



Your Key to Real Estate Services

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# APARTMENTS

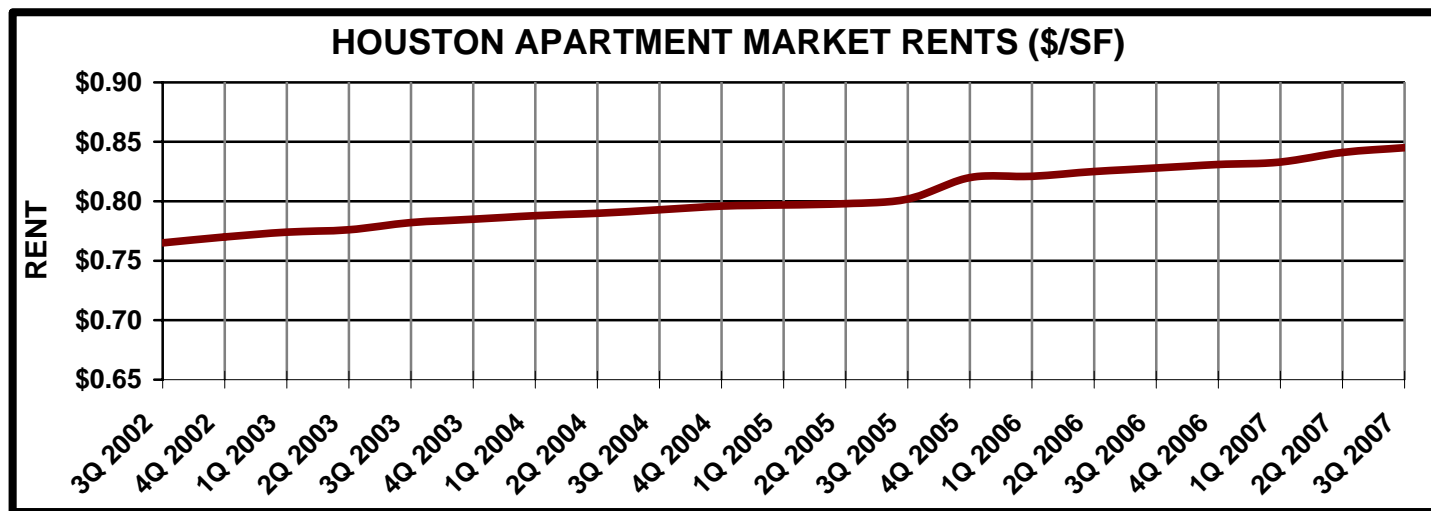
After six consecutive quarters of declining occupancy, Houston's apartment market recorded occupancy gains during the third quarter of 2007. Overall occupancy stands at 88.89%, which represents a 0.34-point increase over last quarter's figure. The Class B and D markets enjoyed the largest quarterly gains, as Class B occupancy jumped 0.69 points to 90.00%, while Class D occupancy rose 0.23 points to 85.02%. In addition, the Class C market also recorded an occupancy increase of 0.20 points to 86.07% over the quarter. Class A was the lone market to register a fall in occupancy during the third quarter, falling 0.19 points. However, at 90.84%, Class A occupancy remains the strongest of all classes.

According to [www.oconnordata.com](http://www.oconnordata.com), O'Connor & Associates' online apartment data program, **Third Quarter 2007** overall **occupancy** for Houston area apartment projects is **88.89%** (Class A = 90.84%; Class B = 90.00%; Class C = 86.07%; Class D = 85.02%). Occupancy is up 0.34 points from the second quarter and down 0.88 points over the past year. The overall monthly **rental rate** is **\$0.845 per square foot** (Class A = \$1.120; Class B = \$0.819; Class C = \$0.696; Class D = \$0.606). Overall rents are up \$0.008 from the second quarter of 2007 and \$0.016 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).*

- **Costa Vizcaya, Ltd.** (216-475-8900) purchased 24 acres of land at N. Gessner Rd. and Greens Bayou in the Champions area (370J) from **Gessner Mills Road JV** and **White Oak Developers** and is developing **Costa Vizcaya Apartments (17753)**, a 252-unit tax-credit complex on the land. Construction on the complex is expected to begin in October 2007, with completion slated for Spring 2009. In the land sale, the buyer and seller were both represented in-house.
- **The Property Group** (713-977-1772) has completed construction on **Canal Place Apartments (17209)**, a 200-unit tax-credit complex on 2.3 acres of land located at 2104 Canal St. (493M) in the Inner Loop. The complex features one-, two-, and three-bedroom units with an average unit size of 954 square feet and average rents at \$0.91 per square foot.. Common area amenities for the six-story development include a swimming pool, media and game room, fitness center, and children's playground. Unit amenities will include granite countertops, custom cherry wood cabinets, and large closets.

The following chart illustrates historical apartment rental rates.



**Verde Chateaux Dijon Apartment** (915-225-3200) purchased **Chateaux Dijon Apartments (2417)**, a 352-unit Class B complex located at 5331 Beverly Hill in the Galleria area (491Y), from **Dijon Properties-Whitney Financial Corporation**. The 45-year-old complex is 99% occupied with average rents at \$0.74 per square foot. **Blake Tartt II** and **Bill Wheless** of **New Regional Planning** represented the buyer and seller.

**Deer Creek Apartments, LLC** purchased **Deer Creek Apartments (1480)**, a 304-unit Class C complex located at 16303 Imperial Valley in the Greenspoint area (373S), from **Lenox VIII Properties, LLC**. The 30-year-old complex is 92% occupied with average rents at \$0.76 per square foot. **Robert Su** of **Marcus & Millichap** represented the buyer and seller.

**Terrance K. and Elizabeth L. Barry** (714-633-5012) purchased **Smoketree Apartments (1407)**, a 256-unit Class B complex located at 5110 Azalea Trace in the Champions area (371J), from **Tarantino Properties** (713-974-4292). The 24-year-old complex is 98% occupied with average rents at \$0.74 per square foot. **Bob Meek** and **Bill Forest** of **Sperry Van Ness** represented the buyer, while **Thomas Sullivan** of Sperry Van Ness represented the seller.

