



**KG**

KYLE GILLESPIE  
Real Estate

**A BROKER PRICE OPINION OF A:**

**LIGHT MANUFACTURING FACILITY**

**123 Main Street**

**HOUSTON, HARRIS COUNTY, TEXAS 12345**

**FOR**

**ABC MANUFACTURING, INC**

**MR. JOE SMITH**

**123 MAIN STREET**

**HOUSTON, TEXAS 12345**

Mr. Joe Smith  
123 Main Street  
Houston, Texas 12345

**Re: Light Manufacturing Facility**  
123 Main Street  
Houston, Harris County, Texas 12345

Dear Mr. Smith,

We have performed a Broker Price Opinion (BPO) on the above referenced property, the conclusion of which is set forth in the attached report. The type and definition of value sought in this report is an "As Is" Market Value of the Fee Simple Estate of the subject property as of February 4, 2025.

This property has an address of 123 Main Street. It is a 1.00 acre (43,560 SF Per Harris County Appraisal District) site located at the northwest corner of Main Street and Green Drive. The immediate area is predominantly developed with industrial uses but there are other commercial types as well including office, retail, institutional uses and residential. The site is improved with one building totalling 10,000 SF (as per the HCAD) utilized for the production of widgets. The building at 123 Main Street was constructed in 1980 consisting of 10 offices, a break room, conference room, two restrooms and a 5,000 SF open area for the manufacturing of widgets. Access onto the property is provided by curb cuts on both Main Street and Green Drive.

We will conclude an "As Is" value of the property.

The property's legal description is as follows as per HCAD:  
Green North, Section 12, Acres 1.00, Harris County

---

# Table of Contents

Summary of Facts .....	Page 3
Real Estate Tax /Zoning Analysis.....	Page 5
Houston Industrial Market .....	Page 6
Site Analysis.....	Page 7
Valuation Process .....	Page 11
Sales Comparison Approach.....	Page 13
Analysis of Improved Sales and Listing .....	Page 15
Reconcile and Final Value Conclusion .....	Page R
Sales Comparables .....	Page S
Subject Pictures .....	Page X

## **SUMMARY FACTS**

Subject: A Light Manufacturing Facility  
123 Main Street  
10,000 SF  
Houston, Harris County, Texas 12345

Geographic ID: 123-456-789-0123

Interest Valued: Fee Simple interest (This is an owner/user property)

"As Is" Date of Valuation: February 4, 2025

### ***Summary of Subject Property***

Overall Land Size: 1.00 Acres (43,560 SF per HCAD)

Zoning: Industrial (Light Manufacturing)

Flood Plain: Panel No. 12345C6789M dated April 2, 2014, located in Zone X outside the 500-year flood plain.

Improvements: A Light manufacturing facility consisting of one buildings totalling 10,000 SF (Per HCAD). The site has concrete paved parking with canopy parking for ten cars. The site is well landscaped with surface grasses, bushes and trees.

Effective Land to Building Ratio: 4.35:1 (43,560 SF of land/10,000 SF of building)

Construction: The building located at 123 Main Street has a reinforced concrete exterior wall with a clear height of approximately 18' along with a slightly pitched roof.

Year of Construction: The building was constructed in 1980.

Condition: The building is considered to be in average condition.

Parking: Concrete paved parking with parking stripes. There is a parking canopy consisting of ten spaces.

## **Summary Facts**

Highest and Best Use:

As Vacant:

**Error! Not a valid link.** industrial development.

As Improved

Continued use as a light manufacturing facility.

## **Real Estate Taxes**

The subject property consists of one building located at 123 Main Street. It appears that the property is found under the tax account number of 123-456-789-0123. The subject property is located within the following taxing jurisdictions and was subject to the following levy rates and assessment value.

