



# Louetta Creek

18620 LOUETTA CREEK DR | SPRING, TX | 44 UNITS

Confidential Offering Memorandum

AVISON  
YOUNG



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# LOUETTA CREEK

## Confidential Offering Memorandum

This confidential memorandum is intended solely for your own use in evaluating the financing of Louetta Creek (the "Property") located in Houston, TX and is not to be used for any other purpose or made available to any other party without the prior written consent of the Sponsor, or its agent, Avison Young.

This confidential memorandum contains brief selected summary information pertaining to the Property and has been prepared by Avison Young from information supplied by the Sponsor. This confidential memorandum does not purport to be all-inclusive or to contain all the information that a prospective investor may desire or deem relevant in determining whether to pursue negotiations to finance the Property. Neither the Sponsor, Avison Young, nor any of their respective owners, directors, employees, representatives, or agents make any representation or warranty expressed or implied as to the accuracy or completeness of this confidential memorandum or any of its contents and no legal liability is assumed or to be implied with respect thereto.

The Sponsor reserves the right to withdraw the Property from the market or change the terms of the potential acquisition at any time, and will have no legal obligation unless and until written agreements have been approved and executed by all parties.



01

Executive  
summary

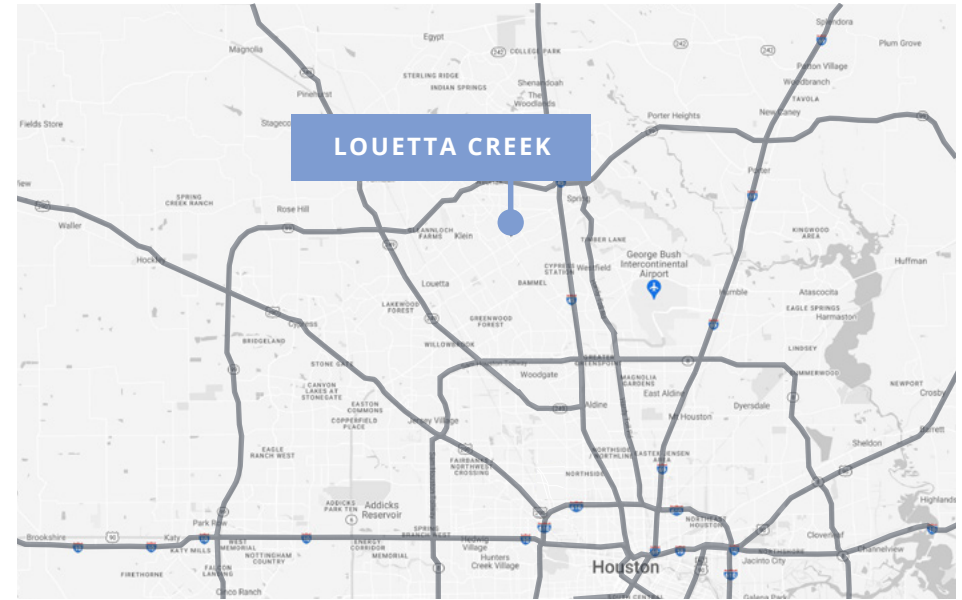
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# The opportunity

Louetta Creek is a 22 building, 44 unit, single plat build-for-rent community in the Spring submarket of Houston, TX. This high growth market offer renters a best-in-class, single-family living experience with exceptional connectivity to nearby retail, entertainment, high quality schools, and employment drivers. The residences consist of 3-4 bedroom homes, with large floor plans (1,891 Avg SF), high end finishes and attached garages. The development is newly completed and now stabilized. The property offers investors a unique opportunity to acquire a build-for-rent community in one of Houston's most desirable submarkets from highly reputable developer.



## Investment highlights

- Unique opportunity to acquire a high-quality BFR property in the nation's 4th largest city
- 44 units in a high-growth suburban location
- The community is fully built and stabilized with rent upside
- Demonstrated discount of rent vs. own
- Limited supply of competitive rentals in market
- Seasonally-adjusted BFR/SFR rent growth on new leases has maintained over 10% growth over the last 4 quarters, with supply-side constraints supporting higher forward looking projected growth vs. traditional multifamily

Property Information	
Property Name	Louetta Creek
Address	18620 Louetta Creek Dr
Location	Spring, TX
Units	44
Year Built	2022
Net Rentable Area	83,218
Leased %	93%
Acreage	4.10 AC
Stories	2

