

## OFFERING MEMORANDUM



**4150 N Shepherd Drive,**  
Houston, Texas 77018



CAPITAL MARKETS | Houston Retail Investment Sales Team

**CBRE**





## EXCLUSIVE ADVISORS

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# EXECUTIVE SUMMARY

## CVS PHARMACY

CBRE Houston's Retail Investment Sales Team is pleased to exclusively offer for sale the 13,013 square foot freestanding **CVS situated on 1.69 acres in the heart of Houston, Texas**, the nation's 4th largest city. CVS' Absolute NNN lease features **±14.3 years of primary term and 5% rent increases every five (5) years**, as well as in each of the four (4) 5-year renewal options. This CVS location offers flu shots, COVID-19 PCR testing, and COVID-19 vaccines along with its standard pharmacy services. With a corporate guaranteed lease potentially extending through 2056, and zero landlord responsibilities, the Property provides investors with a long-term, passive investment.



Located just 6 miles North of Downtown Houston, CVS is **situated on a hard corner at the signalized intersection of N Shepherd Drive and W Crosstimbers Street**, with exposure to more than 55,000 vehicles per day. In addition, CVS is one mile North of ingress/egress to the 610 Loop, the primary thoroughfare area residents use to commute to all regions of the Houston metro.

The Property is situated in an established commercial corridor that is undergoing constant redevelopment, as evidenced by the new HEB and Block 14 retail developments along Shepherd Drive. Other uses in the immediate corridor include an adjacent LA Fitness, along with the Pine Forest Business Park, which encompasses 1,090,000 square feet.



### PRICE

\$8,900,000



### CAP RATE

4.10%



### ANNUAL RENT

\$365,306



### SIZE (SF)

13,013



### LAND AREA

1.69 AC



### YEAR BUILT

2005



### LEASE TYPE

ABSOLUTE  
NNN



### TERM REMAINING

14.3 YEARS





**BROOK SMITH**  
AVG. HOME: \$421K

**WOODLAND HEIGHTS**  
AVG. HOME: \$625K

**HEIGHTS**  
AVG. HOME: \$943K

**WASHINGTON B T  
HIGH SCHOOL**  
760 STUDENTS

**YALE ST - 15,115 VPD**



**PINE FOREST BUSINESS PARK**  
1,090,000 SF INDUSTRIAL

**CROSSTIMBERS - 17,079 VPD**

**FLYING SAUCER  
PIE COMPANY**  
Our Pies Are Out Of This World!



**FUTURE RETAIL  
REDEVELOPMENT**

**SHEPHERD DR - 38,387 VPD**

**DOMAIN HEIGHTS**  
387 UNITS

**HOLDEN HEIGHTS**  
282 UNITS



**THE FOUNDRY**  
284 UNITS



**DURHAM HEIGHTS**  
281 UNITS



**RESERVE AT  
GARDEN OAKS**  
166 UNITS

**GARDEN OAKS  
MONTESSORI  
MAGNET**



**GARDEN OAKS  
VILLAGE APTS**  
106 UNITS

**M-K-T**  
200K SF RETAIL

**15TH ST. FLATS**  
337 UNITS





# INVESTMENT HIGHLIGHTS

## LARGEST PHARMACY HEALTH CARE PROVIDER

As the leader of a network of more than 66,000 retail pharmacies, CVS Health Corporation (NYSE: CVS; S&P: BBB) is the largest pharmacy health care provider in the United States, boasting integrated offerings across the entire spectrum of pharmacy care. In 2020, **the company was ranked 5th in the Fortune 500** and produced annual total revenues of \$268.7 billion and total assets of \$230.7 billion as of December 31, 2020.