<b>Summary of Taxing Authorities</b>	
<b>Entity</b>	<b>Tax Rate</b>
Houston ISD	0.868300
Harris County	0.385290
Harris Co Flood Control	0.048970
Port of Houston Authy	0.006150
Harris Co Hospital Dist	0.163480
Harris Co Education Dept	0.004800
Houston Community College	0.092231
City of Houston	0.519190
Greater NorthsideMgmt Dist	
<b>Total</b>	<b>2.0884%</b>

<b>Summary of Subject Taxes</b>	
Building Area Assessed (SF)	10,000
Improvement	\$782,651
Land	\$521,678
Total	\$1,304,329
Assessment/SF	\$130.43
Tax Rate	<u>2.0884%</u>
<b>Tax Liability</b>	<b>\$27,240</b>

Based on the previous charts providing the tax rate and assessed value, the subject property is assessed at \$1,304,329 with a resulting tax responsibility of \$27,240.

## **Zoning**

There is no zoning within the City of Houston. Instead property uses are regulated via deed restrictions.

# Houston Industrial Market

## ***1Q 2025***

The demand for industrial and warehouse space in Houston has varied over the past few years. The vacancy rate reached a five-year low of 5.0 percent in Q4/22, due to strong absorption and record construction activity. Since then, vacancy has gradually increased, reaching 7.4 percent in Q2/24 as new supply continued to exceed demand. As of Q1/25, the vacancy rate is 6.8 percent, still higher than the '22 low, but below last year's peak. The subject property is located in the Highway 59/Highway 90 submarket in Fort Bend County. Following is information on the submarket.

Net absorption in Houston's industrial market peaked at 18.5 million square feet in Q3/21, indicating a period of increased demand. Since then, absorption has generally decreased. In Q1/25, net absorption was just 863,142 square feet, down significantly from 3.9 million square feet in Q4/24, reflecting a slowdown in leasing activity amid persistent new supply.

At the end of Q1/25, Houston had 77.2 million square feet of industrial and warehouse space listed as available. This includes direct and sublet space that is vacant, occupied but on the market, available for sublease, or expected to become available at a future date.

Higher interest rates, tighter lending standards, and lower absorption have reduced building activity in Houston's industrial market. As of Q1/25, 16.7 million square feet were under construction—less than half the market's recent peak of 36.2 million square feet in Q4/22.

Despite weaker absorption, industrial rents in Houston continue to increase. The average triple net (NNN) rent reached \$9.69 per square foot per year in Q1/25, up from \$9.11 in Q1/24 and \$8.05 in Q1/23. Under NNN lease terms, tenants are responsible for expenses such as property taxes, maintenance, utilities, and security. Over the past five years, rents have climbed nearly 33 percent, reflecting ongoing demand for quality space even in a more cautious leasing environment.

This information was provided by the Greater Houston Partnership.

# **Site Analysis**

## **Physical Characteristics**

### ***General Description***

The subject site is located at the northwest corner of Main Street and Green Drive in the City of Houston. The sites' surface is partially paved with concrete drives along with good landscaping consisting of grassy areas, bushes and trees.



**Site Map placed here**

### ***Size/Shape/Dimensions***

The total land area is 1.00 acre (43,560 SF) and is rectangular in shape. It has approximate frontage of 266 FF and a depth of around 165 FF. This information was provided by HCAD mapping. A survey was not provided.

