



# HOUSTON REAL ESTATE TRENDS

EDITED BY RICHARD ZIGLER

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## APARTMENTS

An estimated 125,000 people have relocated to the Houston area as a result of Hurricane Katrina, and in turn, the city has seen the expected spike in apartment occupancy as people moved from shelters and hotels to apartments. The numbers are dramatic, with 10 times the normal absorption rates and a surge in occupancy levels. Overall occupancy increased more than 3 points as the market absorbed over 20,000 units in the third quarter, most of it in the month of September. Class A accounted for 15,225 units absorbed, recording a jump in occupancy of more than 6 points. Although the numbers are not quite as high as some projected, they are substantial. The multifamily market will likely continue to post elevated occupancy levels into the next quarter as even more of those displaced by Katrina find at least semi-permanent homes in the area.

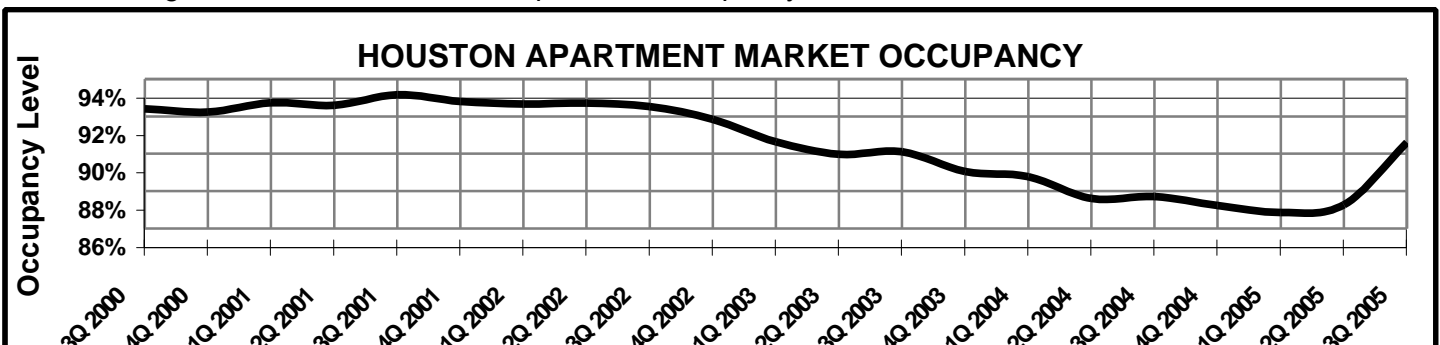
According to the O'Connor & Associates **Third Quarter 2005 Houston Apartment Data Program**, overall **occupancy** for Houston area apartments projects is **90.61%** (Class A = 93.88%; Class B = 91.24%; Class C = 88.30%; Class D = 82.75%). Occupancy is up 3.33 points from the second quarter and 2.83 points over the past year. The overall monthly **rental rate** is **\$0.802 per square foot** (Class A = \$1.053; Class B = \$0.779; Class C = \$0.656; Class D = \$0.550). Overall rents are up \$0.002 from the second quarter and \$0.008 over the past year.

Note: The multifamily projects listed herein are followed by their representative identification number as they appear in the O'Connor & Associates **Houston Apartment Data Program** and are provided for subscriber cross-referencing. The property information contained within this database is updated and published on a quarterly basis (contact us for more information).

- **Morgan Stanley Real Estate** (212-761-4000), through its Prime Property Fund, has agreed to purchase **AMLI Residential Properties Trust** for \$2.1 billion. After completing the transaction, which is expected in the first quarter of 2006, the AMLI management team will remain intact and the company will continue to manage its current properties. AMLI currently manages 6 properties in the Houston area.

- **Aron-Marom, Ltd.** (713-623-6944), a partnership between **Sandy Aron** of **Hunington Properties** and **Josef Marom** of **Long Reach Associates, Ltd.**, is developing **The Regency on San Felipe (1047A)**, a 350-unit apartment complex, and **The Shops on San Felipe (INL 316)** a 40,000-square-foot retail development, at 6363 San Felipe in the Galleria area (491N), on the current site of the **Regency Arms Apartments (1047)**. Aron-Marom recently purchased the 296-unit Class B complex from **Lennar Corp.** The developer plans to begin demolition on the existing complex in 2 months, and construction is slated to begin on the retail portion in 4 months. Construction on the residential portion is expected to begin 3 months after that, with completion targeted for late 2007. **Sanford Steinberg** of **Steinberg Design Collaborative** is designing the development. In the sale of the existing complex, **Jim Hurd** of **Houston Income Properties** represented the seller.
- **ZOM Texas** (214-220-3880) is developing a yet-unnamed 430-unit complex (**1206**) at 2121 Allen Parkway (492M) on the former site of the **Allen Park Inn**. Construction is under way on the four-story complex, which will feature a fitness center, resort-style pool, underground parking garage, and air-conditioned corridors. The property will include 1-, 2-, and 3-bedroom units ranging from 727 to 1,672 square feet, with rents averaging \$1.44 per square foot. The first units will be available for lease in the first quarter of next year, and the complex is scheduled for completion in late 2006.
- **Gables Residential Trust** (770-436-4600) has placed **Gables Pin Oak Green (1184)** and **Gables Pin Oak Park (2087B)** up for sale. Pin Oak Green is a 15-year-old, 582-unit complex located at 5454 Newcastle (491Z) and is 97% occupied with rents averaging \$1.01 per square foot. Pin Oak Park is a 13-year-old, 477-unit complex located at 4848 Pin Oak Park (531D) and is 98% occupied with average rents at \$1.02 per square foot. **Craig LaFollette** and **Todd Marix** of **CB Richard Ellis** are marketing the sale.
- **Gables Residential Trust** (770-436-4600) has begun leasing at **Gables Upper Kirby (1273)**, a 144-unit complex currently under construction at 3206 Revere (492U). The complex features studios, 1-, 2-, and 3-bedroom units ranging from 536 to 1,895 square feet with rental rates ranging from \$960 to \$3,120 per month. Construction is slated for completion early next year.
- The **La Marque City Council** rejected a request from the **Southeast Texas Housing Finance Corporation** to issue revenue bonds to finance **Bayview Estate Apartments**, a proposed 176-unit complex being planned by **RoundStone Development** (972-484-4663) at FM 519 and Lake Rd. in La Marque (737T). The complex, which was to target people with incomes ranging from \$21,000 to \$36,000, has faced opposition by residents living near the site. RoundStone plans to address these concerns, and/or attempt to obtain approval from another governmental entity overseeing the area.
- **HFF** (713-852-3500) arranged two separate loans totaling \$19.8 million to pay off construction debt for the **Club at Copperleaf (0302P)** on behalf of **Chaparral Group**. The year-old, 240-unit complex is 98% occupied with average rents at \$0.95 per square foot. **Tucker Knight** of HFF arranged the financing, with funds provided by **Banc of America Securities** and **Tremont Realty Capital**.

The following chart illustrates historical apartment occupancy.



**Madison Apartment Group** (215-496-0400) purchased eight apartment complexes in the Houston area from **Landar Holdings**. These include: **The Crossing at Sun Meadow (2695)**, a 180-unit, 98% occupied complex at 1744 Jenkins in Pasadena (537J); **The Crossing at Jackson Square (2803A)**, a 73-unit, 94%-occupied complex at 8030 West Airport Blvd. in southwest Houston (570G); **The Crossing at Sedona Square Phase I (1874)**, a 118-unit, 87%-occupied complex at 11715 South Glen in southwest Houston (529S); **The Crossing at Sedona Square Phase II (1873)**, a 132-unit, 92%-occupied complex at 9755 Court Glen in southwest Houston (529T); and **The Crossing at Woodland Trails (0292A)**, a 48-unit, 98%-occupied complex at 7058 West Gulf Bank in northwest Houston (410Q). Also included in the sale were **The Crossing at Allen Square (2675)**, **The Crossing at Bradford Place (2798)**, and **The Crossing at Burke Regency (2942)**, which were reported in last month's edition. Madison plans to spend \$2 million on improvements to the properties, including new roofs, HVAC systems, exterior painting, and landscaping.

