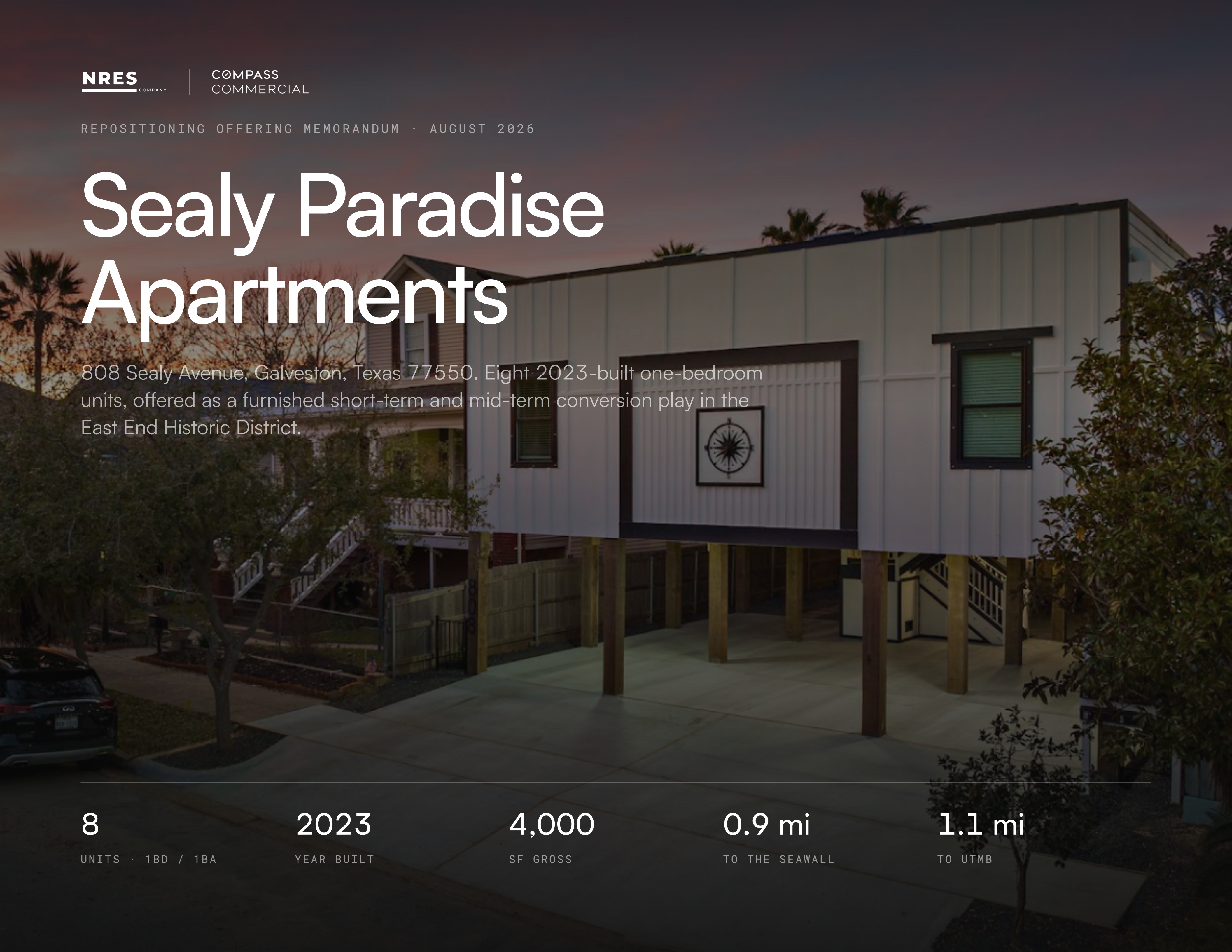


NRES COMPANY | COMPASS COMMERCIAL

REPOSITIONING OFFERING MEMORANDUM · AUGUST 2026

Sealy Paradise Apartments

808 Sealy Avenue, Galveston, Texas 77550. Eight 2023-built one-bedroom units, offered as a furnished short-term and mid-term conversion play in the East End Historic District.