\*Populated from July 30, 2024



# Rent vs. own comparison

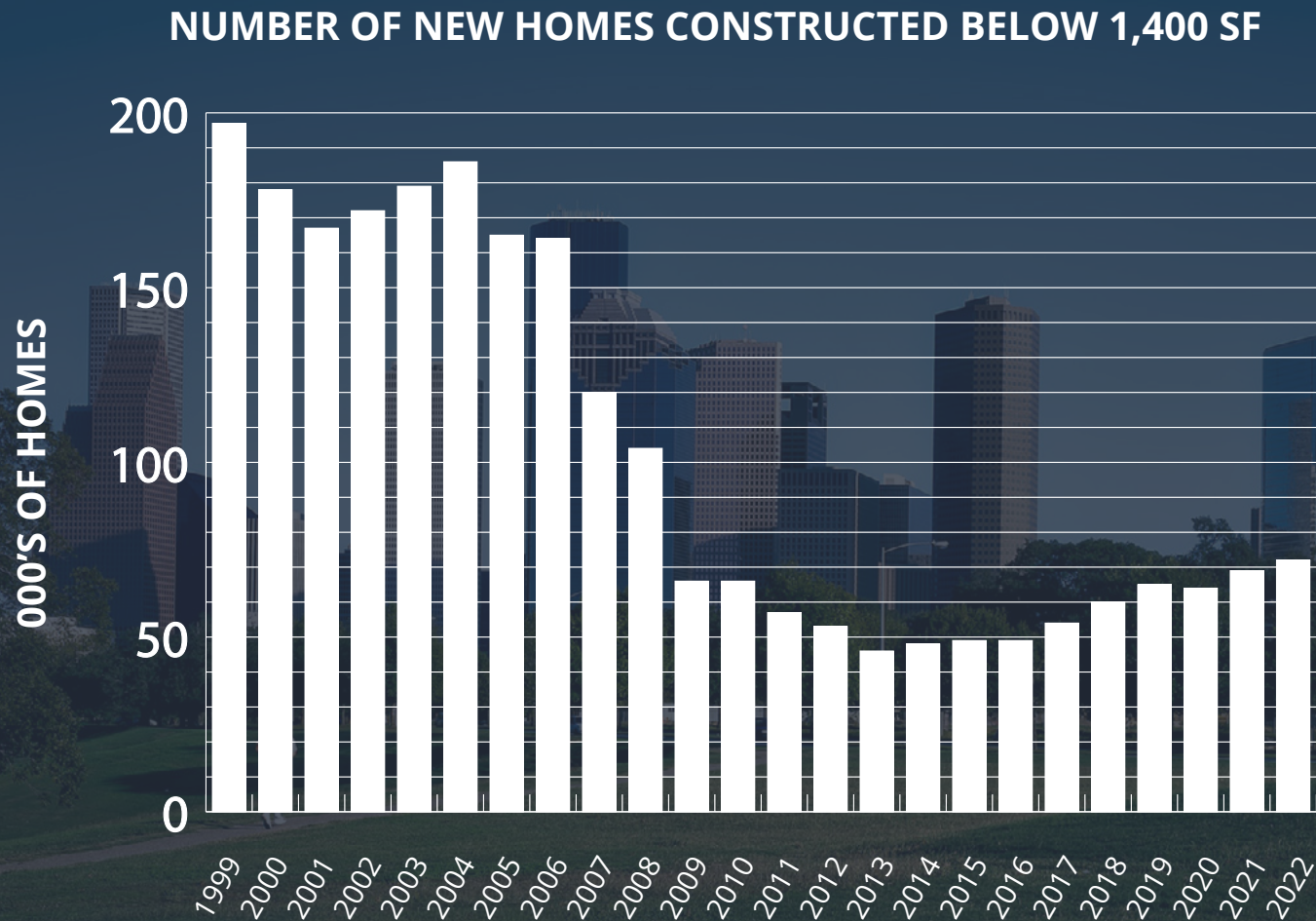
		Louetta Creek
Rent vs. Own Comparison		1 Mile
Median Home Value		\$352,000
Equity	10%	\$35,200
Debt		\$316,800
Rate	7.25%	
Term	30 Years	
PMI	1.0%	\$264
Payment		\$2,161
Taxes		\$703
Insurance		\$86
Maintenance		\$417
<b>Total Monthly Cost</b>		<b>\$3,366</b>
Current Market Rents		\$2,145
Discount to Ownership, Monthly		\$1,221





# Supply and demand

The availability of entry-level housing has hit historic lows, dropping below 100,000 deliveries during the Great Financial Crisis and failing to rebound despite strong demand for high-quality, smaller homes. Newly constructed build-for-rent communities serve as a middle ground for households seeking to transition from apartment living to larger spaces but facing challenges in affording down payments and mortgages, particularly in environments of rising interest rates.



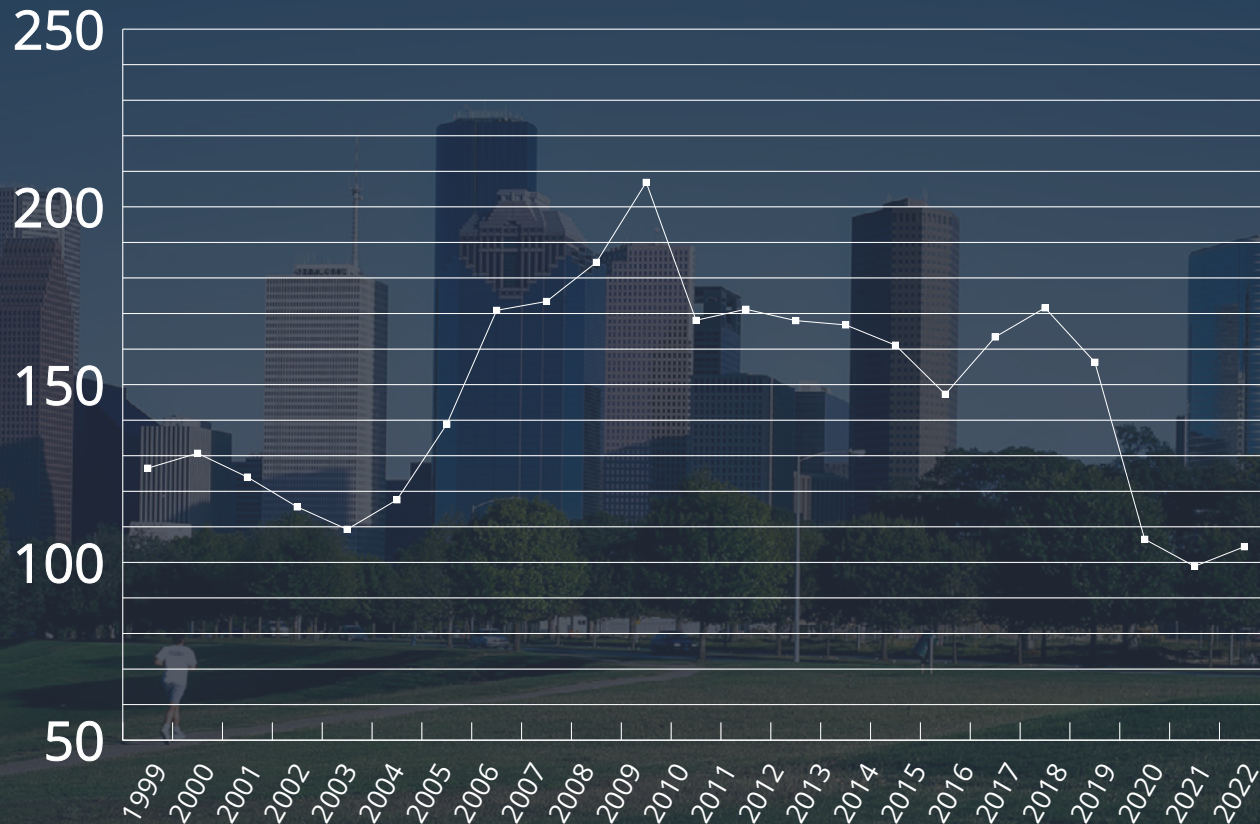


# Supply & demand

Build-for-Rent properties present an ideal solution for addressing the housing deficit and affordability challenges in the single-family dwelling market. The decline in home ownership, now at 65.7% of households compared to 69.2% in 2005, underscores the need for alternative housing options.

