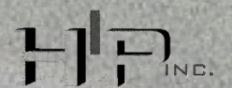
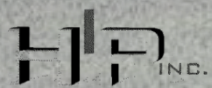




OFFERING MEMORANDUM

The West Lodge Baytown



198 UNIT, CLASS "C+", VALUE-ADD OPPORTUNITY IN BAYTOWN, TX



Houston Income Properties, Inc.

6363 Woodway
Suite 370
Houston, TX 77057
www.hipapt.com
T 713.783.6262

CONTACTS:

JIM HURD
Corporate Broker / President
T 713.783.6262
jhurd@houstonincomeproperties.com

BISHALE PATEL
Broker / Vice President of Sales
T 713.783.6262 Ext. 970
bpatel@houstonincomeproperties.com



MITUL PATEL
Sales Associate
T 713.783.6262 Ext. 980
mpatel@houstonincomeproperties.com

JAMES BARRY
Sales Associate
T 713.783.6262 Ext. 920
jbarry@houstonincomeproperties.com

EXCLUSIVE OFFERING: West Lodge Apartments | 4219 W Baker Rd | Baytown, TX 77521

Presented By: Jim Hurd | Houston Income Properties, Inc. | 713.783.6262

Offer Date: To Be Determined

Offering Process: The Property is being offered **"All Cash" (New Loan) or with "Seller Financing"**

Offer Guidelines: Offers should be presented in the form of a non-binding Letter-of-Intent and must include at least:

- Purchase Price
- Earnest Money Deposit Amount
- Feasibility Period
- Description of Equity Source
- Closing Date
- Other terms and conditions particular to the buyer's investment process
- Summary of buyer's qualifications and evidence of financial ability to close

Site Visits: All Site Visits are to be set up through the Listing Broker. All requests for additional information are to be made through the Listing Brokers — 713-783-6262

Disclaimer: The offering is subject to the Disclaimer contained herein.

Principals and their representatives shall please refrain from contacting any onsite personnel or residents.

Table of Contents



04

OFFERING
OVERVIEW



10

FINANCIAL
ANALYSIS



14

PROPERTY
OVERVIEW



22

MARKET
OVERVIEW



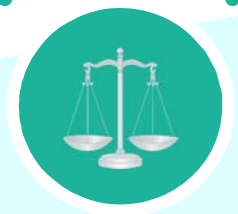
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LOCATION
OVERVIEW



46

APPENDIX





Offering Overview

Offering Summary

PROPERTY DESCRIPTION		INVESTMENT PROFILE	
Name:	West Lodge Apts.	Type of Sale:	Offered "All Cash" (New Loan) or with "Seller Financing"
Address:	4219 W. Baker Rd.	ASKING PRICE:	Unpriced
City / State:	Baytown, Tx 77521	Current NOI:	\$60,272
	PLEASE DO NOT VISIT THE PROPERTY WITHOUT MAKING AN APPOINTMENT THROUGH THE BROKER.	Projected NOI:	\$891,478
Property Type:	Garden Style - 2 Story Buildings	Current Occupancy:	71% As of 9-25-23 RR
No. of Apt. Buildings:	12	Utility Charge Back:	Water (RUBS)
Yr. of Construction:	1979 Per HCAD	Primary Market Area:	Houston
Materials:	Brick and Siding	Sub-Market Area:	Baytown
Number of Units:	198	Scheduled Market Rent:	\$167,406 / Mth
Total Rentable SF:	133,798	Avg. Rent / Unit:	\$845
Avg. Unit Size:	676 S.F.	Avg. Rent / SF:	\$1.25

INVESTMENT HIGHLIGHTS:

- 1) West Lodge is offered with Seller financing to qualified buyers or "All Cash" (buyer to acquire a new loan). Ask broker for details regarding Seller financing.
- 2) West Lodge is a nice, well located, 198 unit apartment community with good upside post upgrades. The property is located in the city of Baytown, a sub-market of Houston, TX. Baytown is located approx. 23 miles east of downtown Houston and 11.5 miles southeast of the city limits of Houston in Harris County. The city is part of the Greater Houston-Sugar Land-Baytown metropolitan statistical area.
- 3) Possible Upside with continued interior and exterior upgrades.
- 4) Located near major employment centers in Baytown, Houston, Pasadena, and Channel View with ease of access to the city of Houston. Major employers within a few miles of the property include ExxonMobil, Port of Houston, Covestro, Borusan Mannesmann, Chevron Phillips Chemical Co., Methodist Hospital, Enterprise Products Partners, Lone Star NGL, Oneok and Cedar Port Industrial Park.
- 5) The clothes cares centers on site are serviced by a third party vendor. The property is individual metered for electric and master metered for gas and water. The owner has a RUBS in place for Water.

Property Information

PRICING INFORMATION		PROPERTY INFORMATION				
<i>Unpriced</i>		Units:	198			
		Avg. Size Unit:	676 S.F.			
		Year Built (Per CAD):	1979			
		Electric / Water Mtr:	Indv/RUBS			
		Roof:	Pitched			
		Land (Acres) Per CAD:	8.878			
		Rentable Sq. Ft:	133,798			
Please do not visit the property without an appointment made through the broker!						
Estimated Total Collections ~ (Est. Occupancy is {71%} as of 9-25-23 Rent Roll)						
Mth.	Sept T-4 AVG	Sep-2023	Aug-2023	Jul-2023	Jun-2023	
Coll.	\$125,767	\$119,247	\$126,241	\$126,822	\$130,760	

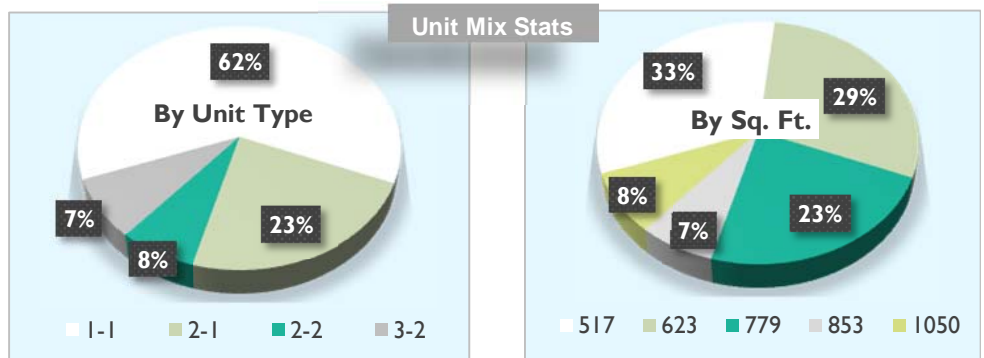
West Lodge is an approximately 71% occupied "C+" apartment community in an improving "B" area of Baytown east of Houston. The property offers investors an attractive, well-positioned asset in Baytown, one of Houston's major industrial areas. It is located within the current boundaries of the Houston-Sugar Land-Baytown MSA. The Houston Central Business District is a short 30 minute commute west of the property. Baytown is the third largest city in Harris County and has the easiest commute to Houston among all of Houston's surrounding communities. Major Employers within a very short commute are located in the Cedarport Industrial Park, approx. 7.5 miles southeast, and the ExxonMobile Complex, 1/2 mile southwest of the property. The property is within minutes from the Baytown Police Department and Munciple Court Building (3 miles) and the Baytown Fire Department (2 miles).

The community spans approx. 8.878 acres and consists of 198 units in 12 buildings. The property has pitched roofs with a brick and siding exterior. All units are comfortably appointed and include designer touches. Unit amenities include individual controlled AC/Heat, fully equipped electric kitchens, tile surround tubs, wood style flooring and carpet, washer and dryer connections in some units. Property features include controlled access, onsite clothes care center, pool, patios and balconies, ample parking and highspeed internet.

UNIT MIX - Per the 9-25-23 Rent Roll (please verify)

#UNITS	UNIT TYPE	NOTES	SQ. FT.	TOTAL SQ. FT.	RENT / UNIT	TOTAL RENT	RENT PER SF
64	1-1		517	33,088	\$720	\$46,080	\$1.39
58	1-1		623	36,134	\$785	\$45,530	\$1.26
46	2-1		779	35,834	\$935	\$43,010	\$1.20
14	2-2		853	11,942	\$999	\$13,986	\$1.17
16	3-2		1050	16,800	\$1,175	\$18,800	\$1.12

198	71%	676	133,798	\$845.48	\$167,406	\$1.25
TOTAL UNITS	Est. Occupancy	AVG. SQ. FT.	TOTAL SQ. FT.	AVG. RENT/U	TOTAL RENT	AVG. RENT/SF





PROPERTY TAX	
HCAD# 0451440010041	
Taxing Entity rate/\$100 of Value	
Goose Creek CISD	1.0825
Lee Jr. Coll. - 2022	0.2201
Harris County	0.52935
Port of Houston	0.00574
City of Baytown 2022	0.75
2022-3 Tax Rate	2.58769
2023 Assmt.	\$11,615,425
Approx. Total Tax	\$300,571

CONSTRUCTION FEATURES

Age:	1979
Electric Meter:	Indiv.
Water:	Master - (RUBS in Place)
Gas:	Master
Heat and AC Type:	Individual HVAC
Hot Water:	Gas Fired Boilers
Roof:	Pitched
Paving:	Asphaltic Concrete
Exterior Construction:	Brick and Siding
No. of Apt. Buildings:	12
# of Stories:	Garden Style - 2 Story Buildings
Unit Density / Acre:	22.3
Parking:	Open Spaces

SALIENT FEATURES

- 1.) Property is being offered "All Cash" (buyer to acquire new loan) or with Seller Financing
- 2.) Good Upside with interior and exterior improvements
- 3.) 1979 Built "C+" Grade, Garden Style Apartment Complex located in a "B" area
- 4.) **The property is only a little over a block from Tx-330 Spur**
- 5.) Baytown Fire Dept., Police Dept. and County Courthouse are minutes from the property
- 6.) Located within minutes of major employment in the area, including the Houston CBD.
- 7.) Located across the street from McElroy Playground and Park and next door to a retail center which includes a Dollar Store and fast food eateries. The property is within biking distance of the Baytown Soccer Park and Food Town Grocery.
- 8.) Current Owner has owned the property since 1997
- 9.) Solid Structure of Brick and Siding - Good Long Term Hold Potential
- 10.) Baytown has a Solid Downstream Oil/Chemical Industry with lots of Growth and Job
- 11.) The property has ingress and egress on W Baker Rd. a major thoroughfare in the area.

