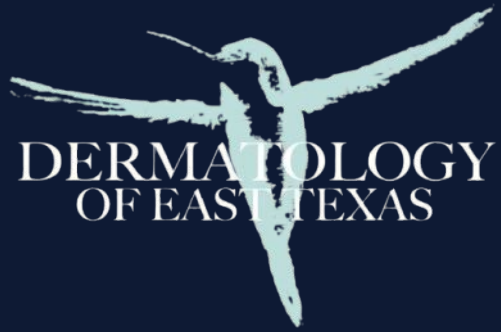




107 Christie St, Lufkin, TX 75904

## Healthcare Investment Opportunity

Offering Memorandum

7-Year NNN Sale Leaseback | 7.75% Cap | 2.5% Annual Increases



**MATTHEWS**™

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# MATTHEWS™



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# PROPERTY OVERVIEW

**Dermatology of East Texas**  
107 Christie St, Lufkin, TX 75904



# EXECUTIVE SUMMARY

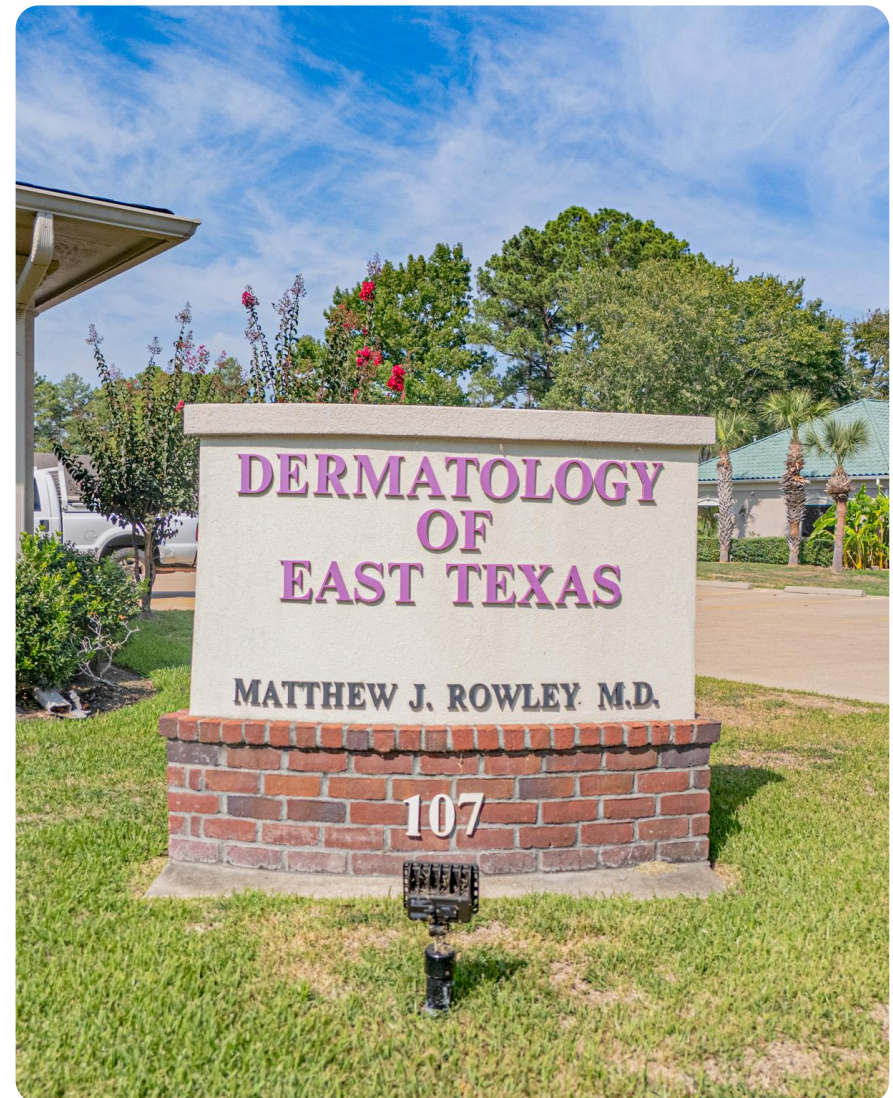
## The Opportunity

Matthews Real Estate Healthcare Division is pleased to present the Dermatology of East Texas Sale Leaseback, an attractive healthcare investment opportunity located in Lufkin, Texas. Offered at \$1,000,000 at a 7.75% cap rate, the property generates \$77,500 in annual NOI and is backed by an established dermatology practice that has served the community for more than 30 years and treated over 30,000 patients.

