

# KINGWOOD MEDICAL OFFICE BUILDING

201 Kingwood Medical Drive, Kingwood, TX

Square Feet: 29,162 - Sales Price: \$4,850,000 - Cap Rate: 8.78%



**GRUBB & ELLIS**

From Insight to Results



## EXCLUSIVE ADVISORS

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KINGWOOD, TEXAS

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**EXECUTIVE SUMMARY**

**Building Name:**

Kingwood Medical Office Building

**Property Address:**

201 Kingwood Medical Drive  
Kingwood, TX

**Physical Details:**

Size of Building: 29,162  
Land Size: 2.72 Acres

**Year Built:**

2006



**Parking:**

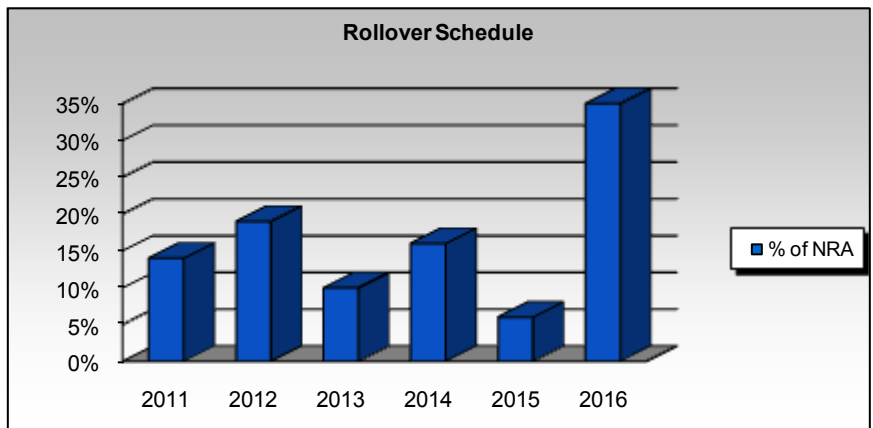
79 Spaces including 17 covered, 2.7/1,000

**Financial:**

NOI	Cap Rate	Occupancy
\$426,035	8.78%	100% less 5% Vacancy Factor

**Lease Expiration:**

Year	Square Feet	% of NRA
2011	4,062	14%
2012	5,607	19%
2013	2,868	10%
2014	4,622	16%
2015	1,700	6%
2016	10,303	35%
Sq. Ft. Expiring	29,162	100%
Vacant	0	0%
Total Building	29,162	



**Debt Assumption:**

None

**Sales Price:**

\$4,850,000

**Terms:**

Cash



## INCOME EXPENSES AND NOI

<b>Kingwood Medical Plaza</b>		<b>Sq. Ft.</b>	<b>29,162</b>
<b>NOI Calculation – Effective 8-31-2011</b>			
<b>Income</b>	<b>Annual</b>	<b>Per SF</b>	
Base Rent	\$459,724	\$15.76	
Oper. Exp.	\$110,082	\$3.77	
Parking	\$900	\$0.03	
Vacancy 5%	<b>-\$28,535</b>	<b>-\$0.98</b>	
<b>Total Income</b>	<b>\$542,171</b>	<b>\$18.59</b>	
<b>Expenses</b>			
Taxes Property	\$60,408	\$2.07	
Insurance	\$4,137	\$0.14	
Utilities	\$7,389	\$0.25	
Pond Maintenance	\$5,141	\$0.18	
Landscaping	\$13,285	\$0.46	
Repairs/Maintenance	\$3,924	\$0.13	
Water & Sewer	\$2,687	\$0.09	
Mgmt Fees	\$15,052	\$0.52	
Pest Control	\$714	\$0.02	
Water Disposal	\$3,399	\$0.12	
<b>Total Expenses</b>	<b>\$116,136</b>	<b>\$3.98</b>	
<b>NOI</b>	<b>\$426,035</b>	<b>\$14.61</b>	

