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# HOUSTON REAL ESTATE TRENDS

EDITED BY PATRICK O'CONNOR, MAI \$199 PER YEAR VOLUME 14 NUMBER 11 FEBRUARY 2001

## APARTMENTS

The local apartment market ended a strong year 2000 on a down note, as the winter months are traditionally a period with limited leasing activity. Thus, the current quarter's lackluster performance is hardly shocking, although a strong summer leasing season could boost occupancy levels to a point similar to the two year high reached in the third quarter of 2000.

In terms of rents, the local apartment market has seen little action so far in the year 2001, as the high number of projects still in lease-up has contributed to what remains a renter's market. Average rents were \$0.71 per square-foot at the beginning of the year and currently remain at that point. We anticipate rents will inch upward as the year progresses.

Rental rate growth has been strongest in the lower classes, where the impact of new construction has been less severe. Class C rents have risen 5.36% over the past year, while Class D rents are up 4.26%. This is in contrast to 2.86% growth for Class B and a mere 1.04% for Class A properties. Most of the Class A growth has come from the inclusion of high-priced new units, meaning same store rent growth has been virtually nil.

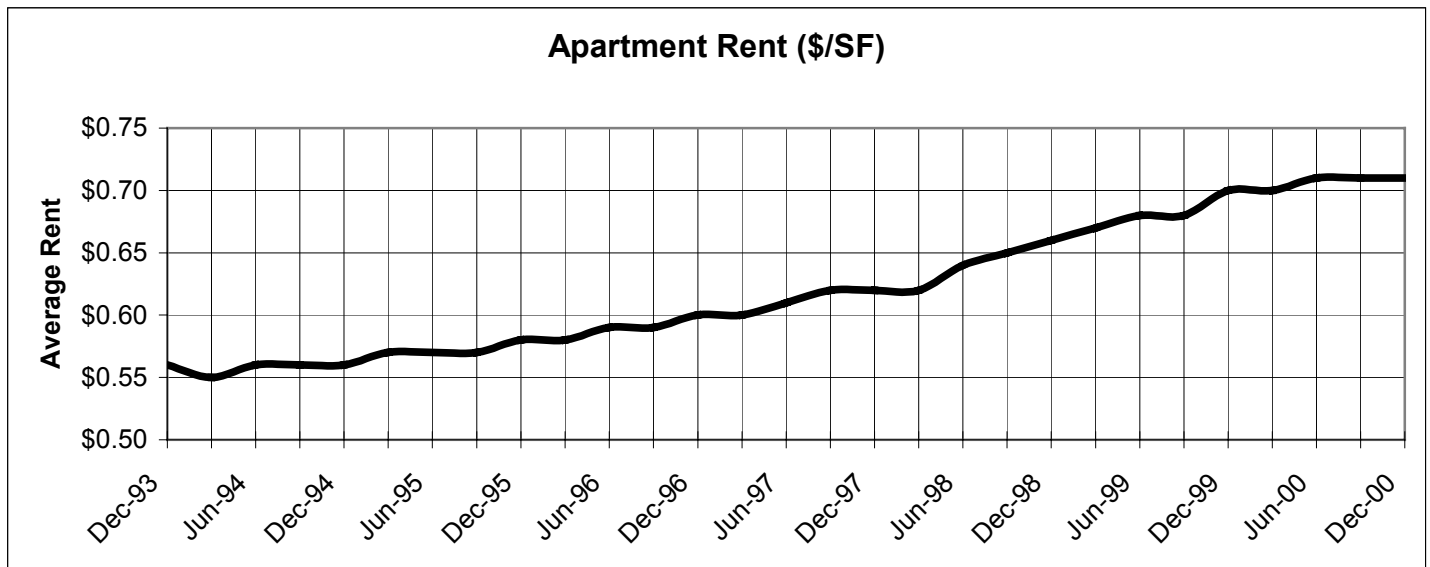
Multifamily absorption dropped in the fourth quarter as all four classes experienced a decline in absorption. After experiencing its greatest total in two years during the third quarter, the overall absorption total fell 3,208 units in the fourth quarter to 1,525 units. This decline in absorption is not necessarily a cause for alarm, as absorption has slipped from third quarter totals in the fourth quarter each of the last seven years. As mentioned above, the winter months are traditionally a period with limited leasing activity. Over the last four quarters, the local apartment market absorbed a total of 13,010 units, 1,610 units less than the same period one year ago.

Currently, there are twenty-four apartment projects totaling 6,829 units, while forty-two apartment projects totaling 10,982 units were completed in 2000. In addition, fifteen projects totaling 3,867 units are currently classified as proposed. Compared to the 65 properties completed in 1999, though, the current construction level takes on a slightly less imposing perspective, as 16,888 units were built in 1999. This total fell 34.97% in 2000, a difference of 5,906 units.

According to the **O'Connor & Associates December 2000 Greater Houston Apartment Data Program**, overall **occupancy** for Houston area multifamily projects is 92.20% (**Class A = 91.68%; Class B = 92.89%; Class C = 92.56%**). Compared to the current rate, occupancy in the Houston apartment market is up 1.27 points in the last twelve months. Meanwhile, the **overall multifamily rental rate is \$0.71 per square feet per month**.

- Houston-based **Texas Southern University** announced plans to break ground soon on a 308-bed apartment complex. **The University Courtyard Apartments** will be built by **Ambling Development Co.** and **Apasquelypse Development Group** at the intersection of Boldgett Avenue and Canfield Street. **The City of Houston Higher Education Finance Corp.** issued tax-exempt bonds to finance the project. The bond sale has been handled by the law firm of **Vinson & Elkins**, bringing in more than \$11 million in financing. Each unit will feature four bedrooms and two baths and they will be ready to occupy in the fall.
- **Hanover Co.** is planning on building a high rise apartment project in the Uptown area. Hanover is under contract to purchase the six-story office building located at **1200 Post Oak Blvd (GAL 045)** which sits on 3.32 of land in the Galleria area. The multifamily developer is paying \$40 per square-foot for the 107,000 square-foot property or \$5.8 million. **Means Knaus** currently owns the 30-year-old building, which will be torn down to make space for the 30-story high rise building with rental units.

The following chart illustrates historical apartment rental rate activity.



*Note: The multifamily projects listed below are followed by the O'Connor & Associates' database identification number and are included for subscriber cross-referencing. The property information contained within the **Houston Area Apartment Data Program** is published on a quarterly basis.*

**Tracy Suttles** purchased the **Cypress Commons Apts. (0127)** located at 9721 Cypresswood Dr. from **Cypress Commons Ltd.** The three-year-old complex consists of 12 buildings totaling 252 units. The Class A property is 90 percent leased with an average rental rate of \$0.93 per square-foot. The complex feature pitched roofs and is separately metered for electricity.

**Investors Management Trust** purchased the **3737 Hillcroft Apts. (1022)** located at 3737 Hillcroft from **InterCapital Partners Ltd.** The 30-year-old complex consists of 27 buildings totaling 364 units. The Class B property is 93 percent leased with an average rental rate of \$0.71 per square-foot. The complex feature pitched roofs and is master metered for electricity. **Tom Wilkinson** of **KET Enterprises** represented the seller in the negotiations.

**RAAMCO International** purchased the **Broadwater Apts. (0127)** located at 6315 Central City Blvd. in Galveston from **Galveston Broadwater Apartments Joint Venture**. The 15-year-old complex consists of 11 buildings totaling 205 units. The Class A property is 85 percent leased with an average rental rate of \$0.91 per square-foot. The complex feature pitched roofs and is separately metered for electricity. **Chip Nash** of **Hendricks & Partners** represented the seller in the negotiations, while **Ed Cummins** of **Hendricks & Partners** represented the buyer.

**S.C. Funding** purchased the **Chimney Rock Apts. (2066)** located at 5401 Chimney Rock from **5401 Chimney Rock Associates**. The 23-year-old complex consists of 62 buildings totaling 970 units. The Class B property is 94 percent leased with an average rental rate of \$0.80 per square-foot. The complex feature pitched roofs and is separately metered for electricity. **Jim Hearn** of **Hendricks & Partners** represented the seller in the negotiations.

**Allied Greenbriar Ltd.** purchased the **Greenbriar Chateau Apts. (1327)** located at 4100 Greenbriar from **Greenbriar Chateau Associates Ltd.** The Class A property consists of 11 buildings totaling 205 units. The complex was built in 1970 and renovated in 1992; it is 94 percent leased with an average rental rate of \$1.03 per square-foot. The complex feature flat roofs and is master metered for electricity. **Thomas Brennan III** of **Allied Properties** represented the buyer in the negotiations.