**Creekstone Partners** (713-621-5300) purchased **The Reserve at Tranquility Lake (4025G)**, a 314-unit Class A complex at 2850 Oak Rd. in Pearland (614S), from **Falcon Group** for \$21.8 million (\$69,426 per unit). The year-old complex is 93% occupied with rents averaging \$0.93 per square foot.

**Almeck West, LLC** (818-340-7485) purchased the **Whispering Oaks Apartments (0609)**, a 44-unit Class C complex at 902 Oak St. in northwest Houston (452G), from **Howard Jameson**. The 44-year-old complex is 80% occupied with average rents at \$0.85 per square foot. **Steve Rachman** of **Marcus & Millichap** represented the buyer, while **Brian Janak** and **Robert Su** of **Marcus & Millichap** represented the seller.

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## SINGLE-FAMILY HOUSING

**MLS** home sales decreased in September, as 4,910 used homes were sold, down from the 6,667 homes sold in August, according to the **Houston Association of Realtors (HAR)**. Sales for September 2005 were down 0.8% from September 2004. The median price of a used single-family home sold in September was \$145,000, up 7.5% from September of last year, while the average home price was \$191,827, up 7% from the September 2004 level. *Note: MLS sales include primarily used home sales throughout the Houston region. Historical comparisons are offered solely for informational purposes and may not truly reflect growth in sales.*

According to **American MetroStudy**, net sales of new homes decreased 17% in September to 2,222 from 2,688 in August, but are up 10% from September 2004. Realtor co-op sales represent 74% of net sales, up from 72% in June 2004. Traffic is down 20% from last year to 23,261 in September 2005. The inventory of completed speculative homes (1,887) is 1% below last year's inventory. There are 4,461 spec homes under construction, which is up 20% from 2004. Overall, the 6,348 specs (both completed and under construction) represent a 13% increase over 2004. *Note: the 24 homebuilders in this survey account for approximately 61% of housing starts in Houston.*

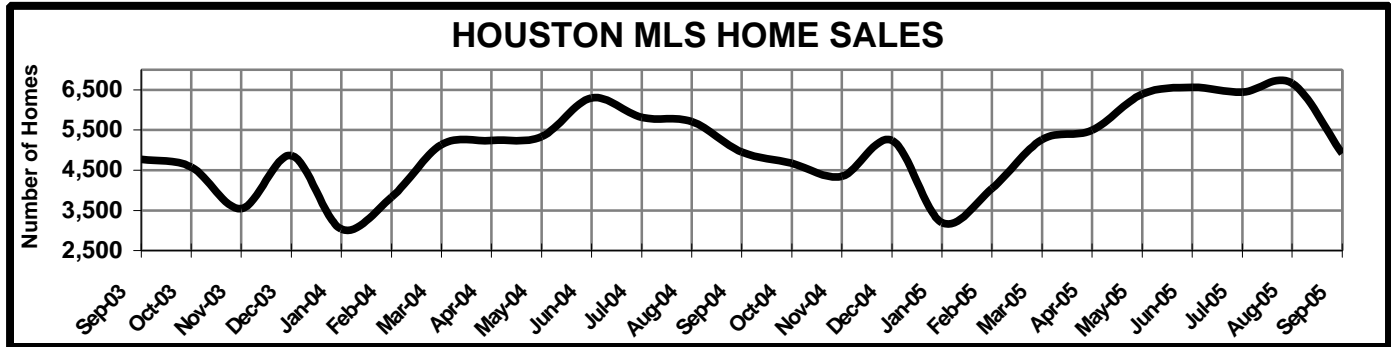
Nationwide sales of new single-family homes increased in September to a seasonally adjusted annual rate of 1,222,000, 2.1% above the revised August sales rate of 1,197,000, but were 0.1% below the revised September 2004 figure, according to a release by the **U.S. Department of Commerce**. The median sales price was \$215,700. Privately owned housing starts were at an annual rate of 2,108,000 in September 2005, 10.3% above the September 2004 figure. Privately owned housing completions were at an annual rate of 1,979,000 in September 2005, 10.9% above the September 2004 figure.

The **National Association of Home Builders/Wells Fargo Housing Market Index**, a monthly measure of builder confidence, increased 2 points in October to 72 on a scale where any number greater than 50 indicates that builders view sales as more good than poor. The index measuring current sales of new single-family homes increased 1 point to 73, the index measuring sales expectations for the coming six months increased 2 points to 72, while the index measuring the traffic of prospective buyers increased 1 point to 50.

According to the **National Association of Realtors (NAR)** 627,000 existing homes were sold in September 2005, down 15.6% from 723,000 in August. The median sale price was \$212,000, a 13.4% increase over sale prices a year ago.

According to **Foreclosure Information & Listing Service, Inc.**, there were 233 foreclosures in Harris County in October, a 72% decrease from September. The steep decline was attributed to disaster declarations related to Hurricane Rita. Harris County foreclosures for January through October 2005 posted a 10 percent increase above foreclosures for the same period last year

The following chart illustrates historical used home sales.



Source: Houston Association of Realtors

**The Redstone Cos.** (713-266-1899) has cancelled plans to built **The Redstone**, a 65-unit luxury condominium project at One Post Oaks Circle, adjacent to The Houstonian in the Galleria area (491H). Representatives for The Redstone have said a funding source backed out of the deal after Hurricane Katrina, citing uncertainty, increasing construction costs, and labor and materials shortages as a result of the hurricane.

**Moody-Simmons Partners**, a subsidiary of **Moody Rambin Interests** (713-271-5900), is developing two new communities in the Houston area. **Hunterwood**, located near Interstate 10 East in Baytown, will feature 560 homes ranging in price from \$120,000 to \$135,000. The first homes are expected to deliver in June 2006. **Silver Oak**, located along FM 1463 in Katy, will have 340 homes priced at \$250,000 to \$350,000. Silver Oak will feature 25 acres for commercial developments, 5 acres for parks, 13 acres of ball fields, and a hike and bike trail. The first homes are scheduled for completion starting in October 2006, with construction expected to wrap up in about three years.

**General Growth Properties** (312-960-5000) is developing **Bridgeland**, a new residential development along the proposed Grand Parkway south of the Northwest Freeway in northwest Houston. General Growth is currently making infrastructure improvements, and 580 home sites are currently ready for construction in the development, which will eventually span more than 10,000 acres. Builders will be chosen in the next 60 days, and model homes are slated for a March 2006 opening in The Shores, Bridgeland's first village. The development will feature a water theme, including a series of lakes and bridges. Development is expected to continue in Bridgeland over the next 20 years.

**Caspian Enterprises** (713-802-1700) is developing **Herrin Condos** at 2205 McKinney just southeast of downtown Houston (493R) in the former Herrin Building. The development will feature 52 condominium units. The building's previous owner attempted to convert it to a condominium development, but was unable to sell enough units to complete the project. Units in the new development will be priced lower than the previous one, from \$130,000 to \$230,000, and will consist of mostly one-bedroom units ranging from 700 to 900 square feet, although 2 units will have 1,400 square feet. **Spencer Partnership Architects** handled the redesign of the building. Construction on the development is under way and completion is targeted for April 2006.

**Lakeland Development** (713-520-9500) is converting the **Dawn by the Beach (6208)** apartment complex to condos. The 176-unit complex, located at 7000 Seawall Blvd. in Galveston (808E), is 76% occupied with rents averaging \$1.00 per square foot. Current tenants in the complex will be allowed to stay until their leases expire. Lakeland, which recently purchased the complex, plans improvements including granite countertops and a new swimming pool. Prices will range from \$150,000 to \$350,000.