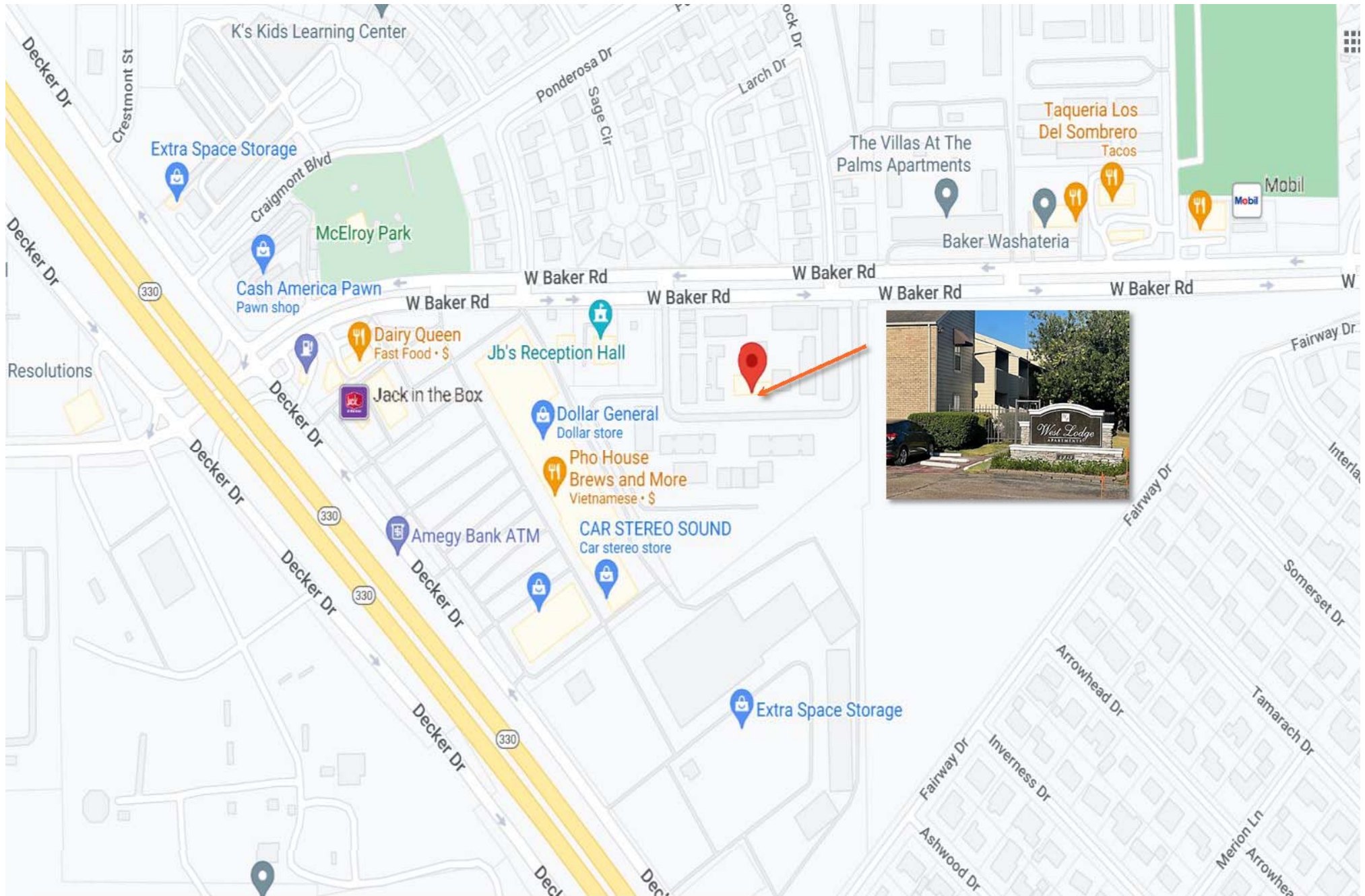
LOCATION INFORMATION

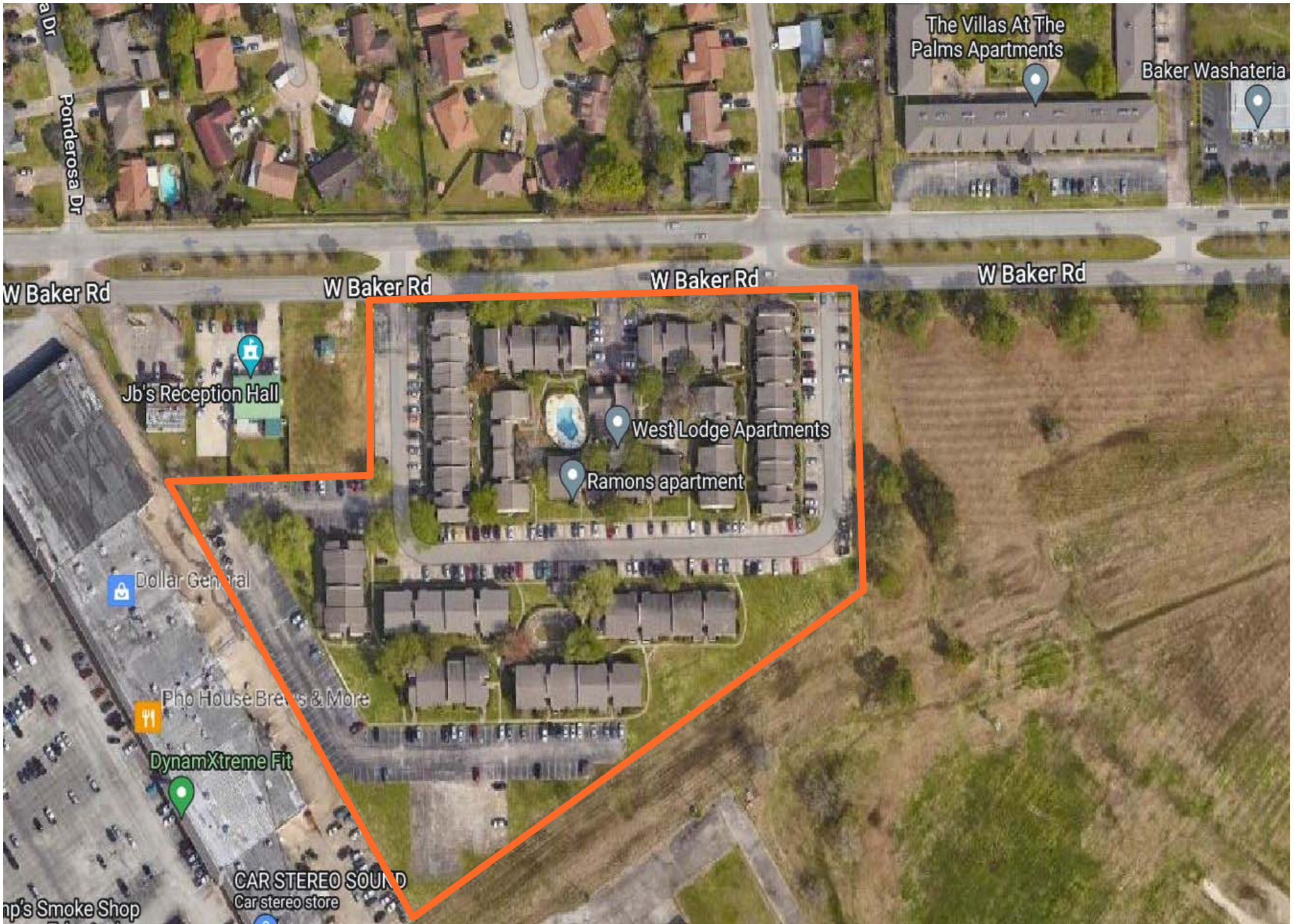
Strong Future Demand - Baytown's job growth is predicted to be 33.58% over the next ten years, while at the same time housing starts (including multifamily) are anticipated to fall in the same time frame due to construction related costs and the current interest rates which should create a shortfall in total housing units. Such a trend should dramatically drive rental rates in the future years.

Amenity Rich Location - With direct access to W. Baker Rd., West Lodge is located minutes from various amenities such as the Shopping Centers and the recently renovated 1.2 million square foot San Jacinto Mall as well as ExxonMobil's Industrial/Chemical complex both of which are just minutes from the property.

Nearby Employment - In addition to the new retail jobs created by the San Jacinto Mall renovation, the pillars of Baytown's economy are three industrial districts the city has created, all outside the city limits, but within its extra-territorial jurisdiction. These districts primarily support petroleum and petrochemical processing. The major employers are ExxonMobil, Bayer, and Chevron Phillips. The ExxonMobil Baytown Complex is one of the world's largest industrial complexes and is less than a 1/2 mile from West Lodge. The Covestro-Bayer Baytown Industrial Park is the largest of Bayer's U.S. chemical processing sites producing a variety of petrochemical products. The Cedar Bayou plant, in operation since 1963, is Chevron Phillips Chemical's largest manufacturing site in the United States.

Location Map







Financial Analysis

The West Lodge Baytown

ASKING PRICE

MARKET TO DETERMINE THE PRICE

INCOME DETAILS

Current Scheduled Rents (CSR) as of 9-25-2023 RR

\$167,406 / Mo	\$845 / Unit	\$1.25 / S.F.
Actual Income Used	Sept T-4 AVG	\$125,767
Actual Income Used "Annualized"		\$1,509,209
Leased Occupancy	As of 9-25-23 RR	71%

Pro forma Scheduled Rents include a {6%} Rent Increase

\$177,450 / Mo	\$896 / Unit	\$1.33 / S.F.
----------------	--------------	---------------

PROPERTY TAX DETAILS

2022-3 Tax Rate	Actual	2.587690%
2023 Assmt.	Actual	\$11,615,425
Pro forma Rate Used	2022-3 Tax Rate	2.587690%
Pro Forma Estimated Post Sale Assmt.		\$9,900,000

Post Sale Assmt. is the 2021 Assmt decreased by {-15%}

EXPENSE, INSURANCE AND RESERVE DETAILS

Actual Expense Column is Sept 2023 Trailing 12 Months Actual Expenses, except where noted.

Est. Ins. / Unit / Yr	Owner's T-12	\$1,133
Est. Reserve / Unit / Yr	Estimated	\$300

PROPERTY DETAILS

Number of Units	198
Avg Unit Size	676 S.F.
Net Rentable Area	133,798
Land {Acres} Per HCAD	8.88
Units per Acre	22
Date Built / Per HCAD	1979
e-Meter	0
Utility Charge Back	Water (RUBS)
Hot Water Supply	Gas Fired Boilers
HVAC	Individual HVAC
Gas Meter	Master

ACTUAL AND PRO FORMA ANALYSIS

POST UPGRADES AND STABILIZATION

INCOME (See Details on the left)	Actual	STABILIZED PRO FORMA
Gross Scheduled Rent is {Current Rent} Annualized + {6%} Incr.	N/A	\$2,129,404 \$177,450 / Mo
(Loss)/Gain to Lease - Pro Forma Estimated at {2%} of GSR	N/A	(42,588) 2%
Estimated Annual Gross Potential Rental Income	N/A	2,086,816 98%
Vacancy Loss - Pro-Forma Estimated at {8%} of GSR	N/A	(170,352) 8%
Non-Revenue Units - Pro Formas Estimated at {2%} GSR	N/A	(42,588) 2%
Other Losses / Bad Debt- Pro Forma Estimated at {2.00%} GSR	N/A	(42,588) 2%
Total Annual Rental Income	1,363,892 {68%} of GSR	1,831,288 {86%} of GSR
Est. Total Other Income - Includes Water RUBS, Ancillary & Other	145,317 \$734 / Unit / Yr	336,600 \$1,700 / Unit / Yr
Total Gross Annual Income	\$1,509,209 \$125,767 / Mo	\$2,167,888 \$180,657 / Mo
EXPENSES (See Details on the Left)	Actual is Sept. T-12	PRO FORMA
Fixed Expenses	Except where noted	
Property Taxes (See Details on the left)	\$300,571 \$1,518 Unit	\$256,181 \$1,294 per Unit
Franchise Tax	4,703 \$24 Unit	7,000 \$35 per Unit
Property Insurance	224,388 \$1,133 per Unit	224,388 \$1,133 per Unit
Total Fixed Expenses	529,662 \$2,675 per Unit	487,569 \$2,462 per Unit
Utility Costs		
Electric - {Common Area and Vacants}	16,832 \$85 per Unit	16,832 \$85 per Unit
Water & Sewer & Storm Water	146,064 \$738 per Unit	158,400 \$800 per Unit
Gas	35,031 \$177 per Unit	44,550 \$225 per Unit
Total Utility Costs	197,927 \$1,000 per Unit	219,782 \$1,110 per Unit
Other Expenses		
General & Administrative - also Incl Cable TV, Intrusion Alarm	49,125 \$248 per Unit	44,550 \$225 per Unit
Other Expenses	0 \$ per Unit	0 \$ per Unit
Advertising/Marketing/Residents Activities	3,743 \$19 per Unit	4,950 \$25 per Unit
Repairs/Maintenance - also Incl Pool, Access Gates	156,716 \$791 per Unit	99,000 \$500 per Unit
Payroll + Burden + Commissions	230,835 \$1,166 per Unit	227,700 \$1,150 per Unit
Contract Services {Trash, Pest, Grounds}	57,583 \$291 per Unit	57,583 \$291 per Unit
Management Fees {Calculated on the Income above}	163,945 10.86%	75,876 3.50%
Total Other Expenses	661,947 \$3,343 per Unit	509,659 \$2,574 per Unit
Reserve for Replacement	59,400 \$300 per Unit	59,400 \$300 per Unit
Total Operating Expenses	1,448,936 \$7,318 per Unit	1,276,410 \$6,447 per Unit
Net Operating Income	\$60,272 \$304 per Unit	\$891,478 \$4,502 per Unit

10 Year Cash Flow Analysis

HOUSTON INCOME PROPERTIES, INC

West Lodge Apts.