A significant portion of renters in both Single-Family Rental (SFR) and Build-for-Rent (BFR) properties are comprised of two key demographics: Millennials seeking affordable housing with more space, privacy, better schools, and family-friendly neighborhoods, and Baby Boomers downsizing from larger homes in search of mobility and community. These growing renter demographics, coupled with favorable economic conditions, are poised to generate consistent cash flows for SFR and BFR investments.

## HOME AFFORDABILITY INDEX





# Current Housing Shortage & Price Escalation Caused by Confluence of Factors

## Factors Contributing to Housing Shortage

- New home construction has increased to 7.2 million units short of what is needed to meet household-formation growth.
- Increase in the number of households due to high divorce rates as well as younger generations staying single longer and delaying marriage/family.
- Older adults are aging in place more than earlier generations and not selling their homes.
- Many Millennials are starting families and want to buy a house after years of renting but face a lack of sellers to meet their demand.
- Single-person households are increasing.

## Work from Home Trend Feeds Suburban Boom

The ability to do jobs remotely has drawn droves of people from cities to the suburbs, where they can enjoy more living space and escape the daily commute to work.

- 6% of people worked from home pre-pandemic.
- 15% of people are working from home today.

**145.9M**

TOTAL HOUSING UNITS

**44.5M**

RENTER-OCCUPIED  
HOUSING UNITS

**14M**

SINGLE-FAMILY  
RENTAL UNITS

**72M**

MILLENNIALS  
(An indication of New Household Formations  
Underway)

**5.8%**

YOY DECLINE IN 2023 SINGLE  
FAMILY STARTS  
(An indication of Limited New Inventory)



# Louetta Creek

02

Property  
overview


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# Property highlights



  
**44**  
UNITS


  
**2021**  
YEAR BUILT

  
**83,218**  
NRA

  
**4.10**  
ACRES

  
**\$2,138**  
IN-PACE RENT/UNIT  
(populated from 07/12/24 rent roll)

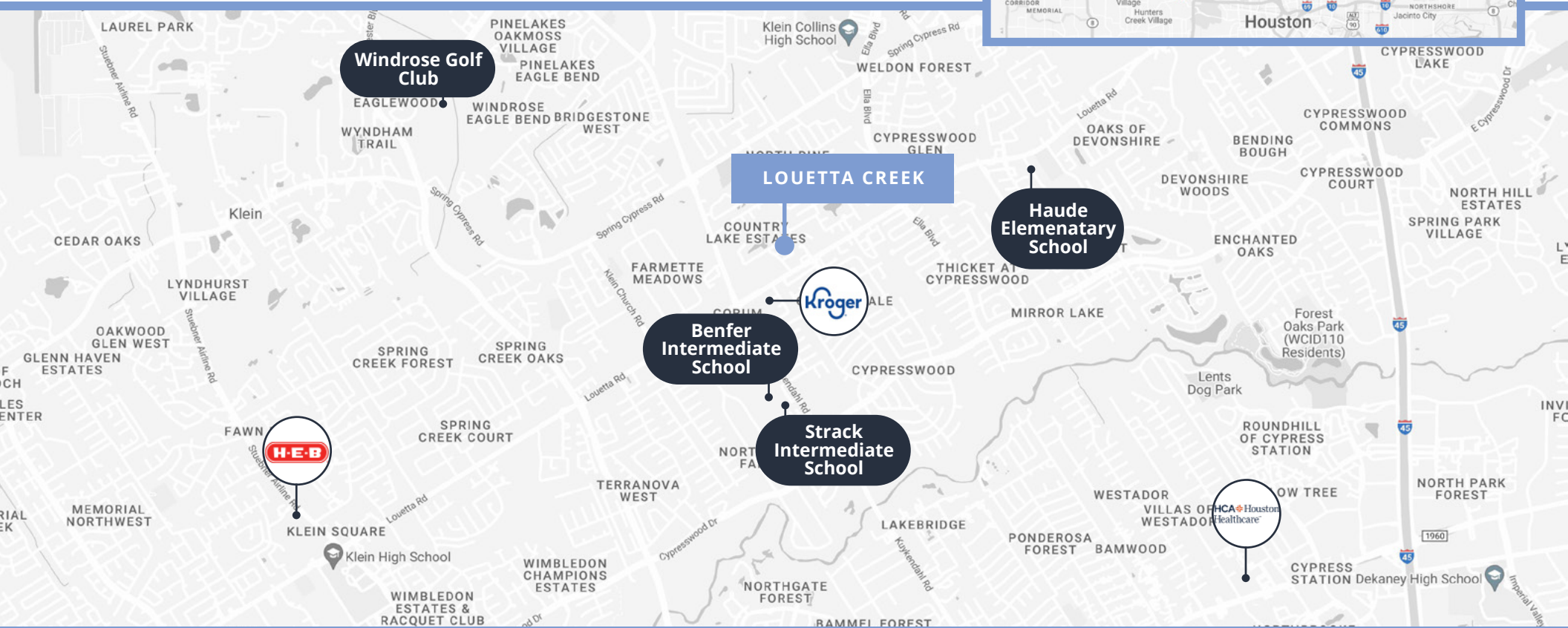
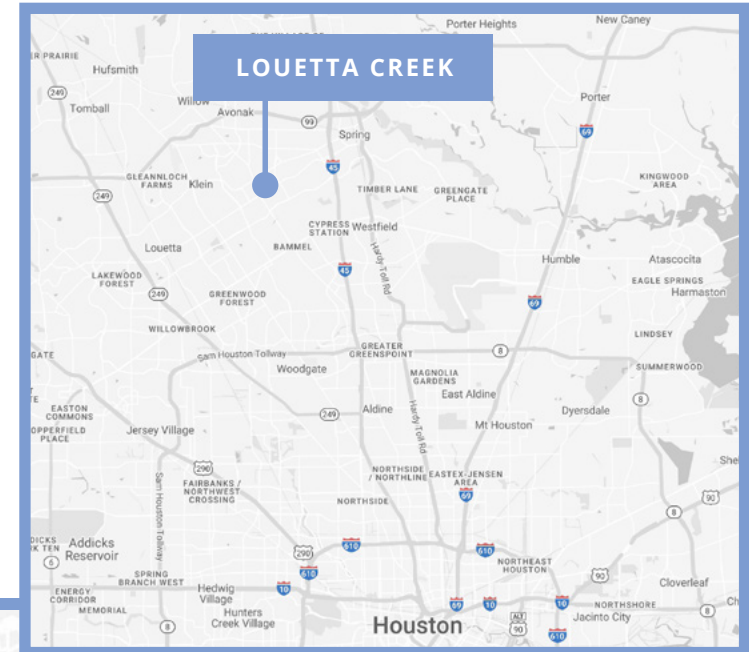
  