At closing, the seller will execute a new 7-year NNN lease with nearly no landlord responsibilities, 2.5% annual rent increases and both corporate and a personal guaranty. The property consists of a well maintained, approximately 3,875 square foot brick medical office building constructed in 2008. According to ownership, a new roof was installed last year, helping support the long-term durability of the asset and reduce near term capital needs.

The property is strategically located in Lufkin, a key commercial and healthcare hub serving the surrounding East Texas region. The facility sits within an established medical corridor near major healthcare systems including CHI St. Luke's Health Memorial, a 279 bed hospital and Woodland Heights Medical Center, a 149 bed hospital.

For investors seeking higher yields outside of Texas' more competitive primary markets, this opportunity combines strong local healthcare demand, a long-term NNN lease and established tenant operations. Texas' business friendly environment and lack of state individual income tax further add to the investment profile, making the property well suited for passive investors and 1031 exchange buyers seeking durable income and long term stability.



# INVESTMENT HIGHLIGHTS

- **Attractive High-Yield Returns:** Offered at \$1,000,000 at a 7.75% cap rate (\$77,500 NOI), providing investors with a significant spread over treasury yields and superior cash-on-cash returns compared to low-cap, highly competitive primary markets.
- **Turnkey Passive Income (NNN):** At closing, the seller will execute a new 7-year NNN sale leaseback with limited landlord responsibilities, providing predictable income with minimal ongoing management.
- **Established & Highly Sticky Medical Practice:** Occupied by Dermatology of East Texas, a premier regional practice founded in 1994 by Dr. Matthew Rowley. Having operated for over 30 years and served 30,000+ patients, the tenant boasts unmatched clinical stickiness and local market dominance.
- **Additional Credit Security (Dual Guaranty):** The lease features a personal guaranty, backing rental payments with full business revenues and personal balance sheets to offer maximum income security.
- **Built-in Inflation Protection:** Features steady 2.5% annual rent escalations throughout the initial 7-year term and option periods, guaranteeing consistent NOI growth and insulating investor returns against inflationary pressures.
- **Roof Replaced in 2024:** According to ownership, the roof was replaced in 2024 at a cost of approximately \$27,000, reducing near term capital expenditure needs and helping preserve cash flow for a new owner.
- **Dominant Regional Healthcare Engine:** Strategically located in Lufkin, TX - the medical and economic hub for a multi-county East Texas region. Positioned within a dense medical corridor in close proximity to major hospital anchors CHI St. Luke's Health Memorial (279 beds) and Woodland Heights Medical Center (149 beds).
- **Income Tax-Free State Advantage:** Situated in Texas, offering investors the financial benefits of a pro-business environment, favorable demographic migration, and zero state income tax.





**Lufkin Mall**

JCPenney TJ-maxx  
HIBBETT SPORTS V BOOT BARN  
IHOP TEQUILA Grill



**Angelina Village**

ATWOODS bealls  
Ranch & Home OUTLET  
HARBOR FREIGHT dd's  
QUALITY TOOLS LOWEST PRICES DISCOUNTS



**Subject Property**

287

±32,716 VPD

**CommonSpirit**  
St. Luke's Health - Memorial Hospital  
±279 Beds | ±1,500 Employees

**Family Dentistry and Orthodontics**  
David T. Palmer, D.D.S.  
Amy L. Ross, D.D.S.



**WOODLAND HEIGHTS MEDICAL CENTER**  
Woodland Heights Medical Center  
±149 Beds | ±500 Employees

**107 Christie St**  
Lufkin, TX 75904

**±3,875 SF**  
GLA

**2008**  
Year Built

**±7**  
Term Remaining (Years)

**NNN**  
Lease Type

**\$258**  
Price Per SF



# FINANCIAL OVERVIEW

**Dermatology of East Texas**  
107 Christie St, Lufkin, TX 75904



# FINANCIAL SUMMARY

**\$1,000,000**

List Price

**7.75%**

Cap Rate

**\$258**

Price Per SF

**\$77,500**

NOI

## Property Details

|                |                                   |
|----------------|-----------------------------------|
| Property Name  | Dermatology of East Texas         |
| Address        | 107 Christie St. Lufkin, TX 75904 |
| Property Size  | ±3,875 SF                         |
| Lot Size (AC)  | ±0.57 AC                          |
| Year Built     | 2008                              |
| Occupancy      | 100%                              |
| Property Type  | Medical Office                    |
| Ownership Type | Fee Simple                        |