**Eastwood Interests LLC** purchased the **Boyd Development Apts. (1628)** located at 4624-4628 Bell from **Richard W. Baier, ET UX**. The 39-year-old complex consists of 2 buildings totaling 15 units. The Class C property is 86 percent leased with an average rental rate of \$0.94 per square-foot. The complex feature flat roofs and is separately metered for electricity.

**Task Enterprises, Inc.** purchased the **Mark VI Apts. (2114)** located at 5606 Bissonnet from **Onodera Family Trust**. The 31-year-old complex consists of 144 units. The Class D property is 93 percent leased with an average rental rate of \$0.52 per square-foot. The complex feature pitched roofs and is separately metered for electricity.

**Baytown Properties** purchased the **Forest View Apts. (2773)** located at 301 Tri City Beach Rd in Baytown from **Bermuda Dunes LC**. The Class C property consists of 12 buildings totaling 252 units. The complex was built in 1964 and renovated in 1994; it is 82 percent leased with an average rental rate of \$0.53 per square-foot. The complex feature pitched roofs and is separately metered for electricity.

**Feiga/Sandstone, LP** purchased the **Westheimer Park Apts. (0974)** and the **Westheimer Terrace Apts. (0975)** from **FSF Westheimer Assoc. LP**. The Class B Westheimer Park Apts. complex is located at 9235 Westheimer and consists of 12 buildings totaling 185 units. The property was built in 1971 and renovated in 1993; it is 93 percent leased with an average rental rate of \$0.64 per square-foot. The complex feature flat roofs and is separately metered for electricity. The Class B Westheimer Terrace Apts. complex is located at 9411 Westheimer and consists of 14 buildings totaling 306 units. The property was built in 1968 and renovated in 1989; it is 90 percent leased with an average rental rate of \$0.68 per square-foot. The complex feature flat roofs and is separately metered for electricity.

**WXIII/WCI Real Estate Ltd.** purchased the **Edge Lake Apts. (3056)** located at 3010 Nasa Rd 1 in Seabrook from **WC Edge Lake, LP**. The 17-year-old complex consists of 18 buildings totaling 216 units. The Class B property is 94 percent leased with an average rental rate of \$0.80 per square-foot. The complex feature pitched roofs and is separately metered for electricity.

**Sunblossom Cottages, Ltd.** purchased the **Sunblossom Cottages (1819)** located at 10300 Harwin from **KCF Partners, LP**. The 24-year-old complex consists of 15 buildings totaling 253 units. The Class B property is 95 percent leased with an average rental rate of \$0.74 per square-foot. The complex feature flat roofs and is master metered for electricity.

**Boardwalk Houston Investors** purchased the **Boardwalk Apts. (2010)** located at 9100 Fondren from **Southwest Boardwalk Partners**. The Class B complex has 18 buildings totaling 174 units. The property was built in 1978 and renovated in 1994; it is 98 percent leased with an average rental rate of \$0.71 per square-foot. The complex feature both flat and pitched roofs and is separately metered for electricity.

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# SINGLE-FAMILY HOUSING

**Used home sales** decreased in January as 2,909 homes were sold, down from the 4,126 homes sold in December, according to the **Houston Association of Realtors**. The 2,909 homes sold are 3.6 percent more than the 2,808 homes sold in January 2000. The median price of a used single-family home sold in January was \$115,000, which is up 5.0 percent from \$109,500 a year ago.

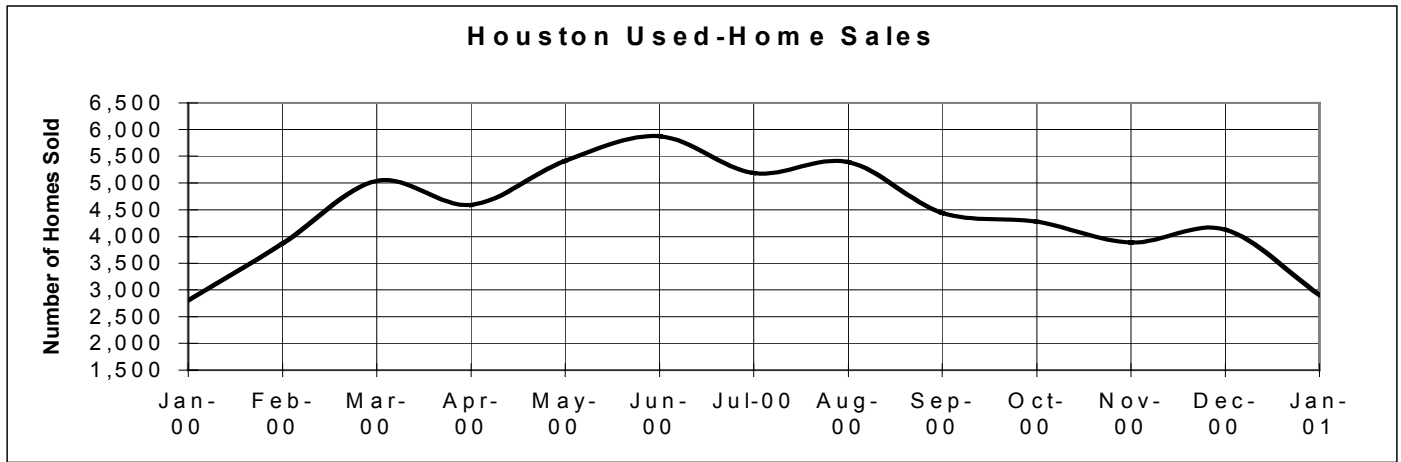
**New home sales** increased significantly in January, as 1,266 new homes were sold, up 60.5% from the 789 homes sold in December, according to **CDS Market Research**. The sales were a 6.8% decrease over the 1,359 homes sold one year ago. The CDS survey showed starts were up 2.4% in January, while closings were down 43.9%. *Note: Figures on new home sales are reported as an indication of recent market conditions and are thought to be representative of overall market trends. Data represents approximately 60% of the total market.*

**Prime Residential** has blueprinted an upscale condominium on the site of the **St. Lauren Apartments (1099)** at 2323 McCue near Westheimer. **Prime**, in partnership with **Leary Development LLC** and **The White Co.**, is planning a joint venture with the owner of the 37-year-old, 35-unit complex just north of the **Galleria Mall**. The 30 to 35-story condominium will include 170 to 200 units ranging in size from 1,000 to 2,300 square-feet. Prices will range from \$300,000 to \$700,000 with some 4,000 square-foot penthouses going for \$3 million. The architect on the \$50 to \$60 million project will be Spaniard **Ricardo Bofill** who also designed the **Shepherd School of Music** at **Rice University**.

**Newland Communities**, of San Diego, CA, is launching two master-planned communities in Katy. The developer acquired 1,500 acres of land west of Houston for its **Grayson Lakes** community. Situated on 325 acres near the intersection of Katy-Flewellen and Katy-Gaston, the community will offer 500 single-family homes in a multi-lake setting. Finished lots will be available to builders in the second quarter and homes will begin being marketed in the third quarter of this year. Newland is negotiating with **David Powers Homes**, **David Weekley Homes**, **Hammond Homes**, and **MHI** homebuilders to construct the 500 homes, which will range in price from \$175,000 to \$350,000. Newland also recently acquired 1,050 acres of land surrounding the **Meadowbrook Farms** golf course, located near the intersection of the Grand Parkway and FM 1093, for its **Seven Meadows** community. The area will contain roughly 2,500 homes, with construction beginning by the end of the year.

**Johnson Development** and **Jefferson Development** are joining forces to develop the master planned community of **Fall Creek**. The new community will bring 1,550 single-family homes, two golf courses and more than 6,000 residents to the northeast side. The 1,260-acre project is on the south side of Beltway 8, east of US 59 North, about three miles from Bush Intercontinental Airport; the property is formerly the site of the **El Dorado Country Club**. Located in the Humble Independent School District, roughly 15 minutes from downtown, there is plenty of space for commercial development, as well as for apartment units, hotels, office buildings, shopping centers, churches, and schools. The community is being modeled after the **Silverlake** master planned community, which was also developed by these two Houston-based realty companies. Home sales will begin this fall with prices ranging from \$160,000 to \$750,000.

The following chart illustrates historical used-home sale activity.