8	2023	4,000	0.9 mi	1.1 mi
UNITS · 1BD / 1BA	YEAR BUILT	SF GROSS	TO THE SEAWALL	TO UTMB

THE OPPORTUNITY

Newly built, largely unencumbered, and worth more as something else.

808 Sealy is genuinely new construction in a market where almost nothing is: eight identical 500-square-foot one-bedrooms delivered in 2023, two blocks from Galveston's East End Historic District and a short walk from the Strand.

It is offered here on a different basis than a conventional apartment building, for a simple reason: **seven of the eight units are free to reposition today.** Three sit vacant. Two leases have run past their end dates and are month-to-month. Two more carry no end date at all. Exactly one unit is committed beyond today, through 31 December 2026.

A buyer does not have to wait out a rent roll to change the strategy here. They have to furnish eight units.

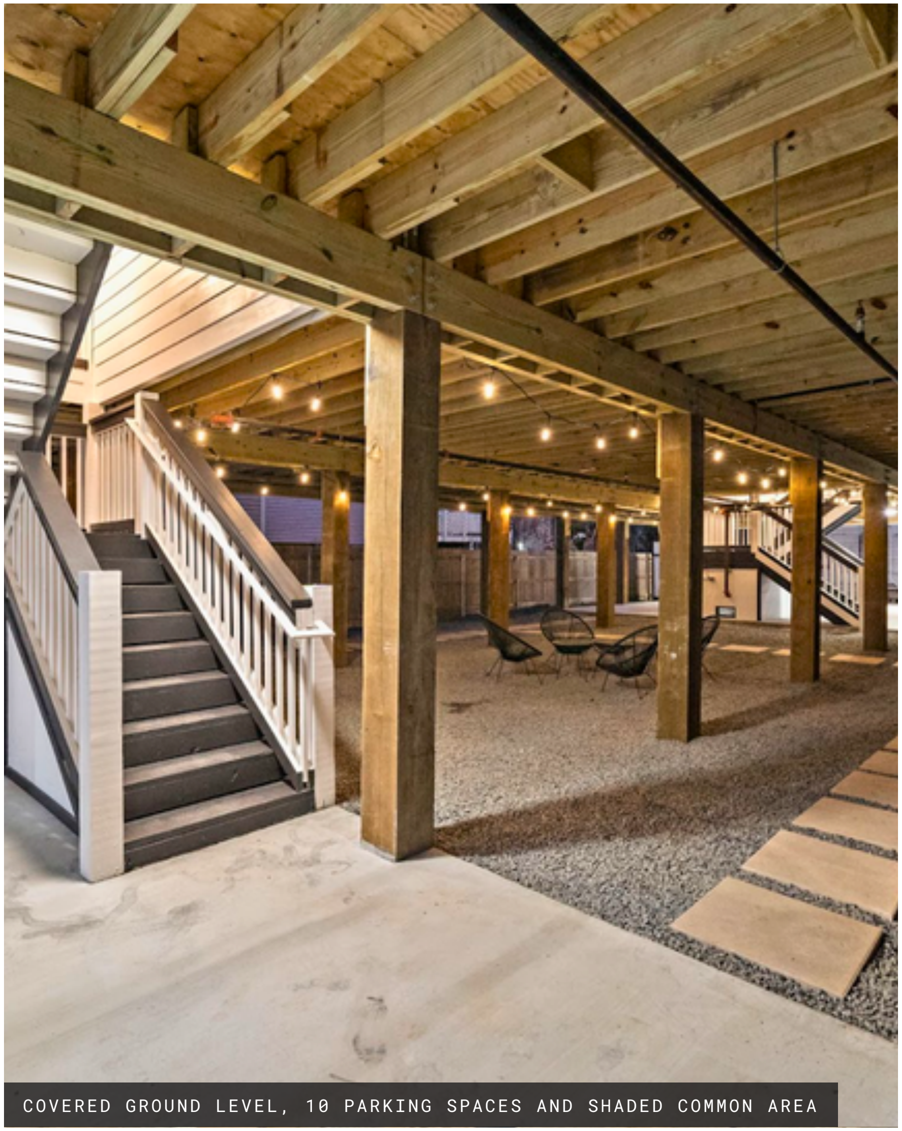
This memorandum supersedes the earlier marketing package. The prior pro forma carried a $1,500 per-unit rent, a $12,507 tax line and a $47,998 total expense figure. Verified against the rent roll, the management income statements, the insurance certificates and the lender's escrow statement, none of those figures hold. Every number in this document is stated as it actually is, and sourced.

