

HUGHES RANCH ROAD

16.61-acre commercial development opportunity

Sale price: \$9,500,000



KWC EXPANSION GROUP
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KW COMMERCIAL
Keller Williams Sunset Corridor | Each Office Independently Owned and Operated

Americo Mendez

KWC Team of KW Commercial
C:713.409.5527 | americo@kw.com
TREC 552373

HUGHES RANCH ROAD

EXECUTIVE SUMMARY

PROPERTY HIGHLIGHTS

- 16.61 acres of raw land zoned BP-288
- Attractive zoning allows a multitude of permitted & conditional uses Ideally located along Highway 288, North of Highway 6 & South of Beltway 8
- Surrounded by ample retail developments & national brands
- Property taxes pre-paid through 2026
- Existing structures & land offer immediate leasing opportunities through pre-development



PROPERTY SUMMARY

Well positioned behind the immediate frontage of State Highway 288, this 16.61-acre development opportunity brings its investor a unique site to develop a variety of uses. The flexibility of the site's BP-288 zoning allows an investor to maximize the development potential, ensuring the site will be home to development both robust in size and financial reporting.

The land is predominantly clear today, and the existing structures offer potential for office space through pre-development or short-term leasing revenue through the planning process.

The site is in Pearland, Texas, a suburb of Houston, Texas.

HUGHES RANCH ROAD

AERIAL VIEW



HUGHES RANCH ROAD

BUSINESS PARK 288 (BP-288) PERMITTED & CONDITIONAL USES

PERMITTED

Accessory Structure Antique Shop
Assisted Living Facility Auction House
Barber/Beauty Shop/Tanning Studios Bed & Breakfast
Inn
Cafeteria
Child Day Care Center Child Day Nursery
Church, Temple, or Place of Worship Civic Center Civic
Club
Clinic, Medical or Dental Coffee Roasting Commercial
Amusement, Indoor
Contractor's Temporary On-Site Office Convent or
Monastery
Copy/Printing Shop
Country Club/ Golf Course Credit Agency Department
Store
Dinner Theatre Emergency Care Clinic
Exhibition Hall or Public Assembly Farm
Farm Accessory Building Financial Institution Food
Sales On or Off Premise Furniture/Appliance Store
General Retail Store Gym/Health Club
Hospital (For-Profit and Non-Profit)
Religious,/Educational/Philanthropic Institution

Jewelry Store Laboratory,
Medical or Dental Library Public or Museum
Medical Appliances & Sales Microblading Office
Veterinarian Clinic Animal Kennel
Park and/or Playground
Recreation Center (Private, For Profit) Restaurant (No
Drive-In or Drive-Thru) Sale of Produce from
Community Garden
Satellite Dish (Private, 4' or less in diameter) School
Security Monitoring Company Social & Recreational
Building Recreation centers
Radio and/or Television Studio (No Towers) Swimming
Pool, Private
Tennis or Swim Club (Private, For Profit)

CONDITIONAL USES (CUP Required)

Adult Day Care Center Airport & Heliport/Helipad
Antique Shop
Art Museum, Dealer, or Studio Astrology, Hypnotist or
Psychic Arts Auto Wash
Bakery
Barber/Cosmetology School/College Bio-Tech, High-
Tech

Manufacturing Catering Service Cellular
Communications Tower/PCS
Cigars,/Tobacco/E-Cigarettes (Retail Only) Cinema
Commercial Amusement, Outdoor
Extraction/Storage of Soil, Sand, and Gravel
Commercial Transit Terminal
Convenience Store (Without Gasoline Sales)
Electrical Substation
Extended Stay Hotel/Motel, Hotel and Motel
Fairgrounds or Rodeo Grounds
Franchised Private Utility
Funeral Home/Mortuary/Crematorium Gaming
Establishment
Garage and/or Yard Sales Garden Shop & Outside
Plant Sales
Gas Transmission & Metering Station Guest,
Caretakers or Security Quarters
Hardware Store
Alcoholic, Narcotic or Psychiatric Care
Liquor/Package Store Nursing/Convalescent Home
Office, Parole-Probation, Bail Bonds Veterinarian
(Animal Hospital, Outside Pens) Petroleum or
Petroleum Product Extraction Private Club
Radio or Television or Microwave Towers
Resale/Consignment Shop
Satellite Dish (greater than 4' in diameter) Studio
or Learning Center for Arts Swimming Pool,
Commercial Telemarketing Agency Telephone
Exchange & Transmitting Equipment

HUGHES RANCH ROAD

DEMOGRAPHICS & NEIGHBORS

POPULATION ESTIMATE

1 Mile	12,536
3 Miles	82,853
5 Miles	169,370

AVERAGE HOUSEHOLD INCOME

1 Mile	\$128,710
3 Miles	\$153,946
5 Miles	\$138,327

VEHICLES PER DAY

Hwy 288 north of FM 518 / Broadway St	146,801
Hwy 288 south of FM 518 / Broadway St	115,601
FM 518 / Broadway St east of Hwy 288	46,036
FM 518 / Broadway St west of Hwy 288	29,653



Though mostly residential, Pearland also showcases excellent retail, dining, and entertainment options. The open-air Pearland Town Center has around 140 specialty stores and 25 restaurants.

Silverlake Village Shopping Center, Shadow Creek Town Center, and The Crossing @ 288 also offer a wide variety of stores and restaurants. Homes in Pearland range from traditional to luxury homes in gated communities, from waterfront estates to homes in golf courses. The east section of Pearland is mostly made up of more established neighborhoods, while the west section features newer master-planned communities.

HUGHES RANCH ROAD

ABOUT PEARLAND



Pearland, Texas, is a vibrant and rapidly growing city south of Houston. Nestled in Brazoria County, this dynamic community offers an excellent environment for residents and businesses. With over 130,000 people, Pearland boasts a diverse and thriving economy, outstanding amenities, and a strong sense of community.

Regarding employment opportunities, Pearland has several top employers contributing to the city's robust economy. The top five employers in the area include the Pearland Independent School District, the City of Pearland, Kelsey-Seybold Clinic, Bass Pro Shops, and Walmart. These companies provide various job opportunities across various industries, making Pearland an attractive place for professionals seeking career growth.

Regarding demographics, Pearland offers a mix of residential neighborhoods, commercial developments, and recreational spaces catering to a diverse population. The city has experienced significant growth in recent years, with a median household income of \$97,156 and a median home value of \$248,100. The community is known for its highly educated workforce, with a high school graduation rate of 95% and several renowned educational institutions, including the University of Houston-Clear Lake and San Jacinto College.

Pearland's key features encompass a multitude of attractions and amenities that enhance the quality of life for its residents. The city boasts an array of parks, such as the 150-acre Centennial Park and the Shadow Creek Ranch Nature Park, providing ample outdoor and recreational opportunities. Pearland is also recognized for its diverse culinary scene, offering an array of restaurants and eateries that cater to various tastes and preferences. The city hosts numerous community events and festivals annually, fostering a strong sense of belonging and community engagement.

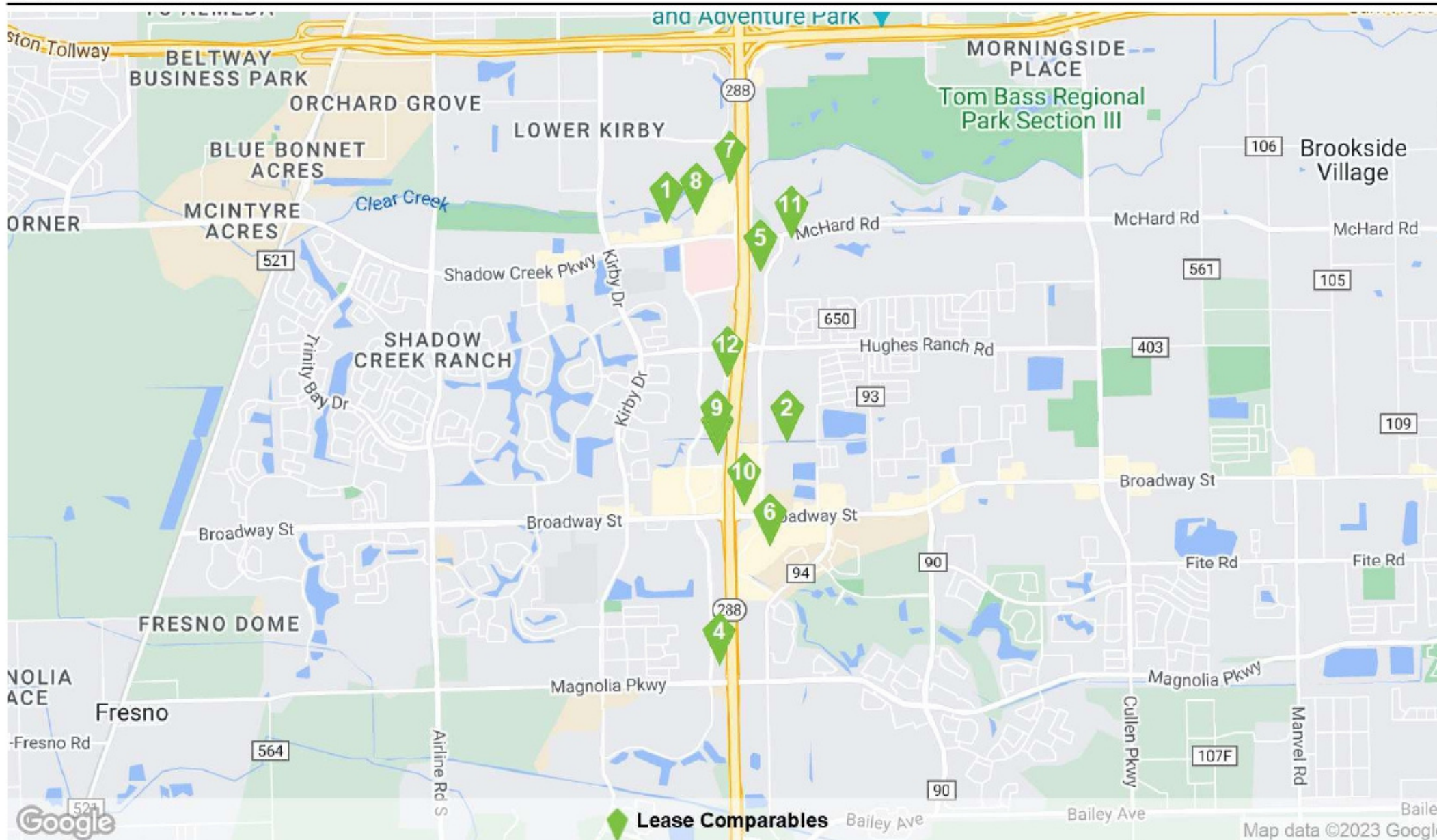
Pearland is ideal for developers and investors looking to establish roots in a flourishing community.

