

Marcus & Millichap  
TAG INDUSTRIAL GROUP

# SPECIES GYM

702 9TH AVENUE NORTH

TEXAS CITY, TX 77590

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Texas Real Estate Commission  
P.O. Box 12188  
Austin, Texas 78711-2188  
(512) 936-3000

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY.  
PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.

**Marcus & Millichap**  
TAG INDUSTRIAL GROUP

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# SPECIES GYM

702 9TH AVENUE NORTH  
TEXAS CITY, TX 77590

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Marcus & Millichap



# SECTION 1

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## INVESTMENT OVERVIEW

Marcus & Millichap

## OFFERING SUMMARY

- Property Sits in Proximate Access to Highway 146
- Five-Year Triple-Net Lease in Place with Species Gym
- Species Gym Has Four Locations Across Houston
- With 21 Grade-Level Doors, Building Can Be Redeveloped into Mixed-Use
  - Recent Capital Expenditures on the Building to Bring Up to Date
- Property is Within an Opportunity Zone As Well As 6th Street Revitalization Project

Marcus & Millichap is pleased to present the opportunity to acquire the property located at 702 9th Avenue North, in Texas City, Texas, leased to Species Gym. The subject property consists of approximately 26,832 square feet of industrial space and is situated on 1.15 acres of land. Previously occupied as an auto repair shop, the asset features 21 grade-level doors, and the property can easily be converted into mixed-use. To bring the property up to date, the asset has undergone nearly \$320,000 in improvements to the sprinklers, roof, and HVAC system.

In February 2022, Species Gym signed a five-year triple net lease. With four locations circling the city of Houston, the popular local gym offers state-of-the-art personal fitness facilities designed for a variety of workout enthusiasts. Situated in an Opportunity Zone, the future owner of the subject property may be eligible for a capital gains tax abatement. The asset is also positioned just one block from the Downtown 6th Street District. Since the mid-2000's, the Texas City Economic Development Corporation has assisted business owners along 6th Street in redeveloping their properties, which has generated more attention to the area (TCEDC).

With proximity to Highway 146, the asset resides within the East-Southeast Far submarket. Anchored by the booming Port of Houston, which ranks first in the nation in total waterborne tonnage, the submarket contains a massive 95.9 million square feet of industrial space. A year after experiencing the most deliveries on record, net absorption set a record of its own in 2021 at 5.2 million square feet. As a result, the vacancy rate has dropped from 11.0 percent in Q4 2020 to 6.4 percent during Q3 2022. At 5.6 percent in Q3, annual rent growth among industrial properties sits just 50 basis points below its 20-year high set during the previous quarter. With absorption expected to set a new record in 2022 at over 7 million square feet, the vacancy rate will likely fall further, keeping upward pressure on rents (CoStar).

As the fifth most populous metro area in the U.S., Houston houses over seven million people in southeastern Texas. The market is composed of nine counties: Harris, Galveston, Brazoria, Fort Bend, Chambers, Montgomery, Austin, Liberty, and Waller. The Gulf of Mexico, which borders the metro to the southeast, provides access to markets around the world via the Port of Houston, making it a prime location for import/export. Houston's economy has diversified in recent years, with the healthcare and technology sectors showing strong growth. As Houston's population continues to grow, primarily to the northwest, many companies are expanding to the region to provide goods and services to the increasing population.

## PROPERTY DETAILS

702 9TH AVENUE NORTH,  
TEXAS CITY, TX 77590

Number of Suites	1
Number of Buildings	1
Total Square Feet	26,832
Year Built	1962/2022
Lot Size	1.15 Acres
Type of Ownership	Fee Simple
Parking Surface	Concrete
Building Class	C
Tenancy	Single
Grade Level Doors	21
Sprinklers	Wet - 2022 Instillation
Construction	Masonry
Zoning	Commercial
Roof Type	TPO
Age/Condition of Roofs	2022 Replacement - 10-Year Warranty
Age/Condition of HVAC	2022
Market	Houston
Submarket	NASA/Clear Lake
Market Vacancy	4.50%







### SPECIES GYM

702 9TH AVENUE NORTH, TEXAS CITY, TX 77590

OFFERING PRICE	CAP RATE	PRO-FORMA CAP RATE*
<b>\$1,864,000</b>	<b>9.50%</b>	<b>10.36%</b>

Offering Price	\$1,864,000
Cap Rate	9.50%
Pro-Forma Cap Rate	10.36%
Price/SF	\$69.47
Total Square Feet	26,832
Rental Rate	\$6.60
Lease Type	Triple Net (NNN)
Lease Term	5 Years
Tenancy	Single
Occupancy	100.00%