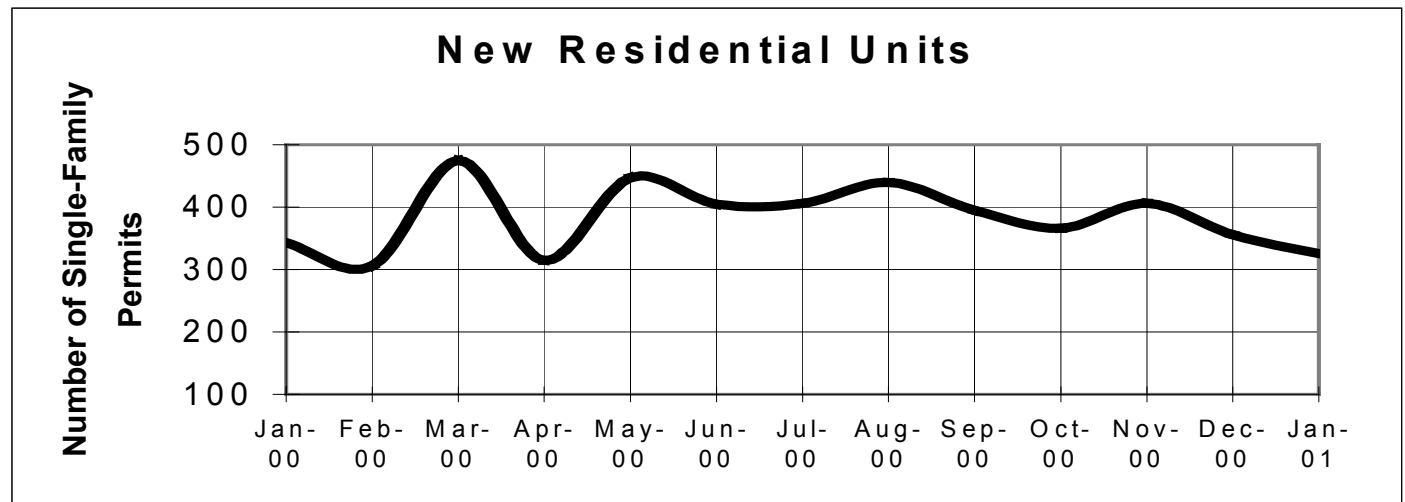


## PERMIT ISSUANCE

The City of Houston issued permits to build 326 houses and to demolish 106 houses in January 2001. Permits were issued to build 40 multifamily building (1,266 units) and to demolish 1 multifamily building. Permits for privately owned new non-residential construction totaled \$58,278,039. Public sector permits for new non-residential construction totaled \$70,319,585. Additions, alterations and conversions totaled \$37,411,000 for the private sector and \$69,679,406 for the public sector.

Total Building Permits, City of Houston			
	1999	2000	2001
January	\$ 208,472,728	\$ 277,154,254	\$ 348,921,283
Year-to-Date	\$ 208,472,728	\$ 277,154,254	\$ 348,921,283

The following chart illustrates historical permit issuance.



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# OFFICE BUILDINGS

Occupancy levels currently stand at 86.99% overall, which is an increase of 0.76 points over last quarter. Each class saw a drop in vacancy, with Classes A & D posting the strongest gains. Over the past year, overall occupancy is up 1.84 points.

Rental rates posted strong gains this quarter, up \$0.34 to \$19.45 psf, as each class saw rates increase. Overall rent growth for the year remains modest.

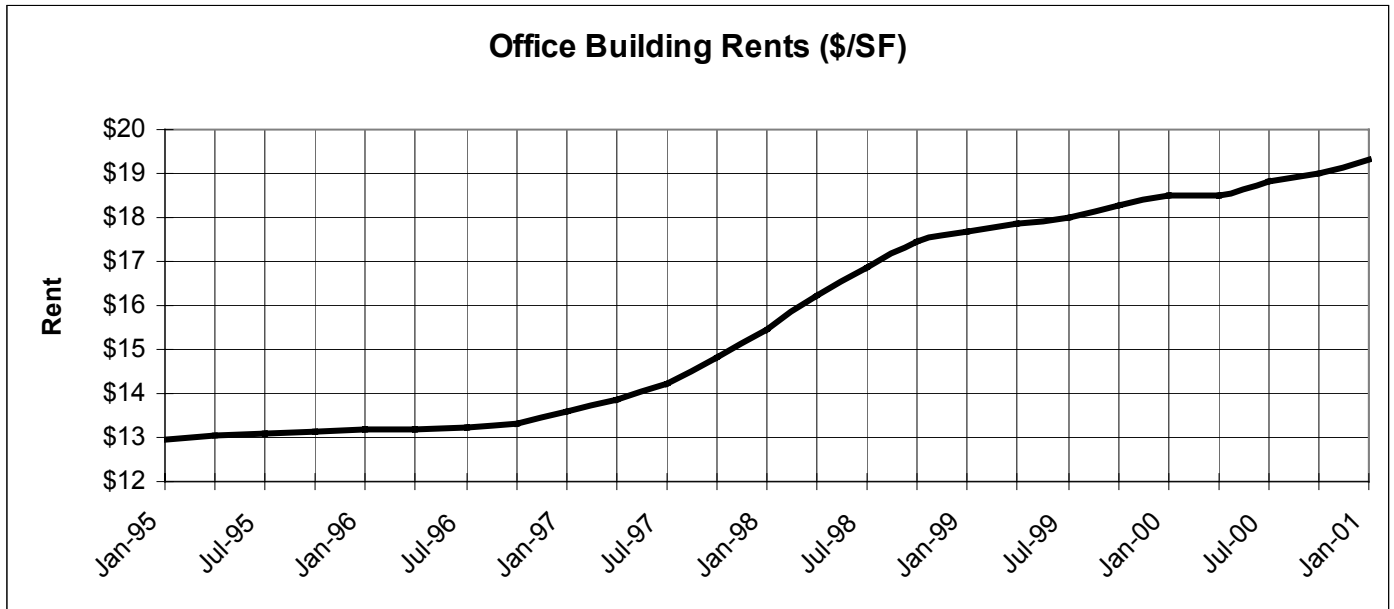
After seeing 15 buildings completed in 2000, there are an additional 15 office buildings totaling 4,649,476 square-feet currently under construction in the Greater Houston area. So far this year, one building totaling 24,550 square-feet has already been completed, while there are 31 buildings totaling an additional 7,293,415 square-feet currently proposed.

The local office market rebounded this quarter, with 1,333,673 SF absorbed in 4Q, as Class A buildings were particularly strong. Each class posted positive totals, rebounding from last quarter's sluggish absorption. Over the last year, 3,331,136 square feet have been absorbed. Over half of the absorption during the past year has been in Class A buildings.

According to the **O'Connor & Associates January 2001 Houston Area Office Data Program**, overall **occupancy** for Houston area multi-tenant office buildings is **86.99% (Class A = 90.95%; Class B = 86.25%; Class C = 80.77%)**. Meanwhile, the **overall multi-tenant office building rental rate is \$19.45 per square foot per year**, an increase of \$0.86 over one year ago.

- **Randall Davis** is converting the old **Henke & Pilot** grocery store at 242 West Gray into office space. Known primarily for his loft development in Houston, this is the first office conversion project headed by Davis. Davis purchased the store three months ago from the **Houston Housing Finance Corp.** for **\$350,000 (\$25.74/SF)**. The 13,600 square-foot building was built in the 1940s and includes interior brick walls with 18-foot ceilings. Davis has renamed the property **The Art Deco Building** and will lease the space to office and/or retail tenants for \$15 to \$18 per square-foot.
- **Landry's** is building a company headquarters (**GAL 160**) on the West Loop that will be ready this spring. The eight-story building will cost roughly \$13 million and will be solely occupied by Landry's.
- Developer **A. Brent Coon Interests LLC** will acquire two acres of land on Medical Center Boulevard in Clear Lake from **Webster Medical Inc.** for a medical office project. They plan to acquire 4.5 acres for a multi-building project, but construction will concentrate on the initial two-acre parcel. The first phase will break ground in March and will consist of a 20,000 square-foot, Class A medical office facility; phase two is still on the drawing boards. **Wingfield-Sears Group Inc.** is the project architect and **Allergy & Asthma Associates** already had pre-leased a spot in the building.
- Backed by the **University of Texas M.D. Anderson Cancer Center** and other groups, the **Southeast Texas BioTechnology Park** will give birth to many biotechnology companies in the area. The project is expected to eventually include 15 buildings with 2 million square-feet on 64 acres. The park is planned for a parcel of land roughly bounded by Old Spanish Trail on the north, Knight Road on the west, Cambridge on the east, and El Paseo on the south. The first building in the project should be under construction later this summer and open in 2003.
- **Yancey-Hausman Development** will break ground in May on **Northwest Crossing II (NOW 354)**, an 112,000 square-foot complement to **Northwest Crossing**, which was completed in December of 1999. The twin office building will be located at 13333 Northwest Freeway in the Northwest/Texas 290 submarket. The project also includes a three-level, 900-space parking garage. General contractor **D.E. Harvey Builders** and designer **Philip Edwald Architecture Inc.**, who joined forces with Yancey-Hausman on the original Northwest Crossing, will take part in the second building as well; delivery on the project is planned for second quarter 2002.

