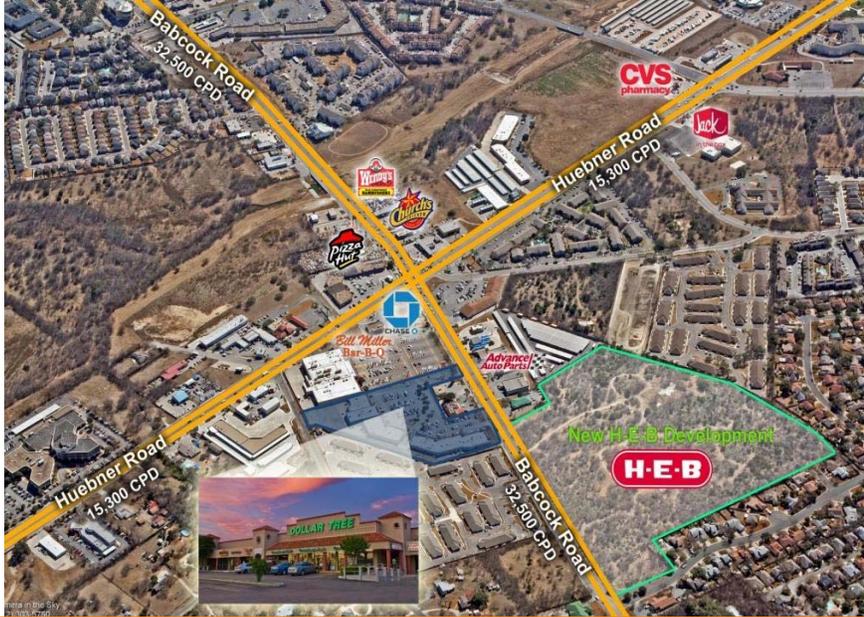


# Carillon Hills Shopping Center

SAN ANTONIO, TX



## OFFERING MEMORANDUM



*Carillon Hills*

Marcus & Millichap  
Real Estate Investment Services

# Carillon Hills Shopping Center

SAN ANTONIO, TX

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**Marcus & Millichap**  
Real Estate Investment Services

# Carillon Hills Shopping Center

SAN ANTONIO, TX

## TABLE OF CONTENTS

<b>Section 1</b>	PROPERTY DESCRIPTION
<b>Section 2</b>	PRICING AND FINANCIAL ANALYSIS
<b>Section 3</b>	RENT COMPARABLES
<b>Section 4</b>	MARKET OVERVIEW
<b>Section 5</b>	DEMOGRAPHIC ANALYSIS

**PROPERTY DESCRIPTION**

# **Carillon Hills Shopping Center**

SAN ANTONIO, TX

## INVESTMENT OVERVIEW

### Investment Highlights

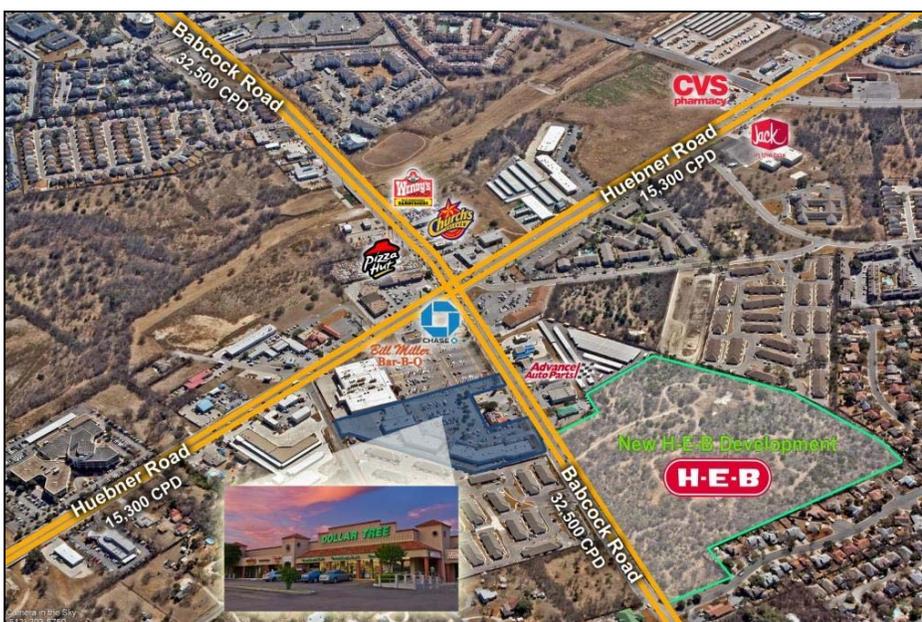
- Well Maintained Shopping Center in Northwest Submarket
- Across Babcock Road from New HEB Plus Grocery Store
- Upside in Leasing Vacancy and Increasing Rents
- Access from Babcock and Huebner Roads
- Anchored by New LA Fitness - Adjacent Building
- Population in this Area has More than Doubled Since 2000



Marcus & Millichap is pleased to present the opportunity to acquire this 79 percent leased property on the corner of Huebner Road and Babcock Road located in northwest San Antonio near the growing South Texas Medical Center.

The approximately 60,000-square foot shopping center is anchored by investment grade Dollar Tree and features several other national and local tenants on staggered lease terms and low rental rates. With more than 136,000 people living within a five mile radius and average household income of over \$65,000, the center is well positioned for long-term stability.

HEB Grocery recently relocated from the adjacent property to a newly developed HEB Plus Grocery Store directly across Babcock Road from Carillon Hills Shopping Center. The adjacent former space, which is part of a separate building, is being filled by LA Fitness.



### PROPERTY SUMMARY

#### The Offering

Property	Carillon Hills Shopping Center
Property Address	5805 - 5889 Babcock Road San Antonio, TX 78240

#### Site Description

Number of Stories	1
Year Built	1986
Gross Leasable Area (GLA)	60,521 SF
Lot Size	5.624 Acres
Type of Ownership	Fee Simple
Landscaping	Moderate
Topography	Slight Slope from North to South

#### Construction

Foundation	Concrete Slab
Framing	Tilt-Wall
Parking Surface	Asphalt with Concrete Service Areas

#### Mechanical

HVAC	Individual Units for Each Suite
Utilities	Separately Metered

#### Interior Detail

Walls	Drywall
Ceilings	Suspended Tile
Floor Coverings	Various
Rest Rooms	Each Unit

# Carillon Hills Shopping Center

SAN ANTONIO, TX

## PROPERTY DESCRIPTION

### PROPERTY PHOTOS



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Marcus & Millichap  
Real Estate Investment Services

