



# Valley Ranch Logistics Warehousing: North Houston

Presented by



CRE INCOME FUND



## EXECUTIVE SUMMARY

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CRE Industrial VA Inc. specializes in stable industrial commercial real estate investments across diverse income-producing properties. Our focus is long-term growth, delivering steady annual returns. Our latest offering, Valley Ranch Logistics Warehousing (VRLW) in North Houston, Texas, targets the growing demand for logistics and industrial space, offering investors an exceptional opportunity in a prime location.

### **What we offer:**

- Expertise in Technology and Logistics Sectors
- Long-term Growth Focus
- Proven Track Record with Consistent Returns



## PROJECT OVERVIEW

# VALLEY RANCH LOGISTICS WAREHOUSING

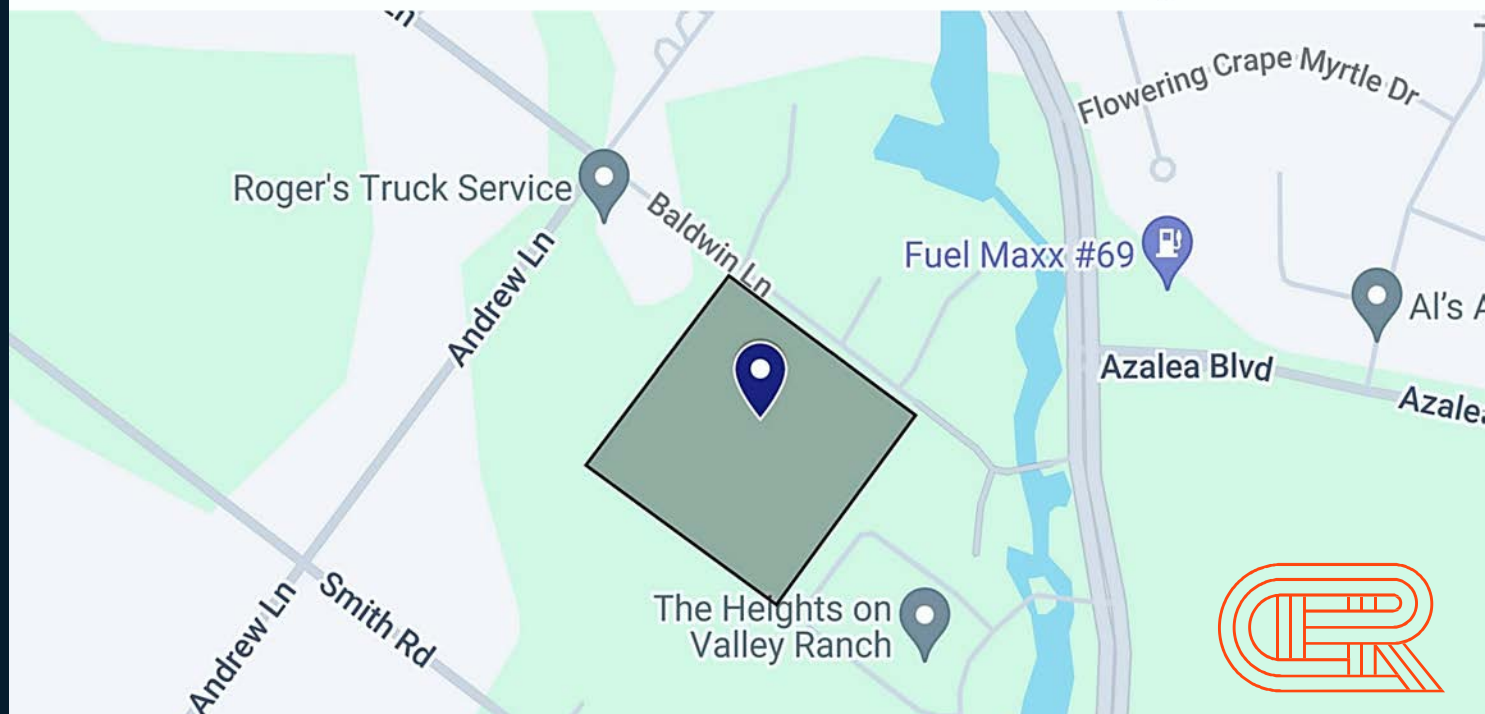
Valley Ranch Logistics Warehousing (VRLW) is a cutting-edge, 9-acre industrial development in North Houston, Texas. This state-of-the-art facility offers 196,000 square feet of versatile space, designed to meet the growing demand for logistics in the region. A key feature of this project is its innovative rooftop solar system, which can offset up to 95% of the building's energy needs.