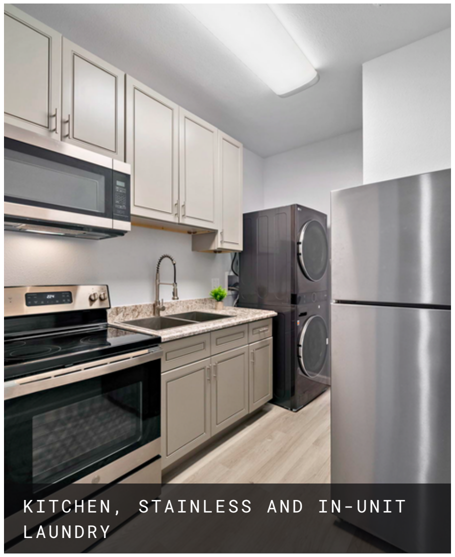
PROPERTY SUMMARY

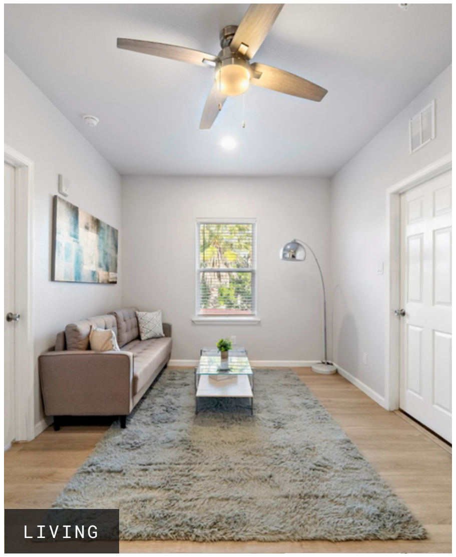
Location	**808 Sealy Ave, Galveston TX 77550**
Unit mix	**8 × 1BD / 1BA, ~500 SF**
Building	**1 building, 4,000 SF GBA, 2 stories**
Year built	**2023**
Land	**5,140 SF / 0.12 AC**
Parking	**10 spaces, 1.3 per unit**
APN	**102056**
Zoning	**To be confirmed with City Planning**
Occupancy (RR 4/15/26)	**62.5%, 5 of 8 leased**
In-place rents	**$1,299 to $1,649 · $7,346 / mo**
2025 property taxes	**$21,413**
Insurance package	**$21,119 incl. TWIA & flood**
Price	**Contact broker**

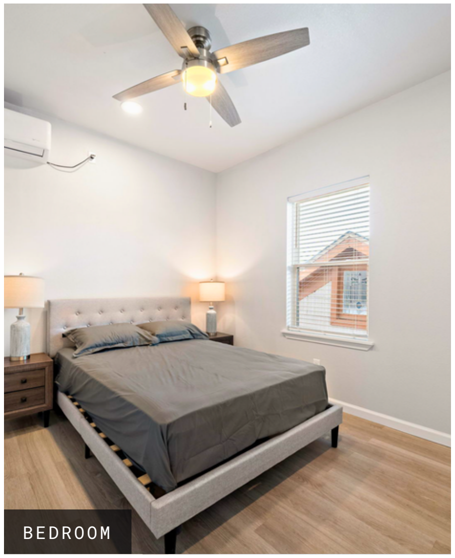
Unit amenities include in-unit washer/dryer, stainless appliances, granite counters, dishwasher, double-pane windows and a sprinkler system. That is a furnished-rental specification already, three years old.

Built 2023, furnished-ready, and already specified for it.