# Carillon Hills Shopping Center

SAN ANTONIO, TX

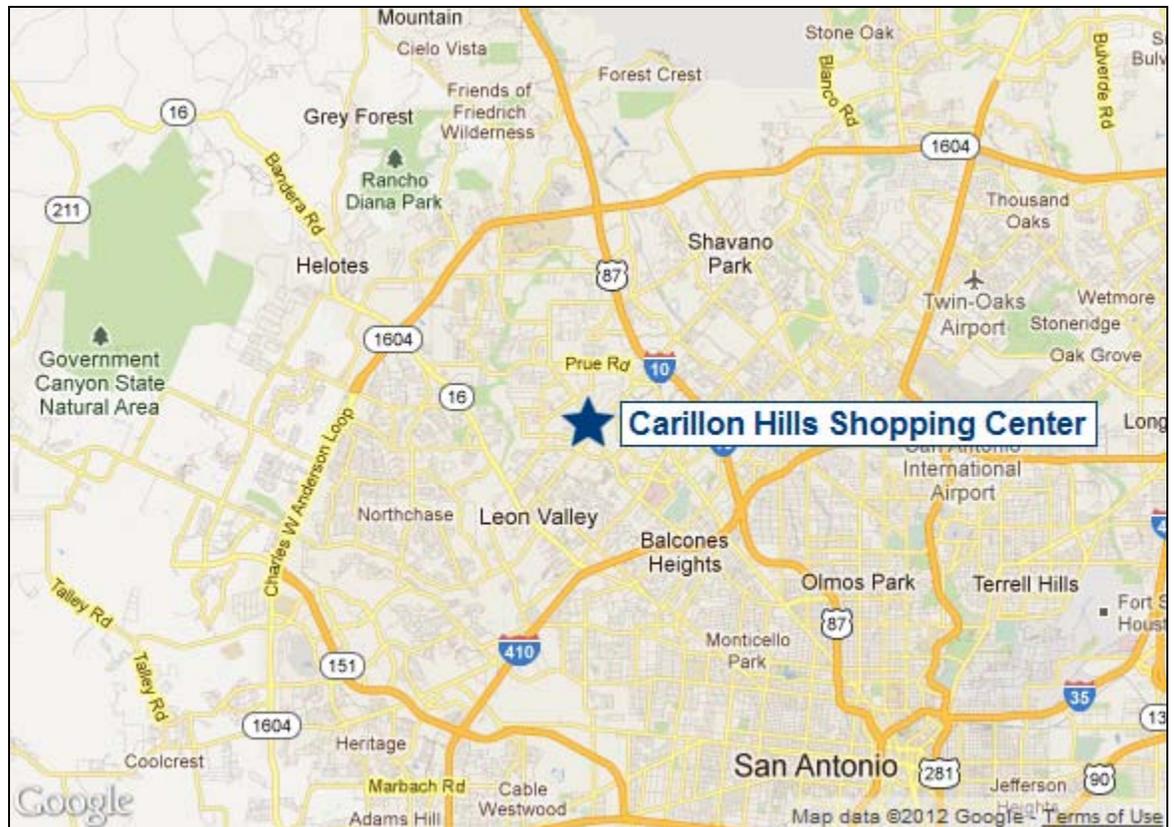
PROPERTY DESCRIPTION



Local Map



Regional Map



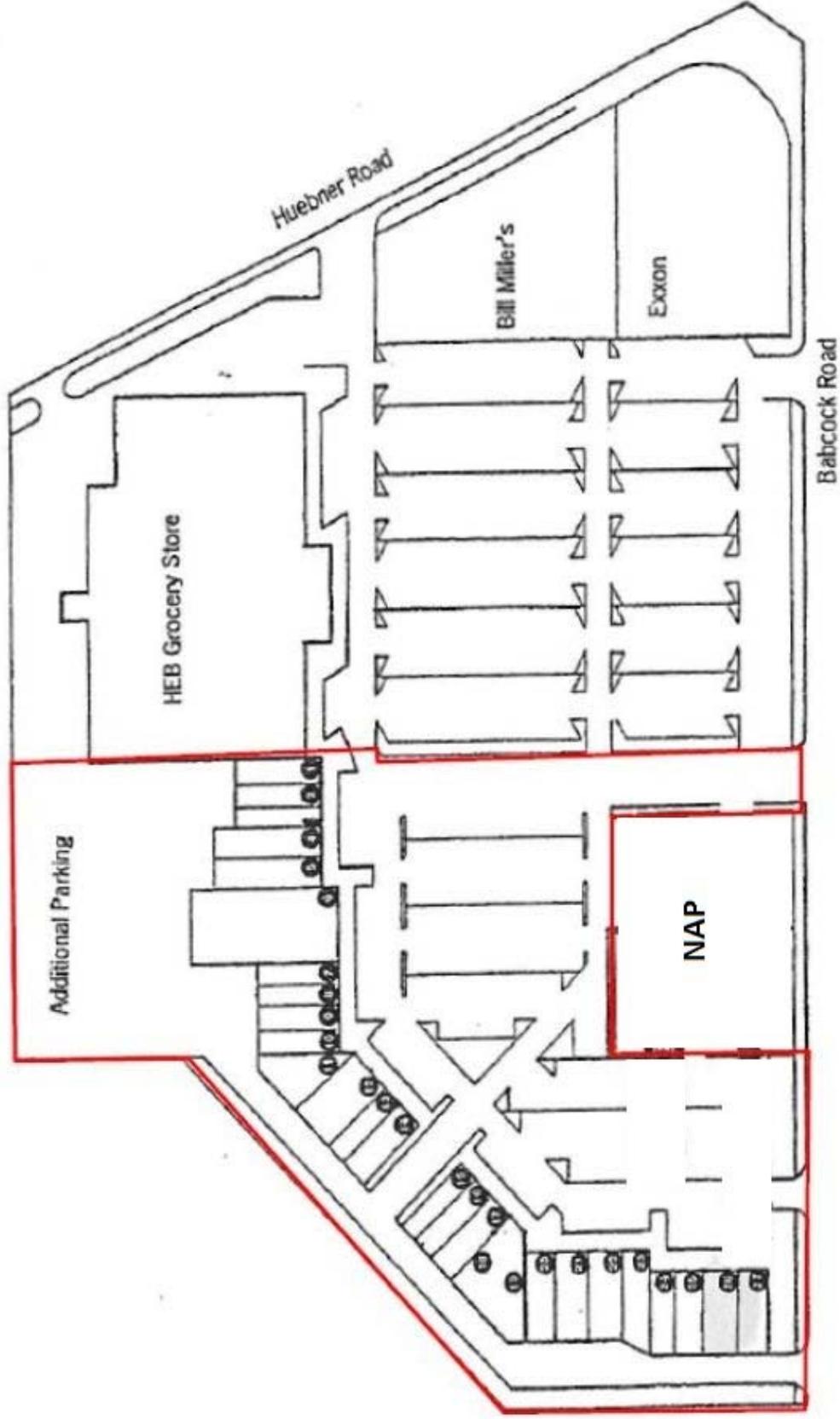
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# Carillon Hills Shopping Center

SAN ANTONIO, TX

## PROPERTY DESCRIPTION

### SITE PLAN



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# Carillon Hills Shopping Center

SAN ANTONIO, TX

PROPERTY DESCRIPTION

## AERIAL PHOTO



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# Carillon Hills Shopping Center

SAN ANTONIO, TX

### FINANCIAL OVERVIEW

#### Location

5805 - 5889 Babcock Road  
San Antonio, TX 78240

Price	\$6,000,000
Down Payment	35.0% / \$2,100,000
Gross Leasable Area (GLA)	60,521
Price/SF	\$99.14
Cap Rate - Current	8.44%
Lot Size	5.624 Acres

#### Financing

##### FIRST TRUST DEED

Loan Amount	\$3,900,000
Loan Type	Proposed New
Interest Rate	5.4%
Amortization	25 Years
Program	5.4% Interest,
Loan to Value	65%

Loan information is time sensitive and subject to change. Contact your local Marcus & Millichap Capital Corporation representative.

#### Annualized Operating Data

Income	Current
Base Rent	
Occupied Space	\$543,780
Vacant Space at Market Rents (11,354	\$146,203
<b>Gross Potential Rent</b>	<b>\$689,983</b>
Expense Reimbursements	\$265,813
Gross Potential Income	\$955,796
Vacancy/Collection Allowance	26.6% / \$183,796
Effective Gross Income	\$772,000
Total Expenses	\$265,813
<b>Net Operating Income</b>	<b>\$506,187</b>
Reserves / Replacements	\$9,078
Net Cash Flow Before Debt Service	\$497,109
Debt Service	\$284,605
Debt Coverage Ratio	1.78
Net Cash Flow After Debt Service	10.12% / \$212,504
Principal Reduction	\$75,864
<b>Total Return</b>	<b>13.73% / \$288,368</b>

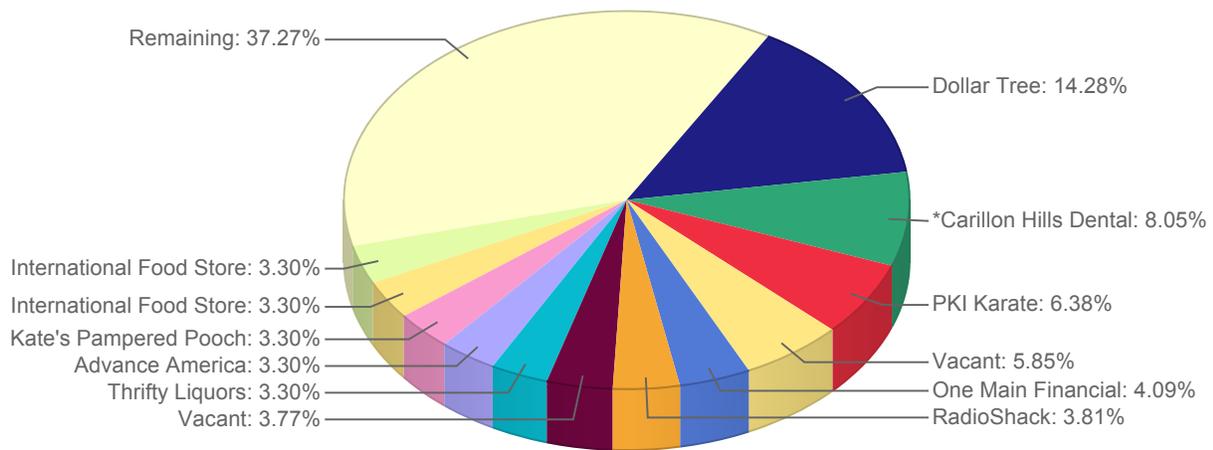
#### Expenses

Real Estate Taxes	\$152,571
Insurance	\$17,008
CAM	
Utilities	\$26,315
Contract Services	\$41,919
Miscellaneous	\$5,000
TOTAL CAM	\$73,234
Management Fee (% of EGI)	3.0% / \$23,000
<b>TOTAL EXPENSES</b>	<b>\$265,813</b>
<b>EXPENSES/SF</b>	<b>\$4.39</b>

