

How This Kyle Industrial Asset Can Reach a 13% Cap Rate

Thank you for your interest in 101 Petra's Way, Kyle, TX. Below is a structured investment summary including operating income, financing assumptions, and key return metrics typically reviewed prior to acquisition. All figures are estimates for discussion purposes only.



Property Overview

- Address: 101 Petras Way, Kyle TX 78640
- 5,000 SF warehouse (located out of floodplain)
- ± 34.967 acres of unrestricted land
- Roll-Up Doors: (2) 14' Drive-In
- Zoning: Unrestricted (Hays County)
- Some portions within floodplain, suitable for outdoor industrial uses
- Convenient access to I-35, SH-21, SH-130, and US-183
- Located between Austin and San Antonio (strong regional logistics hub)
- Office build-out includes kitchenette, Full bathroom and 3 offices (two upstairs)
- Ample yard area for outdoor storage, parking, or future expansion
- Surrounded by rapid commercial and industrial development
- Example of closing price: **\$2,800,000**

FINANCING ASSUMPTIONS (Illustrative)

- Purchase Price: \$2,800,000
- Loan-to-Value: 65%
- Loan Amount: \$1,820,000
- Equity Required: \$980,000
- Interest Rate: 6.75%
- Amortization: 25 years
- Annual Debt Service: ≈ \$151,200

OPERATING ASSUMPTIONS

- Warehouse Lease: 5,000 SF at \$1.00/SF/month = \$60,000/year
- Ground Lease – Phase 1: 5 acres at \$2,900/acre/month = \$174,000/year
- Ground Lease – Phase 2 (Upside Scenario): Additional 5 acres at \$2,900/acre/month = \$174,000/year

Estimated Annual Expenses

- Property Taxes: \$15,969 (2025)
- Insurance: ~\$7,500
- Maintenance / Misc: ~\$7,500



SCENARIO 1. PHASE 1 ONLY (5 ACRES LEASED)

Gross Income: \$234,000
Operating Expenses: ~\$30,969
Net Operating Income (NOI): \$203,031
Cap Rate at Asking: **7.25%**

Debt Service: ~\$151,200
Cash Flow After Debt: ~**\$51,831/year**
Debt Service Coverage Ratio (DSCR): **1.34x**
Cash-on-Cash Return: ~**5.3%**
Break-Even Occupancy: ~74%

SCENARIO 2. PHASE 1 + PHASE 2 (10 ACRES LEASED)

Gross Income: \$408,000
Operating Expenses: ~\$30,969
Net Operating Income (NOI): \$377,031
Cap Rate at Asking: **13.47%**

Debt Service: ~\$151,200
Cash Flow After Debt: ~**\$225,831/year**
Debt Service Coverage Ratio (DSCR): **2.49x**
Cash-on-Cash Return: ~**23%**
Break-Even Occupancy: ~40%

IRR PROJECTION (5-Year Hold, Illustrative)

Assuming:

- 3% annual rent growth
- 7.5% exit cap
- Standard closing costs

Unlevered IRR: ~10% – 13%

Levered IRR (Phase 2 stabilization): ~16% – 20%

Actual returns will vary based on lease-up timing, financing terms, and exit assumptions.

INVESTMENT PROFILE

The opportunity is structured as an income-stacked land play with warehouse anchor income. Floodplain portions limit vertical development but support low-improvement, income-producing outdoor uses such as contractor yards, fleet parking, equipment storage, RV storage (non-occupied), and others subject to buyer verification.



Photo virtually staged for illustration purposes.

Best regards,

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