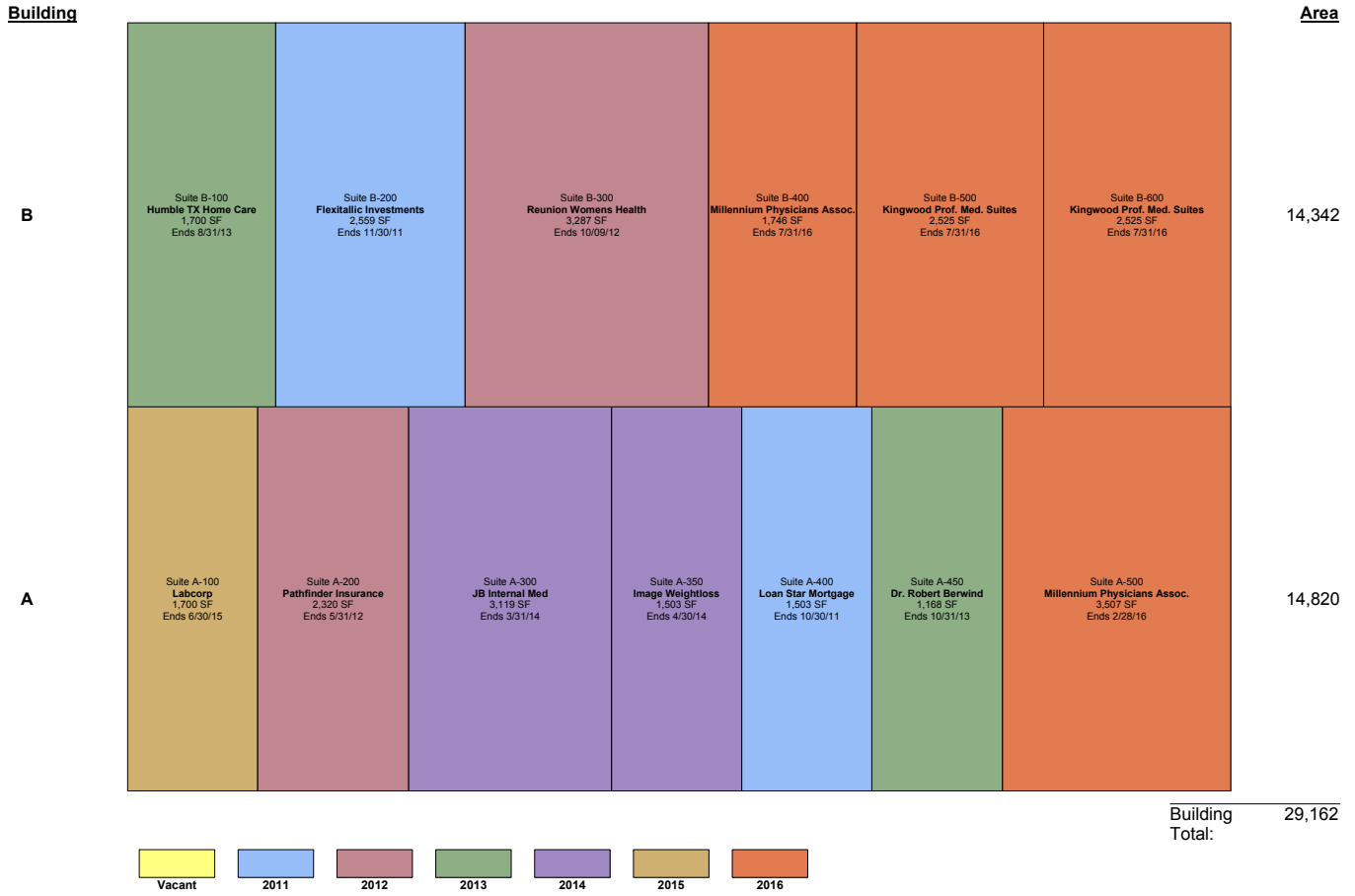


## RENT ROLL

Suite #	Tenant	Size (SF)	Lease Commence	Lease Expire	Monthly Rent	Rent/SF	CAM	Current Monthly Rent	Comments
A-100	Labcorp	1,700	7/1/10	6/30/15	\$ 2,720.00	\$19.20	\$ 595.00	\$ 3,315.00	Security Deposit: \$3,315.00
A-200	Pathfinder Insurance	2,320	11/1/06	5/31/12	3,340.00	17.28	696.00	4,036.00	Security Deposit: \$4,036.80
A-300	JB Internal Med	3,119	5/1/09		3,898.75	15.00			
	Image Weightloss	1,503	5/1/12	4/30/14	4,491.36	17.28			
			9/1/11		1,878.75	15.00	495.99	2,374.74	Security Deposit: \$2,374.74
A-400	Loan Star Mortgage	1,503	5/1/09	4/30/11	1,878.75	15.00	450.90	2,329.65	Power in Owner's name; Security Deposit: \$4,041.00
A-450	Dr. Robert Berwind	1,168	11/1/10	10/31/13	1,518.40	15.60	350.40	1,868.80	Security Deposit: \$2,032.32
A-500	Millennium Physicians	3,507	9/1/11	2/28/16	3,156.25	10.80	1,122.24	4,278.49	Security Deposit waived