\*Pro-Forma Cap Rate Encompasses Rent in Year 2025

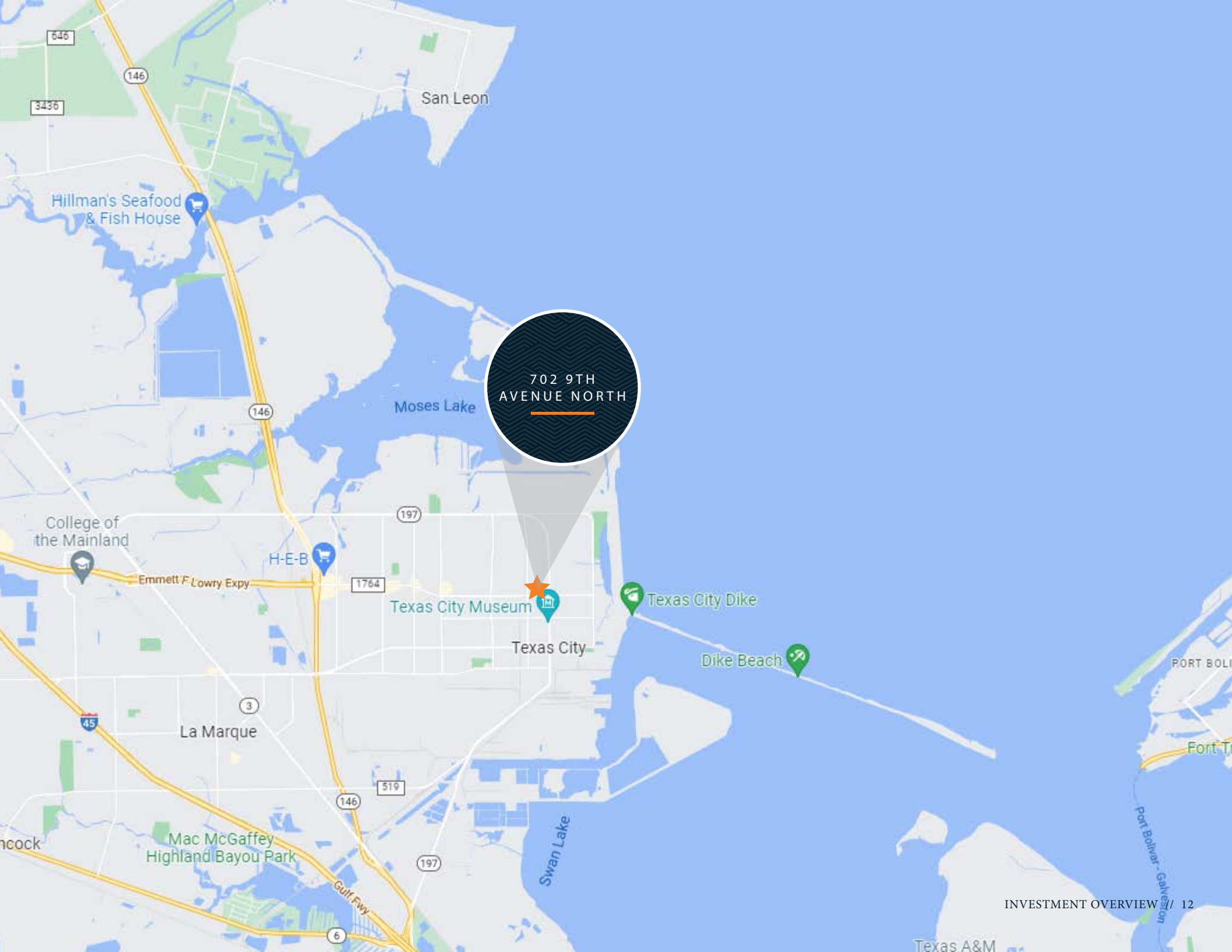
This information has been secured from sources we believe to be reliable, but we make no representations or warranties, express or implied, as to the accuracy of the information. References to square footage or age are approximate. Buyer must verify the information and bears all risk for any inaccuracies. Marcus & Millichap is a service mark of Marcus & Millichap Real Estate Investment Services, Inc. © 2022 Marcus & Millichap. All rights reserved. (Activity ID: ZAD0060891)

