



Your Key to Real Estate Services

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HOUSTON REAL ESTATE TRENDS

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APARTMENTS

The Houston apartment market continued to soften over the second quarter as occupancy continued to decline and absorption numbers remained in the red. Overall occupancy is down 0.79 points to 90.29%, with Class C and D apartments showing the largest decline losing 1.29 points and 1.00 point, respectively. Overall absorption reached a negative 2,123 units, the weakest quarterly showing on record, with Class B and C showing the weakest numbers at -469 units and -1,751 units, respectively. Rental rates, however, continue to post steady increases as market rents were up \$0.004 psf over the quarter and \$0.026 psf over the year. Class A apartments recorded the only decrease in rents, though minimal, losing \$0.001 psf. Class B, C, D each posted increases ranging from \$0.004 psf to \$0.006 psf.

According to the O'Connor & Associates **Second Quarter 2006 Houston Apartment Data Program**, overall **occupancy** for Houston area apartments projects is **90.29%** (Class A = 90.95%; Class B = 91.14%; Class C = 89.31%; Class D = 84.70%). Occupancy is down 0.79 points from the first quarter and up 3.40 points over the past year. The overall monthly **rental rate** is **\$0.825 per square foot** (Class A = \$1.087; Class B = \$0.809; Class C = \$0.685; Class D = \$0.590). Overall rents are up \$0.004 from the first quarter of 2006 and \$0.026 over the past year.

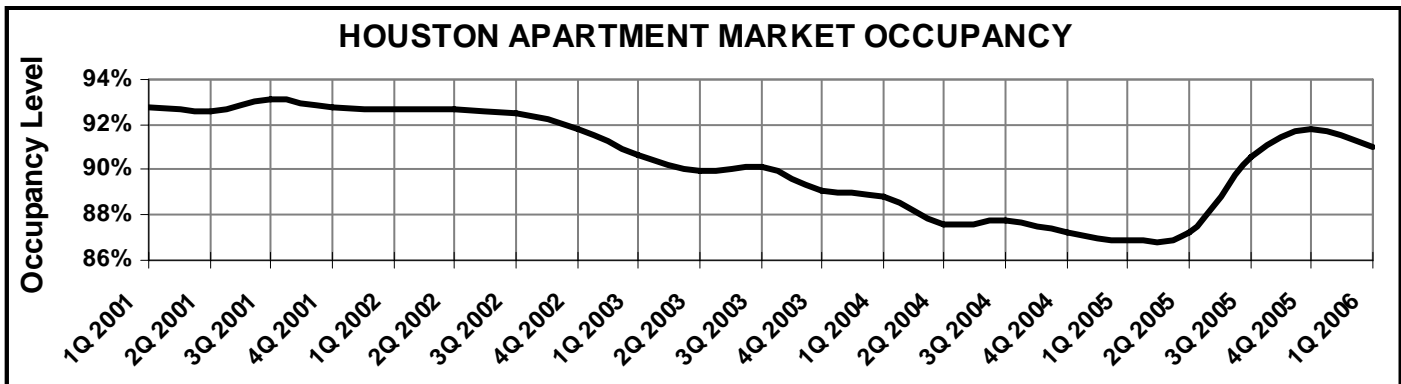
Note: The multifamily projects listed herein are followed by their representative identification number as they appear in the new O'Connor & Associates **ApartmentLink Online Data** platform and are provided for subscriber cross-referencing. *The property information contained within this database is updated on a monthly basis and accessible over the web (please contact us for more details).*

- **Dinerstein** (713-570-0300) is planning to develop a 309-unit apartment complex located along the north side of the Southwest Freeway near Wesleyan in the Greenway Plaza area (492W). The sale is under contract from **Greenway Plaza Hospitality, Inc.** and **Tiburon Corp.**, and is currently occupied by a **Comfort Inn & Suites** at 4020 Southwest Freeway and a 58,000-square-foot vacant office building at **4040 Southwest Freeway (GPL 066)**. Plans call for units to be spread over two buildings, with one- and two-bedrooms at an average of 944 square feet and are expected to rent for an average of \$1.60 per square foot. Both buildings in the complex will contain four residential levels with one of the buildings containing an additional two levels of parking below the units. The first residential floor of each building will contain loft units with 16-foot ceilings, concrete floors, and exposed ductwork. Other features of the complex include a clubhouse, fitness center, swimming pool, and numerous courtyards with grills.

Construction of the yet-unnamed complex is slated to begin in September and completed in approximately 16 months. Leasing is slated to begin in the fall of 2007. **David Cook, Jeff Peden, Marshall Davidson Jr., and Graham Horton of Cushman & Wakefield** represent the land sellers.

- **Conservatory Senior Residences** (214-969-7328) is developing the **Conservatory at Alden Bridge (17396)**, a 237-unit senior apartment complex located at 6203 Alden Bridge Dr. in The Woodlands (216Q). One- to two-bedroom units will feature granite countertops, marble vanities, crown molding, and stainless steel appliance while community amenities include a beauty salon, swimming pool, a 50-seat theater, activities programs, and fine dining. Rental rates and unit sizes are not yet available. Construction on the project is slated to finish in early 2007.
- **ARCS Commercial Mortgage Co.** (818-880-3333) arranged \$23.94 million in refinancing for **The Bristol** (3953), an 856-unit Class B complex located at 1221 Redford Rd. in southeast Houston (575E), on behalf of **Bluestone Management** (713-783-2400). The 27-year-old community is 93% occupied with average rental rates at \$0.71 per square foot. The complex features pitched roofs and is individually metered for electricity. Please note that this is not The Bristol Condominiums in the Galleria area.
- **LMI Capital** (281-363-4920) arranged a 10-year \$3 million cash-out refinancing loan on behalf of **BBL Investments, LLC** for the renovation of **Windsor Park Apartments (4434)**, a 130-unit Class D complex located at 7900 Creekbend in southwest Houston (530Y). The 30-year-old complex is 95% occupied with average rents at \$0.66 per square foot. **Jamie Mullen** of LMI arranged the financing with funds provided by **Column Financial**.

The following chart illustrates historical apartment occupancy.



TIAA-CREF (212-490-9000) purchased a 4,471-unit Portfolio from **LF Immobilien Portfolio KG** including 11 properties totaling 2,295 units developed by **Sueba** in Houston: 192-unit **El Mundo Park (3503)**, 224-unit **Parque del Oro (3504)**, 212-unit **San Marin (3519)**, and 252-unit **San Melia (15794)** all on El Mundo St. in south Houston (533N); the 200-unit **Mirage (2375)**, 48-unit **Miramar (4535)**, and the 264-unit **Phoenician (2376)** all located on Bering St. in the Galleria area (491T). The remaining complexes are the 299-unit **Montecito (2364)** at 2300 McCue Rd. in the Galleria area (491U), the 66-unit **Plaza del Oro (3510)** at 2700 Holly Hall in south Houston (533N), the 314-unit **San Montego (2099)** at 1600 Eldridge Pkwy. in west Houston (488L), and the 224-unit **Versailles Park (3479)** at 2700 Alameda Rd. in south Houston (533J). The additional 2,176 units acquired by TIAA-CREF are located in Chandler, Mesa, and Phoenix, Arizona. **CB Richard Ellis's LaFollette Team** represented the seller in Houston, while **Tyler Anderson** and **Sean Cunningham**, also with CBRE, represented the seller in Arizona. **Lincoln Property Company** will manage the properties.

Abbey Residential Services, Inc. (205-823-9101) purchased **Bentworth Apartments (2171, 2164, 2168)**, a 680-unit complex located at 11655 Briar Forest Dr. in west Houston (489P), from **Bentworth Apartments Ltd.** in a foreclosure sale. The 29-year-old property is 50% occupied with average rental rates at \$0.67 per square foot. Community features include three swimming pools, a clubhouse, a fitness center, seven laundry facilities, a children's activity center, and a playground. The complex features pitched and flat roofs and is individually metered for electricity. **David Wylie** and **Cliff McDaniel** of **Apartment Realty Advisors** brokered the transaction.