### Features:

- Modern logistics facility.
- Environmentally sustainable design with rooftop solar energy.

## SUBJECT PROPERTY: 196,000 SF

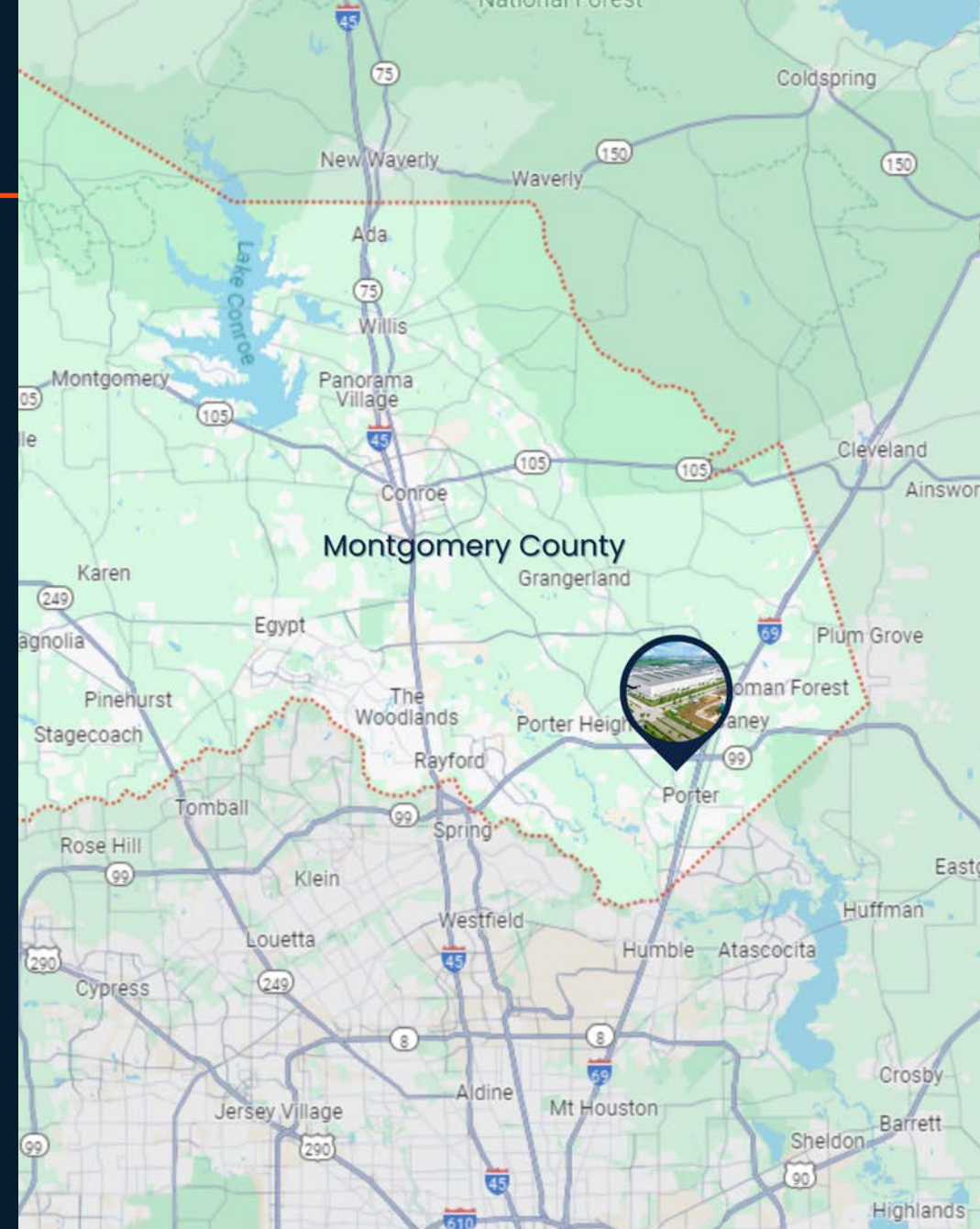
196,000 SF INDUSTRIAL DEVELOPMENT PROJECT  
NORTH HOUSTON MSA, MONTGOMERY COUNTY, TEXAS