## EXCELLENT LEASE FUNDAMENTALS

- Absolute NNN lease with zero landlord responsibilities and a corporate guaranty
- In 2009, CVS extended their initial lease term by an additional nine (9) years, reinforcing their commitment to the site
- **Contractual rent increases of 5% every five years during initial term**, as well as in each option
- Four (4) 5-year renewal options, potentially extending the lease through 2056

## UNMATCHED LOCATION ON A HARD CORNER AT SIGNALIZED INTERSECTION

- Premier frontage on N Shepherd Drive and W Crosstimbers Street
- Exposure to more than 55,000 vehicles per day
- Located less than 1 mile North of the 610 Loop
- Exposure to 1.1 million SF of industrial at neighboring Pine Forest Business Park

## URBAN INFILL LOCATION, HIGH BARRIERS TO ENTRY

- There is more than 5.9 million square feet of retail at 97% occupancy within a 2-mile radius
- Insatiable demand and limited inventory have made it difficult to obtain existing improvements or developable land
- Irreplaceable urban infill location with prime access to some of the nation's busiest freeways in one of the nation's largest cities

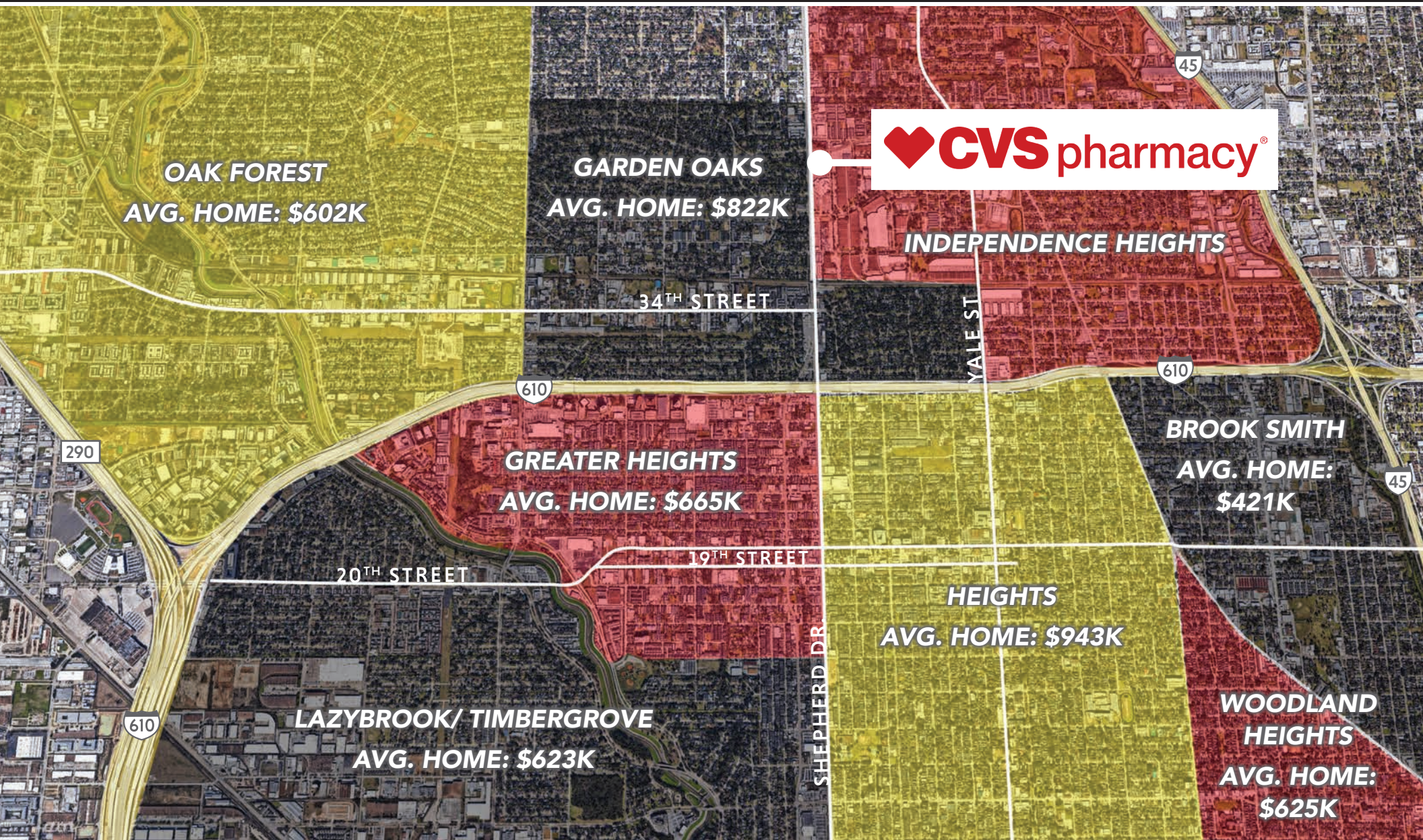




## EXPLOSIVE DEMOGRAPHICS & RESIDENTIAL PROPERTY VALUES

Centrally located on Shepherd Drive, CVS is in close proximity to every major business hub in the city, boasting a daytime population of 409,000 within 5 miles. The area has attracted attention from both locals and transplants who continue to push home prices and have contributed to the 14% surge in population since 2010.