### ***Access/Visibility***

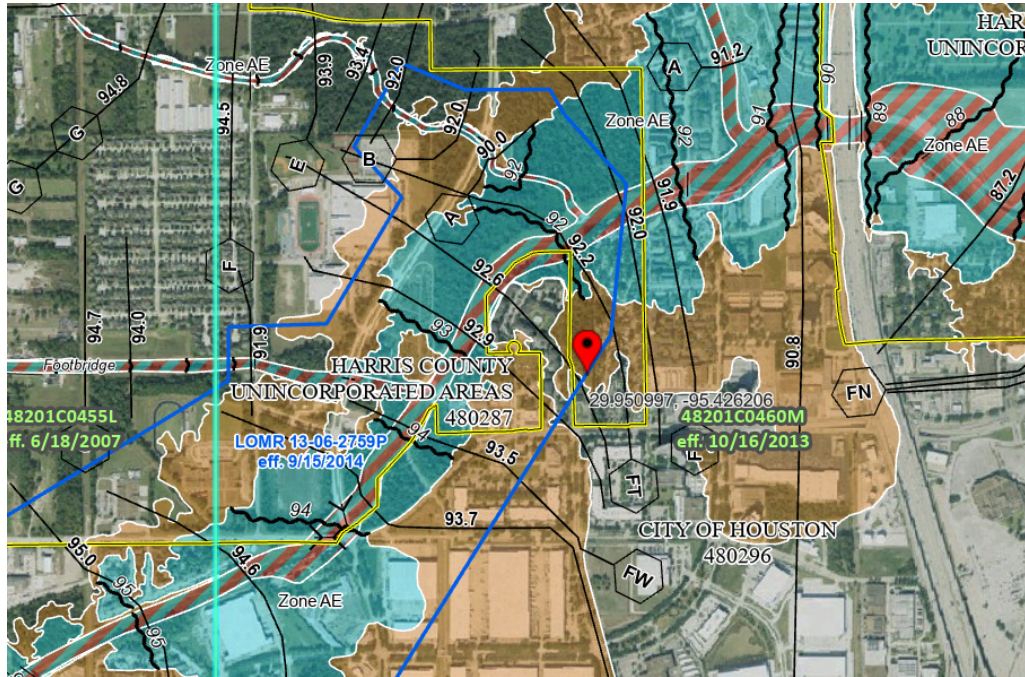
Access and visibility to the site are considered to be average. Direct access onto the site is provided via one curb off Main Street and another off Green Drive. Both streets are two lanes and concrete paved. The site is well situated with good access to major thoroughfares in the immediate area.

### ***Topography/Drainage***

The subject site is at grade level with the fronting roadways. The topography of the site appears to be level and drainage appears adequate with concrete gutters.

**Floodplain**

According to the Federal Emergency Management Agency's Flood Insurance Rate Map, Community, Panel No. 12345C6789M dated April 2, 2014, located in Zone X outside the 500-year flood plain. the subject property is within Zone X. This classification indicates that the subject property is located outside the 500-year flood plain.



**Flood Plain Map placed here**

**Utilities/Services**

All public utilities and services are currently available to the site. They appear to be sufficient to support any new development. In addition, traffic capacity appears adequate.

**Manmade Improvements**

The subject site is developed with an 10,000 SF light manufacturing facility. Additionally there is a convenient concrete "circular driveway" leading around the building.

**Legal-Government Factors**

**Development Restrictions/Easements**

We were not provided a survey and are not aware of any easements. Development is regulated via deed restrictions.

**Surrounding Land Uses**

The subject site is located on the northwest corner of Main Street and Green Drive. The subject is surrounded by the following uses:

Adjoining Land Uses	
North	Across Main Street is industrial
South	Industrial and Residential
East	Industrial
West	Across Green Drive is industrial

**Conclusion**

The 1.00 acre subject site is rectangular in shape and has good access and frontage due to its location on the northwest corner of Main Street and Green Drive. Its location provides good access through the neighborhood with access to major thoroughfares in the area. The site appears to be level with adequate drainage. According to the FEMA map it does not appear to be located in the flood zone. Topographical characteristics are conducive to development and all utilities are available and of sufficient capacity for most uses. The subject is not zoned but instead regulated by deed restrictions. Typical development in the immediate area appears to be industrial but other commercial uses are found including office, retail and institutional as well.

## **VALUATION PROCESS**

### **Overview**

The three traditional approaches to valuing improved properties are,

1. Cost Approach - an estimate of the replacement cost of all structural improvements as if new, less loss in value attributable to depreciation from all causes plus the value of the land as if vacant.
2. Sales Comparison Approach - a comparison of the property valued with reasonable similar, recently conveyed properties for which the price, terms and conditions of sale are known.
3. Income Capitalization Approach - the processing of a projected net income into a valuation estimate via one or more capitalization techniques.

The Cost Approach is based on the premise that the value of a property can be indicated by the current cost to construct a reproduction or replacement for the improvements minus the amount of depreciation evident in the structures from all causes plus the value of the land and entrepreneurial profit. This approach to value is particularly useful for valuing new or nearly new improvements.

The Sales Comparison Approach is founded upon the principle of substitution that holds that the cost to acquire an equally desirable substitute property without undue delay ordinarily sets the upper limit of value. At any given time, prices paid for comparable properties are construed by many to reflect the value of the property valued. The validity of a value indication derived by this approach is heavily dependent upon the availability of data on recent sales of properties similar in location, size, and utility to the property being valued.