# WHY NORTH HOUSTON?

North Houston is a rapidly growing logistics hub supported by a thriving residential and commercial community. The Valley Ranch Logistics Warehousing project benefits from direct access to major highways, including I-69 and Grand Parkway North. Houston's industrial market continues to attract logistics and manufacturing companies, making this a prime location for investment.

- Access to major highways (I-69, Grand Parkway North).
- Strong demand for logistics and industrial space.
- Proximity to 1.4 million square feet of retail, office, and entertainment.



## MARKET PERFORMANCE

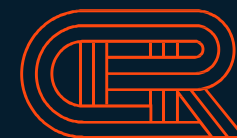
# THE WOODLANDS/CONROE SUBMARKET

The Woodlands/Conroe submarket, just north of Houston, boasts a 96.2% occupancy rate, with steady rent growth of 3.8%. The Valley Ranch Logistics Warehousing project will benefit from similar market dynamics, ensuring high demand and stable returns.

### Metrics:

- 96.2% occupancy rate (Woodlands/Conroe).
- 12-month net absorption of 465,000 SF.
- Rent growth of 3.8%.

	Current Level		12 Month Change		10 Year Forecast		5 Year Forecast	
Demographic Category	Metro	US	Metro	US	Metro	US	Metro	US
Population	7,432,163	334,498,344	1.5%	0.4%	1.6%	0.6%	1.4%	0.5%
Households	2,710,783	129,870,992	1.8%	0.7%	2.2%	0.9%	1.5%	0.6%
Median Household Income	\$78,266	\$75,550	5.7%	4.4%	3.3%	3.8%	3.0%	3.0%
Labor Force	3,577,231	165,939,484	2.4%	1.1%	1.3%	0.6%	0.8%	0.3%
Unemployment	4.4%	3.6%	0.1%	0%	-0.2%	-0.4%	x	x





# INVESTMENT HIGHLIGHTS

Valley Ranch Logistics Warehousing offers a unique investment opportunity that combines prime location, state-of-the-art infrastructure, and green energy solutions.

## Highlights:

- Prime location within a growing logistics hub.
- Rooftop solar generating utility income.





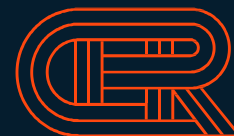
# PROJECTED INCOME AND EXPENSES

The Valley Ranch Logistics Warehousing project is expected to generate steady income growth over the next nine years, with base rent and pass-through expenses contributing to a strong revenue stream.

Total Income: Starts at \$2,783,916 in Year 1, projected to grow to \$4,021,706 by Year 9.

- Effective Rent Per Square Foot (S/F): Increases from \$14.20 to \$20.52, due to the growing demand for logistics space.
- Total Operating Expenses: Controlled growth in operating expenses, rising from \$1,060,999 in Year 1 to \$1,382,166 by Year 9.
- Net Operating Income (NOI): Begins at \$1,722,917 in Year 1 and is projected to reach \$2,639,540 by Year 9, indicating the project's profitability.