### EXPENSES

	Current	Per SF
Real Estate Taxes	\$152,571	\$2.52
Insurance	\$17,008	\$0.28
CAM		
Utilities	\$26,315	\$0.43
Contract Services	\$41,919	\$0.69
Miscellaneous	\$5,000	\$0.08
TOTAL CAM	\$73,234	\$1.21
Management Fee	\$23,000	\$0.38
<b>TOTAL EXPENSES</b>	<b>\$265,813</b>	<b>\$4.39</b>

### Tenants (% OF GLA)



### INCOME & EXPENSES

Gross Leasable Area (GLA) 60,521 SF

	Current	Per SF
Base Rent		
Occupied Space	\$543,780	\$11.06
Vacant Space at Market Rents (11,354 SF)	\$146,203	\$12.88
<b>GROSS POTENTIAL RENT</b>	<b>\$689,983</b>	<b>\$11.40</b>
Expense Reimbursements		
Real Estate Taxes	\$152,571	\$2.52
Insurance	\$17,008	\$0.28
CAM	\$73,234	\$1.21
Management Fee	\$23,000	\$0.38
<b>Total Expense Reimbursements</b>	<b>\$265,813</b>	<b>\$4.39</b>
<b>GROSS POTENTIAL INCOME</b>	<b>\$955,796</b>	<b>\$15.79</b>
Vacancy/Collection Allowance (% of GPR)	26.6% / \$183,796	\$3.04
<b>EFFECTIVE GROSS INCOME</b>	<b>\$772,000</b>	<b>\$12.76</b>
Total Expenses	\$265,813	\$4.39
<b>NET OPERATING INCOME</b>	<b>\$506,187</b>	<b>\$8.36</b>
Reserves / Replacements	\$9,078	\$0.15
<b>NET CASH FLOW BEFORE DEBT SERVICE</b>	<b>\$497,109</b>	<b>\$8.21</b>

### TENANT SUMMARY

Suite	Tenant	GLA	% of GLA	Lease Commence	Lease Expire	Annual Rent	Rent/SF	Changes On	Changes To	Options	Lease Type
5805	Thrifty Liquors	2,000	3.30%	4/1/1985	3/31/2013	\$26,400.00	\$13.20			One 5-Year	NNN
5807	Vacant	1,700	2.81%			\$22,400.00	\$13.18				
5809	Advance America	2,000	3.30%	7/1/2004	7/31/2013	\$26,259.96	\$13.13	8/1/2012	\$27,039.96	One 3-Year	NNN
5811	RadioShack	2,304	3.81%	8/3/1987	1/31/2014	\$20,736.00	\$9.00			One 5-Year	NNN
5815	Kate's Pampered Pooch	2,000	3.30%	3/1/2012	2/28/2013	\$16,704.00	\$8.35	3/1/2013	\$17,197.92	None	NNN
5827	Dollar Tree	8,640	14.28%	12/15/2000	1/31/2016	\$70,848.00	\$8.20			Two 5-Year	NNN
5829	Liberty Tax	1,815	3.00%	2/1/2003	4/30/2012	\$20,691.00	\$11.40			None	NNN
5831	Vacant	1,300	2.15%			\$18,200.04	\$14.00			None	NNN
5833	Retoucherie de Manuela	1,500	2.48%	6/1/2005	5/31/2013	\$18,000.00	\$12.00	6/1/2012	\$18,000.00	None	NNN
5837	*Carillon Hills Dental	4,870	8.05%	12/1/1988	2/28/2018	\$62,624.98	\$12.86	3/1/2012	\$62,624.98	None	NNN
5839	Vacant	3,538	5.85%			\$30,568.32	\$8.64				
5843	Vacant	985	1.63%			\$11,820.00	\$12.00				
5845	All Vacuum Plus	1,350	2.23%	9/1/1996	8/1/2013	\$15,187.44	\$11.25	9/1/2012	\$15,636.00	None	NNN
5865	Regent Hunan Chinese Restaurant	1,838	3.04%	11/1/1999	10/31/2014	\$25,488.00	\$13.87	11/1/2012	\$26,256.00	None	NNN
5867	New Asia Health Spa	1,800	2.97%	9/1/2007	8/31/2012	\$21,600.00	\$12.00			None	NNN

#### Comments

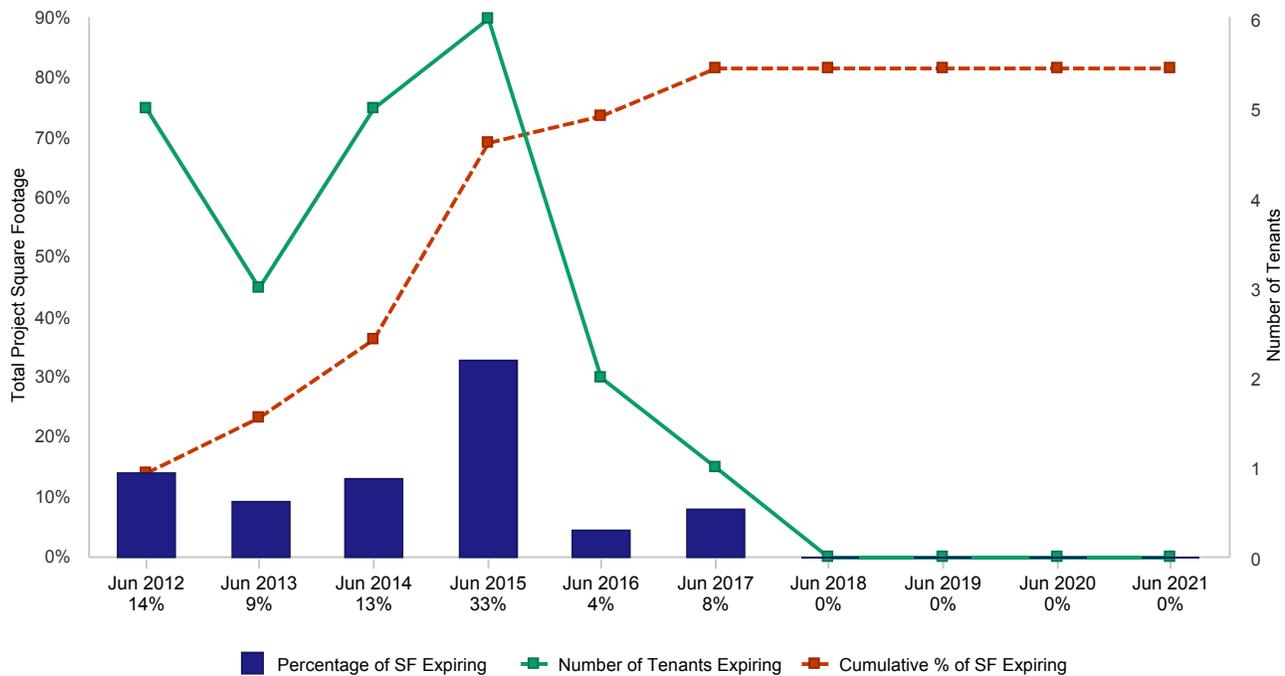
\*Possible Renewal Terms

### TENANT SUMMARY

Suite	Tenant	GLA	% of GLA	Lease Commence	Lease Expire	Annual Rent	Rent/SF	Changes On	Changes To	Options	Lease Type
5869	Little Caesars	1,500	2.48%	10/1/1990	9/30/2014	\$18,375.00	\$12.25	10/1/2012 10/1/2013	\$18,750.00 \$19,125.00	None	NNN
5871	PKI Karate	3,863	6.38%	12/1/2007	12/31/2015	\$38,400.00	\$9.94	1/1/2013	\$39,600.00	None	NNN
5875	Vacant	2,281	3.77%			\$29,014.32	\$12.72				
5877	Vacant	1,350	2.23%			\$16,200.00	\$12.00				
5879	Jazzercise	1,877	3.10%	2/1/2011	1/31/2016	\$21,116.28	\$11.25	2/1/2013 2/1/2014 2/1/2015	\$21,585.00 \$22,524.00 \$23,462.50	None	NNN
5881	Diana's Jewelry	1,235	2.04%	4/15/2011	3/31/2013	\$13,564.92	\$10.98			None	NNN
5883	One Main Financial	2,475	4.09%	12/1/2001	12/31/2016	\$27,225.00	\$11.00	1/1/2014 1/1/2015 1/1/2016	\$28,462.56 \$29,700.00 \$30,937.56	None	NNN
5885	Vacant	1,500	2.48%			\$18,000.00	\$12.00				
5887B	Firehouse Subs	1,900	3.14%	8/14/2004	8/31/2014	\$25,080.00	\$13.20			Two 5 - Year	NNN
5889	Ann's Nails	1,125	1.86%	2/2/2005	5/1/2015	\$17,580.00	\$15.63	3/1/2013	\$17,931.60	None	NNN
5889B	International Food Store	2,000	3.30%	4/1/2009	2/28/2016	\$30,900.00	\$15.45			None	NNN
5891	Fusion House Grill & Bakery	1,550	2.56%	3/1/2011	2/28/2016	\$18,600.00	\$12.00	3/1/2014 3/1/2015	\$19,375.00 \$20,150.00	None	Gross
Pad	Watermill Express	225	0.37%	6/1/2001	9/26/2016	\$8,400.00	\$37.33			One 5 - Year	NNN-GL
TOTAL VACANT		12,654	20.91%			\$146,202.68					
TOTAL OCCUPIED		47,867	79.09%			\$543,780.58			\$458,358.22		
TOTAL		60,521	100.00%			\$689,983.26			\$458,358.22		