# RENT ROLL

Tenant Name	Suite	Square Feet	% Bldg Share	Lease Dates Comm. Exp.	Annual Rent per Sq. Ft.	Total Rent Per Month	Total Rent Per Year	Pro Forma Rent Per Year	Changes on	Rent Increase	Lease Type	Renewal Options and Option Year Rental Information
Species Gym	Suite 1	26,832	100.0%	2/1/22 1/31/27	\$6.60	\$14,757	\$177,084	\$193,188	Jan-2025	\$16,099	NNN	1 (5) Year Renewal Option at FMV
Total		26,832			\$6.60	\$14,757	\$177,084	\$193,188				
Occupied Tenants: 1				Unoccupied Tenants: 0		Occupied GLA: 100.00%		Unoccupied GLA: 0.00%				
Total Current Rents: \$14,757						Occupied Current Rents: \$14,757		Unoccupied Current Rents: \$0				

## OPERATING STATEMENT

Income	Current	Per SF	Pro Forma	Per SF
Scheduled Base Rental Income	177,084	6.60	193,188	7.20
Expense Reimbursement Income				
Net Lease Reimbursement				
Insurance	5,429	0.20	5,429	0.20
Real estate Taxes	16,086	0.60	16,086	0.60
Total Reimbursement Income	\$21,515	100.0%	\$21,515	100.0%
Effective Gross Revenue	\$198,599	\$7.40	\$214,703	\$8.00
<b>Operating Expenses</b>				
Insurance	5,429	0.20	5,429	0.20
Real Estate Taxes	16,086	0.60	16,086	0.60
Total Expenses	\$21,515	\$0.80	\$21,515	\$0.80
Expenses as % of EGR	10.8%		10.0%	
Net Operating Income	\$177,084	\$6.60	\$193,188	\$7.20



702 9TH  
AVENUE NORTH

La Marque Presbyterian Church

Seventh Street Church-Christ

Food King | Texas City Grocery Store

702 9TH AVENUE NORTH

Species Gym Texas City

Gould's Paint & Body Shop

Watermill Express

9th Ave N

1764

Repair

8th St N

Inline Graphix Custom t-shirt store

717

Dollar General DoorDash Delivery

7th St N

Family Dollar store



## CAPABILITIES

MMCC—our fully integrated, dedicated financing arm—is committed to providing superior capital market expertise, precisely managed execution, and unparalleled access to capital sources, providing the most competitive rates and terms.

We leverage out prominent capital market relationships with commercial banks, life insurance companies, CMBS, private and public debt/equity funds, Fannie Mae, Freddie Mac, and HUD to provide our clients with the greatest range of financing options.

Our dedicated, knowledgeable experts understand the challenges of financing and work tirelessly to resolve all potential issues for the benefit of our clients.



Closed 2,399 debt and equity financings in 2021



National platform operating within the firm's brokerage offices



\$10.4 billion total national volume in 2021



Access to more capital sources than any other firm in the industry

# WHY MMCC?

Optimum financing solutions to enhance value

Enhanced control through MMCC's ability to qualify investor finance contingencies

Enhanced control through quickly identifying potential debt/equity sources, processing, and closing buyer's finance alternatives

Enhanced control through MMCC's ability to monitor investor/due diligence and underwriting to ensure timely, predictable closings



## SECTION 2

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### MARKET OVERVIEW

Marcus & Millichap



# HOUSTON TEXAS

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As the fifth most populous metro area in the United States, Houston houses more than 7.1 million people in southeastern Texas. Roughly one-third of residents live in the city of Houston. The market is composed of nine counties: Harris, Galveston, Brazoria, Fort Bend, Chambers, Montgomery, Austin, Liberty and Waller. The Gulf of Mexico, which borders the metro to the southeast, provides access to markets around the world via the Port of Houston, making it a prime location for exports. Local industries have diversified from oil to technology and health care. Many companies provide goods and services for the large population growth, which has sprawled, primarily to the north and west.