HUGHES RANCH ROAD

LEASE COMPS SUMMARY

Deals	Asking Rent Per SF	Starting Rent Per SF	Avg. Months On Market
18	\$22.51	-	18

LEASE COMPARABLES



HUGHES RANCH ROAD

LEASE COMPS SUMMARY

SUMMARY STATISTICS

Rent	Deals	Low	Average	Median	High
Asking Rent Per SF	15	\$18.00	\$22.51	\$23.00	\$72.84
Starting Rent Per SF	-	-	-	-	-
Effective Rent Per SF	-	-	-	-	-
Asking Rent Discount	-	-	-	-	-
TI Allowance	-	-	-	-	-
Months Free Rent	-	-	-	-	-

Lease Attributes	Deals	Low	Average	Median	High
Months on Market	17	3	18	13	47
Deal Size	18	140	2,134	1,501	10,733
Lease Deal in Months	4	12.0	42.0	48.0	60.0
Floor Number	18	1	1	1	4

HUGHES RANCH ROAD

LEASE COMPS SUMMARY

1 11233 Shadow Creek Pky - 11233 Shadow Creek Parkway
Pearland, TX 77584 - South Submarket

★★★★☆



LEASE	
SF Leased:	1,702 SF
Sign Date:	Aug 2023
Space Use:	Office
Lease Type:	Direct
Floor:	1st Floor
Suite:	125

RENTS	
Asking Rent:	\$19.50/NNN

CONCESSIONS AND BUILDOUT	
Buildout:	Standard Office
Buildout Status:	Partial Build-Out
Space Condition:	Average

LEASE TERM	
Start Date:	Sep 2023

PROPERTY EXPENSES	
Taxes:	\$2.63/SF (2022-Est);...

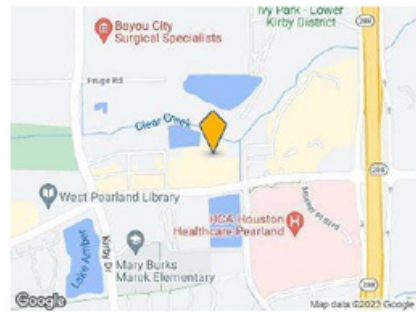
TIME ON MARKET	
Date On Market:	Apr 2022
Date Off Market:	Aug 2023
Months on Market:	17 Months

TIME VACANT	
Date Vacated:	Oct 2022
Date Occupied:	Sep 2023
Months Vacant:	11 Months

LEASING REP
Moody Rambin
1455 West Loop S, Suite 700
Houston, TX 77027-9519
Kurt Kistler (713) 773-5590
Kevin Nolan (713) 773-5572

PROPERTY	
Property Type:	Office
Status:	Built 2009
Tenancy:	Multi
Class:	A
Construction:	Reinforced Concrete
Parking:	60 Covered Spaces...

Rentable Area:	80,000 SF
Stories:	4
Floor Size:	20,000 SF
Vacancy at Lease:	12.9%
Land Acres:	3.57



MARKET AT LEASE

Vacancy Rates	2023 Q3	YOY
Current Building	12.9%	▲ 6.0%
Submarket 3-5 Star	10.6%	▲ 0.9%
Market Overall	18.9%	▲ 0.7%

Same Store Asking Rent/SF	2023 Q3	YOY
Current Building	\$31.83	▲ 0.8%
Submarket 3-5 Star	\$30.52	▲ 0.9%
Market Overall	\$29.21	▲ 0.9%

Submarket Leasing Activity	2023 Q3	YOY
12 Mo. Leased SF	208,057	▲ 7.8%
Months On Market	12.4	▲ 2.2

2 2743 Smith Ranch Rd - Bldg 13
Pearland, TX 77584 - South Submarket

★★★★☆



LEASE	
SF Leased:	140 SF
Sign Date:	Jul 2023
Space Use:	Office
Lease Type:	Direct
Floor:	1st Floor
Suite:	1304A

RENTS	
Asking Rent:	\$72.84/MG

CONCESSIONS AND BUILDOUT	
Buildout:	Standard Office
Buildout Status:	Full Build-Out
Space Condition:	Excellent

LEASE TERM	
Start Date:	Sep 2023
Expiration Date:	Aug 2024
Lease Term:	1 Year

PROPERTY EXPENSES	
Taxes:	\$6.42/SF (2021)

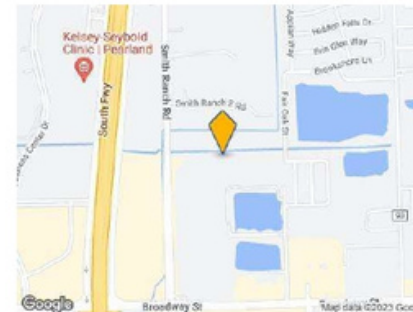
TIME ON MARKET	
Date On Market:	Apr 2023
Date Off Market:	Jul 2023
Months on Market:	4 Months

TIME VACANT	
Date Vacated:	Apr 2023
Date Occupied:	Sep 2023
Months Vacant:	4 Months

LEASING REP
Stride Real Estate LLC
7070 Knights Ct, Suite 402
Missouri City, TX 77459-5225
Ebin Kurian (409) 543-8177

PROPERTY	
Property Type:	Office
Status:	Built 2021
Tenancy:	-
Class:	B
Parking:	Ratio of 0.00/1,000 SF

Rentable Area:	4,800 SF
Stories:	1
Floor Size:	4,800 SF
Vacancy at Lease:	5.6%



MARKET AT LEASE

Vacancy Rates	2023 Q3	YOY
Current Building	5.6%	▼ -44.4%
Submarket 2-4 Star	8.9%	▼ -0.3%
Market Overall	18.9%	▲ 0.7%

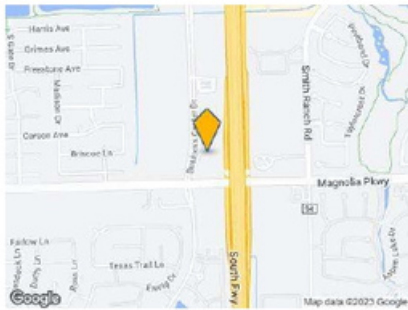
Same Store Asking Rent/SF	2023 Q3	YOY
Current Building	\$30.56	▲ 0.9%
Submarket 2-4 Star	\$29.20	▲ 0.9%
Market Overall	\$29.21	▲ 0.9%

Submarket Leasing Activity	2023 Q3	YOY
12 Mo. Leased SF	208,057	▲ 7.8%
Months On Market	12.4	▲ 2.2

HUGHES RANCH ROAD

LEASE COMPS SUMMARY

4 3609 Business Center Dr
Pearland, TX 77584 - Far South Submarket



MARKET AT LEASE

Vacancy Rates	2023 Q2	YOY
Current Building	0.0%	▼ -14.5%
Submarket 2-4 Star	3.7%	▼ -0.1%
Market Overall	4.8%	▼ -0.3%

Same Store Asking Rent/SF	2023 Q2	YOY
Current Building	\$36.35	▲ 3.7%
Submarket 2-4 Star	\$22.24	▲ 4.6%
Market Overall	\$23.00	▲ 4.5%

Submarket Leasing Activity	2023 Q2	YOY
12 Mo. Leased SF	204,499	▼ -25.4%
Months On Market	9.4	▼ -7.4

TENANT

Tenant Name: **Performance Art RC**
Industry: **Arts, Entertainment, and Recreation**

LEASE

SF Leased: **2,752 SF**
Sign Date: **May 2023**
Space Use: **Retail**
Lease Type: **Direct**
Floor: **1st Floor**

CONCESSIONS AND BUILDOUT

Buildout Status: **Full Build-Out**
Space Condition: **Excellent**

PROPERTY EXPENSES

Taxes: **\$6.97/SF (2021)**

LEASE TERM

Start Date: **Jul 2023**
Expiration Date: **Jun 2028**
Lease Term: **5 Years**

TIME ON MARKET

Date On Market: **Dec 2022**
Date Off Market: **Jun 2023**
Months on Market: **6 Months**