Venterra Realty (281-554-6900) purchased **Wilshire Place (1565)**, a 536-unit Class B complex located at 6000 Hollister in northwest Houston (410Z), from **Camden Property Trust**. The 24-year-old property is 94% occupied with average rents at \$0.83 per square foot. The complex features pitched roofs and is individually metered for electricity. **CB Richard Ellis's LaFollette Team** brokered the transaction. **HFF** arranged a 10-year 6.16% fixed-rate securitized loan for the acquisition of the property. **Cortney Cole** of HFF arranged the loan with funds provided by **Wachovia Securities**.

SMC Management Corp. (617-923-8933) purchased **Ranch at City Park (16970)**, a 270-unit Class A complex located at 11900 City Park Central Ln. in south Houston (573J), from **Guefen Development Co.** The year-old property is 87% occupied with average rental rates at \$1.05 per square foot. The buyer was self-represented, while **CB Richard Ellis's LaFollette Team** represented the seller. **Alliance Communities** (713-599-0280) will oversee the management of the property.

AEW Capital Management (617-261-9000) purchased **Archstone Midtown (2682)**, a 243-unit Class A complex located at 10 Oak Court in Midtown (493P), from **Archstone-Smith**. The 8-year-old property is 95% occupied with average rents at \$1.36 per square foot. **David Mitchell** of **Apartment Realty Advisors** brokered the transaction.

10000 Spring Rose, Ltd. (408-354-1717) led by **Ronald Matsuura, DDS**, purchased **Spring Rose Apartments (3035)**, a 182-unit Class D complex located at 10000 Club Creek in southwest Houston (529R), from **Class Brothers Enterprise, Inc.** led by **Thu Xuan Hoang**. The 27-year-old property is 98% occupied with average rents at \$0.58 per square foot. **Bishale Patel** of **Houston Income Properties** brokered the transaction. **Granite Asset** (281-487-3135) will manage the property. **Brandon Brown** of **LMI Capital** arranged a \$3.3 million interim loan, which provided 80% of the acquisition costs.

SINGLE-FAMILY HOUSING

MLS home sales increased in May, as 6,187 used homes were sold, up from the 4,904 homes sold in April, according to the **Houston Association of Realtors (HAR)**. Sales for May 2006 were up 13.3% from May 2005. The median price of a used single-family home sold in May was \$145,500, up 7.8% from May of last year, while the average home price was \$191,141, up 7.2% from the May 2005 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.*

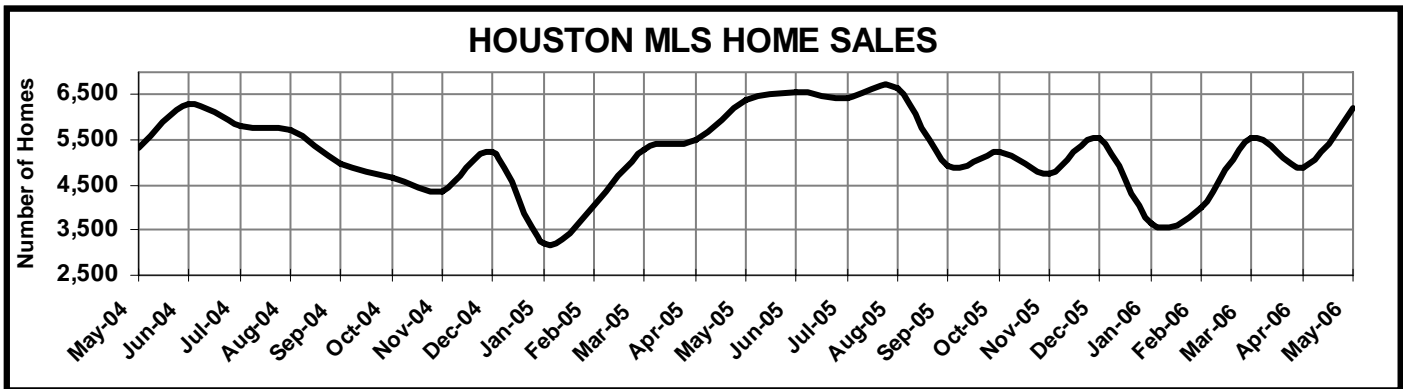
According to **American MetroStudy**, net sales of new homes decreased 4% in May to 3,172 from 3,302 in April, but are up 4% from May 2005. Realtor co-op sales represent 57% of gross sales, up from 54% in May 2005. Traffic increased 6% from last year to 33,226 in May 2006. The inventory of completed speculative homes (1,762) is 12% below last year's inventory. There are 4,528 spec homes under construction, which is up 20% from 2005. Overall, the 6,290 specs (both completed and under construction) represent a 9% increase over 2005. *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 May to a seasonally adjusted annual rate of 1,234,000, 4.6% above the revised April sales rate of 1,180,000, but were 5.9% below the revised April 2005 figure, according to a release by the **U.S. Department of Commerce**. The median sales price was \$235,300. Privately owned housing starts were at a seasonally adjusted annual rate of 1,957,000 in May 2006, 3.8% below the May 2005 figure. Privately owned housing completions were at a seasonally adjusted annual rate of 1,878,000 in May 2006, 10.1% below the May 2005 figure.

The **National Association of Home Builders/Wells Fargo Housing Market Index**, a monthly measure of builder confidence, decreased in April to 42 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 decreased 3 points to 47, the index measuring sales expectations for the coming six months decreased 5 points to 50, while the index measuring the traffic of prospective buyers decreased 4 points to 29.

According to the **National Association of Realtors (NAR)**, 639,000 existing homes were sold in May 2006, up 14.1% from 560,000 in April. The median sale price was \$229,700, a 6.4% increase over sale prices a year ago.

The following chart illustrates historical used home sales.



Source: Houston Association of Realtors

Randall Davis Co. (713-526-9810) is planning to develop **Diamond Beach**, a 250-unit condominium project located at 10300 Seawall Blvd. at 105th St. on the west end of Galveston Island (807K). Units in the seven-story project will range in size from 1,050 to 1,300 square feet and are priced from the low- to mid-\$400,000's. Units will feature custom Italian cabinetry, stone floors, and Miele appliances. Community features include a day spa, three pools, private theater, wine room, and fitness center. Construction is slated to begin in January of 2007 and completed by the summer of 2008.

Don Jordan of Jordan Properties (409-737-9779) is planning to develop a yet-unnamed 219-unit condominium development located on 28 acres along Eckert Dr. on the west end of Galveston Island (806W). Proposed amenities for the 16-story project include a swimming pool, garden pavilion, tennis courts, and elevated boardwalk. Unit sizing and prices as well as construction dates have yet to be released.

Sunrise Senior Living (703-273-7500) is planning to develop **The Sterling at The Woodlands**, a 133-unit senior-living condominium project located at 2323 Lake Robbins Dr. in The Woodlands (251G). The one- and two-bedroom units range in size from 900 to 3,000 square feet and are priced from the \$400,000 to \$1.3 million. The project will feature a six-story wing and a ten-story wing. Construction is slated to begin in the summer of 2007 and completed in the spring of 2009.

Caldwell Watson Real Estate Group (713-690-0000) is planning to develop **Towne Lake**, a 2,400-acre master planned community located along Barker Cypress, south of the Northwest Freeway in the Cypress Fairbanks area (367W), on land recently purchased from the **Mary Edith Giles Estate**. Proposed features of the community include 3,000 homes and a 300-acre system of lakes allowing travel by boat within the community, as well as 500,000 square feet of retail space including a town center, churches, schools, a yacht club, wharf retail, a library, theaters, and restaurants. Construction dates for the project have yet to be released. **Keith Grothaus** of Caldwell Watson brokered the land transaction.

