Tanner Rd Multi-Tenant Industrial

9863 – 9869 Tanner Rd, Houston TX 77041

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OPPORTUNITY SUMMARY

Located in the heart of the North West Houston submarket, Tanner Rd is a multi-tenant business park that we are acquiring at an incredible basis of $80/SF with comparable product selling closer to $125/SF. Comprised of four buildings with a total square footage of 83,512 on a 3.65 acre lot, Tanner Rd is made up of 18 bays and 16 tenants in place with an average bay size of 4,912 SF. All buildings have 19′ clear height and each bay is comprised of a roll up door with 2 shared truck wells for the park. With average rents in the park around $0.55/SF and market rents closer to $0.80/SF, Tanner Rd represents an ideal opportunity to quickly turn a rent roll and create value.

With a full renovation planned for the property, including interior and exterior improvements, we will be able to reposition the property as a clean and functional shallow bay business park with strong rents and cash flow for investors.

MINIMUM INVESTMENT $50,000

Key Information

Purchase Price:	$6.70 Million
TI/Leasing Budget:	$1.40 Million
Equity Required:	$4.02 Million
Close of Raise:	02/28/2025
Zoning:	Industrial
Investor Class IRR:	21.27%
Institutional Class IRR:	22.74%
Investor Class Equity Multiple:	1.46
Institutional Class Equity Multiple:	1.50
Purchase Yield | Stabilized Yield:	4.37 | 9.51
Estimated Loan Term:	5 Years
Fixed | Variable Rate:	Fixed
LTC:	65%
Estimated Loan Rate:	7.00%
Estimated Hold Period:	2 Years

GET STARTED

PROPERTY DETAILS

- ✓ Building Size: 83,512 SF Across 4 Buildings
- ✓ Lot Size: 3.65 Acres
- ✓ Zoning: Industrial – State Code F1
- ✓ Market: Houston, Texas
- ✓ Major Cross Streets: Hempstead Rd & Campbell Rd
- ✓ Freeway Access: US HWY 290 – 7 Minutes
- ✓ Year Built: 1982
- ✓ Construction Type: Steel

BUSINESS PLAN

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Tanner Rd is your prototypical value-add investment, combining a strong mark to market story with a full renovation plan to create robust cash flow and drive returns to investors. Complete with a sub-one year WALT, we have an incredible opportunity to attack the rent roll in short order and press the average in-place rents by over 28%. By turning all eligible units within the first 12 months and completing lease up on the remaining vacancies we are projecting to take the year 1 NOI of $474,236 and increase it to $804,078, representing a 9.51% yield on cost.

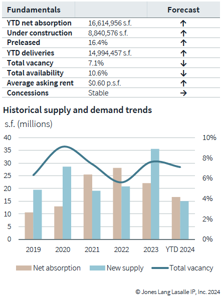
In order to be able to drive rents up to the $0.80/SF market rent, we have a full renovation plan to increase the curb appeal of the property as well as provide upgraded spaces for tenants to meet the needs of today's small businesses. Exterior improvements like paint, concrete repairs and re-stripe of the parking lot as well as roofing overlays account for $592,000 of our total $1.395 million dollar improvement budget. The remaining amount will be used to upgrade the offices in the bays with new lighting, LVT flooring, as well as a fresh coat of paint in the entire suite for a modern refreshed space.

MARKET ANALYSIS

Houston Industrial Outlook

Per JLL, Houston's healthy market conditions continued into Q3, as demand drove further declines in vacancy and bolstered strong occupancy gains. Total vacancy dropped 50 basis points from Q2 to 7.1%, falling below the five-year average for the first time since 2022. Q3 produced the strongest quarterly absorption of the year with 6.1 million SF of occupancy gains, as demand again exceeded new supply additions, pushing net absorption ahead of completions year-to-date.

Houston's industrial fundamentals remain bright, evidenced by nation-leading net absorption, tightening vacancy and increased leasing activity year-over-year. Furthermore, active tenant requirements remain on the rise, reaching 28.1 million s.f., indicating sustained market momentum. This ongoing trend is expected to further compress vacancy rates through year-end.