CORPORATE  
GROWTH



HIGHER  
EDUCATION



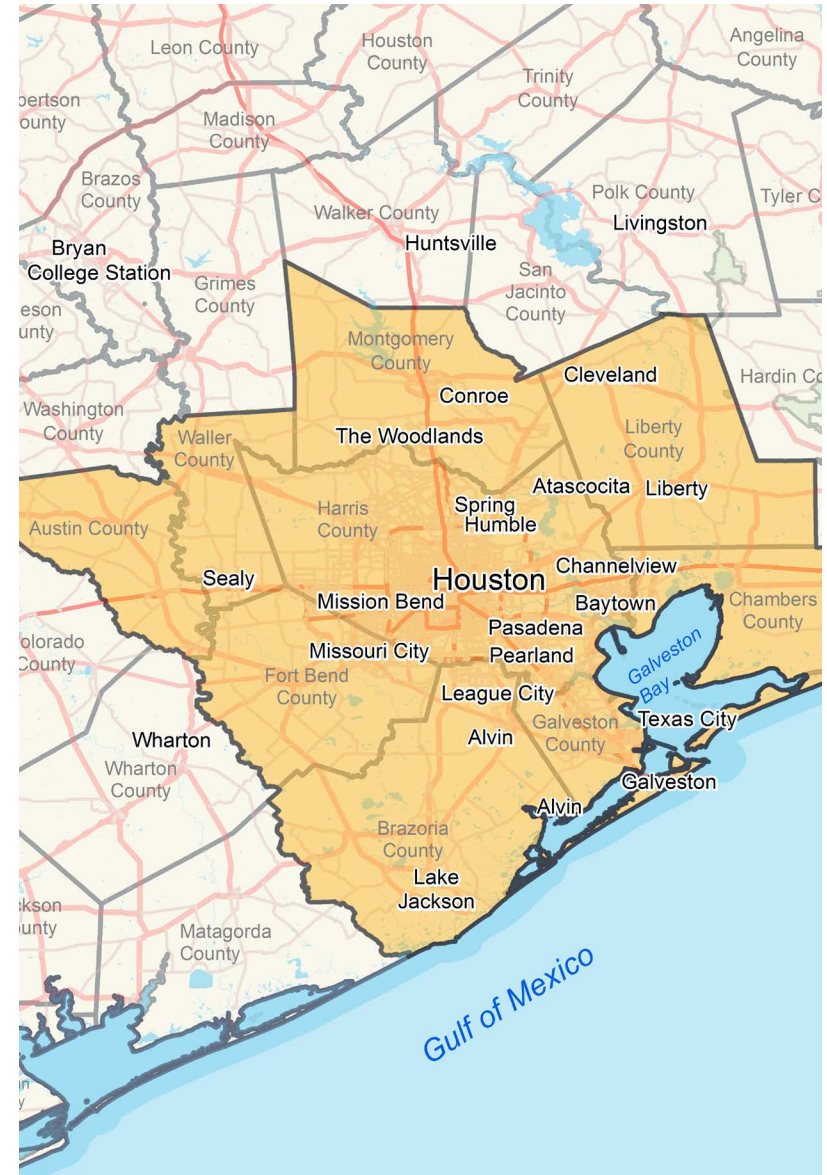
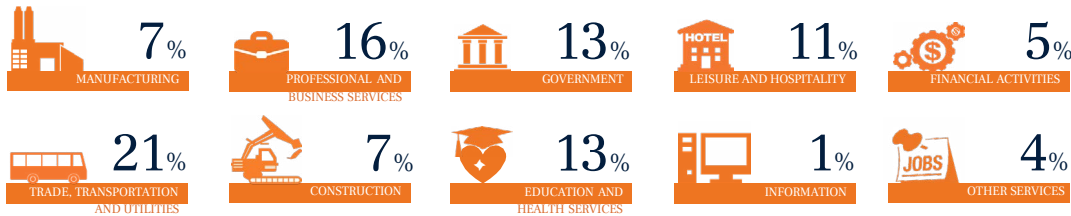
LOW COST OF LIVING,  
DOING BUSINESS



# METROPLEX GROWTH

## ECONOMY

The economy is diversifying to include biotechnology, distribution, nanotechnology and logistics. The metro remains the center of energy production. Local product manufacturing is a large segment of the economy and includes paper, electrical and electronic machinery, iron, steel and petrochemicals. Health care is gaining economic prominence. Specialized medical education and training institutions boost the local economy and supply a growing hospital system. The Port of Houston is one of the country's busiest for exports, supplying thousands of jobs and generating billions of dollars in revenue.