TIME VACANT

Date Occupied: **Jul 2023**

LEASING REP

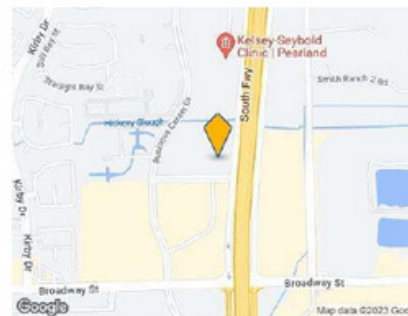
Discovery Consultants
1914 N Memorial Way, Suite 6
Houston, TX 77007-8319
Brantly D. Minor (713) 446-4568

PROPERTY

Property Type: **Retail**
Status: **Built 2016**
Tenancy: **Multi**
Class: **B**
Construction: **Masonry**
Parking: **145 Surface Spaces...**
Rentable Area: **22,000 SF**
Stories: **1**
Floor Size: **22,000 SF**
Vacancy at Lease: **0.0%**
Land Acres: **3.40**

★★★★★

3 10907 Memorial Hermann Dr - Pearland Medical Plaza 2
Pearland, TX 77584 - South Submarket



MARKET AT LEASE

Vacancy Rates	2023 Q3	YOY
Current Building	21.3%	▲ 11.1%
Submarket 2-4 Star	8.9%	▼ -0.3%
Market Overall	18.9%	▲ 0.7%

Same Store Asking Rent/SF	2023 Q3	YOY
Current Building	\$33.62	▲ 1.1%
Submarket 2-4 Star	\$29.20	▲ 0.9%
Market Overall	\$29.21	▲ 0.9%

Submarket Leasing Activity	2023 Q3	YOY
12 Mo. Leased SF	208,057	▲ 7.8%
Months On Market	12.4	▲ 2.2

LEASE

SF Leased: **2,290 SF**
Sign Date: **Jul 2023**
Space Use: **Office/Medical**
Lease Type: **Direct**
Floor: **3rd Floor**
Suite: **340**

LEASE TERM

Start Date: **Aug 2023**

TIME ON MARKET

Date On Market: **Jan 2020**
Date Off Market: **Jul 2023**
Months on Market: **43 Months**

LEASING REP

Transwestern Real Estate Services
1900 West Loop S, Suite 1300
Houston, TX 77027-3214
Ashley M. Cassel Byrd (713) 490-3785
Danielle Lanza (713) 231-1605

PROPERTY

Property Type: **Office**
Status: **Built 2015**
Tenancy: **Multi**
Class: **A**
Parking: **500 Surface Spaces...**
Rentable Area: **98,000 SF**
Stories: **4**
Floor Size: **24,500 SF**
Vacancy at Lease: **21.3%**
Land Acres: **19.57**

RENTS

Asking Rent: **\$23.00/NNN**

CONCESSIONS AND BUILDOUT

Buildout Status: **Full Build-Out**
Space Condition: **Excellent**

PROPERTY EXPENSES

Taxes: **\$2.66/SF (2021)**

TIME VACANT

Date Vacated: **Apr 2021**
Date Occupied: **Aug 2023**
Months Vacant: **28 Months**

★★★★★

HUGHES RANCH ROAD

LEASE COMPS SUMMARY

2 2743 Smith Ranch Rd - Bldg 13

Pearland, TX 77584 - South Submarket



LEASE	
SF Leased:	1,200 SF
Sign Date:	Apr 2023
Space Use:	Office
Lease Type:	Direct
Floor:	1st Floor
Suite:	1301

RENTS	
Asking Rent:	\$24.00

CONCESSIONS AND BUILDOUT	
Buildout:	Standard Office
Buildout Status:	Full Build-Out
Space Condition:	Trophy

LEASE TERM	
Start Date:	May 2023

PROPERTY EXPENSES	
Taxes:	\$6.42/SF (2021)

TIME ON MARKET	
Date On Market:	Jun 2022
Date Off Market:	Apr 2023
Months on Market:	11 Months

TIME VACANT	
Date Vacated:	Jun 2022
Date Occupied:	May 2023
Months Vacant:	11 Months

LEASING REP
The SKJ Investment Group, LLC
 3129 Kingsley Dr
 Pearland, TX 77584-8506
 Al Johnson (832) 229-4413



MARKET AT LEASE

Vacancy Rates	2023 Q2	YOY
Current Building	5.6%	▼ -44.4%
Submarket 2-4 Star	8.9%	▼ -0.2%
Market Overall	18.7%	▲ 0.5%

Same Store Asking Rent/SF	2023 Q2	YOY
Current Building	\$30.52	▲ 1.1%
Submarket 2-4 Star	\$29.16	▲ 1.1%
Market Overall	\$29.16	▲ 1.0%

Submarket Leasing Activity	2023 Q2	YOY
12 Mo. Leased SF	206,642	▲ 29.1%
Months On Market	12.6	▲ 1.2

PROPERTY	
Property Type:	Office
Status:	Built 2021
Tenancy:	-
Class:	B
Parking:	Ratio of 0.00/1,000 SF

Rentable Area:	4,800 SF
Stories:	1
Floor Size:	4,800 SF
Vacancy at Lease:	5.6%

★★★★★

5 1920 Country Place Pky

Pearland, TX 77584 - South Submarket



LEASE	
SF Leased:	2,047 SF
Sign Date:	May 2023
Space Use:	Office/Medical
Lease Type:	Direct
Floor:	3rd Floor
Suite:	300

RENTS	
Asking Rent:	\$21.00/NNN

CONCESSIONS AND BUILDOUT	
Buildout:	Standard Medical
Buildout Status:	Full Build-Out
Space Condition:	Excellent

LEASE TERM	
Start Date:	May 2023
Expiration Date:	May 2028
Lease Term:	5 Years

PROPERTY EXPENSES	
Taxes:	\$1.56/SF (2021)

TIME ON MARKET	
Date On Market:	Dec 2020
Date Off Market:	May 2023
Months on Market:	29 Months

TIME VACANT	
Date Vacated:	Apr 2022
Date Occupied:	May 2023
Months Vacant:	13 Months

LEASING REP
Tribble & Associates
 1920 Country Place Pky
 Pearland, TX 77584-2282
 Tom Tribble (281) 461-4474



MARKET AT LEASE

Vacancy Rates	2023 Q2	YOY
Current Building	29.6%	▼ -3.0%
Submarket 2-4 Star	8.9%	▼ -0.2%
Market Overall	18.7%	▲ 0.5%

Same Store Asking Rent/SF	2023 Q2	YOY
Current Building	\$28.36	▲ 1.0%
Submarket 2-4 Star	\$29.16	▲ 1.1%
Market Overall	\$29.16	▲ 1.0%

Submarket Leasing Activity	2023 Q2	YOY
12 Mo. Leased SF	206,642	▲ 29.1%
Months On Market	12.6	▲ 1.2

PROPERTY	
Property Type:	Office
Status:	Built 2008
Tenancy:	Multi
Class:	B
Construction:	Steel
Parking:	Surface Spaces @ \$...

Rentable Area:	67,500 SF
Stories:	4
Floor Size:	17,000 SF
Vacancy at Lease:	29.6%
Land Acres:	2.60

★★★★★

KWC EXPANSION GROUP
COMMERCIAL

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Keller Williams Sunset Corridor | Each Office Independently Owned and Operated

Americo Mendez

KWC Team of KW Commercial
 C:713.409.5527 | americo@kw.com
 TREC 552373

HUGHES RANCH ROAD

LEASE COMPS SUMMARY

6 10318-10434 W Broadway St - Silverlake Village
Pearland, TX 77584 - Far South Submarket

★★★★★

7 11011 Shadow Creek Pky
Pearland, TX 77584 - Far South Submarket

★★★★★



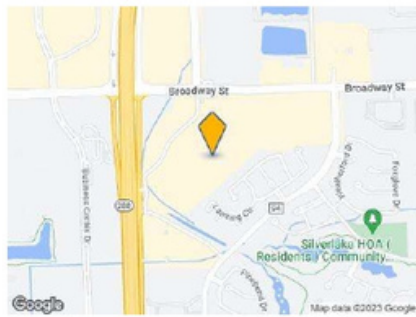
LEASE	
SF Leased:	1,050 SF
Sign Date:	Apr 2023
Space Use:	Office/Retail
Lease Type:	Direct
Floor:	1st Floor

PROPERTY EXPENSES	
Taxes:	\$1.93/SF (2021)

LEASE TERM	
Start Date:	Apr 2023

TIME VACANT	
Date Occupied:	Apr 2023

PROPERTY	
Property Type:	Retail
Status:	Built 2002
Tenancy:	Multi
Class:	B
Construction:	Masonry
Parking:	1,500 free Surface S...
Rentable Area:	386,938 SF
Stories:	1
Floor Size:	386,938 SF
Vacancy at Lease:	0.0%
Land Acres:	1.77



MARKET AT LEASE

Vacancy Rates	2023 Q2	YOY
Current Building	0.0%	↔ 0.0%
Submarket 2-4 Star	3.7%	↓ -0.1%
Market Overall	4.8%	↓ -0.3%

Same Store Asking Rent/SF	2023 Q2	YOY
Current Building	\$18.77	↑ 3.5%
Submarket 2-4 Star	\$22.24	↑ 4.6%
Market Overall	\$23.00	↑ 4.5%