**Boston Capital** (713-334-5808) purchased **Windshire Apartments (17750)**, a 252-unit Class B tax-credit complex located in the 4500 block of S. Shaver in south Houston (576H), from **Polk Crenshaw, LP**. The complex is currently under construction with average rents expected to be \$0.70 per square foot. The project broke ground in July 2007 and is scheduled to be complete in late 2008. The buyer and seller were both represented in-house in the deal.

**Alliance Residential Management** (713-977-1120) purchased **Edgewater (16900)**, a 228-unit Class A complex located at 514 That Way in Lake Jackson (883G), from **Edgewater Associates, Ltd.** The 2-year-old complex is 95% occupied with average rents at \$0.99 per square foot. **Jim Hearn** of **Hendricks & Partners** represented the buyer, while Jim Hearn and **Tom Warren** of Hendricks & Partners represented the seller.

**Bammelbelt, LP** (713-339-1300) purchased **Greenbriar Chateau (2591)**, a 145-unit Class B complex located at 4100 Greenbriar in the Museum District (492Y), from **FSC Greenbriar Chateau, Ltd.** The 37-year-old complex is 98% occupied with average rents at \$1.09 per square foot. **Chip Nash** of **Hendricks & Partners** represented the buyer, while **Jim Hearn, Ed Cummins, Christopher Thomson, and Tom Warren** of Hendricks & Partners represented the seller.

**Jose and Maria Garcia** (713-928-3733) purchased **Jefferson Square Apartments (17715)**, a 72-unit Class C complex located at 5000 Pease St. in east Houston (494X), from **Mark A. and Courtney K. Saldivar**. **Cindi Corley** of **ReMax** represented the buyer, while **Bill Burge** and **Mark Lehman** of **Grubb & Ellis** represented the seller.

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## SINGLE-FAMILY HOUSING

**MLS** home sales increased in August, as 5,937 used homes were sold, up from the 5,895 homes sold in July, according to the **Houston Association of Realtors (HAR)**. Sales for August 2007 were down 0.8% from August 2006. The median price of a used single-family home sold in August was \$151,550, up 4.5% from August of last year, while the average home price was \$201,704, up 6.3% from the August 2006 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 19% in August to 1,678 from 2,073 in July, and are down 33% from August 2006. Realtor co-op sales represented 63% of gross sales, a decrease of 1% from August 2006. Traffic decreased 15% from last year to 25,803 in August 2007. The inventory of completed speculative homes (2,244) is up 23% from last year. There are 2,802 spec homes under construction, which is down 39% from August 2006. Overall, the 5,046 specs (both completed and under construction) are down 21% from August 2006. *Note: the 24 homebuilders in this survey account for approximately 65% of housing starts in Houston.*

Nationwide sales of new single-family homes increased in August to a seasonally adjusted annual rate of 795,000, 8.3% below the revised July sales rate of 867,000 and 21.2% below the August 2006 figure, according to a release by the **U.S. Department of Commerce**. The median sales price was \$225,700. Privately owned housing starts were at a seasonally adjusted annual rate of 1,331,000 in August 2007, which is 2.6% below the revised July estimate, but 19.1% below the August 2006 rate. Privately owned housing completions were at a seasonally adjusted annual rate of 1,523,000 in August 2007, 0.2% below the July 2007 figure, and 19.0% below the June 2006 figure.

The **National Association of Home Builders/Wells Fargo Housing Market Index**, a monthly measure of builder confidence, decreased 2 points in September to 20 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 by 2 point to 20, the index measuring sales expectations for the coming six months declined 5 points to 26, while the index measuring the traffic of prospective buyers held steady at 16 points.

According to the **National Association of Realtors (NAR)**, 576,000 existing homes were sold in August 2007, up 1.4% from July sales, but down 11.9% from the 654,000 homes sold in August 2006. The median sale price was \$269,300, which represents a 0.3% decrease from sale prices one year ago.

According to the most recent report by **RealtyTrac**, 243,947 foreclosure filings — default notices, auction sale notices, and bank repossessions — were reported during the month of August. This figure is up 36% from July, but up 115% from August 2006. The company estimates that one in every 510 households nationwide entered the foreclosure process in August. Texas remains among the nation's 9 highest states in total foreclosure filing for the month of August.

The following chart illustrates historical used home sales.



Source: Houston Association of Realtors

**Del Webb** (1-888-717-9777) plans to develop a 500-acre age-restricted community located along the Southwest Freeway and Thompson Rd. near Sugar Land (606T). The project is expected to have 1,500 single-family homes for residents who are 55 or older. Details, including home prices are still being determined. Community amenities will include a fitness center, indoor and outdoor swimming pools, walking trails, and tennis courts. The opening is planned for spring of 2009.