	1-MILE	3-MILE	5-MILE
2021 Population	16,060	156,425	402,468
2021-2026 Projected Population Growth	10.5%	9.6%	8.9%
2021 Average Household Income	\$109,748	\$103,616	\$99,359





# TENANT PROFILE

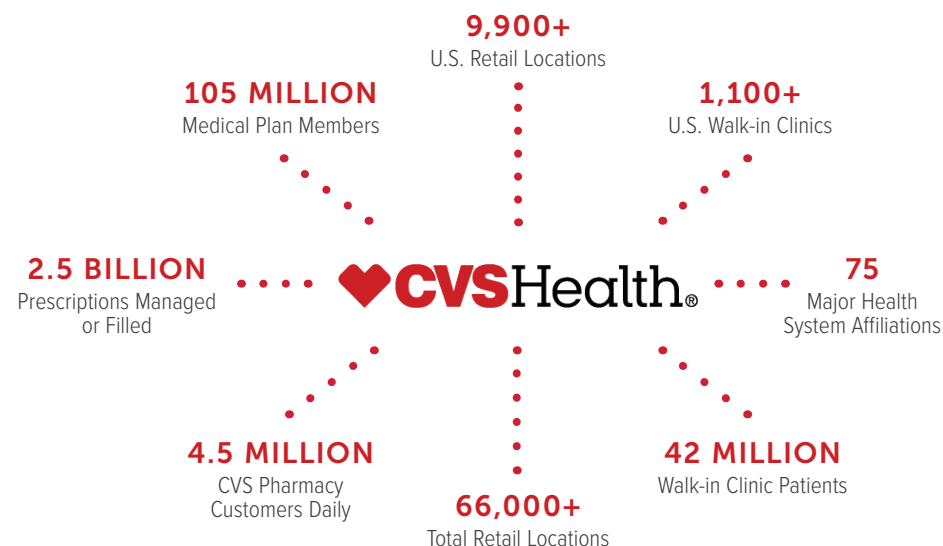
## CVS HEALTH CORPORATION

As the leader of a network of more than 66,000 retail pharmacies, CVS Health Corporation (NYSE: CVS; S&P: BBB) is the largest pharmacy health care provider in the United States, boasting integrated offerings across the entire spectrum of pharmacy care. CVS is a market leader in the following sectors: Mail Order Pharmacy, Retail Pharmacy, Specialty Pharmacy, Retail Medical Clinics, Medical Part D Prescription Drug Plans and Pharmacy Benefits Manager (PBM).

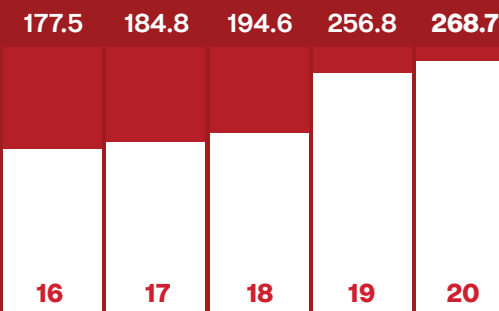
CVS has approximately 300,000 employees in 49 states, the District of Columbia, Puerto Rico, Brazil and operates more than 9,900 retail stores, 1,100 MinuteClinics, as well as the online retail pharmacy websites CVS.com, Navarro.comTM, and Onofre.com.br. The CVS Health Corporation umbrella has four segments: Retail/LTC, Pharmacy Services, Health Care Benefits, and Corporate/Other. In 2020, the company was ranked 5th in the Fortune 500 and produced annual total revenues of \$268.7 billion and total assets of \$230.7 billion as of December 31, 2020.

