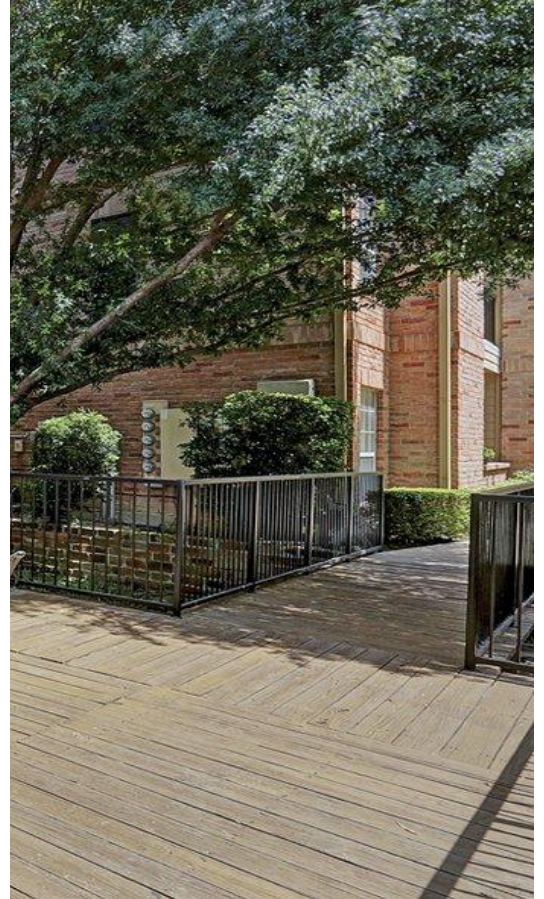


36 Unit • Class A

Extended Stay  
Investment  
Opportunity

7755 Main Street, Houston , Houston, TX



# THE RESIDE HOUSTON



TEMPORARY CORPORATE HOUSING IN THE MEDICAL CENTER HOUSTON, TEXAS

# THE RESIDE 7755 MAIN STREET HOUSTON TX 77030

## EXTENDED STAY APARTMENTS FOR SALE

## Market Price

Units:	36
Avg Size:	973
Date Built:	1999
Rentable Sq. Ft.:	35,028
Acreage:	1.25
Occupancy:	64%
Class:	A-

### SALIENT FACTS:

- ◆ Available on an Assumption Basis Only
- ◆ Located in the Medical Center submarket of Houston
- ◆ Potential condo conversion
- ◆ All Bills Paid Temporary Corporate Housing in a prime area
- ◆ All units are furnished
- ◆ Per owner, the property was renovated in 2007 and 2009
- ◆ Close proximity to Reliant Park and The Texas Medical Center
- ◆ Great drive-by on South Main St

For More Information Please Contact:

**Tom Wilkinson**

twilk4@ketent.com  
713-355-4646 ext 102



**Jim Hurd**

jhurd@houstonincomeproperties.com  
713-783-6262



# THE RESIDE 7755 MAIN STREET HOUSTON TX 77030

Physical Information	Financial Information	Existing Loan Parameters	Operating Information	
Number of Units 36	Asking Price <b>Market Price</b>	Original Balance \$4,087,000	Est Mkt Rent (Feb-17) \$101,680	
Avg Unit Size 973	Price Per Unit N/A	Amortization (months) 360	Estimated Collections \$68,629	
Net Rentable Area 35,028	Price Per Sq. Ft. N/A	Debt Service \$196,176	Physical Occ (Feb-17) 64%	
Land Area (Acres) 1.25	Stabilized NOI \$499,938	Monthly P & I \$16,348	Est Ins per Unit per Yr \$1,130	
Units per Acre 28.819		Interest Rate 4.8%	<b>Property Tax Information</b>	
Date Built 1999		Date Due 10 Years	Tax Rate (2016) 2.52856	
Water Meter / Master Master		Est Res for Repl/Unit/Yr \$300	2017 Prelim Tax Assessment \$4,975,342	
Elec Meter Master		Yield Maintenance Yes	Est 2017 Taxes \$125,805	
Roof Style Pitched		Loan must be assumed and may be resized to 75%	Est Future Tax Assessment \$4,975,342	
HVAC System HVAC			Est Future Taxes \$125,805	

## INCOME

MODIFIED ACTUALS

PRO-FORMA

### PRO-FORMA INCOME

Current Street Rent with a 7% Increase	1,305,571	\$108,798 / Mo
Estimated Gross Scheduled Income	1,305,571	\$108,798 / Mo
Estimated Loss to Lease (% of Total Street Rent)	0	0%
Estimated Vacancy (20% of Total Street Rent)	(261,114)	20%
Estimated Concessions and Other Rental Losses (2% of Total Street Rent)	(26,111)	2%
Estimated Utilities Income	0	\$ / Unit / Yr
Estimated Other Income	32,337	\$898 / Unit / Yr
Estimated Total Rental Income	1,050,683	\$87,557 / Mo
<b>ESTIMATED TOTAL PRO-FORMA INCOME</b>	<b>1,050,683</b>	<b>\$87,557 / Mo</b>

### March 2016 thru February 2017 Income

**\$823,552**

### EXPENSE

#### Fixed Expenses

Mar '16 thru Feb '17 Expenses		Estimated Expenses	
Fixed Expenses		Estimated Fixed Expenses	
Taxes	\$120,983 \$3,361 per Unit	Owner's 12/16 trailing OS	\$125,805 \$3,495 per Unit
Insurance	\$38,961 \$1,082 per Unit	2016 Tax Rate & Future Assessment	\$38,961 \$1,082 per Unit
<b>Total Fixed Expense</b>	<b>159,945 \$4,443 per Unit</b>	Estimated	<b>164,766 \$4,577 per Unit</b>

#### Utilities

Utilities		Estimated Utilities	
Electricity	\$45,171 \$1,255 per Unit	\$45,171	\$1,255 per Unit
Water & Sewer	\$21,134 \$587 per Unit	\$21,134	\$587 per Unit
Trash Removal	\$4,255 \$118 per Unit	\$4,255	\$118 per Unit
Cable TV, Telephone & Internet	\$41,719 \$1,159 per Unit	\$41,719	\$1,159 per Unit
<b>Total Utilities</b>	<b>112,279 \$3,119 per Unit</b>	<b>112,279</b>	<b>\$3,119 per Unit</b>

#### Other Expenses

Other Expenses		Estimated Other Expenses	
General & Admin & Marketing	\$68,458 \$1,902 per Unit	\$68,458	\$1,902 per Unit
Repairs & Maintenance	\$57,198 \$1,589 per Unit	\$56,706	\$1,575 per Unit
Labor Costs	\$85,202 \$2,367 per Unit	\$85,202	\$2,367 per Unit
Contract Services	\$0 \$ per Unit	\$0	\$ per Unit
Management Fees	\$0 0.00% \$ per Unit	\$52,534	5.00% \$1,459 per Unit
<b>Total Other Expense</b>	<b>210,857 \$5,857 per Unit</b>	<b>262,900</b>	<b>\$7,303 per Unit</b>

#### Total Operating Expense

**483,081 \$13,419 per Unit**      **539,945 \$14,998 per Unit**

#### Reserve for Replacement

**10,800 \$300 per Unit**      **10,800 \$300 per Unit**

#### Total Expense

**493,881 \$13,719 per Unit**      **550,745 \$15,298 per Unit**

#### Net Operating Income (Actual Underwriting)

**329,671**      **499,938**

#### Asking Price

Market Price

Market Price

#### Cap Rate

#### Proposed Debt

#### Equity

#### Estimated Debt Service

#### Cash Flow

#### Cash on Cash

329,671

499,938

**NOTES: ACTUALS: Income and expenses were calculated using the Owner's 12/16 trailing OS and 2/17 trailing OS . PRO FORMA: Income is Pro Forma as Noted. Taxes were calculated using 2016 Tax Rate & Future Assessment. Insurance is estimated. Management Fees calculated as 5% of Gross Income, Other expenses are Estimated for the Pro Forma.**