The Godi Group (480-483-3635) is planning to develop **Sienna Plantation South**, a 3,800-acre 10,000-home master planned community located on recently purchased land adjacent to Sienna Plantation in Fort Bend County (691F). Homes in the development are expected to be in the \$300,000 price range. Plans for the community include a 38-acre "Main Street", which will include retail, restaurants and entertainment, and office space. Construction of the community is slated to begin this September and completed in four to six years.

Woodbend Builders (713-468-6633) is developing **Woodband Village**, a 41-home gated community located near the intersection of Long Point and Wirt Rd. in Spring Branch (451T). Homes in the community range in size from 1,245 to 1,802 square feet and are price from \$179,900 to \$224,900. Construction began in the first quarter and is slated for completion next year.

Marcel, Inc. (281-363-1336) is developing **Villagio Villas**, a community with 35-townhomes located adjacent to the **Villagio (FEW 320)** shopping center at the intersection of Westheimer and Peek Rd. in west Houston (485U). The homes range in size from 1,940 to 2,265 square feet. Pricing and construction dates have yet to be released.

Parkwood Builders (713-460-0264) is developing **Park at Shady Villa**, a 32-home gated community located near Wirt Rd. in Spring Branch (451X). Homes in the community range in size from 1,985 to 2,779 square feet and are price from \$270,000 to \$300,000. Construction began in May of 2005 and is slated for completion this December.

INOVA Homes, LLC (281-565-7281) is developing a series of homes capable of sustaining 140 miles per hour Category 4 Hurricane winds, and some models capable of sustaining 175 mile an hour winds. The homes, which have floor plans ranging in size from 880 to 2,581 square feet and in price from \$80 to \$120 per square foot, are pre-built in climate-controlled environments, and then crane lifted to home sites. The pre-site construction completes 95% of the home, and eliminates wood mold by being built indoors. Inova's first home was set in place in Galveston this June and is currently listed for \$350,000.

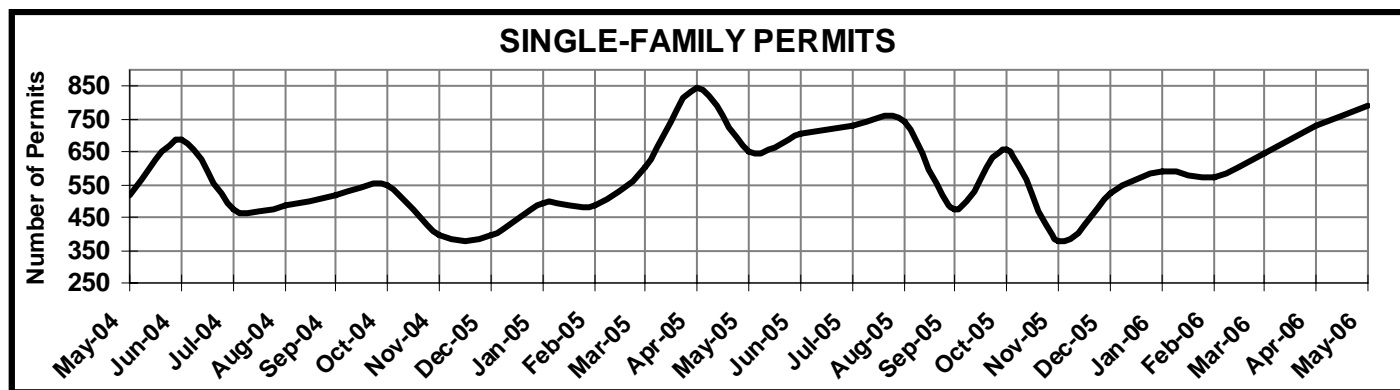
PERMIT ISSUANCE

The **City of Houston** issued permits to build 789 private single-family houses and 20 private multifamily buildings in May. Demolition permits were issued for 102 private single-family houses. In addition, 368 permits were issued for privately owned non-residential construction totaling \$116,338,378 and 13 permits were issued for public non-residential construction totaling \$12,136,693. Additions, alterations, and conversions totaled \$107,404,584 for the private sector and \$32,840,477 for the public sector.

Cost of Construction*

	2004	2005	2006
Month of May	\$301,262,151	\$292,803,757	\$464,276,763
Year-to-Date	\$1,479,072,132	\$1,641,921,462	\$1,973,808,568

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



OFFICE BUILDINGS

Rental rates in the Houston office market continued on their upward trend over the first quarter as they increased for the third consecutive quarter, and have gained \$0.30 per square foot (psf) over the year, reaching \$18.40 psf. And for at least three consecutive quarters, Classes A, B, and C have also posted rental rate increases. **Class A** rents showed the largest increases in rents over the quarter, up \$0.21 psf over the quarter and \$0.46 psf over the year. The highest rental rates continue to be found in **The Woodlands/Conroe** and **Katy Freeway West** sectors at \$22.02 and \$21.96 psf, respectively, with The Woodlands/Conroe sector posting a \$0.72 psf increase over the quarter. The **Class B** rents are up \$0.11 psf over the quarter to \$16.94 psf, and up \$0.24 psf since this time last year. **Class C** rents also posted quarterly and yearly increases of \$0.01 and \$0.16 psf, respectively, and are at \$13.78 psf.

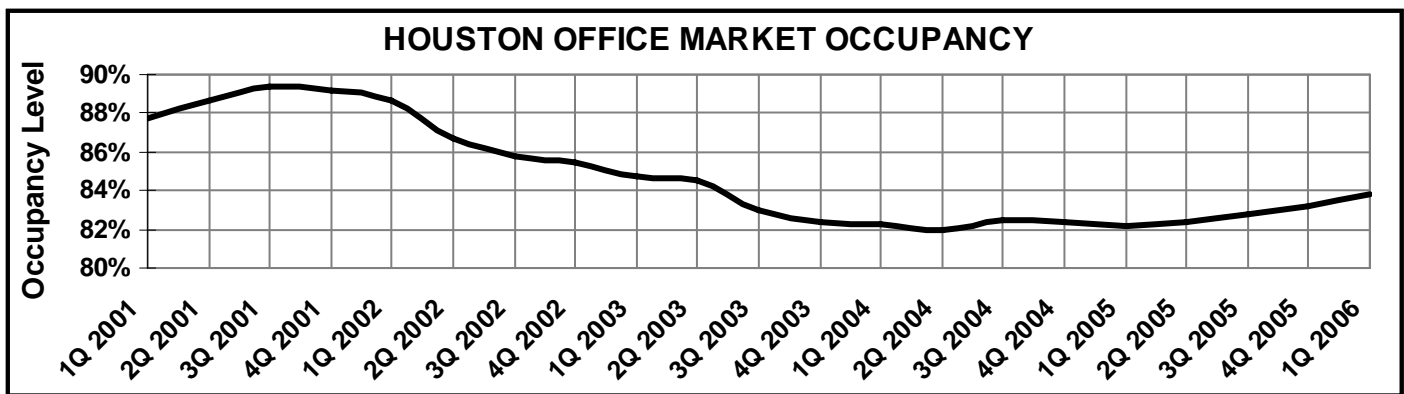
According to the O'Connor & Associates **First Quarter 2006 Houston Office Data Program**, citywide **occupancy** for Houston area multi-tenant office buildings is **83.85%** (Class A = 86.49%; Class B = 82.05%; Class C = 81.33%; Class D = 79.41%). The citywide annual multi-tenant office **rental rate** is **\$18.40 per square foot** (Class A = \$21.38; Class B = \$16.94; Class C = \$13.78; Class D = \$11.42). Overall rents are up \$0.30 from the first quarter last year.

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).

