

Marcus & Millichap
TAG INDUSTRIAL GROUP

ENCLOSURE FABRICATION
2323 SOUTH HOUSTON AVENUE, BUILDING 10
HUMBLE, TX 77396

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

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PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.

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TAG INDUSTRIAL GROUP

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SECTION 1

INVESTMENT OVERVIEW

Marcus & Millichap

OFFERING SUMMARY

- Newly Constructed Single-Tenant 9,977-Square-Foot Shallow-Bay Industrial Asset Situated on 0.56 Acres.
- Featuring 18' Clear Height, Two Grade Doors, and Proximity to I-69 and George Bush Intercontinental Airport.
 - Occupied by Enclosure Fabrication, Leading Manufacturer of Custom-Built Metal Frames.
 - Cash-Flowing Nine-Year Triple-Net Lease with Above-Market 3.75% Escalations.

Marcus & Millichap is pleased to present the opportunity to acquire the property located at 2323 South Houston Avenue, Building 10, in Humble, Texas, leased to Enclosure Fabrication. The subject property consists of approximately 9,977 square feet of shallow-bay industrial space and is situated on 0.56 acres of land. The single-tenant asset features an 18' clear height, two grade-level doors, metal construction, 400 amps, and nine parking spaces. Interstate 69 is a four-minute drive from the asset, which sits 3.6 miles east of George Bush Intercontinental Airport and 17.5 miles north of Downtown Houston. Delivered in 2024, the newly constructed property lowers exposure to capital expenditures and allows for accelerated depreciation, making this opportunity ideal for passive investors. The tenant is signed to a triple-net lease at \$12.48 per square foot that runs through February 2035. At 3.75 percent, the annual escalations are above the typical 2.7 percent market rate. Founded in 2020, Enclosure Fabrication is a leading manufacturer of custom-built steel and metal frames.

The subject property is well-positioned within the relatively large Northeast Highway 90 submarket, containing nearly 35.0 million square feet of industrial space. In the 12 months through Q3 2025, 1.5 million square feet of industrial space was absorbed on net in the submarket. During that time, 1.3 million square feet of industrial space was added to the inventory. With demand outpacing supply, the vacancy rate bucked the national trend and fell by 110 basis points to 10.7 percent year-over-year in Q3. Contrary to the national narrative, annual rent growth in Northeast Highway 90 rebounded in 2025 to 3.5 percent in Q3, pushing the average asking rent to about \$8.70 per square foot. With about 1.3 million square feet under construction in the last quarter of the year (representing 3.7 percent of inventory), supply will have a marginal impact on vacancies and rents in the near future (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

2323 SOUTH HOUSTON AVENUE, BUILDING 10, HUMBLE, TX 77396

Number of Buildings	1
Total Square Feet	9,977 SF
Office Square Feet	1,125 SF
Office Ratio	11.33%
Year Built	2024
Lot Size	0.56 Acres
Clear Height	18
Parking Spaces	9
Parking Surface	Concrete
Building Class	A
Tenancy	Single-Tenant
Grade Level Doors	2
Construction	Metal
Power	400a
Roof Type	Pitched Metal
Age/Condition of HVAC	2024
Sprinklers	Yes
Market	TX-Houston MSA
Submarket	Northeast Hwy 90
Market Vacancy	11.80%



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ENCLOSURE FABRICATION

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OFFERING PRICE	CAP RATE	PRO FORMA CAP RATE
\$1,775,000	7.01%	7.28%

Offering Price	\$1,775,000
Cap Rate	7.01%
Pro Forma Cap Rate	7.28%
Price/SF	\$177.91
Total Square Feet	9,977
Rental Rate	\$12.48
NOI	\$124,512.96
Lease Type	Triple-Net (NNN)
Lease Expiration	2/28/2035
Rental Increases	3.75%
Tenancy	Single
Occupancy	100.00%