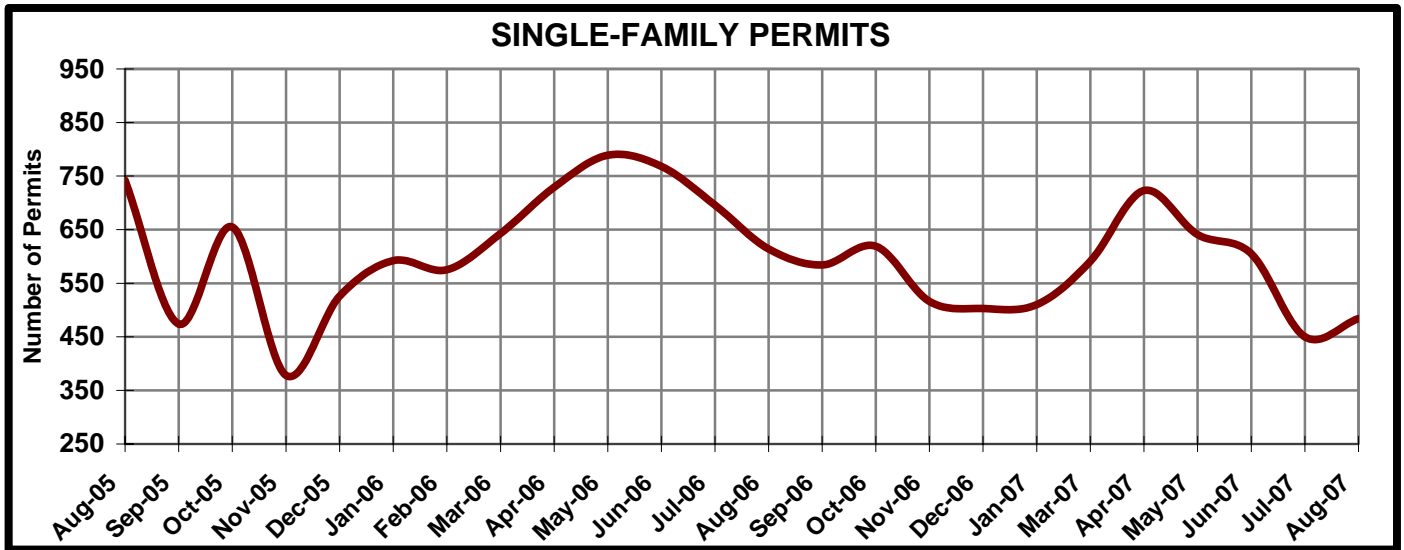
## PERMIT ISSUANCE

The **City of Houston** issued permits to build 484 private single-family houses and 21 private multifamily buildings in August. Demolition permits were issued for 209 private single-family houses. In addition, 259 permits were issued for privately owned non-residential construction totaling \$108,179,692 and 16 permits were issued for public non-residential construction totaling \$2,728,000. Additions, alterations, and conversions totaled \$136,739,689 for the private sector and \$12,442,807 for the public sector.

### Cost of Construction\*

	2005	2006	2007
Month of August	\$395,396,191	\$464,583,566	\$404,550,306
Year-to-Date	\$2,805,251,823	\$3,176,574,351	\$3,825,440,705

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



## OFFICE BUILDINGS

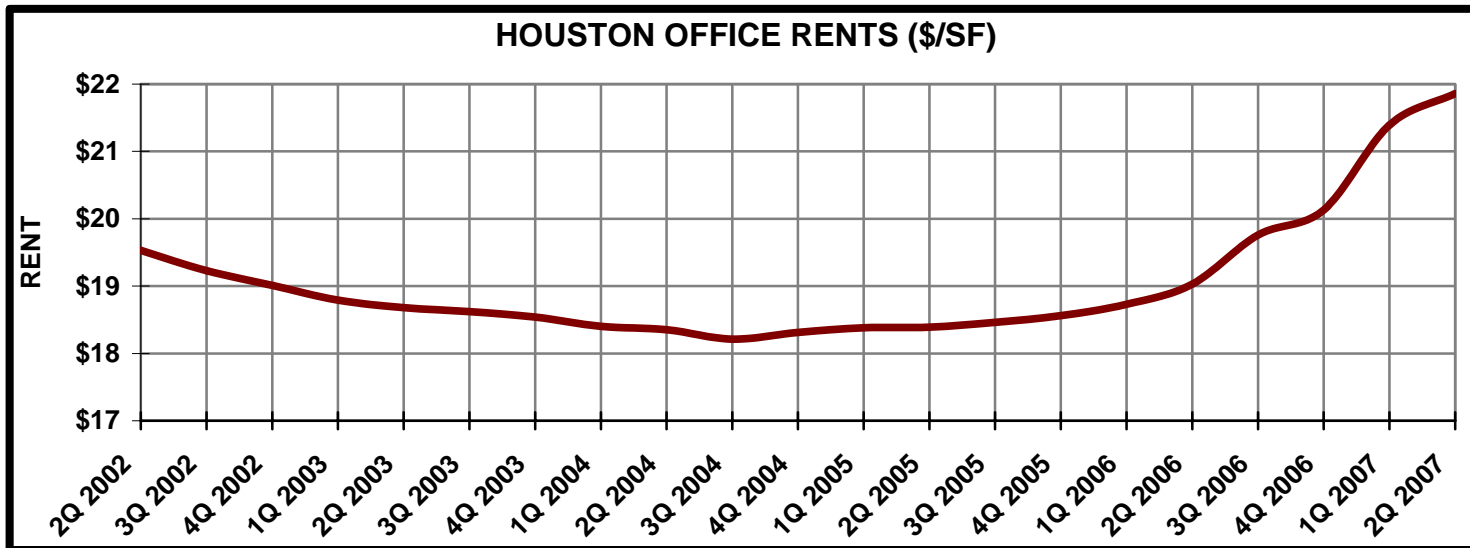
Although the city of Houston's national reputation is not the most environmentally conscious, Houston's office market is making great strides in the right direction. Currently, there exist 88 LEED certified office projects containing a total of 731 million square feet in the Greater Houston area. Houston ranks eighth in the nation in the number of LEED certified office properties. An additional eleven LEED projects are either proposed or under-construction, including **Yancey-Hausman's** six-building **Beltway Lakes** office development in northwest Houston and **Hines'** proposed 900,000-square-foot **MainPlace** tower in the Central Business District. Builders are opting to pay the additional premiums involved with green construction, as operating costs are reduced considerably, sales prices of LEED certified buildings have significantly outpaced non-LEED building prices, and tenant demand is increasing. Major corporations here in Houston including Shell and KPMG have adopted 'LEED only' policies, in that they will only lease office space in LEED certified buildings. By 2010, Houston is expected to have over 840 million square feet of LEED certified office space. The sizeable increase in the amount of LEED office space makes a strong statement and indicates that the green movement is not just a passing fad, but is here to stay.