**Karam Development Interests** (281-482-7233) is developing **Eiband's Luxury Condominiums** in the historic Eiband's Building at 2201 Postoffice St. in Galveston (775N). The 25-unit development will feature an indoor lap pool and fitness center, wood-finished interiors, and high ceilings with prices ranging from \$334,600 to \$556,875. Renovation of the building is under way.

**Texas City** officials approved the creation of a tax increment reinvestment zone (TIRZ) for the **Land Tejas** (713-783-6702) development, located along I-45 between FM 1764 and Holland Rd. in Texas City (699V). Land Tejas expects to close on a 3,400-acre tract of land next month, and to begin construction in about a year. The development could eventually contain up to 10,000 homes.

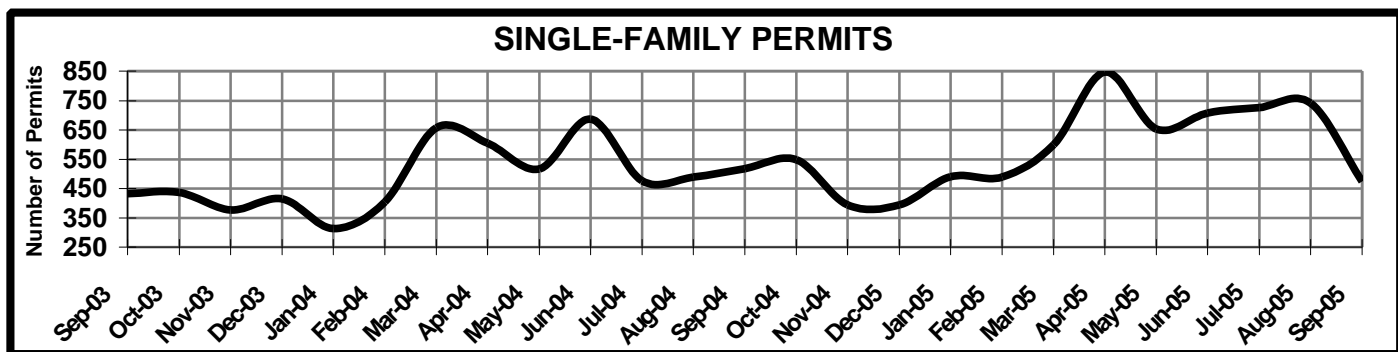
## PERMIT ISSUANCE

The **City of Houston** issued permits to build 474 private single-family houses and 9 private multifamily projects in September. Demolition permits were issued for 113 private single-family houses. In addition, 187 permits were issued for privately owned non-residential construction totaling \$62,952,967 and 5 permits were issued for public non-residential construction totaling \$4,649,100. Additions, alterations, and conversions totaled \$59,608,063 for the private sector and \$4,351,807 for the public sector.

### Cost of Construction\*

	2003	2004	2005
Month of September	\$293,520,049	\$267,727,258	\$226,970,232
Year-to-Date	\$2,796,425,952	\$2,610,677,178	\$3,032,222,055

\* The figures in this section include all categories of buildings and non-building structures



## OFFICE BUILDINGS

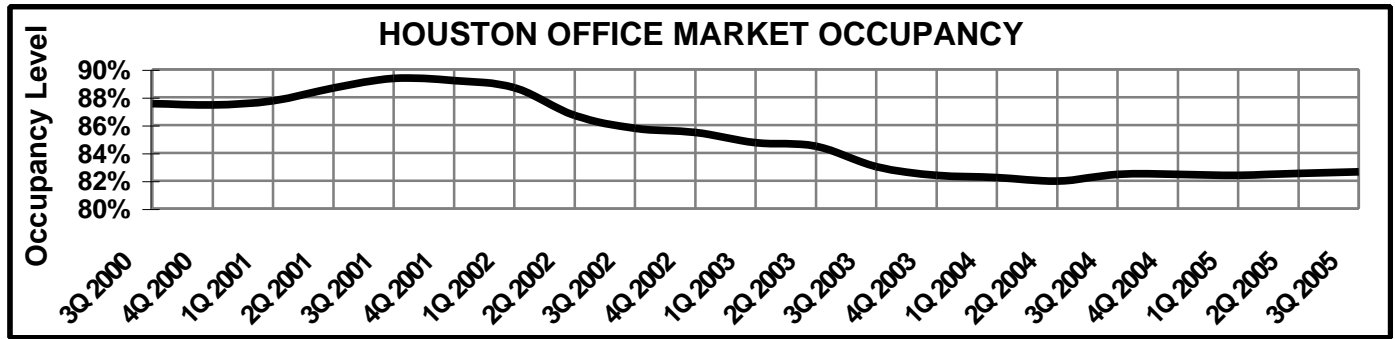
The numbers are in, and contrary to what many expected, Hurricane Katrina's wake has not been much of a boon for the long-struggling Houston office market. Absorption stood at 120,749 square feet in the third quarter, nudging occupancy up 0.08 points to 82.65%. According to Mark Preston, Senior VP of Office Services at Moody Rabin and former broker in New Orleans, the New Orleans office market, at 12.5 million total square feet, is too small to have hurricane-related relocations make much of an impact. Even if every New Orleans office tenant permanently relocated to Houston, which no one would go so far as to predict, less than half of the available space would be taken off the market. Preston predicts that between 1 and 2 million square feet of space will be absorbed by the Houston market when all is said and done, a small figure considering there is roughly 27 million square feet available. It remains to be seen which displaced companies currently in temporary space will make Houston their permanent home, but it appears that even considering the possibilities, Houston's office market will continue to post only modest gains in the near future.

According to the O'Connor & Associates **Third Quarter 2005 Houston Office Data Program**, citywide **occupancy** for Houston area multi-tenant office buildings is **82.65%** (Class A = 83.76%; Class B = 82.58%; Class C = 80.62%; Class D = 78.17%). Occupancy is up 0.23 points from the third quarter last year, and is up 0.08 points from the past quarter. The citywide annual multi-tenant office **rental rate** is **\$18.12 per square foot** (Class A = \$20.94; Class B = \$16.76; Class C = \$13.72; Class D = \$11.50). Overall rents are up \$0.06 from the third quarter last year, and are up \$0.07 from the past quarter.

Note: The office buildings listed herein are followed by their representative sector code and identification number as they appear in the O'Connor & Associates **Houston Office Data Program** and are provided for subscriber cross-referencing. The property information contained within this database is updated and published on a quarterly basis (contact us for more information).