Submarket Leasing Activity	2023 Q2	YOY
12 Mo. Leased SF	204,499	↓ -25.4%
Months On Market	9.4	↓ -7.4



LEASE	
SF Leased:	2,184 SF
Sign Date:	Mar 2023
Space Use:	Retail
Lease Type:	Direct
Floor:	1st Floor
Suite:	110

RENTS	
Asking Rent:	\$35.00/NNN

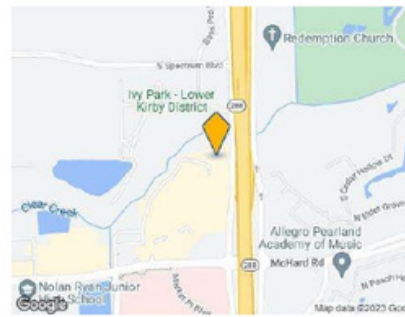
CONCESSIONS AND BUILDOUT	
Buildout:	Standard Retail
Buildout Status:	Full Build-Out

LEASE TERM	
Start Date:	Apr 2023

PROPERTY EXPENSES	
Taxes:	\$4.67/SF (2021)

TIME ON MARKET	
Date On Market:	Jul 2022
Date Off Market:	Mar 2023
Months on Market:	9 Months

TIME VACANT	
Date Vacated:	Jul 2022
Date Occupied:	Apr 2023
Months Vacant:	9 Months



MARKET AT LEASE

Vacancy Rates	2023 Q1	YOY
Current Building	25.6%	↑ 25.6%
Submarket 2-4 Star	3.4%	↓ -0.7%
Market Overall	4.8%	↓ -0.5%

Same Store Asking Rent/SF	2023 Q1	YOY
Current Building	\$33.33	↑ 6.0%
Submarket 2-4 Star	\$22.12	↑ 5.3%
Market Overall	\$22.89	↑ 5.3%

Submarket Leasing Activity	2023 Q1	YOY
12 Mo. Leased SF	205,737	↓ -31.7%
Months On Market	15.8	↑ 1.2

LEASING REP
Tarantino Properties, Inc.
7887 San Felipe St, Suite 237
Houston, TX 77063-1620
Eric Drymalla, CCIM (832) 423-7439 X126

PROPERTY	
Property Type:	Retail
Status:	Built 2017
Tenancy:	Multi
Class:	B
Rentable Area:	14,529 SF
Stories:	1
Floor Size:	14,529 SF
Vacancy at Lease:	25.6%
Land Acres:	1.90

HUGHES RANCH ROAD

LEASE COMPS SUMMARY

1 11233 Shadow Creek Pky - 11233 Shadow Creek Parkway
Pearland, TX 77584 - South Submarket

★★★★★



LEASE	
SF Leased:	3,208 SF
Sign Date:	Mar 2023
Space Use:	Office
Lease Type:	Direct
Floor:	1st Floor
Suite:	123

RENTS	
Asking Rent:	\$19.50/NNN

PROPERTY EXPENSES	
Taxes:	\$2.63/SF (2022-Est);...

LEASE TERM	
Start Date:	Apr 2023

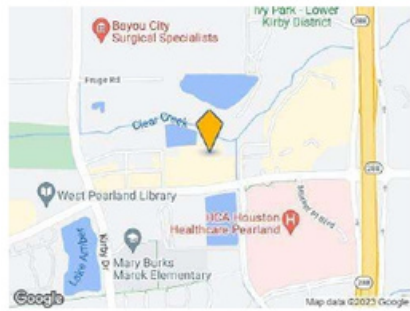
TIME ON MARKET	
Date On Market:	May 2019
Date Off Market:	Mar 2023
Months on Market:	47 Months

TIME VACANT	
Date Vacated:	Oct 2022
Date Occupied:	Apr 2023
Months Vacant:	6 Months

LEASING REP
Moody Rambin
1455 West Loop S, Suite 700
Houston, TX 77027-9519
Kurt Kistler (713) 773-5590
Kevin Nolan (713) 773-5572

PROPERTY	
Property Type:	Office
Status:	Built 2009
Tenancy:	Multi
Class:	A
Construction:	Reinforced Concrete
Parking:	60 Covered Spaces...

Rentable Area:	80,000 SF
Stories:	4
Floor Size:	20,000 SF
Vacancy at Lease:	16.9%
Land Acres:	3.57



MARKET AT LEASE

Vacancy Rates	2023 Q1	YOY
Current Building	16.9%	▲ 6.0%
Submarket 3-5 Star	10.9%	▲ 0.3%
Market Overall	18.6%	▲ 0.6%

Same Store Asking Rent/SF	2023 Q1	YOY
Current Building	\$31.70	▲ 0.7%
Submarket 3-5 Star	\$30.46	▲ 1.0%
Market Overall	\$29.13	▲ 1.0%

Submarket Leasing Activity	2023 Q1	YOY
12 Mo. Leased SF	194,381	▲ 63.5%
Months On Market	13.6	▲ 4.3

9 10905 Memorial Hermann Dr - Pearland Medical Plaza 1
Pearland, TX 77584 - South Submarket

★★★★★



LEASE	
SF Leased:	1,498 SF
Sign Date:	Mar 2023
Space Use:	Medical
Lease Type:	Direct
Floor:	2nd Floor
Suite:	202

RENTS	
Asking Rent:	\$19.50

PROPERTY EXPENSES	
Taxes:	\$3.26/SF (2021)

LEASE TERM	
Start Date:	Apr 2023

TIME ON MARKET	
Date On Market:	May 2021
Date Off Market:	Mar 2023
Months on Market:	22 Months

TIME VACANT	
Date Occupied:	Apr 2023

LEASING REP
Transwestern Real Estate Services
1900 West Loop S, Suite 1300
Houston, TX 77027-3214
Ashley M. Cassel Byrd (713) 490-3785
Danielle Lanza (713) 231-1605

PROPERTY	
Property Type:	Office
Status:	Built 2006
Tenancy:	Multi
Class:	B
Construction:	Masonry
Parking:	400 Surface Spaces...

Rentable Area:	79,925 SF
Stories:	2
Floor Size:	39,962 SF
Vacancy at Lease:	7.0%
Land Acres:	19.57



MARKET AT LEASE

Vacancy Rates	2023 Q1	YOY
Current Building	7.0%	▼ -8.2%
Submarket 2-4 Star	8.9%	▼ -0.8%
Market Overall	18.6%	▲ 0.6%

Same Store Asking Rent/SF	2023 Q1	YOY
Current Building	\$30.77	▲ 1.6%
Submarket 2-4 Star	\$29.15	▲ 1.4%
Market Overall	\$29.13	▲ 1.0%

Submarket Leasing Activity	2023 Q1	YOY
12 Mo. Leased SF	194,381	▲ 63.5%
Months On Market	13.6	▲ 4.3

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Americo Mendez

KWC Team of KW Commercial
C:713.409.5527 | americo@kw.com
TREC 552373

HUGHES RANCH ROAD

LEASE COMPS SUMMARY

10 10645 Broadway St - Retail B
Pearland, TX 77584 - Far South Submarket

★★★★★



LEASE	
SF Leased:	1,177 SF
Sign Date:	Jan 2023
Space Use:	Retail
Lease Type:	Direct
Floor:	1st Floor
Suite:	114

CONCESSIONS AND BUILDOUT	
Buildout:	Standard Retail
Buildout Status:	Full Build-Out
Space Condition:	Average

PROPERTY EXPENSES	
Taxes:	\$4.41/SF (2021)

LEASE TERM	
Start Date:	Feb 2023

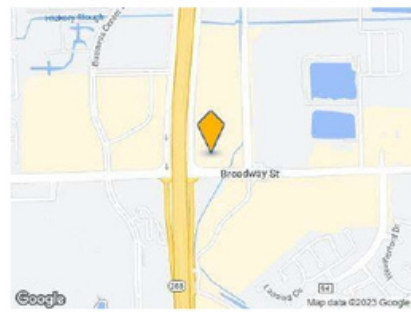
TIME ON MARKET	
Date On Market:	Jun 2020
Date Off Market:	Jan 2023
Months on Market:	32 Months

TIME VACANT	
Date Vacated:	Jun 2020
Date Occupied:	Feb 2023
Months Vacant:	32 Months

LEASING REP
Weitzman
1800 Bering Dr, Suite 550
Houston, TX 77057-3151
James Namken (713) 980-5622
Kyle Knight (713) 335-4532

PROPERTY	
Property Type:	Retail
Status:	Built 2002
Tenancy:	Multi
Class:	B
Construction:	Reinforced Concrete
Parking:	110 free Surface Sp...