**DISCLAIMER:** The information contained herein has been obtained from sources that we deem reliable. We have no reason to doubt the accuracy of the information, but we have not verified it and make no guaranty, warranty or representation about it. It is your responsibility to independently confirm its accuracy and completeness. We have not determined whether the property complies with deed restrictions or any city licensing or ordinances including life safety compliance or if the property lies within a flood plain. **THE PROSPECTIVE BUYER SHOULD CAREFULLY VERIFY EACH ITEM OF INCOME OR EXPENSE AND PERFORM OR HAVE PERFORMED ANY INSPECTIONS TO VERIFY POSSIBLE CONTAMINATION BY ASBESTOS, LEAD PAINT, MOLD OR ANY OTHER HAZARDOUS SUBSTANCES.** The owner reserves the right to withdraw this listing or change the price at anytime without notice during the marketing period.

**THE RESIDE 7755 MAIN STREET HOUSTON TX 77030**

Keymap: 532L

Construction Quality: A-

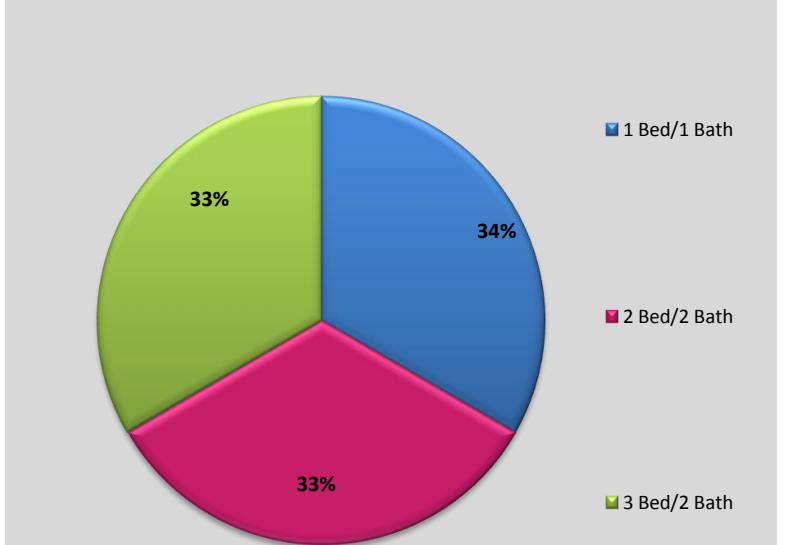
PROPERTY INFORMATION		AMENITIES		EXISTING MORTGAGE		TAXING AUTHORITY - HARRIS COUNTY	
Age:	1999	Access Gates	Park & Ride Nearby	Original Balance	\$4,087,000	ACCT NO: 0440920000095	
Elec Meter:	Master	Cable Ready	Walk-In Closets	Amortization	360	Houston ISD	\$1.206700
A/C Type:	HVAC	Club House	School Bus Pick-up	P & I	\$16,348	Harris County	\$0.416560
Water:	Master	Laundry Rooms	Shuttle Route	Interest Only	24 Months	Harris County Flood Control	\$0.028290
Wiring:	Copper?	Mini Blinds	Patios/Balconies	Assumable	Yes	Port of Houston Authority	\$0.013340
Roof:	Pitched	Pool		Monthly Escrow	Yes	Harris County Hospital District	\$0.171790
Paving:	Concrete	Bookshelves		Origination Date	5/21/2014	Harris County Education Dept	\$0.005200
Materials:	Brick/Stone	Outside Storage		Due Date	10 Years	Houston Community College	\$0.100263
# of Stories:	3	Ceiling Fans		Interest Rate	4.80%	City of Houston	\$0.586420
Parking:				Yield Maintenance	Yes		
Buildings:	2			Transfer Fee	1%+legal+app	<b>2016 Tax Rate/\$100</b>	<b>\$2.528563</b>
Units/Acre:	28.82	<i>*In Select Units</i>		Defeasance	Yes	<b>2017 Prelim Tax Assessment</b>	<b>\$4,975,342</b>
					<i>The loan may be resized, per Owner</i>	<b>CAD Net Rentable Sqft</b>	<b>36,601</b>

**COLLECTIONS**

12 Mo Avg	\$	68,629
Mar 2016	\$	89,982
Apr 2016	\$	55,123
May 2016	\$	62,990
June 2016	\$	68,920
July 2016	\$	97,018
Aug 2016	\$	65,335
Sept 2016	\$	55,520
Oct 2016	\$	69,426
Nov 2016	\$	61,078
Dec 2016	\$	74,168
Jan 2017	\$	62,807
Feb 2017	\$	61,185
Mar 2017*	\$	81,919

**PLEASE DO NOT VISIT THE SITE WITHOUT AN APPOINTMENT MADE THROUGH THE BROKER.**  
**PROPERTY HIGHLIGHTS**

Units/Type



**The Reside Apartments**, is a three story, garden style, temporary, corporate housing apartment community located in a prime "A" location, the Medical Center area of Houston, Texas. The property is situated in a beautiful tree lined community giving the property the feel of a rural retreat, yet its location off Main Street near the Texas Medical Center is close to all the conveniences of a large city. The asset was built in 1999. Residents enjoy ample amenities which include: mini-blinds, kitchen pantries, ceiling fans, washers and dryers, patios and balconies, walk-in closets and vaulted ceilings. The apartments are available completely furnished with completely equipped kitchens, with appliances and dishes. The apartments even have cleaning equipment such as vacuum cleaners.

The property enjoys close proximity to The Texas Medical Center, one of the strongest rental markets in Houston, Reliant Park, Rice University, Hermann Park and Golf course, the Houston Zoo, Brays Bayou Hike and Bike Trails, downtown Houston and much more.

The units are furnished and are move-in ready complete with top flight amenities, modern, open floor plans, stylish and sophisticated surroundings. Many of the tenants or their families undergo medical treatment at the Medical Center. Its location also attracts professionals that have temporary business in the major business districts that surround the Reside, or for corporations that wish to keep a home available for out-of-town executives.

The quality of the property and its prime location may allow value for a future condo conversion or conversion to apartments. Currently the property is run as an "All Bills Paid" property.