- **Transwestern Development Co.** (713-270-7700) has been awarded a contract to develop a \$105 million mixed-use project atop the **TMC Transit Center**, a bus/light rail center located on Fannin Street near South Braeswood Blvd. in the Texas Medical Center (532H) from the **Metropolitan Transit Authority**. The plan calls for two towers; one will house a 175-room hotel along with 30 condominium units, while the other will contain approximately 168,000 square feet of medical office space (**MED 285**). The development will also include 35,000 square feet of retail space (**INL 461**), as well as a fitness center and spa. Transwestern will lease the space from Metro for a 99-year term; the monthly rent will increase over the term of the lease. **Kirksey** designed the project and construction is slated to begin within 12 months, with the first phase to be completed in 3 years.
- The **U.S. Federal Bureau of Investigation** (713-693-5000) is developing a new 250,000-square-foot office building to house its Houston headquarters at 1 Justice Park Dr. (**NNW 174**) in northwest Houston (451F). Construction is under way on the facility, which is slated for a late 2007 completion. **W. G. Yates & Sons** is constructing the building.
- **Yancey-Hausman & Associates** (713-462-8802) has broken ground on the **Offices at Park Ten Phase II (P10 035)**, a 156,000-square-foot office building at 16295 Park Ten Place in the Energy Corridor (447Y). **Tony Allen** of Yancey-Hausman will handle leasing for the building, which has a quoted rent of \$23.50 per square foot. The building is scheduled for completion in August 2006.
- **HFF** (713-852-3500) is marketing for sale **Medical Towers (MED 055)**, a 180,000-square-foot building located at 1709 Dryden in the Texas Medical Center (532H) on behalf of **Diva Corp.** Aside from a fully leased, 23,000-square-foot retail component (**INL 460**), the building is fully occupied by **Baylor College of Medicine**. Baylor recently renewed its lease for 7 years in the building, which recently underwent an extensive renovation and will soon be renamed **Baylor College of Medicine Faculty Center**. Rents in the office component average \$26.00 per square foot, and average rents are at \$2.53 per square foot (monthly) in the retail component. **Jim Savage** and **Jeff Hollinden** are marketing the sale for HFF.
- **HealthCare Facilities Development Corporation (HCFD)** (512-477-2285) on behalf of **HCA** (615-344-9551) is developing **Pearland Medical Office Building (SOE 146)**, a 67,200-square-foot medical office building at 10970 Shadow Creek in Pearland (613E) adjacent to the HCA's planned **Pearland Regional Medical Center**. The building is 70% pre-leased with quoted rents at \$17.00 per square foot. Construction is under way, with completion targeted for early 2006. **Mike Cunningham** of HCFD is handling pre-leasing and **Lincoln Harris** (713-796-1976) will handle building management.
- **Simpkins Group** (713-963-0885) is developing **The Offices at Lake Pointe**, a 36,400-square-foot complex of office condominiums located at 1415 Highway 6 in Sugar Land (568X). Simpkins recently purchased the 3-acre site, which is located in **Lake Pointe Town Center**. The complex will be ready for occupancy in the first quarter of 2006.
- **Transwestern Commercial Services** (713-270-7700) has been selected by **USAA Real Estate Co.** to handle leasing for **1001 McKinney (CBD 046)**, a 371,000-square-foot building in the Central Business District (493Q). The 58-year-old Class B building, which was recently renovated, is 77% occupied with average rents at \$17.91 per square foot.

The following chart illustrates historical office occupancy.



**Principal Financial Group** (800-533-1390) purchased the **Koch Building (GPL 095)**, a 423,000-square-foot building located at 20 Greenway Plaza (492X), from **Koch Property Co.** The 21-year-old Class A building is 98% occupied with rents averaging \$20.00 per square foot.

**Moody National Companies** (713-977-7500) purchased **3700 Buffalo Speedway (GPL 010)**, a 144,000-square-foot Class A office building in the Greenway Plaza area (492X), from **LNR Partners, Inc.** The 36-year old building is 88% occupied with average rents at \$23.50 per square foot. **Brett Moody** represented the buyer, while **Robert Williamson** and **Jeff Hollinden** of **HFF** represented the seller.

**Marathon Oil Corp.** re-upped its lease for 600,000 square feet in **Marathon Oil Tower (GAL 081)**, a 1,032,000-square-foot building at 5555 San Felipe in the Galleria area (491Q), from **Tower Associates.** Marathon had previously leased the entire building, but had offered 470,000 square feet for sublease. The 22-year-old Class A building is 86% occupied with asking rents at \$18.36 per square foot. **Tim Relyea** and **Scott Wegmann** of **Cushman & Wakefield** represented the tenant in the transaction, while **John Pruitt** of **CB Richard Ellis** and **Mark Bettencourt** of **Bettencourt & Associates** represented the landlord.

**Rowan Companies, Inc.** renewed and increased their lease by 4,642 square feet to 61,811 in **Williams Tower (GAL 062)**, a 1,515,000-square-foot Class A building in the Galleria area (491U), from **Hines** (713-621-8000). The 21-year-old building is 66% occupied with average rents at \$21.50 per square foot. **Scott Wegmann** of **Cushman & Wakefield** represented the tenant, while the landlord was represented in-house by **Ronnie Martin.**

**Velocity Express Corp.** expanded its lease to 24,000 square feet in **Corporate Plaza I (GPL 060)**, a 122,000-square-foot building at 2600 Southwest Freeway in the Greenway Plaza area (492Y), from **Yarico, Inc.** The 34-year-old Class C building is 50% occupied with average rents at \$12.00 per square foot. **Ron McWherter** of **CB Richard Ellis** represented the tenant, while **Ace Schlameus** of **Grubb & Ellis** represented the landlord.

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## RETAIL CENTERS

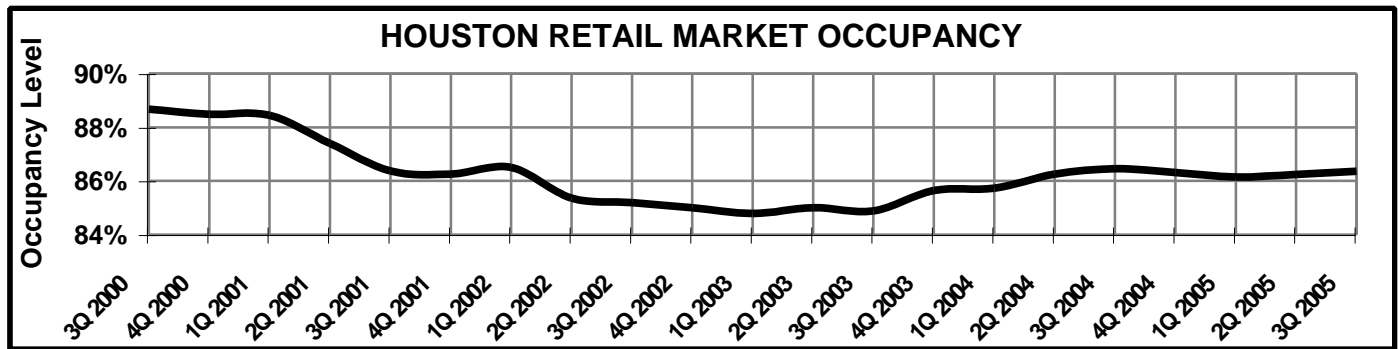
The holiday shopping season is approaching fast, and uncertainties abound in the retail market. Hurricanes Katrina, Rita, and Wilma have sent unemployment rates upward, and high gas and heating oil prices will put added strain on consumers this winter. The Consumer Confidence Index saw a decline again in October, after a staggering drop in September. Richard Hastings of Bernard Sands, LLC predicts this holiday season will be the most heavily discounted since 2002. However, amongst all the uncertainty, there are a few positives. Several major retailers, such as Wal-Mart and JCPenney, posted increased same-store sales in September, and the National Retail Federation predicts that holiday retail sales will increase this year over last year. Even amidst uncertain financial situations for many, people will still spend money during the holidays, and a strong holiday season in the retail sector would go a long way toward turning the nation's economic outlook into a positive one.

According to the O'Connor & Associates **Third Quarter 2005 Houston Retail Data Program**, citywide **occupancy** for Houston area multi-tenant retail buildings is **86.36%** (Regional = 88.05%; Community = 86.33%; Neighborhood = 85.80%; Strip = 85.98%). Occupancy is down 0.21 points from the second quarter last year, and is up 0.12 points over the last quarter. The citywide monthly multi-tenant retail **rental rate** is **\$1.57 per square foot** (Regional = \$3.02; Community = \$1.46; Neighborhood = \$1.13; Strip = \$1.10). Overall rents are up \$0.03 from the second quarter last year and unchanged over the last quarter.

Note: The retail centers listed herein are followed by their representative sector code and identification number as they appear in the O'Connor & Associates **Houston Retail Data Program** and are provided for subscriber cross-referencing. The property information contained within this database is updated and published on a quarterly basis (contact us for more information).