- **Brookfield Properties Corp.** (212-417-7000) and the **Blackstone Group** (212-583-5000) are under an agreement to purchase **Trizec Properties**, including its Canadian entity for \$8.9 billion. The agreement, which is slated to close in the fourth quarter, includes 61 office buildings totaling nearly 40 million square feet, including 7 Houston properties totaling over 6 million square feet. The Houston properties include: **One, Two, and Three Allen Centers (CBD 101, 074, 007)**, **Continental Centers I (CBD 072)** and **II (CBD 024)**, the **500 Jefferson Building (CBD 023)** and the **Kellogg, Brown & Root Tower (CBD 025)**. Brookfield will oversee management and leasing of the buildings.
- **Duke Realty Corporation** (713-353-3200) is planning to develop **Sam Houston Crossing**, a 6-building office park located on Beltway 8 north of West Rd. in northwest Houston (409H), on 42 acres of recently purchased land from **West Development, LP**. The buildings will be comprised of two- to three- stories each and will total over 700,000 square feet of office space. The first building, **Sam Houston Crossing One (NOW 053)**, with 160,000 square feet, is slated for construction this summer and ready for occupancy by the first quarter of 2007. **Todd Edmunds** and **Bill Byrd** of **Colliers International** represented Duke in the land transaction, while **Don Eastveld** and **Jon Spears** of the **National Realty Group** represented the seller. **David Hudson** of Duke will handle management and leasing of the office buildings
- **Trammell Crow Co.** (713-963-1000) and **Principal Real Estate Investors** (800-533-1390) are planning to develop **The Energy Center (KFW 085)**, a two-building 630,000-square-foot Class A office complex on 9.4 acres of land on Eldridge Parkway between Dairy Ashford and the Katy Freeway in west Houston (488C). Phase one, consisting of a thirteen-story 330,000-square-foot building with asking rents at \$18.50, is slated to begin construction in September and will take 12 to 14 months to complete. Phase two is slated to begin 12 to 18 months after construction begins on the first phase. Trammell Crow will oversee the management and leasing of the buildings.
- **5433 Westheimer, LP**, a joint venture between **AmREIT** (713-850-1400) and **Songy Partners Limited** (713-572-9100) is planning a redevelopment of the **Prosperity Bank (GAL 099)**, a 134,000-square-foot office building located at 5433 Westheimer in the Galleria area (491U). The 40-year-old Class B building is 79% occupied with average rental rates at \$16.00 per square foot. Possible redevelopment plans include a mixed-use development with retail, hotel, residential, or office space, though definite plans and construction dates have yet to be released.

- **British Petroleum (BP)** (281-366-2000) is developing an **Employee Services Building (SOE 154)**, with 60,000 square feet located on Fifth Ave. for the Texas City Plant (738J). The building will house offices, employee and uniform lockers, training rooms, a credit union office, a medical department, and lunch/meeting rooms. Construction of the building is slated for completion in May of 2007.
- **Binz Medcorp** (917-208-8030), led by **Peter Sareyani**, is planning to develop a yet-unnamed medical condominium building on a 0.5-acre site at Binz and La Branch near Hermann Park (533A). Plans for the project include medical offices, exam rooms, and private patient recovery rooms. Suite sizes, pricing, and construction dates have yet to be released. The site was originally acquired for the development of a 35-story residential condominium development.
- **Marcel, Inc.** (281-363-1336) and **Titan Management** (972-731-6760) are developing **Marcel Professional Plaza (TWC 088)**, a 28,800-square-foot office building located at the northwest corner of Research Forest Dr. and New Trails Dr. in The Woodlands (251B). The building is 50% pre-leased with average asking rents at \$30.00 per square foot. Marcel and Titan are also developing **Marcel Crossing (FNO 279)**, an 11,550-square-foot retail center located at the intersection of Ashlane Way and Woodlands Parkway in The Woodlands (215Z). The center is fully leased with tenants including **Nationwide Insurance, Nutrition Depot, Super Dry Cleaners, Blooming Idea, and Dr. Pratt, DDS**. Construction of both projects is slated to begin this July and completed in February of 2007. **Alexander Ramirez** of **Alexander Company** will handle management and leasing of the properties.

The following chart illustrates historical office occupancy.



Thomas Properties Group (213-613-1900) and **CalSTRS** purchased the **BMC Software Campus (WES 141,001,109,108)**, four Class A buildings totaling 1.5 million square feet, along with an additional 24 acres of undeveloped land located at 2101 CityWest Blvd. in the Westchase District (489U), from **BMC Software, Inc.** for a reported \$295 million. In a leaseback transaction, BMC will continue to lease 621,500 square feet in the campus, which is 83% occupied with rental rates at \$24.75 per square foot. Thomas Properties will manage the buildings, while **Colvill Office Properties** will handle the leasing. Thomas and CalSTRS were self-represented, while **Scott Wegmann** of **Cushman & Wakefield** represented BMC.

Aquinas Corporation (713-621-2350) and **Fuller Realty Partners** (713-840-7525) purchased **3900 Essex (GPL 017)**, a 235,000-square-foot office building located just inside the West Loop (492S), from **Schindlingr Rhein Berger & Co.** The 23-year-old Class A building is fully leased with average rental rates at \$18.50 per square foot. Baker Hughes, the buildings largest tenant will vacate over 100,000 square feet this summer, at which time the building will be approximately 30% occupied. **Newmark Night Frank** represented the buyer, while **Eric Anderson** of **Transwestern Commercial Services** represented the seller. Fuller Realty will handle the management and leasing of the building. **David Aaronson** of **Live Oak Capital** arranged acquisition and renovation financing, with funds provided by **NewStar Financial, Inc.**

Hilcorp Energy leased 97,000 square feet in addition to their existing 72,000 square feet in **Total Plaza (CBD 061)**, an 847,000-square-foot building located at 1201 Louisiana in the Central Business District (493Q), from **RS Investments** (713-651-9800). The 35-year-old building is 88% occupied with rental rates at \$19.50 per square foot. **Trey Strake** of **Cushman & Wakefield** represented the tenant, while **Bob Cromwell** of **Moody Rambin Interests** represented the landlord.

Lockheed Martin renewed a 90,000-square-foot lease in **Clear Lake Central 1 Building (CLC 050)**, a 125,000-square-foot Class A building located at 555 Gemini in Clear Lake (618T), from **BGK Texas** (713-862-3333). The 21-year-old building is fully occupied with average rental rates at \$16.00 per square foot. **Derrell Currey** of **Studley Houston** represented the tenant, while **Eric Anderson** of **Transwestern Commercial Services** represented the landlord.

Black & Veatch Corp. leased a total of 30,000 square feet in two Houston area office buildings. They leased 20,000 square feet in **Westchase III (WES 086)**, a 168,000-square-foot Class B building located at 3200 Wilcrest in the Westchase area (489Y) from **Houston Texas Westchase III, LP** (734-287-3733). They leased 10,000 square feet in **Sage Plaza (GAL 080)**, a 520,000-square-foot Class A building located at 5151 San Felipe in the Galleria area (491Q), from **Barnhart Interests** (713-622-0000). Westchase III is a 24-year-old building at 70% occupancy with average rental rates at \$17.00 per square foot, while Sage Plaza is a 24-year-old building at 77% occupancy with average rents at \$19.00 per square foot. **Steven Biegel** and **Tim Monahan** of **Studley Houston** represented the tenant, while **Sheryl Crutchfield** of **Caldwell Watson Real Estate Group** represented Westchase III, LP, and **Bonnie Kelley** of **Songy Partners** represented Barnhart.

Gardere Wynne Sewell, LLP expanded their lease by 25,000 square feet for a total of 149,000 square feet in **Wells Fargo Plaza (CBD 053)**, a 1.7 million-square-foot Class A building located at 1000 Louisiana in the Central Business District (493Q), from **Metropolitan Life Insurance** (972-404-4350). The 23-year-old building is 87% occupied with average rental rates at \$22.00 per square foot. **Steve Burkett** and **Edward Prejean** of **The Staubach Co.** represented the tenant, while **Kevin Wyatt** and **J.P. Hutcheson** of **Lincoln Property Co.** represented the landlord.

Merrill Communications, LLC leased 25,000 square feet in the **Bayou Place Offices (CBD 129)**, a 170,000-square-foot Class A building located in the former **Albert Thomas Convention Center** at 315 Capitol St. in the Central Business District (493L), from **The Cordish Co** (410-752-5444). The 68-year-old building was renovated as an office building in 2005. **Anthony Fritsche** and **Jon Lee** of **Trammell Crow Co.** represented the tenant, while **Taylor Gray** of Cordish represented the landlord.

