

4115 Drake Street



16 UPSCALE APARTMENTS IN THE
WEST UNIVERSITY AREA

4115 Drake Street *apartment homes*

4115 Drake Street, Houston, TX 77005

Units: 16
Avg Size: 638
Date Built: 1962
Rentable Sq. Ft.: 10,201
Acreage: 0.34
Occupancy: 75%
Class: A-/B+

Asking Price **\$2,352,000**
Price Per Unit **\$147,000**
Price Per Sq. Ft **\$230.57**
Stabilized NOI **\$135,088**

INVESTMENT HIGHLIGHTS

- ▶ Available on All Cash or New Loan Basis
- ▶ Excellent Location in the Upscale West University Area of Houston
- ▶ Strong Occupancy in a Strong Market!
- ▶ Great Opportunity for the Smaller Investor
- ▶ Strong Area Job Base!
- ▶ Well Maintained, Upscale Condition
- ▶ Excellent Land Play Opportunity
- ▶ Easy Access to the Galleria and Greenway Plaza Business Centers and Major Employment Centers
- ▶ Strong Area Demographics



FOR MORE INFORMATION PLEASE CONTACT:

TOM WILKINSON
KET ENTERPRISES INCORPORATED
Broker/Vice President
twilk4@ketent.com
713-355-4646

MARK KALIL
MARK KALIL & ASSOCIATES, INC.
Broker/Owner
mark@markkalil.com
713-799-8700

4205 San Felipe | Suite 355 | Houston, Tx 77027
www.ketent.com
Broker License #0406902

2001 Holcombe Blvd | Suite 105 | Houston, Tx 77030
www.markkalil.com
Broker License #0457578



Physical Information	Financial Information	Proposed Loan Parameters	Operating Information	
Number of Units: 16	Asking Price: \$2,352,000	Loan at 75% of Asking: \$1,764,000	Est Mkt Rent (Apr-19): \$19,110	
Avg Unit Size: 638	Price Per Unit: \$147,000	Amortization: 360	12 Month Average: \$17,208	
Net Rentable Area: 10,201	Price Per Sq. Ft.: \$230.57	Debt Service: \$73,206	Physical Occ (Apr-19): 75%	
Land Area (Acres): 0.34	Stabilized NOI: \$135,088	Interest Only: \$6,101	Est Ins per Unit per Yr: \$740	
Units per Acre: 46.464		Interest Rate: 4.15%	Property Tax Information	
Date Built: 1962		Date Due: 10 years	2018 Tax Rate/\$100: 2.53334	
Water Meter / Master: RUBS		Est Res for Repl/Unit/Yr: \$300	2019 Prelim Assessment: \$1,916,961	
Elec Meter: Indiv		Yield Maintenance: Yes	Est 2019 Tax: \$48,563	
Roof Style: Flat		See tax study for tax value comps	Est Future Tax Assessment: \$1,285,276	
Heating & Cooling: HVAC		Owner will vigorously protest taxes!	Est Future Taxes: \$32,560	

INCOME

MODIFIED ACTUALS

PRO-FORMA

PRO-FORMA INCOME	
Current Street Rent with a 6% Increase	243,079 \$20,257 / Mo
Estimated Gross Scheduled Income	243,079 \$20,257 / Mo
Estimated Loss to Lease (1% of Total Street Rent)	(2,431) 1%
Estimated Vacancy (5% of Total Street Rent)	(12,154) 5%
Estimated Concessions and Other Rental Losses (4% of Total Street Rent)	(9,723) 4%
Estimated Utilities Income	4,720 \$295 / Unit / Yr
Estimated Other Income	4,264 \$266 / Unit / Yr
Estimated Total Rental Income	227,755
ESTIMATED TOTAL PRO-FORMA INCOME	227,755 \$18,980 / Mo

April 2018 thru March 2019 Income		\$206,497	
EXPENSE	March 2019 Expenses Annualized		Future Expenses
	Estimated Fixed Expenses		Estimated Fixed Expenses
Fixed Expenses			
Taxes	\$44,700 \$2,794 per Unit	Per Owner	\$32,560 \$2,035 per Unit
Insurance	\$11,840 \$740 per Unit	Per Owner	\$11,840 \$740 per Unit
Total Fixed Expense		56,540 \$3,534 per Unit	44,400 \$2,775 per Unit
Utilities			
Electricity	\$1,758 \$110 per Unit		\$1,758 \$110 per Unit
Water & Sewer	\$4,751 \$297 per Unit		\$4,751 \$297 per Unit
Cable & Phone & Internet	\$3,892 \$243 per Unit		\$3,892 \$243 per Unit
Gas	\$2,095 \$131 per Unit		\$2,095 \$131 per Unit
Total Utilities		12,495 \$781 per Unit	12,495 \$781 per Unit
Other Expenses			
General & Admin & Marketing	\$640 \$40 per Unit		\$640 \$40 per Unit
Repairs & Maintenance	\$27,211 \$1,701 per Unit	Very High! Includes upgrades	\$7,999 \$500 per Unit
Labor Costs	\$0 \$ per Unit		\$0 \$ per Unit
Contract Services	\$6,589 \$412 per Unit		\$6,589 \$412 per Unit
Management Fees	\$15,743 7.62% \$984 per Unit	Typically includes payroll	\$15,743 6.91% \$984 per Unit
Total Other Expense		50,184 \$3,136 per Unit	30,971 \$1,936 per Unit
Total Operating Expense		119,219 \$7,451 per Unit	87,867 \$5,492 per Unit
Reserve for Replacement		4,800 \$300 per Unit	4,800 \$300 per Unit
Total Expense		124,019 \$7,751 per Unit	92,667 \$5,792 per Unit
Net Operating Income (Actual Underwriting)		82,478	135,088
Asking Price		2,352,000	2,352,000

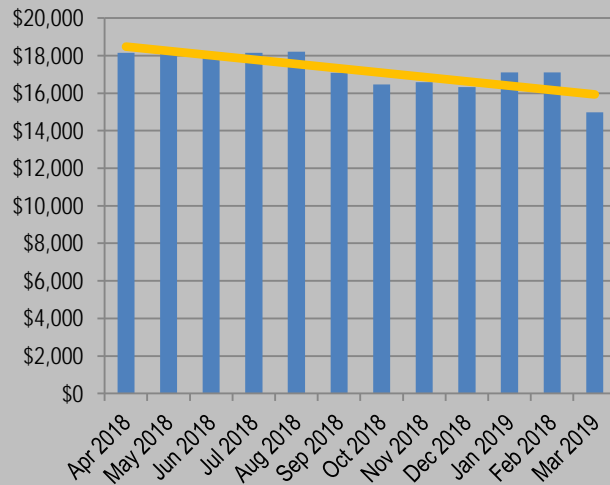
NOTES: PRO FORMA: Taxes are reported Per Owner. Income and Expenses were calculated using owners December 2018 operating statment. Insurance is Per Owner. Management Fees calculated as 6.9% of Gross Income and Other expenses are Estimated for the Pro Forma.

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.

PROPERTY INFORMATION		CURRENT MORTGAGE		TAXING AUTHORITY Harris County	
Age:	1962	Mortgage Balance	\$1,134,376	ACCT #: 0552910000004	
Elec Meter:	Indiv	Lender	A local bank	Houston ISD	\$1.206700
A/C Type:	HVAC	Amortization	360	Harris County	\$0.418580
Water:	RUBS	P & I	\$6,263	Harris County Flood Cntrl	\$0.028770
Wiring:	Copper	Type	Fixed	Port of Houston Authy	\$0.011550
Roof:	Flat	Assumable	No	Harris County Hosp District	\$0.174080
Paving:	Asphalt	Monthly Escrow	\$4,538	Harris County Educ Dept	\$0.005190
Materials:	Brick/Wood	Origination Date	9/1/2013	Houston Community College	\$0.100263
# of Stories:	2	Due Date	Aug-23	City of Houston	\$0.588210
Buildings:	4	Interest Rate	5.22%		
Surface Parking:	Yes	Yield Maintenance	Yes		
Garage Parking:	No	Transfer Fee	1%+app+legal	2018 Tax Rate/\$100	\$2.533343
Est Units/Acre:	46.46			2019 Prelim Assessment	\$1,916,961
KeyMap:	492Z	Bank loans not freely assumable			

COLLECTIONS

Avg Month	\$17,208
Apr 2018	\$18,152
May 2018	\$18,152
Jun 2018	\$18,152
Jul 2018	\$18,152
Aug 2018	\$18,207
Sep 2018	\$17,093
Oct 2018	\$16,472
Nov 2018	\$16,595
Dec 2018	\$16,327
Jan 2019	\$17,109
Feb 2018	\$17,109
Mar 2019	\$14,978



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

PROPERTY HIGHLIGHTS

4115 Drake Street Apartments is a two story, garden style, 16 unit apartment building located at 4115 Drake Street in the West University area of Houston, Texas. It contains approximately 10,291 square feet of rentable area and was built in 1962 and was remodeled in 2016. The asset is nestled in a quiet, established, residential neighborhood with an abundance of old oak trees and yesteryear charm.


Residents enjoy a shared on-site laundry facility and ample amenities which include: miniblinds, kitchen pantries, ceiling fans, a full appliance package, hardwood floors, and a beautifully landscaped courtyard with a sparkling swimming pool. Nearby schools include West University Elementary School, Pershing Middle School, and Lamar High School.

The tenant profile is predominately young professionals with income above the average Houston Metro income level. Residents enjoy close proximity to the Galleria area, University of St. Thomas, the Museum of Fine Arts, the Houston Museum of Natural Science, Rothko Chapel, the Houston Zoo, the Texas Medical Center and Downtown Houston.