**\$1.13**  
IN-PLACE RENT/PSF

  
**91%**  
% LEASED



# Property highlights

- 44 unit, newly constructed duplex community in Spring, TX, just 26 miles north of Houston, TX.
- Located off I-45 with access to shopping, entertainment, and the major job centers of Houston and the Woodlands.
- The property is in the highly rated Klein ISD (Rated 89/100 by the Texas Education Agency).
- Opportunity to increase rents with the in place rents 18% below the competitive set, and boost income with new valet trash and internet charges started by the current owner.
- Monthly rents are a \$1,221 discount to the cost of ownership in the area, which equates to a staggering 58% discount.





# Property description

## Construction

Year built	2021
# of Units	44 (22 duplexes)
Stories	2
Framing	Wood
Foundation	Slab
Exerior Walls	Hardie Plank
Interior Walls	Sheetrock
Roof	Gable roof/asphalt shingles
Flooring	Vinyl/carpet mix



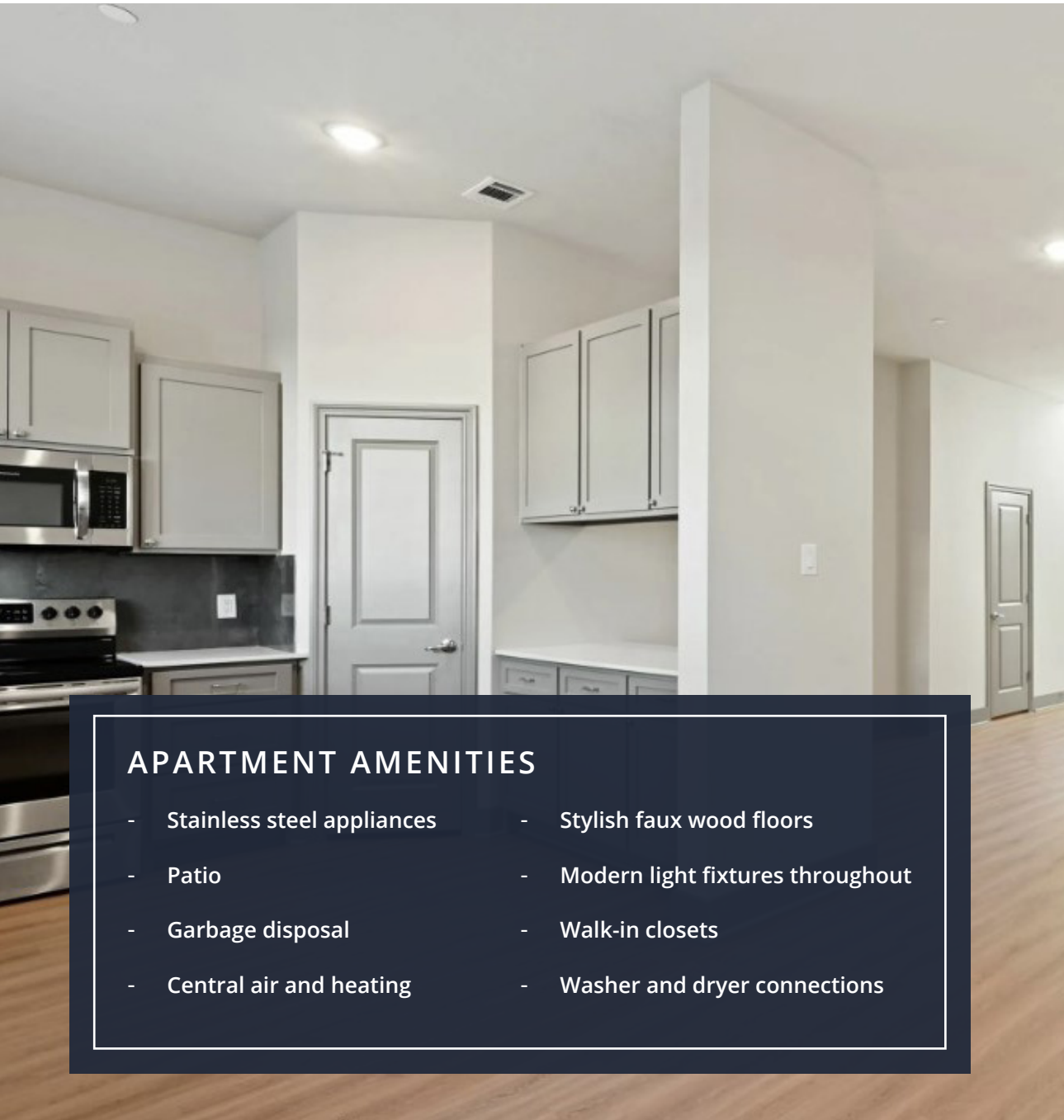
## Utilities

Electrical	Individually submetered
Water/Sewer	Individually submetered
HVAC	Individual AC units
Hot Water	Electric





