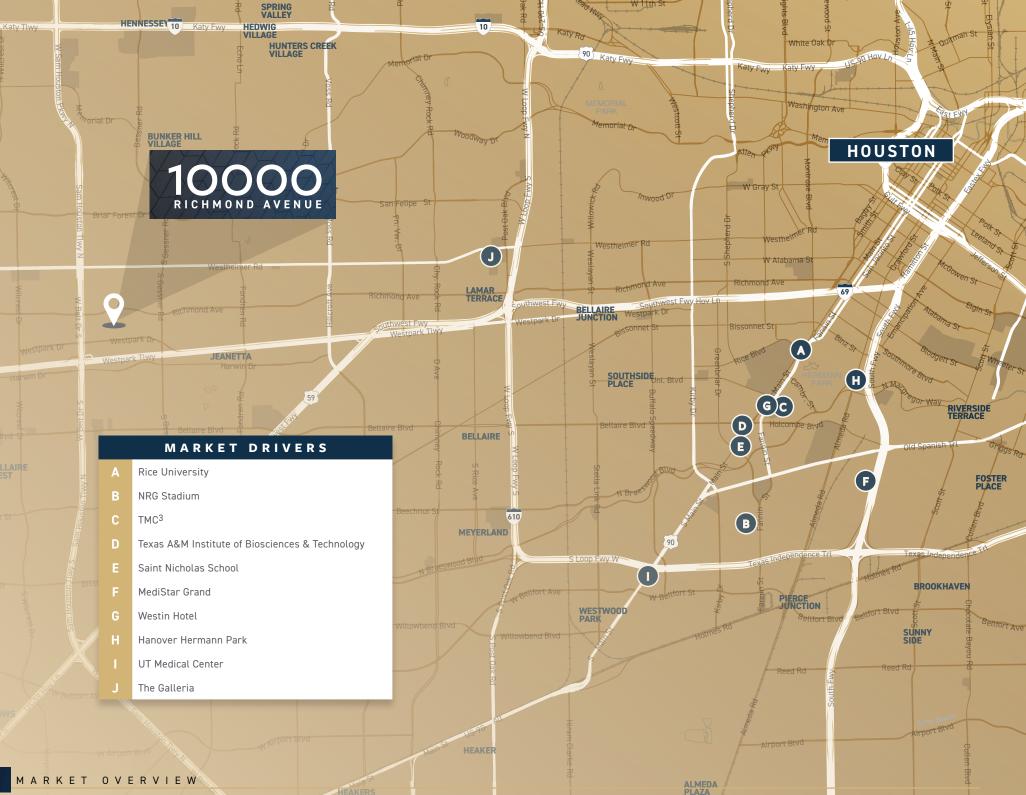
Houston boasts one of the most robust and dynamic economies in the world, with a broad industrial base in energy, health care, manufacturing, aeronautics and transportation. The city features the second largest concentration of Fortune 500 companies in the country. Houston has a reputation as the "Energy 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 has led to the region being known as the undisputed global leader in international business. The Texas Medical Center is the world's largest medical complex and has 21 hospitals, one of which is the leading cancer hospital in the country. Houston's impressive workforce fills 2.9 million jobs, more than Maryland, Arizona or Colorado.

OUTSTANDING QUALITY OF LIFE

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.