## METROPLEX GROWTH

The Houston metro is expected to add 720,700 people through 2025, translating to the formation of roughly 263,600 households, generating demand for housing. The home-ownership rate of 61 percent slightly trails the national rate of 64 percent. The median home price of roughly \$282,000 is \$40,000 below the U.S. average. The metro's median household income exceeds \$68,000, surpassing the national rate by roughly \$5,000.



The metro's favorable location and climate translates to an abundance of outdoor activities. More than a dozen state parks and recreation areas lie within a short drive of Houston, as well as more than 500 local parks and open spaces, various cultural venues and museums. Johnson Space Center is a popular tourist and educational destination. The metro is also known internationally for its medical community and is home to Texas Medical Center, the largest of its kind in the world. Houston hosts four professional sports teams: the Houston Texans, the Houston Astros, the Houston Rockets and the Houston Dynamo.



## DEMOGRAPHICS



44,750

Total Population  
Within 5 miles



\$69,200

Average Household Income  
Within 5 miles



20,645

Employees  
Within 1 mile

# DEMOGRAPHICS

POPULATION	1 Mile	3 Miles	5 Miles
<b>2026 Projection</b>			
Total Population	11,478	32,654	45,557
<b>2021 Estimate</b>			
Total Population	11,423	32,112	44,750
<b>2010 Census</b>			
Total Population	11,040	30,447	42,169
<b>2000 Census</b>			
Total Population	11,632	30,587	42,360
<b>Daytime Population</b>			
2021 Estimate	8,845	30,511	39,355
HOUSEHOLDS	1 Mile	3 Miles	5 Miles
<b>2026 Projection</b>			
Total Households	4,117	12,347	17,547
<b>2021 Estimate</b>			
Total Households	4,073	12,063	17,101
Average (Mean) Household Size	2.8	2.7	2.6
<b>2010 Census</b>			
Total Households	3,852	11,172	15,752
<b>2000 Census</b>			
Total Households	4,150	11,307	15,931

HOUSEHOLDS BY INCOME	1 Mile	3 Miles	5 Miles
<b>2021 Estimate</b>			
\$200,000 or More	1.1%	3.0%	2.9%
\$150,000-\$199,999	4.4%	5.6%	5.1%
\$100,000-\$149,999	9.7%	13.0%	13.0%
\$75,000-\$99,999	11.6%	13.4%	12.4%
\$50,000-\$74,999	15.6%	16.8%	17.0%
\$35,000-\$49,999	14.1%	12.7%	13.3%
\$25,000-\$34,999	13.3%	10.8%	11.3%
\$15,000-\$24,999	15.2%	12.1%	11.6%
Under \$15,000	15.1%	12.7%	13.5%
Average Household Income	\$57,247	\$70,896	\$69,200
Median Household Income	\$41,764	\$52,334	\$50,377
Per Capita Income	\$20,556	\$26,739	\$26,545
POPULATION PROFILE	1 Mile	3 Miles	5 Miles
<b>Population By Age</b>			
2021 Estimate Total Population	11,423	32,112	44,750
Under 20	30.3%	28.2%	27.4%
20 to 34 Years	19.5%	19.9%	19.4%
35 to 39 Years	7.0%	6.8%	6.8%
40 to 49 Years	11.2%	11.4%	11.3%
50 to 64 Years	16.9%	18.3%	19.1%
Age 65+	15.0%	15.3%	16.0%
Median Age	35.1	36.4	37.3
<b>Population 25+ by Education Level</b>			
2021 Estimate Population Age 25+	7,275	21,108	29,833
Elementary (0-8)	8.6%	6.4%	6.0%
Some High School (9-11)	13.8%	10.4%	10.4%
High School Graduate (12)	35.0%	34.8%	34.3%
Some College (13-15)	23.8%	28.1%	28.2%
Associate Degree Only	6.7%	8.7%	9.1%
Bachelor's Degree Only	9.4%	8.5%	8.6%
Graduate Degree	2.8%	3.1%	3.4%
<b>Travel Time to Work</b>			
Average Travel Time to Work in Minutes	25.0	25.0	26.0



# INFORMATION ABOUT BROKERAGE SERVICES

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

11-2-2015

### 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:
  - that the owner will accept a price less than the written asking price;
  - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
  - 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.

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\_\_\_\_\_  
Buyer/Tenant/Seller/Landlord Initials

\_\_\_\_\_  
Date

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