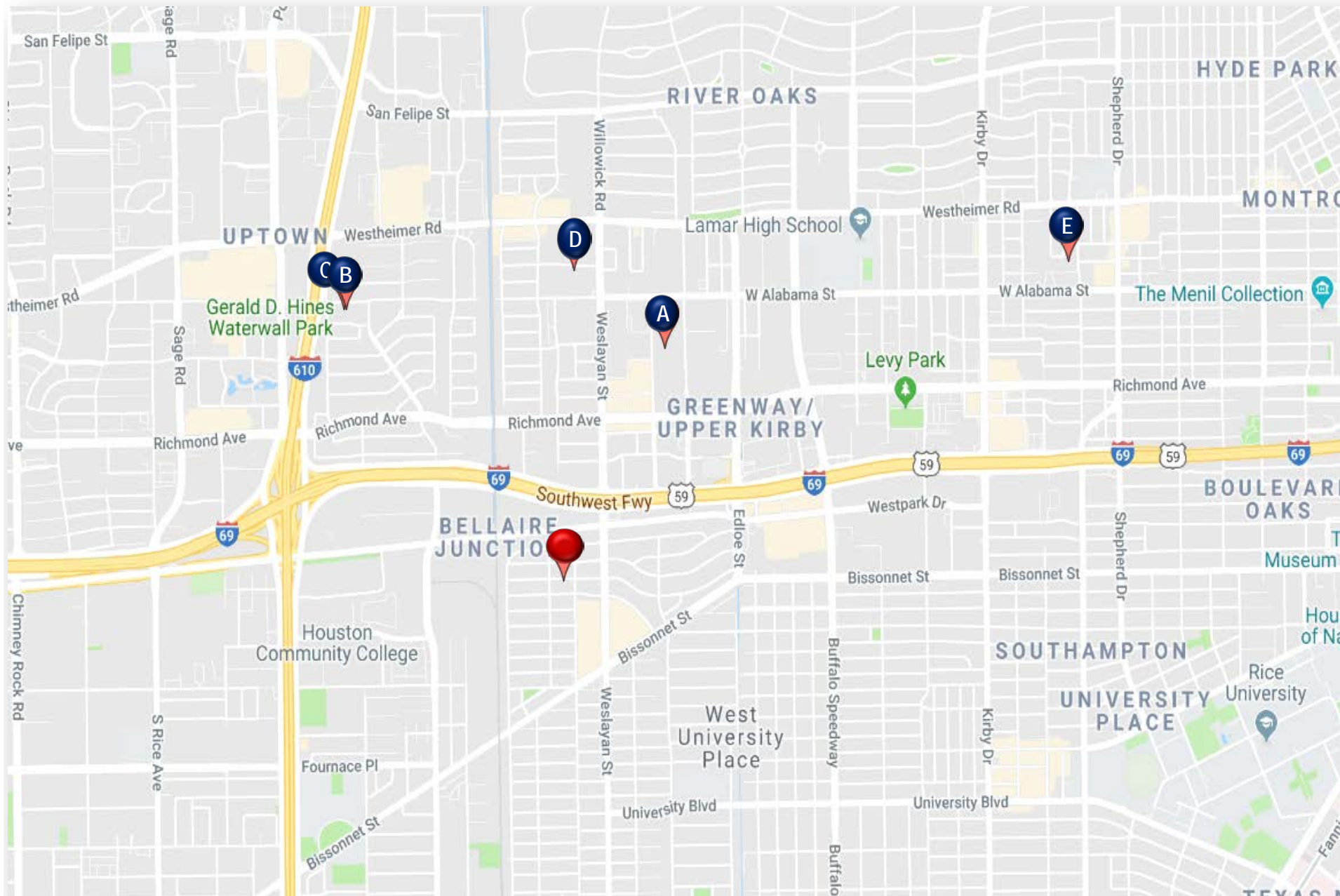
The property appears to be in excellent condition. As of 4/11/19, two of the vacant units have been leased.

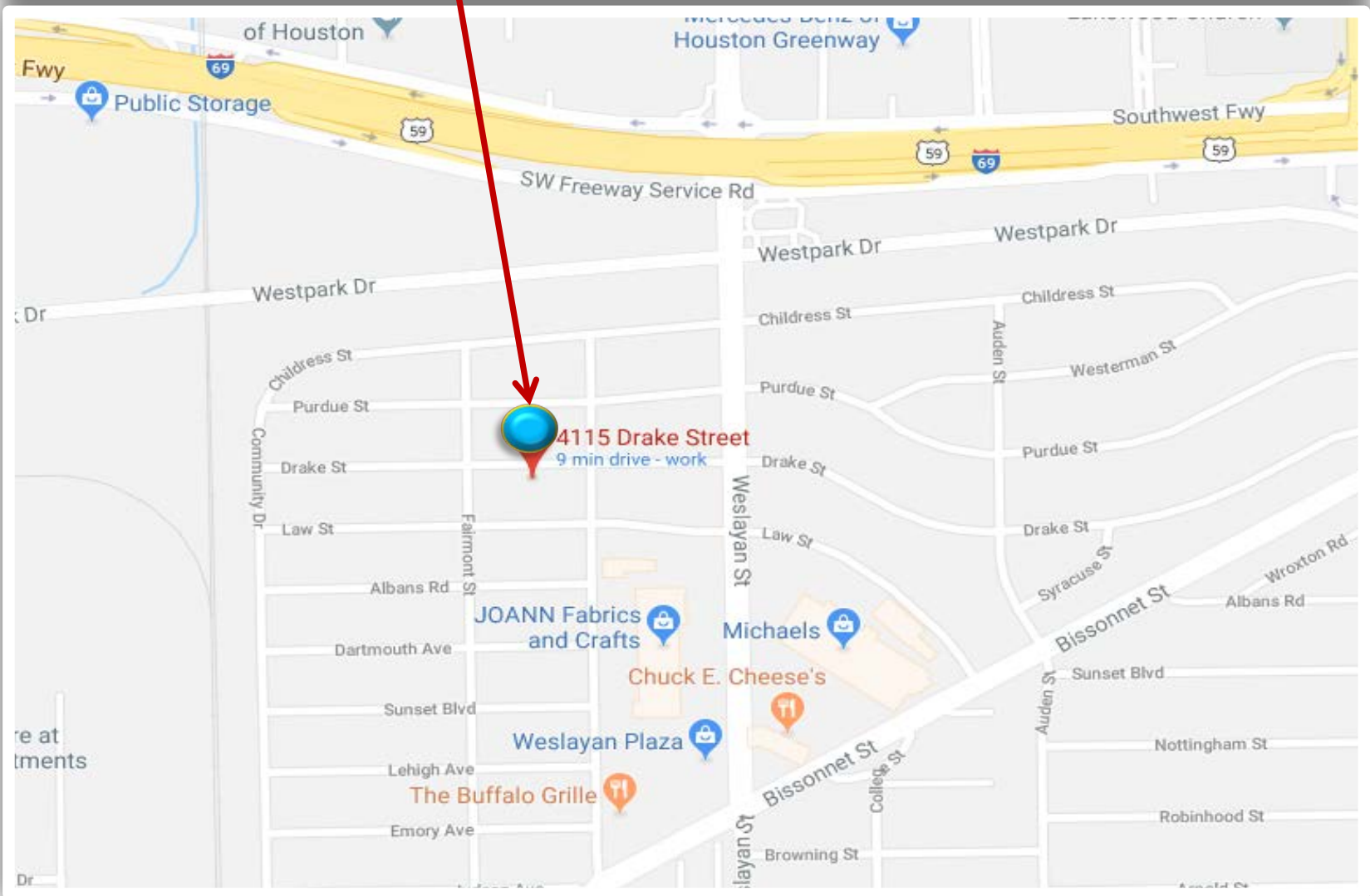
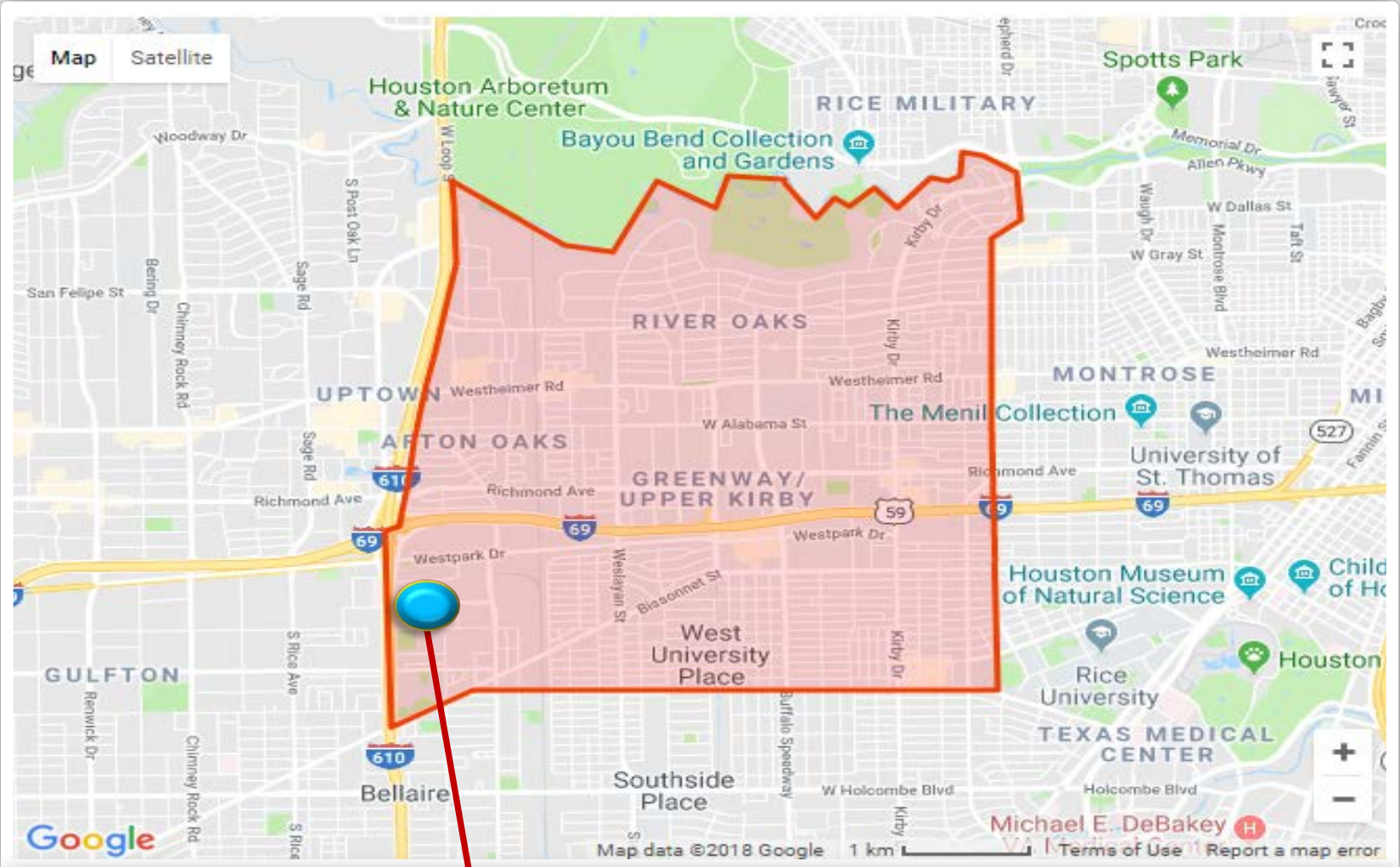
Disclaimer: The information contained in this Memorandum reflects material from sources deemed to be reliable, including data such as operating statements, rent roll, etc. provided by the Owner. Notwithstanding, KET Enterprises Incorporated does not make any warranties about the information contained 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 issues, if any.