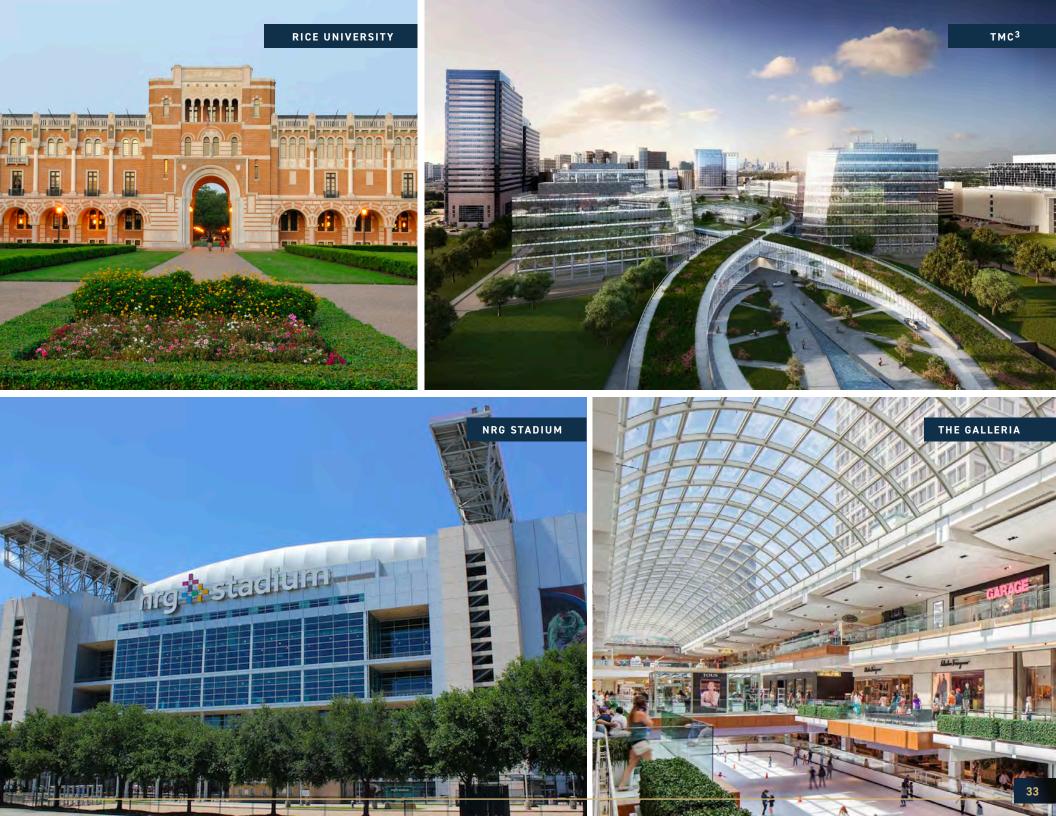
- FOURTH MOST POPULOUS CITY IN THE NATION
- LARGEST EXPORT MARKET
- EXTENSIVE PUBLIC
 TRANSPORTATION NETWORK
- SECOND LARGEST
 CONCENTRATION OF
 FORTUNE 500 COMPANIES
 IN THE COUNTRY
- YOUNG, DIVERSE WORKFORCE
 FILLS 2.9 MILLION JOBS
- MORE PARKLAND THAN ANY OTHER CITY IN THE UNITED STATES



W 11th St

Pecore St

32



A GREAT GLOBAL CITY with a favorable business climate



- 4th largest U.S. city
- 350,000 educated millennials
- 1.1 Million new residents in last decade
- **760+** expansion and relocation projects in last 2 years
- \$490 Billion regional GDP

- TEXAS A premier business environment
- **#1 STATE** for business for 14 consecutive years (CEO Magazine, 2018)
- **#1 STATE** for new & expanded corporate facilities (Site Selection, 2019)
- **\$0** personal & corporate income tax
- FASTEST GROWING STATE based on population (since 2010)





Greater Houston Partnership

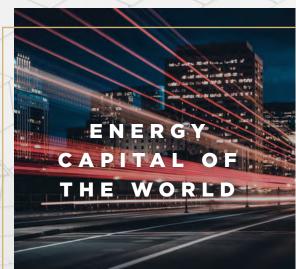
- #1 METRO for economic growth potential (Business Facilities, 2018)
- NO ZONING LAWS in City of Houston
- WORLD-CLASS INFRASTRUCTURE highways, rail, airports, seaports, public transit
- **#4 METRO** new and expanded corporate facilities (Site Selection, 2019)
- **COST OF DOING BUSINESS** is below the U.S. average and lower than many major cities
- NO LOCAL minimum wage