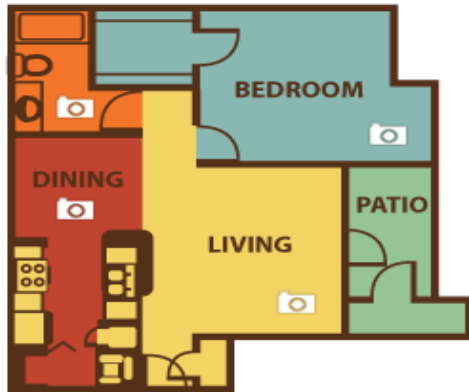
**March 2017 collections are estimated per owner.**

**Disclaimer:** The information contained in this Memorandum reflects material from sources deemed to be reliable, including data such as operating statements, rent roll, etc. provided by the Owner. Notwithstanding, KET Enterprises Incorporated does not make any warranties about the information contained in this marketing package. Every prospective purchaser should verify the information and rely on his accountants or attorneys for legal and tax advice. This offer is "As-Is, Where-Is". Answers to specific inquiries will have to be supplied by the Owner and are available upon request. Rates of return vary daily. No representations are made concerning environmental

**UNIT MIX FEBRUARY 2017**

Unit #	Type	No. Units	Sq Ft	Total SqFt	Market Rent	Total Rent	Rent/SF
2311	3 Bed/2 Bath	1	1,218	1,218	\$3,472	\$3,472	\$2.85
2312	3 Bed/2 Bath	1	1,218	1,218	\$3,472	\$3,472	\$2.85
2313	3 Bed/2 Bath	1	1,218	1,218	\$3,069	\$3,069	\$2.52
2314	3 Bed/2 Bath	1	1,218	1,218	\$3,069	\$3,069	\$2.52
2315	3 Bed/2 Bath	1	1,218	1,218	\$3,069	\$3,069	\$2.52
2316	3 Bed/2 Bath	1	1,218	1,218	\$3,069	\$3,069	\$2.52
2317	3 Bed/2 Bath	1	1,218	1,218	\$3,472	\$3,472	\$2.85
2318	3 Bed/2 Bath	1	1,218	1,218	\$3,472	\$3,472	\$2.85
2321	3 Bed/2 Bath	1	1,218	1,218	\$3,255	\$3,255	\$2.67
2322	3 Bed/2 Bath	1	1,218	1,218	\$3,255	\$3,255	\$2.67
2323	3 Bed/2 Bath	1	1,218	1,218	\$2,852	\$2,852	\$2.34
2324	3 Bed/2 Bath	1	1,218	1,218	\$2,852	\$2,852	\$2.34
2325	2 Bed/2 Bath	1	983	983	\$2,852	\$2,852	\$2.90
2326	2 Bed/2 Bath	1	983	983	\$2,852	\$2,852	\$2.90
2327	2 Bed/2 Bath	1	983	983	\$3,255	\$3,255	\$3.31
2328	2 Bed/2 Bath	1	983	983	\$3,255	\$3,255	\$3.31
2331	2 Bed/2 Bath	1	983	983	\$3,069	\$3,069	\$3.12
2332	2 Bed/2 Bath	1	983	983	\$3,069	\$3,069	\$3.12
2333	2 Bed/2 Bath	1	983	983	\$2,666	\$2,666	\$2.71
2334	2 Bed/2 Bath	1	983	983	\$2,666	\$2,666	\$2.71
2335	2 Bed/2 Bath	1	983	983	\$2,666	\$2,666	\$2.71
2336	2 Bed/2 Bath	1	983	983	\$2,666	\$2,666	\$2.71
2337	2 Bed/2 Bath	1	983	983	\$3,069	\$3,069	\$3.12
2338	2 Bed/2 Bath	1	983	983	\$3,069	\$3,069	\$3.12
2411	1 Bed/1 Bath	1	718	718	\$2,480	\$2,480	\$3.45
2412	1 Bed/1 Bath	1	718	718	\$2,480	\$2,480	\$3.45
2413	1 Bed/1 Bath	1	718	718	\$2,480	\$2,480	\$3.45
2414	1 Bed/1 Bath	1	718	718	\$2,480	\$2,480	\$3.45
2421	1 Bed/1 Bath	1	718	718	\$2,325	\$2,325	\$3.24
2422	1 Bed/1 Bath	1	718	718	\$2,325	\$2,325	\$3.24
2423	1 Bed/1 Bath	1	718	718	\$2,325	\$2,325	\$3.24
2424	1 Bed/1 Bath	1	718	718	\$2,325	\$2,325	\$3.24
2431	1 Bed/1 Bath	1	718	718	\$2,232	\$2,232	\$3.11
2432	1 Bed/1 Bath	1	718	718	\$2,232	\$2,232	\$3.11
2433	1 Bed/1 Bath	1	718	718	\$2,232	\$2,232	\$3.11
2434	1 Bed/1 Bath	1	718	718	\$2,232	\$2,232	\$3.11
		<b>36</b>	<b>973</b>	<b>35,028</b>	<b>\$2,824</b>	<b>\$101,680</b>	<b>\$2.90</b>
<b>TOTALS AND AVERAGES</b>		<b>Total Units</b>	<b>Average Sq. Ft.</b>	<b>Total Sq. Feet</b>	<b>Average Rent/Unit</b>	<b>Total Rent</b>	<b>Average Rent/ SF</b>

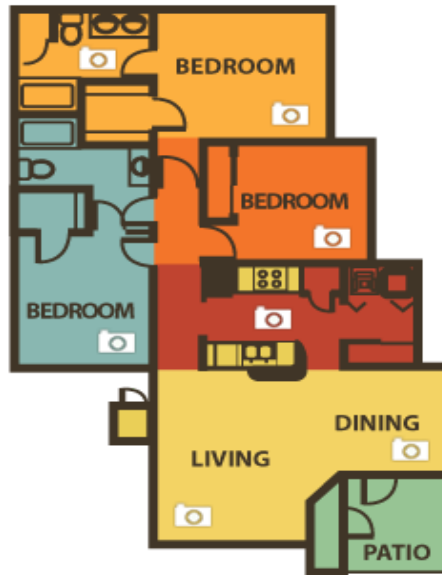
1 bedroom/1 bath | 719 sq ft



2 bedroom/2 bath | 983 sq ft



3 bedroom/2 bath | 1200 sq ft



## Apartment Features

- High-quality, relaxing queen-size bed
- 42" flat-screen LCD television
- Basic expanded cable package
- Premium, modern furniture
- Full-size tub/shower
- Hair dryer in every bathroom
- Starter toiletry kit, including, soap, toilet paper and lotion
- Linens, including 300-thread-count sheets, towels, washcloth
- Patio table with 2 chairs
- Built-in desk
- High-speed, wireless Internet service
- Local phone service
- Full-size living/dining rooms
- Full-size, completely equipped kitchen, including coffee pot, microwave, toaster, corkscrew, dishes, flatware, cooking utensils, pots and pans
- Full-size washer/dryer
- Cleaning package, including vacuum, broom and mop
- Iron and Ironing board