According to the O'Connor & Associates **Second Quarter 2007 Houston Office Data Program**, citywide **occupancy** for Houston area multi-tenant office buildings is **87.84%** (Class A = 92.02%; Class B = 85.68%; Class C = 83.67%; Class D = 75.14%). The citywide annual multi-tenant office **rental rate** is **\$21.86 per square foot** (Class A = \$27.19; Class B = \$18.53; Class C = \$14.56; Class D = \$11.94).

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).

- **Okon Properties, LLC** has placed **1415 North Loop West (NNW 050)** available for sale. 1415 North Loop West is a 167,000-square-foot Class B office building located in north Houston (452P). The 25-year-old property is 53% occupied with average rents at \$16.00 per square foot. **Logan Brown** and **Chris Wadley** of **Grubb & Ellis** are marketing the property.

The following chart illustrates historical office rental rates.



**Houston PT BAC Office** purchased the **Bank of America Center (CBD 071)**, a 1,518,000-square-foot Class A office building located at 700 Louisiana in the Central Business District (493L), from **Hines** (713-237-5600). The 24-year-old building is 95% occupied with average rents at \$32.74 per square foot. **Jeff Hollinden, Scott Galloway, and Glenn Whitmore** of **HFF** represented the seller.

**Transwestern Investment of Chicago** (312-499-1900) purchased **919 Milam (CBD 092)**, an 828,800-square-foot Class B office building located in the Central Business District (493Q), from **National Office Partners, LP** (713-237-5600). The 51-year-old property is 61% occupied with average rents at \$21.50 per square foot. The buyer was self-represented, while **Dan Miller, Robert Williamson, and Scott Galloway** of **HFF** represented the seller.

**Macfarland Special Situations Fund II, LP** (214-932-3100) purchased **The Centre at Cypress Creek (CPQ 044)**, a 630,000-square-foot Class B office building located at 20515-20555 Highway 249 in north Houston (329Y), from **Chasewood Land Venture, LP**. The 23-year-old property is vacant with average rents at \$18.00 per square foot. **Michelle Wogan** of **Transwestern** represented both the buyer and the seller.

**TA Associates Realty** (617-476-2700) purchased **363 North Belt (GNB 028)**, a 400,000-square-foot Class B office building located at 363 N. Sam Houston Parkway E. in the Greenspoint area (373S), from **NWX Partners, LTD**. The 25-year-old building is fully occupied with average rents at \$19.98 per square foot. The buyer was self-represented, while **Dan Miller, Marty Hogan and Rusty Tamlyn** of **HFF** and **Paul Bennet** of **Granite Properties** represented the seller.

**CRVV Property Holdings** purchased a 4-property portfolio from **Mammoth Equities, LLC**. **Atrium 2656 (MED 020)** is an 110,000-square-foot Class C office building located at 2656 S. Loop W. in the Texas Medical Center (532U). The 25-year-old building is 79% occupied with average rents at \$15.00 per square foot. **Atrium 2626 (MED 024)** is an 114,000-square-foot Class C office building located at 2626 S. Loop W. in the Texas Medical Center (532U). The 25-year-old building is 85% occupied with average rents at \$15.00 per square foot. **Quad Atrium Building (MED 023)** is an 84,000-square-foot Class D office building located at 2616 S. Loop W. in the Texas Medical Center (532U). The 27-year-old building is 92% occupied with average rents at \$15.00 per square foot. **Houston Tri-Atrium (MED 022)** is an 83,000-square-foot Class C office building located at 2600 S. Loop W. in the Texas Medical Center (532U). The 28-year-old building is 83% occupied with average rents at \$15.00 per square foot. **Daniel Vittone** and **Alan Pekarck** of **Voit Commercial Brokerage** represented the buyer, while the seller was represented by **Darrell Betts, John Nicholson, and Scot Farber** of **Grubb & Ellis**.

**Realty Capital Partners, LLC** (817-488-4200) purchased **Hollow Tree II (CPQ 009)**, a 60,000-square-foot Class C office building located in north Houston (332K), from **Kocomogo III, LP**. The 27-year-old property is fully occupied. The buyer was represented in-house by **Donna Arp**, while **Chris Hansen** of **Newmark Knight Frank** represented the seller.

**KBS** (949-417-6500) purchased **3355 W. Alabama (GPL 004)**, a 243,000-square-foot Class A office building located in the Greenway Plaza area (492T), from **Crescent Real Estate Equities** (713-840-1170). The 24-year-old property is fully occupied with average rents at \$19.50 per square foot. The buyer was represented in-house by **Bill Rogalla**, while **Dan Miller**, **Marty Hogan**, and **Rusty Tamlyn** of **HFF** represented the seller.

**First American Exchange Company** purchased **1346 Broadway (SOE 145)**, a 14,000-square-foot Class A office building located in Pearland (616X), from **Southwest Guaranty Investors, Ltd.** (281-652-3600). The 8-year-old property is 92% occupied with average rents at \$21.00 per square foot. **Steve King** of **CB Richard Ellis** represented the buyer, while **Christopher Winters** and **John Parsley** of **Colliers International** represented the seller.

**Lifestyles Unlimited** leased 13,750 square feet at **Westheimer Central Plaza (WES 067)**, a 195,000-square-foot Class B office building in the Galleria area (489T), from **Hartman Management** (713-467-2222). The 25-year-old property is 75% occupied with average rents at \$18.50 per square foot. The tenant was represented in-house, while **Andi Flesch** of **Hartman** represented the landlord.

**EnergyQuest Management** leased 11,800 square feet at **Commerce Park Office Center (GNB 064)**, a 67,000-square-foot Class B office building located at 15425 North Freeway in north Houston (332Y), from **CCI PDA No 1, Ltd.** The 24-year-old property is 83% occupied with average rents at \$14.00 per square foot. **John Hornbuckle** of **Cypressbrook Company** represented the tenant, while **Erik Haugen** of **PM Realty Group** represented the landlord.

