



LA
FITNESS

HOUSTON, TX

OFFERING MEMORANDUM



This LA Fitness Benefits From it's Excellent Proximity to Katy, TX (7.6 Miles)



Located in Houston's Energy Corridor; the Energy Capital of the World



LA|FITNESS.
SUBJECT PROPERTY



HUE ON GREENHOUSE
378 UNITS



VOLTERRA AT WESTLAKE
370 UNITS



PARK FALLS
296 UNITS



RADIUS WEST
361 UNITS



FORRESTA VILLAGE
696 UNITS (PROPOSED)



LENOX KATY
382 UNITS



MARDEL
CHRISTIAN & EDUCATION



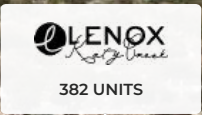
3,702 TOTAL
NEARBY UNITS
(SOME NOT PICTURED)

N FRY RD | 49,860 VPD

I-10 FRONTAGE RD | 31,654 VPD



I-10 | 191,598 VPD



I-10 KATY | 191,598 VPD







LA FITNESS | HOUSTON, TX

19550 Restaurant Row, Houston, TX 77084

Offering Details

TENANT	Fitness International, LLC
LEASE TYPE	NNN
LEASE TERM REMAINING	11.75 Years
LEASE EXPIRATION	10/31/2035
ANNUAL RENT	\$816,750*
GLA	45,000 SF
LOT SIZE	3.78 AC
RENT PSF	\$16.50
PRICE PSF	\$259.28
YEAR BUILT	2005
OPTIONS	(3) 5 Year
INCREASES	Lesser of CPI or 10% Every 5 Yrs

*Based off the estimated rent increase in 2025 (please reference Lease for exact language). Seller to credit the difference in rent from COE until date of next increase.

\$11,667,857

PURCHASE PRICE

7.00%

CAP RATE

Rent Schedule

Lease Years	Annual Rent	Rent PSF
Years 1 - 5	\$742,500	\$16.50
Years 6 - 10	\$816,750	\$18.15
Years 11 - 15	\$898,425	\$19.96
Option 1	\$988,267	\$21.96
Option 2	\$1,087,094	\$24.15
Option 3	\$1,195,803	\$26.57

Rent Schedule above assumes the maximum 10% rent increases every 5 years. Please reference Section 1.7 of the lease and contact agent for exact language.





LA FITNESS EXECUTED A NEW **15-YEAR EXTENSION** IN 2020
DEMONSTRATING THEIR **LONG-TERM SUCCESS AND COMMITMENT TO THIS LOCATION**. SITUATED ONLY 23 MILES EAST OF HOUSTON THIS PROPERTY BOASTS A 5-MILE POPULATION OF 263,512, WITH AN AVERAGE HOUSEHOLD INCOME OF \$107,521.

The property benefits from its proximity to adjacent national and local retailers including Ashley Furniture, At Home, H-E-B, Kohl's, Panera Bread, Massage Envy, Applebee's, Lowe's, Home Depot, Hobby Lobby, The Vitamin Shoppe, and many more.

