

# Confidential Offering Memorandum

## Houston Methodist Primary Care Group

14044 Spring Cypress Road  
Cypress, Texas 77429



Colliers



36,000 VPD  
(Combined)



Hard signalized corner



Shadow anchored by H-E-B

Accelerating success.

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# Confidentiality Agreement

## Offered Exclusively By:

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Accelerating success.

This Offering Memorandum contains select information pertaining to the business and affairs of **Houston Methodist Primary Care Group**, located at **14044 Spring Cypress Road, Cypress, TX 77429** (the "Property"). It has been prepared by Colliers. This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Colliers. The material is based in part upon information supplied by the Seller and in part upon financial information obtained by Colliers from sources it deems reliable. Owner, nor their officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence.

By acknowledging your receipt of this Offering Memorandum from Colliers, you agree:

- 1) The Offering Memorandum and its contents are confidential; You will hold it and treat it in the strictest of confidence; and You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Owner and Colliers expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of **14044 Spring Cypress Road, Cypress, TX 77429** or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum. A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Colliers or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.



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# Executive Summary

Colliers is pleased to exclusively offer to qualified investors, the opportunity to purchase Methodist Primary Care Rock Creek, located at 14044 Spring Cypress Road in Cypress, TX. The ±8,238 SF building situated on ±0.90 acres and currently has 78 months of term remaining with Houston Methodist Primary Care Group.

The site is strategically located on a gateway out-parcel on a hard signalized corner and is shadow anchored by H-E-B. This H-E-B location sees over 1.6 million annual visitors and services the surrounding neighborhoods with average household incomes of over \$137,000.

## Houston Methodist Primary Care Group

<b>Address</b>	14044 Spring Cypress Road Cypress, TX 77429
<b>Tenant</b>	Houston Methodist Primary Care Group
<b>Sales Price</b>	\$4,525,400
<b>Cap Rate</b>	6.0%
<b>Net Operating Income (Jan'24)</b>	\$271,524
<b>NOI per SF</b>	\$32.96
<b>Occupancy</b>	100%
<b>NRA</b>	±8,238 SF
<b>Land Area</b>	± 0.90 Acres
<b>Year Built / Renovated</b>	2016 / 2023
<b>Ownership Interest</b>	Fee simple



**Sales Price:**  
\$4,525,400

**Cap Rate:**  
6.0%

## Investment Highlights

- **Optimal Market for Medical Practices:** 92% of the homes are owned within a 2-mile radius creating an environment that provides long-term success for a medical practice
- **Attractive Credit Tenant:** Houston Methodist received a "AA" bond rating from the S&P in 2020
- **Hands-Off Investment:** Existing Property Management with limited Landlord Responsibilities
- **Exceptional Demographics:** Average Household Incomes in excess of \$137,000 in a one-mile radius, and over 200,000 population in a 5-mile radius
- **H-E-B Shadow Anchored:** Gateway out-parcel to H-E-B with 1.6 million annual visitors. Traffic accessing H-E-B passes directly by the site.
- **Hard Signalized Corner:** The site shares a hard corner of a lighted intersection with 
- **Replaceable Rents:** In-place rents are in balance with the market



# Rent Schedule and Lease Abstract



## Rent Schedule

Term	Beginning	Ending	Annual Base Rent	Monthly Rent	Base Rent Increase
Base	1/1/2023	12/31/2023	\$263,616	\$21,968	
Base	1/1/2024	12/31/2024	\$271,524	\$22,627	3%
Base	1/1/2025	12/31/2025	\$279,670	\$23,306	3%
Base	1/1/2026	12/31/2026	\$288,060	\$24,005	3%
Base	1/1/2027	12/31/2027	\$296,702	\$24,725	3%
Base	1/1/2028	12/31/2028	\$305,603	\$25,467	3%
Base	1/1/2029	12/31/2029	\$314,771	\$26,231	3%
Option 1	1/1/2026	12/31/2030	Market Rent	TBD	TBD
Option 2	1/1/2031	12/31/2035	Market Rent	TBD	TBD

## Lease Abstract

<b>Tenant</b>	Houston Methodist Primary Care Group
<b>Guarantor</b>	TMH Physician Organization
<b>Address</b>	14044 Spring Cypress Rd Cypress, TX 77429
<b>Rentable Sq. Ft.</b>	± 8,238 SF
<b>Initial Lease Term</b>	84 Months
<b>Rent Commencement Date</b>	01/01/2023
<b>Expiration Date</b>	12/31/2029
<b>Base Term Remaining</b>	78 Months
<b>Renewal Options</b>	Two (2) 5-year
<b>Current Rent</b>	\$271,524
<b>Rental Increase</b>	3.0%
<b>Expense Structure</b>	NNN
<b>Taxes</b>	Tenant responsibility
<b>Utilities</b>	Tenant responsibility
<b>Property Insurance</b>	Tenant responsibility
<b>Roof and Structure</b>	Landlord responsibility
<b>Controllable Operating Expense Cap</b>	5.0% year over year*
<b>Management Fee</b>	Management fee in place
<b>Estoppel Certificates</b>	7 Day notice