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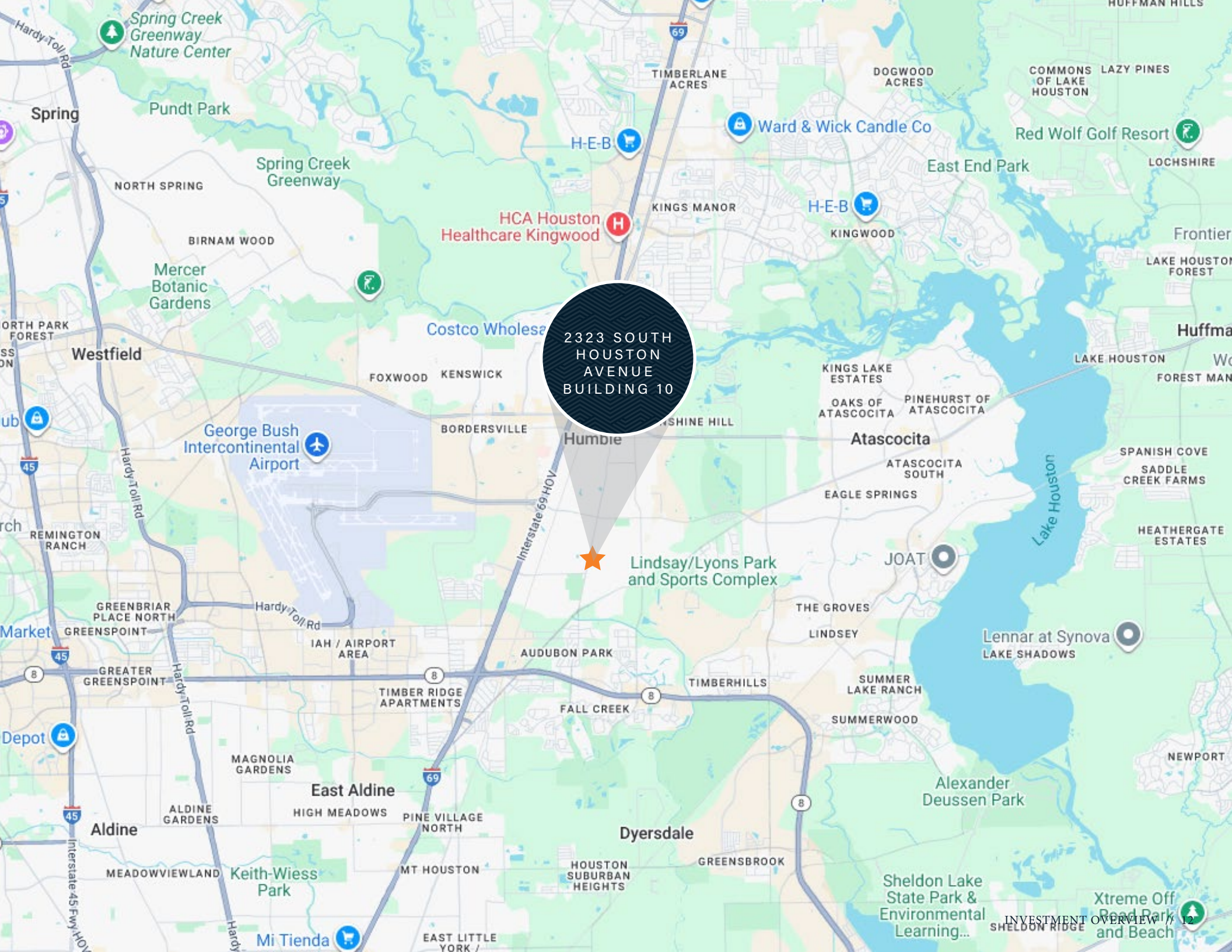
RENT ROLL

Tenant Name	Suite	Square Feet	% Bldg Share	Lease Dates		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
Enclosure Fabrication	Bldg 10	9,977	100.0%	11/1/24	2/28/35	\$12.48	\$10,376	\$124,513	\$129,182	Nov-2026	3.75%	NNN	10.3-Year Lease 3.75% Annual Escalations
Total		9,977				\$12.48	\$10,376	\$124,513	\$129,182				
			Occupied Tenants: 1	Unoccupied Tenants: 0		Occupied GLA: 100.00%		Unoccupied GLA: 0.00%					
				Total Current Rents: \$10,376		Occupied Current Rents: \$10,376		Unoccupied Current Rents: \$0					

OPERATING STATEMENT

Income	Current	Per SF	Pro Forma	Per SF
Scheduled Base Rental Income	124,513	12.48	129,182	12.95
Expense Reimbursement Income				
Net Lease Reimbursement				
CAM	13,251	1.33	13,251	1.33
Insurance	8,576	0.86	8,576	0.86
Real Estate Taxes	24,203	2.43	24,203	2.43
Management Fees	2,710	0.27	2,710	0.27
Total Reimbursement Income	\$48,740	100.0%	\$48,740	100.0%
Effective Gross Revenue	\$173,253	\$17.37	\$177,922	\$17.83