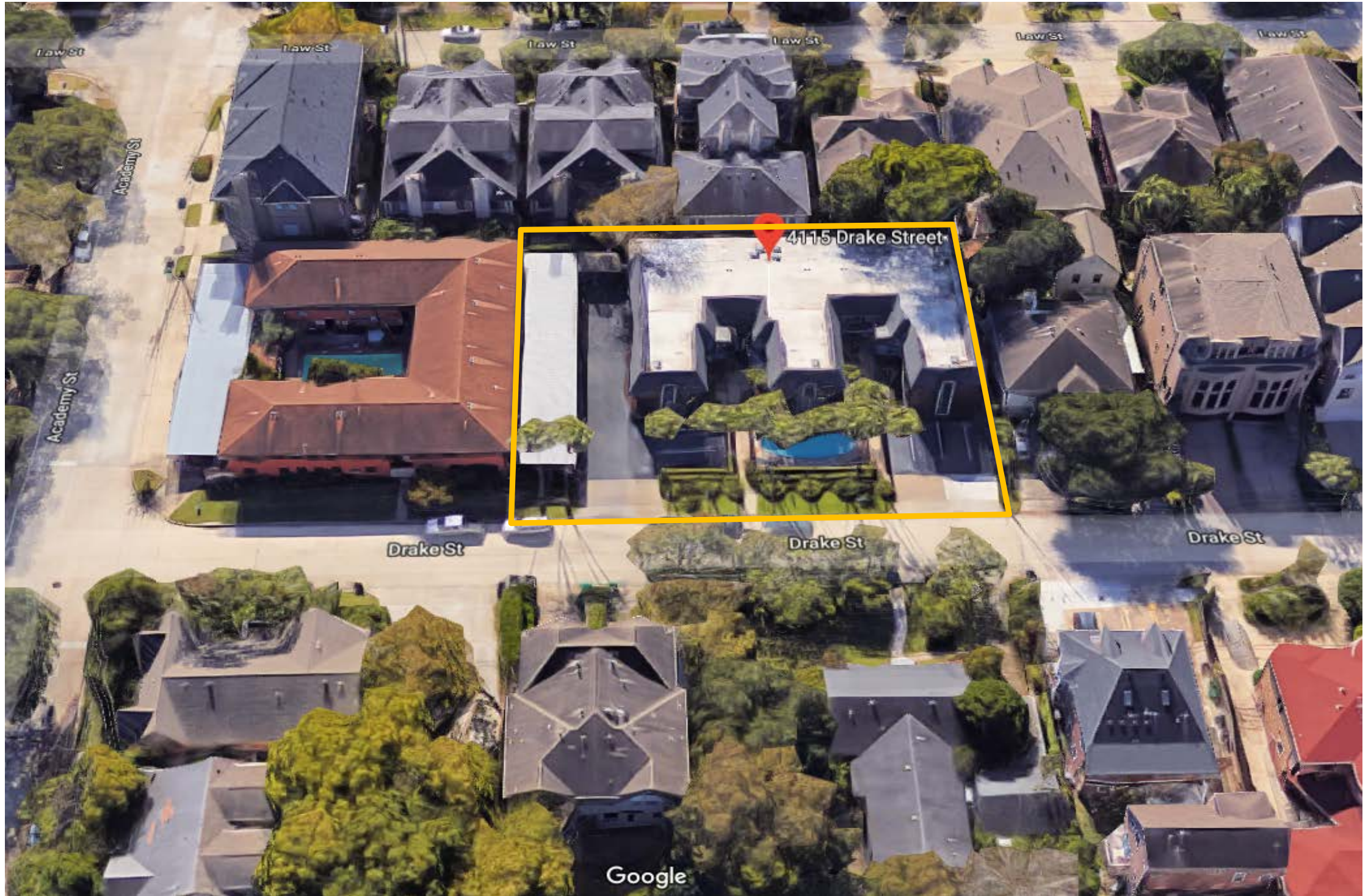
2018 KET RENT COMPARABLE TAX ANALYSIS

Property	Address	Yr Built	Units	Impr Sq.Ft.	Impr Value	Impr Value/Unit	Impr Value/Sq.Ft.
A Place at Greenway	3333 Cummins St.	1962	219	205,848	\$27,864,072	\$127,233	\$135.36
B Phoenician Garden	4723 W Alabama St.	1966	24	17,068	\$1,811,283	\$75,470	\$106.12
C Afton Gardens	4727 W Alabama St.	1966	27	19,630	\$1,600,000	\$59,259	\$81.51
D Essex House	3919 Essex Lane	1992	135	149,751	\$19,386,900	\$143,607	\$129.46
E Gables Citywalk	2828 Greenbriar St.	1990	221	274,773	\$36,838,186	\$166,689	\$134.07
 4115 Drake Street	4115 Drake Street	1962	16	11,088	\$1,916,961	\$119,810	\$172.89
Averages		1973	107	113,026	\$14,902,900	\$115,345	\$126.57

2018 KET RENT COMPARABLE TAX ANALYSIS





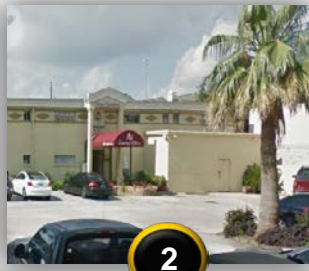


Rent Comparables (Apartment Data Services -2019)

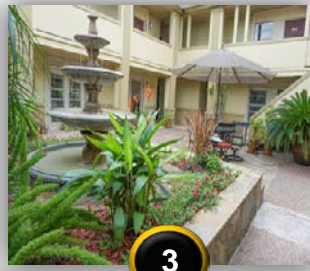
	Property Name	Year Built	Year Renovated	Occ	#Units	Avg SF	Avg Rent	EWG	P/SF
1	Place at Greenway 3333 Cummins St.	1962	2014	93%	219	876	\$1,238	+EWG	1.413
2	Phoenician Garden 4723 W Alabama St.	1966	2017	92%	24	600	\$1,236	+E	2.060
3	Afton Gardens 4727 W Alabama St.	1966	2016	89%	27	650	\$1,413	+E	2.174
4	Essex House 3919 Essex Lane	1992	N/A	94%	135	880	\$1,464	+EW	1.664
5	Gables Citywalk 2828 Greenbriar St.	1990	N/A	94%	221	803	\$1,384	+EW	1.724
Totals/Averages Comps		1975	2016	92%	125	762	\$1,347		\$1.77
4115 Drake Street 4115 Drake Street		1962	2016	75%	16	638	\$1,194	+EW	\$1.87
Sub-Market Averages - Highland Village-Upper Kirby-West U				92%	16,504	969	\$1,703		1.757
Houston Market Avgs				90%	651,096	883	\$1,027		\$1.160