\*Excludes taxes, insurance and utilities



# Property Information

Offering Memorandum  
Houston Methodist Primary Care Group |  
Cypress, TX





# Property Summary

The subject property is a brand new lease to Houston Methodist Primary Care Group measuring 8,238 Sf and situated on 0.90 Acres of land. The property is located on a signalized hard-corner of Spring Cypress and Grant Road. This site is shadow-anchored by H-E-B, the #1 rated U.S. grocery retailer.

Houston Methodist Primary Care Group brings quality care to the surrounding communities by providing medical services from preventative care to diagnosis and treatment for acute or chronic conditions with a team of board-certified physicians.

## Asset Profile

Tenant	TMH Physician Organization
Address	14044 Spring Cypress Rd., Cypress, TX
Ownership Interest	Fee simple
Property Type	Medical office
Building Size	± 8,238 SF
Land Area	± 0.90 Acres
Class	A
Year Built / Renovated	2016 / 2023
Stories	1
Submarket	Cypress



Asset photo

Quick  
Links



View Map





Rock Creek Community

Blank Elementary School



Spring Cypress Road

Grant Road

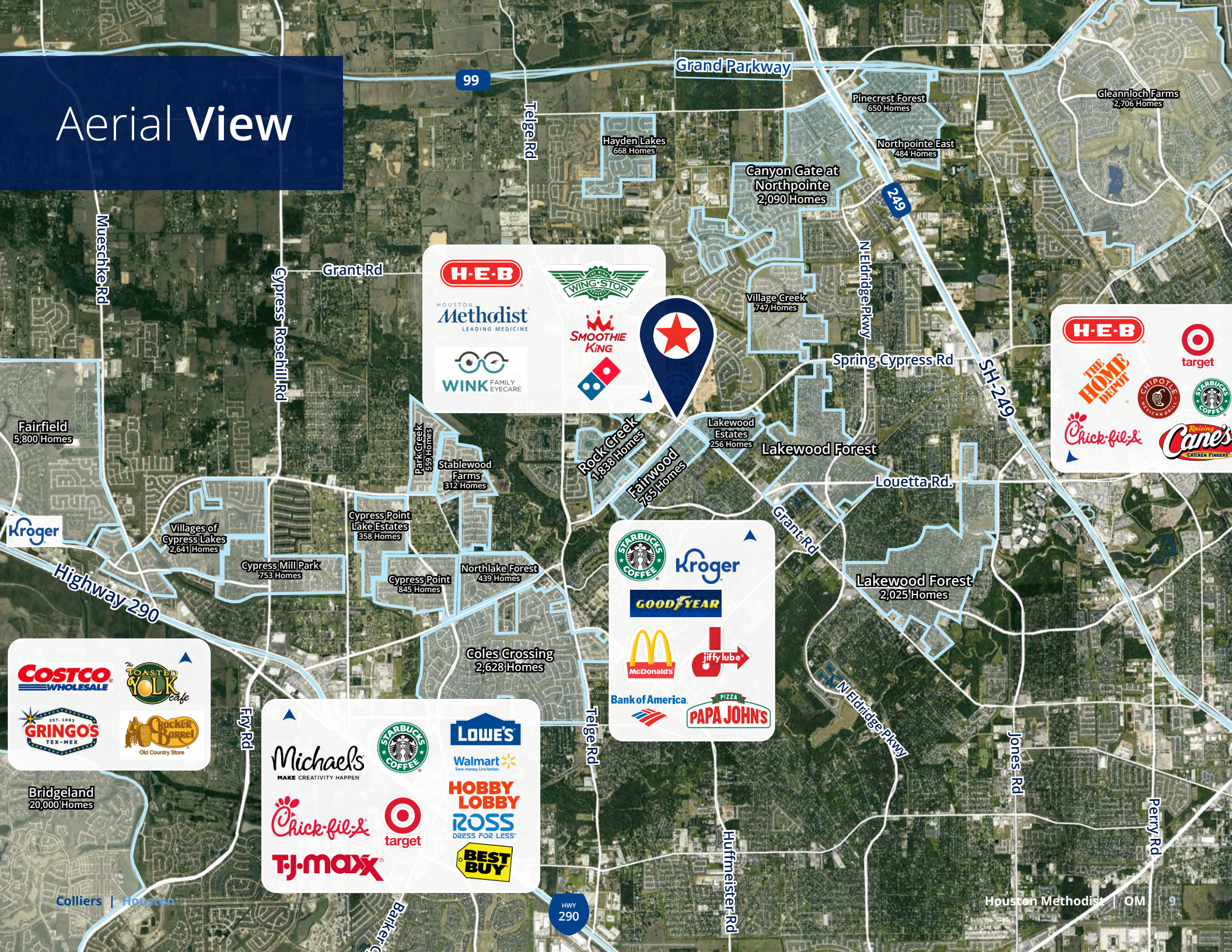


36,000 VPD  
(Combined)





# Aerial View



99

Grand Parkway

Telge Rd

Hayden Lakes  
668 Homes

Pinecrest Forest  
650 Homes

Northpointe East  
484 Homes

Gleannloch Farms  
2,706 Homes

Canyon Gate at  
Northpointe  
2,090 Homes

249

N Eldridge Pkwy

Village Creek  
747 Homes

Spring Cypress Rd

SH-249

Grant Rd

Cypress-Rosehill Rd

Mueschke Rd

H-E-B  
Methodist  
LEADING MEDICINE

WING STOP

SMOOTHIE KING

Domino's



WINK FAMILY EYECARE

H-E-B

target

THE HOME DEPOT

CHIPOTLE MEXICAN GRILL

STARBUCKS COFFEE

Chick-fil-A

Cane's

Fairfield  
5,800 Homes

Kroger

Villages of  
Cypress Lakes  
2,641 Homes

Cypress Mill Park  
753 Homes

Cypress Point  
Lake Estates  
358 Homes

Park Creek  
559 Homes

Stablewood  
Farms  
312 Homes

Rock Creek  
1,838 Homes

Fairwood  
765 Homes

Lakewood  
Estates  
256 Homes

Lakewood Forest

Louetta Rd.

Lakewood Forest  