Texas United Title leased 23,000 square feet at **5177 Richmond (GAL 068)**, a 287,000-square-foot Class A building in the Galleria area (491Y), from **Keppel Houston Group** (713-270-7700). The 25-year-old building is 82% occupied with average rental rates at \$17.00 per square foot. **Michael Stone** of **The Stone Group** represented the tenant, while **Brad Sinclair** of **Transwestern Commercial Services** represented the landlord.

Energy XXI Services leased 22,000 square feet in addition to their existing 13,000 square feet in **One City Centre (CBD 047)**, a 595,000-square-foot Class A building located at 1021 Main St. in the Central Business District (493Q), from **AEW/McCord, LP** (713-860-3000). The 45-year-old building is 89% occupied with average rental rates at \$20.00 per square foot. **West Griffin** represented the tenant in-house, while **Joe McCluan** of **Navisys Group** represented the landlord.

HSS Texas Management leased 20,000 square feet at **Loop Central 1 (GAL 157)**, a 178,000-square-foot Class B building located at 4888 Loop Central Dr. in the Galleria area (491Z), from **IPC US REIT** (502-326-1100). The 26-year-old building is fully occupied with average rental rates at \$19.00 per square foot. **Mark Pilsbury** of **CB Richard Ellis** represented the tenant, while **Virgil Hydes** of **Lincoln Property Company** represented the landlord.

RETAIL CENTERS

Retail occupancy fell substantially over the first quarter, losing 0.61 points and falling below 86% for the first time in two years. Each market sector posted a decrease in occupancy, with **Regional Malls** taking the biggest hit, losing more than 2 points, largely due to **Mervyn's** moving out of several area malls. Average occupancy in Regional Malls lost 2.03 points to reach 86.76%, and now stands 2.64 points below levels at this time last year. **Community Center** occupancy dipped 0.08 points over the quarter to 86.87%, recording its second consecutive decrease. However, occupancy has increased 1.52 points in the category since this time last year. Occupancy levels at **Strip Centers** continued on a steady decline, decreasing 0.78 points over the quarter to 84.70%. Other than a slight increase in the 1st quarter of 2005, strip center occupancy has decreased every quarter for two years.

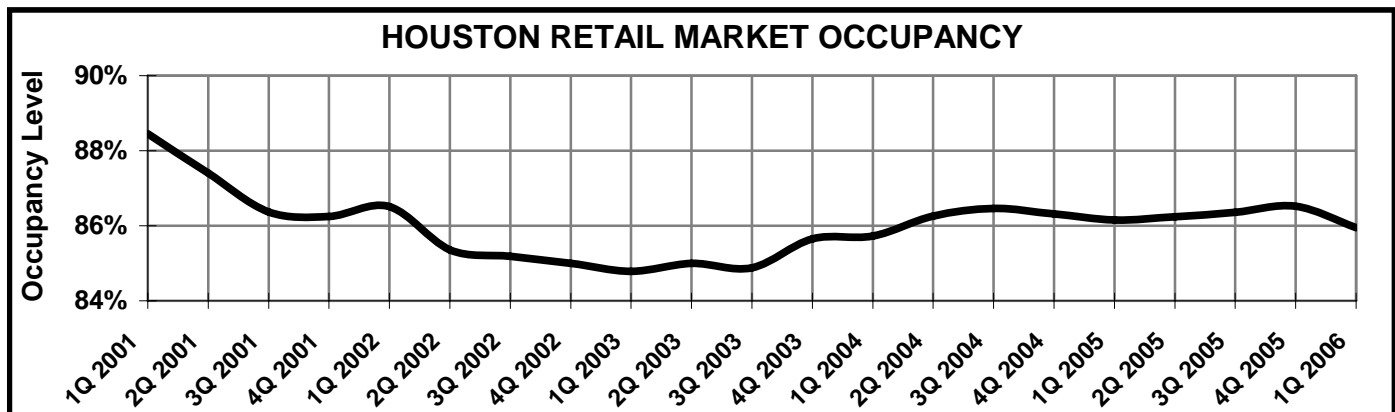
According to the O'Connor & Associates **First Quarter 2006 Houston Retail Data Program**, citywide **occupancy** for Houston area multi-tenant retail buildings is **85.95%** (Regional = 86.76%; Community = 86.87%; Neighborhood = 85.40%; Strip = 84.70%). Occupancy is down 0.41 points from the first quarter last year, and is down 0.61 points over the last quarter. The citywide monthly multi-tenant retail **rental rate** is **\$1.59 per square foot** (Regional = \$3.04; Community = \$1.50; Neighborhood = \$1.14; Strip = \$1.13). Overall rents are up \$0.04 from the fourth quarter last year.

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).

- **NRDC Equity Partners** (914-694-4444), a partnership between **National Realty & Development Corp.** and **Apollo Real Estate Advisors**, are under contract to purchase **Lord & Taylor** for \$1.195 billion from **Federated Department Stores**. The acquisition includes all 48 department stores, including the Manhattan Flagship store, and a Wilkes-Barre, PA distribution center. The transaction is slated to close in the third quarter of this year.
- **Wal-Mart** (479-273-8446) is planning to develop a 200,000-square-foot **Wal-Mart Supercenter (FNO 280)** at 1021 Sawdust Rd. in Spring (252W). The 24-hour store will include a Tire & Lube Express, pharmacy with drive through service, a family fun center, one-hour photo lab, and a portrait studio. Construction is slated to begin in 2007 and be completed in 2008.
- **MetroNational** (713-973-6400) is developing **Spring Park Village (FNO 281)**, a 200,000-square-foot retail center located on the North Freeway just south of Cypresswood in Spring (292X). **Gander Mountain** is the center's first tenant though future tenants and asking rents have yet to be released. Construction of the center began in the fall of 2005 and is slated for completion by the end of 2006. **Patrick Hicks** of MetroNational is handling the management and leasing.
- **Everson Development, LLC** is planning to develop a 200,000-square-foot yet unnamed retail center (**FNO 282**) at the intersection of W. Rayford and Kuykendahl in Spring (289D), on 23 acres of recently purchased land. Construction dates and tenants have yet to be released, though the site will have a grocery anchor. **Jeff Beard** of **The J. Beard Co.** brokered the land transaction, and will market the space for lease for the developer.
- **Greenwich Management** (713-960-1900) is planning to develop **Post Oak Corner (NRW 3223)**, a 38,000-square-foot center located at the southwest corner of Post Oak Blvd. and the West Loop in the Galleria area(491R). Future tenants and construction dates have yet to be released. Greenwich will oversee management and leasing of the center.
- **Property Commerce** (713-860-0600) has begun construction on **Sawyer Heights Village (INL 005)**, a 12,000-square-foot shopping center located south of Interstate 10 between Sawyer and Studemont in the Heights area (493E), as well as a 123,000 square foot **Super Target**, which is slated to open this summer.