- **Safeway, Inc.** (925-467-3000) announced plans to close 15 underperforming **Randalls** stores in the Houston area and one in Lufkin by the end of the year. Ten **Randalls** stores in Houston will close, as well as two in Webster and one each in Pasadena, Sugar Land, and Pearland. The move is part of a broader repositioning that will see 11 other stores shutter in Texas. Since Safeway's purchase of **Randalls** and **Tom Thumb** in 1999, **Randalls'** market share in Houston has fallen from 20% to 10.8%. Safeway will continue to operate 36 **Randalls** stores in the area and plans to focus on remodeling its stores and introducing more upscale products in order to compete in the crowded grocery marketplace.
- **Big Lots!** (614-278-6800) announced plans to close 170 stores by the end of the year, including all 41 of its stand-alone furniture stores. The stores closing are located mostly in the Midwest. Details on exactly which locations would be affected were not released.
- **JCPenney** (972-431-1000) announced plans for an 88,400-square-foot store at the **Crossing at 518 Phase II (SOU 339)**, a 117,000-square-foot retail development at Texas 288 and FM 518 in Pearland (613N). The store format will be similar to the location recently opened in Katy, featuring wider aisles and cashiers stationed at the front of the store. Construction is under way on the center with plans for an August 2006 opening.
- **Marcel Management** (713-692-2653) has begun construction on two retail centers in the Houston area. The **Colonnade on Lake Conroe (FNO 258)** is a 22,125-square-foot retail center at 19786 Highway 105 West in Conroe (124W). **Windfern Plaza (FNW 398)** is a 20,200-square-foot center at 13219-13303 Windfern Rd. in northwest Houston (369U). The Colonnade is 50% pre-leased with quoted rents at \$1.20 per square foot. Windfern Plaza is 20% pre-leased with rents at \$1.15 per square foot. **Vernon Veldekens** is handling leasing at both centers for Marcel.
- **Mervyn's** (510-727-3000) is closing its 81,000-square-foot store at **Baybrook Mall (FSE 029)**, a 1,204,000-square-foot center at Gulf Freeway & Bay Area Blvd. in Friendswood (617Z). The store is set to close in December. The mall has reportedly lined up a new tenant to fill the space, although details were not available on what store the space will become.
- **Cencor Realty Services** (713-781-7111) has begun renovation on **Sagewood Shopping Center (FSE 024)**, a 81,000-square-foot center at 10900 Scarsdale Blvd. in southeast Houston (616C). The 23-year-old center is 75% occupied with average rents at \$1.37 per square foot. Tenants in the center include **Hong Kong Market**, **Blockbuster**, and **Family Dollar**. The renovation will include work on the façade, fresh paint, and new signs. The project, which is being designed by **Full Circle Architects**, is slated for completion by the end of the year.
- **Live Oak Capital** (713-993-1333) arranged a permanent loan in the amount of \$4.9 million for **DiHo Plaza (NSW 310)** on behalf of **DiHo Houston, LLC**. The 39,000-square-foot center is located at 9250 Bellaire Blvd. in southwest Houston (530E) and is 95% occupied with average rents at \$1.35 per square foot. Tenants in the center include **Chinese Café**, **Olympic Chinese Bakery**, and **World Book Company**. **Robert LaRue** of Live Oak arranged the financing, while funds were provided by **CIBC**.

The following chart illustrates historical occupancy.



**Inland American Real Estate Trust** (877-646-5263) purchased five retail properties in the northwest Houston area from **NewQuest Properties**. **Tomball Town Center (FNW 232)** is a 124,000-square-foot **Kroger**-anchored center at 14000 FM 2920 in Tomball (288K) and is 87% leased with average rents at \$2.08 per square foot. **Cy-Fair Town Center Phase I (FNW 316)** is a 102,000-square-foot year-old center at 17445 Spring Cypress in Cypress (367A) anchored by **Kroger** and is fully occupied. **Cypress Town Center (FNW 343)** is a 120,000-square-foot **Kroger**-anchored center at 12220 Jones Rd. in northwest Houston (369K) and is 88% occupied with rents averaging \$1.67 per square foot. **Eldridge Town Center Phase I (FNW 237)** is a 5-year-old center located at 12350-12436 FM 1960 West in northwest Houston (368Z) and is 94% occupied with rents averaging \$1.55 per square foot. **Kroger** anchors the center. **Eldridge Town Center Phase II (FNW 266)** is a 3-year-old **Kohl's**-anchored center located at 12200-12246 FM 1960 West in northwest Houston (368Z) and is 99% occupied. The sale also included several **Cinemark** movie theaters and **24 Hour Fitness** health clubs. NewQuest will continue to lease the properties, while Inland will assume management duties. **Dennis Holland** represented the buyer in the transaction.

**Heitman, LLC** (312-855-5700) purchased three retail properties in The Woodlands from **DRA Advisors, LLC**. **Pincroft Center I (FNO 033)** is a 350,000-square-foot 12-year-old center at 1200-1700 Lake Woodlands Dr. (252E). The **Target**-anchored center is 94% occupied with rents averaging \$2.16 per square foot. **Pincroft Center II (FNO 150)** is a 175,000-square-foot 7-year-old center at 1575 Lake Woodlands Dr. (252E) and is 99% occupied with average rents at \$2.16 per square foot. Tenants in the center include **Office Depot** and **Mattress Giant**. **Woodridge Plaza (FNO 030)** is a 208,000-square-foot 24-year-old center on the North Freeway in Spring (252E). The **Best Buy**-anchored center is 93% occupied with rents averaging \$1.83 per square foot. **Barry Brown** and **Jim Batjer** of **HFF** along with **David Stukalin** of **The Weitzman Group** marketed the sale for **DRA Advisors**.

**Eagle Equity Capital, LLC** (972-770-2255) purchased **Woodpark Plaza (FNO 169)**, a 144,000-square-foot center at 25415 North Freeway in The Woodlands (252S), from **Rocky Del Papa**. The 9-year-old center is 76% occupied with average rents at \$1.42 per square foot. **The J. Beard Co.** has been retained to handle leasing at the center, with tenants including the **Room Store**, **Lane Home Furnishings**, and **Primitives**.

**Center Real Estate Group** (713-355-4000) purchased **Spencerwood Shopping Center (FSE 014)**, a 62,000-square-foot center at 9701 Spencer Highway in La Porte (539W), from **Spencerwood Shopping Center, Ltd.** The 23-year-old **Gerland's**-anchored center is 95% occupied with rents averaging \$1.10 per square foot. **Jerry Goldstein** of **Marcus & Millichap** brokered the sale.

**Silvestri Investments** (713-785-6272) purchased **Fondren Shopping Center (NSW 051)**, a 45,000-square-foot center at 7205-7255 Bissonnet in southwest Houston (530R), from **NewPlan Excel Realty Trust**. The 34-year-old center is 90% occupied with rents averaging \$1.05 per square foot. The center is anchored by **La Canasta Furnishings**. Silvestri used in-house brokers to negotiate the transaction, while **George Cushing** and **Paula Foster** of **Grubb & Ellis** represented the seller.

**AmREIT** (713-850-1400) purchased **Westside Plaza (NRW 126)**, a 43,000-square-foot retail center at 8383 Westheimer in west Houston (490U), from **Steve Shafer**. The 10-year-old center is fully occupied with average rents at \$2.25 per square foot. AmREIT plans to renovate the center and improve the landscaping. Tenants in the center include **DSW** and **Movie Trading Co.** The buyer used in-house brokers to negotiate the transaction, while **Vaughan Ford** of **Henry S. Miller Commercial** represented the seller.