Rentable Area:	21,855 SF
Stories:	1
Floor Size:	21,855 SF
Vacancy at Lease:	11.9%
Land Acres:	2.31



MARKET AT LEASE

Vacancy Rates	2023 Q1	YOY
Current Building	11.9%	▼ -5.4%
Submarket 2-4 Star	3.4%	▼ -0.7%
Market Overall	4.8%	▼ -0.5%

Same Store Asking Rent/SF	2023 Q1	YOY
Current Building	\$33.96	▲ 6.0%
Submarket 2-4 Star	\$22.12	▲ 5.3%
Market Overall	\$22.89	▲ 5.3%

Submarket Leasing Activity	2023 Q1	YOY
12 Mo. Leased SF	205,737	▼ -31.7%
Months On Market	15.8	▲ 1.2

11 1801 Country Place Pky
Pearland, TX 77584 - Far South Submarket

★★★★★



TENANT	
Tenant Name:	Emiltzie Barrios
Industry:	Real Estate

LEASE		RENTS	
SF Leased:	1,100 SF	Asking Rent:	\$18.00/NNN
Sign Date:	Jan 2023		
Space Use:	Retail		
Lease Type:	Direct		
Floor:	1st Floor		
Suite:	111		

CONCESSIONS AND BUILDOUT	
Buildout:	Professional Services
Buildout Status:	Partial Build-Out
Space Condition:	Excellent

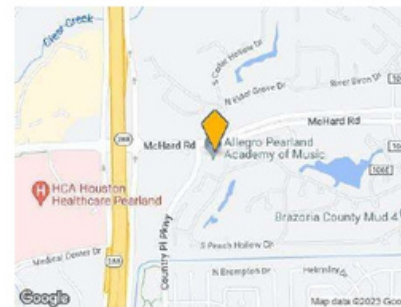
LEASE TERM		PROPERTY EXPENSES	
Start Date:	Jan 2023	Taxes:	\$3.79/SF (2021)
Expiration Date:	Jan 2026		
Lease Term:	3 Years		

TIME ON MARKET		TIME VACANT	
Date On Market:	May 2022	Date Vacated:	May 2022
Date Off Market:	Jan 2023	Date Occupied:	Jan 2023
Months on Market:	8 Months	Months Vacant:	7 Months

LEASING REP
Keller Williams Southwest
1650 Highway 6, Suite 300
Sugar Land, TX 77478-4925
Rachel Brannan (281) 265-0000

PROPERTY			
Property Type:	Retail	Rentable Area:	20,513 SF
Status:	Built 2000	Stories:	1
Tenancy:	Multi	Floor Size:	20,513 SF
Class:	B	Ceiling Height:	15'
Construction:	Masonry	Vacancy at Lease:	8.8%
Parking:	60 Surface Spaces a...	Land Acres:	1.90

LEASE NOTES
Emiltzie Barrios Real Estate Team has signed a new lease for three years in suite 111 for 1,100 square feet.



MARKET AT LEASE

Vacancy Rates	2023 Q1	YOY
Current Building	8.8%	▼ -15.7%
Submarket 2-4 Star	3.4%	▼ -0.7%
Market Overall	4.8%	▼ -0.5%

Same Store Asking Rent/SF	2023 Q1	YOY
Current Building	\$20.65	▲ 8.6%
Submarket 2-4 Star	\$22.12	▲ 5.3%
Market Overall	\$22.89	▲ 5.3%

Submarket Leasing Activity	2023 Q1	YOY
12 Mo. Leased SF	205,737	▼ -31.7%
Months On Market	15.8	▲ 1.2

HUGHES RANCH ROAD

LEASE COMPS SUMMARY

12 SH288 Frontage
Pearland, TX 77584 - Far South Submarket

★★★★★



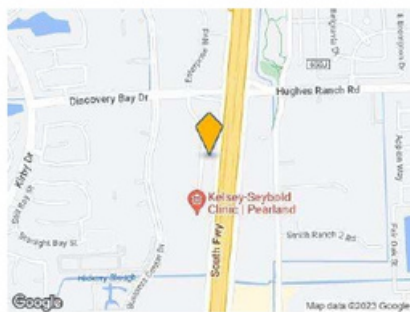
LEASE	
SF Leased:	1,200 SF
Sign Date:	Nov 2022
Space Use:	Retail
Lease Type:	Direct
Floor:	1st Floor

LEASE TERM	
Start Date:	Dec 2022

TIME ON MARKET	
Date On Market:	May 2021
Date Off Market:	Nov 2022
Months on Market:	19 Months

LEASING REP
Hunington Properties, Inc.
3773 Richmond Ave, Suite 800
Houston, TX 77046-3703
Sandy P. Aron (713) 623-6944 X308
Rafael Melara (713) 237-0000
Abdul Sabha (713) 623-6944

PROPERTY			
Property Type:	Retail	Rentable Area:	14,250 SF
Status:	Built May 2021	Stories:	1
Tenancy:	Multi	Floor Size:	14,250 SF
Class:	B	Vacancy at Lease:	0.0%
Parking:	16 Surface Spaces a...	Land Acres:	1.65



MARKET AT LEASE

Vacancy Rates	2022 Q4	YOY
Current Building	0.0%	▼ -72.0%
Submarket 2-4 Star	3.4%	▼ -0.7%
Market Overall	4.8%	▼ -0.7%

Same Store Asking Rent/SF	2022 Q4	YOY
Current Building	\$33.65	▲ 5.9%
Submarket 2-4 Star	\$21.87	▲ 5.1%
Market Overall	\$22.65	▲ 5.0%

Submarket Leasing Activity	2022 Q4	YOY
12 Mo. Leased SF	198,138	▼ -38.4%
Months On Market	16.2	▲ 1.0

RENTS	
Asking Rent:	\$31.00/NNN

CONCESSIONS AND BUILDOUT	
Buildout:	Standard Retail
Buildout Status:	Full Build-Out
Space Condition:	Excellent

PROPERTY EXPENSES	
Taxes:	\$2.72/SF (2021)

TIME VACANT	
Date Vacated:	May 2021
Date Occupied:	Dec 2022
Months Vacant:	18 Months

9 10905 Memorial Hermann Dr - Pearland Medical Plaza 1
Pearland, TX 77584 - South Submarket

★★★★★



LEASE	
SF Leased:	1,505 SF
Sign Date:	Nov 2022
Space Use:	Office/Medical
Lease Type:	Direct
Floor:	2nd Floor
Suite:	203

LEASE TERM	
Start Date:	Dec 2022

TIME ON MARKET	
Date On Market:	Aug 2020
Date Off Market:	Nov 2022
Months on Market:	28 Months

LEASING REP
Transwestern Real Estate Services
1900 West Loop S, Suite 1300
Houston, TX 77027-3214
Ashley M. Cassel Byrd (713) 490-3785
Danielle Lanza (713) 231-1605



MARKET AT LEASE

Vacancy Rates	2022 Q4	YOY
Current Building	7.0%	▼ -6.3%
Submarket 2-4 Star	8.8%	▼ -0.9%
Market Overall	18.5%	▲ 0.3%

Same Store Asking Rent/SF	2022 Q4	YOY
Current Building	\$30.55	▲ 1.4%
Submarket 2-4 Star	\$29.05	▲ 1.5%
Market Overall	\$29.05	▲ 1.1%

Submarket Leasing Activity	2022 Q4	YOY
12 Mo. Leased SF	231,163	▲ 74.7%
Months On Market	9.8	▼ -0.5

RENTS	
Asking Rent:	\$19.50/NNN

PROPERTY EXPENSES	
Taxes:	\$3.26/SF (2021)

TIME VACANT	
Date Vacated:	Jan 2022
Date Occupied:	Dec 2022
Months Vacant:	11 Months

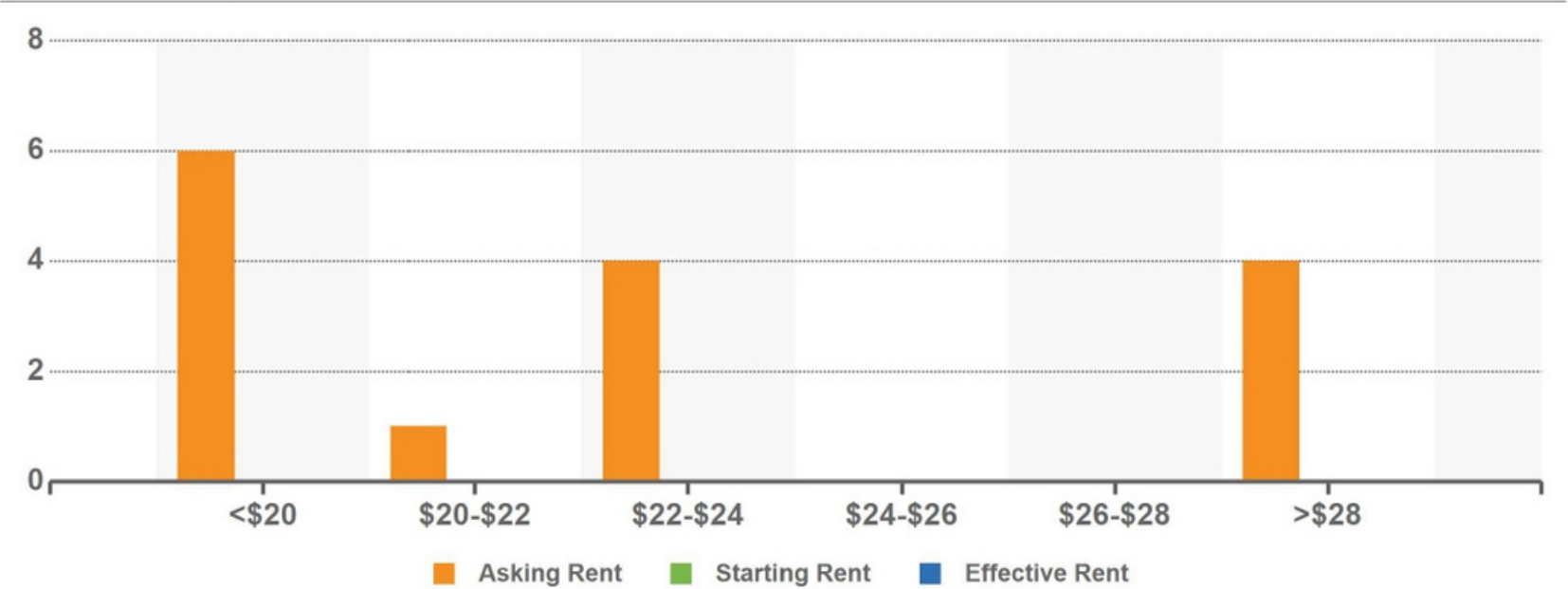
PROPERTY			
Property Type:	Office	Rentable Area:	79,925 SF
Status:	Built 2006	Stories:	2
Tenancy:	Multi	Floor Size:	39,962 SF
Class:	B	Vacancy at Lease:	7.0%
Construction:	Masonry	Land Acres:	19.57
Parking:	400 Surface Spaces...		