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## RETAIL CENTERS

With overall retail occupancy at its lowest level in four years combined with declining rental rates, people are beginning to feel some jitters about the market. At **O'Connor & Associates'** recent Retail Forecast Luncheon, **Mr. Ed Farris** of **Farris & Associates** and **Mr. Jason Baker** of **Baker Katz** expressed their concerns, as well. Mr. Farris noted that in his opinion, strip centers are the most vulnerable right now due to overbuilding, decreased tenant demand, and declining rental rates. Mr. Baker expressed his concern over grocery-anchored neighborhood centers, which are struggling in the face of decreased grocer tenant options. Despite the concerns, both gentlemen did conclude that there remain great opportunities in Houston's retail market and that developers and investors need to focus on the well-located, well-designed, well-marketed, and well-managed projects to ensure success over the next few years.

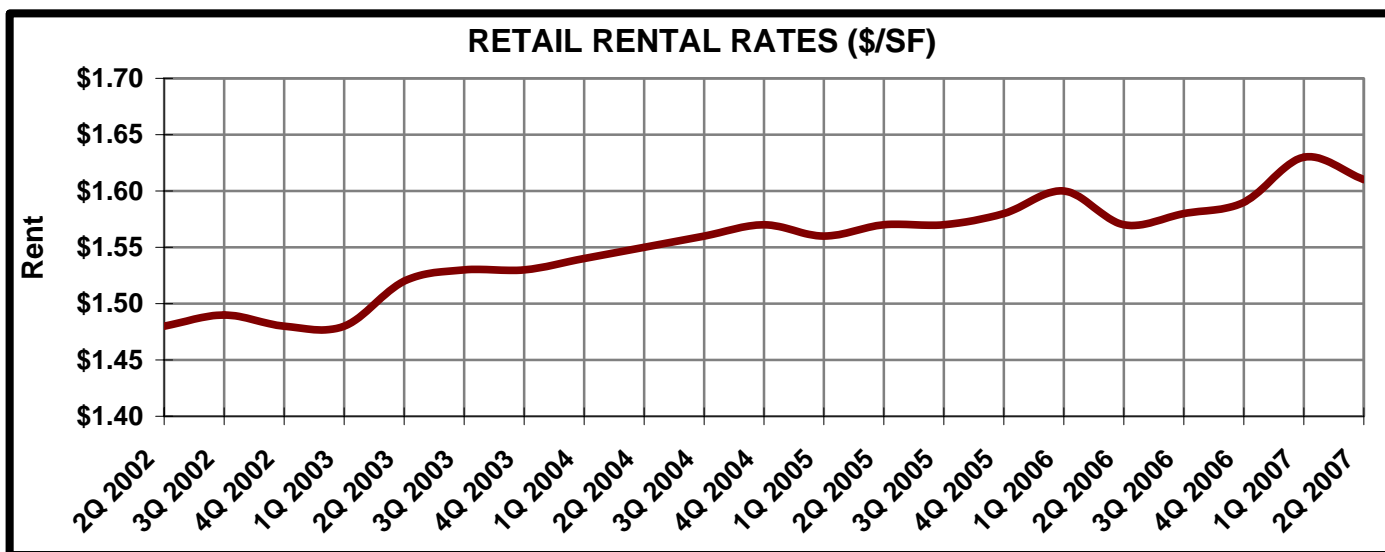
According to the O'Connor & Associates **Second Quarter 2007 Houston Retail Data Program**, citywide **occupancy** for Houston area multi-tenant retail buildings is **85.36%** (Regional = 87.46%; Community = 87.12%; Neighborhood = 84.06%; Strip = 83.52%). Occupancy is down 0.38 points over the last quarter, and down 0.18 points over the past 12 months. The citywide monthly multi-tenant retail **rental rate** is **\$1.61 per square foot** (Regional = \$3.00; Community = \$1.59; Neighborhood = \$1.19; Strip = \$1.18). Overall rents are down \$0.02 from the last quarter, but are up \$0.04 from last year's figure.

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Note: The retail centers listed herein are followed by their representative identification number as they appear in the new O'Connor & Associates **RetailLink 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).*

- **Glimcher Realty Trust** (614-621-8000) has a contract to sell **Northwest Mall (985)**, an 895,000-square-foot mall located at 9500 Hempstead Rd. in northwest Houston (451Z) for approximately \$19.0 million. The transaction is expected to close during the fourth quarter of 2007. Anchor tenants of the mall include **Palais Royal** and **Macy's**.
- **Barry Brown** and **Robert Williamson** of **HFF** (713-852-3500) have been named by **Planned Community Developers, Ltd.** (281-242-2000) to market the sale of **Sugar Land Town Square (2370)**. Sugar Land Town Square is a 32-acre mixed-use town center development located in Sugar Land. Tenants of the center include **Ann Taylor Loft**, **Bombay**, **JoS. A. Bank**, **Starbuck's**, **Chipotle**, and **Amegy Bank**.
- **Ainbinder** (713-892-5600) purchased 11 acres of land at Atascocita Rd. and Will Clayton Pkwy. in Humble (376C) and is developing **Atascocita Clayton Plaza (17694)**. **Chase Bank** has signed a ground lease and **Starbuck's** and **AutoZone** have signed freestanding build-to-suit leases. The development will include a 10,000-square-foot lease building and several more pad sites. Construction is expected to begin this fall with **Josh Jacobs** and **David Wise** of **Page Partners** handling leasing.
- **Weaver Davis & Jacob Realty Group** (281-313-0000) is developing **Sienna Village (3590)**, a 90,000-square-foot center located at 8800 Highway 6 S. in southwest Houston (610Y). The center, which will be anchored by a 113,000-square-foot **HEB**, is estimated to be 80% leased by its opening. Construction is slated to begin during the fall of 2007, with completion expected late 2008. **Micha Makowsky** of Weaver Davis & Jacob is handling leasing.

The following chart illustrates historical retail rental rates.



**Woodbury Corporation** (801-485-7770) purchased the **Steeplechase Target (3580)**, a 103,000-square-foot building located at 10701 Jones Rd. in northwest Houston (369X), from **Dayton Hudson Corporation**. The 25-year-old building is currently vacant. The buyer was represented in-house by **Scott Bishop**, while the seller was represented by **Scott Shillings** of **Staubach Retail**.