Ten Year Cash Flow Analysis

UNITS: 198
 SQ. FT: 133,798
 AVG UNIT SIZE: 676

Year 1 has a {6%} rent increase post upgrades, see stabilized pro forma on the previous page

INCOME	MONTHLY YEAR 1	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Annual Market Rent Growth Rates Used		6.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Potential Income	\$177,450	\$2,129,404	\$2,193,286.45	\$2,259,085	\$2,326,858	\$2,396,663	\$2,468,563	\$2,542,620	\$2,618,899	\$2,697,466	\$2,778,390
Other Income	\$28,050	\$336,600	\$346,698	\$357,098.94	\$367,812	\$378,846.27	\$390,212	\$401,918	\$413,976	\$426,395	\$439,187
Gross Income	\$205,500	\$2,466,004	\$2,539,984	\$2,616,184	\$2,694,670	\$2,775,510	\$2,858,775	\$2,944,538	\$3,032,874	\$3,123,860	\$3,217,576
Vacancy / Other Losses		(\$298,117)	(\$307,060)	(\$293,681)	(\$302,491)	(\$287,600)	(\$296,228)	(\$305,114)	(\$288,079)	(\$296,721)	(\$305,623)
<i>Economic Loss % Includes Bad Debt</i>		14.0%	14.0%	13.0%	13.0%	12.0%	12.0%	12.0%	11.0%	11.0%	11.0%
EFFECTIVE GROSS INCOME		\$2,167,888	\$2,232,924	\$2,322,503	\$2,392,178	\$2,487,910	\$2,562,547	\$2,639,424	\$2,744,795	\$2,827,139	\$2,911,953
Annual Operating Expense Growth Rates Used			3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
EXPENSES											
Operating Expenses		(\$1,217,010)	(\$1,253,520)	(\$1,291,126)	(\$1,329,859)	(\$1,369,755)	(\$1,410,848)	(\$1,453,173)	(\$1,496,768)	(\$1,541,672)	(\$1,587,922)
Expenses / Unit		\$6,147	\$6,331	\$6,521	\$6,716	\$6,918	\$7,125	\$7,339	\$7,559	\$7,786	\$8,020
Reserve for Replacement @ {\$300} / U		(\$59,400)	(\$59,400)	(\$59,400)	(\$59,400)	(\$59,400)	(\$59,400)	(\$59,400)	(\$59,400)	(\$59,400)	(\$59,400)
TOTAL EXPENSES		(\$1,276,410)	(\$1,312,920)	(\$1,350,526)	(\$1,389,259)	(\$1,429,155)	(\$1,470,248)	(\$1,512,573)	(\$1,556,168)	(\$1,601,072)	(\$1,647,322)
Total Expenses / Unit		\$6,447	\$6,631	\$6,821	\$7,016	\$7,218	\$7,425	\$7,639	\$7,859	\$8,086	\$8,320
NET OPERATING INCOME		\$891,478	\$920,004	\$971,977	\$1,002,919	\$1,058,755	\$1,092,299	\$1,126,850	\$1,188,627	\$1,226,068	\$1,264,632
NOI GROWTH RATE		1379.1%	3.2%	5.6%	3.2%	5.6%	3.2%	3.2%	5.5%	3.1%	3.1%

NOTE: Year One shows the NOI growth rate starting from the owners Actual NOI column on the prior page.

The West Lodge
 Baytown

Value Projection at 60 Months

West Lodge Apts.

PROPERTY INFORMATION			
Number of Units:	198	Approx. NRA:	133,798
Year Built:	1979	Average Unit Size:	676 S.F.
Roofs:	Pitched	Proposed Mthly. Mkt. Rent at 60 Mths (5 YRS):	\$199,722 \$1,009 / Unit \$1.49 / S. F.
HVAC System:	Individual HVAC	Projection is based on the stabilized year 1 proforma with a 3% rent and a 3% expense growth rate for years 2 thru 5	
Metering: Electric:	Indiv.		
Water & Gas:	Master - Waer RUBS		
Hot Water:	Gas Fired Boilers		
Est. Occupancy at Stabilization:	92%		

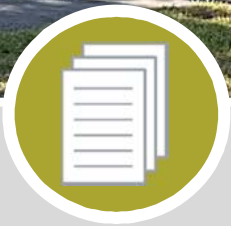
STABILIZED PRO FORMA

Projected at 60 Months Post Purchase and Income Stabilization

REVENUE AND COLLECTIONS		% of Gross Potential Income
Total Gross Rent Potential	\$2,396,663	86%
Total Other Income Potential	\$378,846	14%
Estimated Gross Potential Income	\$2,775,510	100%
Vacancy/Other Rental Losses	(\$287,600)	{10%} of Gross Potential Income
Total Estimated Gross Annual Income	\$2,487,910	{90%} of Gross Potential Income
EXPENSES		
Total Expenses ~ (average Unit size is {676 S.F.})	(\$1,429,155)	\$7,218 / Unit \$10.68 / SF
Estimated Stabilized Net Operating Income (at 60 Months Post Stabilization)	\$1,058,755	

Estimated Potential Value Based on Stabilized NOI of {\$1,058,755} (at 60 Mths Post Stabilization)

Cap Rate	Value Generated		
5.75%	\$18,413,127	\$92,996/U	\$137.62/SF
6.00%	\$17,645,913	\$89,121/U	\$131.88/SF
6.25%	\$16,940,077	\$85,556/U	\$126.61/SF



Property Overview



The West Lodge Baytown

Unit Features (Interior appointments may vary in each design)

- ❖ Kitchen Pantry
- ❖ Fully Equipped All Electric Kitchen
- ❖ Frost-Free Refrigerator
- ❖ Dining Room
- ❖ Serve Through Kitchen Bars
- ❖ Individual Controlled A/C and Heat
- ❖ Faux Wood Flooring
- ❖ Window Coverings
- ❖ Ample Parking
- ❖ Carpet
- ❖ Large Walk-in Closets
- ❖ Shower / Bath Combination
- ❖ Private Patio / Balcony
- ❖ Tile Surround in Bath