Operating Expenses	Current	Per SF	Pro Forma	Per SF
Electric	3,837	0.38	3,837	0.38
Water	2,862	0.29	2,862	0.29
Repairs & Maintenance	1,007	0.10	1,007	0.10
Landscaping	1,313	0.13	1,313	0.13
HOA Fees	3,675	0.37	3,675	0.37
Fire & Life Safety Systems	341	0.03	341	0.03
Security & Software	216	0.02	216	0.02
Insurance	8,576	0.86	8,576	0.86
Real Estate Taxes	24,203	2.43	24,203	2.43
Management Fee	2,710	1.6%	2,710	1.5%
Total Expenses	\$48,740	\$4.89	\$48,740	\$4.89
Expenses as % of EGR	28.1%		27.4%	
Net Operating Income	\$124,513	\$12.48	\$129,182	\$12.95



2323 SOUTH HOUSTON AVENUE BUILDING 10

HCA Houston Healthcare Kingwood

George Bush Intercontinental Airport

Lindsay/Lyons Park and Sports Complex

Lennar at Synova LAKE SHADOWS

East Aldine

Dyersdale

Sheldon Lake State Park & Environmental Learning...

Xtreme Off Road Park and Beach

INVESTMENT OVERVIEW

2323 SOUTH
HOUSTON
AVENUE
BUILDING 10





TENANT SUMMARY



Enclosure Fabrication is a leading manufacturer of custom-built steel and metal frames. Enclosure Fabrication builds to specifications in a wide range of metals, such as aluminum, mild steel, galvanized steel, and stainless steel. The company is known for its NEMA Enclosures, custom cabinets for electrical equipment that safely mount switches, knobs, and displays, preventing electrical shock to equipment users and protecting the contents from the environment. Unlike standard enclosures, NEMA Enclosures are provided in multiple colors to suit customer needs. All products are made in-house by Enclosure Fabrication to exact customer requirements.

TENANT
Enclosure Fabrication

HEADQUARTERS
Humble, Texas

DATE FOUNDED
2020

www.enclosurefabrication.com

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.



1,249 Financing
Transactions
in 2024



National platform operating
within the firm's
brokerage offices



\$6.7 billion total
national volume
in 2024



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/du
diligence and underwriting to
ensure timely, predictable closings.

SECTION 2

MARKET OVERVIEW

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HOUSTON TEXAS

As the fifth-most populous metro area in the United States, Houston houses more than 7.6 million people in southeastern Texas. Roughly one-third of residents live in the city of Houston. Local population counts also exceed 100,000 residents in Pasadena, Pearland, The Woodlands, Sugar Land and League City. The market consists 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