**Berkeley Land Company, Inc.** (925-552-5450) purchased **Briar Lake Village (1913)**, a 47,000-square-foot center located at 10455 Briar Forest in west Houston (489R), from **PMNC Spring Shadows Place, LP**. The year-old center is fully occupied. Tenants of the center include **Newmark/Trophy Homes**. The buyer was represented in-house by **Mike Mikulich**, while **Rusty Tamlyn** of **HFF** represented the seller.

**Milestone Properties, Inc.** (561-394-9533) purchased **Katy Plaza (3464)**, a 36,000-square-foot center located at 5160 Franz Rd. in Katy (444V), from **NICF-Katy, LLC**. The 7-year-old center is fully occupied. Tenants of the center include **Pizza Inn** and **Universal Medical Supply**. **Todd Carlson** of **Marcus & Millichap** represented the buyer, while **Don Stringham** and **Charles Lucenay** of **Marcus & Millichap** represented the seller.

**RAEM 93 Chambers Street Corporation** (212-267-5567) purchased **Fairmont Village Shopping Center (2596)**, a 20,000-square-foot center located at 5233 Fairmont Parkway in Pasadena (577G), from **Hunington Properties** (713-623-6944). The 11-year-old center, which is 88% occupied, has quoted rents at \$1.66 per square foot. Tenants of the center include **Gulf Coast MRI**, **Super Cuts**, and **Vision Source**. The buyer was represented in-house, while the seller was represented in-house by **Jamie Bouterie** and **Sandy Aron**.

**Kohl's** leased 88,800 square feet in **Bay Colony Town Center Phase II (2860)**, a 129,000-square-foot center located at 1818 FM 646 in League City (699A), from **NewQuest Properties** (281-477-4300). The center, which is currently under construction, is 90% leased. **Mike Barnett** of **Canyon Partners** represented the tenant, while **Heather Nguyen** of **NewQuest Properties** represented the landlord.

**Fallas Factory Outlet Stores** leased 16,000 square feet at **I-45/Telephone Rd. Center (041)**, a 164,000-square-foot center located at 3333 Telephone Rd. in southeast Houston (534G), from **Weingarten Realty Investor** (713-866-6000). The 31-year-old center is 87% occupied. Tenants of the center include **Dollar Tree** and **Wings N' More**. **Shawn Ackerman** and **Jason Gaines** of **Henry S. Miller Commercial** represented the tenant, while the landlord was represented by **Christian Barrera** of Weingarten.

**Texas Children's Hospital** leased 11,250 square feet at **Clear Lake Crossing (2889)**, a 14,000-square-foot center located at 940 Clear Lake Blvd. in Friendswood (617G), from **Wile Interests** (713-337-3350). The 2-year-old center, which is fully occupied, has quoted rents at \$2.00 per square foot. Tenants of the center include **Washington Mutual** and **Wells Fargo**. **David Bale** of **The Staubach Co.** represented the tenant, while **Chris Pitts**, **Louie Crapitto**, and **Josh Jacobs** of **Page Partners** represented the landlord.

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## INDUSTRIAL FACILITIES

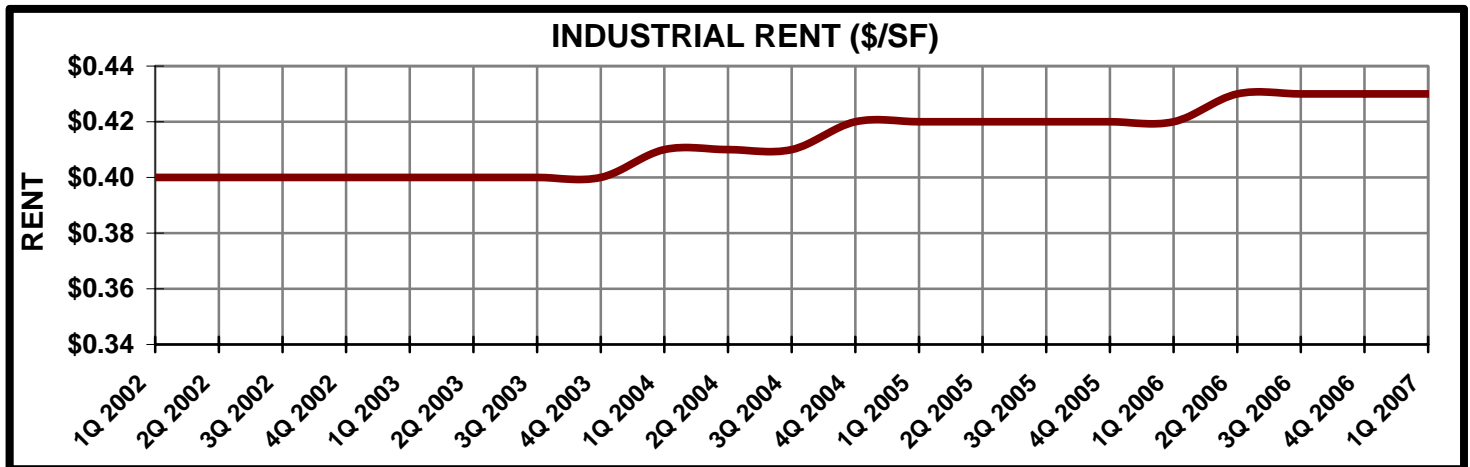
As Houston's population continues to grow, the **Houston Airport System**, which includes **Hobby Airport**, **George Bush Intercontinental Airport**, and **Ellington Field**, continues to expand in order to fulfill the areas increased passenger and cargo needs. According to a recent report by the Houston Airport System, 51 million passengers were serviced in 2006, which represents a 38% increase in travelers over the last decade. International travel has expanded as well, as international passengers accounted for 7.4 million, or 14.5%, of the total traffic in 2006. Significant investments in cargo capacity at the Hobby and Intercontinental Airports have enabled growth in the cargo transport business. In 2006, 810 million pounds of cargo were transported through the Houston Airport System, which represents a 19% increase over the last decade. As both the Hobby and Intercontinental airports have aggressive master plans for the future to accommodate anticipated growth, Houston's advanced airport system will undoubtedly continue to facilitate the attraction of new business and investment into the region.