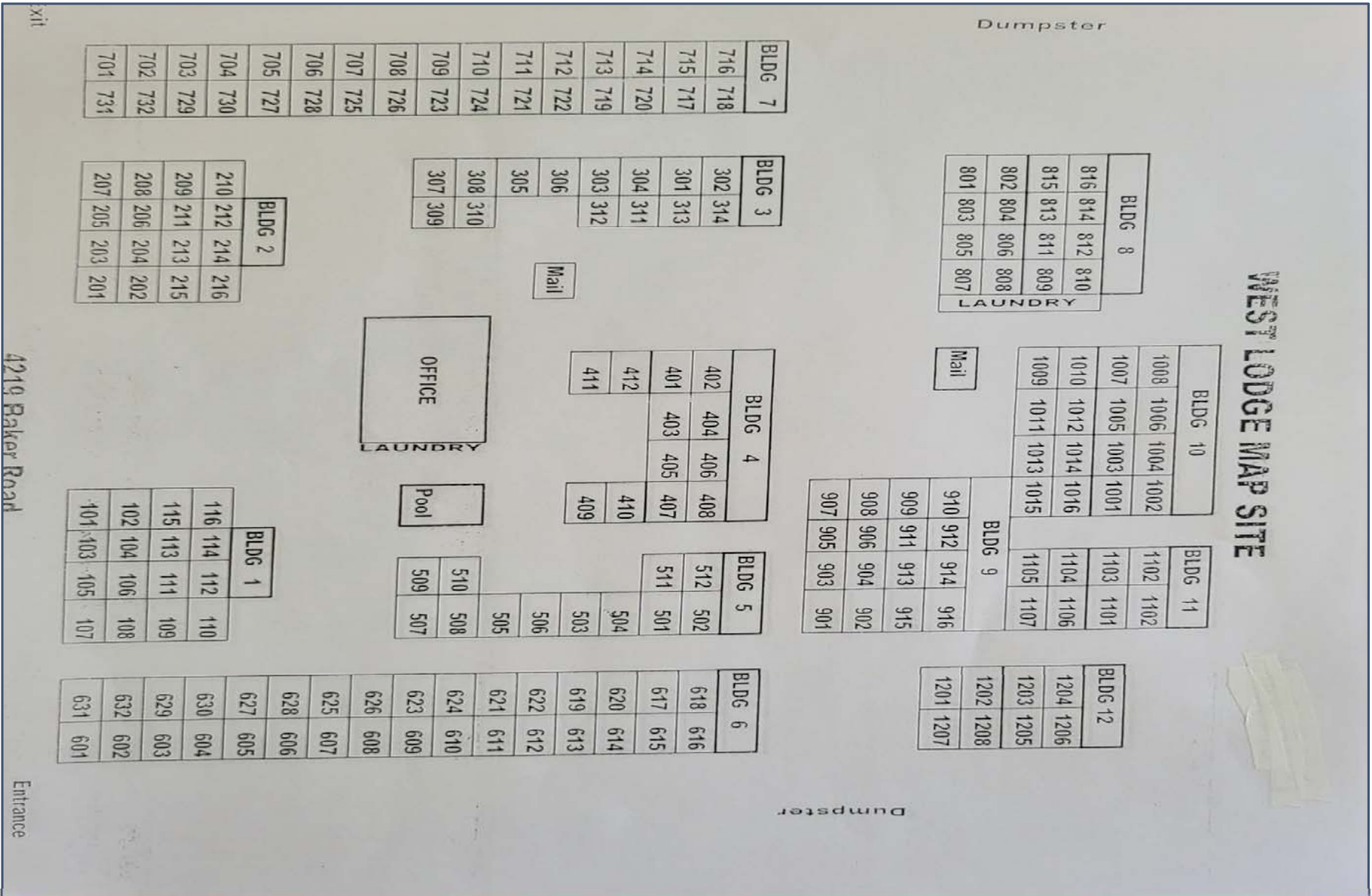
Property Amenities

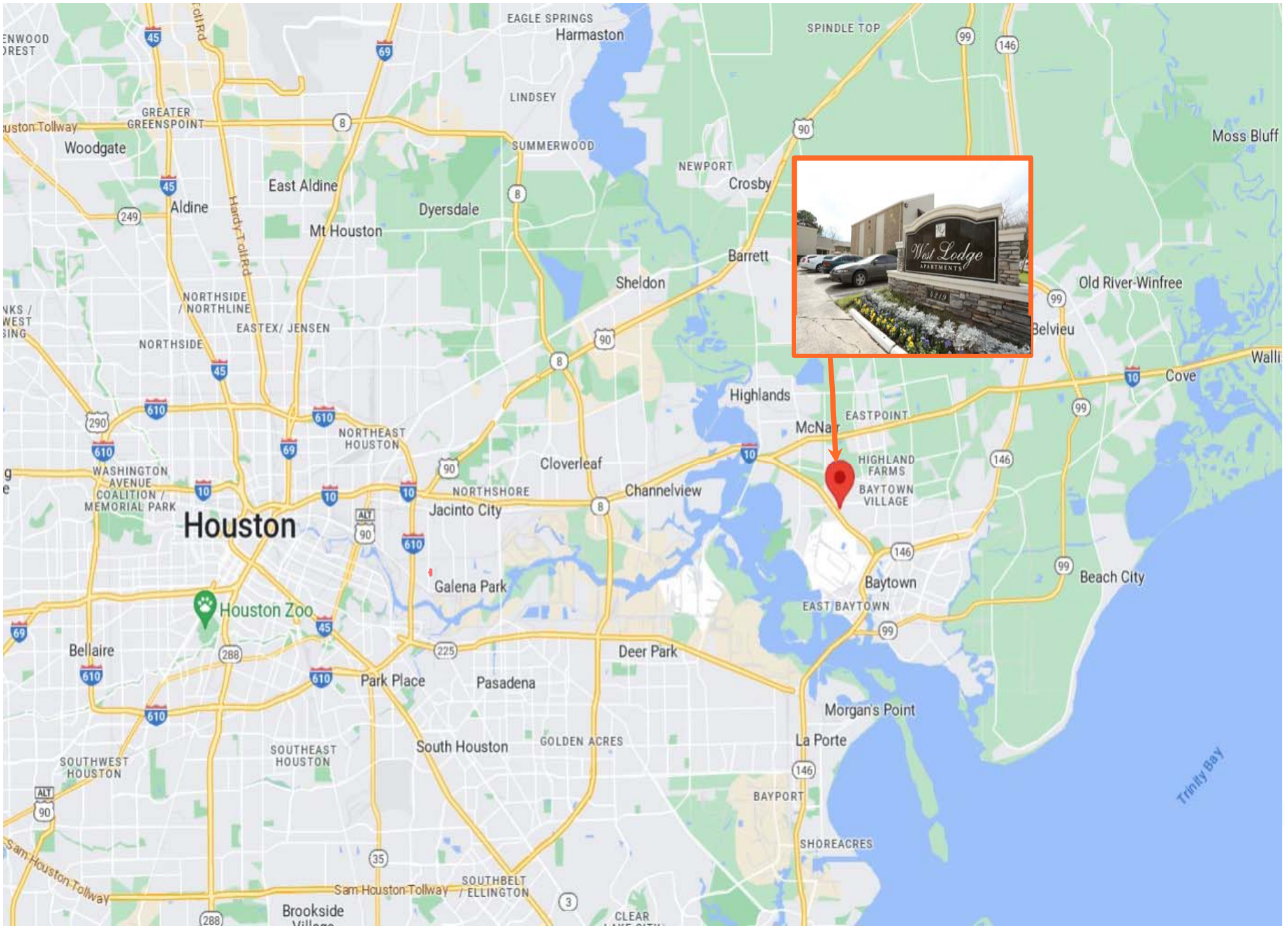
- ❖ Minutes From Shopping and Dining
- ❖ On-Site Management
- ❖ Access to Public Transportation
- ❖ High Speed Internet and Cable TV Available
- ❖ Close to Major Employment
- ❖ Disability Access
- ❖ Near Shopping and Dining
- ❖ Located Near Major Thoroughfares
- ❖ Laundry Facility
- ❖ Primary and Secondary Schools less than a mile from the property
- ❖ School Bus Pick-Up
- ❖ Swimming Pool
- ❖ Convenient Freeway Access
- ❖ Guest Parking
- ❖ Public Parks Nearby