The following chart illustrates historical office building rental rate activity.



*Note: The buildings listed below are followed by the O'Connor & Associates' database identification number and are included for subscriber cross-referencing. The property information contained within the **Houston Area Office Data Program** is published on a quarterly basis.*

**Yale USA Investment Corp.**, of San Diego, CA, purchased the **Greenspoint Technology Center (NOE 173)** from **TA Sales Associates**. The 300,699 square-foot complex is located at 12061 North Freeway at Beltway 8. It is 97 percent leased with an average rental rate of \$32.50 per square-foot. Major tenants in the tech complex include **Worldwide Fiber Networks**, **Caprock Communications**, **Level 3 Communications**, **Splitrock Services**, and **Enron Communications Group**. **Richard Rudd** of **Granite Partners** brokered the transaction for the seller.

**Flood & Kallus Yen PC** purchased the office building located at **19627 North Freeway (NOW 368)** from **Reliable Life Corp.** for \$1,100,000 (\$53.44/SF). The Class C building contains 20,584 square-feet and is 76 percent leased. The two-story structure was built in 1983.

**AVPF Riverway, Ltd.**, of Coral Gables, FL, purchased **Three Riverway (GAL 066)** from **Houston Office 90, Inc.** The 20-story, 395,637 square-foot building is 83 percent leased with an average rental rate of \$23.25 per square-foot. The Class A building was built in 1980 and renovated in 1992.

**Philips Fannin LP**, of New York, NY, purchased **Bank of America – Fannin (NSO 021)** located at 1020 Holcombe from **SCI-ROEV Texas Partners, LP**. The 17-story, 263,907 square-foot building is fully leased with an average rental rate of \$17.50 per square-foot. The Class B building was built in 1963 and renovated in 1994.

**BGK Clear Lake Operating Asso.**, of Santa Fe, NM, purchased **Clear Lake Central I (SOE 101)** from **WKB Value Partners, LP**. The two-story, 125,000 square-foot building is located at 555 Gemini. The Class B building was built in 1985 and is fully leased with an average rental rate of \$14.75 per square-foot.

**Mykawa HSO LP**, of Las Vegas, NV, purchased **One Sterling Plaza (SOW 117)** from **TCP Sterling Partners, Ltd.** The six-story, 101,459 square-foot building is located at 10101 Southwest Freeway. The Class B building was built in 1982 and is 76 percent leased with an average rental rate of \$15.00 per square-foot.

**Healthsouth Corp. Trust 2000-1** purchased an 89,299 square-foot office building located at **17506 Red Oak Dr. (PRO 263)** from **First Security Bank NA**. The 12-year-old multi-tenant building is fully leased.

**Boxer Properties** purchased **Park Green I (SOW 013)** from **KBS Capital I**. The six-story, 91,626 square-foot building is located at 8300 Bissonnet. The Class C building was built in 1980 and is 42 percent leased with an average rental rate of \$14.25 per square-foot. **Jerry Goldstein** of **Marcus & Millichap** represented the seller in the negotiations, while **Rick Byers** of **Marcus & Millichap** represented the buyer.

**J. Ray McDermott** leased 147,000 square feet in the **Two Elderidge Place (FAW 299)** building located at 757 Eldridge Parkway N from the **Brookdale Group of Atlanta**. The 15-year-old Class A building consists of 14-stories and 279,895 square-feet; it is 94 percent leased with an average rental rate of \$22.00 per square-foot. **Tim Relyea** of **Cushman Realty Corp.** represented the tenant in the negotiations, while **Greg Shaw** of **Insignia/ESG** represented the landlord.

**Mann Berkeley Eye Center** is relocating its Houston headquarters from **1200 Binz (PRO 071)** to **3100 Wesleyan (NEW 150)**. The Houston-based ophthalmology practice specializing in laser vision correction will be leasing 26,281 square-feet at their new offices compared to the 20,000 square-foot space at their old office. Their new headquarters, which also houses a clinic, was built out for an early March move-in. Mann Berkeley is now the lead tenant for the 79,484 square-foot office building, which is also occupied by the architectural firm **Professional Design Group**. **Glenna Duke** of **PM Realty Group** represented the owner, **Koll Bren Schreiber Realty Advisors**, in the negotiations, while **Mary Descant** of **Caldwell Watson** represented the tenant.

**Exxon Mobil** signed a 43,537 square-foot lease expansion for a total of 152,642 square-feet at **Three Westlake Park Building (FAW 236)** from **Crescent Real Estate**. The 18-year-old Class A building is located at 550 Westlake Park Blvd. It consists of 19-stories and 414,206 square-feet and is 59 percent leased with an average rental rate of \$24.00 per square-foot. **Ronnie Deyo** and **Paul Tingley** of the **Staubach Co.** represented the tenant in the negotiations, while **Bill Schneidau** represented the landlord.

**Petrocosm** signed an 18,698 square-foot lease expansion for a total of 68,906 square-feet at **One Briar Lake Plaza (FAW 392)** from **Briar Lake Plaza**. The year-old Class A building consists of 20-stories and 502,410 square-feet; it is 66 percent leased with an average rental rate of \$27.50 per square-foot. **Charles Goldstein** of **Strategis-CRESA** represented the tenant in the negotiations, while **Chip Colvill** of **Tishman Speyer Properties** represented the landlord.

**SKH Management** leased 21,395 square-feet of space at **7700 San Felipe (FAW 194)** from **Koll Bren Schreiber Realty Advisors**. The 23-year-old Class B building consists of five-stories and 100,015 square-feet; it is 90 percent leased with an average rental rate of \$17.25 per square-foot. **Doug Little** of **PM Realty Group** represented the landlord in the negotiations, while **Trione & Gordon** represented the tenant.

**Pros Revenue Management** signed a five-year lease on 73,200 square-feet of space at the **ComTech Center (NEW 247)** from the **Houston Community College System**. The 12-story, 450,000 square-foot building is located at 3100 Main. The Class B building was built in 1965 and is 67% leased with an average rental rate of \$18.50 per square-foot. **Steve Hesse** and **Jason Presley** of **Trione & Gordon** represented the tenant in the negotiations, while **Phillip Thomson** and **Jay Bonano** of **Trione & Gordon** represented the college.

**TradeMC** leased 36,248 square-feet of space at the **West Belt Office Center I (SOW 237)** from **Myers & Crow Company Ltd.** The two-story, 136,800 square-foot building is located at 8101 W Sam Houston Parkway South. The Class A building was built in 1999 and is fully leased with an average rental rate of \$19.50 per square-foot. **Dave Howard** of **Resource Commercial Real Estate Inc.** and **Robert Ikel** of **CB Richard Ellis-Dallas** represented the tenant in the negotiations, while **Richard Crow** and **Greg Mondshine** of **Myers & Crow Co.** represented the landlord in the negotiations.

**SalvageSale.com, Inc.** leased 20,001 square-feet of space at **1001 McKinney (DTN 051)** from **1001 McKinney, Ltd.** The 22-story, 370,354 square-foot building is 59 percent leased with an average rental rate of \$18.75 per square-foot. The Class B building was built in 1947 and renovated in 1999. **Steve Rocher** and **Lucian Bukowski** of **Grubb & Ellis Company** represented the landlord in the negotiations, while **Robert S. Parsley** and **John S. Parsley** of **Colliers International** represented the tenant.

**Hilcorp Energy** subleased 49,624 square-feet of space at **Louisiana Place (DTN 070)** from **Network Oil, Inc.** The 35-story, 850,539 square-foot building is located at 1201 Louisiana. The Class A building was built in 1971 and is 97 percent leased with an average rental rate of \$22.50 per square-foot. **George W. "Trey" Strake III** of **Cushman Realty Corp.** represented the sublessee in the negotiations. In a second transaction at **Louisiana Place**, **Enron Corp.** subleased 24,622 square-feet of space from **Network Oil, Inc.** **Lance McCarthy** of **Enron Corp.** represented the sublessee in the negotiations. **Robert S. Parsley** and **John S. Parsley** of **Colliers International** represented the sublessor in both transactions.

**Litton Loan Servicing LP** subleased 7,825 square-feet of space at **Yorktown Plaza I & II (GAL 002)** located at 5353 W. Alabama from **Cox Radio Inc.** The six-story, 163,949 square-foot building is 87 percent leased with an average rental rate of \$17.75 per square-foot. The Class C building was built in 1976 and renovated in 1990. **Brad Marnitz** of **NAI Partners Commercial** represented the sublessor in the negotiations, while **Marshall Clinkscales** of **MSC Properties, Inc.** represented the sublessee.