B-100	Humble TX Home Care	1,700	9/1/11	8/31/13	2,397.60	16.92	499.50	2,897.10	No Security Deposit
B-200	Flexitallic Investments	2,559	12/1/10	11/30/11	4,379.43	20.54	764.10	5,143.53	Security Deposit: \$4,431.78 Parking: \$75/mo.
B-300	Reunion Women's Health	3,287	10/1/10	10/9/12	4,725.06	17.25	986.10	5,711.16	Security Deposit: \$5,684.58
B-400	Dr. Mario Vallafani	1,746	8/1/11	7/31/16	2,182.00	15.00	611.10	2,793.10	Security Deposit waived
B-500	Kingwood Professional Medical Suites, LC	2,525	8/1/11	7/31/16	3,156.25	15.00	833.25	3,989.50	Power in Owner's name; Security Deposit waived
B-600	Kingwood Professional Medical Suites, LC	2,525	8/1/11	7/31/16	3,156.25	15.00	833.25	3,989.50	No power; Security Deposit waived
	<b>Total Leased</b>	<b>29,162</b>	<b>100%</b>		<b>\$38,543.44</b>		<b>\$9,173.53</b>	<b>\$47,716.97</b>	
	<b>Total Vacant</b>	<b>0</b>	<b>0%</b>						
	<b>Total Building Area</b>	<b>29,162</b>							