- **American Realty Group** (713-439-0101) is planning to develop **Plaza at the Greens Landing (NRN 045)**, a 28,000-square-foot center on the North Freeway north of West Rd. in north Houston (372Y). The center has average asking rents of \$1.67 per square foot. **Danny Kuperman** of American Realty is handling the lease for the center.
- **CVS Pharmacy** (401-770-5573) is planning to develop a **CVS Pharmacy (INL 472)** on the southeast corner of Main and Elgin in Midtown (493T), on land recently purchased from **Delwin Rettig**. Construction dates have yet to be released. **Monte L. Tinkham Properties** represented the buyer, while **Marshall Davidson** of **Cushman & Wakefield** represented the seller.
- **Brucette's Shoes** (713-993-0022) purchased a 6,000-square-foot tract of land at the northeast corner of Post Oak Blvd. and San Felipe, adjacent to their existing 9,000-square-foot store located at **4920 San Felipe** (491Q) from the **Uptown Development Authority**. Possible expansion or repositioning plans have yet to be released. **Matthew Deal** of **Lewis Realty Advisors** represented seller in the transaction.
- **The Kroger Co.** (513-762-4000) is adding ethanol-based E-85 fuel stations to 18 of its Houston and Dallas stores. The first location to feature the fuel is located at 8550 Highway 6 N. in **Easton Commons Plaza (FNW 073)** in northwest Houston (408F).
- **Movie Tavern Partners, LP** (281-248-8397) opened their second Houston area location **Deerbrook Movie Tavern**, a 23,000-square-foot six-screen theater located at 9630 FM 1960 Bypass E. in northeast Houston (335T). The first Houston area location opened in March on Richey Road, and the third location, at Highway 249 and FM 1960 in the Willowbrook area (370J) is slated to open later this year.
- **HFF** (713-852-3500) arranged a 7-year \$86 million refinancing loan on behalf of **Investment Properties of America** (877-694-7632) for **West Oaks Mall (FWE 037)**, a 1.08 million-square-foot mall located at 1000 W. Oaks Mall in west Houston (488S). The 22-year-old mall is 80% occupied with average rents at \$2.71 per square foot. Major tenants include Dillard's and Foley's while **Aeropostale** and **The Coffee Beanery** have recently leased space. **Paul Stasaitis** of HFF arranged the financing with funds provided by **Greenwich Capital Markets**.

The following chart illustrates historical retail occupancy.



Investcorp (212-599-4700) purchased an 80% stake in 29 Texas shopping centers from **Equity One, Inc.** The portfolio includes 2.8 million square feet of retail space, including 15 Houston area properties totaling 1.58 million square feet. The Houston properties include: **Barker Cypress (FNO 248)**, **Beechcrest (FSW 057)**, **Benchmark Crossing (NNW 137)**, **Colony Plaza (FSW 176)**, **Copperfield Crossing (FNW 044)**, **Forestwood (FNW 186)**, **Grogans Mill (FNO 037)**, **Highland Square (FSW 086)**, **Kirkwood Bissonnet (FSW 283)**, **Market at First Colony (FSW 129)**, **Mason Park (FWE 006)**, **Mission Bend (FSW 017)**, **Spring Shadows (NNW 202)**, **Steeplechase (FNW 093)**, and **Westgate Marketplace (FEW 248)**. **Alan Merkur**, **Arthur Gallagher**, **Cliff Lengel**, and **Renee Squillante** of Equity One brokered the transaction. Equity One will continue to manage the properties.

LevCal, LLC, a joint venture between **Levcor, Inc.** (713-952-0366) and **CalSTRS**, purchased **Hedwig Village (NRW 303)**, a 227,000-square-foot center located at 9425 Katy Freeway in west Houston (490B), from Levcor. The 37-year-old center is fully occupied. Tenants include **Marshall's**, **OfficeMax**, **Elegant Outdoors**, **Pier 1 Imports**, **Dress Barn**, **Mattress Firm**, **Wachovia Bank**, and **Verizon Wireless**. **Bank of America** provided a 10-year \$34 million loan for the acquisition of the center.

LSPI Exchange Corp. purchased **Mangum Center (NNW 078)**, a 42,000-square-foot center located at 4503 Mangum Rd. in northwest Houston (451G), from **W Q Real Estate Services**. The 47-year-old center was vacant at the time of the sale and will be owner occupied. **Ross Cannizaro** and **Christopher Balat** of **Marcus & Millichap** brokered the transaction.

Gillette Properties purchased **Westcroft Center (NSW 148)**, a 42,000-square-foot center located at 5602 Hillcroft St. in southwest Houston (530D), from **First Houston Enterprises**. The 21-year-old center is 60% occupied with average rental rates at \$1.60 per square foot. **Jerry Goldstein** of **Marcus & Millichap** represented the seller in the transaction.

M. Penner and **Elizabeth Anthony/Ester Wolf** leased a total of 11,700 square feet in phase two of **Uptown Park (NRW 297)**, a 22,000-square-foot center located near Post Oak Blvd. and the West Loop (491R), from **AmReit** (713-850-1400). The year-old center is 89% occupied with average rental rates at \$3.00 per square foot. Other tenants include **David Brown Flowers**, **Jose Eber Salon**, and **Aurora's Uptown Grill**. **Neil Tofsky** of **Senterra Realty Group** represented **M. Penner**, while **Kristen Baker** of **AmReit** represented the landlord in-house in both leases.

INDUSTRIAL FACILITIES

Despite regular and record increases in land and construction costs, the Houston Industrial market is experiencing a frenzy of substantial growth. Over 2005, more than 4 million square feet of industrial space was added to the market with the likes of **Wal-Mart** and **Clay Development & Construction** adding nearly 3 million square feet in the east and southeast submarkets. Currently, there are over 5 million square feet of proposed and under construction projects, with notable entries to the market including **National Property Holding** and **ML Realty's** joint venture project, the 4 million-square-foot **Port Crossing Commerce Center**. **IDI** has plans to bring 1.2 million square feet to north Houston with the **Greenspoint Business Park**, and additional projects in southwest Houston will bring another half million square feet to the market.

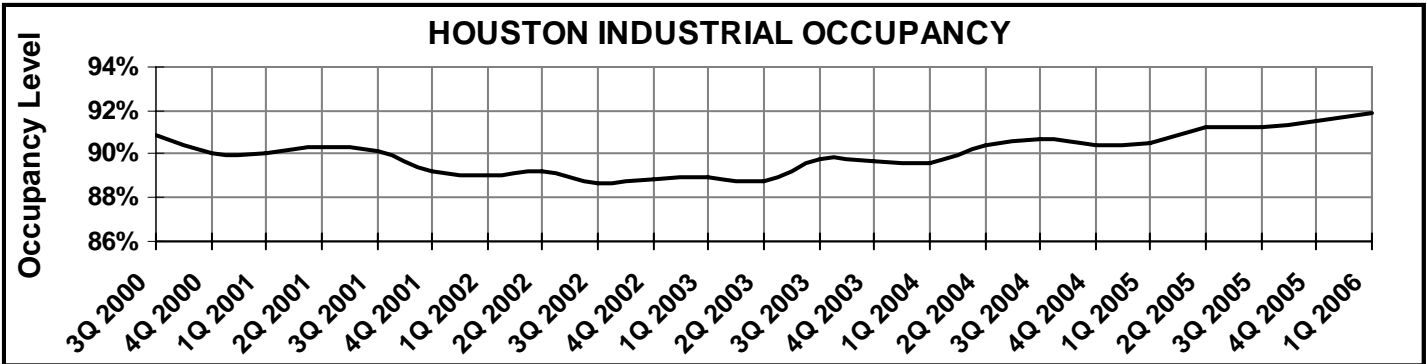
According to the O'Connor & Associates **First Quarter 2006 Houston Industrial Data Program**, citywide **occupancy** for Houston area operating industrial facilities is **91.93%** (Flex = 89.44%; Bulk = 93.06%; Manufacturing = 93.62%). Occupancy is up 0.41 points from the last quarter, and up 1.02 points over the last year. The overall monthly **rental rates** remained flat at **\$0.40 per square foot** (Flex = \$0.46; Bulk = \$0.35; 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).

- **Clay Development & Construction** (713-789-2529) is developing **288 Business Park**, a 30-acre industrial park located east of Highway 288 just south of Beltway 8 in south Houston (573X). Two spec buildings, one 75,000-square-foot dock-high facility (**5000C**), and a 55,000-square-foot rear-loading facility (**5000D**), are under construction and are slated for completion by the year's end. Two build-to-suit facilities are also underway in the park, a 55,000-square-foot facility for PODS, and a 105,000-square-foot facility (**5000B**) for an undisclosed party. Construction of the buildings began in May and is slated for completion in October. **Robert Clay** of Clay Development will oversee management and leasing of the facilities. Clay is also gearing up to start construction on the next buildings planned for their **Underwood Business Park**, a 200-acre industrial park located in La Porte near the **Port of Houston**. The 900,000-square-foot facility (**4860A**) that is currently under construction is slated for completion this August. The next two buildings slated for construction are a 225,000-square-foot facility (**4860B**), and an 80,000-square-foot facility (**4860C**), with the first one starting in July, and the second in September. Clay recently purchased 140 acres of land along Bay Area Blvd. and Red Bluff Rd. in **Bayport Industrial Park** in Pasadena (579V), from **LM Bayport, Inc.** Plans for the site have yet to be released. **Billy Gold** of **CB Richard Ellis** represented the buyer, while **John Talhelm** and **Kevin Erck** of **Cushman & Wakefield** represented the seller.