Property Interior Photos

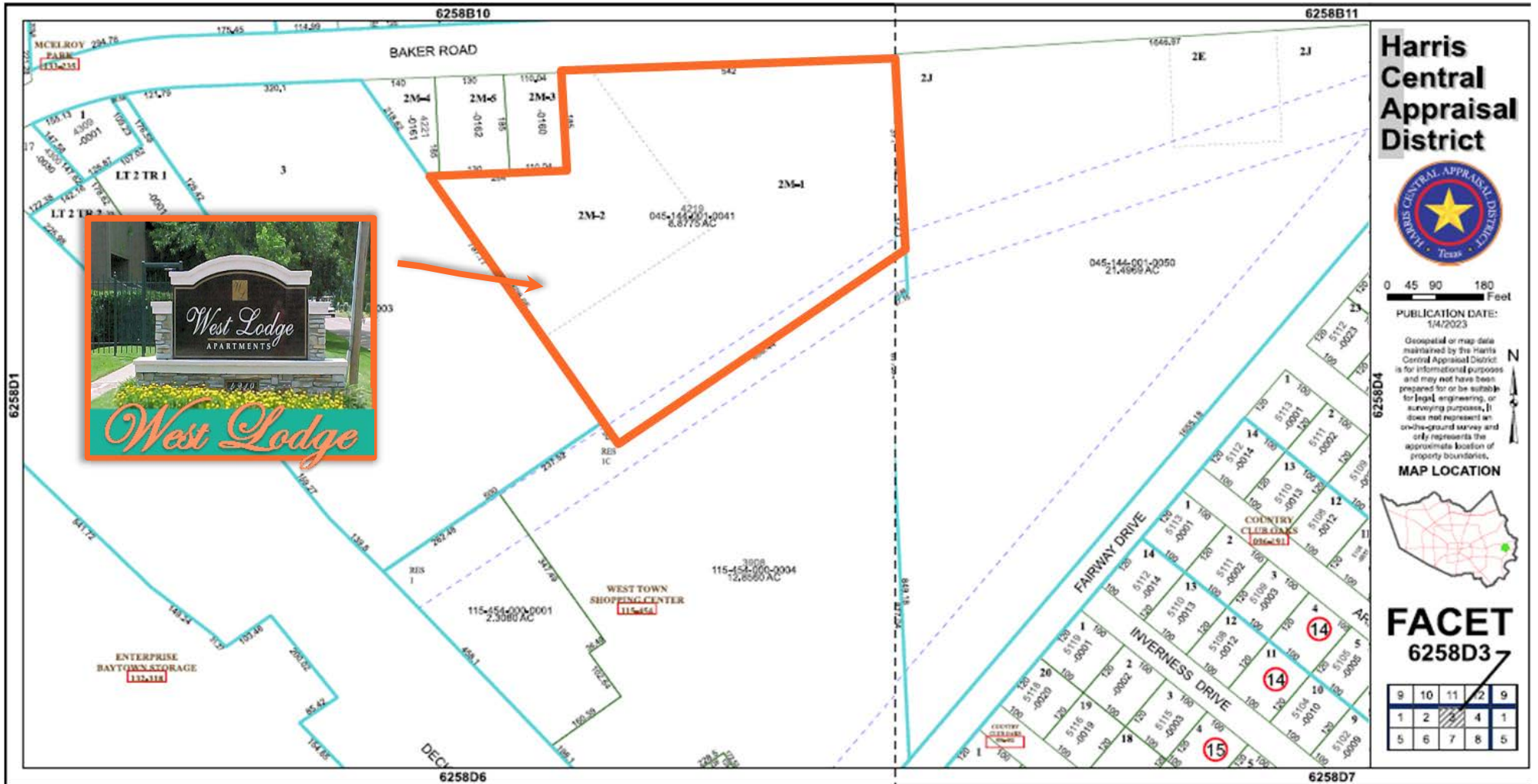


WEST LODGE MAP SITE

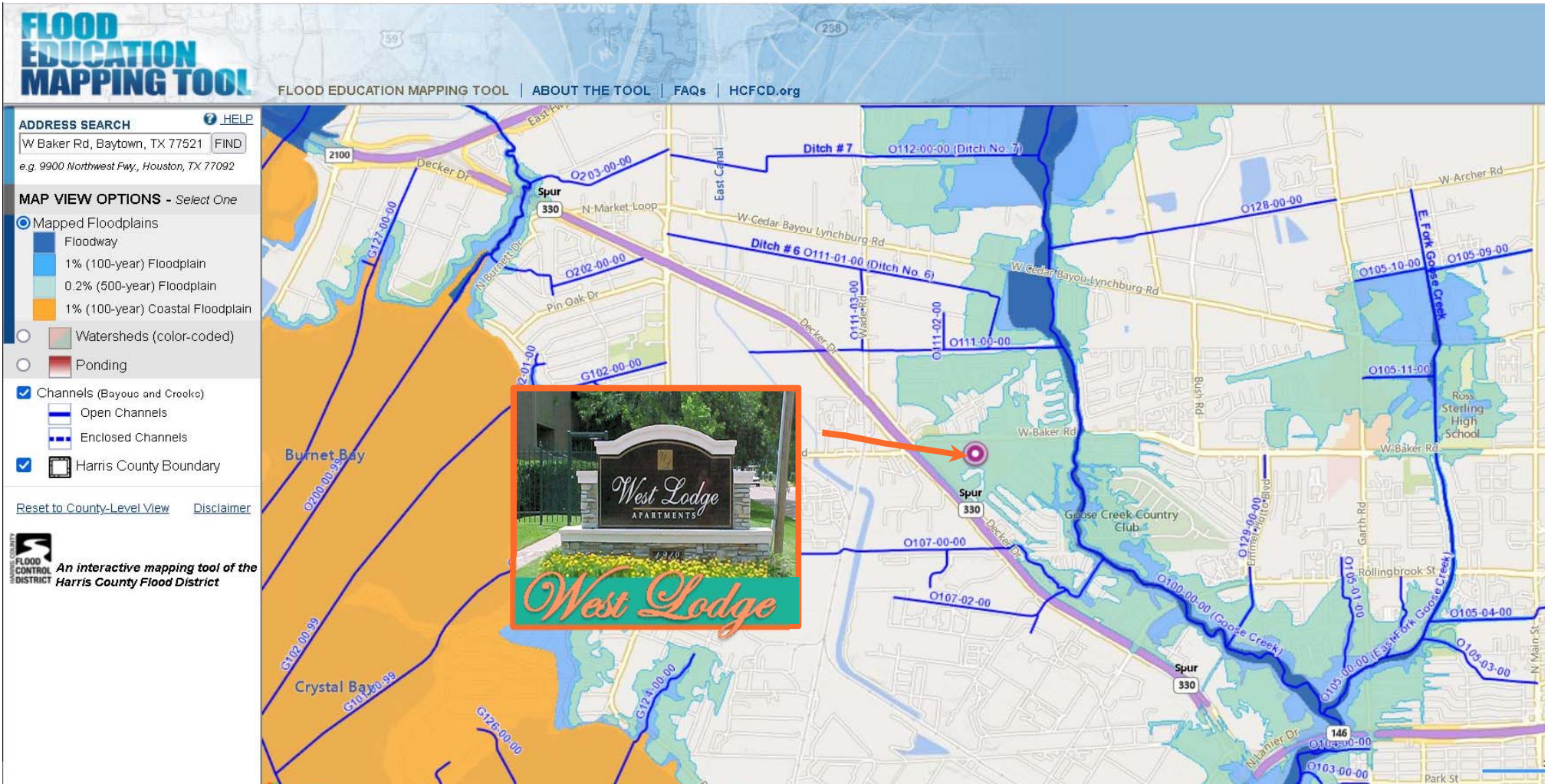








Flood Map





Market Overview





Rent Comparables Detail



220 Units

Avalon Bay

925 Northwood Street
Baytown, TX 77521

21 - Baytown

Impr: B

Loc: C+

Avg Rent: \$737

Occupancy: 100%



276 Units

Cedar Ridge

2900 West Baker Road
Baytown, TX 77521

21 - Baytown

Impr: C+

Loc: B

Avg Rent: \$1,013

Occupancy: 84.8%

Agency Securitization



250 Units

Creekside

3120 Decker Drive
Baytown, TX 77520

21 - Baytown

Impr: B

Loc: B

Avg Rent: \$903

Occupancy: 94.4%

CMBS Loan



259 Units

Laguna Azul

1200 Northwood Street
Baytown, TX 77521

21 - Baytown

Impr: C+

Loc: C+

Avg Rent: \$882

Occupancy: 88.4%

CMBS Loan



89 Units

Palms at Baytown

1000 Northwood Street
Baytown, TX 77521

21 - Baytown

Impr: C+

Loc: C+

Avg Rent: \$950

Occupancy: 70.8%



179 Units

Park at Sorrento, The

3400 Shady Hill Drive
Baytown, TX 77521

21 - Baytown

Impr: B-

Loc: B

Avg Rent: \$984

Occupancy: 91.6%

Agency Securitization



248 Units

Raintree

3300 Rollingbrook Street
Baytown, TX 77521

21 - Baytown

Impr: B

Loc: B

Avg Rent: \$1,185

Occupancy: 96%

Agency Securitization



220 Units

Ranch at Rollingbrook

3403 Garth Road
Baytown, TX 77521

21 - Baytown

Impr: B-

Loc: B-

Avg Rent: \$975

Occupancy: 96.4%

CMBS Loan



324 Units

Sterling Bay

4601 Quail Hollow Drive
Baytown, TX 77521

21 - Baytown

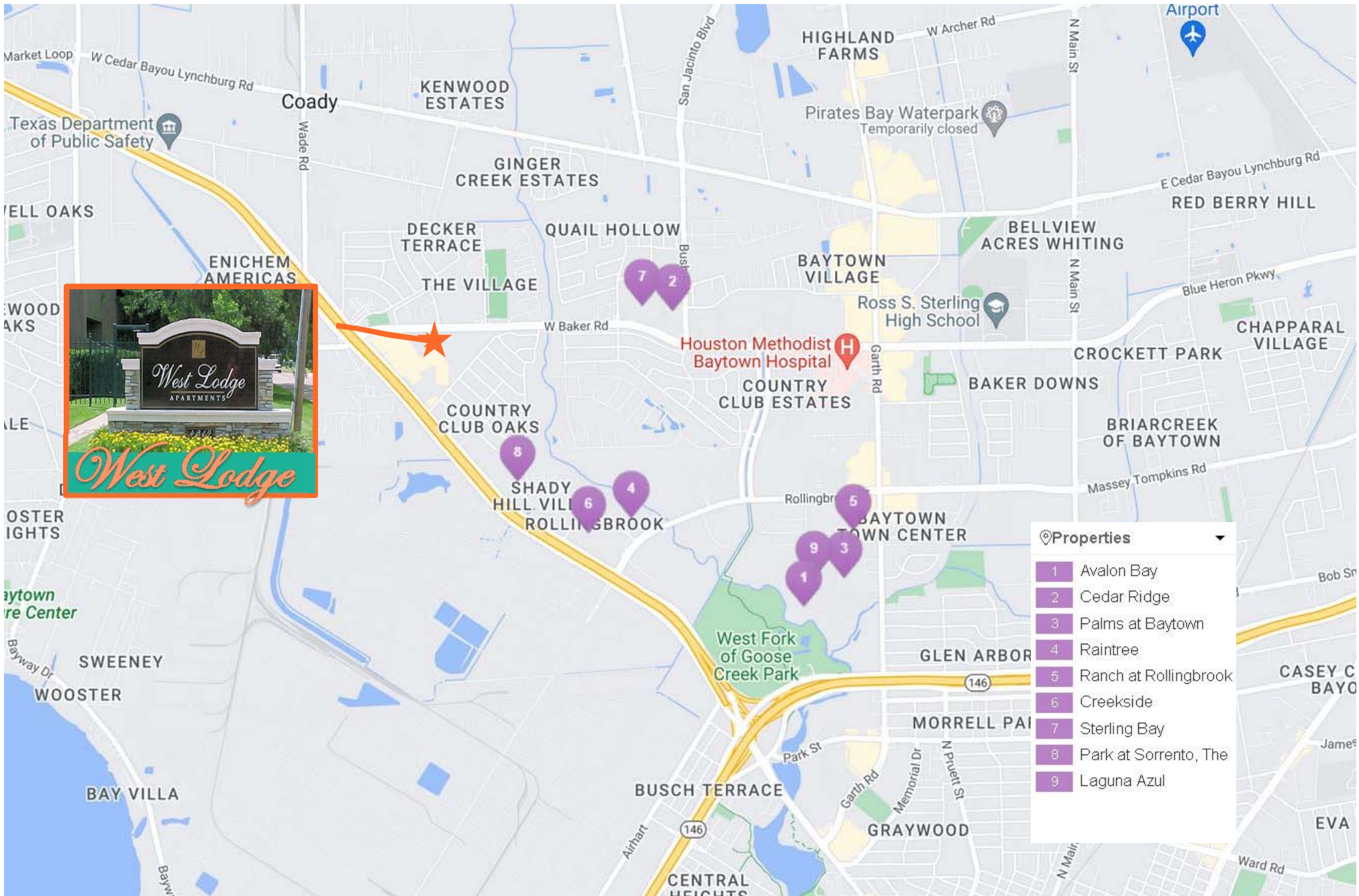
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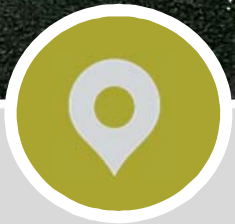
Loc: B

Avg Rent: \$924

Occupancy: 92.3%

Rent Comparable Map



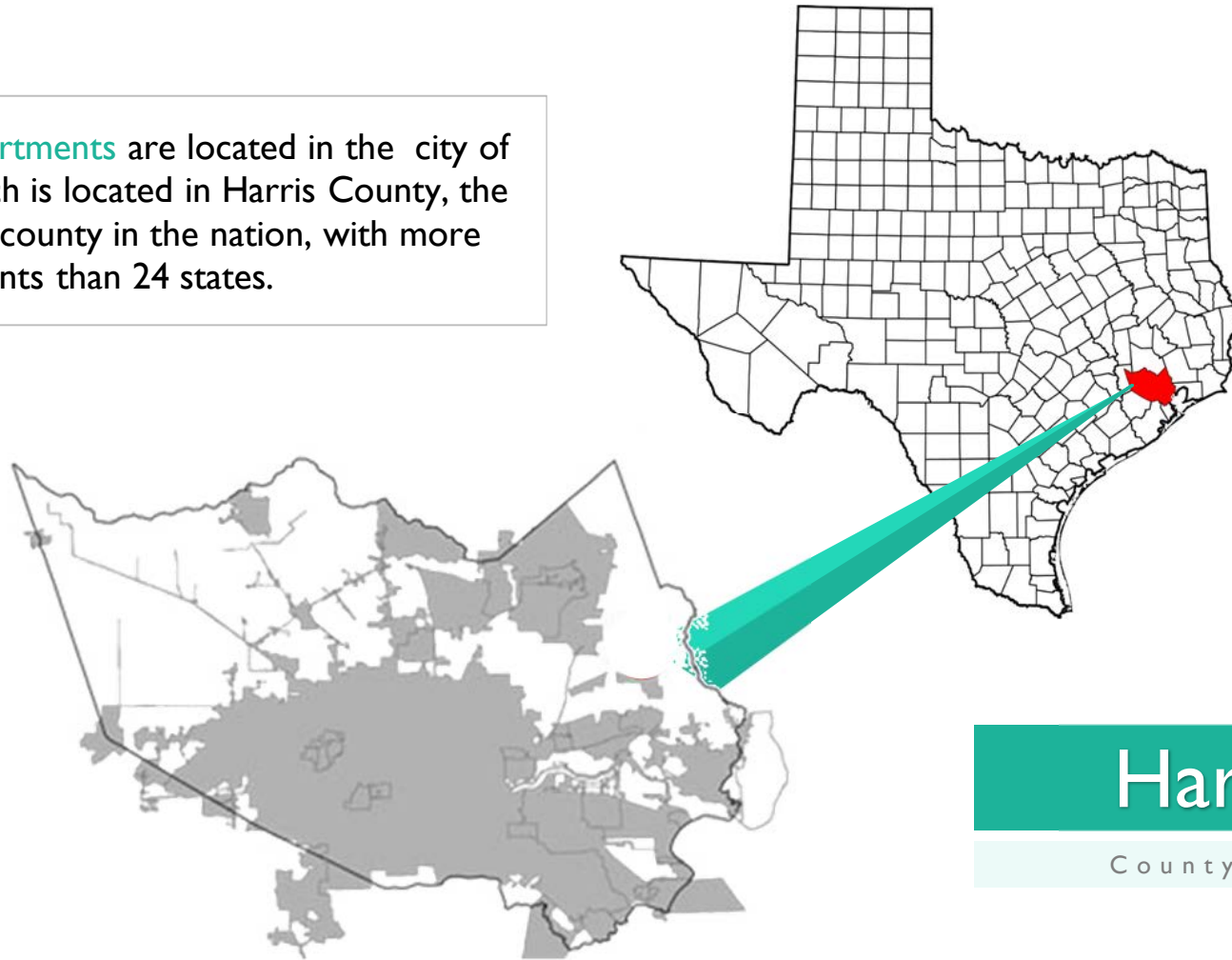


Location Overview



County Location Map

The **West Lodge Apartments** are located in the city of Baytown, Texas, which is located in Harris County, the 3rd most populous county in the nation, with more residents than 24 states.