# Property overview



## APARTMENT AMENITIES

- Stainless steel appliances
- Stylish faux wood floors
- Patio
- Modern light fixtures throughout
- Garbage disposal
- Walk-in closets
- Central air and heating
- Washer and dryer connections



# Floorplans

## WILLOW - 1ST FLOOR

3 bd | 2.5 ba | 1,715 sf



## WILLOW - 2ND FLOOR

3 bd | 2.5 ba | 1,715 sf





# Floorplans

## MAGNOLIA - 1ST FLOOR

4 bd | 3 ba | 2,146 sf



## MAGNOLIA - 2ND FLOOR

4 bd | 3 ba | 2,146 sf





# Louetta Creek aerial



Klein Collins School District

LOUETTA CREEK

SPRING

Klein ISD  
Therapeutic &  
Readiness Center



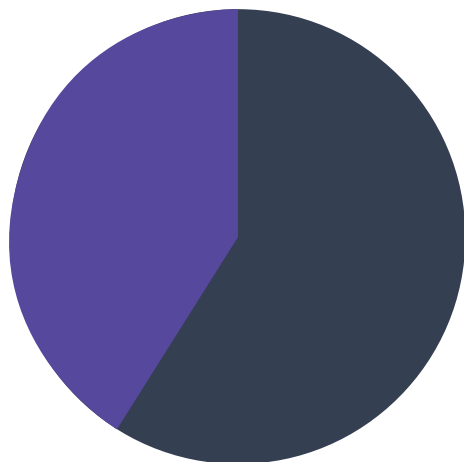
LOUETTA RD



# Unit mix

# OF UNITS	GENERAL TYPE	UNIT TYPE	AVERAGE SF	EFF RENT	EFF. RENT / SQ.FT.	TOTAL SQ.FT.	ANNUAL EFFECTIVE RENT
26	3 BR / 2.5 BA	Willow	1,715	\$1,960	\$1.14	44,590	\$611,461
18	4 BR / 3 BA	Magnolia	2,146	\$2,395	\$1.12	38,628	\$517,320
44			1,891	\$2,138	\$1.13	83,218	\$1,128,781

Populated from July 12, 2024 Rent Roll.



■ 3 Bedrooms  
■ 4 Bedrooms





# Historical comparison to financials

	TRAILING 12 MONTHS Jul 2023 to June 2024		CURRENT Income T3 end Jun 2024 Expenses T12		CURRENT Income T1 end Jun 2024 Expenses T12		Pro Forma	
	TOTAL	PER UNIT	TOTAL	PER UNIT	TOTAL	PER UNIT	TOTAL	PER UNIT
<b>Income</b>								
<b>Gross Potential</b>	<b>\$1,208,202</b>	<b>\$27,459</b>	<b>\$1,257,384</b>	<b>\$28,577</b>	<b>\$1,257,384</b>	<b>\$28,577</b>	<b>\$1,257,384</b>	<b>\$28,577</b>
Concessions	(\$74,292)	-6.1%	(\$27,592)	-2.2%	(\$6,600)	-0.5%		
Loss to Lease	(\$45,412)	-3.8%	(\$113,570)	-9.0%	(\$106,397)	-8.5%	(\$64,302)	-5.1%
<b>Effective Rent</b>	<b>\$1,088,498</b>	<b>\$24,739</b>	<b>\$1,116,222</b>	<b>\$25,369</b>	<b>\$1,144,387</b>	<b>\$26,009</b>	<b>\$1,193,082</b>	<b>\$27,116</b>
<b>PSF</b>	<b>\$1.09</b>		<b>\$1.12</b>		<b>\$1.15</b>		<b>\$1.19</b>	
<b>Per Unit</b>	<b>\$2,062</b>		<b>\$2,114</b>		<b>\$2,167</b>		<b>\$2,260</b>	
Vacancy	(\$239,842)	-22.0%	(\$100,595)	-9.0%	(\$100,719)	-8.8%	(\$59,654)	-5.0%
Employee / Model	(\$1,479)	-0.1%	(\$4,438)	-0.4%	(\$4,438)	-0.4%	(\$4,743)	-0.4%
Bad Debt / Write-off / Rent Adj Write off	(\$50,082)	-4.6%	(\$33,663)	-3.0%	(\$21,789)	-1.9%	(\$5,965)	-0.5%
<b>Rental Income</b>	<b>\$797,095</b>	<b>\$18,116</b>	<b>\$977,527</b>	<b>\$22,217</b>	<b>\$1,017,441</b>	<b>\$23,124</b>	<b>\$1,122,720</b>	<b>\$25,516</b>
RUBS	\$18,881	31%	\$26,890	44%	\$25,350	41%	\$40,167	123%
Misc Income	\$62,009	\$1,409	\$61,928	\$1,407	\$40,937	\$930	\$71,697	\$1,407
Total Misc Income	\$80,890	\$1,838	\$88,818	\$2,019	\$66,286	\$1,507	\$111,864	\$2,542
<b>Total Income</b>	<b>\$877,984</b>	<b>\$19,954</b>	<b>\$1,066,344</b>	<b>\$24,235</b>	<b>\$1,083,728</b>	<b>\$24,630</b>	<b>\$1,234,584</b>	<b>\$28,059</b>
<b>OPERATING EXPENSES</b>								
Water & Sewer	\$21,817	\$496	\$21,817	\$496	\$21,817	\$496	\$3,600	\$82
Electricity & Gas	\$38,465	\$874	\$38,465	\$874	\$38,465	\$874	\$22,585	\$513
Internet	\$1,274	\$29	\$1,274	\$29	\$1,274	\$29	\$6,450	\$147
<b>Total Utilities</b>	<b>\$61,556</b>	<b>\$1,399</b>	<b>\$61,556</b>	<b>\$1,399</b>	<b>\$61,556</b>	<b>\$1,399</b>	<b>\$32,635</b>	<b>\$742</b>
Landscaping	\$15,750	\$358	\$15,750	\$358	\$15,750	\$358	\$15,750	\$358
Repairs & Maintenance	\$28,694	\$652	\$28,694	\$652	\$28,694	\$652	\$8,296	\$189
Turnover	\$0	\$0	\$0	\$0	\$0	\$0	\$8,800	\$200
Payroll	\$114,988	\$2,613	\$114,988	\$2,613	\$114,988	\$2,613	\$54,185	\$2,613
Advertising	\$19,466	\$442	\$19,466	\$442	\$19,466	\$442	\$18,641	\$424
Administrative	\$19,514	\$443	\$19,514	\$443	\$19,514	\$443	\$5,500	\$125
<b>Total Variable Expenses</b>	<b>\$259,968</b>	<b>\$5,908</b>	<b>\$259,968</b>	<b>\$5,908</b>	<b>\$259,968</b>	<b>\$5,908</b>	<b>\$143,807</b>	<b>\$3,268</b>
Property Taxes	\$222,288	\$5,052	\$222,288	\$5,052	\$222,288	\$5,052	\$222,288	\$5,052
Insurance	\$52,714	\$1,198	\$52,714	\$1,198	\$52,714	\$1,198	\$55,737	\$1,198
Management Fees	\$24,000	2.7%	\$24,000	2.3%	\$24,000	2.2%	\$25,627	2.1%
<b>Total Operating Expenses</b>	<b>\$558,971</b>	<b>\$12,704</b>	<b>\$558,971</b>	<b>\$12,704</b>	<b>\$558,971</b>	<b>\$12,704</b>	<b>\$447,459</b>	<b>\$10,170</b>
<b>Net Operating Income</b>	<b>\$319,014</b>	<b>\$7,250</b>	<b>\$507,373</b>	<b>\$11,531</b>	<b>\$524,757</b>	<b>\$11,926</b>	<b>\$787,124</b>	<b>\$17,889</b>
Cap Imp/Repl Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Cash Flow</b>	<b>\$319,014</b>	<b>\$7,250</b>	<b>\$507,373</b>	<b>\$11,531</b>	<b>\$524,757</b>	<b>\$11,926</b>	<b>\$787,124</b>	<b>\$17,889</b>