## Lease Abstract

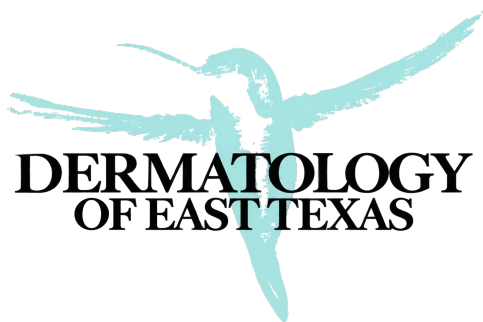
|                           |                                                    |
|---------------------------|----------------------------------------------------|
| Tenant Name               | MATTHEW ROWLEY, M.D., P.A.                         |
| Ownership Type            | Fee Simple                                         |
| Lease Guarantor           | Personal Guaranty                                  |
| SF Leased                 | ± 3,875                                            |
| Occupancy                 | 100%                                               |
| Initial Term              | 7 Years                                            |
| Rent Commencement         | Close of Escrow                                    |
| Lease Expiration          | 7 Years from Close of Escrow                       |
| Lease Term Remaining      | 7 Years                                            |
| Base Rent                 | \$77,500                                           |
| Rental Increases          | 2.5% Annual                                        |
| Renewal Options           | 3, 5-Year Options                                  |
| Expense Structure         | NNN                                                |
| Landlord Responsibilities | Roof and Structure                                 |
| Tenant Responsibilities   | Property Taxes, Insurance, Maintenance and Repairs |
| Insurance                 | Tenant                                             |
| Taxes                     | Tenant                                             |

# ANNUALIZED OPERATING DATA

## Annualized Operating Data

| Lease Year | Annual Rent | Monthly Rent | Rent PSF | Cap Rate |
|------------|-------------|--------------|----------|----------|
| Year 1     | \$77,500    | \$6,458.33   | \$20.00  | 7.75%    |
| Year 2     | \$79,438    | \$6,619.79   | \$20.50  | 7.94%    |
| Year 3     | \$81,423    | \$6,785.29   | \$21.01  | 8.14%    |
| Year 4     | \$83,459    | \$6,954.92   | \$21.54  | 8.35%    |
| Year 5     | \$85,545    | \$7,128.79   | \$22.08  | 8.55%    |
| Year 6     | \$87,684    | \$7,307.01   | \$22.63  | 8.77%    |
| Year 7     | \$89,876    | \$7,489.69   | \$23.19  | 8.99%    |
| Average    |             |              |          | 8.36%    |

# TENANT OVERVIEW



## Tenant Overview

MATTHEW ROWLEY, M.D., P.A. is a Lufkin-based dermatology practice providing comprehensive medical, surgical, and cosmetic dermatologic care to patients throughout East Texas. The practice offers treatment for a broad range of skin conditions and emphasizes personalized care supported by experienced dermatology professionals.

## Why Invest in Dermatology of East Texas?

- **Long-Term Lease Commitment** – Seven-year initial lease term provides stable, predictable tenancy.
- **Annual Rent Growth** – 2.5% annual rental increases provide consistent contractual revenue growth throughout the lease term.
- **NNN Lease Structure** – Tenant is responsible for property taxes, insurance, maintenance, and repairs, limiting landlord obligations primarily to the roof and structure.
- **Established Medical Use** – Dermatology of East Texas operates an established medical practice serving patients throughout the East Texas region.
- **Multiple Renewal Options** – Three additional five-year renewal options provide the potential for long-term occupancy extending well beyond the initial lease term.