	Projected Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5	Projected Year 6	Projected Year 7	Projected Year 8	Projected Year 9
Base Rent	\$1,722,917	\$2,146,188	\$2,210,573	\$2,276,890	\$2,345,197	\$2,415,553	\$2,488,020	\$2,562,660	\$2,639,540
EXPENSES									
Reimbursement - Pass Through	\$1,060,999	\$1,123,827	\$1,157,542	\$1,192,269	\$1,228,037	\$1,264,878	\$1,302,824	\$1,341,909	\$1,382,166
<b>TOTAL INCOME</b>	<b>\$2,783,916</b>	<b>\$3,270,015</b>	<b>\$3,368,115</b>	<b>\$3,469,159</b>	<b>\$3,573,234</b>	<b>\$3,680,431</b>	<b>\$3,790,844</b>	<b>\$3,904,569</b>	<b>\$4,021,706</b>
Effective \$/SF	\$14.20	\$16.68	\$17.18	\$17.70	\$18.23	\$18.78	\$19.34	\$19.92	\$20.52
Expense / SF	\$5.41	\$5.73	\$5.91	\$6.08	\$6.27	\$6.45	\$6.65	\$6.85	\$7.05
CAM	\$196,00	\$201,880	\$207,936	\$214,174	\$220,600	\$227,218	\$234,034	\$241,055	\$248,287
Management, Software, Accounting	\$214,361	\$251,791	\$259,345	\$267,125	\$275,139	\$283,393	\$291,895	\$300,652	\$309,671
Insurance	\$119,827	\$123,422	\$127,125	\$130,939	\$134,867	\$138,913	\$143,080	\$147,373	\$151,794
Prop Tax	\$479,310	\$493,689	\$508,500	\$523,755	\$539,467	\$555,651	\$572,321	\$589,490	\$607,175
Adjustment	\$51,500	\$53,045	\$54,636	\$56,275	\$57,964	\$59,703	\$61,494	\$63,339	\$65,239
Summary	\$1,060,999	\$1,123,827	\$1,157,542	\$1,192,269	\$1,228,037	\$1,264,878	\$1,302,824	\$1,341,909	\$1,382,166
Vacancy Allowance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL OPERATING EXPENSES</b>	<b>\$1,060,999</b>	<b>\$1,123,827</b>	<b>\$1,157,542</b>	<b>\$1,192,269</b>	<b>\$1,228,037</b>	<b>\$1,264,878</b>	<b>\$1,302,824</b>	<b>\$1,341,909</b>	<b>\$1,382,166</b>
<b>NET OPERATING INCOME</b>	<b>\$1,722,917</b>	<b>\$2,146,188</b>	<b>\$2,210,573</b>	<b>\$2,276,890</b>	<b>\$2,345,197</b>	<b>\$2,415,553</b>	<b>\$2,488,020</b>	<b>\$2,562,660</b>	<b>\$2,639,540</b>



# NET OPERATING INCOME & CASH FLOW ANALYSIS

A comprehensive view of the financial performance expected from the Valley Ranch Logistics Warehousing project.

- Net Income (Loss): After accounting for other expenses, net income shows a progressive increase from a slight loss of \$295,661 in Year 1 to a net income of \$2,101,512 by Year 9.
- Cash Flow: Steady cash flow growth, starting from \$295,661 in Year 1 to \$2,101,512 by Year 9, ensuring liquidity and financial stability.
- Debt Service Coverage Ratio (DSCR): Maintains a healthy ratio above 1.2 throughout, indicating sufficient cash flow to cover debt obligations.
- Annualized Return: The return on investment strengthens over time, starting at 2.60% in Year 1 and reaching 10.58% by Year 9.