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## RETAIL CENTERS

Overall multi-tenant occupancy increased 0.19 points this quarter to 88.32% for Houston's multi-tenant centers. This 0.19 point jump nearly negates the 0.21 point drop in a weak fourth quarter; the occupancy level had reached its highest level in over eight years back in the third quarter of 2000.

After seeing 26 and 20 centers being constructed in 1999 and 2000, respectively, retail construction is continuing a steady pace in the Greater Houston area. There are 15 centers totaling 2,374,276 square-feet currently under construction, while another 15 centers totaling 3,065,000 square-feet are proposed. Also, the city has seen three centers totaling 334,000 square feet already completed so far this year.

Overall multi-tenant absorption increased this quarter to 686,000 square-feet after falling off a bit last quarter. The overall absorption in the fourth quarter was 587,984 square-feet, which is the lowest since 335,736 square-feet were absorbed in the fourth quarter of 1999. This quarter's absorption total is 98,816 square-feet more than last quarter, but 514,616 square-feet less than this time last year. The greatest amount of absorption this quarter was measured in Neighborhood Centers, 330,136 square-feet, an increase of 308,176 square-feet over last quarter. On the other hand, Community Centers absorption fell 415,094 square-feet this quarter to 130,852 square-feet.

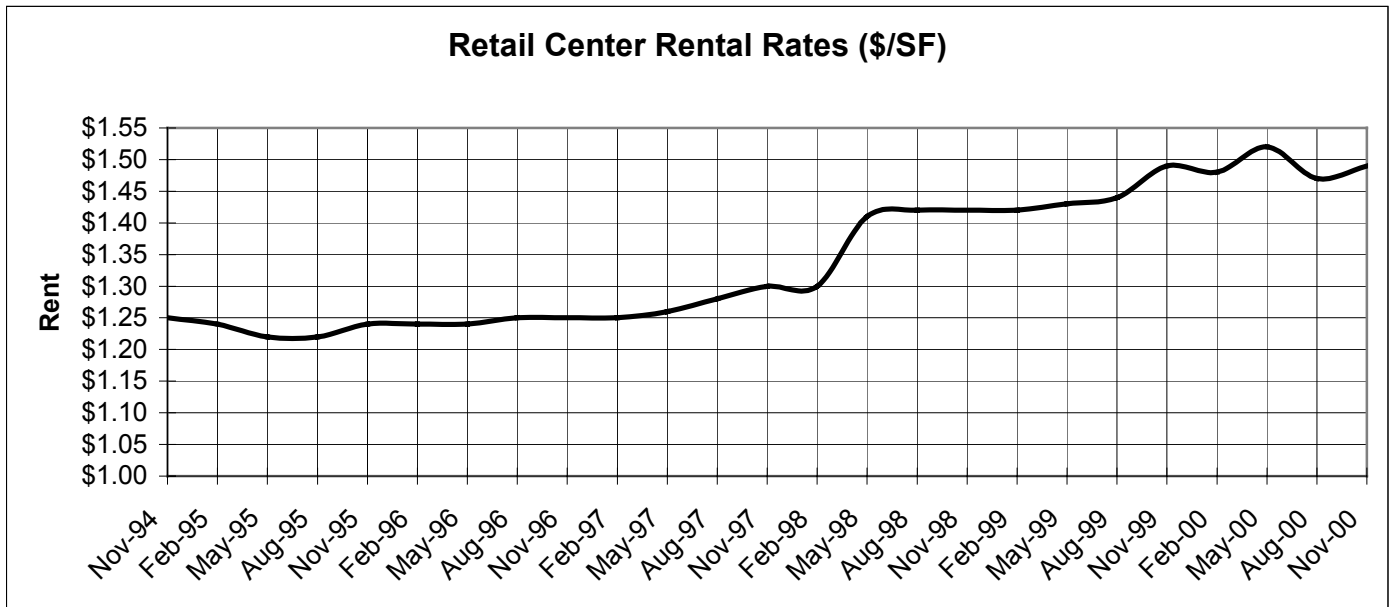
Rental rates fell in the first quarter as under-performing Regional Malls and Community Centers continue to struggle to attain rents. Community Center rents fell \$0.07 to \$1.30 per square-foot, while Regional Mall rents fell \$0.06 to \$3.02 per square-foot. The one bright spot was a \$0.01 increase in Neighborhood Center rents to \$1.02 per square-foot, while Strip center rents remained steady at \$0.86 per square-foot. On an overall basis, multi-tenant rental rates fell \$0.03 in 1Q 2001 to \$1.46 per square-foot, which is the lowest it has been since it was \$1.44 per square-foot in the third quarter of 1999.

According to the **O'Connor & Associates November 2000 Houston Area Retail Data Program**, overall **occupancy** for Houston area multi-tenant shopping centers is **88.32%**. Meanwhile, the **overall multi-tenant retail rental rate is \$1.46 per square-foot per month**.

- Following a foreclosure proceeding, **Travelers Insurance** took over ownership rights of **Sharpstown Mall (NSW 028)** from **Sharpstown Center Associates**, a New York investment group; mall owners had been in negotiations with **Alliance Retail Group** before the seizure took place. The big blow to the 1.3 million square-foot mall, which has a **Foley's**, a **Montgomery Ward** and a **Palais Royal**, came five years ago when the **First Colony Mall** opened farther west on the Southwest Freeway. Since then, the mall saw its **Oshman's** store close in 1997 and its **J.C. Penney** close in 1998; its **Montgomery Ward** store, as part of a national shutdown of all its stores, will close its doors this year. Under the new ownership, Houston's first air-conditioned mall will continue to operate as usual in hopes of one day again being one of the area's top malls.

- **Memorial City Mall (NRW 003)** has created **mCity Central**, a public design laboratory, which keeps customers and area neighbors informed about plans to renovate the mall. The mall is undergoing a \$110 million renovation and the blueprints are available for all to see. The mall has not yet finalized plans for its **Montgomery Ward's** space (national shutdown), but its **Foley's** store is being expanded and a **Lord & Taylor's** store is proposed.
  - **Wal-Mart Stores** has set its sight on the Houston grocery market by closing on five parcels of land in the area. The retail giant is building at least five of its 40,000 square-foot **Neighborhood Market** grocery stores in the Houston area. This new style of store is half the size of a regular Wal-Mart and a quarter of the size of one of the company's **SuperCenters**; these stores have already proven successful in Arkansas, Oklahoma, and North Texas. The stores will feature a full line of grocery products, as well as health and beauty products, a pharmacy, photo service, and a bank. The first area store, located at Kempwood and Gessner (**NNW 217**), is under construction and should be completed by late summer. The other reported store locations are at Highway 6 and Rippling Water (**FEW 250**) (scheduled to open this fall); on Champions Forest and Spring Cypress in Gleannloch Farms (**FNO 192**) (opening in late fall); Beechnut and Kirkwood (**FSW 219**) (opening in late fall); and Grant Road and Eldridge Parkway (**FNW 265**) (scheduled to open in early 2002). The company expects to build 10 to 15 of these stores in the Houston area within the next few years.
  - To keep up with the competition, **Target** will have a full line grocery store department by the name of **Archer Farms Market** in its new **SuperTarget** store in Sugar Land (**FSW 210**). The store, set to open in March, will offer a full line of branded grocery merchandise, as well as their own Archer Farms brand. In addition, there will be a butcher on site, a gourmet bakery and a deli. A second SuperTarget is currently under construction at South Main and Braesmain (**INL 213**) and is set to open later in July. Area retailers hope the store will aid in the revitalization of the South Main/Astrodome area.
  - The **Sterling Ridge Village Center (FNO 190)** in the Woodlands opened its doors this month. The 130,000 square foot retail center is already 97% leased. **Hermes Reed** designed the center and **William Development** acted as general contractor; it is owned by the **Woodlands Operating Co. LP**. A 63,000 square-foot **Kroger Signature Store**, a 10,000 square-foot **Eckerd Drug**, and a 9,000 square-foot **Perry's Grill and Steakhouse** anchor the center and there are 12 pad sites that have been leased. Pad site tenants include **Compass Bank**, **Exxon**, **McDonald's**, **Wendy's**, **Southwest Bank of Texas** and **America's Service Station**.
  - **Trademark**, a Fort Worth Development company, is developing a 310,000 square-foot shopping center on a portion of the old **Andrau Airpark** site. The **Royal Oaks Village (FEW 247)** shopping center will be built on 32 acres fronting Westheimer Road that Trademark purchased from **Camden Property Trust**. Phase I of the center will have a total of 143,000 square-feet, including a 83,000 square-foot **HEB** grocery; construction will begin next month and the store's opening is scheduled for December. Phase II will include a 7,000 square-foot **P.F. Chang's China Bistro**, which will open in September; it will be built on the east side of Royal Oaks Club Drive.
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The following chart illustrates historical retail center rental rate activity.