Recent 15-Year Extension

Low Rent & Price Per/SF

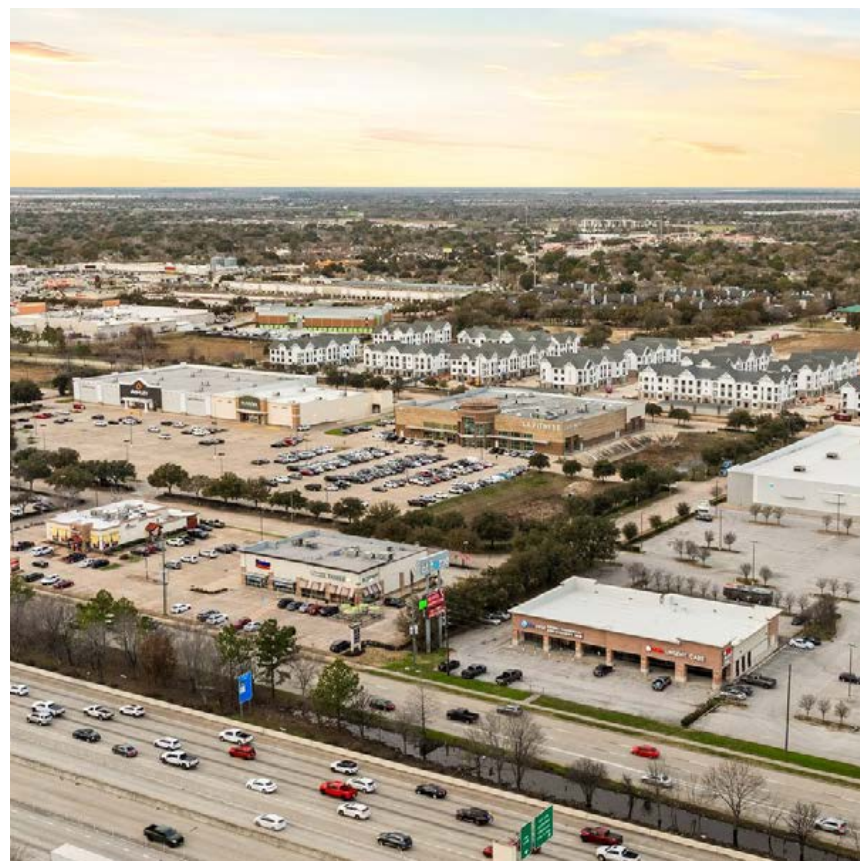
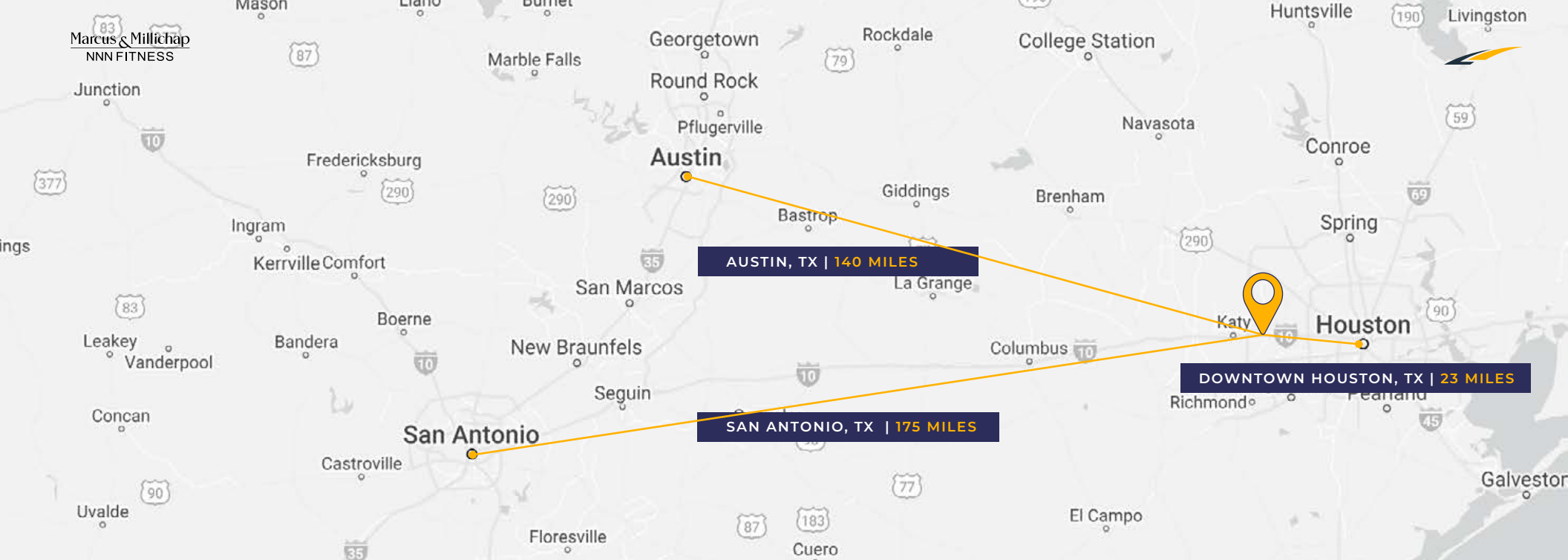
Top Performing Health Club Chain