	Projected Year 1	Projected Year 2	Projected Year 3	Projected Year 4	Projected Year 5	Projected Year 6	Projected Year 7	Projected Year 8	Projected Year 9
NET OPERATING INCOME	\$1,722,917	\$2,146,188	\$2,210,573	\$2,276,890	\$2,345,197	\$2,415,553	\$2,488,020	\$2,562,660	\$2,639,540
Refinance									\$2,210,573
Capital Reserve	\$40,376	\$41,587	\$42,835	\$44,120	\$45,444	\$46,807	\$48,211	\$49,657	\$51,147
Depreciation & Amortization									
Mortgage Interest	\$1,266,938	\$1,254,378	\$1,240,504	\$1,225,176	\$1,208,244	\$1,189,538	\$1,168,874	\$1,146,046	\$1,120,827
Mortgage Principal	\$119,942	\$132,502	\$146,376	\$161,704	\$178,636	\$197,342	\$218,006	\$240,834	\$266,053
TOTAL OTHER EXPENSES	\$1,427,256	\$1,428,468	\$1,429,715	\$1,431,000	\$1,432,324	\$1,433,687	\$1,435,091	\$1,436,538	\$1,438,027
NET INCOME (LOSS)	\$295,661	\$717,720	\$780,858	\$845,890	\$912,873	\$981,866	\$1,052,929	\$1,126,122	\$1,201,512
Amount included in Working Capital (removed here)									
Cash Flow:	\$295,661	\$717,720	\$780,858	\$845,890	\$912,873	\$981,866	\$1,052,929	\$1,126,122	\$1,201,512
DSCR	1.24	1.55	1.59	1.64	1.69	1.74	1.79	1.85	1.9
Annualized Return	2.60%	6.32%	6.88%	7.45%	8.04%	8.65%	9.28%	9.92%	10.58%
NET CASH FLOW:	\$295,661	\$717,720	\$780,858	\$845,890	\$912,873	\$981,866	\$1,052,929	\$1,126,122	\$1,201,512
Total Cash Return	\$331,944	\$1,049,664	\$1,830,522	\$2,676,412	\$3,589,285	\$4,571,151	\$5,624,080	\$6,750,202	\$7,951,714





# ROOFTOP SOLAR POWER: A GREEN INVESTMENT

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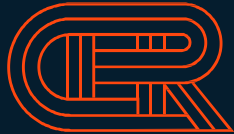
The VRLW rooftop solar power system provides an additional revenue stream for investors. The solar project will generate utility income by covering 97% of the facility's power usage. This sustainable investment enhances the value of the property and contributes to its ESG profile.

## **Benefits:**

- Prime location within a growing logistics hub.
- Solar covers 97% of the facility's energy needs.
- Additional revenue stream from utility contracts.



# MARKET DYNAMICS AND TRENDS

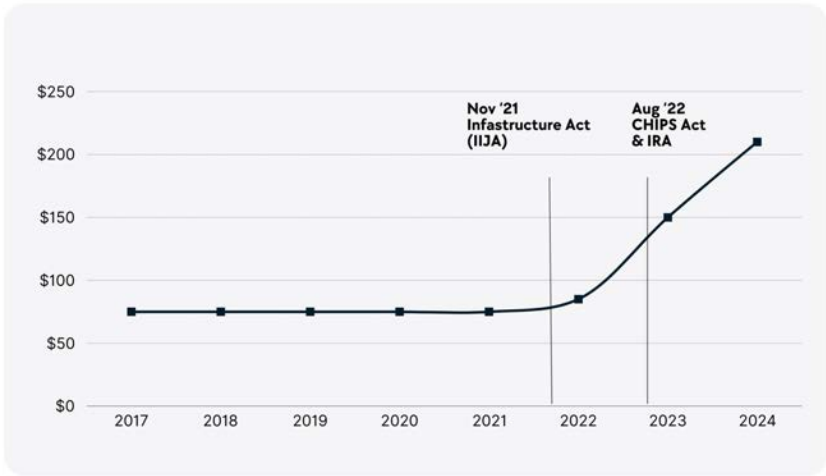


The logistics and warehousing sectors are experiencing significant growth, driven by the rise of e-commerce and increased demand for industrial space. This trend is expected to continue, positioning the Valley Ranch Logistics Warehousing project to capitalize on these market dynamics.

## Trends:

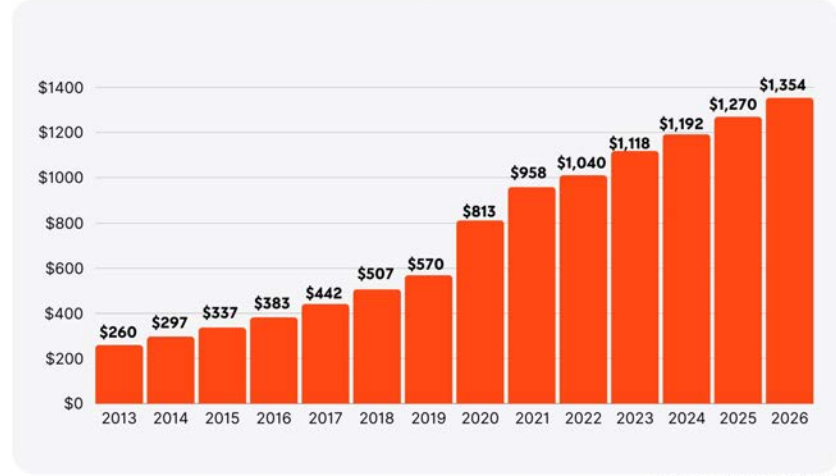
- E-commerce growth driving demand for logistics.
- Industrial space absorption remains strong.
- Houston’s industrial market outpacing national trends.