*Note: The retail centers listed below are followed by the O'Connor & Associates' database identification number and are included for subscriber cross-referencing. The property information contained within the Houston Area Retail Data Program is published on a quarterly basis.*

**Exchangers Intermediary Service, Inc.** purchased the **Corners at Bissonnet Shopping Center (FWE 037)** from **Hwa Ha Enterprises**. The 94,012 square-foot center is located on 7.3-acres at 12355 Bissonnet between Cook Road and Dairy Ashford. The 17-year-old center is 72% occupied with an average rental rate of \$0.65 per square foot. **David Mak** of **Venture Realty Co.** represented the seller in the negotiations, while **Donnie Chang** of **ABC Advisors** represented the buyer.

**Price Plaza (FEW 238)**, represented by **H. Dean Lane Jr.** and **Culver Stedman** of **Boyd Page**, signed seven retail leases totaling 117,984 square-feet to boost occupancy to 97 percent. An 111,850 square-foot **Home Depot**, a 30,187 square-foot **Ross Dress for Less** and a 33,894 square-foot **Linen 'n' Things** anchor the 348,000 square-foot retail center. The following seven signed leases totaling 117,984 square-feet. **Ed Wulfe** of **Wulfe & Co.** negotiated a 46,350 square-foot lease for **Best Buy**. **Lynn Davis** of **Trammell Crow** negotiated a 37,000 square-foot lease for **Babies R Us**. **David Nicholson** of **The Weitzman Group** negotiated a 12,054 square-foot lease for **Party City**. **Bobby Orr** of **Orr Realty Corp.** negotiated a 8,000 square-foot lease for **Lifeway Christian Book Store**. **Matt Keener** of **Trammell Crow** negotiated a 6,600 square-foot lease for **Aaron Brothers**. **Mike Chitwood** of **The Weitzman Group** negotiated a 5,100 square-foot lease for **Avenue**. Finally, **Kenneth Katz** of **Wulfe & Co.** negotiated a 2,888 square-foot lease for **Sprint PCS**. The year-old center is built on a 44.15-acre site and features an average rental rate of \$1.66 per square-foot.

**Family Dollar Stores** leased 8,064 square-feet of space at **1804 West 43<sup>rd</sup> St. (NNW 163)** from **Fouad Mekdessi**. **Clay Rabel** of **MSC Properties, Inc.** represented the tenant in the negotiations.

**Abe's Market LLC** leased 4,012 square-feet of retail space located at 1080 Clear Lake City Blvd. from **Quang Hiep Ma**. **Pete O. Zamora** of **Alliance Commercial Investments, Inc.** represented the tenant in the negotiations.

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# VACANT LAND

**Chuck E. Cheese** and **La-Z-Boy** purchased land that fronts Interstate 45 in the Woodlands from **The Woodlands Operating Co. LP** for store openings in the Woodlands. Chuck E. Cheese purchased 2.3 acres of land while La-Z-Boy bought 2.1 acres of land for a 16,000 square-foot Gallery store set to open in July. **Doug Alcott** of **Foremark Ltd.** represented Chuck E. Cheese in the land transaction, while **Dan Smith** of **Transwestern Commercial Services** represented La-Z-Boy Furniture Galleries. **Greg Jordan** of **The Woodlands Operating Co.** represented the seller in the transactions.

**Landmark Organization LP** purchased a 3.5-acre tract of downtown land from **Hakeem Olajuwon**. The land is located on McKee Street near the Warehouse District just south of Interstate 10 and west of Highway 59. This was the first buy in Houston for the Austin-based development company; the company plans to warehouse the land as part of its investment portfolio until it finds a use for it.

**Korean Central Presbyterian Church** purchased 7.9 acres of land located on the south side of **Park Row** at Texas 6 in the Interstate 10 West Energy Corridor from **Wolff Cos.** The sale closes out all the land on the highway's east side that fronts Park Row except for 2.3 acres. The church plans to use the land for a 53,000 square-foot campus that would include a sanctuary, classrooms, apartment buildings for senior citizens and a combination family center-gymnasium. **Mack Haik** of **Mac Haik Enterprises** represented the buyer in the negotiations, while **David Hightower** and **David L. Lane** represented the seller.

**Willie J. Johnson** purchased 5.0 acres of land from **Five McHard Road, Ltd.** The land, which will be used for future commercial development, is located on the north side of McHard Road, between South Post Oak Road and Chimney Rock Road. **Horace Colbert** of **Professional Realty Group** represented the buyer in the negotiations, while **Tom Condon, Jr.** of **Betz Commercial Brokerage, Inc.** represented the seller.

**7901 El Rio Development** purchased 4.92 acres of land from **R.J. Gallagher Co.** The land, which will be used for the development of office/warehouse space, is located at 7901 El Rio. **Pat Pollan** of **Coldwell Banker** represented the buyer in the negotiations, while **B. Kelley Parker III** of **Cushman & Wakefield** represented the seller.

**McCarty Drive, LLC** purchased 6.028 acres of land located at Loop 610 and Homestead from **Cypress Realty, Inc.** **Jim Bailey** of **Gems Realty** represented the buyer in the negotiations, while **James E. Foreman**, **B. Kelley Parker III**, and **John F. Littman** of **Cushman & Wakefield** represented the seller.

**GSL Constructors Ltd.** purchased 4.0 acres of land from **Aberdeen Business Park, Ltd.** The land, which will be used for the construction of a 40,000 square-foot distribution warehouse, is located on Irkton Drive in **Aberdeen Business Park (0167C - 0167L)**. **John M. Talhelm** of **Cushman & Wakefield** represented the buyer in the negotiations, while **L. Michael Wallace** and **Parker C. Johnson** of **Colliers International** represented the seller.

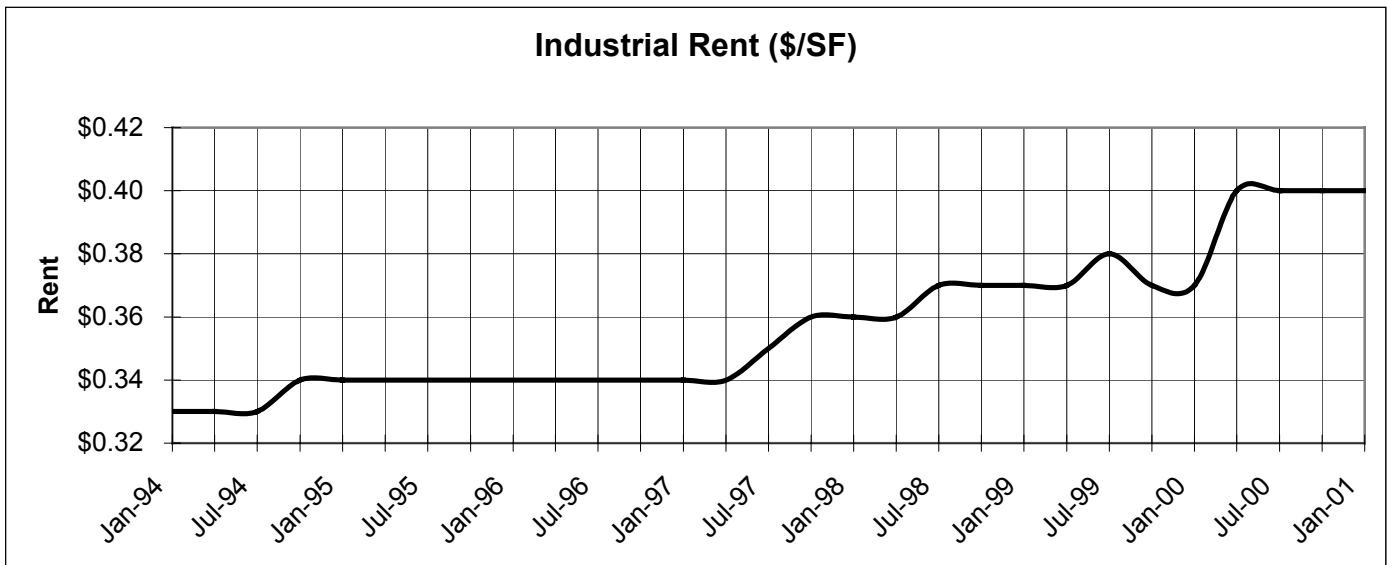
**Caldwell Watson Investments, LP** purchased 7.746 acres of land located on Spring Cypress Rd. from **Juanita Quade Kersten**. **Keith P. Grothaus** of **Caldwell Watson Real Estate Group** negotiated the transaction for both sides.