2,025 Homes

Grant Rd

STARBUCKS COFFEE

Kroger

GOODYEAR

McDonald's

jiffy lube

Bank of America

PAPA JOHN'S PIZZA

Coles Crossing  
2,628 Homes

Cypress Point  
845 Homes

Northlake Forest  
439 Homes

COSTCO WHOLESALE

TOASTED YOLK cafe

GRINGOS TEX-MEX

Old Country Store

Bridgeland  
20,000 Homes

Fwy Rd

Michaels  
MAKE CREATIVITY HAPPEN

STARBUCKS COFFEE

LOWE'S

Walmart  
Save money. Live better.

HOBBY LOBBY  
ROSS  
DRESS FOR LESS

BEST BUY

Chick-fil-A

target

TJ-maxx

Colliers | Houston

HWY 290

Huffmeister Rd

Jones Rd

Perry Rd

Houston Methodist OM

9



# Location

**Houston Methodist  
Primary Care Group**



View Map

Colliers | Houston

Houston Methodist | OM



# Tenant Overview

Offering Memorandum  
Houston Methodist Primary Care Group |  
Cypress, TX





# Tenant Summary

Houston Methodist is a non-profit, faith-based healthcare system with a long and distinguished history. The system was founded in 1919 by a group of Methodists who were committed to providing high-quality healthcare to the people of Houston. Today, Houston Methodist is one of the largest and most respected healthcare systems in the United States. The system has 10 hospitals, more than 600 clinics, and more than 25,000 employees.

For the ninth year in a row, U.S. News & World Report named Houston Methodist Hospital the No. 1 hospital in Texas and the Houston area. One of the top 20 hospitals in the nation, Houston Methodist is the only nationally ranked Honor Roll Hospital in the state. The hospital system is known for its research department, which is currently over-seeing 800 clinical trials and is home to one of the most comprehensive organ failure management and transplanted centers in the country.

Houston Methodist Primary Care Group has more than 45 primary care locations in Greater Houston Area and is actively expanding their practices throughout the city. The group is a wholly owned subsidiary of Houston Methodist and specialize in preventions, diagnosis and treatment of chronic and acute illnesses.