Harris

County Map

The *West Lodge*
Baytown

Houston MSA

CITY OF HOUSTON

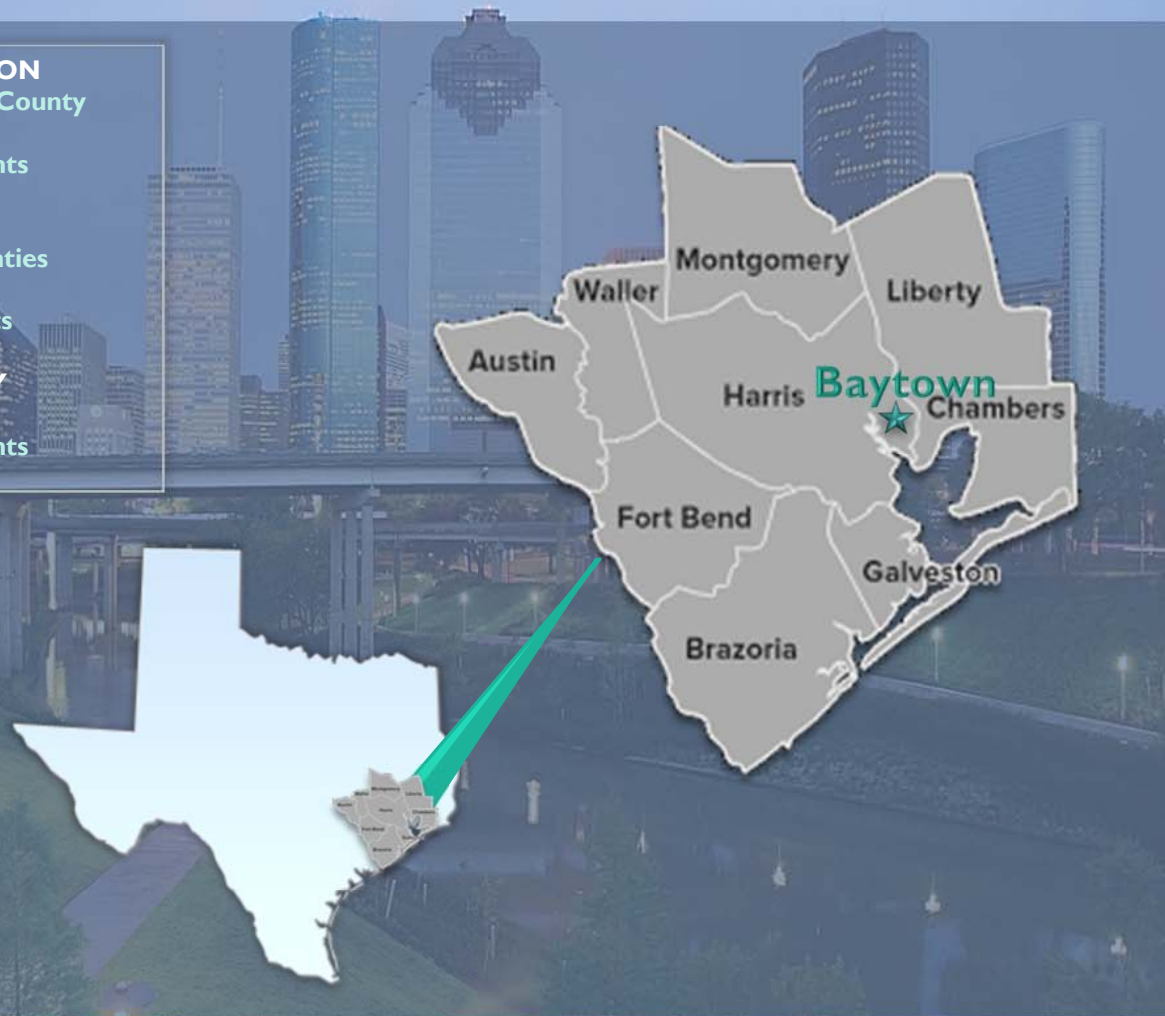
Located in Harris County
665 square miles
2,300,000+ Residents

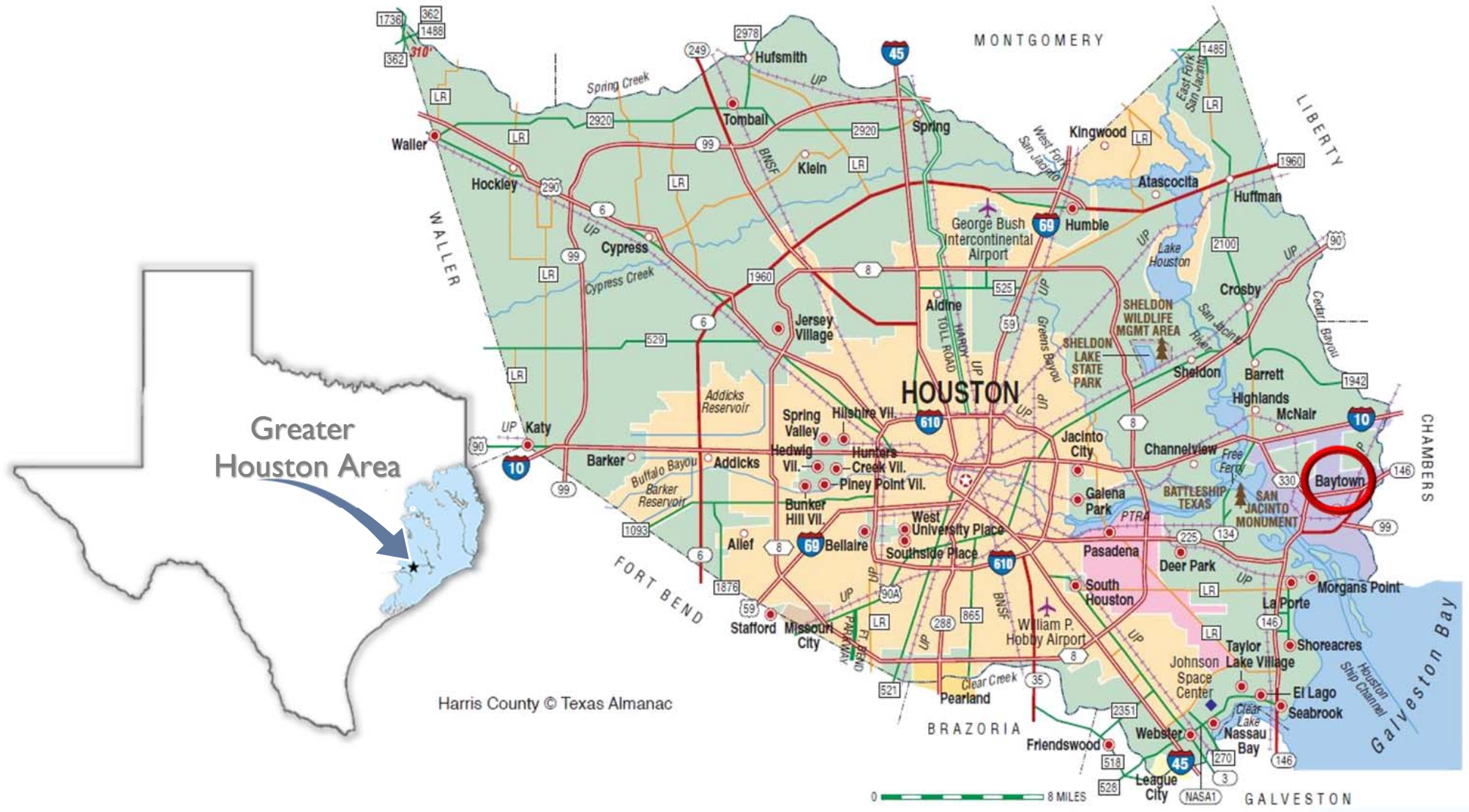
HOUSTON MSA

Made up of 9 Counties
9,444 square miles
7,100,000 Residents

HARRIS COUNTY

1,777 square miles
4,731,000+ Residents





Harris County © Texas Almanac



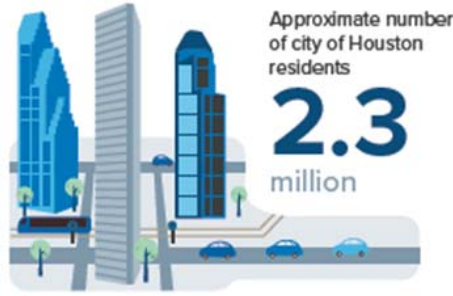
POPULATION AND DEMOGRAPHICS

7.1 million

residents in the 9-county
Houston-The Woodlands-Sugar Land MSA

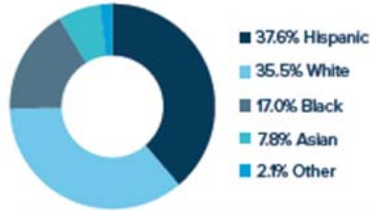
Nation's 5th most
populous metro area

Larger than Missouri or Maryland



Houston is the nation's
4th most populous city

Race/Ethnicity: Houston MSA
Houston today mirrors the U.S. in 4 decades



Nearly **1 in 4**
Houstonians
are foreign born

EMPLOYMENT

3 million
jobs in the
Houston MSA



Health, Education, and
Business & Professional
Services account for nearly

1 in 3
of the region's jobs

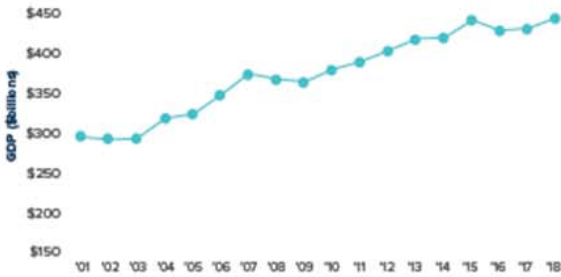
The goods-producing
sector accounts for nearly

1 in 5
of the region's jobs

ECONOMY

If Houston were an independent nation, the region would have the 27th largest economy in the world, behind Thailand and ahead of Austria.

Metro Houston - '01-'18 real GDP (\$ billions '12 constant dollars)



Source: Bureau of Economic Analysis

Metro Houston's GDP has grown at a

2.4
percent
compound
annual growth rate
Since '01



7th
largest
U.S. metro
economy

22 Fortune 500 Companies call Houston home

GLOBAL PRESENCE

\$237 billion

in trade was handled by the
Houston-Galveston Customs Districts in '19

\$85.2
billion
in imports (in '19)

\$151.8
billion
in exports (in '19)

5,000+
Houston companies
doing business abroad

1,700+
Houston establishments
report foreign ownership



Houston has the largest
export market in the U.S.

78 nations
have consular representation
in Houston

3rd largest representation
in the nation

INDUSTRIES

The Texas Medical Center is the world's largest medical complex.



\$3 billion
in construction projects underway

50 million
developed square feet

10 million
annual patient visits

180,000+
annual surgeries

Houston is home to 84,560 engineers and architects.



Approximately **234,900** people work in the region's manufacturing industry

42
of the 113 publicly-traded oil and gas exploration firms are housed in Houston

630
exploration and production firms

800
oil field service companies

located in the Houston region



Houston employs **26%** of the nation's oil and gas extraction jobs

Industry Share of Houston MSA Employment

- 20% Trade, Transportation, and Utilities
- 16% Professional and Business Services
- 13% Government
- 13% Educational and Health Services
- 10% Leisure and Hospitality
- 8% Construction
- 7% Manufacturing
- 3% Finance and Insurance
- 2% Mining and Logging (Upstream Energy)
- 2% Real Estate and Rental and Leasing
- 1% Information
- 4% Other Services

Source: Texas Workforce Commission

59.7 million
Houston airport passengers in '19

67 international destinations

117 domestic destinations

184 nonstop destinations

Houston has the largest export market in the U.S.

Port Houston ranks

1st
in foreign tonnage for 23 straight years

Largest
Gulf Coast container port

2nd
in total tonnage for 27 straight years

Market Drivers

As the increasing availability of data highlights the value of targeting submarkets, we should not lose sight of a bigger, slow-moving shift taking place in the U.S. Social and economic trends have caused a steady domestic migration of population and jobs to the South and West regions over the last half century.

The migration is being driven by a combination of economic, social and technological factors. Individuals and corporations have moved to lower-cost markets, and corporations are relocating to metros that are more business friendly or have developed specialties in fast-growing business segments such as technology or health care. Technology makes both individuals and corporations more mobile than before, and as the economy grows more service-oriented, businesses are less tied to physical locations. Migration also favors metros with warm climates and attractive physical characteristics. Policy choices are likely to continue migration from core cities. The 2017 tax law eliminated the ability to deduct state and local taxes from federal income, which adds to the burden of residents of states with high state taxes, particularly Illinois, New York, New Jersey and California.

The Houston MSA is one of the greatest MSA's in the world. The economy is strong, the culture is diverse, and the quality of life is spectacular. It all combines to make this the perfect place to do business. From energy to health care and aerospace to information technology, the Houston region offers a strong infrastructure to support these growing industries plus a thriving innovation landscape to launch the next generation of companies. Add in a highly trained and skilled workforce (1.5 million is the number of Houstonians, 25 years or older, with a bachelor degree) and you have the makings of one of the nation's strongest economies.