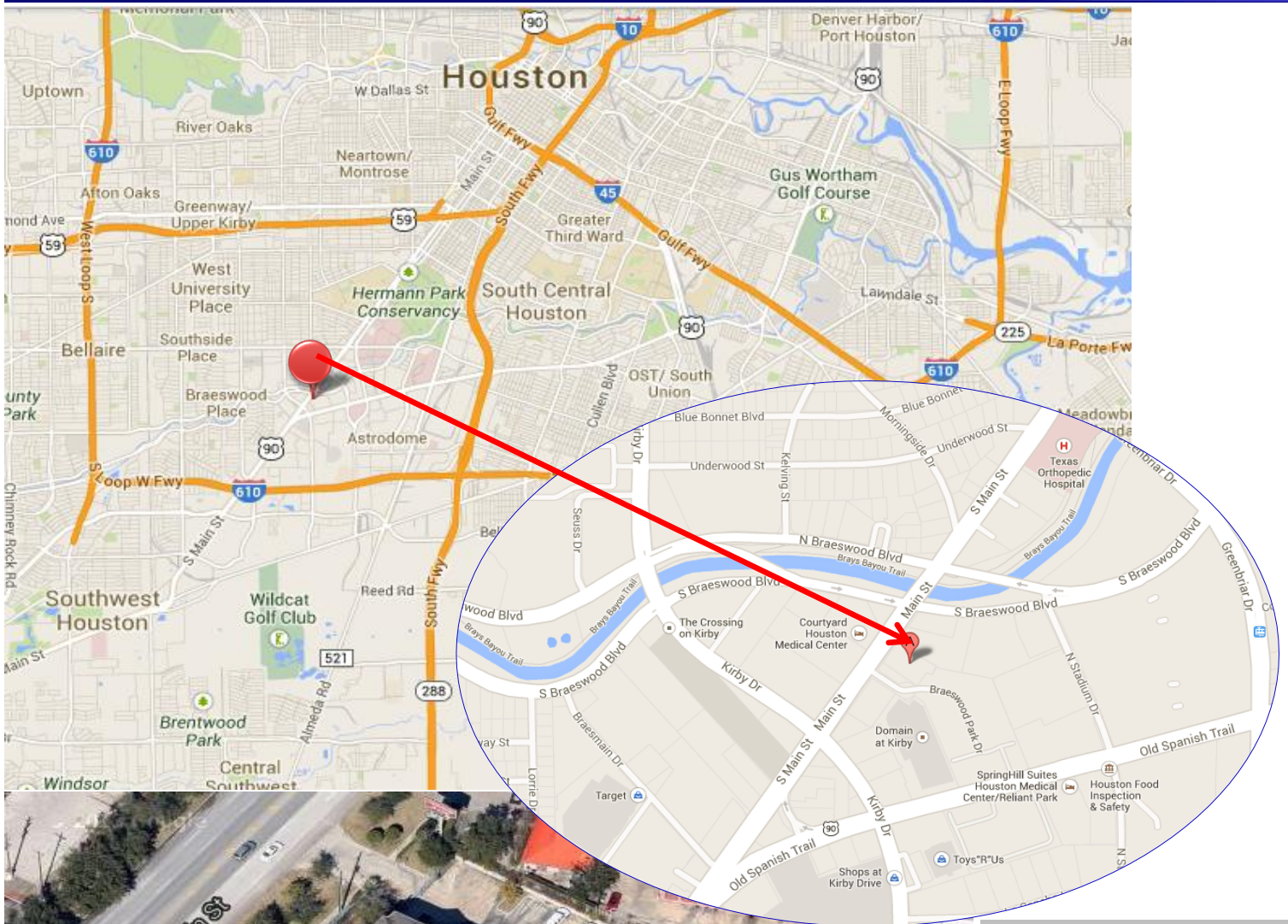
## Community Features

- Sparkling Community Swimming Pool
- Complimentary Shuttle Service
- 24 Hour Fitness Center
- *FOR AN EXTRA FEE*
- *Maid Service*
- *Premium cable channels*
- *Rollaway beds*
- *Long distance calling*



FREE LONG DISTANCE CALLING

THE RESIDE 7755 MAIN STREET HOUSTON TX 77030



**DIRECTIONS TO PROPERTY:**  
From downtown Houston travel south on Main Street approximately 4.8 miles. Turn left onto Kirby Dr. and travel 0.1 miles to Old Spanish Trail. Turn right on Old Spanish Trail and then take the first right onto Main St. The subject property will be on the right.



**THE RESIDE 7755 MAIN STREET HOUSTON TX 77030**

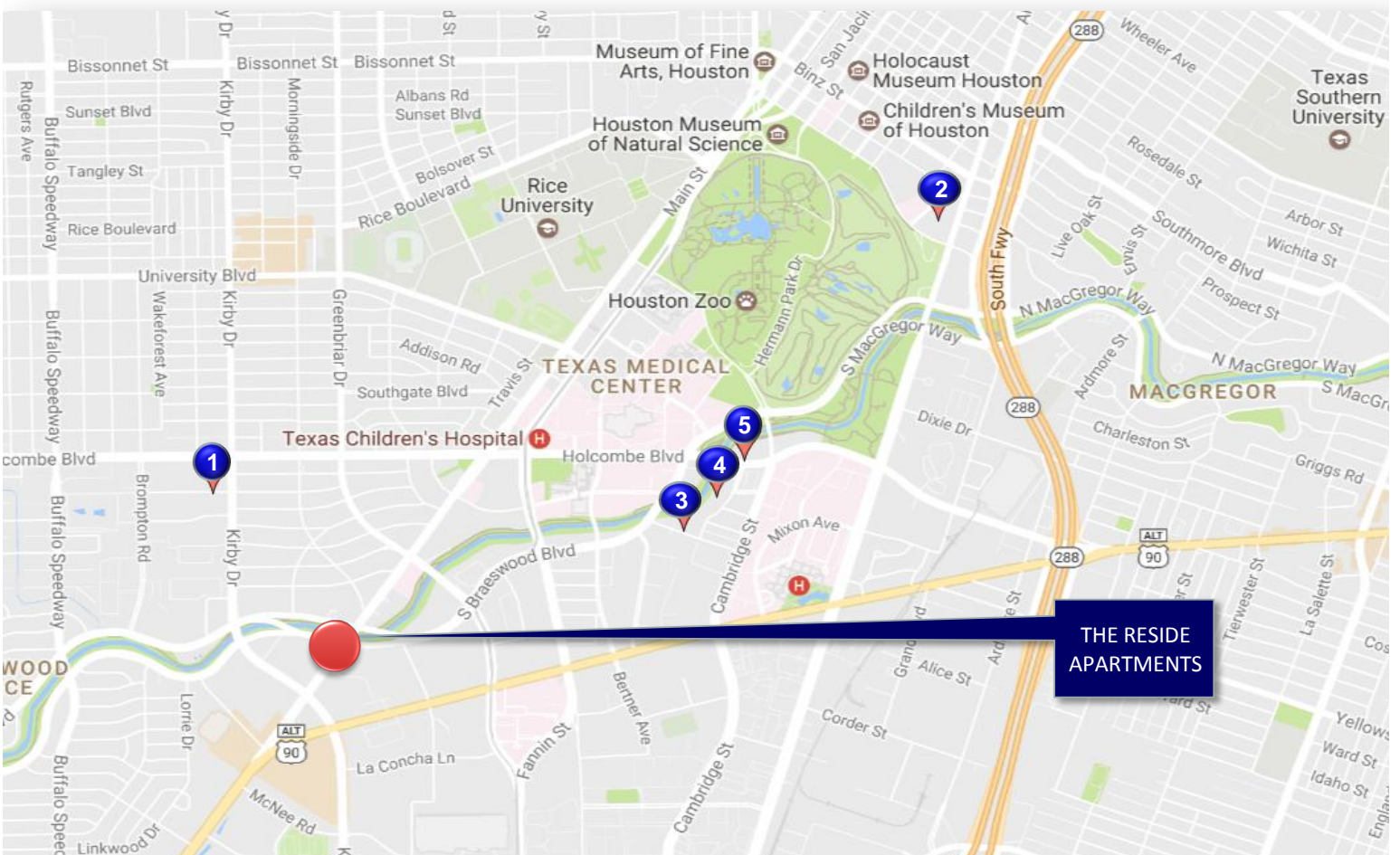
**RENT COMPARABLES (ADS April 2017)**

*Sorted by Avg Rent/Unit*

Property Name	Yr Blt	Occ	#Units	Avg SF	Avg Rent	EWG	P/SF
<b>1</b> Residences at Gramercy 2601 Gramercy St	2006	93%	224	1127	\$1,475	EW	1.309
<b>2</b> Circle at Hermann Park 3 Hermann Museum Circle	2004/2008	96%	795	1014	\$1,534	EW	1.513
<b>3</b> Modera Flats 1755 Wyndale St	2015	91%	265	849	\$1,617	EW	1.905
<b>4</b> Elan Med Center 7010 Staffordshire	2014	87%	281	791	\$1,654	EWG	2.091
<b>5</b> Vantage Med Center 1911 Holcombe	2017	Pre Lease	373	945	\$2,733	EWG	2.892