Excellent Demographics

Demographics

	1 MILE	3 MILES	5 MILES
POPULATION			
2023 Population	16,587	114,947	263,512
2028 Projection	17,251	116,726	272,607
HOUSEHOLDS			
2023 Households	5,968	39,227	88,794
2028 Projection	6,218	39,946	92,018
HOUSEHOLD INCOME			
Avg Household Income	\$91,915	\$106,293	\$107,521
Median Household Income	\$67,688	\$81,591	\$84,780





S&P B/STABLE

Fitness International LLC



CLUB STUDIO



S&P upgraded L.A. Fitness parent company **Fitness International LLC** to “B” to reflect the company’s intent to obtain new revolving credit facilities and refinance its existing credit facilities pushing due dates to 2028 & 2029. The proposed transaction will be leverage-neutral, and S&P expects the retailer’s leverage will continue to improve over the next 12 months due to EBITDA growth.

Over the past few years, Fitness International has introduced a moderately smaller club format, as well as clubs that offer additional services and amenities it believes enhance the member experience. The company generates significant cash flow and can invest in innovation including multiple club formats over time, which gives it the ability to address significant anticipated new competition. In 2023, the company introduced a new offering, Club Studio, which competes in the higher end of the fitness space. Offering multiple boutique studio classes and

high-end health club amenities comes with higher membership fees. S&P expects the company to expand into the high-end market with additional Club Studio locations over the next several years.

Fitness International’s good geographic diversity mitigates its exposure to regional economic risk. As of September 30h, 2023, the company operated 728 clubs in the U.S. and two Canadian provinces serving more than 5 million members. S&P believes club locations spanning more than half of the U.S. provide a strong geographic footprint and a solid market position, which modestly offsets risks associated with region-specific economic deterioration. With approximately 18% of total clubs located in California, Fitness International is less affected by events such as state-specific minimum wage increases than less geographically diverse peers.