COVERED GROUND LEVEL, 10 PARKING SPACES AND SHADED COMMON AREA


KITCHEN, STAINLESS AND IN-UNIT LAUNDRY


LIVING


BEDROOM


BATHROOM

Three strategies, stated so they can be argued with.

ANNUAL, STABILISED	LONG-TERM STABILISED	SHORT-TERM $115 / 45%	SHORT-TERM $140 / 52%	SHORT-TERM $165 / 58%	MID-TERM $2,100 / 90%
Gross revenue	**$124,992**	**$151,110**	**$212,576**	**$279,444**	**$181,440**
Management	$7,650	$30,222	$42,515	$55,889	$18,144
Platform fee	n/a	$4,533	$6,377	$8,383	n/a
Utilities (owner-paid)	$12,900	$26,300	$26,300	$26,300	$26,300
Supplies & linens	n/a	$4,800	$4,800	$4,800	$4,800
R&M / turnover	$13,300	$8,000	$8,000	$8,000	$12,800
City STR licences	n/a	$2,000	$2,000	$2,000	n/a
Property taxes	$21,413	$21,413	$21,413	$21,413	$21,413
Insurance	$21,119	$26,399	$26,399	$26,399	$23,231
Total operating expenses	**$76,382**	**$123,667**	**$137,804**	**$153,184**	**$106,688**
Net operating income	**$48,610**	**$27,443**	**$74,772**	**$126,260**	**$74,752**
Value at 8.5% cap, submarket median	$571,882	$322,858	$879,668	$1,485,413	$879,436
Value at 7.2% cap, Houston median	$675,139	$381,152	$1,038,497	$1,753,613	$1,038,224

Short-term nightly rates are modelled well beneath Galveston's market-wide $318 to $330 average daily rate, because that average is set by three- to five-bedroom beach houses on the Seawall, not by 500-square-foot units nine-tenths of a mile inland. Property taxes held at the 2025 levy of $21,413. Insurance modelled on the current $21,119 package, uplifted 25% for short-term and 10% for mid-term use. That is an estimate, not a quote. Guest cleaning fees are assumed to cover the cleaner and are excluded from both revenue and cost. The 15% hotel occupancy tax is guest-paid and is not an owner expense, but must be filed monthly. Cap rates per CoStar, trailing twelve months to August 2026.

What it costs to change the use, and how long it takes to earn back.

STRATEGY ONE

Long-term rental

What exists today. Lease the three vacancies, hold $1,400 average rents. No capital, no operational change, and no upside, because the market comps say these rents are already at ceiling.

STRATEGY TWO

Short-term rental

Furnish and list all eight. The highest ceiling and the widest range of outcomes. Works above roughly a $130 nightly rate; below it, worse than simply leasing.

STRATEGY THREE

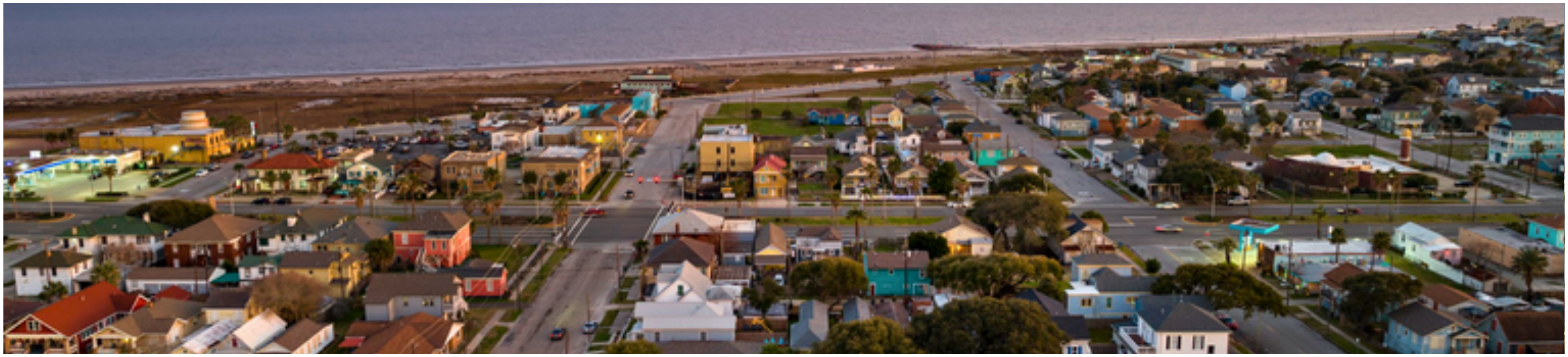
Mid-term furnished

Thirty-day-plus stays for UTMB travel clinicians and contractors. Two-thirds of the short-term economics for 60% of the capital, no hotel occupancy tax and no STR licence.