**Movie Tavern Partners, LP** (817-573-7317) announced plans to open its first two locations in the Houston area. Movie Tavern-Richey Road will lease 27,800 square feet of space at the **Commons at Commerce Park North (FNO 252)**, a 132,000-square-foot center at 15757 North Freeway in far north Houston (332Y). Deerbrook Movie Tavern will lease 20,800 square feet of space at the **Commons at Deerbrook (NEA 026)**, a 166,000-square-foot center at 9550-9710 FM 1960 Bypass in Humble (336V). Both will occupy long-vacant movie theater spaces. Movie Tavern-Richey Road is set to open in December, with Deerbrook Movie Tavern slated for a Spring 2006 opening. The theaters will offer first-run movies along with full-service dining.

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## INDUSTRIAL FACILITIES

Houston's industrial market has been on an upswing in 2005. As vacancies continue to decline, investment in Houston-area industrial properties is brisk. According to **Real Capital Analytics**, 37 industrial property transactions took place from January to mid-October 2005, totaling \$518.1 million. Sales prices have averaged \$37 per square foot this year, a decrease from last year because of the lack of institutional-grade and research & development/flex space sold, according to **Grubb & Ellis**. Grubb & Ellis also reported that the R&D and flex properties that have sold this year have gone for an average of \$50 per square foot. Even considering the lower sale prices, the flurry of investment activity so far this year is a good sign, as investors anticipate that the trend of decreasing vacancies to continue.

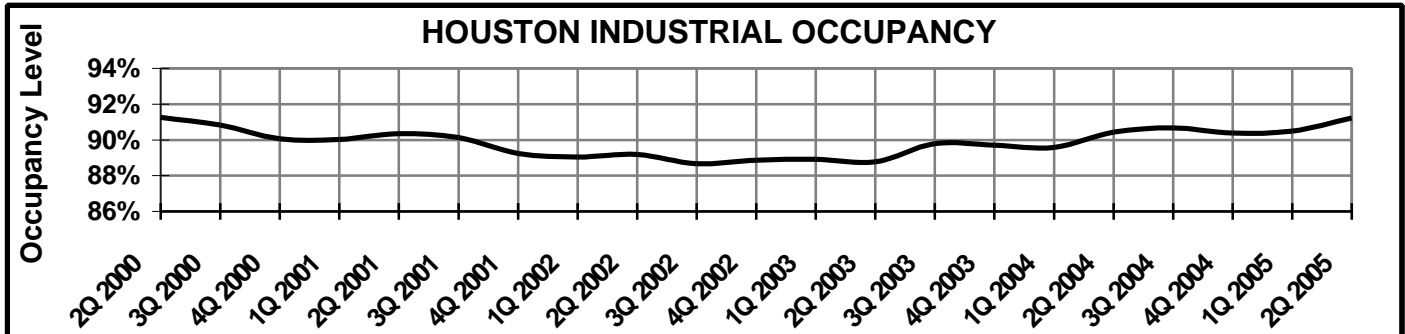
According to the O'Connor & Associates **Second Quarter 2005 Houston Industrial Data Program**, citywide **occupancy** for Houston area operating industrial facilities is **91.24%** (Flex = 88.94%; Bulk = 91.93%; Manufacturing = 93.62%). Occupancy is up 0.60 points from the last quarter, and up 0.85 points over the last year. The overall monthly **rental rates** remained flat **\$0.40 per square foot** (Flex = \$0.45; Bulk = \$0.36; Manufacturing = \$0.33).

Note: The industrial facilities listed herein are followed by their representative identification number as they appear in the O'Connor & Associates **Houston Industrial Data Program** and are provided for subscriber cross-referencing. The property information contained within this database is updated and published on a quarterly basis (contact us for more information).

- **LNR Property Corp.** (305-695-5500) is developing **Spectrum Commerce Center (5260A)**, a 147-acre industrial development along the Kirby Dr. extension south of Beltway 8 in Pearland (612D). Land development is underway, and the park is expected to include 1.5 million square feet of office/warehouse space upon full build-out, which is estimated to be between 3 ½ to 5 years from now. The development will be part of the 1,000-acre **Spectrum at Clear Creek** mixed-use development. **Saul Keeton** and **Chris Klein** of **Colliers International** are handling marketing for the project.
- **Underwood 23, LP** is developing a spec business park with industrial buildings ranging from 20,000 to 60,000 square feet on 23 acres of land near Underwood and St. Augustine streets in east Houston. Underwood 23, LP purchased the land from **1234 Underwood, LLC**. Construction is expected to begin on the park in 1 to 2 months, with completion targeted for early 2006. In the land sale, **Jay Jenckes** of **Grubb & Ellis** represented the buyer, while **Alix Fox** of **Qualified Properties** represented the seller.

- **Kamins Investment Group** (713-880-9002) is developing a 15,000-square-foot office/warehouse facility at **5821 Kelley St. (2176A)** in northeast Houston (454V). Kamins recently purchased and demolished an existing 12,664-square-foot warehouse facility on the site from **John Gold, Jr.** Construction on the facility is slated to begin in March of 2006, with a targeted completion of August 2006. **Darren O’Conor** and **M. Vincent Gyorgy** of **NAI Houston** represented the buyer, while **Richard Norris** of **Greenbriar Real Estate Services** represented the seller.

The following chart illustrates historical industrial occupancy.



**Dividend Capital Group** (303-228-2200) purchased **Gateway at Central Green I & II (0333A & 0333)**, two warehouse facilities totaling 237,000 square feet at 1606 & 1610 Greens Rd. in north Houston (373P), from **Cigna**. The 4-year-old facilities are fully occupied with average rents at \$0.35 per square foot. Both facilities feature 24-foot clearance with dock-level loading. **Trammell Crow Co.** will continue to handle leasing for the buildings. Dividend Capital was represented by in-house broker **Mark Bowen**, while **Rusty Tamlyn** and **Ralph Tullier** of **Trammell Crow Co.** represented the seller.

**EastGroup Properties** (601-354-3555) purchased **Clay Campbell 2 & 3 (1228 & 1229)**, two warehouse facilities totaling 118,000 square feet at 4300-4320 and 4454 Campbell in northwest Houston (450B), from **Buckhead Regency Industrial, LP**, as well as **World Houston 18**, a 40,000-square-foot distribution facility in north Houston (374U), from **Circle International Group**. Clay Campbell 2 & 3 are fully occupied; rents at the 23-year-old Clay Campbell 2 average \$0.40 per square foot and rents at the 24-year-old Clay Campbell 3 average \$0.35 per square foot. World Houston 18 is vacant with asking rents at \$0.36 per square foot. All three facilities feature 22-foot clearance with dock-level loading. EastGroup was represented by in-house broker **Brent Wood**, while **Rusty Tamlyn** and **Ralph Tullier** of **Trammell Crow Co.** represented the seller.

**Terrance Goan** (858-759-6867) purchased **Claymoore Park (1084H)**, a 32,000-square-foot warehouse facility at 3003-3009 Claymoore Park Dr. in west Houston (449L), from **Rolamar, Ltd.** The 5-year-old facility is fully occupied with rents averaging \$0.45 per square foot. The facility features 24-foot clearance with dock-level loading. **NAI Houston** will continue to handle leasing for the facility. **Monte Lowery** of **Marcus & Millichap** represented the buyer, while **Jeff Barbles** and **Rob Chandler** of **Marcus & Millichap** represented the seller.

**SFS intec** renewed and expanded its lease to 25,500 square feet in **6120 West by Northwest Blvd. (0725G)**, a 52,900-square-foot office/warehouse facility in northwest Houston (410X), from **TIAA-CREF** (212-490-9000). The 21-year-old facility is 89% occupied with average rents at \$0.73 per square foot. The facility features 16-foot clearance with semi-dock-level loading. The building is part of **West by Northwest Business Park**, a 293,000-square-foot industrial complex. **Charles Fertitta** of **Moody Rambin Interests** represented the tenant, while **Jude Filippone** of **Transwestern Commercial Services** represented the landlord.