### LEASE EXPIRATION STACKING CHART



Prepared professionally on April 13, 2011



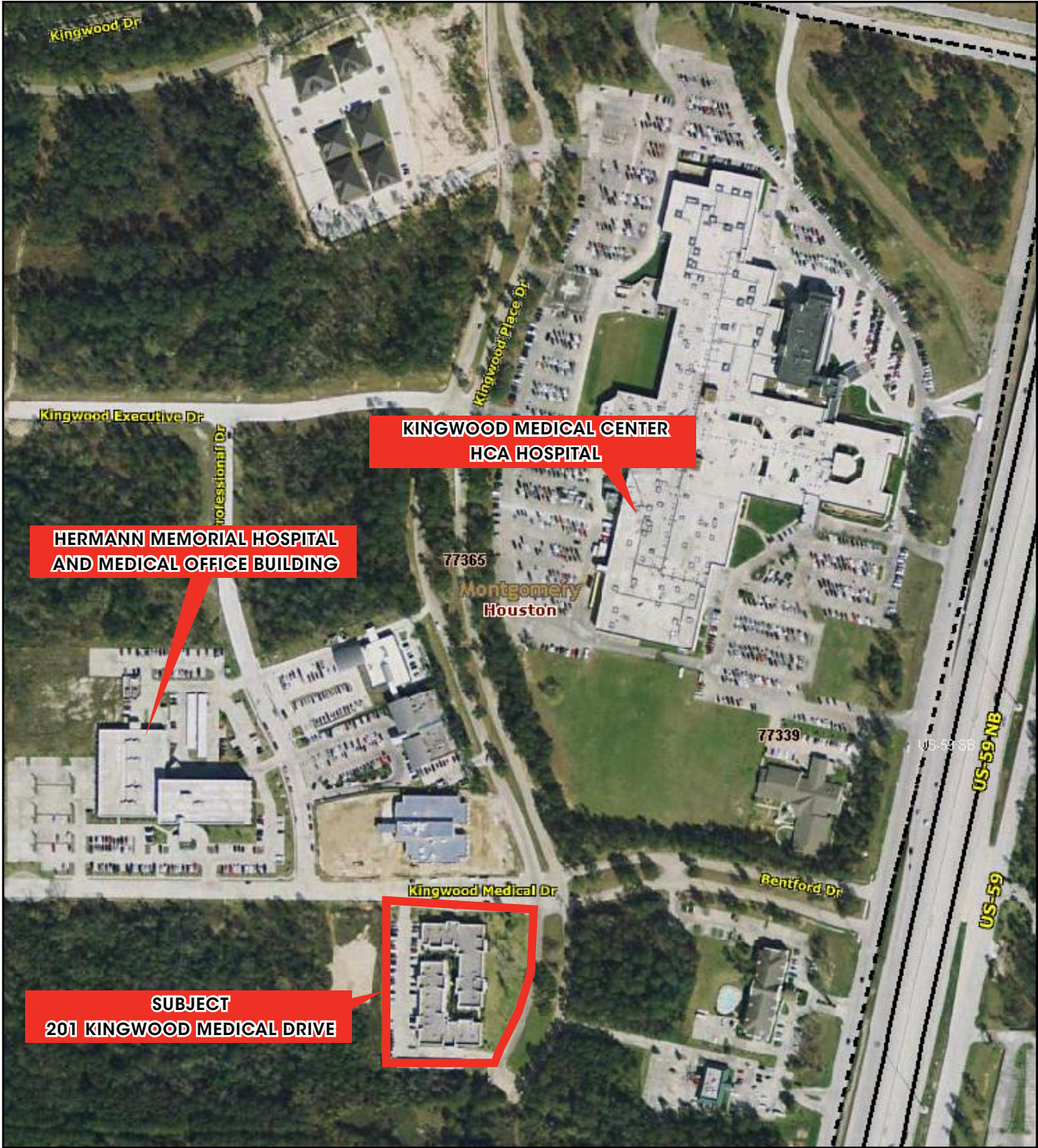
## LEASE EXPIRATION SCHEDULE

Suite	Tenant	Sq. Ft.	% of Building	Expiration Date
<b>2011</b>				
A-400	Lone Star Mortgage	1,503		4/30/11
B-200	Flexitallic Investments	<u>2,559</u>		11/30/11
<b>Total Expiring in 2011</b>		<b>4,062</b>	<b>13.9%</b>	
<b>2012</b>				
A-200	Pathfinder Insurance	2,320		5/31/13
B-300	Reunion Women's Health	<u>3,287</u>		10/9/12
<b>Total Expiring in 2012</b>		<b>5,607</b>	<b>19.2%</b>	
<b>2013</b>				
A-450	Dr. Robert Berwind	1,168		10/31/13
B-100	Humble TX Home Care	<u>1,700</u>		1/31/13
<b>Total Expiring in 2013</b>		<b>2,868</b>	<b>9.8%</b>	
<b>2014</b>				
A-300	J Internal Med	3,119		3/31/14
A-350	Image Weightloss	<u>1,503</u>		4/30/14
<b>Total Expiring in 2014</b>		<b>4,622</b>	<b>15.8%</b>	
<b>2015</b>				
A-100	Labcorp	<u>1,700</u>		6/30/15
<b>Total Expiring in 2015</b>		<b>1,700</b>	<b>5.8%</b>	
<b>2016</b>				
A-500	Millennium Physicians	3,507		2/28/16
B-400	Dr. Mario Vallafani	1,746		7/31/16
B-500	Kingwood Professional Medical Suites	2,525		7/31/16
B-600	Kingwood Professional Medical Suites	<u>2,525</u>		7/31/16
<b>Total Expiring in 2016</b>		<b>10,303</b>	<b>35.3%</b>	