The Retail/LTC Segment sells prescription drugs and a wide assortment of general merchandise, including over-the-counter drugs, beauty products and cosmetics, personal care products, convenience foods, photo finishing, seasonal merchandise and greeting cards. With the recent acquisition of Omnicare, the Retail/LTC Segment now includes LTC operations, which entails providing the distribution of pharmaceuticals, related pharmacy consulting and other ancillary services to chronic care facilities and other care settings as well as commercialization services, which are provided under the name RxCrossroads. CVS added approximately 1,670 pharmacies in December 2015 through the acquisition of the pharmacies of Target Corporation. The stores within Target sell only prescription drugs and over-the-counter drugs (required to remain behind the pharmacy counter). The Retail/LTC Segment also operates retail medical clinics under the MinuteClinic name (nearly all of which are located within a CVS Pharmacy or Target). MinuteClinics utilize nationally-recognized medical protocols to diagnose and treat minor health conditions, perform health screenings, monitor chronic conditions and deliver vaccinations. The clinics are staffed by board-certified nurse practitioners and physician assistants who provide access to affordable care without appointment.

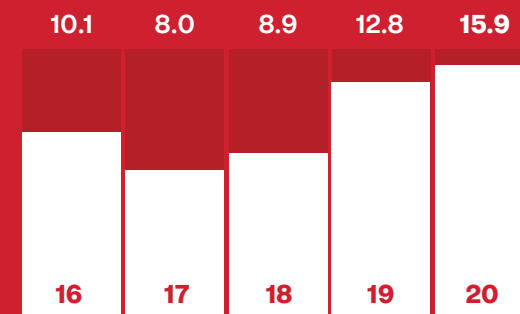
On November 28, 2018, CVS Health acquired Aetna Inc. to enhance the consumer health care experience for a combination of cash and CVS Health stock. Including the assumption of Aetna's debt, the total value of the transaction was approximately \$78 billion.



**Total revenues**  
in billions of dollars



**Cash flow from operations**  
in billions of dollars





# LEASE ABSTRACT

**Address** 4150 N Shepherd Dr, Houston, TX 77018

**Square Feet** 13,013

**Lease Type** Absolute NNN

**Lease Commencement** November 13, 2005

**Lease Expiration** January 31, 2036

**Lease Term Remaining** 14.3 Years

**Annual Rent** \$365,306

**Rent Escalations** 5% every five years, as well as in each re-nal option

**Renewal Options** Four (4) 5-year options

**Right of First Offer** Tenant shall have the right of first offer to purchase the Premises within (30) days of Landlord notice to Tenant of the offer price



## RENT SCHEDULE

YEARS	TERM	ANNUAL RENT
YEARS 16 - 20	(11/13/20-11/12/25)	\$365,306
YEARS 21 - 25	(11/13/25-11/12/30)	\$383,571
YEARS 26 - 30	(11/13/30-1/31/36)	\$402,750
OPTION 1	(2/1/36-1/31/41)	\$422,888
OPTION 2	(2/1/41-1/31/46)	\$444,032
OPTION 3	(2/1/46-1/31/51)	\$466,234
OPTION 4	(2/1/51-1/31/56)	\$489,545





# PROPERTY SUMMARY

## IMPROVEMENTS

The Property is comprised of one single-tenant retail building, which is 100% leased to CVS.

## INGRESS / EGRESS

The Property is accessible via two (2) primary and one secondary access points. One primary point is located West along Shepherd Dr., while other is North along Crosstimbers St. The secondary point is along the Property's southern border at easements with the neighboring retail.

## ZONING

Harris County has not adopted zoning ordinances.