LOW COST OF LIVING,
DOING BUSINESS



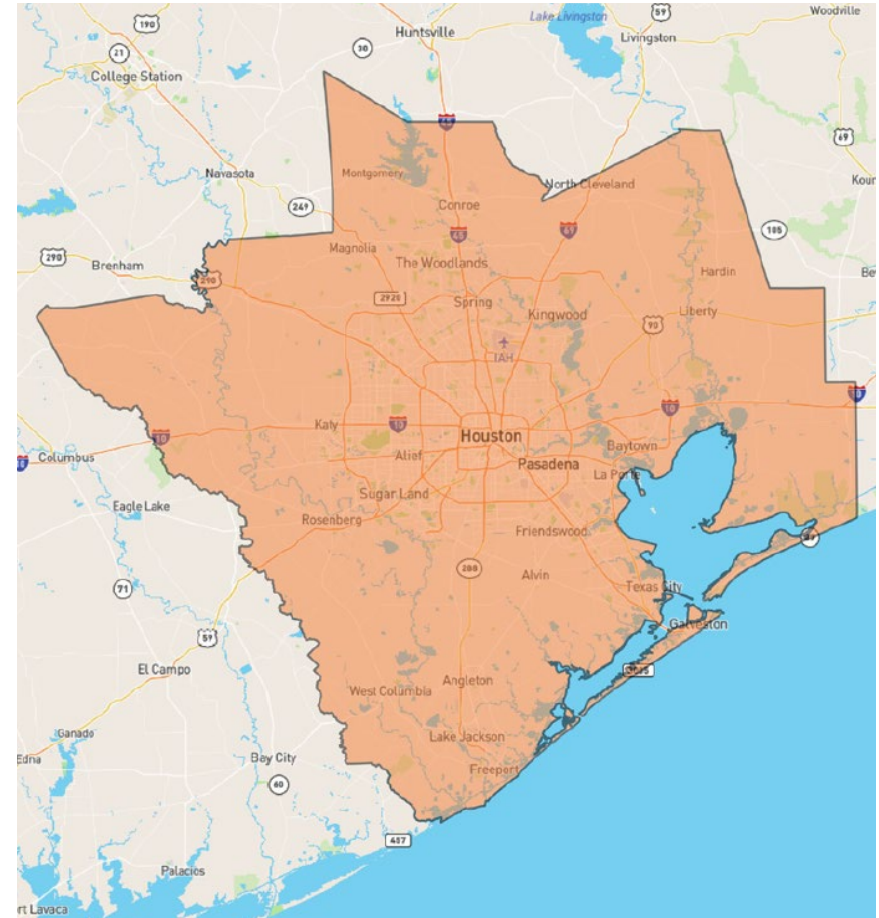
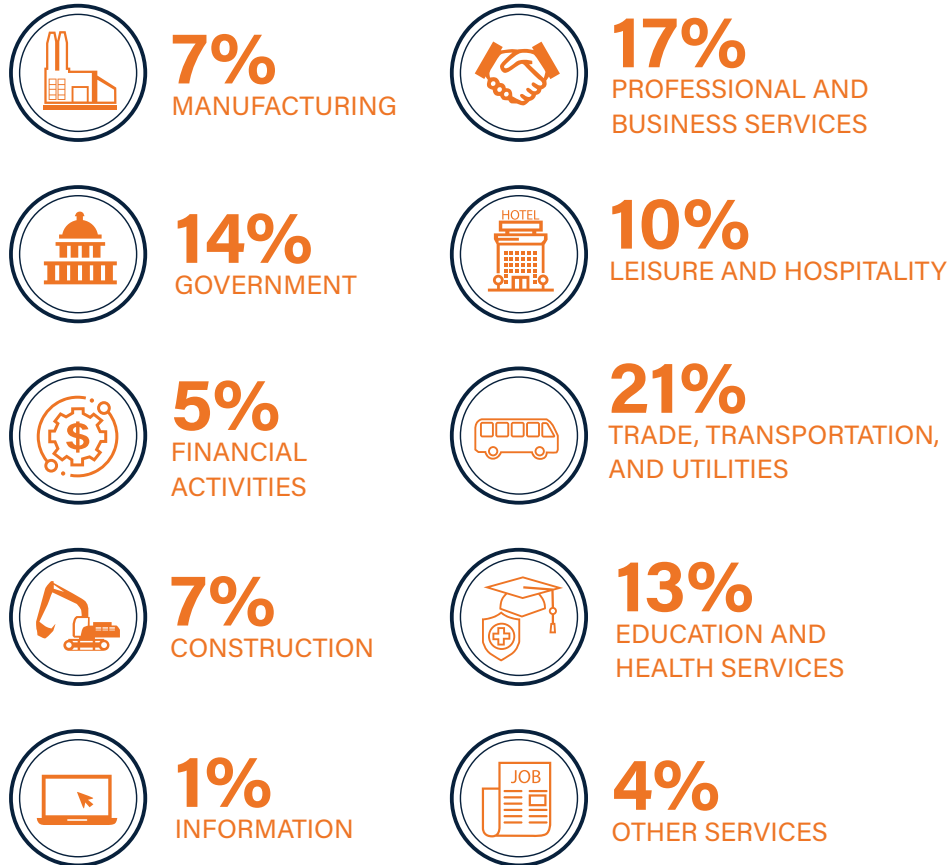
HIGHER
EDUCATION



METROPLEX GROWTH

ECONOMY

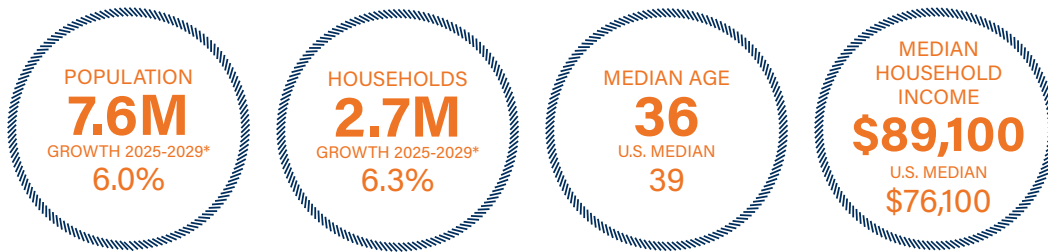
While Houston remains the center of U.S. energy production, its economy has diversified to include major sectors such as biotechnology, nanotechnology, logistics and health care. The Texas Medical Center alone receives more than 150,000 patient visits each day, highlighting the city's strength in medical services and research. Local product manufacturing is a large segment of the economy and includes paper, electrical and electronic machinery, iron, steel, and petrochemicals. The Port of Houston is one of the country's busiest for exports, supplying thousands of jobs and generating billions in revenue.