*Note that the Reside comes fully furnished! M below means master metered  
\*Resident Pays E(Electric), W(Water), G(Gas)*

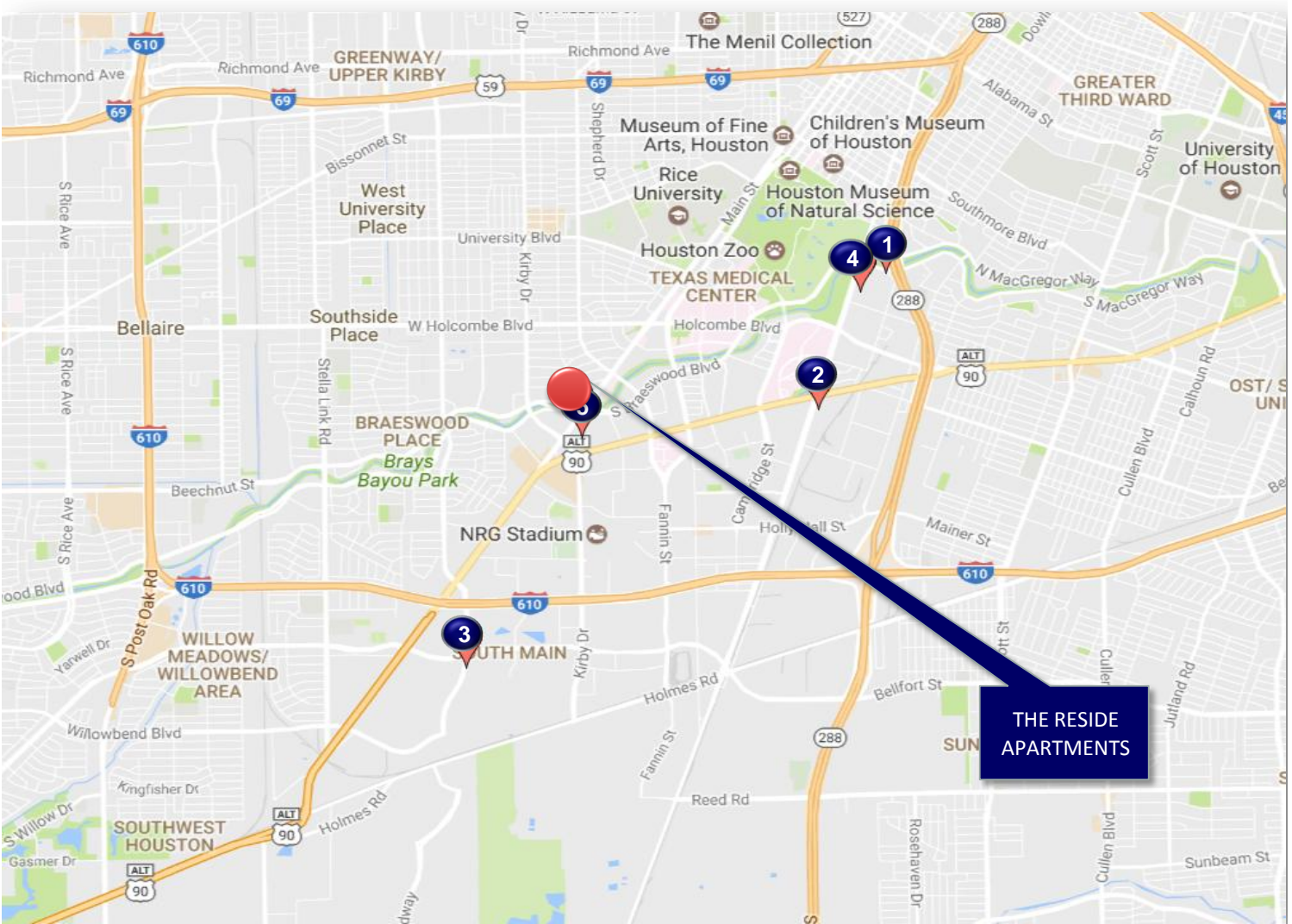
<b>Totals/Averages Comps</b>	<b>2013</b>	<b>92%</b>	<b>388</b>	<b>945</b>	<b>\$1,836</b>		<b>1.942</b>
<b>The Reside M 7755 Main St</b>	<b>1999</b>	<b>64%</b>	<b>36</b>	<b>973</b>	<b>\$2,824</b>		<b>\$2.90</b>
<b>Sub-Market Averages(Med Center/Braes Bayou)</b>		<b>87%</b>	<b>22,813</b>	<b>879</b>	<b>\$1,231</b>		<b>1.400</b>
<b>Houston Market Avgs</b>		<b>88%</b>	<b>628,534</b>	<b>881</b>	<b>\$867</b>		<b>\$1.098</b>



**THE RESIDE 7755 MAIN STREET HOUSTON TX 77030**

**SALES COMPARABLES (Sorted by Price/Sq. Ft.)**

Property Name	Date Sold	Price	Sq. Ft.	Price/Unit	Price/SF	Built	Units
<b>1</b> Century Hermann Park 2380 MacGregor Way	7/15	\$33,750,000	217,897	\$150,670	\$154.89	2004	224
<b>2</b> Ellie at The Medical Center 7009 Almeda Rd	9/16	\$53,440,000	328,048	\$160,000	\$162.90	2000	334
<b>3</b> Connection at Buffalo Point 10201 Buffalo Speedway	12/16	\$52,300,000	300,058	\$148,580	\$174.30	2012	352
<b>4</b> Villas at Hermann Park 6301 Almeda Rd	12/14	\$57,750,000	327,000	\$180,469	\$176.61	2000	320
<b>5</b> Domain at Kirby 1333 Old Spanish Trail	12/16	\$61,500,000	293,210	\$209,898	\$209.75	2009	293
<b>Totals/Averages Comps</b>		<b>\$51,748,000</b>	<b>293,243</b>	<b>\$169,923</b>	<b>\$175.69</b>	<b>2005</b>	<b>305</b>
<b>The Reside M 7755 Main St</b>		<b>Market Price</b>	<b>35,028</b>	<b>N/A</b>	<b>N/A</b>	<b>1999</b>	<b>36</b>



# HOUSTON, TEXAS

## 2017 AT A GLANCE

The City of Houston, the largest city in Texas and the fourth largest city in the United States, is located on the coastal prairies of southeast Texas and is home to a diverse array of industries and cultures. Houston is located in Harris County, the nation's third most populous county. The Houston region, officially designated as the Houston - Woodlands - Sugar Land Metropolitan Statistical Area (MSA), comprises Harris County and eight other counties: Austin, Brazoria, Chambers, Fort Bend, Galveston, Liberty, Montgomery, and Waller. The Houston MSA has a population of approximately 6,656,947 according to new U.S. Census Bureau estimates. The nine county metropolitan area is the fifth-largest metropolitan area in the nation and covers 9,444 square miles. The most urbanized portions of the Houston area are in Harris County, the southern part of Montgomery County, and the eastern section of Fort Bend County. Houston is home to the tenth largest port in the world and is in close proximity to Mexico, a key trading partner. It has a temperate climate and an affordable cost of living.

With a population exceeding 2.3 million, the population base includes a wide variety of racial and ethnic groups that give Houston a rich diversity and cosmopolitan feel.

The U.S. Bureau of Economic analysis estimates metro Houston's Gross Domestic Product (GDP) at around \$503.3 billion. If the MSA were an independent nation, its economy would rank 23rd largest in the world, behind Taiwan (\$523.6 billion), but ahead of Sweden (\$499.4 billion).