SIZE (SF)  
13,013



LEASED  
100%



LAND AREA  
1.69 AC



YEAR BUILT  
2005



PARKING SPACES  
45



PARKING RATIO  
3.5 / 1,000 SF



TRAFFIC COUNTS  
55,466 VPD

**4150 N Shepherd Drive,**  
Houston, TX 77018



### PARCEL #

### LEGAL DESCRIPTION

### ACREAGE

1318740010001

RES A BLK 1  
CVS GARDEN OAKS

1.6892

Total

1.69



# SITE PLAN





# DEMOGRAPHIC PROFILE

PLACE OF WORK	1-MILE	3-MILE	5-MILE
2021 Businesses	701	7,410	18,034
2021 Employees	6,427	72,204	177,662
POPULATION			
2021 Population - Current Year Estimate	16,060	156,425	402,468
2026 Population - Five Year Projection	17,810	172,066	439,469
2010-2021 Population Growth	22.4%	14.1%	14.1%
2021-2026 Population Growth	10.5%	9.6%	8.9%
HOUSEHOLDS			
2021 Households - Current Year Estimate	5,969	60,222	151,023
2026 Households - Five Year Projection	6,637	66,365	166,354
2010-2021 Household Growth	23.3%	14.9%	16.0%
2021-2026 Household Growth	10.7%	9.8%	9.8%
HOUSEHOLD INCOME			
2021 Average Household Income	\$109,748	\$103,616	\$99,359
2026 Average Household Income	\$120,514	\$114,766	\$111,006
HOME VALUE			
2021 Average Value of Owner Occ. Housing Units	\$453,863	\$429,432	\$387,022
CONSUMER EXPENDITURE			
Total Annual Budget	\$559,757,829	\$5,382,172,635	\$12,948,845,775



**156K**

Residents



**14%**

Population Growth 2010-2021



**\$104K**

Avg. Household Income



**\$429K**

Avg. Home Value



**\$5.4 BILLION**

Annual Consumer Expenditures



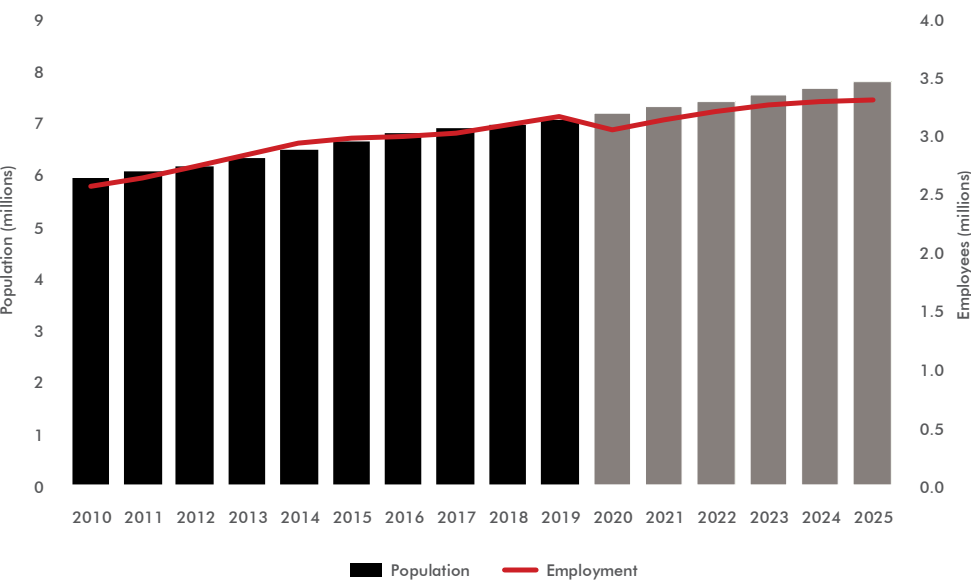
# A GLOBAL MARKETPLACE

Houston is firmly established as a premier global city and is a leading destination for investment by all capital sources due to its unique combination of stability and dynamic growth. Houston combines its position as the “Energy Capital of the World” with a significant depth in the healthcare, technology and distribution industries to create an economic composition that serves as a buffer to national economic trends and provides stability and continued growth.

Houston is internationally known as home to NASA Johnson Space Center and Texas Medical Center, the world’s largest medical complex. Also, the Port of Houston is ranked first in the U.S. for foreign tonnage and is the largest Gulf Coast container port. The Gross Area Product in the Houston region is expected to grow at an average annual rate of 3.1% from 2020 to 2045, according to The Perryman Group. If Houston were a country, it would rank as the 27th largest economy in the world—exceeding Austria’s and Iran’s GDP.