METROPLEX GROWTH

DEMOGRAPHICS

The Houston metro is expected to add 456,000 people through 2029, translating into the formation of roughly 170,000 households, generating demand for housing. The homeownership rate of 60 percent trails the national rate of 65 percent. The median home price of roughly \$345,000 is \$73,000 below the U.S. average. The metro's median household income exceeds \$89,000, surpassing the national rate by \$13,000.



QUALITY OF LIFE

Houston's favorable location and climate translate to an abundance of outdoor activities. More than a dozen state parks and recreation areas are within a short drive of Houston's city limits, as are more than 500 local parks and open spaces, various cultural venues, and museums. Johnson Space Center is a popular tourist and educational destination. The metropolitan area 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



158,138

Total Population
Within 5 Miles



50.3%



49.7%



\$98,368

Average Household Income
Within 5 Miles



78,461

Employees
Within 1 Mile

DEMOGRAPHICS

POPULATION	1 Mile	3 Miles	5 Miles
2029 Projection			
Total Population	7,431	66,122	167,229
2024 Estimate			
Total Population	7,164	62,589	158,138
2020 Census			
Total Population	7,046	59,940	151,072
2010 Census			
Total Population	5,170	45,491	109,387
Daytime Population			
2024 Estimate	7,424	85,358	179,788
HOUSEHOLDS	1 Mile	3 Miles	5 Miles
2029 Projection			
Total Households	2,451	23,001	56,458
2024 Estimate			
Total Households	2,363	21,668	53,145
Average (Mean) Household Size	3.1	2.8	2.9
2020 Census			
Total Households	2,244	19,844	48,598
2010 Census			
Total Households	1,670	14,719	35,195

HOUSEHOLDS BY INCOME	1 Mile	3 Miles	5 Miles
2024 Estimate			
\$200,000 or More	3.4%	5.8%	7.9%
\$150,000-\$199,999	4.8%	7.6%	10.1%
\$100,000-\$149,999	18.6%	17.4%	19.2%
\$75,000-\$99,999	14.2%	13.0%	14.2%
\$50,000-\$74,999	23.8%	20.5%	18.8%
\$35,000-\$49,999	14.0%	10.9%	9.3%
\$25,000-\$34,999	14.5%	7.1%	6.6%
\$15,000-\$24,999	2.5%	8.4%	6.3%
Under \$15,000	4.1%	9.3%	7.6%
Average Household Income	\$79,509	\$83,846	\$98,368
Median Household Income	\$65,387	\$69,103	\$82,555
Per Capita Income	\$25,902	\$30,232	\$33,760
POPULATION PROFILE	1 Mile	3 Miles	5 Miles
Population By Age			
2024 Estimate Total Population	7,164	62,589	158,138
Under 20	33.6%	30.9%	32.2%
20 to 34 Years	22.1%	24.4%	22.1%
35 to 39 Years	7.2%	8.2%	8.2%
40 to 49 Years	12.4%	13.3%	14.0%
50 to 64 Years	14.8%	14.7%	14.7%
Age 65+	9.9%	8.6%	8.7%
Median Age	31.0	32.0	32.0
Population 25+ by Education Level			
2024 Estimate Population Age 25+	4,263	38,657	96,506
Elementary (0-8)	17.3%	9.0%	6.8%
Some High School (9-11)	5.4%	7.1%	6.0%
High School Graduate (12)	36.8%	31.5%	27.0%
Some College (13-15)	21.9%	23.9%	24.9%
Associate Degree Only	6.8%	7.1%	7.6%
Bachelor's Degree Only	7.0%	13.1%	18.3%
Graduate Degree	4.9%	8.4%	9.4%
Travel Time to Work			
Average Travel Time to Work in Minutes	33.0	31.0	33.0



Information About Brokerage Services

2-10-2025

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. **An owner's agent fees are not set by law and are fully negotiable.**

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. **A buyer/tenant's agent fees are not set by law and are fully negotiable.**

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.

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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Regulated by the Texas Real Estate Commission

Buyer/Tenant/Seller/Landlord's Initials

Date

Information available at www.trec.texas.gov

IABS 1-1

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