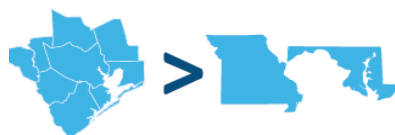
# 6.6

million

residents in the 9-county  
Houston-Woodland-Sugarland MSA

Nation's 5<sup>th</sup> most  
populous metro area

Larger than Missouri or Maryland



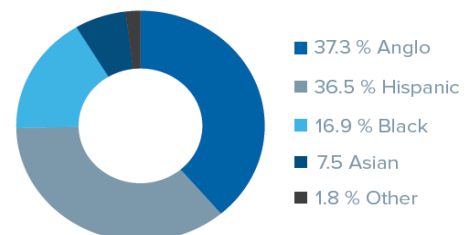
Approximate number  
of city of Houston  
residents

# 2.3

million

### Race/Ethnicity: Houston MSA

Houston today mirrors the U.S. in 5 decades



Source: Greater Houston Partnership Research, December 2016

# \$196.4

billion

In trade was handled by the Houston-Galveston  
Customs Districts In '15

## \$86.2

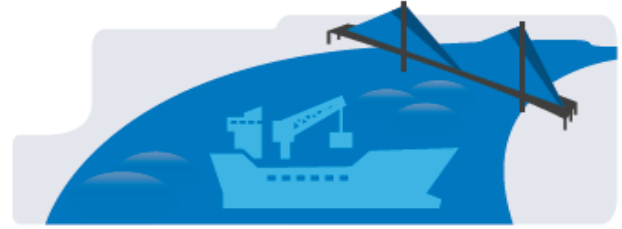
billion

In Imports (in '15)

## \$110.2

billion

In exports (in '15)



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

### The Port of Houston ranks

**1<sup>st</sup>** In Import tonnage  
for 24 straight years

**Largest** Gulf Coast container port

**2<sup>nd</sup>** In total tonnage  
for 23 straight years

Ever since its founding as a port city, Houston has been a dynamic international marketplace, attracting capital and people from all over the world. Today, Houston is the nation's fourth largest economy, and what Forbes calls "**America's next great global city.**"

# 55.2

million

Houston airport passengers In '15

global travelers

## 10.8

million

domestic travelers

## 44.4

million

190+ nonstop destinations

# 90+

nations

have consular representation  
in Houston

3rd largest representation  
in the nation

# 21

foreign banks

are located in Houston  
from 9 nations

✓Houston's annual trade growth is among the highest in the nation with a total annual trade value growth of 84.6 percent, from \$136.451 million in 2005 to \$251.855 million in 2015; exceeding the nation's growth rate of 45.2 percent during that same period.

✓Houston is already a leading exporter, and our exports have increased 189% since 2003. In fact, Houston is the #1 metro exporter in the top energy related industries. But recent low oil prices have slowed our rate of growth. A plan to boost goods exports can further diversify our economy, help existing companies grow, and create more jobs.

✓Houston's export plan will connect small and medium-sized enterprises to growing markets, while positioning the region as a location of choice for global investors.

# 430

Houston companies

have offices abroad  
in **144** countries

**730+** Houston firms

report foreign ownership

## Despite Setbacks Houston Still has a Strong Economy

From 2010 to 2014, Houston added nearly half a million jobs. This period of phenomenal growth provided the momentum needed to sustain the region through the early stages of the energy downturn that began at the end of '14. As oil prices and rig counts fell through '15 and early '16, Houston's job growth began to slow. In '15, the region added 15,200 jobs, and added 13,400 jobs in the 12-months ending Oct '16. In spite of the energy industry's worst downturn in history, Houston managed to post 12-month net job gains throughout this period.

A strong U.S. economy, momentum from the previous economic boom, robust population growth, and the \$50 billion in petrochemical plant expansions have helped offset losses in upstream energy and manufacturing.

Houston is home to **91,800** engineers and architects, more than any other U.S. metro area.

Approximately  
**230,000**  
people work in the region's manufacturing industry

**39** of the 137 publicly-traded oil and gas exploration firms are housed in Houston

**750** exploration and production firms

**800** oil field service companies

located in the Houston region

Houston employs nearly **1/3** of the nation's oil and gas extraction jobs

## Houston's Service-Providing Sector Continued to Add Jobs During the Energy Downturn

The goods-producing industries (mining and logging, construction, and manufacturing) peaked at 586,300 jobs in December '14, then fell to 536,400 jobs in October '16. Mining and logging, primarily oil and gas extraction and support activities, lost 25,600 jobs, a 22.9 percent decrease. These losses rippled through the economy, triggering declines in other sectors, particularly durable goods manufacturing, wholesale trade and professional and business services.

Construction, helped by the petrochemical plant expansions on the eastside of Houston, gained 6,100 jobs over the same period.

Manufacturing lost 30,400 jobs and fabricated metal products lost 12,100 jobs. Construction and mining machinery lost 14,200 jobs, and computer and electronics lost 2,300 jobs.

The service-providing industries added 66,600 jobs between December '14 and October '16. Gains in industries that rely on population growth offset losses in sectors tied to energy. Trade, transportation, and utilities lost 1,400 jobs, financial activities added 3,000 jobs, and professional, scientific and technical services cut 7,700 jobs.

Healthcare and social assistance added 24,500 jobs, accommodation and food services added 27,600, and government gained 14,700 jobs.

The service industries account for **4** out of **5** workers in the region

The goods-producing sector accounts for nearly **1** in **5** of the region's jobs

## No Single Industry or Sector Dominates Houston Employment



- 20.7% Trade, Transportation, and Utilities
- 15.5% Professional and Business Services
- 12.9% Educational and Health Services
- 12.3% Government
- 10.9% Leisure and Hospitality
- 7.7% Manufacturing
- 7.2% Construction
- 3.6% Other Services
- 3.3% Finance and Insurance
- 2.9% Mining and Logging (Upstream Energy)
- 1.9% Real Estate and Rental and Leasing
- 1.0% Information

Source: Texas Workforce Commission Aug '16

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



**\$3** billion

in construction projects underway

**1,345 acres:**  
Total size of all campuses

**8** million  
annual patient visits

**180,000+**  
annual surgeries

Source: Greater Houston Partnership Research, December 2016

# 2017 Economic Forecast

## Renowned Real Estate Economist States: 'The Downturn Seems to be Over'

According to an article written by Jim Gaines, a research economist at the Real Estate Center at Texas A&M University, dated January 6, 2017, in the *Houston Business Journal*, "the economic downturn that began in November 2014 seems to be over." Jim Gaines states that there is generally a two-to three-year lag between the time the energy sector goes into a slump and all of its impacts on the economy are felt. Houston's energy slump unofficially began on November 27, 2014, when OPEC announced it would not adjust oil production levels. Gaines said that Houston should see some of the slump's final lag effects in 2016.

Gaines also noted that 2016 is poised to be the best year on-record for Houston home sales. The Greater Houston Partnership recorded that November 2016's home sales were the best November on-record for single-family home sales.

**Much of that boom can be attributed to Houston's population growth. Despite the oil slump, few residents are leaving Houston. In 2016, Houston welcomed 132,000 new residents (45,600 households). Gaines also states that Houston's population is expected to rise to 7.4 million by 2020 and should double to 14 million by 2050.**

Additionally, according to an article dated January 11, 2017, by G. Scott Thomas of *Buffalo Business First*, a sister paper to the *Houston Business Journal*, Houston is on the brink of a population milestone. *Buffalo Business First* has developed a computer formula that uses 15 years of demographic data to estimate the population of any community at any given moment, and according to predictions by *Business First*, Houston will reach 6.9 million on March 13, 2017 and 7.0 million on November 17, 2017.