See next page for Pro Forma notes.



# Pro forma notes

## PRO FORMA NOTES

(1)	Gross Potential Rent	Pro forma assumes current unit mix rents increased by 3%.
(2)	Concessions	Pro forma based on effective rent and assumes no concessions.
(3)	Loss to Lease	Pro forma assumes -0.5 of the difference in pro forma rents vs. current unit mix rents. Projection pages also assume -0.5% of annual rent growth.
(4)	Vacancy	Pro forma assumes 5.0%
(5)	Employee / Model	Pro forma assumes 0.4%
(6)	Bad Debt / Write-off	Pro forma assumes 0.5% based on industry standards.
(7)	Utility Reimbursement	Pro forma assumes current amount.
(8)	Misc. Other Income	Pro forma assumes current amount.
(9)	Total Variable Expenses	Pro forma assumes trailing 12 months amount.
(10)	Taxes	Pro forma assumes 100% of the sales price x millage rate (2.5240)
(11)	Insurance	Pro forma assumes current amount.
(12)	Management Fee	Pro forma assumes 2.1% of total income based on industry standards.
(13)	Capital Reserves	Pro forma assumes \$250 per unit.
(14)	Acquisition Financing	Assumable Agency financing. \$6.6M original balance, 9/9/2020 origination date, 2.65% interest, 10 years IO, 10 year term, 30 year ammortization. Supplemental loan taking LTV to 75% (Of acquisition price) and DSC at or above 1.25 x



# 03

## Location overview

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# Houston, Texas

## TOP 5 CITY TO “LIVE, WORK, AND PLAY” IN THE U.S.



**#9 BEST CITY IN AMERICA**  
Worlds Best Cites (2023)



**#5 MOST AFFORDABLE CITIES IN THE U.S.**  
Livability.com (2023)



**TECH HUB OF THE SOUTH**  
Forbes (2023)



**ENERGY CAPITAL OF THE WORLD**



**#1 MOST WALKABLE CITY IN TEXAS**  
Walkscore (2023)



**100 NET NEW RESIDENTS MOVE TO HOUSTON DAILY**



**HOME TO THE TEXAS MEDICAL CENTER**  
the largest medical center in the world



**HOME TO 26 FORTUNE 500 COMPANIES**  
ranking it third among all U.S. metros



**#1 MOST DIVERSE CITY IN THE U.S.**  
World Population Review (2023)



**40 COLLEGES & UNIVERSITIES**  
450,000 enrolled students, 5th largest student body in the nation



# Economic drivers

A key factor in Houston's success as a global market is its business-friendly climate, lack of state income tax, rapidly growing population, and proximity to diverse professional and corporate services talent.



## LARGEST PRIVATE EMPLOYERS (NON-RETAIL)



30,000+

Memorial Hermann Health System



25,000+

Houston Methodist



15,000+

United Airlines, MD Anderson Cancer Center  
Texas Children's Hospital



10,000+

Tenneco Inc., ExxonMobil, Shell Oil Company  
Sysco Corporation, Baylor College of Medicine  
HCA Houston Healthcare



# 26 Fortune 500 companies headquartered locally

19  
FORTUNE 500  
COMPANIES  
WITHIN 30 MILES



## ENERGY INDUSTRY

Home to 26 Fortune 500 Companies

Fortune 500 Rank	Company	Industry	Revenues (\$ Billions)	HQ Employees
No. 3	Exxon Mobil	Energy Manufacturer & Provider	413.7	11,000
No. 17	Phillips 66	Energy Manufacturer & Provider	175.7	2,200
No. 49	ConocoPhillips	Oil & Gas	82.1	3,000
No. 56	Sysco Corp.	Foodservices	68.6	10,000
No. 72	Enterprise Products Partners	Energy Infrastructure	58.2	1,000
No. 74	Plains GP Holdings	Oil & Gas	57.3	100
No. 110	Occidental Petroleum	Oil & Gas	37.0	3,000
No. 122	Cheniere Energy	Liquefied Natural Gas	33.4	150
No. 130	NRG Energy	Energy Provider	31.5	1,500
No. 143	Hewlett Packard Enterprise	Information Technology	28.4	3,000
No. 156	EOG Resources	Oil & Gas	25.7	700
No. 185	Baker Hughes	Energy Technology	21.2	1,300
No. 188	Targa Resources	Energy Infrastructure	20.9	750
No. 197	Halliburton Co.	Oil & Gas	20.3	3,500
No. 204	Waste Management	Waste Management	19.7	5,000
No. 214	Kinder Morgan	Energy Infrastructure	19.2	5,000
No. 244	Quanta Services	Energy Infrastructure/ Construction	17.1	2,500
No. 252	Group 1 Automotive	Automotive	16.4	1,000
No. 263	Westlake	Manufacturing	15.8	2,000
No. 275	Southwestern Energy	Oil & Gas	15.0	1,000
No. 341	APA	Oil & Gas	12.1	500
No. 413	CenterPoint Energy	Energy Provider	9.3	400
No. 420	Corterra Energy	Oil & Gas	9.0	1,700
No. 433	Huntsman	Manufacturing	8.7	900
No. 464	Marathon Oil	Oil	8.0	560
No. 492	Par Pacific Holdings	Oil & Gas	7.3	1,000