PROPERTY AND AREA PICTURES



AERIALS



AERIALS







M A R K E T I N F O R M A T I O N

**ADJACENT HOSPITALS**

**Kingwood Medical Center**  
22999 U.S. Highway 59  
Kingwood, TX

**Sponsorship:** HCA Affiliated

**Established:** 1995

**Beds:** 267

**Physicians:** 480

**Employees:** 850

**Recent Expansion:** 2009, \$25.5 Million – 54,000 SF expansion and 54 beds  
2007, \$27.0 Million – 68,000 SF expansion and 46 beds

**About HCA Gulf**

**Coast Division:** 11 hospitals  
7 ambulatory surgery centers  
5 diagnostic imaging facilities  
15 emergency centers

**About HCA**

**Nationally:** 164 hospitals  
106 surgery centers  
183,000 Employees

**Memorial Hermann Surgical Hospital Kingwood**  
300 Kingwood Medical Drive  
Kingwood, TX

**Beds:** 14

**Operating Rooms:**6

**Specialties:** General Surgery  
Ear, Nose and Throat  
Gynecology  
Ophthalmology  
Orthopedics  
Intervention



### SOLD MOBS 1-1-08 TO 4-12-11

#### 837 W FM 1960 - Building 1

Cypress Station area/FM 1960 MEDICAL CENTER  
Houston, TX 77090 - FM 1960/I-45 North Submarket  
Sale on 05/06/2010 for \$8,450,000 (\$219.41/SF)  
38,513 SF, Class B Medical Office Building Built in 2002  
100% Leased



#### 17030 Nanes Dr - Nanes Professional Bldg

Houston, TX 77090 - FM 1960/I-45 North Submarket  
Sale on 07/15/2010 for \$4,300,000 (\$85.83/SF)  
50,100 SF, Class B Medical Office Building Built in 1984  
84.8% Leased



#### 250 Blossom St - Clear Lake Medical Office Building

Webster, TX 77598 - NASA/Clear Lake Submarket  
Sale on 12/31/2008 for \$27,823,529 (\$253.86/SF)  
109,603 SF, Class A Medical Office Building Built in 2006  
100.0% Leased



**SOLD MOBS 1-1-08 TO 4-12-11**

**7900 Fannin St - 7900 Fannin**

Houston, TX 77054 - South Main/Medical Center Submarket  
Sale on 06/30/2010 for \$38,100,000 (\$257.49/SF) -  
176,153 SF, Class B Office Medical Building Built in 2004  
96% Leased



**4600 E Sam Houston Pky - St. Lukes Patients Medical Center**

Pasadena, TX 77505 - Gulf Freeway/Pasadena Submarket  
Sale on 10/29/2010 for \$40,000,000 (\$341.88/SF) -  
117,000 SF, Health Care Hospital Building Built in 2007



## RENT COMPARABLES

### Kingwood Diagnostic & Rehabilitation Center 22751 Professional Dr, Kingwood, TX 77339

- Total Space Available: 3,967 SF
- Rental Rate: \$23NNN/SF/Year
- Min. Divisible: 1,755 SF
- Max. Contiguous: 2,212 SF
- Property Type: Medical Office Building
- Building Size: 40,773 SF
- Building Class: A



### Office Grove Kingwood 19701 Kingwood Drive, Bldg. 4, Kingwood, TX 77339

- Total Space Available: 4,800 SF
- Rental Rate: \$19.75NNN /SF/Year (Expenses estimated at \$4.50)
- Min. Divisible: 1,600 SF
- Max. Contiguous: 4,800 SF
- Property Type: Medical Office Building
- Building Size: 4,800 SF
- Building Class: A



### Rockmead Professional Center 605-611 Rockmead Dr, Kingwood, TX 77339

- Total Space Available: 4,420 SF
- Rental Rate: \$24NNN /SF/Year
- Min. Divisible: 1,760 SF
- Max. Contiguous: 2,660 SF
- Property Type: Office
- Property Sub-type: Medical Office Building
- Building Size: 25,000 SF



**Kingwood Professional Medical Center**  
**350 Kingwood Medical Drive,**  
**Kingwood, TX 77339**

- Total Space Available: 4,261 SF
- Rental Rate: \$20.00 NNN/SF/Year
- Percent Leased: 96%
- Max. Contiguous: 4,261 SF
- Property Type: Medical Office Building/Hospital
- Building Size: 89,924 SF
- Building Class: A
- Year Built: 2005