Source: [www.bizjournals.com](http://www.bizjournals.com), 1/6/16, Cara Smith

## What are other signals the downturn is over?

As stated by the Greater Houston Partnership's '2017 Houston Employment Forecast':

- West Texas Intermediate (WTI) the U.S. benchmark for light, sweet crude, now trades near \$50/barrel. WTI traded as low as \$26 in mid-February 2016.
- The number of drilling rigs working in the U.S. reached 593 in mid-November 2016. Only 404 rigs, the fewest in recent history, were in the field in mid-May 2016.
- After 21 months below 50, the Houston Purchasing Managers Index hit 51.1 in October 2016. Readings above 50 signal pending expansion; below 50, contraction.
- The region created 13,400 jobs in the 12 months ending October 2016. Annualized growth had sunk as low as 3,200 jobs in May 2016.

The forecast also asserts, "the recent downturn could be compared to a tropical storm. The damage done depended on where one stood as the system passed over Houston. Those businesses closest to the energy industry felt the full fury of the storm. Those distant from oil and gas, to extend the metaphor a bit further - on the dry side of the storm - were buffeted but not blown away."

The forecast calls for the strongest job growth in manufacturing, wholesale trade, retail trade, finance and insurance, real estate, business, professional and technical services, other services and government.

Source: Greater Houston Partnership Research, December 2016



## MULTI-FAMILY..... Moving Forward Cautiously



Since December 2014, developers have added more than 37,000 units to local inventory. Another 15,000 units are under construction, the majority scheduled to open in the next 12 months. That equates to 52,000 units delivered in a market that is just beginning to recover. Over the past 12 months, Houston has absorbed about 6,500 units.

The over supply of apartments cut overall occupancy to 88.5% in January 2017, down from 91.5% at its June 2015 peak. Occupancy rates below 90% favor tenants. Rents have responded accordingly, dropping between 2% and 6% depending on the apartment class.

The market absorbed 14,000 Class A units through the first 10 months of 2016, but this performance came at the expense of Class B, C and D properties, which collectively lost 7,500 tenants over the same period. Traditional Class B and C tenants have been enticed into the Class A market with deposit waivers, free rent (as much as 3 months) and other enticements. Whether these tenants renew their leases remains to be seen, but is however, doubtful.

If one uses the industry rule of thumb that for every six jobs created, the market absorbs one unit, then Houston needs to add 156,000 jobs to cut the current surplus in half. Once the economy recovers, growth should return to the long-term trend - 50,000 to 60,000 per year.

Source: Greater Houston Partnership Research, December 2016

## Ignoring Class B and C Apartment Market is a 'Big Mistake'

During the economic downturn some Class B and C tenants were lured into the Class A market with large free rent waivers and other concessions. With the improving conditions, a large portion of these tenants will most likely not renew and will return to the Class B and C market. In an article in the Houston Business Journal, dated September, 28, 2016, by Paul Takahashi, Todd Marix of Holliday, Fenoglio, Fowler (HFF) observed that ignoring the Class B and C apartment market is a 'big mistake'.

As stated by the article, when Todd Marix brought Broadstone Grand Parkway to market he expected to receive bids from six or seven interested buyers - par for the oil downturn.

The 342-unit garden apartment complex, built in 2009, had solid occupancy in the high 90th percentile but was offering two months free rent amid increasing competition from nearby apartments in Katy.

However, Marix's multifamily investment team at HFF received a whopping 18 bids for the property. The deal is still under contract but Marix said it sparked a bidding war between local and out-of-town private equity firms.

"We were shocked by the level of participation," Marix said. "We haven't seen this kind of bidding behavior in a long time. It tells me there's some optimism in the market."

Despite the oil slump, many opportunistic apartment buyers are returning to Houston in search of good deals, according to Marix.

Young apartment investors are also looking to get into the market during the oil slump, Marix said. These buyers are willing to accept lower rents for one or two years and hope that Houston's apartment market will recover around 2018.

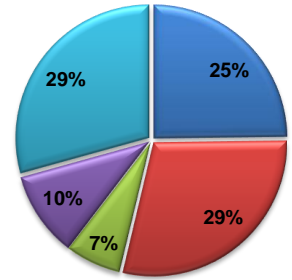
"Buyers like Advenir are relatively new to Houston, but they like the recovery aspect," Marix said. "These buyers have patient capital and want to buy in Houston at an advantageous time. They know things will be bumpy for the next year or two but are hoping they will come out the other end with a great deal."

Most of these new Houston buyers are focusing on the city's Class B and C apartment market during the energy downturn, Marix said.

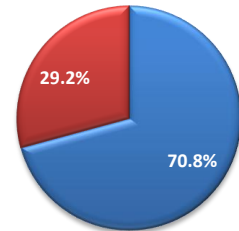
Marix estimates there are about 620,000 apartment units in Houston, of which the majority - two-thirds - are Class B and C apartments.

Source: [www.bizjournals.com](http://www.bizjournals.com), 9/28/16, Paul Takahashi

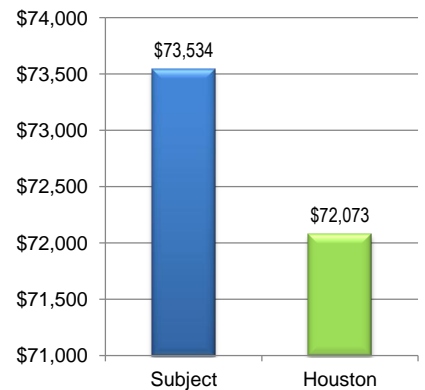
	1 Mile	3 Mile	5 Mile Radius	
<b>POPULATION</b>	2016 Estimated Population	15,707	43,048	116,433
	2021 Projected Population	17,434	48,193	129,668
	2010 Census Population	12,839	37,907	106,958
	2000 Census Population	11,429	33,489	94,279
	Projected Annual Growth 2016 to 2021	2.2%	2.4%	2.3%
Historical Annual Growth 2000 to 2016	2.3%	1.8%	1.5%	
2016 Median Age	31.4	33.9	34.2	
<b>HOUSEHOLDS</b>	2016 Estimated Households	7,263	20,724	51,700
	2021 Projected Households	8,014	23,017	57,309
	2010 Census Households	5,757	17,605	45,806
	2000 Census Households	4,950	15,396	41,298
	Projected Annual Growth 2016 to 2021	2.1%	2.2%	2.2%
Historical Annual Growth 2000 to 2016	2.9%	2.2%	1.6%	
<b>RACE AND ETHNICITY</b>	2016 Estimated White	34.9%	49.4%	52.5%
	2016 Estimated Black or African American	40.7%	26.2%	22.1%
	2016 Estimated Asian or Pacific Islander	9.4%	13.5%	14.4%
	2016 Estimated American Indian or Native Alaskan	0.5%	0.4%	0.4%
	2016 Estimated Other Races	14.5%	10.4%	10.7%
	2016 Estimated Hispanic	29.2%	23.0%	25.1%
<b>INCOME</b>	2016 Estimated Average Household Income	\$73,534	\$97,310	\$116,430
	2016 Estimated Median Household Income	\$53,227	\$72,631	\$88,361
	2016 Estimated Per Capita Income	\$34,008	\$46,871	\$51,756
<b>EDUCATION (AGE 25+)</b>	2016 Estimated Elementary (Grade Level 0 to 8)	6.7%	3.9%	4.8%
	2016 Estimated Some High School (Grade Level 9 to 11)	5.2%	3.7%	3.5%
	2016 Estimated High School Graduate	19.2%	12.2%	12.4%
	2016 Estimated Some College	24.5%	20.4%	16.6%
	2016 Estimated Associates Degree Only	5.4%	4.3%	3.5%
	2016 Estimated Bachelors Degree Only	19.6%	26.7%	26.7%
	2016 Estimated Graduate Degree	19.4%	28.9%	32.4%
<b>BUSINESS</b>	2016 Estimated Total Businesses	931	2,406	5,982
	2016 Estimated Total Employees	13,019	38,544	87,651
	2016 Estimated Employee Population per Business	14.0	16.0	14.7
	2016 Estimated Residential Population per Business	16.9	17.9	19.5