**Mitsubishi Caterpillar Forklift America, Inc.** leased 25,428 square feet in **Hammerly Industrial Park (1087)**, a 93,000-square-foot office/warehouse facility located at 10795 Hammerly Blvd. in west Houston (449Q), from **Trumm, Inc.** The 20-year-old facility is 76% occupied with average rents at \$0.55 per square foot. The facility features 18-foot clearance with dock-level loading. **Jim Everist** of **CB Richard Ellis** and **David Toone** of **PinPoint Commercial, LP** represented the tenant, while **Thad Hickman** and **Tyndall Yapp** of **Grubb & Ellis** represented the landlord.

**BMC West Corp.** leased a 15,000-square-foot office/warehouse facility located at **3428 Fondren Rd. (2498A)** in west Houston (490Y), from **Warren Clark** (832-252-7300). Rents at the 34-year-old building are \$1.00 per square foot. An in-house broker represented BMC West, while **Jason Whittington** of **NAI Houston** represented the landlord.

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## VACANT LAND

**Lakeland Partners Fund Number III** has agreed to purchase 287 acres of land fronting Galveston Bay along Dickinson Rd. in Texas City from **American International Industries, Inc.** and **Cardon Group** for \$16 million (\$1.28 per square foot). Details on the buyer's plans for the land were not available.

The **City of Houston** sold 2 tracts of land in the Allen Parkway area, each housing a vacant Public Works building. **Sage Interests, Inc.** (713-864-9151) purchased 3 acres at 812 Gillette (493K) for \$5 million (\$38.26 per square foot). The tract abuts the new Federal Reserve building and currently houses parking lots. Plans for the site have not yet been determined. **Farb Apartments** (713-662-9950) purchased a tract of land at 306 McGowen Ave. (493P) for \$4.6 million.

**Farb Apartments** also purchased a 4.7 acre site along West Dallas near Montrose Blvd. (493N) from **CenterPoint Energy**. The site houses a CenterPoint facility, which they will lease from Farb until their new facility is complete at the end of the year. Details on Farb's plans for the two sites were not available, but they are reportedly considering multifamily development.

**KECH I** purchased 20.2 acres on Kingwood Place Dr. in northeast Houston from **Northeast Christian Academy**. **Roddy McAlpine** of **Colliers International** represented the seller.

**Monument Properties, LLC** purchased 13 acres of land at Fairmont Parkway and Center St. in Pasadena from **Sweetwood Ltd.** **Jeanette Holt** of **Qualified Properties** represented the buyer, while the seller was represented by **Marshall Clinkscales** of **MSC Properties**.

**Greenberg & Co.** (713-778-0900) is marketing 125,000 square feet of land for sale at 1400 & 1500 Gray in Midtown (493U). The land is on two contiguous blocks bordered by Gray, Austin, Crawford, and Webster streets, with a three-story building occupying the 1500 block. List price for the land is \$7.25 million (\$58 per square foot). **David Greenberg** is handling marketing for Greenberg.

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## ECONOMIC & FINANCIAL NEWS

The **total number of wage and salary jobs** in the ten-county Houston area **increased by 18,600 jobs** to 2,336,700 in September 2005, according to the **Texas Workforce Commission**. This month's total is **42,000 jobs more** than the 2,295,500 jobs at this time last year. Of nonagricultural employers, the Government sector posted the largest gain over the last month, at 18,500 new jobs, followed by the Educational & Health Services sector, with 2,100 jobs gained. Over the year, the Leisure & Hospitality sector has changed the most, adding 7,700 jobs.

Advance estimates reported by the **U.S. Department of Commerce** show that seasonally adjusted national retail and food services sales for September 2005 were \$351.5 billion, an increase of 0.2% from the previous month, and up 6.5% from September 2004. Retail trade sales were up 0.2% from August, and were 6.7% above last year's level. Gasoline station sales were up 34.8% from September 2004 and sales of nonstore retailers were up 11.1%.

Personal income increased \$173.5 billion, or 1.7%, and Disposable Personal Income (DPI) increased \$171.2 billion, or 1.9%, in September 2005, according to the **Bureau of Economic Analysis**. Personal Consumption Expenditures (PCE) increased \$44.1 billion, or 0.5% in September 2005. Meanwhile, the **U.S. Department of Labor** reports that the seasonally adjusted Consumer Price Index (CPI) for urban consumers increased 1.2% in September 2005, and is 5.2% higher than September 2004. All categories of goods, aside from shelter and apparel, rose in price.

The latest **Conference Board Survey** indicates that the **Consumer Confidence Index** decreased to 85.0 in October 2005, down 2.5 points from 87.5, in September. The index is an indicator of consumers' overall assessment of current conditions, relative to a figure of 100 in 1985, the base year. The **Index of Leading Economic Indicators** decreased 0.7% in September to 136.8. The index is an indicator of direction the economy is expected to take in coming months, relative to a figure of 100 in 1996, the base year.

According to the **Federal Reserve**, industrial production decreased 1.3% in September after having increased 0.1% in August, however production is 2.0% higher than the September 2004 level. Manufacturing output decreased in September, but is 2.9% higher than the September 2004 level. The rate of industrial capacity utilization was 78.6% in September, a decrease of 1.2% from August, and is up 0.6% from last year.

The **Mortgage Bankers Association (MBA)** reports that the 30-year fixed-rate mortgage (FRM) averaged 6.06%, with an average of 1.21 points (including the origination fee), for the week ending October 26th, 2005. Last year at this time, the 30-year FRM averaged 5.56%. The average for the 15-year FRM is 5.57%, with an average of 1.30 points (including the origination fee). A year ago, the 15-year FRM averaged 4.98%.

The **U.S. Department of Commerce** reports that real GDP, the output of goods and services produced by labor and property in the United States, increased at an annual rate of 3.8% in the third quarter of 2005 according to advance estimates, up from the 3.3% growth rate recorded in the second quarter of 2005. The increase in GDP during the third quarter was largely attributed to increases in Personal Consumption Expenditures, residential fixed investment, equipment and software, and federal government spending.

The **Federal Reserve** raised the federal funds rate at its November meeting to 4% from 3.75%, marking the 12<sup>th</sup> consecutive quarter-point increase since June 2004. The Fed has cited inflation fears as a major reason for the rate hikes. Commercial banks are expected to follow suit with a quarter-point increase in the prime lending rate, which currently stands at 6.75%.

The **U.S. Department of Commerce** reports that construction spending during September 2005 was estimated at a seasonally adjusted annual rate of \$1,119.9 billion, 0.5% above the August 2005 rate. The September figure is 6.8% above the September 2004 estimate of \$1,048.6 billion. Private residential construction was at a seasonally adjusted annual rate of \$624.2 billion in September, 1.0% above the revised August estimate of \$618.1 billion, and 8.2% above the September 2004 estimate of \$576.8 billion.

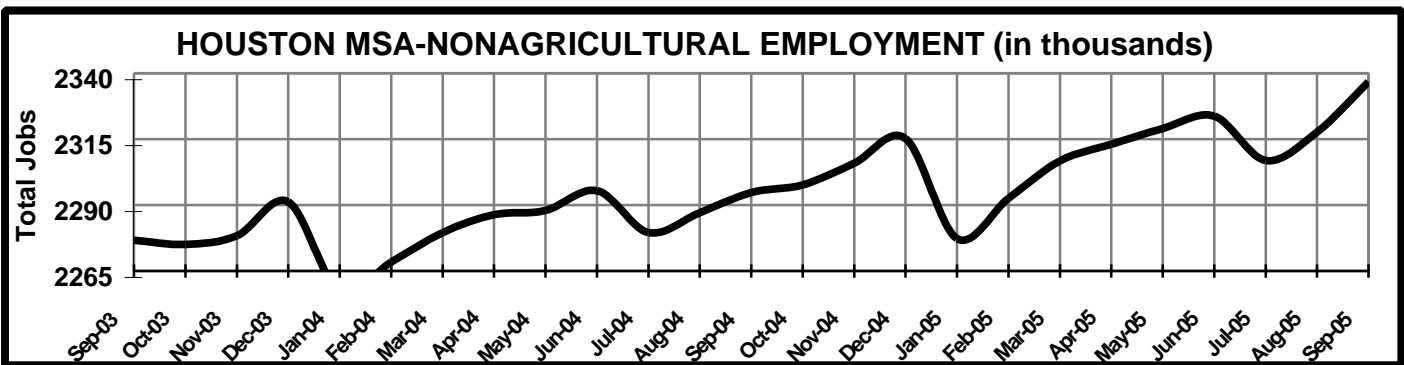
The **Baker Hughes** count of active domestic rotary rigs is up from 1,452 in September to 1,474 in October. The rig count in October is up 18% from the October 2004 figure of 1,250 rigs. The rotary rig count is a census of the number of drilling rigs actually exploring for or developing oil or natural gas in the United States.