---

Operating Since  
1994

---

Headquarters  
Lufkin, TX

---

Locations  
1

---

Employees  
9+

---

Website  
dermetx.com

# MARKET OVERVIEW

**Dermatology of East Texas**  
107 Christie St, Lufkin, TX 75904



# LUFKIN, TX

## Market Demographics

**34,350**

Total Population

**\$57,048**

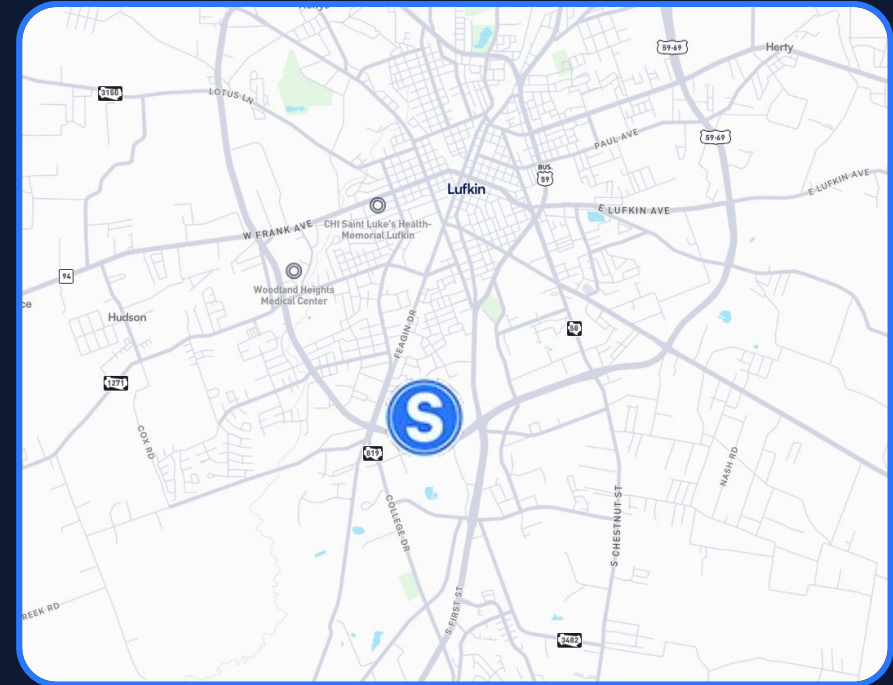
Median HH Income

**12,912**

# of Households

**34.6 Years**

Median Age



## Local Market Overview

Lufkin, Texas, is a regional center in East Texas and the county seat of Angelina County, positioned approximately 120 miles northeast of Houston. The city serves as a commercial, healthcare, and employment center for surrounding communities, supported by major industries including healthcare, manufacturing, forestry, retail, and education. Key transportation routes such as U.S. Highways 59, 69, and 94 provide connectivity throughout East Texas and to the Houston metropolitan area.

Healthcare plays a significant role in Lufkin's economy, with major medical providers including Woodland Heights Medical Center and St. Luke's Health-Memorial Lufkin serving residents across the region. The city also benefits from Angelina College, established manufacturing operations, and its proximity to outdoor destinations such as Sam Rayburn Reservoir and the Angelina National Forest, which support recreation and regional visitation.

## Property Demographics

| Population                    | 1-Mile   | 3-Mile   | 5-Mile   |
|-------------------------------|----------|----------|----------|
| Five-Year Projection          | 3,139    | 29,383   | 45,287   |
| Current Year Estimate         | 3,145    | 29,234   | 44,940   |
| 2020 Census                   | 3,335    | 29,988   | 45,516   |
| Growth Current Year-Five-Year | 0%       | 0.1%     | 0.2%     |
| Households                    | 1-Mile   | 3-Mile   | 5-Mile   |
| Five-Year Projection          | 1,276    | 11,395   | 17,305   |
| Current Year Estimate         | 1,279    | 11,338   | 17,170   |
| 2020 Census                   | 1,361    | 11,690   | 17,464   |
| Growth Current Year-Five-Year | 0%       | 0.1%     | 0.2%     |
| Income                        | 1-Mile   | 3-Mile   | 5-Mile   |
| Average Household Income      | \$87,438 | \$81,060 | \$78,826 |



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**Patrick Graham | Broker of Record | Broker Lic. No.: 528005 (TX) | Firm Lic. No.: 9005919 (TX)**

This Offering Memorandum contains select information pertaining to the business and affairs of the property owner and its tenant for real property located at 107 Christie St, Lufkin, TX 75904 ("Property"). The 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 Matthews Real Estate Investment Services™. The material and information in the Offering Memorandum is unverified. Matthews Real Estate Investment Services™. has not made any investigation, and makes no warranty or representation, with respect to square footage, income and expenses, the future financial performance of the property, future rent, and real estate value market conditions, the condition or financial prospects of any tenant, or the tenants' plans or intentions to continue to occupy space at the property. All prospective purchasers should conduct their own thorough due diligence investigation of each of these areas with the assistance of their accounting, construction, and legal professionals, and seek expert opinions regarding volatile market conditions given the unpredictable changes resulting from the continuing COVID-19 pandemic. The information is based in part upon information supplied by the Owner and in part upon financial information obtained from sources the Owner deems reliable. Neither owner, nor their officers, employees, or real estate agents make any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum, or any of its content, 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.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

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

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Owner and Matthews Real Estate Investment Services™. 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 the Property 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 Owner or Matthews Real Estate Investment Services™. 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 of this Offering Memorandum.

Net Lease Disclaimer – There are many different types of leases, including gross, net, single net ("N"), double net ("NN"), and triple net ("NNN") leases. The distinctions between different types of leases or within the same type of leases, such as "Bondable NNN," "Absolute NNN," "True NNN," or other NNN leases, are not always clear. Labels given to different leases may mean different things to different people and are not defined legal terms. Buyers cannot rely on the labels or marketing descriptions given to any lease when making their purchasing decisions. Buyers must closely review all lease terms and are advised to seek legal counsel to determine the landlord and tenant's respective rights and duties under the lease to ensure the lease, regardless of how labeled or described, meets the buyers' particular needs.