Annual Construction Spending in the Manufacturing Industry (USD Billions)



Source: Federal Reserve Bank of St. Louis. Projecting 6.6% growth 2024+ per Green Street.

Adjusted E-Commerce Sales (USD Billions)



Source: US Census Bureau 1/2024

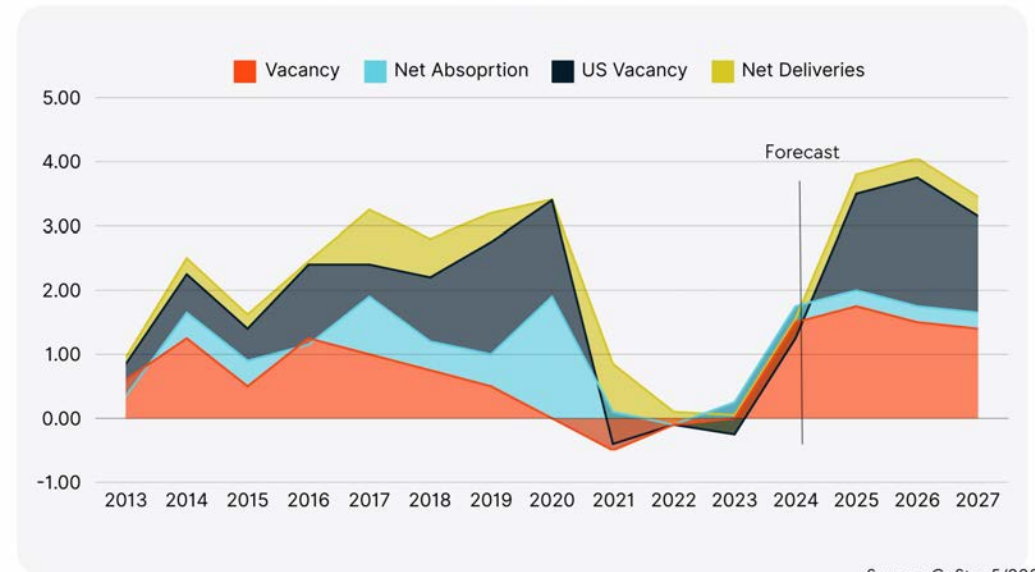


# U.S. INDUSTRIAL MARKET GROWTH OVERVIEW

The U.S. industrial market has seen dynamic changes over the past decade, with key indicators such as vacancy rates, net absorption, and new deliveries showcasing the sector's resilience and growth potential.

- **Stability and Growth:** The market has demonstrated stability with periods of accelerated growth, particularly from 2022 onwards.
- **Future Projections:** Forecasts indicate continued growth, at a moderated pace, driven by sustained demand in logistics and industrial spaces.
- **Investment Insight:** These trends suggest that the industrial sector remains a robust area for long-term investment, with opportunities for steady returns.

## U.S. Industrial Market Growth (YOY%)



Source: CoStar 5/2024



# RISKS AND DISCLAIMERS

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Investing in Valley Ranch Logistics Warehousing is only open to accredited investors who understand the risks involved. Investors should be aware that real estate investments can fluctuate in value and that past performance is not indicative of future results. We recommend consulting with a financial advisor before making any decisions.

## **Disclaimers:**

- Only open to accredited investors.
- Potential risks and market fluctuations.
- Consult with financial advisors.



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## NEXT STEPS & CONTACT INFORMATION

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To learn more about this investment opportunity, please schedule a meeting with our investment team or review the detailed prospectus. Our team is available to answer any questions you have and guide you through the next steps.

### **Contact Information:**

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