HUGHES RANCH ROAD

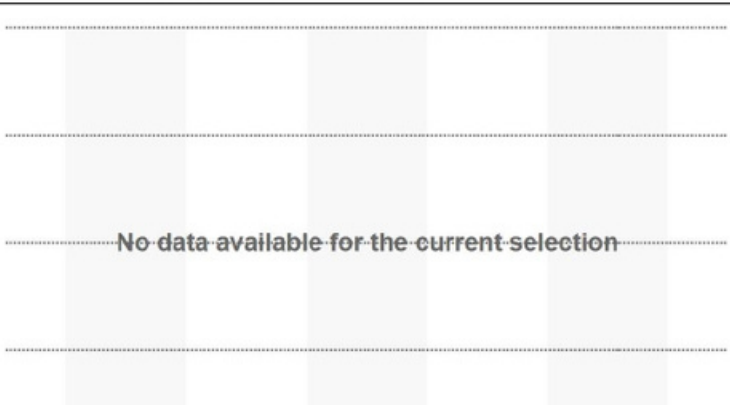
LEASE COMPS SUMMARY- RENTS

Asking Rent Per SF	Starting Rent Per SF	Effective Rent Per SF	Avg. Months Free Rent
\$22.51	-	-	-

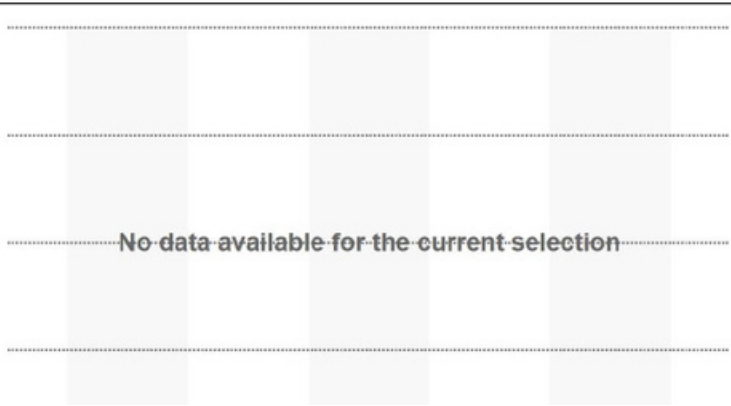
DEALS BY ASKING, STARTING AND EFFECTIVE RENT



DEALS BY ASKING RENT DISCOUNT



DEALS BY MONTHS FREE RENT



HUGHES RANCH ROAD

TEXAS BUSINESS INCENTIVES & PROGRAMS OVERVIEW

FINANCING

Texas is committed to providing and facilitating funding for companies and communities with expansion and relocation projects in the state. Asset-based loans for companies, leveraged loans to communities and tax exempt bonds are just a few means of obtaining the capital necessary for a successful project.

- [Capital Access Program](#)
- [Product Development & Small Business Incubator Fund \(PDSBI\)](#)
- [The State of Texas Industrial Revenue Bond Program \(IRB\)](#)
- [The Texas Military Value Revolving Loan Fund \(TMVRLF\)](#)

GRANTS

From public infrastructure projects in non-entitlement communities, to cancer research and laboratory facility construction, many types of grants are available to Texas communities and businesses.

- [Cancer Prevention & Research General Obligation Bonds Program](#)
- [Defense Economic Readjustment Zone Program \(DEAAG\)](#)
- [Governor's University Research Initiative \(GURI\)](#)
- [Skills Development Fund](#)
- [Self-Sufficiency Fund](#)
- [Texas Enterprise Fund \(TEF\)](#)
- [Texas Moving Image Industry Incentive Program](#)

TAX INCENTIVES

Texas and local communities offer a variety of tax incentives and innovative solutions for businesses expanding in or relocating to Texas. The following incentives are the most commonly applied offerings.

- [Ad Valorem / Property Tax Exemption](#)
- [Chapter 380 / 381](#)
- [Economic Development & Diversification In-State Tuition for](#)
- [Employees Franchise Tax Deduction for Business Relocation](#)
- [Media Production Development Zone Program](#)
- [Renewable Energy Incentives](#)
- [Research & Development Tax Credit](#)
- [Sales Tax Exemptions for Media Productions & Facilities](#)
- [State Sales and Use Tax Exemption](#)
- [Texas Economic Development Act / Chapter 313](#)
- [Texas Enterprise Zone Program](#)

FINANCING

Capital Access Program

The Capital Access Program (CAP) is a partnership between the State of Texas and selected non-profit lenders to increase access to financing for small and medium-sized businesses and non-profits which face barriers to accessing capital or fall outside the guidelines of conventional lending. The program facilitates loans which are underwritten by the participating non-profit lenders and supported by the state contributions to a loan loss reserve fund.

For more information, contact the Economic Development Bank at (512) 936-0100 or visit <https://gov.texas.gov/business/page/capital-access-program>.

Product Development & Small Business Incubator Fund (PDSBI)

The Texas Product Development and Small Business Incubator Fund, collectively PDSBI, is a revolving loan program financed through original bond issuances. The Office of the Governor, Texas Economic Development Bank administers the funds at the direction of the Governor's appointed nine member board. The primary objective of the program is to aid in the development, production and commercialization of new or improved products and to foster and stimulate small business growth in the state. The fund provides asset-based lending with flexible loan terms, competitive Loan-to-Value (LTV) and below-market interest rates. Loan proceeds can be used for a broad range of capital and operating expenditures. Your company can secure loans with property, plant or equipment, which can be amortized over the life of the asset. Communities or individual investors can assist as Guarantors.

To be eligible, applicants must have at least three years of operating history and have unencumbered assets available for collateral. Preference for funding is given to the state's defined industry clusters including, but not limited to: nanotechnology, biotechnology, biomedicine, renewable energy, agriculture and aerospace. Texas is interested in creating and retaining high-quality jobs.

For more information, visit <https://gov.texas.gov/business/page/product-development-and-small-business-incubator-fund>, or contact the Texas Economic Development Bank at (512) 936-0100 or TexasProductFund@gov.texas.gov.

The State of Texas Industrial Revenue Bond Program (IRB)

Industrial Revenue Bonds (IRBs) provide a source of tax-exempt or taxable bond finance for projects involving significant private activity that promote new and existing businesses, encourage employment, and expand the tax base of a community. IRBs are issued by Industrial Development Corporations sponsored by a government unit, but their proceeds are passed on to private businesses, which are generally responsible for debt service payment.

Sales Tax Bonds

Sales Tax Bonds do not fall under the volume cap and are eligible to communities that have passed the economic development sales tax (Type A and/or B). Ineligible projects include for-profit hospitals, multi-family projects and municipal services.

Exempt-Facility Bonds

Bonds can be issued to finance certain facilities such as airports, dock and wharf facilities, governmentally owned solid waste disposal facilities, governmentally owned high-speed inter-city rail facilities, environmental enhancements of hydro-electric generating facilities, qualified public education facilities, qualified green building projects, new empowerment zone facilities or government owned solid waste disposal facilities. There is no limit on the amount of the issue and these issues do not require a reservation under the volume cap. Although the facility must be governmentally owned, it may be leased or subject to management contracts with the business.

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TEXAS BUSINESS INCENTIVES & PROGRAMS OVERVIEW

Other types of exempt bonds include projects for mass commuting facilities, qualified residential rental projects, qualified enterprise zone facilities, water, sewage and solid waste facilities, facilities for the local furnishing of electricity or gas and local district heating or cooling facilities. These types of exempt-facility issues must reserve a portion of the volume cap. Exempt-facility bonds that are not governmentally owned may reserve up to the greater of \$100 million or 3.4% of the available state ceiling in tax-exempt volume cap allocation each year.

Tax-Exempt Industrial Revenue Bonds

Tax-Exempt Industrial Revenue Bonds are designed to provide tax-exempt financing to finance land and depreciable property for eligible industrial or manufacturing projects. The maximum bond amount is \$10 million, and can include certain capital and administrative costs.

On January 1, 2007, the maximum capital expenditure amount increased to \$20 million. These issues must receive a reservation under the State's volume limitation ("volume cap") managed by the Texas Bond Review Board. Initial reservations of volume cap are allocated by lottery in November prior to the program year; any remaining volume cap is allocated to applicants on a "first come, first served" basis. For more information, contact the Texas Bond Review Board at (512) 463-1741, or visit <https://gov.texas.gov/business/page/industrial-revenue-bonds>.