**K-Kies II, Ltd.** purchased 12.9570 acres of land located on Louetta Rd. from **12.84 Ltd.** **Keith P. Grothaus** of **Caldwell Watson Real Estate Group** represented the seller in the negotiations, while **Lacy Miclette** of **Henry S. Miller Commercial** represented the buyer.

# INDUSTRIAL FACILITIES

- **The McShane Corp.**, of Chicago, IL, who in the past has been active in Houston for other developers, has started its first development in Houston for their own account. **McShane** is developing a 61,800 square-foot office/service center (**0739N**) in northwest Houston near U.S. 290; the project is located at West Little York and Hollister Road. They decided to enter the Houston market due to the low vacancy rates and the prospect for higher rents. Construction on the project has already begun and it will be complete in June. **Stephen Schneidau** of **Cushman & Wakefield** will be handling the leasing duties for the building.
- Texas' healthy economy has also attracted **Oxford Knight International Inc.** to Houston. The New York-based holding company, which has interests in real estate, energy and technology, will relocate their Grand Island, NY headquarters to a 26-acre property north of Houston. They acquired the property in its recent takeover of **Gulf Sun**, which has been based in Magnolia for 10 years. The property includes 10,000 square feet of office space and 40,000 square feet of production space, which has been used for Gulf Sun's many energy related-products.
- Mini-blind manufacturer **Novo Industries**, which is owned by **Royal Group Technologies Ltd.** of Woodbridge, Ontario, is developing a 393,000 square-foot office/warehouse building in northwest Houston. The design-build firm **Clay Development & Construction** is constructing the build-to-suit at **7611 Railhead (0650D)** near the intersection of Rosslyn North Houston and West Road; Novo already owns about 1.5 million square-feet in the northwest corridor. The steel-frame building will be constructed with pre-engineered plastics and will take about a year to complete. **Marc Drumwright** of **Southwest Realty Advisors** represented Novo Industries in the negotiations with Clay.
- **CSR Hydro Conduit** has contracted **W.M. Dillard & Associates LP** to build what is being called the largest concrete pipe plant that has ever been constructed in the US; **WMD Design Group** is serving as the project's designer. The 178,834 square-foot plant is being constructed on 63 acres at **7310 Yorkfield (0804O)**. Construction on the project began last December and everything should be completed by September. The project consists of four buildings and a storage yard for concrete pipe. The two larger buildings are a 96,968 square-foot large-bore facility and a 64,367 square-foot small-bore concrete pipe manufacturing facility that has an automated feature that pushes cars through the kiln. The other two buildings are a 5,940 square-foot employee center and an 11,059 square-foot office building, which is already done. The project will also include a batch plant positioned between the manufacturing buildings, 25-foot deep pits and concrete floors with a shake-surface hardener.

The following chart illustrates historical industrial facility rental rate activity.



*Note: The facilities listed below are followed by the O'Connor & Associates' database identification number and are included for subscriber cross-referencing. The property information contained within the **Houston Area Industrial Data Program** is published on a quarterly basis.*

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**Floma International Trading LLC** purchased a 78,780 square-foot office/warehouse located at **7204 Navigation (3588)** from **Melton Steel Corporation** for **\$1,250,000 (\$15.87/SF)**. The 18-year-old, single-tenant facility consists of two buildings and is owner occupied.

**Carolyn A. Johnson** purchased a 43,416 square-foot warehouse located at **1347 Lathrop (3210)** from **Thomas A. Calicchio, ET AL** for **\$400,000**. The 26-year-old, single-tenant facility is fully leased with an average rental rate of \$0.25 per square-foot.

**North East Holdings, Ltd.** purchased a 25,553 square-foot warehouse located at **1901 Franklin (2883)** from **GHX Inc.** The 56-year-old, single-tenant facility is fully leased with an average rental rate of \$0.12 per square-foot.

**Gaumer Company, Inc.** purchased a 22,500 square-foot office/warehouse located at **1833 Johanna Dr. (1626)** from **Bob G. Pruett, ET UX**. The 16-year-old, single-tenant facility is fully leased.

**Cantu Investments** purchased a 21,023 square-foot office/warehouse located at **305 Gregg (3110Q)** from **Michael D. Labate**. The 56-year-old, single-tenant facility consists of five buildings and is fully leased.

**Wilson Walton International** purchased a 16,175 square-foot warehouse located at **6300 Long Dr. (4517A)** from **Paula H. Stanford**. The 51-year-old, multi-tenant facility is fully leased with an average rental rate of \$0.28 per square-foot.

**GBDS Investments** purchased a 132,620 square-foot office/warehouse on 4.4 acres located at **1335 Boyles St. (3173)** from **Thyssen Inc.** The 36-year-old, multi-tenant facility is 27 percent leased with an average rental rate of \$0.30 per square-foot. **Michael Taetz** of **Colliers International** represented the buyer in the negotiations, while **Ron Roberson** of **Caldwell Watson Real Estate** represented the seller.

**290 Warehouse LP** purchased a 40,240 square-foot manufacturing facility on 8.03 acres located at **14735 Sommermeyer (0715)** from **Williams Scotsman, Inc.** The single-tenant facility was built in 1972 and consists of two buildings. **Michael J. Taetz** and **Julie S. Tysor** of **Colliers International** represented the seller in the negotiations, while **Michael J. Taetz**, **William J. Byrd**, and **Parker C. Johnson** of **Colliers International** represented the buyer.

**ACC Development** purchased a 44,000 square-foot office/warehouse located at **5801 Armour (3288M)** from **Bridgestone/Firestone**. **Marc Drumwright** of **Southwest Realty Advisors** represented the buyer in the negotiations, while **Richard Finnerman** of **NAI/Partners Commercial** represented the seller.

**Boasso America**, of New Orleans, LA, purchased an 80,000 square-foot warehouse on 52 acres in **Jacintoport (3666)** on the Houston Ship Channel from **Transocean Sedco Forex**. This is the largest property transaction in the history of Jacintoport. **Trione & Gordon** represented the seller in the transaction.

**Trammell Crow** leased two spaces at **West Port Industrial Park I (2633D)** located at 7110A Katy Freeway for **Connecticut General Life Insurance Company**. The two-year-old, 192,000 square-foot distribution center is 72 percent leased with an average rental rate of \$0.36 per square-foot. In the first transaction, **RMS Services-USA, Inc.** leased 45,587 square feet of space with **David Hudson** of **Trammell Crow** representing the landlord in the negotiations, while **Colliers International** represented the tenant. In the second deal, **Dupont Commercial Flooring Systems** leased 33,325 square feet of space with **David Hudson** of **Trammell Crow** representing the landlord in the negotiations, while **CB Richard Ellis** represented the tenant.

**Walgreen Co.** leased 93,000 square-feet of warehouse distribution space in the **Kempwood Industrial Park (1503M)** located at 3210 Bingle from **Bingle Blankenship Ltd.** The newly constructed facility is fully leased with an average rental rate of \$0.30 per square-foot. **James E. Foreman** and **Sandra F. Harris** of **Cushman & Wakefield** represented the landlord in the negotiations, while **Mike Hill** of **CB Richard Ellis** represented the tenant.

**Transmar Distribution Services, Inc.** leased 27,000 square-feet of space at **8825 Mississippi Street (3593B)** from **D.L. Tuffli, Trustee.** The 25-year-old facility is 50 percent leased with an average rental rate of \$0.20 per square-foot. **B. Kelley Parker III** and **John F. Littman** of **Cushman & Wakefield** represented the landlord in the negotiations.

**Hays Information Management** renewed their lease of 59,003 square-feet of warehouse space at the **Minimax 2 (1957A)** located at 1501 Greengrass Dr. from **Rainer Texas Properties.** The 32-year-old facility is fully leased with an average rental rate of \$0.30 per square-foot. **Rusty Tamlyn** of **Trammell Crow** negotiated the lease renewal for the tenant, while **Bob Berry** of the **Staubach Co.** represented the landlord.

**Sam Hue Plastics, Inc.** leased 42,808 square-feet of space at **2005 Turning Basin Dr. (3569)** from **Weingarten Realty Management.** The 19-year-old, 112,616 square-foot warehouse is 38 percent leased with an average rental rate of \$0.29 per square-foot. **Ron Roberson** of **Caldwell Watson Real Estate** represented the tenant in the negotiations, while **James Bretting** of **Weingarten Realty Management Company** represented the landlord.