- **NRG Energy** (609-524-4500) is planning to develop two additional nuclear-powered generation units to a Matagorda County plant, located between Palacios and Bay City just north of Matagorda Bay. The units are expected to produce 2,700 megawatts of power and create 500 permanent operator jobs. Construction of the units, which projected to cost an estimated \$5.2 billion, is pending an approval from the **Nuclear Regulatory Commission**. NRG is also planning a \$1.2 billion expansion to a coal-fired plant in Limestone County, a capacity expansion to the **W.A. Parish** power plant, and a replacement of 500 megawatts of natural gas-fired units with cleaner-burning units around the Houston area.

The following chart illustrates historical industrial occupancy.



Capital Commercial Investments, Inc. (713-209-5833) purchased the former **Walgreen's Distribution Center** (1512), a 408,000-square-foot facility located at 8110 Kempwood Dr. in the Spring Branch area (451N), from the **Walgreen Co.** Capital Commercial plans to convert the now vacant facility into multi-tenant facilities for lease with asking rents at \$0.26 per square foot. **Michael Hill** of **Michael Hill Properties, Inc.** brokered the transaction. **PM Realty** will manage the facility, while **Tyndall Yaap** of **Grubb & Ellis** will handle the leasing.

Richland Investments (713-682-5707) purchased **1205** and **1209 West Loop North (2545C,E)**, two industrial facilities totaling 62,000 square feet, located in the **West Loop Business Park** just outside the West Loop on the north side of 1-10 (491D) from **Insite Commercial Real Estate**. The 26-year-old facilities are fully occupied with average rental rates at \$0.65 per square foot. **Becky Johnston** of Richland will handle management and leasing for the properties. **Angie Steadman** of **Richland Commercial Mortgage** arranged \$2.9 million in acquisition financing with funds provided by **Merrill Lynch Commercial Real Estate Funding**.

Whole Foods Market (512-477-4455) leased 25,600 square feet in 9330 W. Airport (5058M), a 128,000-square-foot manufacturing and distribution center in southwest Houston (570E), from **Holt Lunsford Commercial** (713-850-8500). The 2-year facility, which is 40% occupied, will serve as a bakery and distribution center for Whole Foods. **Stan Creech** of **Stan Creech Properties** represented the tenant, while **John Michael** represented the landlord in-house.

VACANT LAND

Angel/Mclver Interests (936-756-6337) has closed on the 104-acre AstroWorld site, located just south of the South Loop between Kirby and Fannin in south Houston (532V), from **Six Flags**. The amusement park closed in October of 2005 and demolition of the amusement park was completed in March 2006. **Cushman & Wakefield** and **The Staubach Co.** were marketing the property, which was under contract at a reported \$77 million.

Clinton Gregg Investments (713-964-8111), led by developer **Frank Liu**, purchased 36 acres of land, located at 3617 Baer just east of downtown (494K), for \$7.8 million. Immediate development plans have yet to be released, as Clinton Gregg will spend \$6.6 million to clean up the land, which has soil and ground water contamination. The site, which formerly housed a metal casting foundry, has been on the **U.S. Environmental Protection Agency's Superfund National Priorities List** since 1999. The EPA has spent \$4.4 million to date cleaning 60 contaminated residential properties near the site. **Frank Liu** also of **Lovett Homes** (713-964-8100) and **Commercial Realty** (832-553-6000) purchased the **Cameron Iron Works** site, a 51-acre tract of land located on Silber Rd. just north of the Katy Freeway (491C), from **The Creekstone Co.** and **The Overbrook Co.** Development and construction plans have yet to be released. **Liz Jacob** of Lovett represented the buyer in-house. Liu also purchased a tract of land south of the Southwest Freeway, east of Buffalo Speedway in the Greenway Plaza area (492X). Development plans for the site have yet to be released, though the **Denny's** and **Roadway Inn** that occupied the site are currently being demolished.

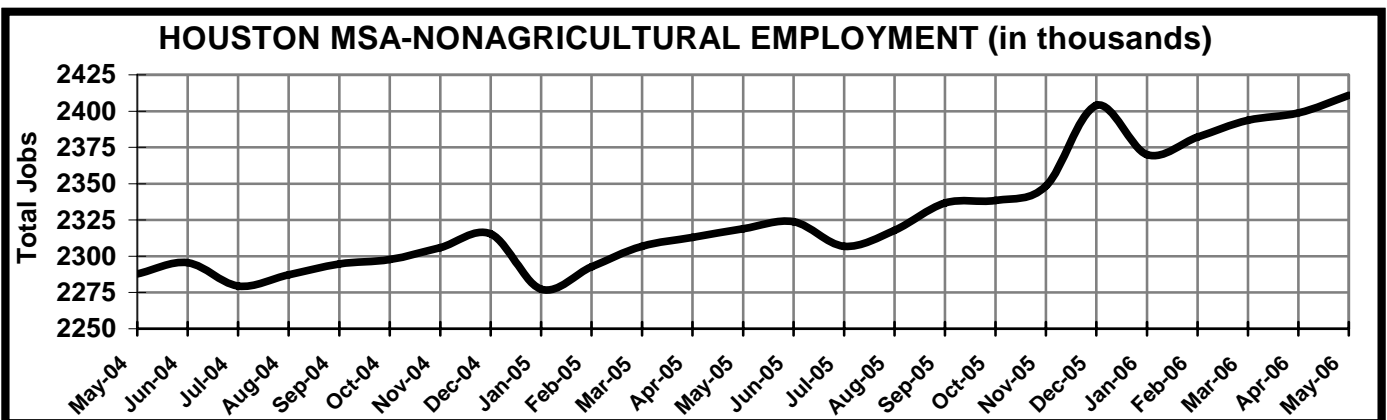
Amvest Properties (713-784-6102) purchased 1,117 acres of land located east of the Grand Parkway, south of Westpark, with frontage on Harlem Rd. and Beechnut in Fort Bend County (526L), from **Texas Industries**. Plans for the site include **TerraVista Lakes**, a proposed development with over 3,300 single-family lots, 33 acres of commercial use, 66 acres of multi-family use, and 150 acres designated for lakes. Texas Industries will leaseback parts of the property for up to 3.5 years. **Bill Byrd** and **Robert Parsley** of **Colliers International** marketed the property for sale and brokered the transaction.

Cirrus Group (214-953-1722) purchased 4 acres of land located at the intersection of Highway 249 and Northpointe Blvd. in Tomball (328H), from **Eastbourne Northpoint, LP**. Possible plans for the site include medical office space. The buyer was represented in-house, while **Christopher D. Winters** of **Colliers International** represented the seller in the land transaction.

ECONOMIC & FINANCIAL NEWS

The **total number of wage and salary jobs** in the ten-county Houston area **increased by 10,100 jobs** to 2,410,900 in May 2006, according to the **Texas Workforce Commission**. This month's total is **68,000 jobs more** than the 2,342,900 jobs at this time last year. Of nonagricultural employers, the Leisure & Hospitality sector posted the largest gain over the last month at 4,100 jobs, followed by the Natural Resources, Mining & Construction sector, with 2,000 jobs gained. Over the year, the Professional & Business Services sector has changed the most, adding 19,400 jobs.