Fundamentals		Forecast
YTD net absorption	16,614,956 s.f.	↑
Under construction	8,840,576 s.f.	↑
Preleased	16.4%	↑
YTD deliveries	14,994,457 s.f.	↑
Total vacancy	7.1%	↓
Total availability	10.6%	↓
Average asking rent	$0.60 p.s.f.	↑
Concessions	Stable	→

Historical supply and demand trends

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LOCATION

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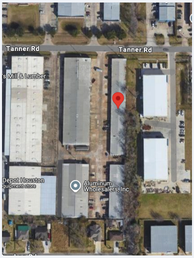
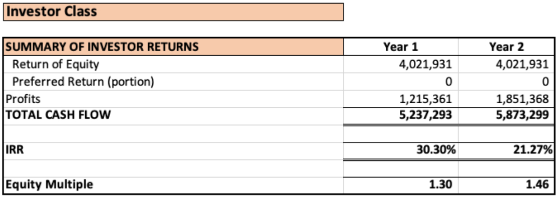


Why Tanner Rd Multi-Tenant Industrial Makes Sense

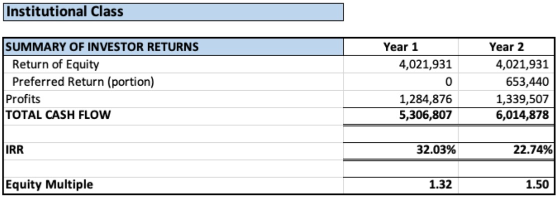
- Infill location
- Close to major highway (Highway 290)
- In demand bay sizes
- Short term roll
- Significant mark to market

RETURNS OVERVIEW



Investor Class

SUMMARY OF INVESTOR RETURNS	Year 1	Year 2
Return of Equity	4,021,931	4,021,931
Preferred Return (portion)	0	0
Profits	1,215,361	1,851,368
TOTAL CASH FLOW	**5,237,293**	**5,873,299**
IRR	**30.30%**	**21.27%**
Equity Multiple	**1.30**	**1.46**



Institutional Class

SUMMARY OF INVESTOR RETURNS	Year 1	Year 2
Return of Equity	4,021,931	4,021,931
Preferred Return (portion)	0	653,440
Profits	1,284,876	1,339,507
TOTAL CASH FLOW	**5,306,807**	**6,014,878**
IRR	**32.03%**	**22.74%**
Equity Multiple	**1.32**	**1.50**

UNDERWRITING ASSUMPTIONS

Replacement Rental Rate:	$0.80/SF
Vacancy Timing Upon Lease Expiration:	8 months
Exit Cap Rate:	7.25
Sale Price:	$140/SF
Deal Time Horizon:	2 Year

PARTNERSHIP STRUCTURE

Distributions and Fees

- ✓ Monthly distributions of operating profits
- ✓ 1.5-2.0% acquisition fee
- ✓ 1% asset management fee on Equity Raised
- ✓ 1% disposition fee

Institutional Class

- ✓ Preferred Return of 8% on all cash flow until 8% annualized return is realized.
- ✓ 100% of distributions following the satisfaction of the 8% preferred return will be paid to the General Partner as a “Catch Up” until the General Partner has received an amount equal 2.67% of the aggregate distributions.
- ✓ Equity partner with 75/25 split of profits beyond satisfying the 8% Preferred Return and General Partner Catch Up. General Partner will receive a 25% carried interest in the net profits, with the remaining 75% of net profits to be distributed to the Limited Partners
- ✓ Waterfall structure as follows:
  - ✓ Investor Preferred Return – 8%
  - ✓ General Partner Catch up – 2.67%
  - ✓ Pre 13% IRR Hurdle Investor/General Partner Distribution Ratio – 75/25 split
  - ✓ Post 13% IRR hurdle Investor/General Partner Distribution Ratio – 65/35 split

Investor Class

- ✓ Equity partner with 75/25 split of profits. General Partner will receive a 25% carried interest in the net profits, with the remaining 75% of net profits to be distributed to the Limited Partners
- ✓ Waterfall structure as follows:
  - ✓ Pre 13% IRR Hurdle Investor/General Partner Distribution Ratio – 75/25 split
  - ✓ Post 13% IRR hurdle Investor/General Partner Distribution Ratio – 65/35 split

COMPANY OVERVIEW

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At Hanson Capital Group, experience is not just a metric—it’s our foundation. Boasting over 100 years of combined expertise in real estate, we’ve cultivated a reputation for excellence and strategic insight in the market. Our formidable investments, nearing $300,000,000 under management, are a testament to our sustained success. Driving our vision forward is a harmonized team of executives and directors. CEO Chris Hanson, COO Zach Price, Managing Director of Acquisitions Chris Pike, and Managing Director of Asset Management Jim Tainter lead the charge. Together, they craft the trajectory for Hanson Capital Group, ensuring we remain at the forefront of the real estate industry.