# Texas Medical Center

## 37-ACRE TMC3 BIOMEDICAL RESEARCH CAMPUS

TMC3 is a 37-acre world-class life science campus, which will total 5 million square feet at full built-out. Phase One of the project will deliver 950,000 square feet of state-of-the-art research, lab, and life science space.

**EXPECTED ECONOMIC IMPACT**

**23,000** JOBS ADDED      **\$5.4 BILLION** OF ECONOMIC OUTPUT



Source: Gensler.com



### FOUNDING TMC3 INSTITUTIONS





# Dynamic quality of life

With more than 366 parks and 125 miles of hiking and biking trails, five major league sports teams (including the Texans, Astros, and Rockets), and a major symphony, ballet, opera, and theater with international acclaim - one of only ten cities in the U.S. - Houston offers a dynamic and fulfilling lifestyle for people with diverse interests and preferences.





# Houston is one of the top five “live, work, play” cities in the U.S

## Live

- #5 most affordable metro in the nation, offering a cost of living that is 8% lower than the national average and 28% lower than the most populous metros
- Located in one of nine states that offers zero state income tax
- Access to world-class health care, which provides 4.6 hospital beds per 1,000 people compared to 2.8 in the nation

## Work

- Access to a booming job market that added 70,000 new jobs in 2023, a 40% increase over the Pre-COVID average
- Home to 26 Fortune 500 Companies, ranking it third among all U.S. metros
- Boasts a stable and diverse economy, and is at the forefront of innovation, with growing sectors like renewable energy, biotechnology, and space exploration

## Play

- Recognized for its vibrant and diverse food scene, offering four establishments per 1000 people, ranking it second among the most populous metros
- Home to five major league sports teams, including the Texans, Astros and Rockets
- One of ten cities in the U.S that boasts a major symphony, ballet, opera, and theater with international acclaim

### #2 FASTEST GROWING METRO IN THE NATION



100 NET NEW  
PEOPLE MOVING  
TO HOUSTON  
DAILY



26.7%  
POPULATION  
GROWTH SINCE  
2010 COMPARED  
TO 9.8% IN THE  
NATION



144,000 NEW  
RESIDENTS  
ANTICIPATED  
IN 2024, A 15%  
INCREASE FROM  
2023



1.92% PROJECTED  
ANNUAL  
GROWTH RATE  
THROUGH 2028,  
COMPARED TO  
0.4% IN THE U.S.



# The diverse local economy generated 70,000 new jobs in 2023

As the 25th largest economy in the World, Houston's success as a top global market is driven by its business-friendly climate, high-growth population, and proximity to diverse professional and corporate services talent.

## KEY INDUSTRIES



### A MANUFACTURING POWERHOUSE

The Houston Metro produces over \$80 billion in manufactured products annually, ranking second for manufacturing GDP output in the U.S.



### THE ENERGY CAPITAL OF THE WORLD

Home to 44 out of 113 publicly traded oil and gas firms and the fourth highest concentrations of engineers in the U.S.



### THE TECH HUB OF THE SOUTH

Houston led the nation in YOY growth in postings for tech jobs, which increased by 46% during 2022.



### A TOP INNOVATION HUB FOR LIFE SCIENCE AND HEALTHCARE

Houston's most resilient industry - only once since '93 has the sector finished the year with fewer jobs than it started, which was in 2020.