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



Source: Texas Workforce Commission (TWC)

Advance estimates reported by the **U.S. Department of Commerce** show that seasonally adjusted national retail and food services sales for May 2006 were \$364.2 billion, an increase of 0.1% from the previous month, and up 7.6% from May 2005. Retail trade sales were up 0.1% from April, and were 7.5% above last year's level. Gasoline station sales were up 21.9% from May 2005, and sales of building material and garden equipment and supplies dealers were down 0.01%.

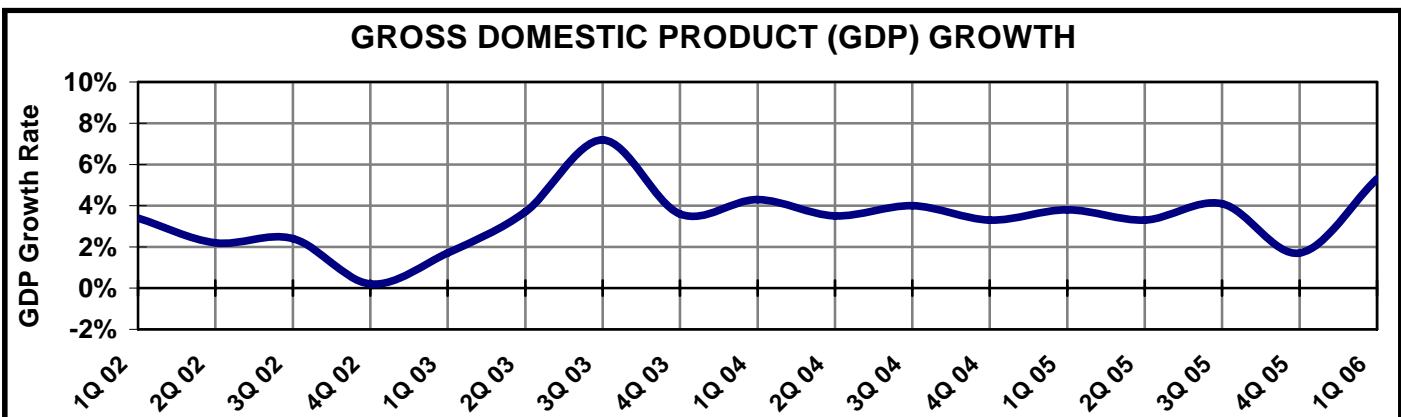
Personal income increased \$38.3 billion, or 0.4%, and Disposable Personal Income (DPI) increased \$31.6 billion, or 0.3%, in May 2006, according to the **Bureau of Economic Analysis**. Personal Consumption Expenditures (PCE) increased \$40.3 billion, or 0.4% in May 2006. Meanwhile, the **U.S. Department of Labor** reports that the seasonally adjusted Consumer Price Index (CPI) for urban consumers increased 0.5% in May 2006, and is 4.2% higher than May 2005. Energy costs, Transportation costs, and Medical Care costs posted the largest increases in price during May 2006.

The latest **Conference Board Survey** indicates that the **Consumer Confidence Index** increased to 105.7 in June 2006, up 1.0 point from 104.7, in May. 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 0.6% in May to 137.9. 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 0.1% in May after having increased 0.8% in April, and is 4.3% higher than the May 2005 level. Utilities outputs increased in May, and are 3.4% higher than the May 2005 level. The rate of industrial capacity utilization was 81.7% in May, a decrease of 0.2% from April, and is up 1.9% from last year.

The **Mortgage Bankers Association (MBA)** reports that the 30-year fixed-rate mortgage (FRM) averaged 6.86%, with an average of 1.10 points (including the origination fee), for the week ending June 23, 2006. Last year at this time, the 30-year FRM averaged 5.47%. The average for the 15-year FRM is 6.49%, with an average of 1.04 points (including the origination fee). A year ago, the 15-year FRM averaged 5.06%.

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 5.6% in the first quarter of 2006, up from the 1.7% growth rate recorded in the fourth quarter of 2005. The increase in GDP during the first quarter was largely attributed to increases in personal consumption expenditures, exports, equipment and software, and federal government spending.



Source: Department of Commerce

The **U.S. Department of Commerce** reports that construction spending during May 2006 was estimated at a seasonally adjusted annual rate of \$1,206.2 billion, 0.4% below the April 2006 rate. The May figure is 6.0% above the May 2005 estimate of \$1,137.5 billion. Private residential construction was at a seasonally adjusted annual rate of \$651.2 billion in May, 0.8% below the revised April estimate of \$656.5 billion, but 2.1% above the May 2005 estimate of \$636.0 billion.

The **Baker Hughes** count of active domestic rotary rigs is up from 1,649 in May to 1,666 in June. The rig count in June is up 17.7% from the June 2005 figure of 1,394 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.

The **Federal Reserve** increased the federal funds rate a quarter-point to 5.25% at its May meeting. The move marked the 17th consecutive quarter-point increase since June 2003, when the federal funds rate stood at a 46-year low of 1.00%.

POTPOURRI

The **Texas General Land Office**, in accordance with the **Open Beaches Act** of 1959, which guarantees the public's right of free and unrestricted access to the "public beach" and requires the commissioner of the Texas General Land Office to develop rules protecting the public's right to use and enjoy Texas beaches, is offering up to \$40,000 to assist homeowners in the relocation of homes that are entirely on public beach property. Of the 100 homes identified, over 50 are on Galveston Island, with an addition 20, that are partially on beach property. The Office has been allocated \$1.3 million to assist homeowners with relocation, but only those that apply will receive funds. The application deadline for the program, which has been instated to insure access to public beaches, is October 1st. More homes are likely to be removed, as the Texas coastline loses an average of five feet per year, subjecting more homes to removal.

Four brokerage companies have entered in to or expanded to the Houston real estate market. **Cushman & Wakefield** and **Transwestern Commercial Services** expanded their realm to the multifamily market. **Edward Nwokedi** will head the Cushman & Wakefield multifamily expansion, while **Debbie MacDonald** has been chosen as senior vice president of Transwestern's venture. **Stream Realty Partners, LP** (713-300-0300) of Dallas and **Equastone Real Estate Investment Advisors** (832-752-7371) of San Diego entered into the industrial and office market and now have offices at 1200 Smith and 13914 Queensbury Ln., respectively.

According to **Allstate Insurance Co.'s** 2006 "**Americas Best Drivers**" report, Houston ranked 163rd out of 200 cities, making it one of the least safe cities for driving. The report based the safest city on average number of years between automobile accidents, and found Sioux Falls, SD to be the safest city with an average of 14.3 years between accidents, while Houston reported an average of 8 years between accidents. The national average is 10 years between accidents. Houston came in at number 5 out of the 9 largest cities (population of 1 million or larger) in the report.

The Port of Galveston (409-765-9321) is planning to make capital improvements to Cruise Terminal No. 1, with the intent to lure larger cruise ships to Galveston. **Carnival Corp.** will loan the estimated \$3.5 million the port intends to spend on improvements.

The Methodist Hospital (713-790-3311) is planning to develop a 600,000-square-foot **Methodist Outpatient Center** located at 6448 Fannin in the Medical Center (532H), at the site of the former **West Pavilion Professional Building**, which was demolished in late June. The center will also include 1,300 parking spaces. Construction of the facility is slated to begin late in September of this year and completed in 2009.

Memorial Hermann Healthcare System (713-448-5555) is developing **Memorial Hermann Heart & Vascular Institute-Southwest**, a 167,000 square foot medical facility located at 7789 Southwest Freeway in southeast Houston (530K). The facility will feature five cardiac catheterization and electrophysiology labs, four cardiovascular operating rooms and 45 patient beds. Construction is slated for completion by the years end.


The Baytown Housing Authority (281-427-6686) has begun construction on **Goose Creek Independent Retirement Community (1767)**, a 170,000-square-foot affordable retirement community in the former **San Jacinto Methodist Hospital**, located at 1105 Decker Dr. in Baytown (501X). The unit mix and completion date for the project have yet to be released.

Please direct any questions regarding content in the *Houston Real Estate Trends* to Kathryn Koepke at 713-686-9955 or kkoepke@poconnor.com



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