STRATEGY	UPFRONT CAPITAL	STABILISED NOI	LIFT VS. LEASING	PAYBACK
Short-term, $115 / 45%	$108,000	$27,443	−$21,167	Never
Short-term, $140 / 52%	$108,000	$74,772	$26,162	4.1 yrs
Short-term, $165 / 58%	$108,000	$126,260	$77,650	1.4 yrs
Mid-term furnished, $2,100 / 90%	$64,000	$74,752	$26,142	2.4 yrs

Short-term capital: $12,000 per unit of mid-tier furnishing plus roughly $1,500 per unit of photography, listing build-out, smart locks and bulk wifi. Mid-term capital: $8,000 per unit of functional furnishing, no listing build-out. National benchmarks put one-bedroom short-term furnishing at $8,000 budget, $12,000 mid and $18,000-plus premium.

The finding that matters most: mid-term furnished housing delivers the same net operating income as the short-term base case for $64,000 rather than $108,000, without a single hotel occupancy tax filing or one-hour complaint-response obligation. On a risk-adjusted basis it is the strongest of the three, and it is the strategy this building's size, spec and location were accidentally designed for.



Galveston, and why the demand is furnished.

Galveston is a coastal market of roughly 33,000 people within three miles of the property, anchored by institutional employment rather than population growth. The University of Texas Medical Branch is the largest employer on the island, a major teaching hospital and research institution employing thousands of physicians, nurses, residents and researchers, and a permanent, year-round source of **thirteen-week contract staffing**.

The Port of Galveston is one of the busiest cruise ports in the United States, and the Strand Historic District, Moody Gardens and the Pleasure Pier drive tourism employment and visitation across the year. Fifty miles down Interstate 45, Houston supplies weekend demand continuously.

WHY THIS MATTERS FOR THIS BUILDING

Five hundred square feet is difficult product for a family on a twelve-month lease and close to ideal for a solo traveller, a cruise-weekend couple, or a travel nurse on assignment. The two demand pools this island generates in volume, visitors and contract clinicians, are precisely the two that want a furnished one-bedroom.

WHAT THE DATA SAYS

Population, 3-mile radius	**33,175 · +6.8% to 2030**
Median household income	**$51,827**
Submarket vacancy	**11.6%**
Submarket rent growth, 12 mo	**0.2%**
Units under construction	**Zero**
Island STR average daily rate	**$318 to $330**
Island STR occupancy	**31% to 45%**

The supply picture cuts both ways, and it is stated here plainly. Nothing is under construction in the submarket, which protects a buyer from new competition. But of the 106 units delivered nearby in the past twelve months, 33% stand vacant, and effective one-bedroom rents in the comparable set fell 2.1% over the year. New conventional apartments are not leasing quickly in Galveston. That is the strongest argument in this document for furnishing the building rather than leasing it.

What the neighbours rent for.

PROPERTY	DISTANCE	BUILT	UNITS	UNIT SIZE	1BR RENT	RENT / SF	VACANCY
Oceanfront Lofts, 805 Avenue K	0.18 mi	Nov 2025	8	325 SF	$1,311	$4.03	25.0%
715 28th St	1.44 mi	2026	8	n/a	$1,377	n/a	n/a
2805 Church St	1.45 mi	2026	8	450 SF	$1,205	$2.68	n/a
1002 11th St	0.22 mi	1971	8	720 SF	$1,100	$1.53	12.5%
928 Post Office St	0.27 mi	1971	16	954 SF	$925	$1.39	6.3%
One-bedroom comparable set average	**n/a**	**n/a**	**n/a**	**n/a**	**$1,216**	**$2.72**	**20.0%**

READING THE SET

The three newest buildings on this list, all delivered within the past twelve months and all small-format one-bedrooms, achieve **$1,205 to $1,377**. The two 1971-vintage buildings, both larger per unit, achieve $925 to $1,100. Age and specification, not square footage, set the rent in this submarket.