Houston is a great deal and an ever-growing population is discovering the secret. Last year, Houston ranked No. 1 on U-Haul's list of U.S. destination cities for the ninth consecutive year with a 5% year-over-year increase in one-way moves. It's just one measure of Houston's increasing popularity as a place to live. Houston's living costs are 26.3% below the top 20 metro average. Below are some of the significant Relocations and Expansions to the Houston MSA.

Market Drivers



Baytown Location Information

Excellent Location for Business, Trade and Recreation

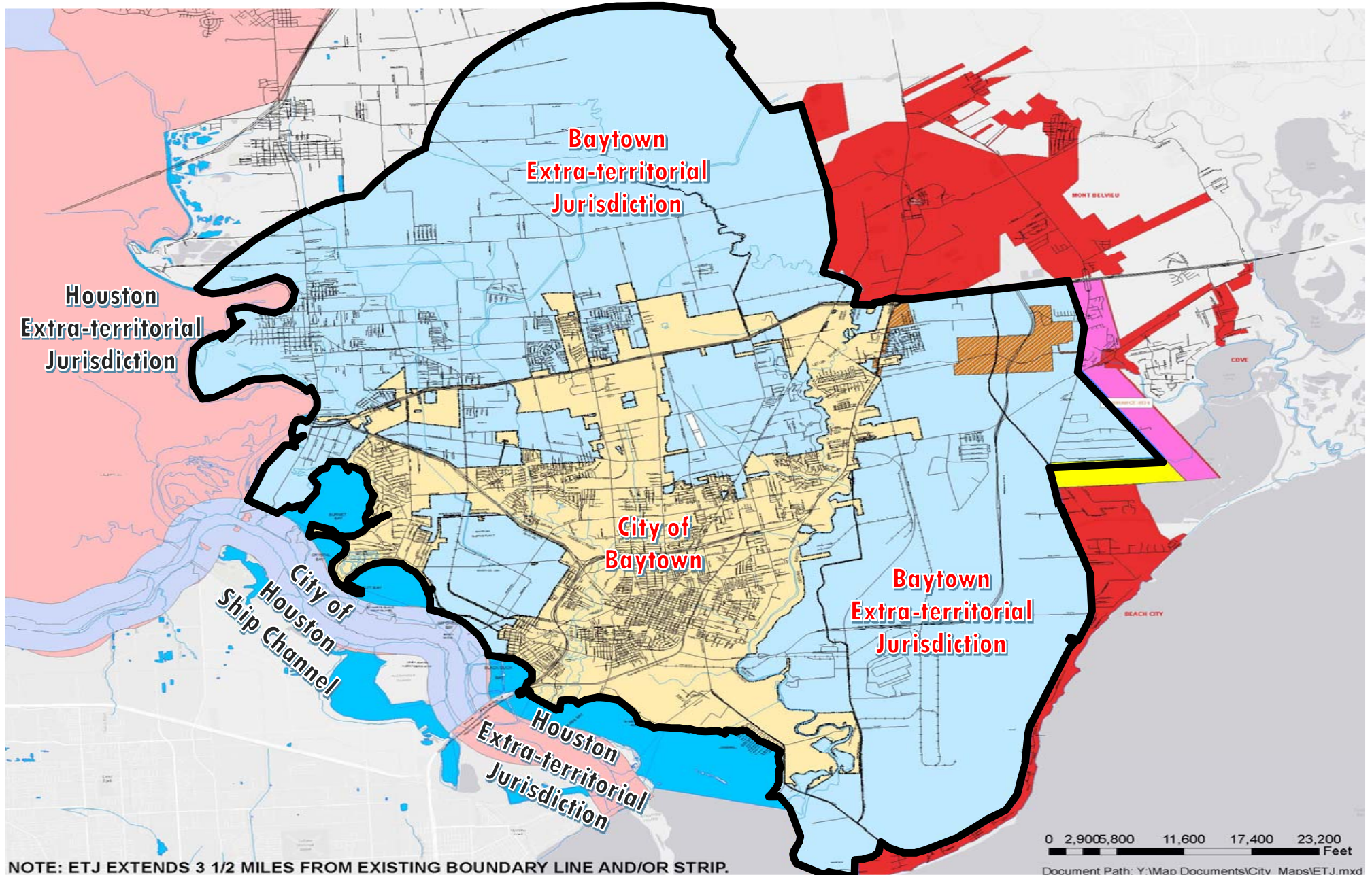
Baytown is located approximately 23 miles east of downtown Houston, just across the Fred Hartman Bridge. Baytown is part of the Houston metropolitan Statistical area (MSA). It is bordered on the south and the west by Galveston Bay and bordered on the east by the Cedar Bayou. Baytown is the third largest city in Harris County and is easily accessible via IH-10, Hwy. 146 and the Grand Parkway (Hwy 99). The city's location has encouraged a successful and diverse blend of employment opportunities and recreational activities centered on the area's waterways. Baytown has experienced unprecedented growth in industry, retail and housing. The city has maintained a high quality of life while becoming a major center for economic growth in the Houston MSA.

The commute from Baytown into Houston is the easiest among all of Houston's surrounding communities. The two major access arteries, I-10 and Hwy. 225, are easily approached from the Fred Hartman Bridge.

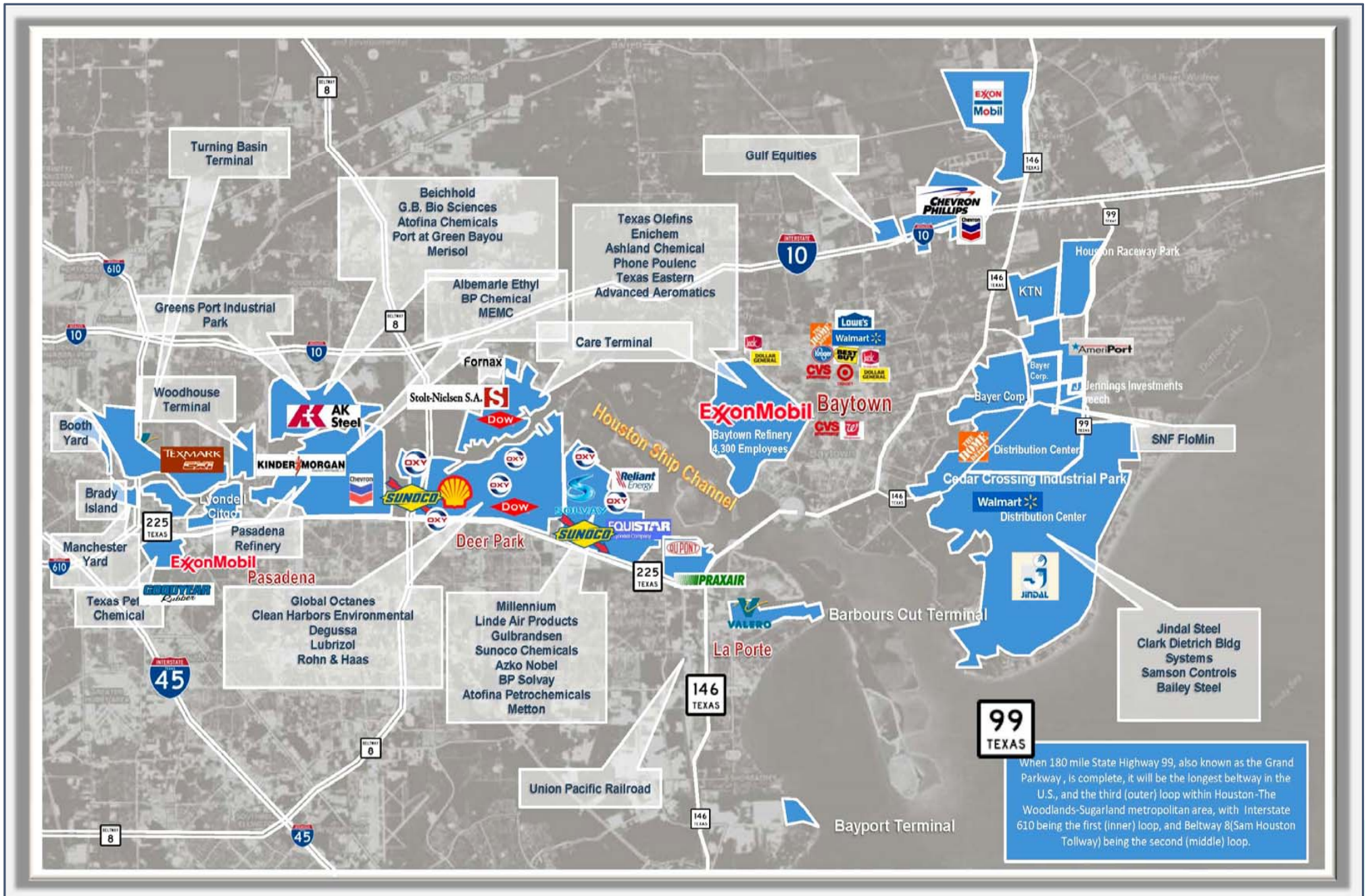
Baytown is strategically located to offer the best of all possible worlds for transporting industrial products. Over-the-road transportation is facilitated by the city's location on I-10, a major highway across the southern U.S. that provides easy access to major north and south arteries. The Fred Hartman Bridge allows access to the many chemical processing plants along the Houston Ship Channel. The eight-lane bridge across the Houston Ship Channel has instantly accessed Baytown to every major trucking line serving the Houston area and accommodates over 200,000 cars daily. The city's location along the Houston Ship Channel and Trinity Bay provides access to the Port of Houston, a major world port and employer of the city.



Baytown Jurisdiction Boundaries



Employment in and Around Baytown



Higher Education



(3.9 miles southeast of the property)
Lee College

- Enrollment 7,773 total Students
- Employs 432 Total Faculty Members
- Student to Faculty Ratio is 36:1
- Average Class size 20-29
- 32 Associate Degrees & Certificates
- \$35,800 – Average First-Year Salary for graduates



(14 miles southwest of the property)
**University of Houston
(Clear Lake Campus)**

- Enrollment 9,082 Students
- Employs 827 Faculty & Staff
- Student to Faculty Ratio is 17:1
- 44 Bachelor's Degrees Offered
- 45 Master's Degrees Offered
- 3 Doctoral Degrees Offered
- \$51,300 – Average First-Year Salary for all University Houston Graduates



(11 miles northwest of the property)
**San Jacinto College
(North Campus)**

- Enrollment over 1,180 Full Time Students and 10,817 Part-Time Students
- Employs over 827 Faculty Members
- Student to Faculty ratio is 38:1
- Average Class Size is 21
- 2,013 Degrees & Certificates
- \$37,700 - Average First-Year Salary for Graduates

Area Development



(.50 miles west of the property)

ExxonMobil Corp. - A \$1.9 billion expansion could be on the horizon for the ExxonMobil plant in Baytown. According to ExxonMobil officials, the petrochemical plant is evaluating a potential expansion of its polymer manufacturing at the Baytown chemical plant. If the project proceeds, the expansion would occur within the facility's existing boundaries. The expansion involves the construction of a polymer unit and a monomer preparation facility.



(.50 miles west of the property)

ExxonMobil Corp. - has finished a big project in the Baytown area. The new 1.5 million-ton-per-year ethane cracker at Exxon's Baytown complex is ready for business, according to a press release. The cracker provides ethylene feedstock, one of the key ingredients for a variety of products. A regional economic activity increase by roughly \$870 million annually is expected. More than 350 new permanent positions have been added in the area, in addition to the 14,000 jobs created during construction.