**Kingwood Medical Plaza**  
**22698 Professional Drive, Kingwood, TX 77339**

- Total Space Available: 10,000 SF
- Rental Rate: \$21.96NNN/SF/Year
- Property Type: Medical Office Building
- Building Size: 23,124 SF
- Building Class: A
- Year Built: 2010



**2627 Chestnut Ridge**  
**2627 Chestnut Ridge, Kingwood, TX 77339**

- Total Space Available: 9,406 SF
- Rental Rate: \$24NNN/SF/Year
- Min. Divisible: 5,000 SF
- Max. Contiguous: 9,406 SF
- Property Type: Medical Office Building
- Property Sub-type: Medical Office
- Building Size: 27,518 SF
- Building Class: B





K I N G W O O D , T X

## KINGWOOD AREA OVERVIEW

Kingwood is a master-planned community located just 20 miles north of downtown Houston and three miles north of Humble. More than 63,000 residents live in The Livable Forest of Kingwood. Each village of Kingwood is unique with its own amenities such as pools, and bike and jogging trails. The villages are all connected by greenbelts and parks that create a very serene, secluded environment – a refreshing escape from the rapid pace of city life.

Many professional people have traded their commutes into Houston for office space in one of our numerous professional buildings. What better way to live, than to work and play within a short distance of home. The Humble Independent School District serves the Kingwood area and rates as one of the best academic districts in the Houston region. North Harris Montgomery Community College District serves the greater Humble area with its own Kingwood College Campus.

## HISTORY

The Foster Lumber Company originally owned a portion of the track of land that was later developed into the community of Kingwood. The Foster Family had owned the land since around 1892. On December 28, 1967, the land was sold to the joint venture between King Ranch and the Friendswood Development Company, an Exxon subsidiary. Exxon's Friendswood Development Company hired John Bruton Jr. to serve as the Operations Manager in which he was responsible for the planning, development, engineering, and construction of Kingwood. Plans for the community included greenbelts, shopping centers, schools, churches, recreational facilities, riding and hiking trails, and a boat ramp with access to Lake Houston.

In 1976 Kingwood had a few thousand residents but between 1980 and 1990 the community's population increased by an amount between 40 percent and 70 percent. In 1990 the community had 19,443 residents and 204 businesses. The population increased to 37,397 in 1992. In 2005 the population was roughly 65,000 and had almost 200,000 people living within a ten mile radius.

Houston annexed Kingwood in 1996. During that year, Thomas Phillips, a retired longshoreman and Bordersville resident, joined with representatives of Kingwood and sued the City of Houston in a federal court, arguing that the city could not legally annex areas if it did not provide certain services to some of its existing areas, including Bordersville.

## HEALTHCARE

The Lake Houston Area is fortunate to host exceptional medical facilities and services within its communities, including two state-of-the-art Hospitals.

Kingwood Medical Center is a full service, 269-bed, acute care hospital offering inpatient and outpatient medical, surgical, and specialty services to the community. As part of Kingwood Medical Center's commitment to the growing needs of this area, the hospital recently opened a 36 million dollar patient tower adding an additional 72,000 square feet to the hospital, including a new Emergency Department, a new Intensive Care Unit and additional medical surgical patient beds.

Kingwood Medical Center is accredited by the Joint Commission on Accreditation of Healthcare Organizations, is nationally recognized by the Society of Chest Pain Centers as an Accredited Chest Pain Center and ranked first in Employee Satisfaction among 13 hospitals in HCA's Gulf Coast Division in 2008. As part of HCA, Hospital Corporation of America, Kingwood Medical Center is part of a network of over 169 hospitals nationwide, and is dedicated to providing the latest in medical technology and exceptional care in a hospital that is "far ahead, close to home". From special post-delivery celebration meals for new parents to advanced heart care, Kingwood Medical Center strives to ensure that you receive the special touches that make a difference in your healthcare.

For more than 31 years, Memorial Hermann Northeast has delivered high-quality care and exceptional patient experiences to the communities of northeast Harris, eastern Montgomery and portions of Liberty counties. It's family centered, providing inpatient care in private rooms with contemporary amenities.