808 Sealy sits between the two groups on size and at the top of the group on age. The $1,400 long-term assumption used in this memorandum is supportable on that basis. It is also, on this evidence, a ceiling rather than a starting point, which is the entire case for converting the use.

THE MID-TERM REFERENCE POINT

The clearest local evidence for the conversion thesis is not an apartment comparable at all. **1820 Avenue O ½**, a seven-unit Galveston building running six units short-term and one month-to-month, grossed **$122,871 in 2025** on seven units, with no new construction and no new-build specification.

Eight units of 2023-built product, furnished, with in-unit laundry and a UTMB catchment just over a mile away, is a materially stronger starting position than that.

What a buyer must verify before underwriting any of this.

REGULATORY

- **Zoning and STR eligibility.** Under Galveston's current Land Development Regulations, short-term rental residential dwellings are permitted in every district except R-0. The property's current district must be confirmed against the official zoning map and with City of Galveston Planning before any short-term strategy is priced in. The legacy "1F4" designation carried in earlier marketing is not a current code.
- **Registration is per unit and non-transferable.** The 2026 City of Galveston fee is $250 per short-term rental unit. A purchaser must obtain new licences at closing; the seller's cannot be assigned.
- **Operating obligations.** Ordinance 25-060, adopted November 2025, requires a 24-hour local contact, complaint acknowledgement within one hour and resolution within two. Three violations in twelve months can put the licence before the STR Licensing Board.
- **Hotel occupancy tax.** 15% combined (6% state, 9% city) on stays under 30 nights, guest-paid but owner-filed by the 20th of each month. Stays of 30 consecutive nights or more are exempt, which is the structural advantage of the mid-term strategy.

FINANCIAL

- **Insurance must be quoted, not assumed.** The current package is $21,119, of which $13,935 is TWIA windstorm and $2,434 flood. Commercial-lodging use on a coastal building can move that further than the 25% modelled here.
- **Achievable nightly rate is the entire thesis.** The long-term rent comparables in this document are sourced. The short-term rates are a judgement call from island-wide data adjusted for size, view and location. Before committing capital, assemble ten to fifteen true comps, 500 SF one-bedrooms in the East End, Strand and UTMB catchment, and price off those.

THE HONEST RISKS

- Galveston has roughly 7,400 active short-term listings. A 500 SF unit with no gulf view is not differentiated without genuine design and disciplined pricing.
- Revenue is sharply seasonal, with June peaks and September troughs, and one storm season can absorb a year of premium.
- Eight short-term units is a hospitality operation, not a passive apartment building. Underwrite the management, not just the rate.

CONTACT

Sealy Paradise Apartments
808 Sealy Ave, Galveston TX 77550

Full due diligence materials, including the rent roll, operating statements, insurance certificates, survey and the underlying conversion model, are available on request.

INVESTMENT SALES

Andrew Neumann

c: 925.999.5135
e: andrew@nrescompany.com

NRES COMPANY

INVESTMENT SALES

Michael Karol

c: 817.714.7769
e: michael.karol@compass.com

COMPASS COMMERCIAL

Prepared from owner-supplied documents: rent roll 04/15/2026 • GBT Property Management income statements 2025 and 2026 YTD • Fay Servicing statement 04/07/2026 • TWIA, flood and property/GL certificates. Market data: CoStar underwriting report 08/27/2026 • AirDNA and AirROI, trailing twelve months to July 2026 • City of Galveston Ordinance 25-060 • Texas Comptroller Publication 96-224. Projections are estimates and not guarantees of performance. Prospective purchasers must conduct their own independent verification. The Texas Real Estate Commission Information About Brokerage Services notice forms part of this package.