### LEASE EXPIRATION SUMMARY

For The Year Beginning	Year 1 Jun 2012	Year 2 Jun 2013	Year 3 Jun 2014	Year 4 Jun 2015	Year 5 Jun 2016	Year 6 Jun 2017	Year 7 Jun 2018	Year 8 Jun 2019	Year 9 Jun 2020	Year 10 Jun 2021
Tenant(s) Name	Thrifty Liquors Kate's Pampered Pooch Retoucherie de Manuela New Asia Health Spa Diana's Jewelry	Advance America RadioShack All Vacuum Plus	Regent Hunan Chinese Restaurant Little Caesar Little Caesars Firehouse Subs Ann's Nails	Dollar Tree PKI Karate Jazzercise International Food Store Fusion House Grill & Bakery International Food Store	One Main Financial Watermill Express	*Carillon Hills Dental				
<b>Total Number of Tenants</b>	5	3	5	6	2	1				
<b>Total Square Feet</b>	8,535	5,654	7,863	19,930	2,700	4,870				
<b>Total Percentage</b>	14.1%	9.3%	13.0%	32.9%	4.5%	8.1%				
<b>Cumulative Percentage</b>	14.1%	23.4%	36.4%	69.4%	73.8%	81.9%				



Any projections, opinions, assumptions or estimates used here within are for example purposes only and do not represent the current or future performance of the property.

### FINANCING

Existing Financing	
Loan Type	Free and Clear

Proposed Financing	
<b>First Trust Deed</b>	
Loan Amount	\$3,900,000
Loan Type	Proposed New
Interest Rate	5.4%
Amortization	25 Years
Program	5.4% Interest, Amortized 25 Years
Loan to Value	65%
Debt Coverage Ratio	1.78



# Carillon Hills Shopping Center

SAN ANTONIO, TX

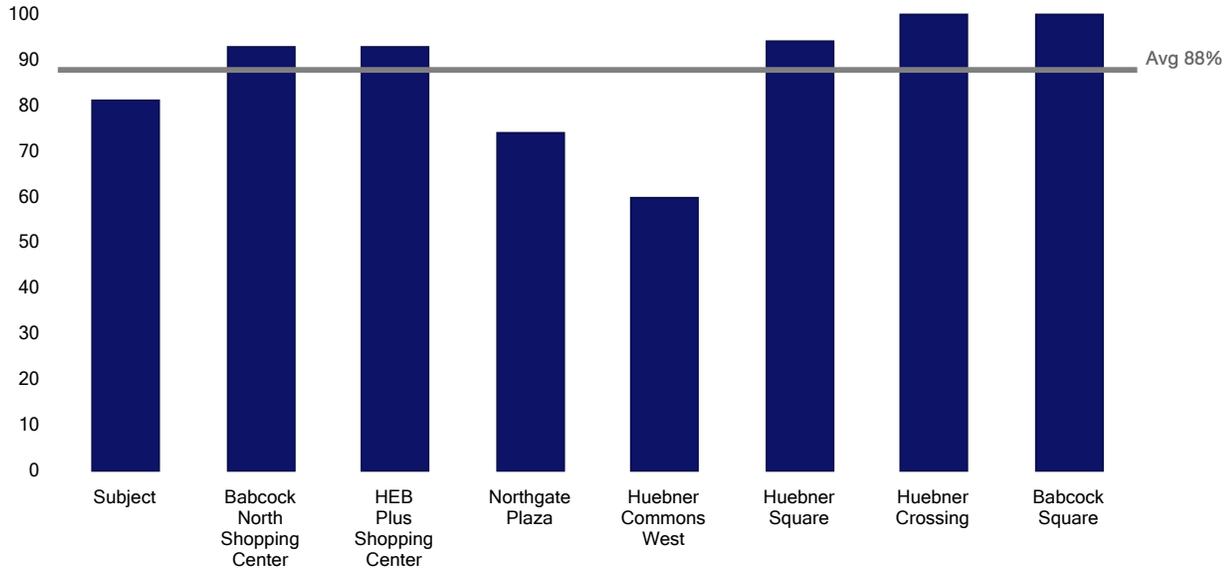
## RENT COMPARABLES MAP



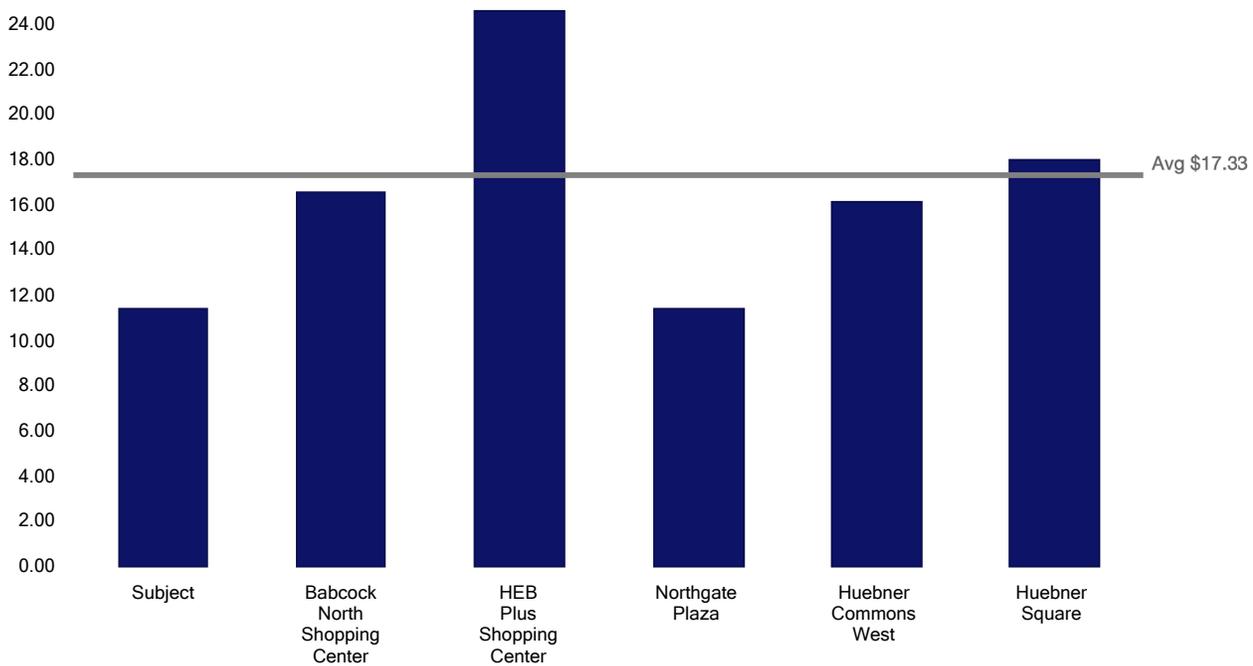
- ★ Carillon Hills Shopping Center
- 1) Babcock North Shopping Center
- 2) HEB Plus Shopping Center
- 3) Northgate Plaza
- 4) Huebner Commons West
- 5) Huebner Square
- 6) Huebner Crossing
- 7) Babcock Square

### OCCUPANCY AND AVERAGE RENT PER SF

#### Average Occupancy



#### Average Rent per Square Foot



### RENT COMPARABLES



**Subject Property**

#### Carillon Hills Shopping Center

5805 - 5889 Babcock Road  
San Antonio, TX 78240

Date Surveyed: 4/2012  
Occupancy: 81%  
Year Built: 1986  
Gross Leasable Area (GLA): 60,521 SF  
Rent/SF (GLA): \$11.43  
Available SF: 11,354  
Lot Size: 5.624 Acres  
Lease Type: NNN