Texas Military Value Revolving Loan Fund

Created by the 78th Legislature, the Texas Military Value Revolving Loan Fund, or the "Revolving Loan Fund" as it has become known, is designed to:

- Assist defense communities in enhancing the military value of a military facility;
 - Provide financial assistance to defense communities for job creating economic development projects that minimize the negative effects of a defense base realignment or closure decision that occurred in 1995 or later;
- Provide financial assistance to defense communities for an infrastructure project to accommodate new or expanded military missions resulting from a base realignment and closure decision that occurred in 1995 or later.

The Revolving Loan Fund provides a low cost source of revenue to eligible communities who meet the application criteria. The minimum amount of a loan is \$1 million, while the maximum amount of a loan is determined by the availability of funds and the creditworthiness of the applicant. State funding will be obtained through the sale of general obligation bonds. The State may provide up to 100% of the cost of the described project, dependent upon the creditworthiness of the applicant.

For more information, visit <https://gov.texas.gov/organization/military/loans>, or contact the Texas Military Preparedness Commission at (512) 475-1475.

The Defense Economic Adjustment Assistance Grant Program (DEAAG), created in 1997, is a job creation grant program designed to assist adversely impacted defense communities that are responding to or recovering from a U.S. Department of Defense Base Realignment and Closure (BRAC) action, or reductions or termination of defense contracts. The program was later expanded to assist defense communities that have been positively affected by BRAC with new or expanded military missions, as well as qualified job retention.

DEAAG funding is available to local municipalities, counties, defense base development authorities, junior college districts, Texas State Technical College campuses and regional planning commissions representing these communities. Funding is available to meet matching requirements for federal funding or for the purchase of Department of Defense property, new construction, rehabilitation of facilities or infrastructure, or the purchase of capital equipment or insurance. Grants awarded may range from \$50,000 to \$2 million per project.

For more information, please visit <https://gov.texas.gov/organization/military/grants>, or contact the Texas Military Preparedness Commission at (512) 475-1475.

Governor's University Research Initiative

The Governor's University Research Initiative grant program (GURI) was enacted in 2015 by the 84th Legislature with a goal to bring the best and brightest researchers in the world to Texas colleges and universities. Through the GURI program, Texas welcomes transformative researchers who will in turn serve as economic catalysts to the Texas economy for years to come.

GURI is a matching grant program to assist eligible Texas institutions of higher education in recruiting distinguished researchers, such as Nobel Laureates and members of national honorific societies, from around the world. The program is codified in Chapter 62 of the Texas Education Code, Subchapter H and the program's administrative rules may be found in Title 10, Part 5, Chapter 190 of the Texas Administrative Code. For more information, visit <https://gov.texas.gov/business/page/guri>.

Skills Development Fund

The Skills Development Fund is an innovative program created to assist Texas public community and technical colleges finance customized job training for their local businesses. The fund was established by the Legislature in 1995 and is administered by the Texas Workforce Commission. Grants are provided to help companies and labor unions form partnerships with local community colleges and technical schools to provide custom job training. Average training costs is \$1,800 per trainee; however, the benefit may vary depending on the proposal.

For more information, please contact the Texas Workforce Commission at (512) 463-1986, or visit <http://www.twc.state.tx.us/svcs/funds/skills-development-fund.html>.

GRANTS

Cancer Prevention and Research General Obligation Bonds

On November 6, 2007, Texas voters approved Proposition 15 - HJR 90, the constitutional amendment which allows the State of Texas to establish the Cancer Prevention and Research Institute of Texas (the Institute) and allows the Institute to issue \$3 billion in general obligation bonds over ten years to fund grants for cancer research and prevention. The Institute may invest the grants strategically in cancer research, clinical trials, and laboratory facility construction in Texas. The Institute will continue to implement the Texas Cancer Plan. For more information, please visit www.cprit.state.tx.us, or contact the office at (512) 463-3190.

Self-Sufficiency Fund

The Self-Sufficiency Fund is a job-training program that is specifically designed for individuals that receive Temporary Assistance for Needy Families (TANF). The program links the business community with local educational institutions and is administered by the Texas Workforce Commission. The goal of the fund is to assist TANF recipients become independent of government financial assistance.

The fund makes grants available to eligible public colleges or to eligible private, nonprofit organizations to provide customized job training and training support services for specific employers. A joint application from the employer and the eligible public college and/or eligible private, nonprofit organization is required to be submitted to the Local Workforce Development Board for review and comment prior to approval. For more information, please contact the Texas Workforce Commission at (512) 463-1986, or visit <https://twc.texas.gov/programs/self-sufficiency-fund-program-overview>.

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TEXAS BUSINESS INCENTIVES & PROGRAMS OVERVIEW

Texas Enterprise Fund

The 78th Texas Legislature established the Texas Enterprise Fund (TEF) to provide financial resources to help strengthen the state's economy. TEF awards "deal closing" grants to companies considering a new project in which a single Texas site is competing with another viable out-of-state site. The fund is a performance-based grant that serves as a financial incentive for companies whose projects would contribute significant capital investment and new employment opportunities to the state's economy. Projects that are considered for TEF must demonstrate a project's worthiness, maximize the benefits to the state and realize a significant rate of return of the public dollars being used for economic development in Texas. The program eligibility requirements include: a single Texas site being considered that is competing with another viable out-of-state site; significant levels of capital investment; a projected job creation that exceeds 75 full-time jobs (urban areas) or 25 full-time jobs (rural areas); average wages that meet or exceed the average county wage for the site under consideration; local financial support; and company's financial strength and business history.

The Governor, Lieutenant Governor and the Speaker of the House of Representatives must unanimously agree to support the use of TEF for each specific project.

Eligible companies must submit a complete application to be considered for a TEF grant. Award amounts typically range between \$1,000 and \$10,000 per qualified job. Award amounts are based on capital investment, net new qualified jobs associated with the application, the average wage of those jobs and the time frame required for job ramp up. Please note that contract workers will not be considered. For more information, visit <https://gov.texas.gov/business/page/texas-enterprise-fund>.

Texas Moving Image Industry Incentive Program

In 2007, the 81st Texas Legislature established the Texas Moving Image Industry Incentive Program, which is administered by the Texas Film Commission within the Texas Economic Development and Tourism Office. The program is designed to provide grants to qualified applicant production companies to promote industry and workforce growth in film, television, video game and animation in Texas.

The incentive is available in the form of a cash grant from 5% to 22.5% of qualified in-state spending for eligible projects. Commercial and reality television projects are eligible for a cash production grant from 5% to 12.5% of qualified in-state spending. Both live action and animated projects are eligible. Grants are available upon project completion and submission of proof of eligible spending to the Texas Film Commission. There are no maximum grant amounts.

Specific eligibility qualifications for projects including investment thresholds, employment requirements, and content are available through the Texas Film Commission at <http://governor.state.tx.us/film/incentives/miip/>.

TAX INCENTIVES

Ad Valorem / Property Tax Exemption

Freeport Exemption

A community may choose to offer the Freeport exemption for various types of goods that are detained in Texas for a short period of time. Freeport property includes goods, wares, merchandise, ores and certain aircraft and aircraft parts. Freeport property qualifies for an exemption from ad valorem taxation only if it has been detained in the state for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabricating. For certain aircraft parts, a community, by official action, may extend the deadline to 730 days.

For more information, please visit the following links:

- Texas Constitution Article 8, Section 1-J: <http://www.statutes.legis.state.tx.us/Docs/CN/htm/CN.8.htm>
- Application for Exemption of Goods Exported from Texas (50-113): <https://comptroller.texas.gov/forms/50-113.pdf>

Goods-in-Transit Incentive

House Bill 621 of the 80th Texas Legislature amends the Tax Code and the Government Code to add an exemption from ad valorem taxation for goods-in-transit.

To qualify for the exemption, personal property used for assembling, storing, manufacturing, processing or fabricating purposes would have to be acquired in Texas or imported into Texas and stored at a Texas location in which the owner of the goods does not have a direct or indirect ownership interest. The goods-in-transit would have to be transported to another location in Texas or out of state no later than 175 days after the property was acquired in or imported into the state. Oil and gas and their immediate derivatives, aircraft and dealer's special inventories would not qualify for the exemption.

For more information, please visit the following links:

- <http://www.capitol.state.tx.us/BillLookup/BillSummary.aspx?LegSess=80R&Bill=HB621>
- <http://www.capitol.state.tx.us/tlodocs/80R/fiscalnotes/html/HB00621F.HTM>

Pollution Control Equipment Incentive

A Texas constitutional amendment providing an exemption from property taxation for pollution control was approved in 1993. The intent was to ensure that compliance with environmental mandates, through capital investments, did not result in an increase in a facility's property taxes. A facility must first receive a determination from the Texas Commission on Environmental Quality (TCEQ) that property is for pollution control purposes. That positive use determination is then provided to the local appraisal district, which must accept the TCEQ's decision and grant the property an exemption from property taxes.

To be eligible for a positive use determination, the property must have been purchased, acquired, constructed, installed, replaced or reconstructed after January 1, 1994, to meet or exceed federal, state or local environmental laws, rules or regulations.

For more information, visit <https://www.tceq.texas.gov/airquality/taxrelief/>, or contact the Texas Commission on Environmental Quality at (512) 239-4900.

Chapter 380 / 381 Economic Development Agreements

Chapter 380 (Section 380.001) of the Local Government Code, authorizes municipalities to offer a range of incentives designed to promote state or local economic development. Specifically, it allows for the provision of loans and grants of city funds, as well as the use of city staff, city facilities or city services, at minimal or no charge.