The Income Capitalization Approach is based on the principle of anticipation that recognizes the present value of the future income benefits to be derived from ownership in a particular property. The Income Capitalization Approach is most applicable to properties that are bought and sold for investment purposes, and is considered very reliable when adequate income and expense data are available. Since income producing real estate is most often purchased by investors, this approach is valid and is generally considered the most applicable when the property being valued was designed for, or is easily capable of producing a rental income.

The valuation process is concluded by a review and re-examination of each of the approaches to value that was employed. Consideration is given to the type and reliability of data used, the applicability of each approach to the type of property being valued and the value being sought.

### **Subject Specific**

In this report, only the Sales Comparison Approach was utilized to derive a value indication for the subject property.

The Cost Approach was considered as this approach to value is particularly useful for valuing new or nearly new improvements. However, due to the age of the subject property and the

---

inexactness of measuring its depreciation, the valuation of the subject property via the Cost Approach was not considered viable.

The Income Approach was not utilized as the property is an owner/user property.

## **Sales Comparison Approach**

### ***Introduction***

The Sales Comparison Approach is premised upon the Principle of Substitution - a valuation principle that states that a prudent purchaser would pay no more for real property than the cost of acquiring an equally desirable substitute on the open market. The principle of substitution presumes that the purchaser will consider the alternatives available to him, that he will act rationally or prudently on the basis of his information about those alternatives, and that time is not a significant factor. Substitution may assume the form of the purchase of an existing property with the same utility, or of acquiring an investment, which will produce an income stream of the same size with the same risk as that involved in the property in question.

The applicability of this approach is based upon the assemblage of similar market sales and offering for comparison to the subject. Considerations for such factors as market condition, location, size, quality, age-condition, and amenities, as well as the terms of the transaction, are all significant to the subject property. Any adjustments to the sale price of market sales to provide indications of Market Value for the subject must be derived from the market; therefore, the actions of typical buyers and sellers are reflected in the comparison process.

There are various units of comparison available in the evaluation of sales data in this approach. The sales price per square foot (SP/SF) is commonly used in this approach.

Dividing the sales price by the net rentable area (NRA) derives the Sales Price per Square Foot (SP/SF) unit of comparison. The sales price per square foot involves a comparison of physical attributes where adjustments must be made for any differences that affect sales prices. These differences include financing conditions, date of sale, location, building size, corner location, age/condition, construction quality, land to building ratio, clear height and percentage of office space to the overall building size. This is a reliable unit of comparison assuming a high degree of comparability. However, when somewhat dissimilar properties are compared, the sales price per square foot does not directly differentiate between their respective income producing capabilities.

### ***"As Is" Analysis of Comparable Sales***

The market area was researched for recent sales and listings involving light manufacturing facilities located in the Houston Metro Area. Furthermore, the Sales and listing presented herein were analyzed on an "as is" basis to arrive at a value indication via the Sales Comparison Approach. The sales employed are described in detail in the Exhibits section of this report and are summarized and mapped below:

Improved Sales Summary Table										
Sale No.	Name/ Location	Date of Sale	Building Size (SF)	Corner Access	YOC	Ceiling Height	% Office	Construction Quality	Land/Bldg Ratio	SP/SF (\$)
1	1234 White Street	Apr-23	15,127	Interior	1985	20	10%	Metal	7.92	118.99
2	567 Purple Street	Jun-23	8,000	Interior	1975	22	10%	Metal	14.87	200.00
3	8910 Tree Street	Aug-24	15,278	Interior	1990	16	20%	Masonry	3.35	150.54
4	9876 Bush Street	Listing	8,604	Corner	1995	22	11%	Metal	4.56	185.96
Subject	123 Main Street		10,000	Corner	1980	15	10%	Masonry	4.92	
Minimum		4/22/2023	8,000		1975	16	10%		3.35	118.99
Maximum		8/28/2024	15,278		1990	22	20%		14.87	200.00
Mean		10/17/2023	12,802		1983	19	13%		7.13	163.87
Median		6/1/2023	15,127		1985	20	10%		7.92	150.54



Comparable Sales Map

---

## **Analysis of Improved Sales & Listing**

The sales and listing gathered represent light manufacturing facilities in the metro area. The sales sold between April 2023 and August 2024. The sales and listing range in size from 8,000 to 15, 278 SF and were built from 1975 to 1990. Land to Building ratios range from 3.35 to 14.87 with clear heights ranging from 16' upwards to 22'. Sale prices per square foot varied from \$118.99 upwards to \$200.00/SF. The listing has an asking price of \$185.96/SF.