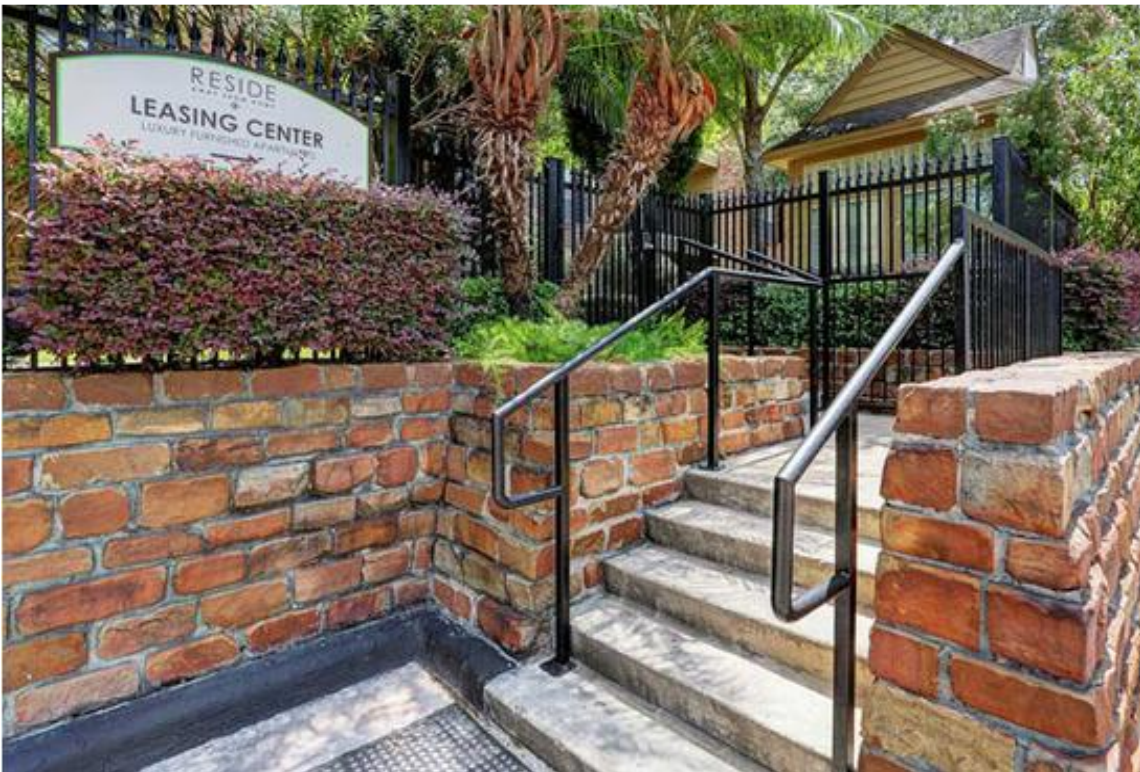
White Black Asian Other Hispanic



Non-Hispanic Hispanic



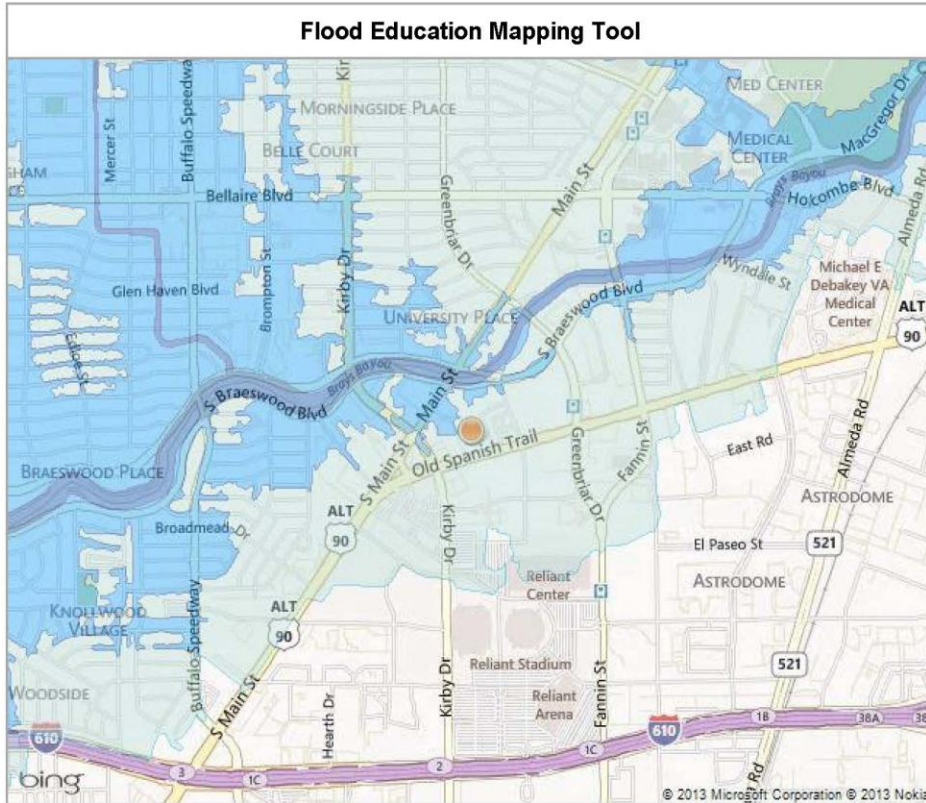












LEGEND	
	Floodway
	1% (100-year) Floodplain
	0.2% (500-year) Floodplain
	1% (100-year) Coastal Floodplain
	LOMR Boundary
	Open Channels
	Enclosed Channels
	Harris County Boundary



DISCLAIMER: The Harris County Flood Control District's Flood Education Mapping Tool is for general information purposes only and may not be suitable for legal, engineering or surveying purposes. The floodplains shown on this mapping tool are those delineated on the Federal Emergency Management Agency's (FEMA) effective Flood Insurance Rate Map (FIRM or floodplain map) for Harris County that was adopted in 2007, as well as updates that have been made through a Letter of Map Revision (LOMR) since 2007. This mapping tool is not an effective FIRM. The effective FIRM is produced, maintained and published by FEMA and not by the Harris County Flood Control District. Please visit FEMA's Map Service Center at [www.msc.fema.gov](http://www.msc.fema.gov) to view the effective FIRM for Harris County. For an official floodplain determination, please contact an insurance agent or mortgage lender. This map is a representation and approximation of the relative location of geographic information, land marks and physical addresses.



11-2-2015



## 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.

### 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.

**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.

_____ Licensed Broker /Broker Firm Name or Primary Assumed Business Name	_____ License No.	_____ Email	_____ Phone
_____ Designated Broker of Firm	_____ License No.	_____ Email	_____ Phone
_____ Licensed Supervisor of Sales Agent/ Associate	_____ License No.	_____ Email	_____ Phone
_____ Sales Agent/Associate's Name	_____ License No.	_____ Email	_____ Phone

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

\_\_\_\_\_  
Date