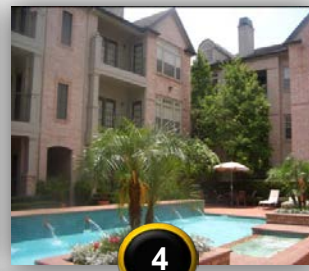
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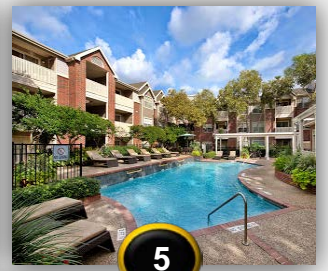
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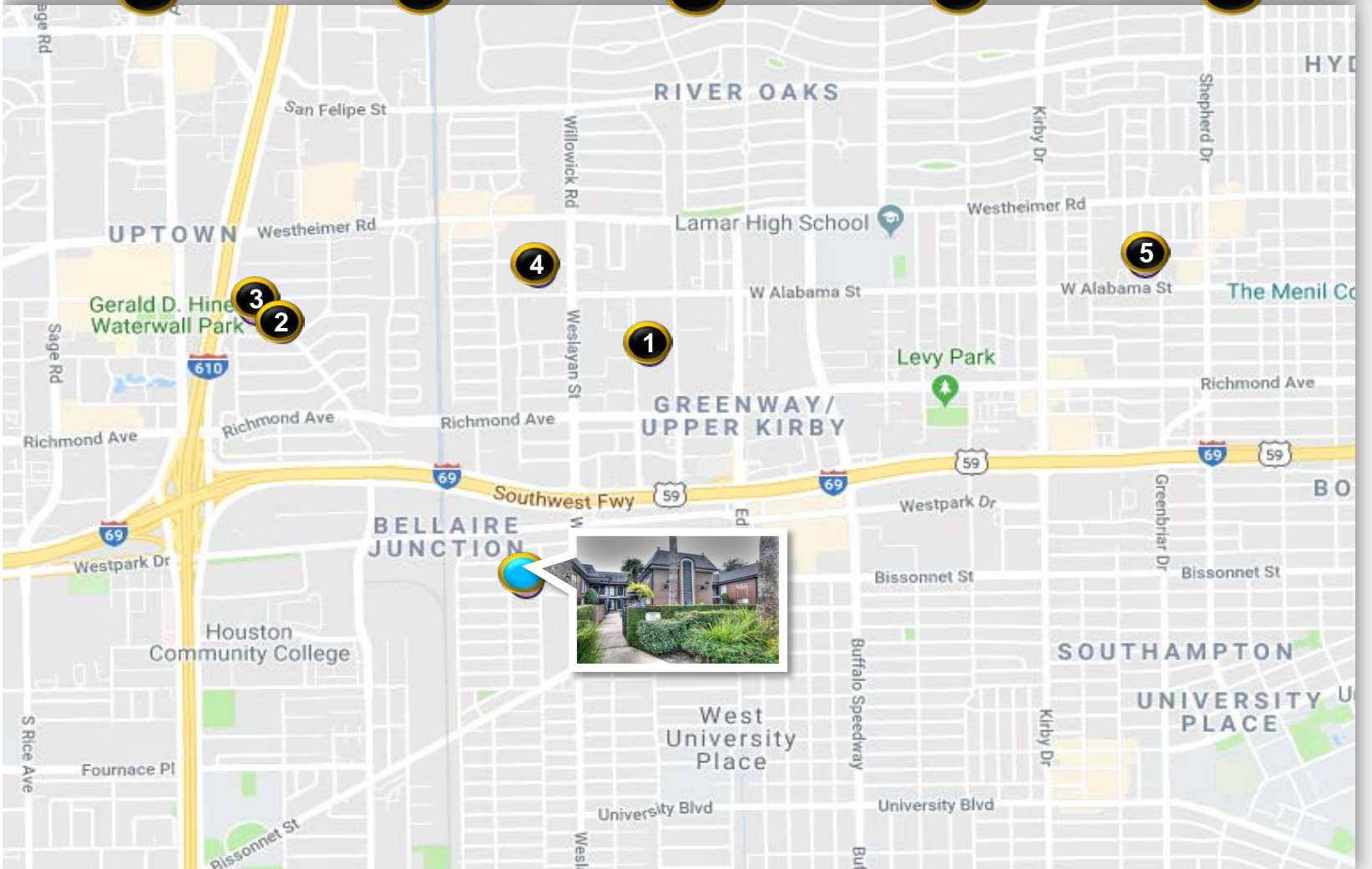
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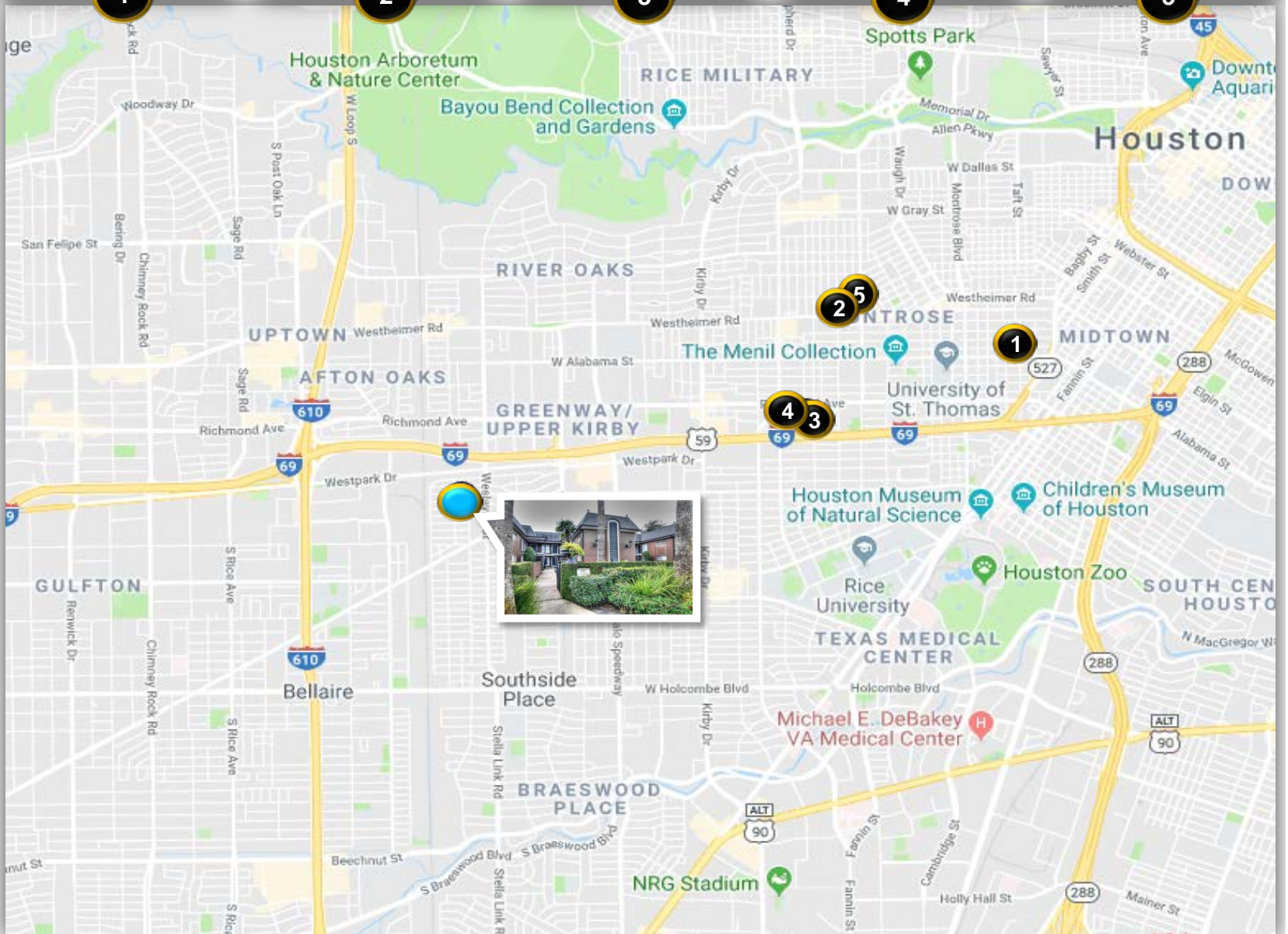
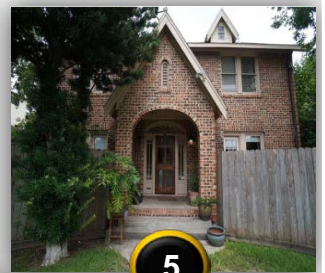
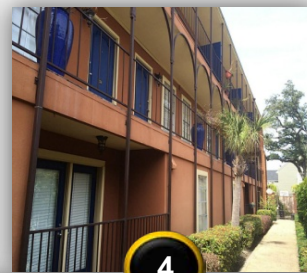
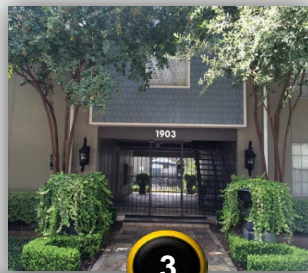
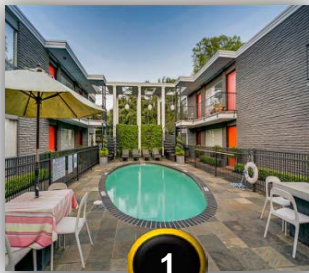


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SALES COMPS AVAILABLE UPON REQUEST



HOUSTON, TEXAS - 2019

MOVING FORWARD AS GROWTH RETURNS

Greater Houston Partnership

REGION IN PERSPECTIVE

Houston is one of the youngest, fastest-growing and most diverse populations anywhere in the world. People from across the globe relocate to Houston every year to take advantage of the abundant lifestyle and job opportunities the region provides. Houston is America's Most Diverse City, and the population is young and well-educated. Houston's workforce boasts the highest concentration of STEM graduates in the country. The median age of Houstonians is among the lowest of the nation's major metro areas, and the percentage of college graduates living in Houston exceeds the U.S. and Texas average. Houston also offers a distinctly business-friendly environment at state and local levels. Costs of doing business are significantly lower than in other major metropolitan areas, and the state of Texas has one of the lowest tax burdens in the nation. Houston and Texas have a pro-growth, pro-opportunity mindset. The Houston-Woodlands-Sugar Land Metropolitan Statistical Area (MSA) is the nation's fifth-largest MSA with a total of 6.9 million people. **From '10 to '17, Houston added 972,000 new residents, a 16.4 percent increase, the fastest rate of population growth among the 10 most populous metros.**