Major Tenants
Family Dollar
Advance America
Liberty Tax
Fantastic Sams
Little Caesars
Firehouse Subs



#### Babcock North Shopping Center

8800 - 8850 Huebner Road  
San Antonio, TX 78240

Date Surveyed: 4/2012  
Occupancy: 93%  
Year Built: 1984  
Gross Leasable Area (GLA): 28,253 SF  
Rent/SF (GLA): \$16.56  
Available SF: 2,029  
Lot Size: 2.57 Acres  
Lease Type: NNN

Major Tenants
Subway
Payday Loans
Allstate
Capparelli's Restaurant
Kwik Wash
Nail Solutions



#### HEB Plus Shopping Center

5910 Babcock Road  
San Antonio, TX 78240

Date Surveyed: 4/2012  
Occupancy: 93%  
Year Built: 2011  
Gross Leasable Area (GLA): 100,168 SF  
Rent/SF (GLA): \$24.60  
Available SF: 7,212  
Lot Size: 81 Acres  
Lease Type: NNN

Major Tenants
HEB
RadioShack
Great Clips
Gold Buyers

### RENT COMPARABLES

3



#### Northgate Plaza

5440 Babcock Road  
San Antonio, TX 78240

Date Surveyed: 4/2012  
Occupancy: 74%  
Year Built: 1985  
Gross Leasable Area (GLA): 82,274 SF  
Rent/SF (GLA): \$11.40  
Available SF: 21,331  
Lot Size: 17.62 Acres  
Lease Type: NNN

Major Tenants
Royal Inn Oriental
Cyber Cafe
Culebra Meat Market
Darque Tan
Curves for Women
Firestone

4



#### Huebner Commons West

9023 Huebner Road  
San Antonio, TX 78240

Date Surveyed: 4/2012  
Occupancy: 60%  
Year Built: 2009  
Gross Leasable Area (GLA): 18,000 SF  
Rent/SF (GLA): \$16.10  
Available SF: 7,250  
Lot Size: N/A  
Lease Type: NNN

Major Tenants
Anytime Fitness
Studio Boom

5



#### Huebner Square

9386 Huebner Road  
San Antonio, TX 78240

Date Surveyed: 4/2012  
Occupancy: 94%  
Year Built: 2005  
Gross Leasable Area (GLA): 13,825 SF  
Rent/SF (GLA): \$18.00  
Available SF: 800  
Lot Size: 1.21 Acres  
Lease Type: NNN

Major Tenants
Honer Chiropractic
Polo's Photos
Thai Topaz
Dames Designs
Massage Heights
Caralis Mexican Grill

### RENT COMPARABLES

6



#### Huebner Crossing

8601 Huebner Road  
San Antonio, TX 78240

Date Surveyed: 4/2012  
Occupancy: 100%  
Year Built: 2006  
Gross Leasable Area (GLA): 7,980 SF  
Rent/SF (GLA): N/A  
Available SF: N/A  
Lot Size: 1.052 Acres  
Lease Type: N/A

Major Tenants
Rios Barbacoa
Sanchez Dentistry
Pizza Patron

7



#### Babcock Square

5802 Babcock Road  
San Antonio, TX 78240

Date Surveyed: 4/2012  
Occupancy: 100%  
Year Built: 1982  
Gross Leasable Area (GLA): 17,283 SF  
Rent/SF (GLA): N/A  
Available SF: N/A  
Lot Size: N/A  
Lease Type: NNN

Major Tenants
UPS Store
Pilgrim Cleaners
Martha's Mexican
Snowflake Donuts
T-Mobile
Ace Cash Express

# **Carillon Hills Shopping Center**

SAN ANTONIO, TX

## SAN ANTONIO

### MARKET HIGHLIGHTS

#### Strong population growth

- San Antonio's population is projected to increase more than 10 percent over the next five years.

#### Robust job creation

- Job growth in San Antonio is expected to average 3.5 percent per year through 2016.

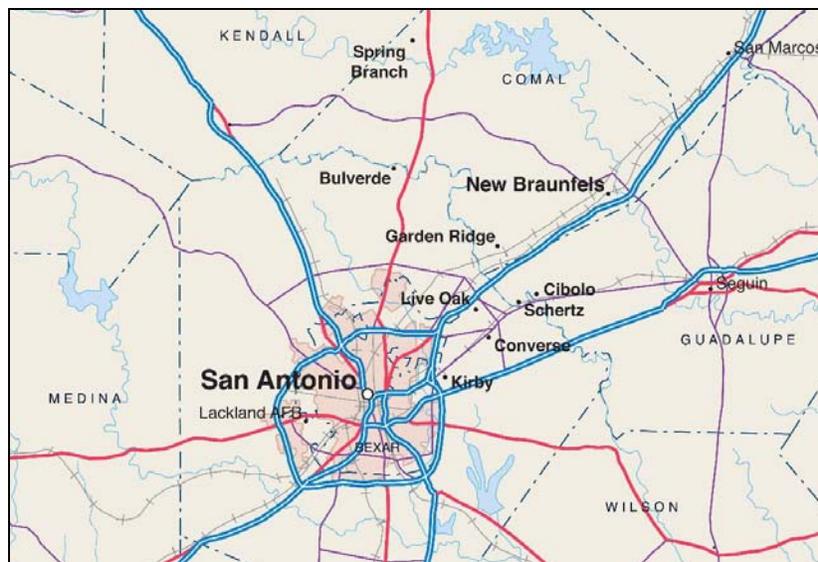
#### Low cost of living

- San Antonio residents enjoy a low cost of living and no state personal income taxes.



### GEOGRAPHY

The San Antonio MSA is located in the southern portion of central Texas, with the Edwards Plateau to the northwest and the Gulf Coastal Plains to the southeast. The metro covers 412 square miles straddling the Interstate 35 corridor, one of the fastest growing areas in the state.



San Antonio MSA

## SAN ANTONIO

### METRO

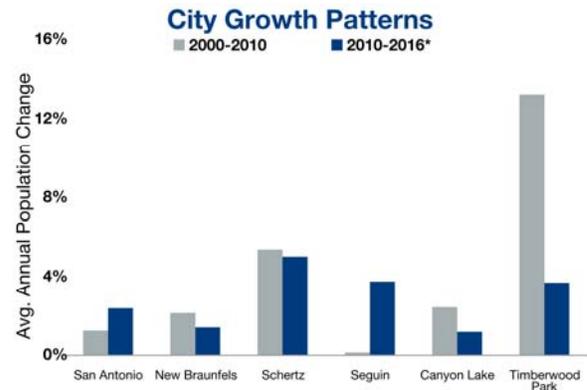
The San Antonio MSA covers eight counties—Bandera, Atascosa, Kendall, Comal, Bexar, Guadalupe, Medina and Wilson—and contains more than 2.2 million inhabitants. Six incorporated cities and towns have populations greater than 20,000. San Antonio is the largest, with nearly 1.3 million residents.

### INFRASTRUCTURE

San Antonio serves as a major gateway between the United States and Mexico. Situated only 145 miles from Laredo, San Antonio is an easy drive along Interstate 35 from the border. The area is further enhanced by a transportation network that provides a myriad of shipping options to domestic and international businesses.

Also bolstering San Antonio's trade is the air cargo component of the international airport, which consists of two Foreign Trade Zones. Air Cargo East features 104,000 square feet of warehouse space and 1.1 million square feet of aircraft apron. Air Cargo West provides 65,300 square feet of warehouse space and 248,140 square feet of aircraft apron to attract companies.

The Port of San Antonio is a 1,900-acre aerospace and industrial complex, as well as an international logistics platform, located at the site of the former Kelly Air Force Base. The entire site is covered by a General Purpose Foreign Trade Zone. Rail service to the port and throughout the region is provided by BNSF and Union Pacific.