## Tenant Highlights

- S&P Global Ratings gave an AA rating to Methodist's bonds
- 1,722 peer-review publications
- 29,730 employees
- \$219.2 Million in research & education investment
- 136 collaborating countries

\* Source: [www.houstonmethodist.org/research/about-us/facts-stats/](http://www.houstonmethodist.org/research/about-us/facts-stats/)

# Houston Methodist



Houston, TX  
Headquarters



1919  
Year Founded



4,750  
Physicians



AA  
Investment Grade Credit



1.92 M  
Patient Encounters



[www.houstonmethodist.org](http://www.houstonmethodist.org)  
Company Website



# Market Overview

Offering Memorandum

Houston Methodist Primary Care Group |  
Cypress, TX





# Location Highlights

## Cypress, TX

Cypress is an unincorporated community in Harris County, Texas, United States, located completely inside the extraterritorial jurisdiction of the City of Houston. The Cypress area is located along U.S. Highway 290 (Northwest Freeway) is twenty-four miles (35 km) northwest of Downtown Houston. The Cypress urban cluster ranks 50th in the top 100 highest-income urban areas in the United States. The area has excellent access to employment, education, and healthcare.

Large scale residential and commercial development beginning in the 1980s transformed the once rural area into one of the Houston area's largest suburban communities. The area remained mostly rural until the early 1990s when developers began construction of several master-planned communities. The area is often referred to as Cy-Fair or Cypress-Fairbanks, which comes from when the Big Cypress School and Fairbanks High School combined in the 1930s to form Cy-Fair High School and the Cypress-Fairbanks Independent School District.

Located directly off Spring Cypress Road, a major thoroughfare utilized by commuters to access Highways 249 and 290, the site's hard signalized corner sees traffic counts of  $\pm 36,000$  vehicles a day. Within a 2-mile radius there are 12,000 households, 92% of which are owned, and a population of 40,000, providing a strategic location within the market.

The shadow anchor grocer, H-E-B, sees one million more annual visitors than the nearby competing grocer and is a top 50% store in country.

The City of Cypress, Texas saw a 32.2% growth in population from 2010-2020 and a 27.7% increase in average household income during same time-period. The city has quickly become one of the most desirable communities to live, work and play in all of the Greater Houston Area.



Source: *Placer.ai*





## Houston Healthcare 23H2

### Key Takeaways

- Houston ranks No. 1 in total SF for both construction and net absorption among the top 50 MOB markets nationally
- Vacancy drops
- Positive absorption 12th straight quarter
- Construction down YoY, but deliveries nearly double

### Houston Highlights for MOB

Houston's medical office building (MOB) market experienced strong activity in 2023, recognized as the No. 1 market in terms of net absorption and construction among the top 50 MOB markets nationally. The market posted 900,641 SF of positive net absorption in the second half of 2023, increasing 14.4% from the first half. The annual total of 1.7 MSF represents more than double the previous year's 741,496 SF. The vacancy rate fell to 10.9%, dropping 100 bps from 11.9% a year ago. New MOB inventory completed during the second half of 2023 totaled 637,340 SF, dipping slightly from the first half; completions totaled 1.7 MSF during 2023, more than double the 736,694 SF from 2022. Buildings underway have declined to 2.1 MSF at yearend compared to 3.1 MSF at year-end 2022. In the second half of 2023, the average asking NNN rental rate declined slightly to \$23.52 from \$23.62 in the first half and is down 8.8% from \$23.72 YoY.

### Market Indicators

**3.8%**

Houston  
Unemployment  
Rate

**2.3%**

Houston annual  
% change in  
employment

**\$72**

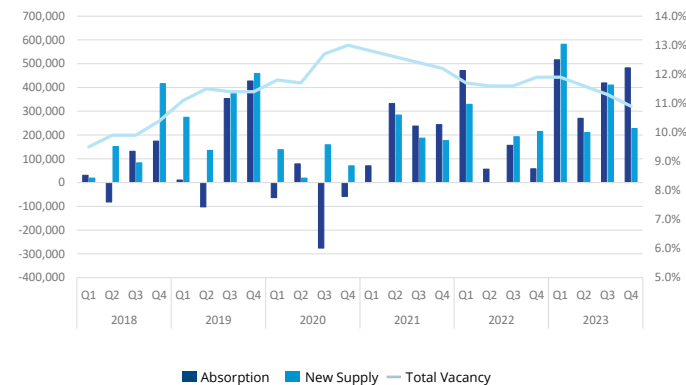
WTI Spot Price,  
U.S. benchmark  
for light sweet  
crude

### Historic Comparison - MOB Only

	22H2	23H1	23H2
Total Inventory (in Thousands of SF)	42,285.3	44,077.6	44,714.9
New Supply (in Thousands of SF)	407.7	792.3	637.3
Net Absorption (in Thousands of SF)	214.3	787.1	900.6
Overall Vacancy	11.9%	11.6%	10.9%
Under Construction (in Thousands of SF)	3,076.6	2,474.9	2,050.8
Overall Asking Lease Rates (NNN)	\$23.73	\$23.62	\$23.52

Source: Revista

### Market Fundamentals



Vacancy rates for MOB buildings have dropped below 11.0% for the first time in five years, decreasing by 100 basis points year-over-year to 10.9%.