By: 2024. The PNC Financial Services Group, Inc



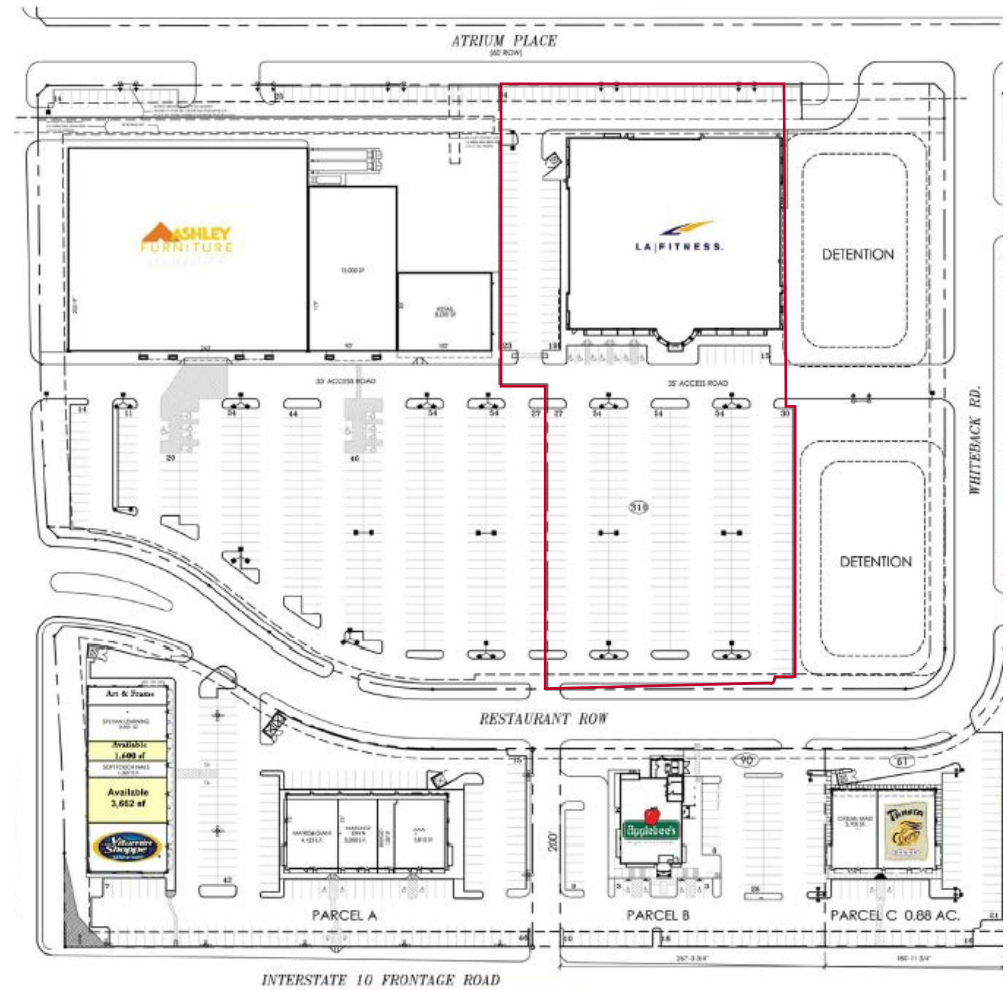
Fitness International LLC, known as LA Fitness, is the largest non-franchised fitness club operator in the United States and Canada. Founded in 1984 and headquartered in Irvine, Calif., LA Fitness is one of the fastest growing sports club chains with more than 728+ locations across the United States and Canada. Club Industry estimates the company has annual revenue of \$2.1 billion in 2021. LA Fitness was also ranked #1 out of 100 in Club Industry's Top 100 Health Clubs of 2019.

Their mission is to help as many people as possible achieve the benefit its of a healthy lifestyle by creating a nationwide network of sports clubs, offering its members the widest range of amenities and the friendliest service at an affordable price.

LA Fitness clubs offer state-of-the-art equipment and cardio areas, group and specialty classes, indoor heated lap pools, whirlpool spas and saunas, racquetball and basketball courts, full locker facilities, personal trainers, and babysitting. The company also sells apparel for men and women,

728+ LOCATIONS IN U.S.	\$2.1 B 2021 REVENUE
37+ Yrs IN THE INDUSTRY	B / STABLE S&P UPGRADED RATING
headgear, bags, and other merchandise through their online store.	

Moody's assigned a B1 rating to the Fitness International's proposed new first lien bank credit facility based on the expectation that the CFR will be upgraded to B2 at transaction close. The new first lien bank credit facility consists of a \$300 million revolver due 2028, \$300 million term loan A due 2028, and a \$675 million term loan B due 2029. The B2 ratings on the existing revolver, term loan A and term loan B are not affected and Moody's expects to withdraw these ratings if the facilities are retired in conjunction with the refinancing. Previously, the outlook was stable.



45,000 SF
GLA

3.75 AC
Lot Size

2005
Year Built



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All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary. All potential buyers are admonished and advised to engage Professional Advisors on legal issues, tax, regulatory, financial and accounting matters, and for questions involving the property's physical condition or financial outlook.

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HOUSTON, TX

OFFERING MEMORANDUM



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OFFICES NATIONWIDE AND THROUGHOUT CANADA

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Information About Brokerage Services

11-2-2015

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

TYPES OF REAL ESTATE LICENSE HOLDERS:

- A **BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- A **SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of each party to the transaction.

The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - o that the owner will accept a price less than the written asking price;
 - o that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - o any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

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_____ Licensed Supervisor of Sales Agent/Associate	_____ License No.	_____ Email	_____ Phone
_____ Sales Agent/Associate's Name	_____ License No.	_____ Email	_____ Phone

Regulated by the Texas Real Estate Commission

Buyer/Tenant/Seller/Landlord's Initials

Date

Information available at www.trec.texas.gov
IABS 1-0