After combining the sales and the listing, adjustments were made for time (for sales), location, building size, age/condition, access/visibility, office space, construction quality, land to building ratio and clear height. It should be noted that the Asking Price for Listing 4 was adjusted for negotiations as well.

After adjustments were made the Sales Price per Sf varied slightly from \$140.74 to \$165.75 with an average of \$155.73 and a median of \$160.71/psf. We concluded a reasonable sale price per square foot to be \$158.00/SF.

Thus, the "As Is" value via the Sales Comparison Approach is calculated below.

<b>Sales Price/SF Analysis</b>				
<b>Size (SF) x Value/SF = Indicated Value</b>				
10,000	SF x	\$158.00	/SF =	\$1,580,000
	<b>Rounded</b>			<b>\$1,580,000</b>

---

## **Reconciliation and Final Value Conclusion**

### **Reconciliation**

The Sales Comparison Approach is based on the principle of substitution and assumes that an informed purchaser will pay no more for a property than the cost of acquiring an equally desirable property of equal utility. The reliability of this approach depends on the availability of comparable data, verification of sales data, and the degree of comparability between the subject and the comparable sales. Brokers active in the market typically indicate that most potential purchasers would utilize the sales of comparable properties to value the subject via the Price Per Square Foot Method.

We have provided a range of Sales and a Listing price from which we feel that the subject property could be purchased. The range is as follows:

**\$1,500,000 to \$1,660,000**

**Note: We are only including the the real estate, land and building, in this valuation. We are not considering the FF&E (Furniture, Fixtures and Equipment).**

---

***SALES COMPARABLES***

---

## IMPROVED SALE ONE

Location: 1234 White Street, Houston, Texas 77053



### Transaction Data:

Date of Sale: April 25, 2023

Recording Data: 234-567-890-1234

Grantor: \_\_\_\_\_

Grantee: \_\_\_\_\_

Sales Price: 1,800,000 or \$118.99/SF

Year Built: 1985

Net Rentable Area: 15,127 SF

Land Size: 2.75 Acres (119,790 SF)

Land to Building Ratio: 7.92:1

---

## IMPROVED SALE TWO

Location:

567 Purple Street, Katy, Texas 77449



### Transaction Data:

Date of Sale: June 1, 2023

Recording Data: 345-678-901-2345

Grantor: \_\_\_\_\_

Grantee: \_\_\_\_\_

Sales Price: \$1,600,000 or \$200.00/SF

Year Built: 1975

Net Rentable Area: 8,000 SF

Land Size: 2.73 Acres (118,980 SF)

Land to Building Ratio: 14.87:1

---

## IMPROVED SALE THREE

Location: 8910 Tree Street, Houston, Texas 77031



### Transaction Data:

Date of Sale: August 2, 2024

Recording Data: 456-789-012-3456

Grantor: \_\_\_\_\_

Grantee: \_\_\_\_\_

Sales Price: \$2,300,000 or \$150.54/SF

Year Built: 1990

Net Rentable Area: 15,278 SF

Land Size: 1.18 Acres (51,257 SF)

Land to Building Ratio: 3.35:1

---

LISTING FOUR

Location: 9876 Bush Street, Houston, Texas 77031



Transaction Data:

Date of Sale: Listing  
Recording Data: 678-901-234-5678  
Owner: \_\_\_\_\_  
Asking Sales Price: \$1,600,000 or \$185.96/SF  
Year Built: 1995  
Net Rentable Area: 8,604 SF  
Land Size: 0.90 Acres (39,204 SF)  
Land to Building Ratio: 4.56:1

---

***Subject Pictures***

---

---