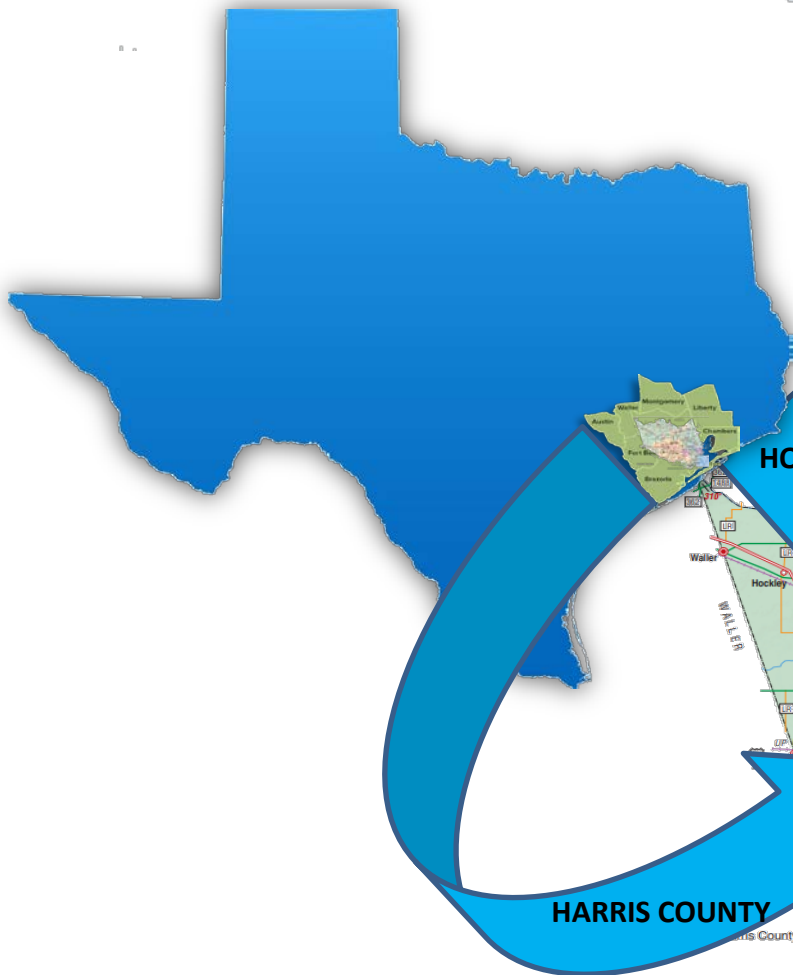


- More than 1.5 million Houstonians, or roughly one in four, were born outside the U.S.
- If Houston were a country, it would rank as the 24th largest economy in the world - exceeding Poland's and Belgium's Gross Domestic Product.
- Metro Houston has the third largest number of Fortune 1000 companies in the nation.
- More than 500 institutions are devoted to the performing and visual arts, science and history in the Houston area.

THE HOUSTON-WOODLANDS-SUGAR LAND MSA

The Houston-Woodlands-Sugar Land Metropolitan Statistical Area (MSA)

is the nation's fifth-largest MSA with a total of 6.9 million people. From '10 to '17, Houston added 972,000 new residents, a 16.4 percent increase, the fastest rate of population growth among the 10 most populous metros.



HOUSTON MSA

HARRIS COUNTY

THE HOUSTON-WOODLANDS-SUGAR LAND MSA IS THE 5th MOST POPULOUS IN THE NATION



THE HOUSTON-WOODLANDS-SUGAR LAND MSA



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 nine county metropolitan area is the fifth-largest metropolitan area in the nation and covers 9,444 square miles.

The City of Houston lies in three counties: Harris, Fort Bend and Montgomery. Harris County contains the bulk of the City of Houston with small portions of the city lying in Fort Bend and Montgomery counties. Houston is the county seat, or administrative center, of Harris County. Harris County contains all or part of 34 incorporated cities. The Houston MSA includes 124 incorporated communities.



THE HOUSTON-WOODLANDS-SUGAR LAND MSA

Harris County, Texas - is the third largest county in the United States by population ranking behind only Los Angeles County (Los Angeles, CA and Cook County (Chicago, IL). Its county seat is Houston, Texas, also the fourth largest city in the nation.

- Harris County is part of the Houston-Woodlands-Sugarland MSA with a total population of approximately 6.9 million
- Harris County ranks first among Texas counties with a current population of approximately 4.7 million residents.
- Fastest rate of population growth among the 10 most populous U.S. Metros from '10 to '17. Harris County is the largest of the 11 counties in the Greater Houston region. Almost three-quarters of the county are covered by the city of Houston and thirty smaller communities; only about 27 percent of the county is rural. The county comprises 1,778 square miles and is the largest Texas county east of the Nueces River. Harris County transportation systems serve intrastate and interstate needs with six major railroads hauling freight to distribution centers and to the port; Amtrak provides passenger rail service while METRO provides light rail and passenger bus service. Buses, trucks, and passenger cars utilize a network of highways including Interstate 10 east and west and Interstate 45 north and south. U.S. Highway 59 crosses the county from northeast to southwest and goes to the Rio Grande valley, and U.S. 290 leads to West Texas via Austin. Loop 610 encircles the heart of Houston, and a second loop, Beltway 8, allows traffic to move around the perimeter of the urban sector. Two major airports, George Bush Intercontinental and William P. Hobby, are within the city of Houston. Leading sectors include manufacturing, trade, service, local government, transportation and warehousing and construction.

THE FUTURE

From '15 to '40, the Perryman Group forecasts Houston's population to reach 9.9 million and employment to grow to 4 million by 2040. Over the same period, the Texas-based economic forecasting firm expects wage and salary employment to rise at a 1.7 percent annual rate. The Houston–The Woodlands–Sugar Land Metro Area will add 3.3 million residents between '15 and '40. Perryman also forecasts that Houston will add an additional 1.6 million jobs during that time frame and account for one-fourth of Texas job growth during that period.



- With GDP at \$478.6 billion, Houston is the nation's sixth largest metro economy and has grown by \$100 billion (inflation-adjusted) over the past decade. The region's largest industries are manufacturing, accounting for a 16.8 percent share of Houston's GDP, followed by professional and business services (13.6 percent) and finance, insurance, real estate, rental and leasing (12.9 percent).

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THE HOUSTON-WOODLANDS-SUGAR LAND MSA

[ECONOMIC FUNDAMENTALS]

ENERGY

Houston is the leading domestic and international center for virtually every segment of the energy industry—exploration and production, transmission, marketing, service, trading, supply, offshore drilling and technology. More than 4,600 energy-related firms are located within the Houston metro area, including over 500 exploration and production firms, nearly 800 oilfield service companies, more than 90 pipeline transportation firms, and hundreds of manufacturers and wholesalers of energy-sector products. Houston is home to 39 of the nation's 138 publicly traded oil and gas exploration and production firms, including 11 of the top 25; seven more among the top 25 have subsidiaries, major divisions or other significant operations in Houston. Two-thirds of the global-integrated oil companies (e.g., ExxonMobil, Shell, Chevron) have operations here, including eight of the 10 largest. Of the 167 oil field service firms based outside of North America, more than half have offices in Houston, including 21 of the 25 largest. Around one-fifth of the world's national oil companies have operations in Houston, including seven of the 10 largest. In '17, according to the U.S. Bureau of Labor Statistics, the Houston MSA held 25.8 percent of the nation's jobs in oil and gas extraction, and 16.8 percent of jobs in support activities for oil and gas extraction. The average job in an energy-related industry paid approximately \$140,700 per year, more than double the metro average of \$65,000.

PETROCHEMICAL & REFINING

The Spaghetti Bowl is a complex of several thousand miles of product pipeline connecting hundreds of chemical plants, refineries, salt domes and fractionation plants along the Texas Gulf Coast. It gives the Houston area an economic advantage through convenient and low-cost transfer of feedstocks, fuel and chemical products among plants, storage terminals and transportation facilities. In '18, the Houston metro had a crude operating capacity of 2.6 million barrels of refined petroleum products per calendar day, representing 13.8 percent of overall U.S. capacity, according to the U.S. Energy Information Administration. The Houston region was home to 578 chemical plants employing 38,300, equivalent to 17.5 percent of Greater Houston's total manufacturing workforce in '17, according to the Texas Workforce Commission (TWC). Refineries in the Houston region process nearly 2.6 million barrels of crude oil per calendar day— approximately 45.1 percent of the state's total production and 13.8 percent of total U.S. capacity. The logistics for moving much of the nation's petroleum and natural gas across the country are controlled from Houston.

CONSTRUCTION

The construction industry in Houston employed 212,610 people in '17, according to the TWC. Half of all construction employment occurred as specialty trade contractors (e.g., electrical work, plumbing, site preparation, painting). Building construction accounted for 24.9 percent and heavy and civil engineering construction accounted for 24.1 percent of construction employment. Annual wages in the industry averaged \$72,300. Construction employment posted year-over-year declines through most of '17 until recovery and rebuilding efforts began after Hurricane Harvey. From January '17 to September '17, monthly construction employment averaged 214,900. For the rest of '17, the average monthly construction employment jumped to 221,100. The Houston metro area was home to nearly 10,800 construction establishments in '17. Top Employers Bechtel, Bellows Construction, D.E. Harvey Builders, E.E. Reed Construction, Fluor, Gilbane Building, Jacobs, Linbeck Group, McCarthy Building Companies, S & B Engineers and Constructors, SpawGlass Construction, Tellepsen, Turner Construction, Turner Industries, Williams Brothers Construction and Zachary. Approximately \$60 billion in chemical plant construction announced since '12 has been completed or is nearing completion. Companies investing in petrochemical plant expansions include Braskem, Chevron Phillips, Dow, ExxonMobil, Flint Hill Resources, Ineos/Sasol, LyondellBasell, Phillips 66, and a joint venture by Borealis, Nova Chemicals and Total.

THE HOUSTON-WOODLANDS-SUGAR LAND MSA

MANUFACTURING

The 6,400 manufacturing establishments in the Houston region employed 219,159, or about 1 in 13 Houston area workers in '17, according to the Texas Workforce Commission. Average annual wage was \$87,464. The value of goods manufactured in metro Houston topped \$80.2 billion in '16 and accounted for 16.8 percent of the region's total GDP, according to the Bureau of Economic Analysis.