Area Development



(7.5 miles southeast of the property)

Covestro - plans to invest \$1.7 billion in new world-scale MDI (Global methylene diphenyl diisocyanate) plant in Baytown, Texas. This investment at the existing site in Baytown is the largest single investment in the history of the company. The latest version of the project would build new manufacturing units for polyurethane and polycarbonates at the company's existing manufacturing site. If built as described, construction would begin in 2025, employing 2,000 workers at the peak.



(3 miles northwest of the property)

Premiere Cinema - now occupies 80,000-square-foot in a standalone complex with bowling and an IMAX theater. Fidelis demolished the old Montgomery Ward and Bealls buildings the new concept was rebranded as San Jacinto Marketplace. It is estimated to have an estimated regional economic impact of \$70M - \$210M. There is about 570,000 square feet of new retail and about 30,000 square feet of new office space. It should result in the creation of 280 – 845 direct jobs and 330 – 988 indirect jobs.

Area Development



(13 miles southeast of the property)

John Cockerill Hydrogen's - new Baytown facility is expected to produce a gigawatt of electrolyzers, which are used in the water electrolysis process to produce green hydrogen. The manufacturing facility will create 200 jobs in the area, and its products will serve the North American market with a domestic supply chain of green hydrogen production equipment. Production is expected to begin by the third quarter of 2024 at the earliest. The company said it will be among the first operational alkaline manufacturing facilities of its size in the U.S.



(11 miles southeast of the property)

JSW Steel (USA) - broke ground in 2018 on its new \$250 million melt and manufacture steel plate mill located at 5200 E McKinney Rd. in Baytown. In addition, the company modernized the existing Baytown Mill as part of its \$1 billion spending plan. The expansion will be completed in phases. The first phase was completed in 2020. The expansion expected to create 500 new jobs with salaries of at least \$62k a year. The plant already employed 350 people.

Baytown Demographics

Baytown, TX	Baytown	
Population		
Estimated Population (2023)	84,869	
Projected Population (2028)	90,649	
Census Population (2020)	83,607	
Census Population (2010)	72,296	
Projected Annual Growth (2023 to 2028)	5,780	1.4%
Historical Annual Growth (2020 to 2023)	1,262	0.5%
Historical Annual Growth (2010 to 2020)	11,311	5.2%
Estimated Population Density (2023)	2,222	psm
Trade Area Size	38.2	sq mi
Race & Ethnicity		
White (2023)	37,132	43.8%
Black or African American (2023)	14,821	17.5%
American Indian or Alaska Native (2023)	936	1.1%
Asian (2023)	1,801	2.1%
Hawaiian or Pacific Islander (2023)	61	-
Other Race (2023)	14,871	17.5%
Two or More Races (2023)	15,247	18.0%
Not Hispanic or Latino Population (2023)	42,588	50.2%
Hispanic or Latino Population (2023)	42,281	49.8%
Not Hispanic or Latino Population (2028)	45,554	50.3%
Hispanic or Latino Population (2028)	45,095	49.7%
Not Hispanic or Latino Population (2020)	42,049	50.3%
Hispanic or Latino Population (2020)	41,558	49.7%
Not Hispanic or Latino Population (2010)	40,874	56.5%
Hispanic or Latino Population (2010)	31,422	43.5%
Projected Hispanic Annual Growth (2023 to 2028)	2,814	1.3%
Historic Hispanic Annual Growth (2010 to 2023)	10,859	2.7%
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Baytown, TX	Baytown	
Households		
Estimated Households (2023)	30,377	
Projected Households (2028)	32,522	
Census Households (2020)	29,655	
Census Households (2010)	25,116	
Estimated Households with Children (2023)	10,855	35.7%
Estimated Average Household Size (2023)	2.78	
Average Household Income		
Estimated Average Household Income (2023)	\$83,318	
Projected Average Household Income (2028)	\$83,027	
Estimated Average Family Income (2023)	\$92,391	
Median Household Income		
Estimated Median Household Income (2023)	\$58,432	
Projected Median Household Income (2028)	\$59,784	
Estimated Median Family Income (2023)	\$70,964	
Per Capita Income		
Estimated Per Capita Income (2023)	\$29,868	
Projected Per Capita Income (2028)	\$29,831	
Estimated Per Capita Income 5 Year Growth	-\$37	-0.1%
Estimated Average Household Net Worth (2023)	\$319,883	
Daytime Demos (2023)		
Total Businesses	2,917	
Total Employees	25,641	
Company Headquarter Businesses	77	2.6%
Company Headquarter Employees	3,124	12.2%
Employee Population per Business	8.8	
Residential Population per Business	29.1	
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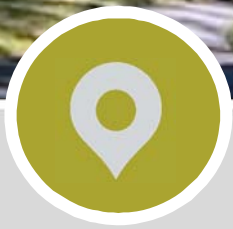
Neighborhood Demographics

4219 W Baker Rd Baytown, TX 77521	1 mi radius	2 mi radius	3 mi radius
Population			
Estimated Population (2023)	8,518	23,066	45,000
Projected Population (2028)	9,014	24,433	48,352
Census Population (2020)	8,924	22,923	44,366
Census Population (2010)	7,831	17,699	36,886
Projected Annual Growth (2023 to 2028)	496 1.2%	1,367 1.2%	3,352 1.5%
Historical Annual Growth (2020 to 2023)	-406 -1.5%	143 0.2%	634 0.5%
Historical Annual Growth (2010 to 2020)	1,093 4.7%	5,224 9.8%	7,480 6.8%
Estimated Population Density (2023)	2,713 psm	1,836 psm	1,592 psm
Trade Area Size	3.1 sq mi	12.6 sq mi	28.3 sq mi
Race & Ethnicity			
White (2023)	3,271 38.4%	9,574 41.5%	18,217 40.5%
Black or African American (2023)	2,073 24.3%	5,053 21.9%	9,946 22.1%
American Indian or Alaska Native (2023)	90 1.1%	210 0.9%	448 1.0%
Asian (2023)	225 2.6%	834 3.6%	1,271 2.8%
Hawaiian or Pacific Islander (2023)	2 -	6 -	15 -
Other Race (2023)	1,400 16.4%	3,589 15.6%	7,453 16.6%
Two or More Races (2023)	1,458 17.1%	3,799 16.5%	7,652 17.0%
Not Hispanic or Latino Population (2023)	4,518 53.0%	12,659 54.9%	24,059 53.5%
Hispanic or Latino Population (2023)	4,000 47.0%	10,407 45.1%	20,941 46.5%
Not Hispanic or Latino Population (2028)	4,807 53.3%	13,420 54.9%	25,828 53.4%
Hispanic or Latino Population (2028)	4,207 46.7%	11,012 45.1%	22,525 46.6%
Not Hispanic or Latino Population (2020)	4,812 53.9%	12,657 55.2%	23,889 53.8%
Hispanic or Latino Population (2020)	4,112 46.1%	10,265 44.8%	20,477 46.2%
Not Hispanic or Latino Population (2010)	4,757 60.7%	11,257 63.6%	22,440 60.8%
Hispanic or Latino Population (2010)	3,075 39.3%	6,442 36.4%	14,446 39.2%
Projected Hispanic Annual Growth (2023 to 2028)	207 1.0%	605 1.2%	1,584 1.5%
Historic Hispanic Annual Growth (2010 to 2023)	925 2.3%	3,965 4.7%	6,495 3.5%

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4219 W Baker Rd Baytown, TX 77521	1 mi radius	2 mi radius	3 mi radius
Households			
Estimated Households (2023)	3,149	8,826	16,839
Projected Households (2028)	3,347	9,384	18,181
Census Households (2020)	3,276	8,659	16,439
Census Households (2010)	2,779	6,543	13,313
Estimated Households with Children (2023)	1,146 36.4%	2,846 32.3%	6,103 36.2%
Estimated Average Household Size (2023)	2.70	2.59	2.65
Average Household Income			
Estimated Average Household Income (2023)	\$94,552	\$89,256	\$81,263
Projected Average Household Income (2028)	\$94,932	\$89,532	\$80,286
Estimated Average Family Income (2023)	\$104,360	\$101,877	\$89,902
Median Household Income			
Estimated Median Household Income (2023)	\$60,888	\$60,466	\$58,977
Projected Median Household Income (2028)	\$63,335	\$62,321	\$61,252
Estimated Median Family Income (2023)	\$70,544	\$72,470	\$69,438
Per Capita Income			
Estimated Per Capita Income (2023)	\$34,975	\$34,211	\$30,476
Projected Per Capita Income (2028)	\$35,270	\$34,444	\$30,252
Estimated Per Capita Income 5 Year Growth	\$296 0.8%	\$233 0.7%	-\$224 -0.7%
Estimated Average Household Net Worth (2023)	\$294,722	\$310,907	\$287,650
Daytime Demos (2023)			
Total Businesses	108	830	1,849
Total Employees	1,035	8,119	17,276
Company Headquarter Businesses	4 3.6%	22 2.6%	50 2.7%
Company Headquarter Employees	70 6.8%	1,344 16.5%	2,702 15.6%
Employee Population per Business	9.6	9.8	9.3
Residential Population per Business	78.6	27.8	24.3

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Appendix



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

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.

Houston Income Properties, Inc.

Licensed Broker /Broker Firm Name or

Primary Assumed Business Name

393404

License No.

N/A

Email

713.783.6262

Phone

Jim Hurd

Designated Broker of Firm

393404

License No.

jhurd@houstonincomeproperties.com

Email

713.783.6262

Phone

Licensed Supervisor of

Sales Agent/Associate

License No.

Email

Phone

Regulated by the Texas Real Estate Commission

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

The information provided in this offering memorandum is either provided to us by the owner of the property or obtained from sources that we deem reliable. We have no reason to doubt its accuracy but we do not guarantee it. It is the responsibility of the reviewer to verify availability and specific property information. Availability, pricing and terms are subject to change without notice. Owners reserve the right to withdraw their listing, without any notice at any time during the marketing period.

Houston Income Properties, Inc. has not determined whether the property complies with deed restrictions or city or other municipality licensing or ordinances. THE PROSPECTIVE BUYER SHOULD CAREFULLY VERIFY EACH ITEM OF INCOME, EXPENSE AND PERFORM OR HAVE PERFORMED ANY INSPECTIONS TO VERIFY POSSIBLE CONTAMINATION BY ASBESTOS, LEAD PAINT, MOLD OR ANY OTHER HAZARDOUS SUBSTANCES.

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The information contained in this offering memorandum does not constitute legal, accounting, or other professional advice. Prospective purchasers are not to construe the contents of this Offering or any prior or subsequent information communications from the Owners or any of their respective officers, employees or agents as legal, tax or other advice. Prior to purchasing, prospective purchasers should consult with their own legal counsel, personal accountants and tax advisors to determine the consequences of an investment in the Property and arrive at an independent evaluation of such investment.

No commission or finder's fee shall be payable to any party by the Owners nor any affiliate or agent thereof in connection with the sale of the



Houston Income Properties, Inc.

6363 Woodway
Suite 370
Houston, TX 77057
www.hipapt.com
T 713.783.6262

CONTACTS:

JIM HURD
Corporate Broker / President
T 713.783.6262
jhurd@houstonincomeproperties.com

BISHALE PATEL
Broker / Vice President of Sales
T 713.783.6262 Ext. 970
bpatel@houstonincomeproperties.com

MITUL PATEL
Sales Associate
T 713.783.6262 Ext. 980
mpatel@houstonincomeproperties.com

JAMES BARRY
Sales Associate
T 713.783.6262 Ext. 920
jbarry@houstonincomeproperties.com