To establish a loan or grant or to offer discounted or free city services, the city must meet the requirements contained in the Texas Constitution and in applicable Texas statutes. Additionally, cities must review their city charters and any other local provisions that may limit the city's ability to provide such a grant or loan. To determine the latitude of whether a municipality is able to offer a particular incentive or combination of incentives, local communities should consult their city attorney.

Chapter 381 of the Local Government Code allows counties to provide incentives encouraging developers to build in their jurisdictions. A county may administer and develop a program to make loans and grants of public money to promote state or local economic development and to stimulate, encourage and develop business location and commercial activity in the county.

The county also may develop and administer a program for entering into a tax abatement agreement. This tool allows counties to negotiate directly with developers and businesses. For more information, visit <https://comptroller.texas.gov/economy/local/ch380-381/index.php>.

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TEXAS BUSINESS INCENTIVES & PROGRAMS OVERVIEW

Economic Development & Diversification In-State Tuition for Employees

The Economic Development and Diversification In-State Tuition incentive may be offered to qualified businesses that are in the decision-making process to relocate or expand their operations into Texas. The incentive is targeted to assist high impact projects that are linked to the strategic economic clusters identified in the state. The incentive allows employees and family members of the qualified businesses to pay in-state tuition fees if the individual files with a Texas institution of higher education. Without this incentive designation, a student must reside in Texas for a 12-month period to be entitled to pay the tuition fees of a Texas resident. For more information, visit <http://www.collegeforalltexas.com/apps/financialaid/tofa2.cfm?ID=567>.

Franchise Tax Exemption & Deduction For Business Relocation

Effective Jan 1, 2014, House Bill 500 provides authorization for a company to deduct moving expenses from their apportioned margin while calculating their franchise liability. Companies must relocate their principle place of business from outside the state into Texas to obtain the deduction. A taxable entity may deduct relocation costs incurred in relocating the taxable entity's main office or other principal place of business to this state from another state if the business meets the criteria in Texas Tax Code Section 171.109(b). The taxable entity must take the deduction on the entity's first annual report described by Rule 3.584(c) (1)(C)(i). The deduction may not reduce apportioned margin below zero, and no carryover of unused deduction is allowed. For more information, visit <http://www.window.state.tx.us/taxinfo/taxforms/05-906.pdf>.

The bill also makes permanent an exemption for businesses that gross less than \$1 million in revenue while providing a \$1 million deduction for businesses once they pass the gross receipts revenue threshold. The bill also amends the margin calculation accordingly for equity.

Media Production Development Zone Act

The Media Production Development Zone Act (MPDZ), established by the 81st Texas Legislature in 2009 and administered by the Texas Film Commission, is designed to encourage the further development of permanent moving image production sites to help strengthen Texas' economy. MPDZ allows for a sales and use tax exemption for the construction, maintenance, expansion, improvement or renovation of a media production facility at a qualified media production location over a two year period. Media production facilities include, but are not limited to: animation/CGI studios, post production facilities, sound stages, video game development studios and production office space. Further program details and application information can be found at <https://gov.texas.gov/film/page/mpdz>.

Renewable Energy Incentives

Wind and Solar Energy Tax Exemptions and Deductions

Tax Code Section 171.056 extends a franchise tax exemption to manufacturers, sellers, or installers of solar energy devices. The state also permits a corporate deduction from the state's franchise tax for renewable energy sources. Business owners may deduct the cost of the system from the company's taxable capital or deduct 10% from the company's income. Wind energy qualifies under the term "solar energy" for the exemption and deduction under Sections 171.056 and 171.107.

Texas property tax code permits a 100% exemption on the appraised value of solar, wind or biomass energy devices installed or constructed for the production and use of energy on-site. See Texas property tax Form 50-123, "Exemption Application for Solar or Wind-Powered Energy Devices" to claim this exemption.

Texas also offers a loan program for eligible efficiency technologies. The "LoanSTAR" program is available to schools, hospitals and local governments. The low interest loans are capped at a \$5 million maximum and are required to meet certain technical guidelines, including a detailed energy assessment report. For more information on these tax exemptions, visit the Comptroller's website at <https://comptroller.texas.gov/programs/seco/>.

Research & Development Tax Credit

In 2013, the 83rd Texas Legislature enacted House Bill 800, creating a Research & Development tax credit effective January 1, 2014. This allowed companies a choice between a franchise tax credit and a sales tax exemption for materials, software and equipment used for R&D purposes. Tax Code Chapter 171, subchapter M effectively establishes the qualifications, definitions and eligibility criteria for the credit. For more information, visit <https://comptroller.texas.gov/taxes/qualified-research/>.

Sales Tax Exemption for Media Productions & Facilities

Under Texas law, a producer or production company may claim a sales or use tax exemption on items or services necessary to and used or consumed directly during the production of a project intended for commercial distribution such as a feature film, commercial, television project or recording of live performances. Sales and use tax exemptions are not eligible for productions not sold to the public, such as wedding videos and videos shown on social media or video games. For more information, visit https://gov.texas.gov/film/page/sales_tax_exemptions.

State Sales & Use Tax Exemptions

Manufacturing Machinery & Equipment

Leased or purchased machinery, equipment, replacement parts and accessories that are used or consumed in the manufacturing, processing, fabricating or repairing of tangible personal property for ultimate sale, are exempt from state and local sales and use tax. Texas businesses are exempt from paying state sales and use tax on labor for constructing new facilities.

Texas businesses are exempt from paying state sales and use tax on the purchase of machinery exclusively used in processing, packing or marketing agricultural products by the original producer at a location operated by the original producer. For more information, visit <https://comptroller.texas.gov/taxes/publications/94-124.php>.

Natural Gas & Electricity

Texas companies are exempt from paying state and local sales and use tax on electricity and natural gas used in manufacturing, processing or fabricating tangible personal property. The company must complete a "predominant use study" that shows that at least 50% of the electricity or natural gas consumed by the business directly causes a physical change to a product.

Data Center Exemption

Texas provides 100% exemption on sales tax for computers, equipment, cooling systems, power infrastructure, electric-ity and fuel for data centers meeting the minimum thresholds of \$200 million in capital investment, 20 new jobs and an average salary at least 120% of the county average salary. For more information, visit <https://comptroller.texas.gov/taxes/data-centers/>.

Texas Economic Development Act / Chapter 313

In 2001, the 77th Texas Legislature enacted House Bill 1200 creating Tax Code Chapter 313, Texas Economic Development Act (the Act), to encourage large-scale manufacturing, research and development, renewable energy, nuclear and integrated gasification combined cycle electric generation facilities and other large capital investment projects in the State of Texas. It requires companies to invest a specified amount of money to qualify for a 10 year limitation on the appraised value of a property for the maintenance and operations portion of the school district property tax. The local school district must elect to participate in order for the company to recognize this benefit. The Act also requires that the limitation on appraised value be a determining factor in the applicant's decision to invest capital and construct the project in the state and requires that the Comptroller state in writing the basis for that determination. The qualifying investment amount is determined on a sliding scale that begins at \$100 million for large urban areas and \$30 million for rural areas. The qualifying investment amount is reduced for areas with a lower tax base. For more information, visit <https://comptroller.texas.gov/economy/local/ch313/>.

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TEXAS BUSINESS INCENTIVES & PROGRAMS OVERVIEW

Texas Enterprise Zone Program

Under the statewide cap of 105 projects per biennium, a community with less than 250,000 in population, may have up to six enterprise projects. A community with 250,000 in population or greater may have up to nine enterprise projects.

Upon a community designating a business as an enterprise project, and upon that project's designation being approved by the state, the business would be eligible for the following incentives:

State Sales and Use Tax Refunds

An enterprise project is eligible for a refund for all state sales and use taxes paid and used at the qualified business site. The total amount of any refund will continue to be predicated on investment amount and number of jobs created/retained.

The refund for each designation can be an amount ranging from a minimum of \$2,500 per job to a maximum of \$7,500 per job as follows:

1. Half Enterprise Project: If project investment amount is greater than \$40,000 and equal to \$5 million or more, then refund amount is \$2,500 per job up to a maximum of 250 jobs created/retained. Maximum refund available is \$625,000;

2. Enterprise Project: If project investment amount is equal to or greater than \$5 million or more, then refund amount is \$2,500 per job up to a maximum of 500 jobs created/retained;

3. Double Jumbo Enterprise Project: If project investment amount is equal to or greater than \$150 million and less than \$250 million, then refund amount is \$5,000 per job up to a maximum of 500 jobs created;

4. Triple Jumbo Enterprise Project: If project investment amount is equal to or greater than \$250 million, then refund amount is \$7,500 per job up to a minimum of 500 jobs created. Maximum refund available is \$3.75 million.

Receipts for purchases of building materials and machinery and equipment and payroll information are required to be retained as part of the audit process.

(Note: All contracts should separate the costs for building materials and/or equipment from the costs of labor and services in order to be eligible.)

The refund for sales and use tax must be for all eligible items for use at the qualified business site. For more information, visit <https://gov.texas.gov/business/page/texas-enterprise-zone-program>.

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Legal questions should be discussed by the party with an attorney. Tax questions should be discussed by the party with a certified public accountant or tax attorney. Title questions should be discussed by the party with a title officer or attorney. Questions regarding the condition of the property and whether the property complies with applicable governmental requirements should be discussed by the party with appropriate engineers, architects, contractors, other consultants and governmental agencies. All properties and services are marketed by KW Commercial Oakland in compliance with all applicable fair housing and equal opportunity laws.

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