WHOLESALE & RETAIL TRADE

Wholesale trade employed 153,806 in the Houston MSA, including 90,938 in durable goods, 44,033 in nondurable goods and 18,835 in electronic markets in '17. Retail trade employed 305,536, including 67,217 in food and beverage and 60,167 in general merchandise. Average annual wage in '17 was \$83,800 for wholesale workers and \$32,263 for retail workers. Academy Sports & Outdoors, CVS Health, FedEx, Fiesta Mart, Home Depot, Kroger, Lewis Food Town, Lowe's, Macy's, Randalls Food Markets, Sam's Club, Sysco, Target and Walgreens.

FINANCIAL SERVICES

Metro Houston's 97 Federal Deposit Insurance Corporation (FDIC)-insured institutions had 1,450 offices and branches with \$240.9 billion in local deposits, according to June '17 FDIC data. Houston ranked 10th among U.S. metros in total deposits in '17. Houston's 10 largest banks (ranked by local deposits) include JPMorgan Chase Bank, Wells Fargo Bank, Bank of America, BBVA Compass Bank, Amegy Bank, Prosperity Bank, Capital One, Frost Bank, Comerica Bank and Woodforest National Bank. A key center for international finance, Houston leads the Southwest U.S. with 20 foreign banks from 10 nations. Five of the nation's 10 largest FDIC-insured banks, as measured by domestic deposits, operate full-service branches or commercial loan offices in the Houston region.

NASA & AEROSPACE

Houston established itself as a global hub for aerospace in 1961 with the arrival of NASA's human space program. Since then, the Johnson Space Center (JSC) has anchored a thriving aviation industry that includes the world's leading aerospace companies. NASA's presence provides a dense concentration of skilled talent that makes Houston a worldwide leader in commercial space flight. In '15, the Federal Aviation Administration (FAA) designated Ellington Field as an official spaceport, clearing the way for commercial space flight in Houston. The Space Commerce Conference and Expo (SPACECOM) is an annual event to promote the commercialization of space flight in the U.S. In '17, the two-day event drew 2,000 attendees to Houston's George R. Brown Convention Center.

JSC, along with support from dozens of Houston-based businesses, manages the design, development and assembly of the International Space Station; serves as NASA's lead center for life sciences research and application; selects and trains astronauts; controls human space flights; directs industrial efforts to design, develop, build and upgrade piloted space craft; and oversees many medical, scientific and engineering experiments conducted aboard the space shuttle. JSC manages an annual budget of approximately \$4.4 billion in contracts, grants, civil service payroll and procurements. In '17, NASA awarded service contracts and grants to 161 companies and research organizations in the Houston region. Space Center Houston, the official visitor center of JSC, attracts over one million visitors and generates \$73.0 million in economic impact annually. Houston is home to more than 250 companies involved in aircraft or space vehicle manufacturing, research and technology, or other air transportation support activities. Of the 50 largest aerospace manufacturing companies in the U.S., 32 have a presence in the Houston region. Houston's total trade in aircraft, spacecraft and parts totaled \$2.1 billion in '17, and aircraft, spacecraft, and related parts are Houston's 17th largest internationally traded commodity.

THE HOUSTON-WOODLANDS-SUGAR LAND MSA

EDUCATION

The Houston MSA contains 60 independent school districts (ISDs) and 40 state-approved charter management organizations. Charter schools and ISDs in the Houston metro area enrolled more than 1.3 million students, approximately one out of every four school-aged children in the state, in Fall '16. Houston Independent School District (HISD) is the seventh largest public school system in the nation and the largest in Texas. Encompassing 333 square miles within Greater Houston, HISD has more than 280 campuses and enrolled more than 215,000 students during the '16-'17 academic year. More than 430,000 students enrolled in more than 30 two-year community colleges and four-year or above universities in the Houston region in the Fall '17 semester. Undergraduates make up 87.1 percent of enrolled students. The region also has 50 trade, vocational and business schools specialized for acupuncture, art, law, health care, funeral, religious and various other disciplines that enroll an additional 20,000 students, according to the National Center for Education Statistics. Two institutions in Houston MSA are designated as "Tier I," the highest ranking for research activity, according to the Carnegie Classification: Rice University and University of Houston.

HEALTHCARE

Top Employers CHI St. Luke's, HCA, Harris Health System, Houston Methodist, MD Anderson Cancer Center, Memorial Hermann Healthcare System, Michael E. DeBakey Veterans Affairs Medical Center, Texas Children's Hospital and UTMB Health. Texas Medical Center Houston's Texas Medical Center is the world's largest medical complex by multiple measures: number of hospitals, number of physicians, square footage and patient volume. The Texas Medical Center's 61 member institutions have been consistently recognized as some of the best hospitals and universities in the nation by U.S. News and World Report.

AVIATION

The Houston area is served by two major airports: George Bush Intercontinental Airport (IAH) and William P. Hobby Airport (HOU). Houston's largest airport, IAH, is located approximately 23 miles north of downtown Houston, and currently ranks 15th among United States' busiest airports with scheduled nonstop domestic and international flights. More than 650 departures leave daily from IAH, which offers service to more Mexican destinations than any other U.S. airport, as well as 74 nonstop international cities, including Beijing. IAH was named the 8th best airport in the country in a 2017 ranking from aviation reviewer SkyTrax. Hobby Airport is located approximately seven miles south of downtown, and offers nonstop flights to more than 50 destinations throughout the United States. It's also a regional center for corporate and private aviation.

A third site, Ellington Airport (EFD), is a joint-use civil and military airport serving the needs of the U.S. military, NASA, and general aviation. Check individual airlines to see which airports serve a particular carrier.

FOREIGN TRADE

The Houston-Galveston Customs District handled 289.2 million metric tons of goods and commodities in '18, a 9.0 percent increase over '17. Those shipments were valued at \$233.3 billion, up 21.5 percent from '17, which was the largest increase among the nation's 20 busiest districts. Houston ranked first in tonnage and seventh in value among U.S. customs districts in '18. Houston and New Orleans have been the busiest two districts in tonnage for decades. Houston has held the top spot in seven of the past 10 years. Houston exported to 215 countries and imported from 195 in '18. Mexico remains the region's top trading partner, followed by China, Brazil, the Netherlands and South Korea. The district handled goods and commodities from 97 trade categories in '18—everything from gasoline to live animals to cork. The top five exports, accounting for 81.8 percent of all exports by value, were crude and refined products, chemicals, industrial machinery, plastics and motor vehicles. The top five imports, accounting for 63.2 percent of all imports by value, were crude and refined products, industrial machinery, iron and steel, motor vehicles and chemicals.

2019 MULTI-FAMILY MARKET FORECAST



2019 ECONOMIC DRIVERS [The Nation]

Improving Fundamentals Should Lead to Strong Growth

According to a report from **Wells Fargo Economics Group** dated January 16, 2019, the housing market lost considerable momentum over the course of 2018. Buyers pulled back as affordability succumbed to years of price gains that have been well in excess of income growth. Higher mortgage rates reduced affordability and interest rates rose slightly more than expected. The hawkish rhetoric from the Fed this past fall also likely sent many potential buyers to the sidelines, the weather and natural disasters added to the industry's woes, as unusually wet weather plagued much of the South during the fourth quarter and wildfires in northern and southern California kept potential buyers indoors.

The decline in buyer sentiment is most evident in the survey data. The proportion of consumers stating now is a good time to buy a home in the Conference Board's Consumer Confidence Survey has steadily trended lower and accurately presaged the slide in new and existing home sales. Somewhat more disturbing has been the slide in homebuilders' expectations for sales over the next six months. Wells Fargo suspects that the December 2018 survey was influenced by the persistent selloff in the stock market and concerns that interest rates would rise further in 2019. That pessimism seems a bit overdone and there have been a handful of anecdotal reports that buyer traffic has revived a bit now that mortgage rates have fallen back below 4.5%.

2019 ECONOMIC DRIVERS

Wells Fargo believes sentiment on the broader economy and housing market is currently too pessimistic

The economy's underlying fundamentals remain sound, as evidenced by the blowout December employment report, which saw **312,000 net new jobs created during Dec 2018 and a total of 2.6 million jobs added in 2018**. The strength in job growth has corresponded with a pickup in household formation, which is essentially the underlying demand for homes and apartments.

Home Ownership Affordability Remains a Hurdle - Spurring Demand for Rental Housing

Home prices have risen much faster than incomes for the past few years, which has caused many renter households to continue to rent. Strong demand for apartments has kept rents climbing and occupancies high which has made it harder for young families to accumulate savings. Employment growth also tilted demand more toward rentals than in past cycles. The strongest job growth has tended to be in technology markets, such as the San Francisco Bay area, Seattle and Denver, and most jobs created have been in urban areas, where fewer homes are available for sale. Home prices in these metro areas have surged relative to median incomes, and prices finally appear to have risen to a point where buyers have pulled back in a significant way.

Foreign Buying has Slowed

Foreign buying has slowed considerably as global economic growth has weakened and the dollar has strengthened. This has slowed home buying in many key gateway markets, including Los Angeles, New York and Miami. Tax reform, which put limits on the deductibility of mortgage interest and state and local taxes, also appears to be slowing demand for higher priced homes in the Northeast.

Wells Fargo expects modest improvement in new and existing home sales in 2019. The moderation in home prices and pullback in mortgage rates should help revive demand in coming months. They suspect that the unusually wet weather and California wildfires exaggerated the extent to which home sales slowed last fall, and look for a modest rebound in coming months, provided the weather returns to something close to normal. It is expected for new home sales to rise 1.6%, while existing home sales should edge up 0.6%. Most of the improvement is likely to take place at lower price points, as housing shifts away from higher cost metro areas to lower cost areas. We are also likely to see more lower priced product come to market, both in the first-time buyer market and the retiree market, which has been one of the few areas that has held up well this past year.