Net absorption of 1.7 million square feet outpaced the total 1.4 million square feet of new deliveries during 2023.

**Vacancy Rate****10.9%**

YOY  
▼  
FORECAST  
▼

**Net Absorption****900.6K SF**

YOY  
▲  
FORECAST  
▲

**Under  
Construction****2.1M SF**

YOY  
▼  
FORECAST  
▼

**Overall Class A Asking  
Lease Rates (NNN)****\$23.52/SF**

YOY  
▼  
FORECAST  
▲



# Demographic Detail

## Population

	1 Mile	3 Miles	5 Miles
2010 Population	9,492	65,922	157,934
2023 Population	12,698	91,043	207,672
Projected Population (2028)	12,934	91,551	210,777
Annual Growth	0.37%	0.11%	0.30%

## Households

	1 Mile	3 Miles	5 Miles
2010 Households	3,132	22,016	54,780
2023 Households	4,093	30,226	72,179
Projected HH (2028)	4,197	30,615	73,948
Annual Growth	0.50%	0.26%	0.49%

## Households By Income

	1 Mile	3 Miles	5 Miles
Median Household Income	\$130,701	\$117,928	\$102,066
Projected Median HH Income (2028)	\$145,233	\$130,516	\$111,676
Annual Growth	2.13%	2.05%	1.82%
Average Household Income	\$172,304	\$151,887	\$132,543
Projected Avg HH Income (2028)	\$191,627	\$170,718	\$149,609
Annual Growth	2.15%	2.37%	2.45%
Per Capita Income	\$55,273	\$50,760	\$45,865
Projected Per Capita Income (2028)	\$61,872	\$57,478	\$52,245
Annual Growth	2.28%	2.52%	2.64%

5 Mile Radius



207,672

Population



72,179

Households



\$132,543

Average Household  
Income



36.2

Median Age



# Market Overview

14044 Spring Cypress Rd, Cypress, Texas  
5 mile radius

## Household & population characteristics



**\$102,066**

Median household income



**\$291,699**

Median home value



**75.6%**

Owner occupied housing units



**36.2**

Median age



**50.9%**

Female population



**61.6%**

% Married (age 15 or older)

## Annual lifestyle spending



**\$2,898**

Travel



**\$39**

Tickets to Movies



**\$67**

Theatre/Operas/  
Concerts



**\$72**

Admission to Sports Events



**\$12**

Online Gaming Services

## Households & population



**207,672**

Current total population



**210,777**

5 Year total population



**72,179**

Current total households



**73,948**

5 year total households

## Education

**6%**

No high school diploma



**18%**

High school graduate



**27%**

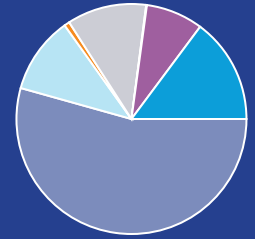
Some college



**49%**

Bachelor's/graduate/prof degree

## Race



- White population
- Black population
- American Indian population
- Asian population
- Pacific islander population
- Other race population
- Population of two or more races

## Business



**6,124**

Total businesses



**54,589**

Total employees

## Annual household spending



**\$2,704**

Apparel & Services



**\$325**

Computers & Hardware



**\$4,706**

Eating Out



**\$7,984**

Groceries



**\$8,718**

Health Care

## Employment



**76%**

White collar



**15%**

Blue collar



**10%**

Services

**4.1%**

Unemployment rate





# 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 other, including the broker's own interest;
- 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 buyers/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 opinion 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:
  - That the owner will accept a price less than the written asking price;
  - That the buyer/tenant will pay a price greater than the price submitted in a written offer; and
  - 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 ESTABLISHED:

- 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 purposed. 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.

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Daniel Patrick Rice	811065	danny.rice@colliers.com	+1 713 830 2134
Licensed Supervisor of Sales Agent/ Associate	License No.	Email	Phone

Todd Moore	619101	todd.moore@colliers.com	+1 713 830 2191
Sales Agent/Associate's Name	License No.	Email	Phone

_____ Buyer/Tenant/Seller/Landlord Initials	_____ Date
--	---------------

Investment Opportunity | Offering Memorandum

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Cypress, TX 77429



Visit  
Website

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