## AN INCREASE OVER 19.1% (1.1 M) SINCE 2010

Houston’s population has increase over 19.1% (1.1 M) since 2010. Of the top 20 most populated markets in the U.S., Houston has seen the highest percent population growth in the past decade.



Source: Oxford Economics, US Census Bureau of Labor Statistics, 2020.

## HOUSTON BY THE NUMBERS

**#2**  
2ND FASTEST GROWING  
MSA

**#4**  
LARGEST CITY  
IN THE U.S.

**19%**  
POPULATION GROWTH

**2.3%**  
AVG. ANNUAL GROWTH

**124,800+**  
NEW RESIDENTS A YEAR

**342+**  
NEW RESIDENTS A DAY

**760+**  
EXPANSION &  
RELOCATION PROJ-  
ECTS IN LAST 2  
YEARS

**\$490B**  
REGIONAL GDP



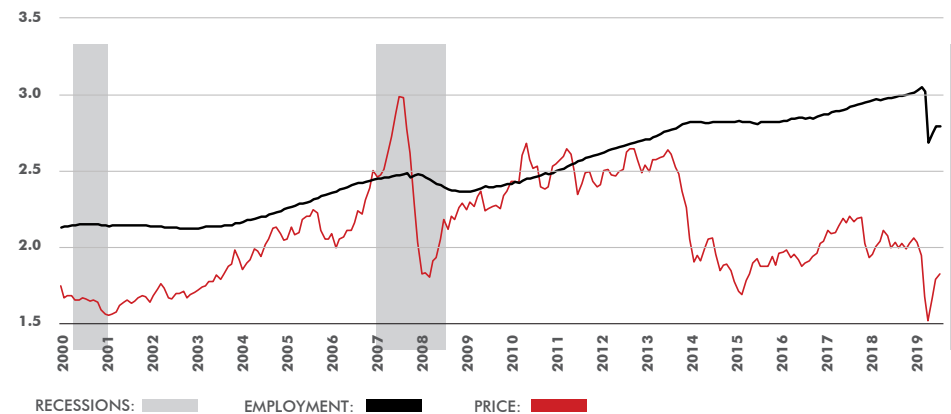


# PREFERRED **CORPORATE** LOCATION

The Houston metro and the State of Texas are consistently recognized by Site Selection Magazine among the top destinations for corporate location, relocation and expansion. Corporate executives scouting new locations most frequently cite taxes, regulations, the legal environment, and a skilled workforce as their top criteria. Widely regarded as a business-friendly destination for Corporate America, the Houston metro is home to 20 Fortune 500 company headquarters.

## EMPLOYMENT GROWTH

JOBS  
(MILLIONS)



**80,500**

JOBS ADDED  
FEB 2019 TO FEB  
2020

**257,740**

JOBS  
FORECASTED  
BY 2025

Source: Bureau of Labor Statistics, EIA, NBER, July 2020

## TOP 10 METROS WITH MOST PROJECTED NEW JOBS 2020-2025

NEW YORK-NEWARK-JERSEY CITY, NY-NJ-PA - TOTAL	1,102,060
LOS ANGELES-LONG BEACH-ANAHEIM, CA - TOTAL	569,660
BOSTON-CAMBRIDGE-NEWTON, MA-NH - TOTAL	307,310
DALLAS-FORT WORTH-ARLINGTON, TX - TOTAL	306,730
CHICAGO-NAPERVILLE-ELGIN, IL-IN-WI - TOTAL	286,450
SAN FRANCISCO-OAKLAND-HAYWARD, CA - TOTAL	267,160
<b>HOUSTON-THE WOODLANDS-SUGAR LAND, TX</b>	<b>257,740</b>
PHILADELPHIA-CAMDEN-WILMINGTON, PA-NJ-DE-MD - TOTAL	240,450
WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA-MD-WV - TOTAL	239,650
DETROIT-WARREN-DEARBORN, MI - TOTAL	233,480





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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.

# CBRE

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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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