According to the O'Connor & Associates **Second Quarter 2007 Houston Industrial Data Program**, citywide **occupancy** for Houston area operating industrial facilities is **91.69%** (Flex = 89.43%; Bulk = 93.42%; Manufacturing = 91.46%, Service = 86.55%, Distribution = 89.94%, R&D = 94.82%). Occupancy is up 0.21 points from the last quarter, and down 1.10 points over the last year. The overall monthly **rental rates** remained flat at **\$0.43 per square foot** (Flex = \$0.45; Bulk = \$0.36; Manufacturing = \$0.35, Service = \$0.55, Distribution = \$0.39, R&D = \$0.59).

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)

- **Trammell Crow Companies** (713-963-1000) has broken ground on **East Belt Business Park Phase II Bldg I (4811C)** and **Bldg II (4811D)**, a warehouse/distribution center that will feature two dock-high buildings located at 1475 – 1485 E. Sam Houston Parkway S. in Pasadena (537R). The buildings will be 52,000 and 118,000 square-feet, respectively. The buildings will have quoted rents at \$0.34 per square foot. Estimated completion date is December 2008. Leasing and management will be handled by **Faron Wiley** of **CB Richard Ellis**.

The following chart illustrates historical industrial rental rates.



**Cabot Properties** (617-723-7400) purchased the following four industrial properties from **First Industrial Realty Trust, Inc.** (713-681-0885): **4111-4115 Greenbriar (4903A)**, **4007 Greenbriar (4903B)**, **4230-4264 Bluebonnet (4903C)**, and **Village Green Service Center (0528)**. 4111-4115 Greenbriar is a two-building 77,000-square-foot warehouse facility located in Stafford (569K) that was completed in 1982. 4007 Greenbriar is a 47,000-square-foot warehouse facility located in Stafford (569K) that was completed in 1982. 4230-4264 Bluebonnet is a two-building 28,000-square-foot warehouse facility located in Stafford that was completed in 1981. Village Green Service Center is a two-building 77,000-square-foot service center located at 17401-17497 in northwest Houston (409K) that was completed in 1982. All four properties are fully occupied. The buyer used in-house representation, while **Tom Lynch** and **Alisha Renshaw** of **CB Richard Ellis** represented the seller.

**750 Almeda-Genoa, LLC** (713-951-0160) purchased **750 Almeda-Genoa Rd. (4990)**, a 232,000-square-foot manufacturing facility located at 750-758 Almeda-Genoa Rd. in south Houston (572U), from **Lin Inorio, Inc.** The 24-year-old facility, which features 24-foot clearance and dock-level loading, is fully occupied. The buyer was represented by **Laura Mafridge** of **Laura Mafridge Enterprises**, while **Jeff Barbles, John Ferruzzo, Joel Michael, Chris Caudill,** and **Jim Autenreith** of **NAI Houston** represented the seller.

**DCT Industrial** (303-228-2200) purchased **Northwest Place Distribution Center 2 (1445A)**, a 210,000-square-foot manufacturing facility located at 7170 43<sup>rd</sup> St. W. in northwest Houston (451E), from **RREEF** (212-454-3900). The 10-year-old facility, which features 24-foot clearance and dock-level loading, is fully occupied. The buyer was represented by **Ralph Tullier** of **Trammell Crow Company**, while **Rusty Tamlyn** and **Mike Parker** of **HFF** represented the seller.

**GSL Investments, Inc.** (713-772-1393) purchased **Lauder Road Warehouse (0888)**, a 100,000-square-foot distribution center located at 2200 Lauder Rd. in north Houston (413D), from **Fred Thumann, Trustee** and **Catherine Wylie, Trustee**. The 23-year-old facility, which features 16- to 24-foot clearance and dock-level loading, is vacant. The buyer was self-represented by **David Ebro**, while **Troy Collins** of **Yancey-Hausman** represented the seller.

**TAEP Properties, LLC** (713-783-8000) purchased **10101 Stafford Point Dr. (4914)**, a 53,000-square-foot warehouse facility located in Stafford (569Q), from **Wycoff Stafford Centre, LLC**. The 2-year-old facility is fully occupied. The buyer was represented in-house, while **John Simmons, Michael Palmer, Susana Rosas,** and **Margaret Bell** of **CB Richard Ellis** represented the seller.

**Jacobson Warehousing** leased 87,500 square feet at **Bayport North Distribution Center (5234N)**, a 565,000-square-foot distribution center located in southeast Houston (579E), from **Carson Bayport I, PL** (949-725-6500). The year-old facility, which features 26-foot clearance and dock-level loading, is 87% occupied with average rents at \$0.33 per square foot. The tenant was represented in-house, while **Walter Menuet** of **Vantage Companies** represented the landlord.

**JAG Flocomponents** leased 54,500 square feet at **Stafford Park Business Center (4901M)**, a 278,000-square-foot warehouse facility located in southwest Houston (569G), from **Stafford Center, LP** (214-522-8800). The year-old facility, which features 24-foot clearance, is 62% occupied with average rents at \$0.38 per square foot. **Bill Ginder** of **Caldwell Cos.** represented the tenant, while **Faron Wiley** of **CB Richard Ellis** represented the landlord.

**Ribelin** leased 37,400 square feet at **Cole Creek Business Park 2 (0683D)**, a 169,000-square-foot warehouse facility located at 8718 W. Little York in northwest Houston (410T), from **CB Richard Ellis** (713-840-6500). The facility is currently under construction and will feature 30-foot clearance and is 50% leased. The tenant was represented by **Keith Bilski** of **Caldwell Cos.**, while the landlord was represented in-house by **Faron Wiley**.