**Federal Express Corp.** leased 42,075 square-foot of warehouse space at **3484 W. 12<sup>th</sup> (1951A)** from **Carlyle/FR Investors.** The 29-year-old, single-tenant facility is fully leased with an average rental rate of \$0.38 per square-foot. **David Ginther** of **Fischer & Co.** represented the tenant in the negotiations, while **Grady Farris** of **Houston Industrial Brokerage** represented the landlord.

After already leasing 100,000 square-feet, **Southern Warehouse Corp.** leased an additional 200,000 square-feet at the **Claywood Business Park (1324H)** from **Weingarten Lufkin, Inc.** The 330,141 square-foot park is located at 8760 Clay Rd. and is now 91% leased after Southern Warehouse expanded their lease to 300,000 square-feet. **Ron Roberson** of **Caldwell Watson Real Estate** represented the tenant in the negotiations, while **Kelly Landwermeyer** of **Weingarten Realty Management Company** represented the landlord.

# ECONOMIC & FINANCIAL NEWS

The **number of wage and salary jobs** in the 6-county Houston area **increased by 15,700 jobs** to 2,104,500 in February 2001 from 2,088,800 in January 2001, according to the **Texas Workforce Commission**. The rise was mostly attributed to increases in the services and local government industries, which added 5,600 and 4,000 jobs, respectively, while the construction industry added 3,200 jobs. This month's total is 59,600 jobs higher than the 2,044,900 jobs at this time last year. **Houston's unemployment rate** fell 0.2 points to 3.4 percent in February, while the statewide unemployment rate dropped 0.3 points to 3.8 percent.

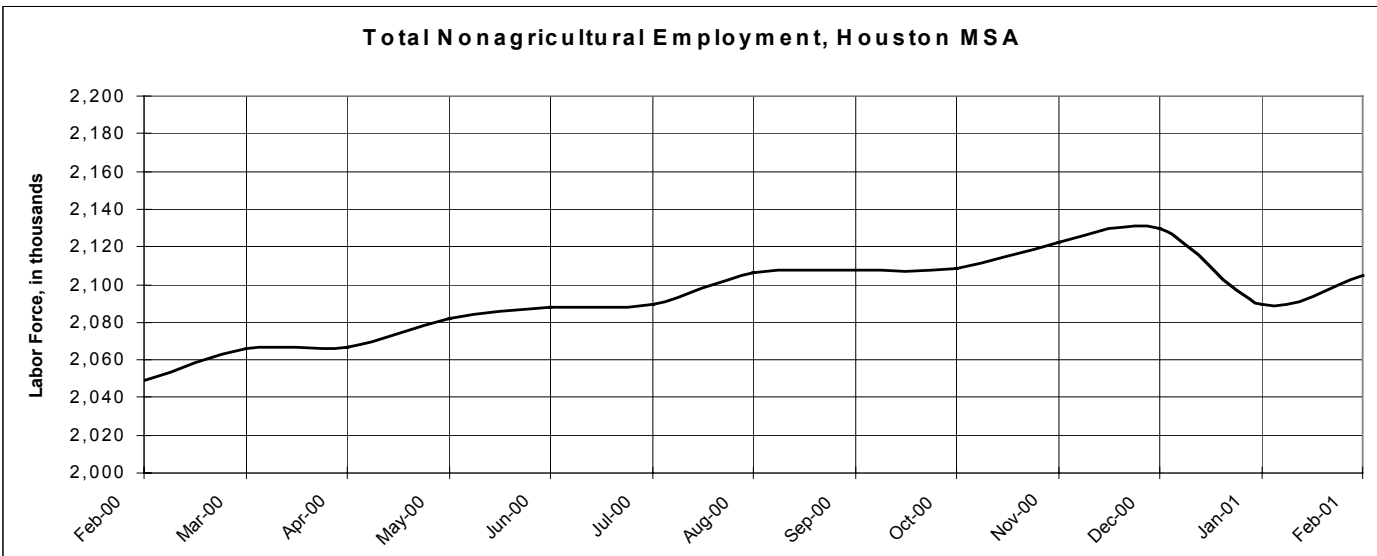
**Cornerstone Commercial Real Estate**, founded in 1988 by **Clay Smith**, is dissolving after nearly 13 years of real estate activity. Smith and his associate **Mark Newman** are joining the **Staubach Co.'s** retail team. They will focus on advisory services for regional and national retail users in the southwest in a move to improve Staubach's presence in the region, specifically in the Dallas-Fort Worth area.

**Baker Hughes Inc.** was involved in a \$100 million sale-leaseback transaction last year turning over more than 1 million square-feet to Texas Western LP. The four properties involved, encompassing 79.5 acres, are **10001 Richmond**, a 554,385 office space in Westchase (**FAW 172**); **9110 Grogans Mill Rd.**, a 275,750 square-foot manufacturing facility in the Woodlands; **12645 W. Airport Boulevard**, a 165,836 square-foot research laboratory in Sugar Land (**SOW 218**); and **2520 W.W. Thorne**, a 65,000 square-foot training facility near Bush intercontinental Airport. The buildings are occupied by Baker Hughes and its subsidiaries; the company has no plans of moving out of Houston. Baker Hughes was represented in the transaction by **R. Conrad Bernard** and **J. Michael Boyd** of **Boyd Page**, as well as **David J. Gustafson** and **Eric Wilcox** of San Francisco, CA-based **Arroyo & Coates**.

The **nation's unemployment rate** hit a 16-month high in January jumping to 4.2 percent. The jump was caused by the sharp economic slowdown that resulted in a loss of 65,000 manufacturing jobs. The **Labor Department's** unemployment report did offer hope that the nation can avoid a full-blown recession, as economists viewed the economy as weak, but not in danger of falling apart. One encouraging note was the increase of overall payrolls by 268,000 new jobs, which is the strongest total in nine months.

As part of an agreement to be bought out by a group of investors, **Loews Cineplex Entertainment Corp.**, the nation's second largest theater operator and oldest cinema chain, filed for Chapter 11 bankruptcy. Loews Cineplex is the biggest of at least 10 U.S. movie chains to have filed for bankruptcy protection in the last year; this list includes **Edwards Cinema**, which has two mega-theaters in Houston. Houston will be affected by Loews' announcement with the closing of the **Spectrum 9** theater at Augusta Drive and Westheimer, as well as the **River Oaks Plaza Cinema** located at 1450 W Gray.

The following chart illustrates total nonagricultural employment.



# THIRD-PARTY LENDERS

<b>Lender(s)</b>	<b>Phone</b>	<b>Units, SF, acreage</b>	<b>Amount, \$000</b>
<b>Apartments</b>			
Coastal Bank	713-592-6337	144	\$3,000.00
Republic National Bank	281-315-1100	320	\$3,200.00
Sterling Bank	713-952-6055	16	\$192.71
<b>Office Buildings</b>			
Column Financial, Inc.	404-239-5300	101,437	\$3,500.00
First State Bank of Texas	940-382-5421	23,526	\$477.50
Nationwide Life Insurance Co.	614-249-7111	125,000	\$6,100.00
<b>Retail Centers</b>			
Citizens 1 <sup>st</sup> Bank	903-581-1900	68,740	\$2,680.00
Comerica Bank - Texas	214-969-6675	10,650	\$295.00
First State Bank of Texas	940-382-5421	17,500	\$890.00
Parallel Commercial Capital	N/A	34,442	\$1,224.91
Republic National Bank	281-315-1100	26,600	\$1,350.00
Sterling Bank	713-952-6055	10,660	\$384.00
<b>Vacant Land</b>			
1 <sup>st</sup> Choice Bank	713-943-8833	202.46	\$1,500.00
Amresco Independence Fund	713-247-6000	1.03	\$1,100.00
Bank of America, N.A.	214-743-9779	12.20	\$1,700.00
Citizens Bank & Trust Baytown	281-427-5771	91.85	\$4,000.00
Comerica Bank	214-969-6429	21.38	\$9,950.00
Commercial Capital Corp.	714-852-0100	2.18	\$1,000.00
First Security Bank, N.A.	801-246-6600	N/A	\$1,395.20
First State Bank of Texas	940-382-5421	2.30	\$1,471.20
Frost National Bank	210-220-4000	5.93	\$2,700.00
International Bank of Commerce	210-726-6623	8.64	\$7,520.00
Redstone Bank, N.A.	713-782-6136	1.41	\$1,000.00
Sterling Bank	713-952-6055	0.99	\$1,500.00
Woodforest National Bank	713-224-6611	78.30	\$3,536.00
<b>Industrial Facilities</b>			
Horizon Capital Bank	281-332-5321	43,416	\$400.00
Republic National Bank	281-315-1100	25,553	\$1,500.00
Sterling Bank	713-952-6055	15,000	\$570.00
<b>Represents selected transactions</b>			

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