\* Forecast  
Sources: Marcus & Millichap Research Services, AGS

### Largest Cities: San Antonio MSA

San Antonio	1,332,000
New Braunfels	46,000
Schertz	30,500
Seguin	23,500
Canyon Lake	22,000
Timberwood Park	21,600

2011 Estimate  
Sources: Marcus & Millichap Research Services, AGS

### Airports

- San Antonio International Airport
- Kelly Field

### Major roadways

- Interstates 10, 35, 37 and 410
- U.S. Highways 281 and 90
- State Highway 151 and Loop 1604

### Rail

- Freight - BNSF, Union Pacific
- Passenger - Amtrak

### Port

- Port of San Antonio

### The San Antonio MSA is:

- 75 miles from Austin
- 145 miles from Laredo
- 190 miles from Houston
- 250 miles from Dallas

## SAN ANTONIO

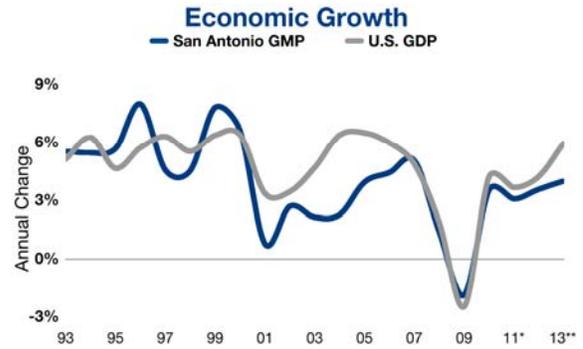
### ECONOMY

San Antonio's economy is anchored by three industries: healthcare, tourism and national defense. Despite the importance of these sectors, San Antonio continues to make great strides in diversifying its economic base, resulting in one of the nation's most abbreviated down cycles during the last recession. Oil and gas extraction from Eagle Ford Shale will likely be a boon to the South West Texas economy in the years ahead. The energy sector is becoming more prominent with expansions at NuStar Energy and Tesoro.

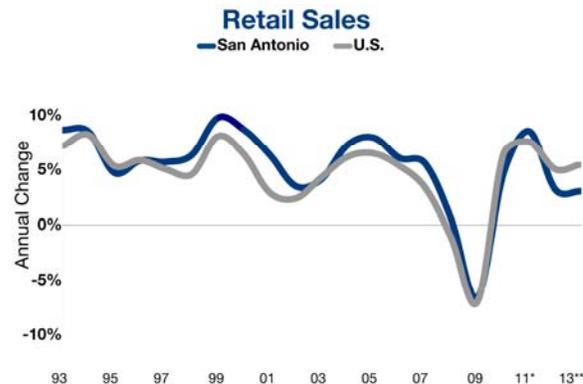
San Antonio is the clear leader in Texas when it comes to benefiting from military spending, as Fort Sam Houston, Lackland Air Force Base, Randolph Air Force Base, Camp Bullis and others are located in the MSA.

Education and healthcare play vital roles in the local economy. An important component of the healthcare industry is South Texas Medical Center, a conglomerate of hospitals, clinics, and research and higher-education facilities. The center employs thousands of workers and is directly responsible for the area's large biomedical industry.

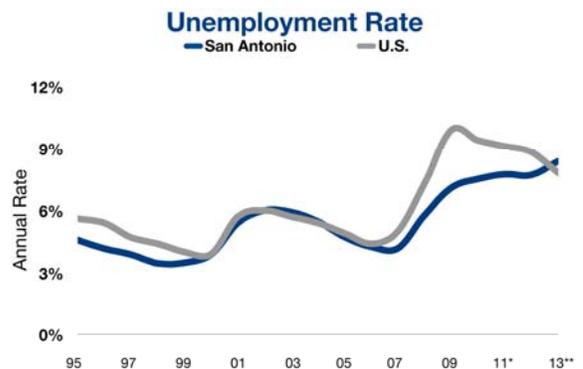
As the most-visited city in Texas, San Antonio's travel and tourism industry remains a key economic utility. Destinations such as the Alamo and River Walk make the city highly identifiable and popular. The leisure and hospitality segment will be one of the top



\* Estimate \*\* Forecast  
Sources: Marcus & Millichap Research Services, BEA, Economy.com



\* Estimate \*\* Forecast  
Sources: Marcus & Millichap Research Services, Economy.com, U.S. Census Bureau



\* Estimate \*\* Forecast  
Sources: Marcus & Millichap Research Services, BEA, Economy.com

## SAN ANTONIO

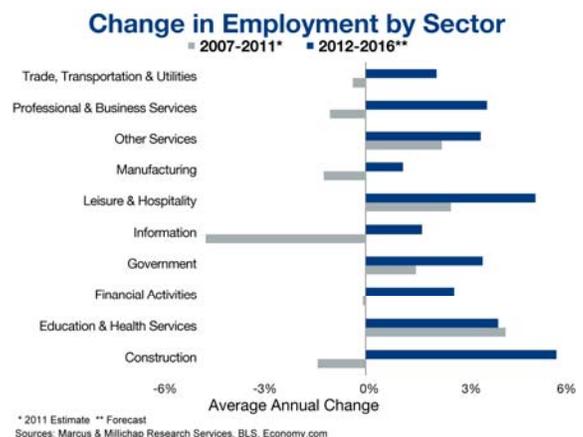
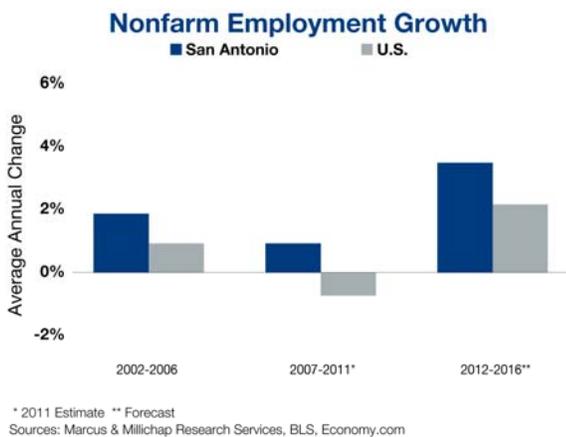
### LABOR

The San Antonio MSA attracts businesses seeking to take advantage of lower costs of living and doing business, which will continue to drive strong population gains over the long term. The expanded infrastructure needed to meet this growth will restore employment in the construction industry; the sector will expand at an annual average rate of 6 percent through 2016.

The largest job sector in the local economy is government, supported by the military. Overall, more than 159,000 people, or 19 percent of the labor force, is employed in this segment. The second largest industry, trade, transportation and utilities, accounts for 17 percent of all jobs in the metro.

Education and health services companies employ the third largest share of San Antonio workers, with its standing heavily influenced by the South Texas Medical Center -- the largest medical research and care provider in southern Texas. The education and health services sector is forecast to post 3.9 percent annual job creation over the next five years.

The leisure and hospitality sector plays a crucial role, employing more than 100,000 residents. Tourism in San Antonio is related not only to the U.S. economy but also to the Mexican economy. San Antonio is the only non-border town in the United States to have such a correlation. Substantial employment increases of 5 percent annually are projected for the industry through 2016.



## SAN ANTONIO

### EMPLOYERS

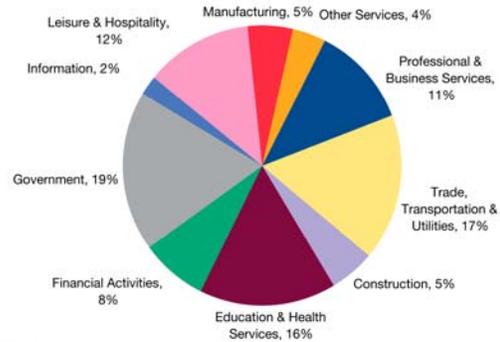
A strong, diverse private sector fosters the San Antonio economy. Major corporate headquarters in San Antonio include five Fortune 500 companies. The largest of these, the United Service Automobile Association, or USAA, leads the financial services segment that also includes Wells Fargo and JPMorgan Chase.

The MSA is home to one of the largest military concentrations in the nation. The defense industry in San Antonio employs over 89,000 and provides a \$5.25 billion impact to the city's economy, helping to make government the largest employment sector.

San Antonio is receiving greater interest from companies that manufacture items too large to affordably ship from overseas. As a result, the local manufacturing base is forecast to grow by 1.1 through 2016. Helping to drive these gains is Toyota Motor Manufacturing Texas, which began building Tundra trucks in 2006 and now hires thousands of workers.

The healthcare industry rounds out the top employers in San Antonio. The leader in both total employment and healthcare employment is South Texas Medical Center, which provides several thousand jobs. Other large healthcare employers include Baptist Health System and Methodist Healthcare System. KCI, a company that provides wound care solutions is expanding locally and Medtronic is opening a facility in San Antonio.