22 FORTUNE 500 headquarters in houston

- Twenty-two companies on the 2019 Fortune 500 list are headquartered in the Houston metro area, ranking Houston fourth in the country behind New York (70), Chicago (34) and Dallas-Ft. Worth (24). The Houston region is home to 47 companies on the Fortune 1000 list
- The biggest movers on the Fortune 500 from 2018 to 2019 are Cheniere (up to #383 from #489), EOG Resources (up to #181 from #270), and Quanta Services (up to #282 from #316)
- Houston lost one contender from the list, Baker Hughes, GE company, due to insufficient data
- Houston added one company to its Fortune 500 roster this year: Marathon Oil (moved from #518 to #456)

RANK	СОМРАНУ	REVENUE (\$ Billions)
23	Phillips 66	\$114.2
54	Sysco	\$58.7
86	ConocoPhillips	\$38.7
86	Enterprise Products Partners	\$36.5
94	Plains GP Holdings	\$34.1
127	Halliburton	\$24
167	Occidental Petroleum	\$18.9
181	EOG Resources	\$17.3
213	Waste Management	\$14.9
224	Kinder Morgan	\$14.1
237	Anadarko Petroleum	\$13.4
272	Group 1 Automotive	\$11.6
276	Huntsman	\$11.5
283	Quanta Services	\$11.2
299	CenterPoint Energy	\$10.6
302	Targa Resources	\$10.5
330	Calpine	\$9.5
352	Westlake Chemical	\$8.6
357	National Oilwell Varco	\$8.5
383	Cheniere Energy	\$8
411	Apache	\$7.4
456	Marathon Oil	\$6.6

HOUSTON'S DIVERSE



- 4,600+ energy-related firms
- 26% of United State's oil and gas jobs are in Houston
- 80+ energy-focused tech start-ups



- 6,300+ manufacturers
- \$83B in products produced annually
- 220,000+ employed



- 8% employment growth ('10-'18)
- 106,000+ employees
- 60,000 students study medicine, biotech and healthcare annually

TEXAS MEDICAL CENTER'S 30-ACRE TMC³ BIOMEDICAL RESEARCH HUB

10M ANNUAL PATIENT VISITS



50M SQUARE FEET OF DEVELOPED SPACE

8TH LARGEST BUSINESS DISTRICT IN U.S.

FOUNDING TCM³ INSTITUTIONS



- Texas Medical Center is developing the 30-acre TMC3 biomedical research hub with a 1.5 million-square-foot research campus and 250,000 square feet of lab space
- The project is a collaboration among Texas Medical Center, Baylor College of Medicine, Texas A&M University Health Science Center, The University of Texas Health Science Center (UTHealth) and The University of Texas MD Anderson Cancer Center
- The project is projected to generate a \$5.2 billion stimulus to Texas and create 30,000 new jobs, according to a third-party economic impact study by Silverlode Consulting conducted in November 2017
- The campus will house a 410-room TMC Hotel and Conference Center with 50,000 square feet of meeting space

HOUSTON'S RANKINGS and quality of life



ACCESS TO CONVENIENT TRANSPORTATION INFRASTRUCTURE



- METRORAIL Houston's light-rail system runs nearly 23 miles
- METRO BUS SYSTEM METRO has more than 1,200 buses, with an extensive network of bus routes and convenient park-and-ride options
- HIGHWAYS
 Houston is the crossroads for highway
 10 and 45. 10+ other highways also serve the city
- AIRPORTS The Houston area is served by two major airports: George Bush Intercontinental Airport (IAH) and William P. Hobby Airport (HOU)



RICHMOND AVENUE

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100000 RICHMOND AVENUE

HOUSTON, TEXAS