**540 COMPANIES**  
RELOCATED, EXPANDED  
OR STARTED  
(2021 -2022)



**70,000 JOBS** ADDED IN  
2023, 40% GREATER  
THAN THE PRE-COVID19  
AVERAGE

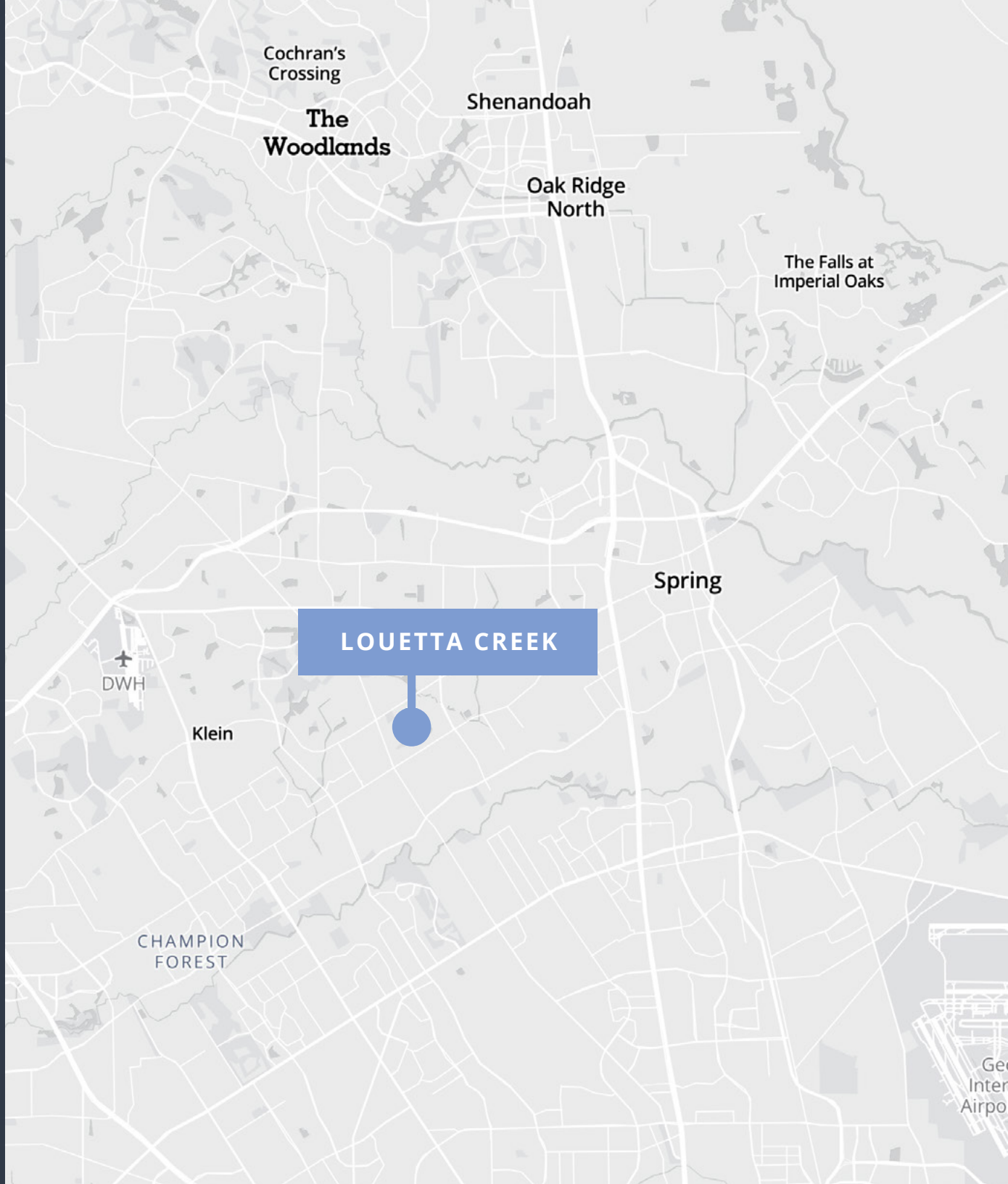


**107,000 ACTIVE**  
JOB POSTINGS  
IN JANUARY 2024



**HOME TO 26 FORTUNE**  
**500 COMPANIES**





04

# Market comparables

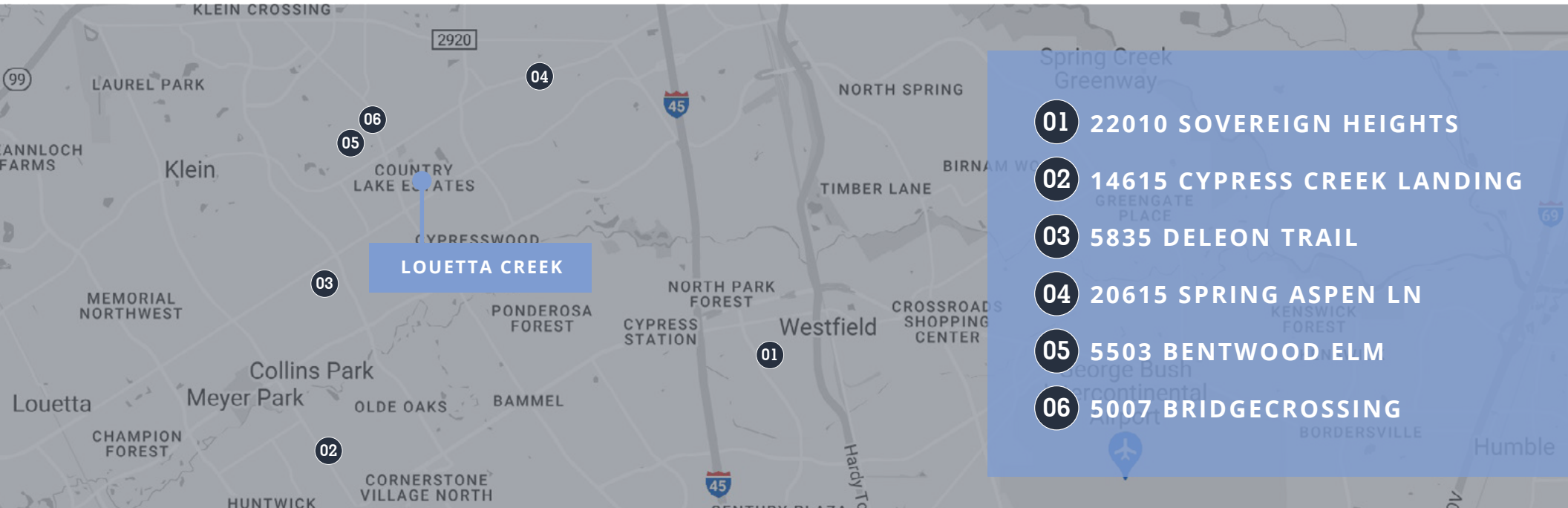




# Rent comparables - Louetta Creek

Address	SF	Beds	Baths	Rent	Rent/SF
22010 Sovereign Heights Ln	2,094	4	3.5	\$2,300	\$1.10
<b>Subject (Willow Unit)</b>	<b>2,146</b>	<b>4</b>	<b>3</b>	<b>\$2,413</b>	<b>\$1.12</b>
<b>Subject (Magnolia Unit)</b>	<b>1,715</b>	<b>3</b>	<b>2.5</b>	<b>\$1,960</b>	<b>\$1.14</b>
14615 Cypress Creek Landing	1,967	4	3	\$2,400	\$1.22
5835 Deleon Trail	1,625	3	2	\$2,050	\$1.26
20615 Spring Aspen Ln	2,240	4	3	\$3,100	\$1.38
5503 Bentwood Elm	1,840	3	2	\$2,600	\$1.41
5007 Bridgecrossing	1,831	3	2	\$2,717	\$1.48

Source: Avison Young Research; Zillow





**If you would like more  
information on this offering,  
let's connect.**

**Brandon Bean**

Vice President

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