Share of 2011 Total Employment\*

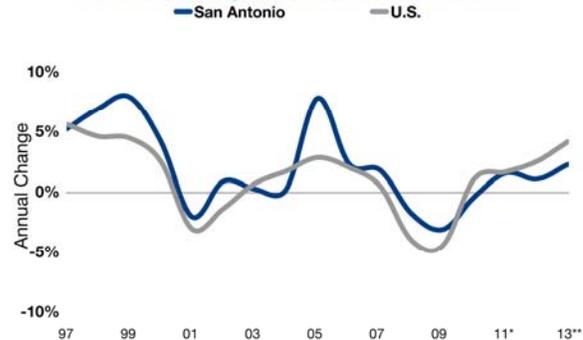


\* Estimate  
Sources: Marcus & Millichap Research Services, BLS, Economy.com

### Major Employers

- South Texas Medical Center
- USAA
- Wells Fargo
- Baptist Health System
- Southwest Research Institute
- Methodist Healthcare System
- JPMorgan Chase
- Christus Santa Rosa Healthcare
- Toyota Motor Manufacturing Texas
- Sea World San Antonio

Office-Using Employment Growth



\* Estimate \*\* Forecast  
Sources: Marcus & Millichap Research Services, BLS, Economy.com

## SAN ANTONIO

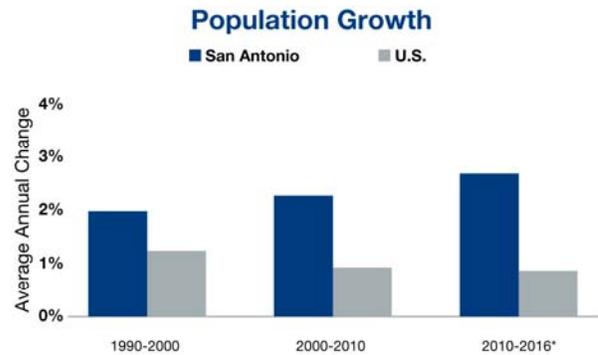
### DEMOGRAPHICS

The San Antonio MSA's population at 2.2 million will grow at a rate triple the U.S. average over the next five years, expanding 2.7 percent annually. The city of San Antonio will register the largest absolute increase, while areas such as Schertz, located along the Interstate systems, will lead in percentage growth.

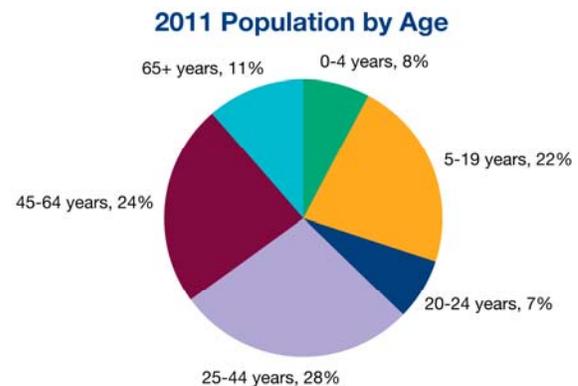
Area residents are relatively young, with 31 percent under the age of 20, compared with just 27 percent for the nation. In addition, 11 percent of the population are in their retirement years, ages 65 and older, as opposed to 13 percent for the U.S. The low median age of 34 years is also due in large part to the area's strong military presence, as well as its sizable student population; the region houses 17 institutions of higher learning.

The median household income in the San Antonio MSA, at \$48,800 per year, falls below the U.S. median of \$54,200 annually. Although this trend is expected to continue over the next few years, income levels should grow faster than home values, bolstering disposable incomes. This, in turn, will help boost retail sales.

The median home price of \$150,600, which is well below the national median of \$163,700, has afforded nearly 60 percent of households to own their homes.



\* Forecast  
Sources: Marcus & Millichap Research Services, AGS



Sources: Marcus & Millichap Research Services, AGS



\* Estimate \*\* Forecast  
Sources: Marcus & Millichap Research Services, Economy.com, U.S. Census Bureau

## SAN ANTONIO

### QUALITY OF LIFE

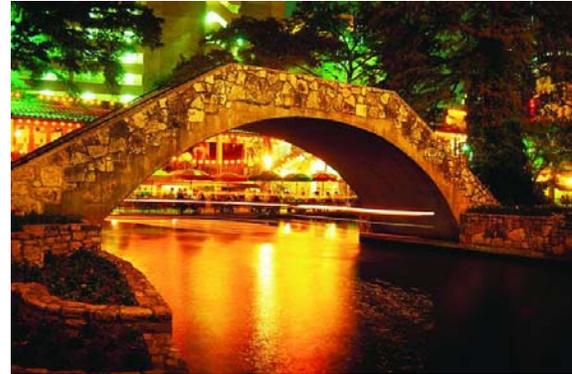
With over 300 days of sunshine annually and an average temperature of 68.8 degrees, San Antonio's mild climate makes it easy to enjoy the numerous outdoor activities available in the region, including golf at one of more than 50 courses.

Hispanic culture and history abounds in such places as La Villita, the Spanish Governor's Palace, San Fernando Cathedral, Jose Antonio Navarro State Historical Park and the Alamo. Tradition blends with more modern attractions such as the River Walk, a 2.5-mile stretch of parks, cafés, nightclubs and hotels.

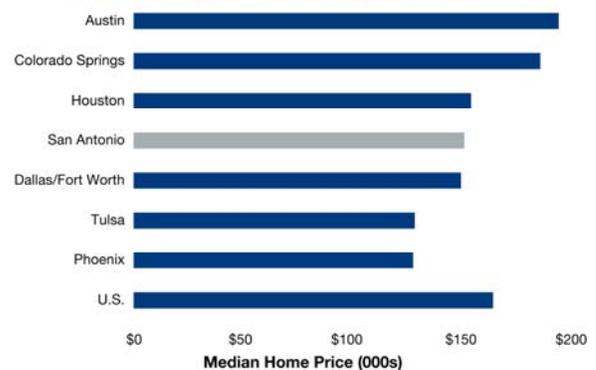
Locals and tourists can enjoy theme parks such as SeaWorld San Antonio, the world's largest marine life park, and Six Flags Fiesta Texas. In addition, the city is home to numerous sporting events and teams, including the NBA's San Antonio Spurs, the WNBA's San Antonio Silver Stars, the AHL's Rampage and AA baseball's Missions.

Art enthusiasts can visit any one of San Antonio's many museums and cultural centers. McNay Art Museum and the San Antonio Museum of Art, for instance, both display a wide variety of works.

The broad mix of recreational activities, together with a low cost of living and consistent job growth, will continue to attract residents to the San Antonio metro.

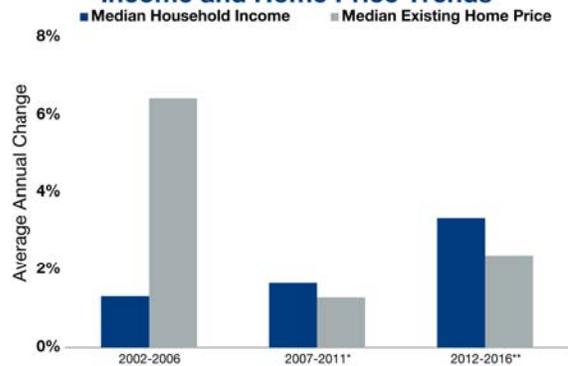


### 2011 Median Home Price Comparison



Sources: Marcus & Millichap Research Services, Economy.com, National Association of Realtors®

### Income and Home Price Trends

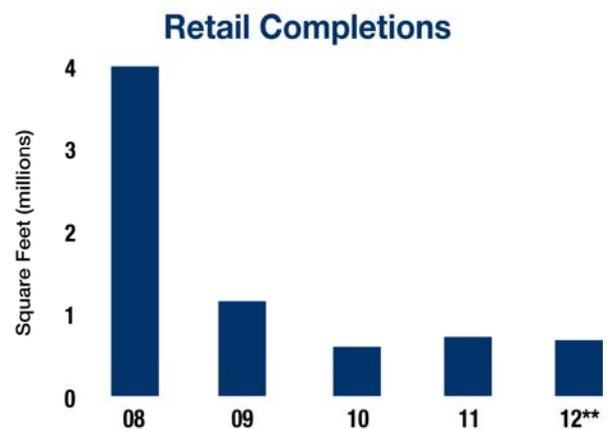
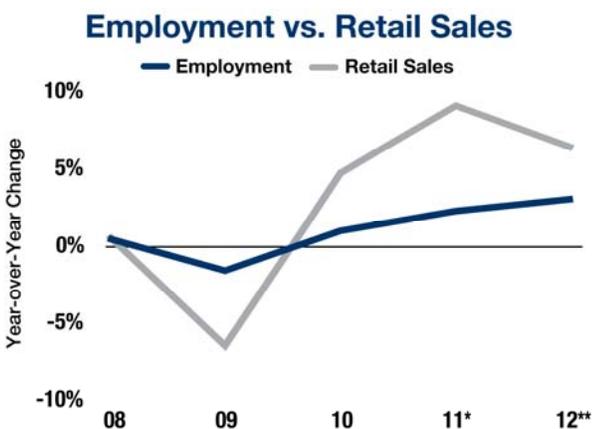


\* 2011 Estimate \*\* Forecast  
Sources: Marcus & Millichap Research Services, Economy.com, National Association of Realtors®, U.S. Census Bureau

## SAN ANTONIO

### Eagle Ford Drilling Prompts Company Expansions, Boosting Retail Operations

Retail operations will improve modestly this year, as job growth in all sectors prompt an increase in spending in San Antonio. Major oil companies will hire aggressively in southwest San Antonio with Halliburton Co., Baker Hughes Inc., and Chesapeake Energy Corp. creating more than 2,000 jobs to support drilling efforts in the Eagle Ford Shale. Additional hiring will occur in employment hubs north and west of the city core. With the influx of workers in the metro, developers will hasten building schedules in these areas to capture rising demand. In addition, the improving housing market will boost retail sales for big-ticket items, encouraging retailer expansion into once slow-growth suburbs. With tenants concentrating in areas with high home sales and job additions, retail space demand will exceed supply this year, gearing the market toward healthy vacancy improvements and modest rent growth.