According to the **Real Estate Center at Texas A&M University**, the **Texas Real Estate Confidence Index (TRECI)** indicates that real estate professionals have positive outlooks about their business in the upcoming quarter. The index, measured on a scale where any number greater than 0.50 is a positive indication of expectations, indicates a positive outlook across the board despite uncertainties caused by hurricanes Katrina and Rita. Currently at 0.60, TRECI is down 0.04 from the previous quarter and up 0.05 from one year ago.

The **Texas Business Leaders Confidence Index** decreased 5.7 points to 56.9 for the fourth quarter. The decline was blamed on increased economic uncertainty caused by Hurricanes Katrina and Rita. The index surveys business leaders in the state on their outlook for the state's economy, and is compiled by **Compass Bancshares, Inc.** along with its partners at **The University of Texas at Austin**, the **University of Colorado**, the **University of Arizona**, and the **University of Alabama**.

The recently released **Brazoria County Index of Economic Indicators** shows a positive economic outlook for Brazoria County. The positive numbers include an increase in the number of single-family building permits and an increase in the number of hours worked by manufacturing employees. The newly-designed index, created by **Brazosport College** economics professor **Donald Payne**, predicts the positive trend will continue for the next six months.

The following chart illustrates total non-agricultural employment in the Houston MSA.



Source: Texas Workforce Commission (TWC)

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## POTPOURRI

An analysis by **Harris County Tax Assessor-Collector Paul Bettencourt** found that property taxes on the average Houston home have increased 118% in the past 8 years, due to a combination of flat or increased tax rates and skyrocketing property values. Houston ISD plans to raise its tax rate this year, while the city, county, and Houston Community College rates will remain unchanged. Bettencourt plans to appear before all four entities to ask them to lower their tax rates.

According to **Monster Worldwide, Inc.**, an online recruitment services company, online job demand and related recruitment in the Houston area were flat in September. The index remained at 100 for a fifth consecutive month, while demand for workers increased in seven of 18 job categories. The index is meant as an indicator of employer demand for workers.

Nine Houston-area companies were recognized on **Inc.** magazine's Inc. 500 list. The annual ranking lists the fastest-growing private companies according to sales growth. The companies include **Sirius Solutions, Inc.**, **PreCash, Inc.**, and **DataCert, Inc.** Also, seven area companies earned a spot on **Deloitte & Touche's** Technology Fast 500 list, which ranks the fastest-growing technology companies. PreCash and DataCert were recognized on that list as well, along with **PayMetric, Inc.** and **I-Sector Corp.**

A study by the **Small Business & Entrepreneurship Council** ranks Texas as one of the most entrepreneur-friendly states. Texas ranked 11<sup>th</sup> in the Small Business Survival Index 2005, with South Dakota taking the top spot. The index ranks states on friendliness to entrepreneurs and small businesses by analyzing 26 different government-related costs affecting them.

Five Houston-area employers were recognized by the **Environmental Protection Agency** on their list of the best workplaces for commuters. The companies are **Anadarko Petroleum, Devon Energy, Reliant Energy, El Paso Corp.,** and **CenterPoint Energy**. The companies included provide gas-, money- and pollution-saving benefits to employees, such as van pools and flexible work schedules that allow them to take one day off every two weeks.

**Galveston Offshore Wind**, a subsidiary of **Wind Energy Systems Technologies** (337-365-0108), leased 11,000 acres seven miles off of Galveston Island in the Gulf of Mexico from the **State of Texas** with plans to build the country's first offshore wind energy farm. The company will start by erecting two meteorological towers to assess weather patterns next year, and eventually plan to erect 53 turbines and a cable to send the energy generated to a Galveston substation. Estimates state that, once completed, the farm could produce enough energy to power 40,000 homes. Furthermore, between leases and royalties, the State of Texas expects to receive more than \$26.5 million for its Permanent School Fund. The company expects to begin energy production between 2010 and 2012.

**HCA** (615-344-9551) has announced plans for a new hospital as well as improvements to several others in the Houston area. The \$105 million **Pearland Regional Medical Center**, a 60-bed, full-service medical center, will be located at Shadow Creek Parkway and Texas 288 in Pearland (613E). Construction has already begun on a medical office building and emergency and diagnostics centers, while construction is set to begin on the hospital itself in the summer of 2006, with completion slated for late 2007. HCA also plans to spend \$73 million to expand **The Women's Hospital of Texas**. New facilities will include an ambulatory surgery center, **Fannin Surgicare**, as well as a medical office building. A \$41 million expansion at **Bayshore Medical Center** will include a new emergency care center. Improvements will also be made at **West Houston Medical Center, Spring Branch Medical Center, Conroe Regional Medical Center, East Houston Regional Medical Center, Texas Orthopedic Hospital,** and **Mainland Medical Center**.

**Six Flags, Inc.** (405-475-2500) has closed the **Six Flags AstroWorld** theme park after 37 years of operation. The 109-acre site is now being marketed for sale. A combination of declining attendance at the park, rising property tax values, and parking disputes with **Reliant Stadium, the Houston Texans,** and the **Houston Livestock Show & Rodeo** led to the decision to close the park. **David Cook, Jeff Peden,** and **Marshall Davidson** of **Cushman & Wakefield** will market the site for sale. The land is anticipated to sell for \$20 to \$30 per square foot, which would total between \$95 million and \$142 million for the site.

**DnB NOR ASA**, Norway's largest bank, plans to open an office in Houston in the first quarter of 2006. The bank wants to expand its share of the energy sector. Many Norwegian oil-related companies have opened Houston-area offices in recent years, and almost 80 percent of the bank's energy customers in the U.S. are located in Texas or in states bordering Texas.

**Galveston County** commissioners hired the engineering firm of **Cobb, Fendley & Associates** to design the best route for a new road between Broadway and Harborside Drive in Galveston, near the county's new justice center. The firm recommended extending 61<sup>st</sup> Street, as well as constructing a new road between 61<sup>st</sup> and 59<sup>th</sup> streets north of Broadway, citing movement of traffic and safety reasons. County officials hope to secure federal funding for the project, which is targeted for completion in 7 to 10 years.

**Amtrak** has resumed service to Houston after an absence of over two months. The Sunset Limited train will stop in Houston three days per week during its service from Los Angeles to New Orleans. The train had suspended service because of damaged rail infrastructure due to hurricanes Katrina and Rita.

The **Freeport City Council** has agreed to annex 246 acres of land along FM 1495. The property, near the Intracoastal Waterway, is owned by Port Freeport and is currently undeveloped. Through the annexation, Freeport officials aim to control development near and along the waterway. The land also connects the city to Bryan Beach, which Freeport annexed in 2003.

Please direct any questions regarding content in the *Houston Real Estate Trends* to Richard Zigler at 713-686-9955 or [rzigler@poconnor.com](mailto:rzigler@poconnor.com)



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