With a caring team of more than 350 physicians, 1,100 employees and 200 volunteers, it is committed to bringing the best in healthcare to the neighborhood. As part of the 14-hospital Memorial Hermann system, it offers leading-edge technology and compassionate care in Humble, as well as an inside connection to dozens of the region's top medical specialists and highly specialized services at Memorial Hermann-Texas Medical Center and Children's Memorial Hermann Hospital.

Just 25 miles south of Humble is the world-renowned Texas Medical Center, a 740-acre complex of over 100 state-of-the-art medical facilities and buildings. This city within a city comprises the world's largest medical and health center for patient care, research and education. In operation for over 50 years, the 42 non-profit member institutions respond to over 5.1 million patients each year, and employ approximately 61,000 Houston area professionals.

Texas law requires all real estate licensees to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

# Information About Brokerage Services

**B**efore working with a real estate broker, you should know that the duties of a broker depend on whom the broker represents. If you are a prospective seller or landlord (owner) or a prospective buyer or tenant (buyer), you should know that the broker who lists the property for sale or lease is the owner's agent. A broker who acts as a subagent represents the owner in cooperation with the listing broker. A broker who acts as a buyer's agent represents the buyer. A broker may act as an intermediary between the parties if the parties consent in writing. A broker can assist you in locating a property, preparing a contract or lease, or obtaining financing without representing you. A broker is obligated by law to treat you honestly.

#### IF THE BROKER REPRESENTS THE OWNER:

The broker becomes the owner's agent by entering into an agreement with the owner, usually through a written listing agreement, or by agreeing to act as a subagent by accepting an offer of subagency from the listing broker. A subagent may work in a different real estate office. A listing broker or subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first. The buyer should not tell the owner's agent anything the buyer would not want the owner to know because an owner's agent must disclose to the owner any material information known to the agent.

#### IF THE BROKER REPRESENTS THE BUYER:

The broker becomes the buyer's agent by entering into an agreement to represent the buyer, usually through a written buyer representation agreement. A buyer's agent can assist the owner but does not represent the owner and must place the interests of the buyer first. The owner should not tell a buyer's agent anything the owner would not want the buyer to know because a buyer's agent must disclose to the buyer any material information known to the agent.

#### IF THE BROKER ACTS AS AN INTERMEDIARY:

A broker may act as an intermediary between the parties if the broker complies with the Texas Real Estate License Act.

The broker must obtain the written consent of each party to the transaction to act as an intermediary. The written consent must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. The broker is required to treat each party honestly and fairly and to comply with The Texas Real Estate License Act. A broker who acts as an intermediary in a transaction:

- (1) shall treat all parties honestly;
- (2) may not disclose that the owner will accept a price less than the asking price unless authorized in writing to do so by the owner;
- (3) may not disclose that the buyer will pay a price greater than the price submitted in a written offer unless authorized in writing to do so by the buyer; and
- (4) may not disclose any confidential information or any information that a party specifically instructs the broker in writing not to disclose unless authorized in writing to disclose the information or required to do so by The Texas Real Estate License Act or a court order or if the information materially relates to the condition of the property.

With the parties' consent, a broker acting as an intermediary between the parties may appoint a person who is licensed under The Texas Real Estate License Act and associated with the broker to communicate with and carry out instructions of one party and another person who is licensed under that Act and associated with the broker to communicate with and carry out instructions of the other party.

If you choose to have a broker represent you, you should enter into a written agreement with the broker that clearly establishes the broker's obligations and your obligations. The agreement should state how and by whom the broker will be paid. You have the right to choose the type of representation, if any, you wish to receive. Your payment of a fee to a broker does not necessarily establish that the broker represents you. If you have any questions regarding the duties and responsibilities of the broker, you should resolve those questions before proceeding.

Real estate licensee asks that you acknowledge receipt of this information about brokerage services for the licensee's records.

Buyer, Seller, Landlord or Tenant

Date

Texas Real Estate Brokers and Salesmen are licensed and regulated by the Texas Real Estate Commission (TREC). If you have a question or complaint regarding a real estate licensee, you should contact TREC at P.O. Box 12188, Austin, Texas 78711-2188 or 512-465-3960.