Established in 2008, Hanson Capital Group embarked on its mission to become a trusted auction bidding service provider and create a lasting enterprise focused on creating wealth for ourselves and our partners. Aligning with prominent institutions, our dedication and energy quickly became evident, resulting in the acquisition of over 1,500 single-family homes out of foreclosure within an impressive six-year span. However, our sights were set higher. Identifying a unique opportunity to elevate our bidding pursuits, Hanson Capital, LLC was established in 2010 as a state-licensed mortgage bank. Today, Hanson Capital thrives as a leading hard money and bridge debt lender, and, to date, has overseen transactions exceeding $500 million, while consistently maintaining an equity portfolio averaging $40 million.

While our initial investments were rooted in real estate backed lending, in 2010 we began our pursuit of direct investment in value-add multifamily assets. After nearly a decade of that value-add multifamily strategy, and after buying and selling a few thousand apartment doors, our focus shifted in 2018 towards industrial real estate, which continues to be the focus today.

We are now deeply entrenched in industrial real estate within the so-called “Sun Belt”, with a notable presence in strategic areas like California, Arizona, and Texas. The result of this commitment is over $250,000,000 in industrial real estate and 1.27 million square feet of current assets under management.

Our process is invaluable to our success. All investment decisions are made by our investment committee in accordance with our Investment Policy Statement (IPS). Strategically crafted, the IPS emphasizes our central mission: capitalizing on inefficiencies in real estate to provide sustainable returns through proven and disciplined investment and management strategies. Every facet of the IPS has been intricately designed to demystify our methodologies, underscoring our commitment to transparency, accountability, and the responsible management of entrusted capital. The IPS also guides us in making informed, consistent decisions, helping to mitigate risks, and optimize returns, while ensuring that our actions align with our long-term investment objectives.

SPONSOR OVERVIEW

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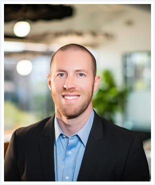
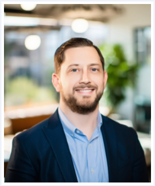


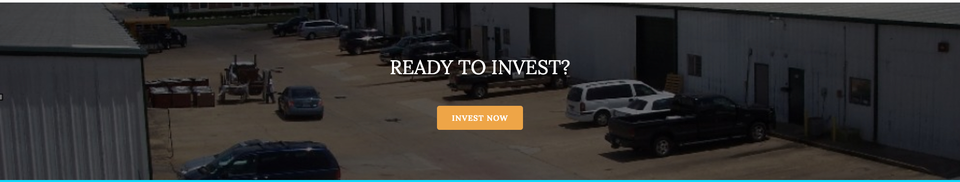
Chris Hanson, the Principal of Hanson Capital Group (HCG), is renowned for his strategic foresight in the real estate sector. Starting with the acquisition of single-family homes for institutions during the Great Recession and a mortgage banking operation, Chris has adeptly navigated market trends, transitioning into multifamily and subsequently industrial real estate. His unique ability to identify lucrative opportunities has been pivotal to HCG's success. Under Chris's leadership, HCG has thrived in real estate and finance, showcasing his profound insight into both sectors. His dynamic approach and unparalleled experience fuel HCG's ongoing growth and success.



Zach brings a unique blend of operational acumen and legal expertise to the real estate investment sector. As COO, he integrates strategic operational management, focusing on process streamlining and enhancing operational efficiency. Zach's role involves a wide range of responsibilities, including team leadership, property oversight, investor relations, and ensuring compliance. His analytical approach and ability to handle challenges demonstrate his adaptability and dedication to the company's success in the dynamic real estate market

Chris has been a driving force in the company's growth and profitability. In his role, Chris leads the development and execution of acquisition strategies, combining his deep understanding of real estate trends and financial modeling to secure profitable investments. He manages both the internal team and external relationships, including brokers and financial partners, fostering a results-driven environment. His commitment to continuous learning and active industry engagement ensures Hanson Capital Group's agility and success in the dynamic real estate market.

Jim's extensive thirty-year career in the real estate sector is marked by his expertise in a wide array of areas. Known for his exceptional service and an owner-centric approach, Jim has a proven track record of handling diverse commercial, industrial, retail, and multi-family properties. Jim excels in recruiting and motivating top talent, fostering team engagement, and implementing best practices from an owner's perspective. This approach not only enhances the value for clients and their properties but also supports the leasing, accounting, and management teams under his guidance.



READY TO INVEST?

INVEST NOW