\* Estimate. \*\* Forecast.  
Sources: Marcus & Millichap Research Services, CoStar Group, Inc., RCA

A disconnect between buyers' and sellers' expectations, and the institutional focus on primary markets, will keep deal flow in San Antonio measured this year. However, the current climate is creating opportunities for investors, particularly those seeking higher yields. Well-anchored multi-tenant properties, for example, can trade at first-year returns in the low-8-percent range, 50 to 70 basis points higher than other Texas metros. Local investors with a penchant for filling vacant space will target value-add plays. Properties with up to 30 percent vacancy and replaceable rents can change hands at cap rates below 10 percent, and greater returns can be realized after stabilization. In the single-tenant arena, national drugstores will continue to receive attention from investors across the country with first-year returns in the low-7-percent range. Franchisees and less-creditworthy tenants will generate bids 200 basis points higher.

## SAN ANTONIO

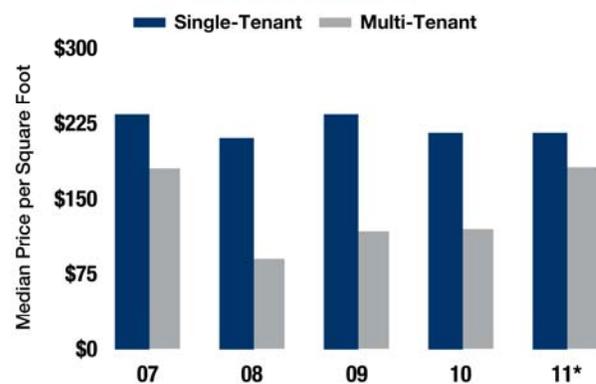
### 2012 Market Outlook

- 2012 NRI Rank: 18, Down 4 Places. A latecomer to the retail recovery, San Antonio fell four spots in this year's ranking.
- Employment Forecast: Employment will expand by 2.9 percent, or 25,000 jobs this year. In 2011, 18,000 positions were created.
- Construction Forecast: Developers will bring 625,000 square feet of space online in 2012, adding to the 674,000 square feet of space that came online last year.
- Vacancy Forecast: After ticking up 60 basis points last year, vacancy will decrease by 60 basis points to 9 percent in 2012.
- Rent Forecast: Asking rents will rise 1.2 percent to \$14.57 per square foot, while effective rents increase 1.3 percent to \$12.71 per square foot.
- Investment Forecast: San Antonio's status as a secondary investment market will keep some institutional capital away from the area, presenting greater opportunities for private investors to acquire top listings.

### Asking Rent and Vacancy Trends



### Sales Trends



\* Estimate. \*\* Forecast.

Sources: Marcus & Millichap Research Services, CoStar Group, Inc., RCA

# Carillon Hills Shopping Center

SAN ANTONIO, TX

### DEMOGRAPHIC REPORT

	1 Mile	3 Miles	5 Miles
1990 Population	616	57,056	147,182
2000 Population	688	66,066	167,309
2010 Population	14,120	125,734	319,467
2011 Population	13,566	131,716	338,924
2016 Population	15,843	150,419	384,279
1990 Households	294	25,052	58,863
2000 Households	322	29,014	67,657
2010 Households	6,950	55,931	128,120
2011 Households	6,617	59,040	136,251
2016 Households	7,953	69,267	158,791
2011 Average Household Size	2.02	2.21	2.45
2011 Daytime Population	5,188	105,394	182,099
1990 Median Housing Value	\$107,582	\$74,168	\$72,829
2000 Median Housing Value	\$117,708	\$87,164	\$86,186
2000 Owner Occupied Housing Units	49.90%	34.91%	45.59%
2000 Renter Occupied Housing Units	44.06%	58.63%	48.57%
2000 Vacant	6.05%	6.46%	5.84%
2011 Owner Occupied Housing Units	27.91%	36.03%	50.23%
2011 Renter Occupied Housing Units	62.26%	54.91%	42.12%
2011 Vacant	9.84%	9.06%	7.65%
2016 Owner Occupied Housing Units	26.94%	35.87%	49.69%
2016 Renter Occupied Housing Units	62.91%	54.85%	42.45%
2016 Vacant	10.15%	9.28%	7.86%
\$ 0 - \$14,999	21.0%	16.9%	14.8%
\$ 15,000 - \$24,999	7.6%	10.4%	9.6%
\$ 25,000 - \$34,999	10.6%	12.2%	10.7%
\$ 35,000 - \$49,999	13.7%	15.1%	14.0%
\$ 50,000 - \$74,999	21.9%	18.3%	18.6%
\$ 75,000 - \$99,999	9.8%	12.3%	13.3%
\$100,000 - \$124,999	7.0%	6.4%	7.9%
\$125,000 - \$149,999	4.2%	3.9%	4.8%
\$150,000 - \$199,999	2.0%	2.6%	3.4%
\$200,000 - \$249,999	0.5%	0.6%	1.0%
\$250,000 +	1.7%	1.3%	1.9%
2011 Median Household Income	\$47,001	\$44,798	\$51,013
2011 Per Capita Income	\$29,531	\$26,272	\$26,596
2011 Average Household Income	\$57,954	\$57,269	\$65,029

Demographic data © 2010 by Experian/Applied Geographic Solutions.

### SUMMARY REPORT

#### Geography: 5 Miles

#### Population

In 2011, the population in your selected geography was 338,924. The population has changed by 102.57% since 2000. It is estimated that the population in your area will be 384,279 five years from now, which represents a change of 13.38% from the current year. The current population is 48.5% male and 51.5% female. The median age of the population in your area is 33.8, compare this to the U.S. average which is 36.9. The population density in your area is 4,318.76 people per square mile.

#### Households

There are currently 136,251 households in your selected geography. The number of households has changed by 101.38% since 2000. It is estimated that the number of households in your area will be 158,791 five years from now, which represents a change of 16.54% from the current year. The average household size in your area is 2.45 persons.

#### Income

In 2011, the median household income for your selected geography is \$51,013, compare this to the U.S. average which is currently \$53,620. The median household income for your area has changed by 31.14% since 2000. It is estimated that the median household income in your area will be \$55,192 five years from now, which represents a change of 8.19% from the current year.

The current year per capita income in your area is \$26,596, compare this to the U.S. average, which is \$28,713. The current year average household income in your area is \$65,029, compare this to the U.S. average which is \$73,458.

#### Race & Ethnicity

The current year racial makeup of your selected area is as follows: 74.94% White, 5.66% African American, 0.75% Native American and 2.26% Asian/Pacific Islander. Compare these to U.S. averages which are: 72.40% White, 12.60% African American, 0.95% Native American and 4.93% Asian/Pacific Islander.

People of Hispanic origin are counted independently of race. People of Hispanic origin make up 55.04% of the current year population in your selected area. Compare this to the U.S. average of 16.90%.

#### Housing

The median housing value in your area was \$86,186 in 2000, compare this to the U.S. average of \$110,796 for the same year. In 2000, there were 32,760 owner occupied housing units in your area and there were 34,897 renter occupied housing units in your area. The median rent at the time was \$525.

#### Employment

In 2011, there are 182,099 employees in your selected area, this is also known as the daytime population. The 2000 Census revealed that 70.1% of employees are employed in white-collar occupations in this geography, and 30.0% are employed in blue-collar occupations. In 2011, unemployment in this area is 4.64%. In 2000, the median time traveled to work was 21.2 minutes.

Demographic data © 2010 by Experian/Applied Geographic Solutions.

### TRAFFIC COUNTS



Traffic Count data © 2010 by TrafficMetrix. All rights reserved.

Two-way, average daily traffic volumes.



## BROKERAGE SERVICES

**Approved by the Texas Real Estate Commission for Voluntary Use**  
*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

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



# Carillon Hills Shopping Center

SAN ANTONIO, TX

## OFFERING MEMORANDUM

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