According to *"Multi-Family Executive"*, the new year looks bright for apartment developers and investors hoping to capitalize on multifamily assets in 2019. Deals were up and investment activity was strong last year—in fact, the third quarter of 2018 set records for transaction volume. Multifamily transaction activity was up 14.7% year to date in Q3 2018, reaching \$115.7 billion. This surge in activity can be partly attributed to portfolio transactions, which jumped 74.3% from the previous quarter. At the same time, deal volume for individual apartment assets alone totaled \$91.4 billion through the third quarter of last year—a record level for the first three quarters of any year, according to the U.S. Capital Trends Apartment Report from real estate data firm Real Capital Analytics (RCA). With large portfolio transactions coming back into focus after recent years of volatility and big individual property sales increasing, the year's robust deal volume is expected to remain strong through 2019.

While average rents trended upward in 2018, tightening is expected this year as development slows and absorption takes renters off the market. Although hardly on a downward trajectory, overall confidence in the multifamily business market for 2019 is best described as cautiously optimistic, and against a backdrop of steady to slightly slowing fundamentals, multifamily owners and managers are digging in and fortifying their positions with investments geared toward **prospect conversion and renter loyalty**. Conversion-friendly assets such as Class B & C properties can offer greater physical amenities but also social opportunities and events. **"The renter is definitely looking for a sense of community,"** our residents have become much more socially active people than they have been in the past, and we still see lots of people looking for quality product in good locations with quality amenities."

HOUSTON APARTMENT MARKET FORECAST

2019 ECONOMIC DRIVERS
[Houston MSA Multi-family]



Rents and Occupancy Rising Class B & C Properties Still Strong



Apartment rents increase in Houston in 2019 as strong job growth and home buying trends give solid support to multi-family market.

Houston is expected to add about 71,000 new jobs in 2019, unemployment is low and the economy is in excellent shape. "The Houston economy right now is in the best shape it's been since the fracking boom in 2014," according to Patrick Jankowski of the Greater Houston Partnership

According to a report by Realty News Report, apartment rents will increase in Houston in 2019 as strong job growth and home buying trends give solid support to the multi-family market, according to a panel of industry executives. Houston's multi-family occupancy will also edge up slightly to 90%, up from 89.6% in 2018, said Bruce McClenny, president of ApartmentData.com. That will be accompanied by rent growth of about 3% - or about \$32 per month to \$1,054 for the typical 882-SF apartment. "I'm looking for two to three more years of steady growth," McClenny told the Houston Apartment Association's State of the Industry breakfast. The Houston apartment market had jumped sharply, following Hurricane Harvey, which made landfall in Texas on August 25, 2017. After the storm passed, many apartment communities soared to 100% occupancy almost overnight. Occupancy gains related to the hurricane have gradually subsided as home repairs were made and people moved out of apartments to return to their houses. "I think 2019 is going to be better than 2018, but just slightly better," said Ric Campo, CEO of Camden Property Trust, a Houston-based REIT that owns a number of properties in Houston. Camden is constructing a \$140 million, 20-story, 275-unit residential tower downtown next to the Toyota enter arena. Houston is expected to add about 71,000 new jobs in 2019, unemployment is low and the economy is in excellent shape, said Patrick Jankowski, senior vice president of research at the Greater Houston Partnership. "The Houston economy right now is in the best shape it's been since the fracking boom in 2014," Jankowski said.

Oil prices have been hovering around \$50 a barrel recently - that's about the break-even point for many operators in the energy industry, Jankowski said. The stability is a positive theme for the ongoing economy, however the upside is limited. Production is up, but energy companies have learned to operate more efficiently in recent years and that dampens the potential for major job growth in the energy industry.

HOUSTON APARTMENT MARKET FORECAST

Jankowski believes the hyper-focus and continued discussion on recession fears is a threat to the economy and could be a self-fulfilling prophecy. "My biggest concern in Houston and in the U.S. is all this talk that we are overdue for a recession," Jankowski said. "I do not see a recession in the works for Houston or for the U.S." Campo said investors remain interested in Houston. "You don't have any problem getting institutional capital in Houston today," he said. Houston's economy is diversified and the city is ripe for additional multifamily investment, said Cyrus Bahrami, managing director in Houston for Alliance Residential of Phoenix. Alliance has been actively building projects in the Houston area and more will break ground in the coming months. "We have seven slated to start over the next year," he said. Another panelist, Manu Gupta of Indus Management, said there are opportunities in buying Class C projects and spending \$5,000 to \$15,000 a unit to improve the properties.

Baby Boomers are moving back to the central city, giving up on empty-nester life in the suburbs, Campo said. Cultural activities, the arts, four-star restaurants draw people to high amenitized rental communities in the Inner Loop. This also adds to the urban densification and demand for high-rise properties. The multi-family market is also fueled by Millennials, many of whom have been slow to enter the home-buying market, said Stacy Hunt, executive director of real estate services for Greystar. In broad terms, "Millennials are staying in apartments. They aren't buying homes. They aren't getting married." *Source Jan 23, 2019 Realty News Report*

[Houston's economy is diversified and the city is ripe for additional multifamily investment]

- Economic growth in Houston was very weak 2014-17 but the economy was sustained by fracking momentum, a Ship Channel chemical boom, and post-Harvey retail and construction
- Nine service sectors carried our economy post-slump: retail, health care, finance, bars & restaurants, local government, private education, state government, arts and entertainment, lodging
- Ship Channel boom continues but at lower levels
- Negative impact from Harvey is behind us; relief and infrastructure investments from the storm will help our economy
- Rigs are fewer but jobs in Houston do not fall proportionately with rigs because of the need for Houston-based engineering, oil services, machinery & fabricated metals does not fall nearly as fast as the number of rigs
- Since January '15 oil prices have fluctuated between \$54 and \$66 per bbl; this year the U.S. will out-produce both Saudi Arabia and Russia
- Fracking has fundamentally changed American oil production, and is able to rise and fall quickly to keep supply and demand in equilibrium; shale oil production through fracking continues to soar
- The U.S. economy is performing well by every measure, ensuring ongoing strength; some hindrances could be a messy Brexit; a strong dollar; a trade war; or an overly aggressive Fed fiscal policy. Faster U.S. growth may be capped by current full employment, rising fiscal deficits from overly heavy tax cut, accelerated Fed rate increases, or inflation; there is a minimal chance for a recession in the near term
- 30 year fixed rate mortgage stands at 4.6% interest, which is low by historical standards, and interest rates are expected to gently continue their rise
- Mortgage rates and labor and material shortages in Houston have led to lessening affordability in housing here, and nationwide as well, with positive implications for multi-family occupancy; new home sales are off
- Change of sales mix to smaller homes has led to lower prices for the average new home; focus in our area is on development of entry-level homes; the lot supply has tightened, but is correcting
- Apartment occupancy is back to 90% overall and tenant concessions are shrinking; the apartment construction cycle is resuming

SUMMARY PROFILE

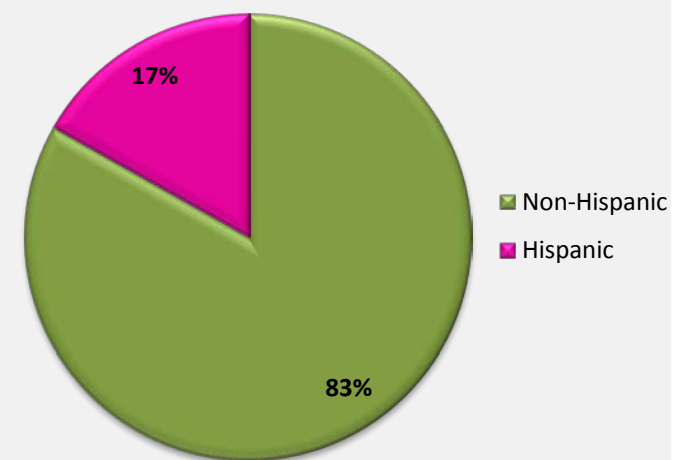
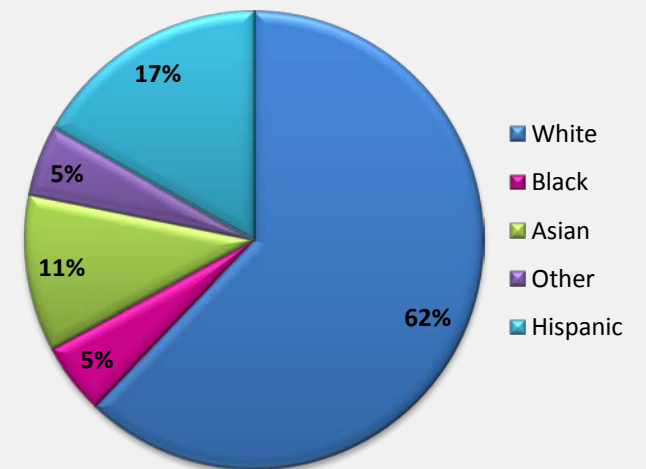
2000-2010 Census, 2018 Estimates with 2023 Projections

Calculated using Proportional Block Groups

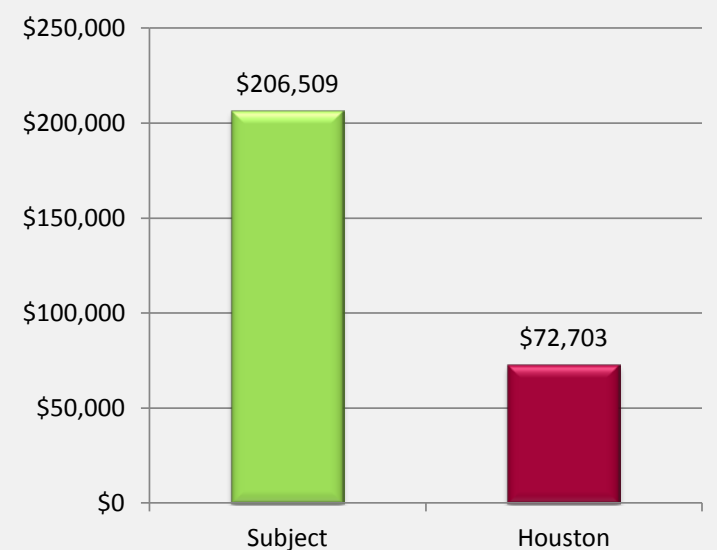
4115 Drake Street • 4115 Drake Street • Houston, TX 77005

