

## **Hartman vREIT XXI, Inc. Acquires 11211 Katy Freeway**

Hartman vREIT XXI, Inc. (vREIT XXI) completed its acquisition of 11211 Katy Freeway on January 10, 2019. 11211 Katy Freeway is a 6-story, 77,882 square foot suburban office building, located in the Houston, Texas submarket of Katy Freeway West. The contract purchase price was \$5,100,000, which equates to approximately \$65 per square foot.

“11211 Katy Freeway is an attractive value-add investment for vREIT XXI that allows us to continue adding value to shareholders while effectively serving the needs of current and prospective tenants in the Katy Freeway West submarket,” said Al Hartman, Chairman and Chief Executive Officer.

Currently 68% leased, 11211 Katy Freeway is comprised of a diverse mix of tenants with staggered lease expirations, offering investors stable in-place cash flow and value creation opportunities through tenant retention and new leasing at increased market rental rates.

“The acquisition of 11211 Katy Freeway is a great addition to our office portfolio in Houston. The Katy Freeway West submarket, which includes the Energy Corridor, has been the economic engine of West Houston for several years. This area has solid economic fundamentals and remains attractive to many businesses,” said David Wheeler, Hartman’s Chief Investment Officer.

Located 15 miles west of downtown, Katy Freeway West is the second largest office submarket in the Houston metropolitan area (following the central business district), with more than 28 million square feet. Most of the office inventory is along the Katy Freeway (Interstate-10) between Beltway 8 to the east and Texas Route 6 to the west, with a substantial corridor running south along Dairy Ashford Road. Major energy tenants in the metro area include ConocoPhillips, Shell Oil, BP America, and Citgo. This submarket is also home to the largest concentration of engineering firms in Houston, and most cater to the energy sector. Some of the large engineering tenants in the metro area include Worley Parsons, Foster Wheeler, and McDermott International. Sysco, a food distributor and Fortune 500 company, is also headquartered in the Katy Freeway West submarket.\*

Katy Freeway West’s office inventory expanded by nearly 35% as of the end of the second quarter of 2018. Vacancies expanded from historical lows in 2013 to the current rate of 24%, one of the largest vacancy expansions in Houston that quarter. The pipeline for new office buildings has slowed drastically, but new and sublet available space should keep vacancies elevated in the near term. The long-term outlook is hard to predict because of the submarket’s heavy reliance on energy companies. Depressed oil prices don’t help energy companies, and if these prices remain low, companies will not need as much office space, further prolonging unfavorable fundamentals in the Katy Freeway West submarket.\*

\*Source: CoStar Katy Freeway West Office Houston Submarket Report dated August 14, 2018.

### **About Hartman vREIT XXI**

Hartman vREIT XXI is a Texas-centric real estate investment company formed to acquire, develop and operate a diverse portfolio of value-oriented commercial properties—those with significant potential for growth in income and value from re-tenanting, repositioning, redevelopment, and operational enhancements. For additional information about these investments, please visit [HartmanREITs.com](http://HartmanREITs.com).

### **About Hartman\*\***

Hartman has extensive experience acquiring, owning, managing and leasing commercial office, retail, light industrial and warehouse properties located in Texas. Since 1983, Hartman and its affiliated entities (including founder, Allen R. Hartman) have sponsored 23 programs and acquired interests in more than 90 real assets totaling approximately \$660 million as of December 31, 2017.

\*\*\*Hartman" refers to Allen R. Hartman and affiliates and subsidiaries.

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