	1 Mile Radius	2 Mile Radius	3 Mile Radius	
POPULATION	2018 Estimated Population	21,693	84,404	208,979
	2023 Projected Population	23,030	88,983	221,547
	2010 Census Population	19,867	74,501	185,666
	2000 Census Population	16,791	64,651	169,559
	Projected Annual Growth 2018 to 2023	1.2%	1.1%	1.2%
	Historical Annual Growth 2000 to 2018	1.6%	1.7%	1.3%
	2018 Median Age	36.6	37.3	35.2
HOUSEHOLDS	2018 Estimated Households	11,422	43,732	101,915
	2023 Projected Households	12,413	47,146	110,292
	2010 Census Households	10,035	36,629	86,593
	2000 Census Households	8,628	32,398	80,689
	Projected Annual Growth 2018 to 2023	1.7%	1.6%	1.6%
Historical Annual Growth 2000 to 2018	1.8%	1.9%	1.5%	
RACE AND ETHNICITY	2018 Estimated White	74.1%	72.6%	66.1%
	2018 Estimated Black or African American	6.4%	7.6%	8.9%
	2018 Estimated Asian or Pacific Islander	13.7%	12.9%	12.2%
	2018 Estimated American Indian or Native Alaskan	0.3%	0.3%	0.5%
	2018 Estimated Other Races	5.4%	6.6%	12.3%
	2018 Estimated Hispanic	16.8%	20.2%	31.8%
	2018 Estimated Average Household Income	\$206,509	\$190,460	\$157,845
2018 Estimated Median Household Income	\$140,690	\$129,110	\$108,555	
2018 Estimated Per Capita Income	\$108,730	\$98,709	\$77,061	
EDUCATION (AGE 25+)	2018 Estimated Elementary (Grade Level 0 to 8)	1.8%	2.0%	6.2%
	2018 Estimated Some High School (Grade Level 9 to 11)	0.5%	1.2%	2.3%
	2018 Estimated High School Graduate	5.1%	6.1%	10.1%
	2018 Estimated Some College	10.6%	11.2%	12.2%
	2018 Estimated Associates Degree Only	5.4%	4.5%	3.9%
	2018 Estimated Bachelors Degree Only	38.6%	37.6%	32.7%
	2018 Estimated Graduate Degree	38.1%	37.5%	32.7%
BUSINESS	2018 Estimated Total Businesses	2,808	11,249	21,708
	2018 Estimated Total Employees	42,023	145,451	298,176
	2018 Estimated Employee Population per Business	15.0	12.9	13.7
	2018 Estimated Residential Population per Business	7.7	7.5	9.6







Ethnicity - 1 Mile Radius

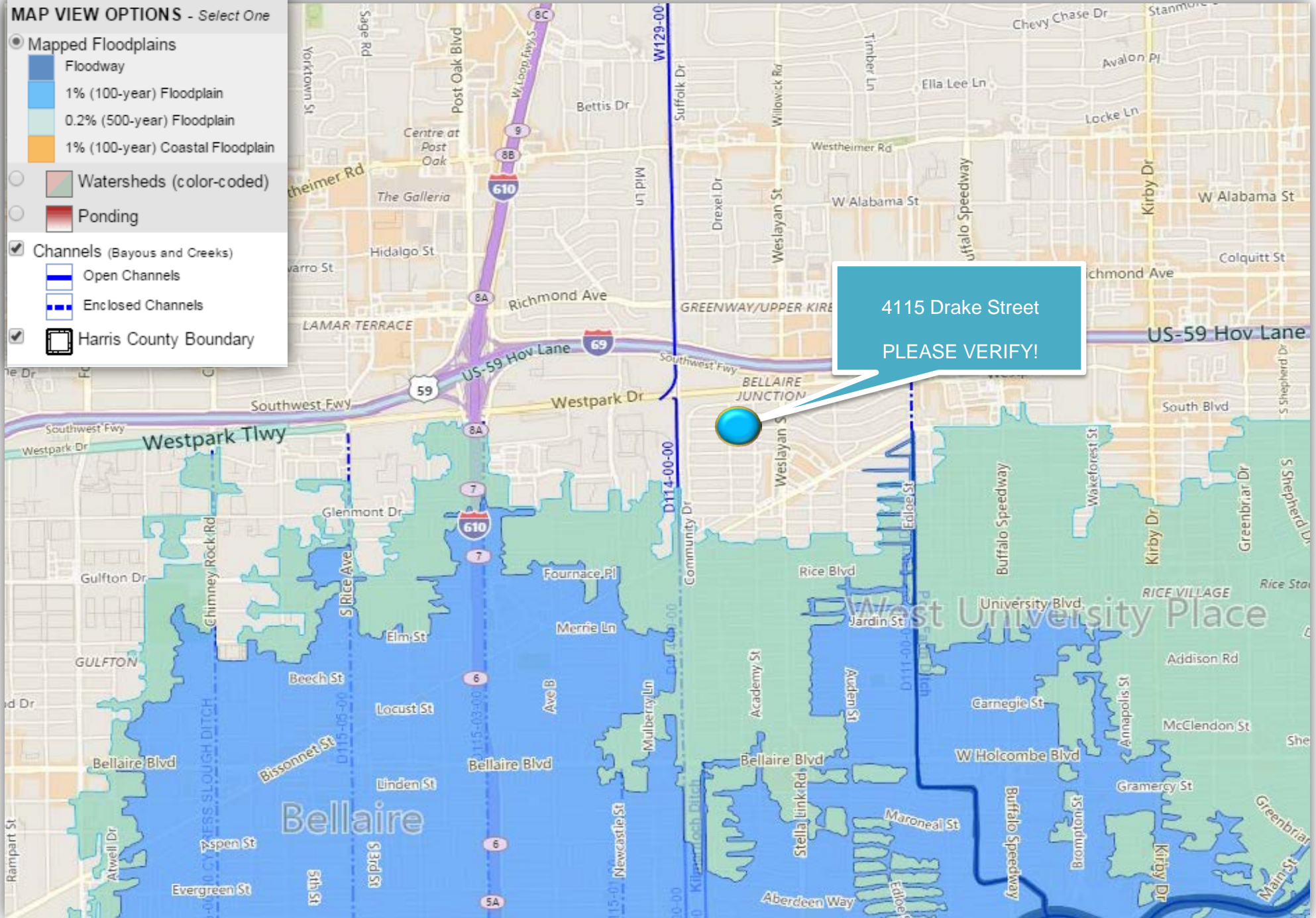


Average Income Subject - 1 Mile Radius

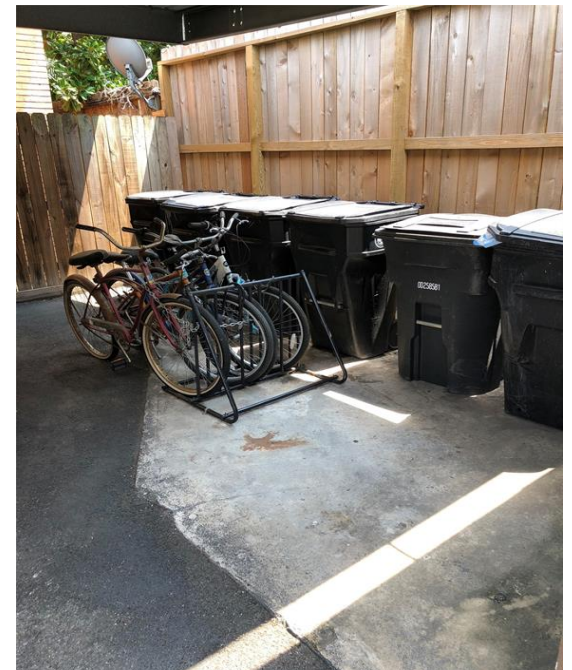


MAP VIEW OPTIONS - Select One

- Mapped Floodplains
 -  Floodway
 -  1% (100-year) Floodplain
 -  0.2% (500-year) Floodplain
 -  1% (100-year) Coastal Floodplain
- Watersheds (color-coded)
- Ponding
- Channels (Bayous and Creeks)
 -  Open Channels
 -  Enclosed Channels
- Harris County Boundary



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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.

11-2-2015



TYPES OF REAL ESTATE LICENSE HOLDERS:

- A **BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- A **SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.



A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of *each party* to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - o that the owner will accept a price less than the written asking price;
 - o that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - o any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

KET ENTERPRISES INCORPORATED	0406902	TWILK4@KETENT.COM	713-355-4646
Licensed Broker /Broker Firm Name or Primary Assumed Business Name	License No.	Email	Phone
TOM WILKINSON	0173897	TWILK4@KETENT.COM	713-355-4646
Designated Broker of Firm	License No.	Email	Phone
N/A	N/A	N/A	N/A
Licensed Supervisor of Sales Agent/ Associate	License No.	Email	Phone
N/A	N/A	N/A	N/A
Sales Agent/Associate's Name	License No.	Email	Phone

Buyer/Tenant/Seller/Landlord Initials

Date

4115 Drake Street *apartment homes*

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ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY

FOR INFORMATION PLEASE CONTACT:

T OM WILKINSON
Broker/Vice President

MARK KALIL
Broker/Owner

KET ENTERPRISES INCORPORATED

MARK KALIL & ASSOCIATES, INC.

twilk4@ketent.com
713-355-4646

mark@markkalil.com
713-799-8700

4205 San Felipe | Suite 355 | Houston, Tx 77027

2001 Holcombe Blvd | Suite 105 | Houston, Tx 77030

www.ketent.com

www.markkalil.com

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