**PDC Logic** leased **506 Todd Rd. (0100)**, a 16,000-square-foot office/warehouse facility located in north Houston (252K), from **Snappy Materials** (203-949-1600). The year-old facility features 28-foot clearance. The tenant was represented by **Stephan Robinson** of **Alliance Commercial Investments**, while **Mike Spears** of **National Realty Group** represented the landlord.

**Action Windoor Technology** leased 15,800 square feet at **Greens Crossing Distribution Center I (0288E)**, an 110,000-square-foot office/warehouse facility located at 11201 Greens Crossing Blvd. in north Houston (372P), from **Liberty Property Trust** (281-955-2000). The year-old facility, which features 20-foot clearance, is 14% occupied with average rents at \$0.57 per square foot. **Clay Peeples** of **Boyd Commercial** represented the tenant, while the landlord was represented in-house by **Hans Brindley**.

**International Budget Freight, Inc.** leased 14,100 square feet at **Beltway 8 Business Park I, Bldg 4 (3824O)**, a 134,000-square-foot office/warehouse facility located at 10511 Kip Way in southwest Houston (529U), from **DCT Fairbanks, LP** (303-597-2400). The 7-year-old facility, which features 24-foot clearance, is 90% occupied with average rents at \$0.42 per square foot. **Mona Williams** of **Grubb & Ellis** represented the tenant, while **Walter Menuet** of **Vantage Companies** represented the landlord.

**SulpCo.** leased 12,000 square feet at **Claymoore Crossing Building I (1084J)**, a 41,000-square-foot office/warehouse facility located at 4333 W. Sam Houston N. in west Houston (449L), from **GKII Clay Crossing, LP** (949-417-6500). The 6-year-old facility is fully occupied. **David Cook, Jeff Peden, Marshall Davidson, Jr., and Graham Horton** of **Cushman & Wakefield** represented the tenant, while **Brian Gammill** of **Transwestern** represented the landlord.

**RBS Business Solutions** leased 11,800 square feet at **Northwest Business Center 11 & 12 (1588)**, a 68,000-square-foot office/warehouse facility located at 5151 Mitchelldale in northwest Houston (451Q), from **Falcon Southwest** (512-377-4400). The 29-year-old facility, which features 12-foot clearance, is 64% occupied with average rents at \$0.53 per square foot. The tenant was self-represented, while **Perry Reese** of **Caldwell Cos.** represented the landlord.

**Morrison Homes** leased 10,500 square feet at **Granite Park – Beltway 8 (1075M)**, a 153,000-square-foot warehouse facility located at 5353-5373 W. Sam Houston Parkway N. in northwest Houston (449C), from **Granite Beltway Partners** (972-731-2300). The 2-year-old facility, which features 16-foot clearance, is fully occupied with average rents at \$0.92 per square foot. **Keith Bilski** of the **Caldwell Cos.** represented the tenant, while the landlord was self-represented by **Aubree Feldmann**.

**Cooper Flooring** leased 10,000 square feet at **Wright Business Park (0522M)**, a 40,000-square-foot office/warehouse facility located at 12111-12117 Taylor in northwest Houston (409J), from **Roberts Development** (281-647-9111). The facility is currently under construction and will feature 20-foot clearance. **Doug Bates** and **Dan Spika** of **Henry S. Miller** represented the tenant, while **Robert McGee** of **National Realty Group** represented the landlord.

**All-Tracks** subleased 17,750 square feet at **Service Industrial Supply (4572A)**, a 18,000-square-foot office/warehouse facility located at 5805 Berry Brook Dr. in southeast Houston (535V), from **Edgen Murray Corp.** (713-947-7979). The 15-year-old facility, which features 16- to 18-foot clearance, is fully occupied with average rents at \$0.45 per square foot. The tenant was represented by **John Clark** of **NAI Houston**, while the landlord was represented by **Chris Kugle** and **John Ferruzzo** of **NAI Houston**.

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## VACANT LAND

The **Maceo Family** has retained **David Crawford**, **Pat Pollan**, and **Jackie Ritchie** of **Yancey-Hausman** to market more than 50 acres of undeveloped land in several tracts fronting the Galveston Seawall and Stewart Rd. in Galveston (807L). The parcels zoned for residential, recreation, or planned development use.

**Fidelis Realty Partners** (713-623-6800) purchased 411 acres of land at Genoa Red Bluff Rd., in southeast Houston (578P), from **Kinder Morgan**. **Marvin Stapper** of **M M Stapper Commercial Real Estate** represented the buyer, while **Aaron Howes** of **CB Richard Ellis** and **Kirk Laguarda** of **Land Advisors Organization-Houston** represented the seller.

**Jose Garcia** and **George Bechara** purchased 2 separate parcels of land from **Leon Assa Mizrahia** totaling 231 acres. Included in the sales is 100 acres of land located at Stockdick School Rd. and Stockdick Rd., in Katy (446A) and 131 acres of land located at FM 529 at Katy Hockley Cut-Off Rd. in Katy (405S). **Joe Trak** of **Keller Williams Realty** represented the buyer, while **Jason Whittington** and **Darren O'Connor** of **NAI Houston** represented the seller.

**Schuff Steel-Gulf Coast** (713-696-7319) purchased 19.1 acres of land at Smith Rd. in northeast Houston (375X), from **George Kirk**. **Clay Pritchett** of **Yancey-Hausman** represented the buyer, while **Daniel Perrier** of **McDade, Smith, Gould, Johnston, Mason + Co.** represented the seller.

**Broadstone Residential** (512-328-9353) purchased 18.7 acres of land in Walker Commons on Texas 96 at Walker St. in League City (658M), from **LC Partners, LP**. Broadstone plans to develop a 325-unit multifamily apartment complex (17833) on the site. **Dennis Johnston** of **McDade, Smith, Gould, Johnston, Mason + Co.** represented the buyer, while **Kelley Parker**, **John Littman**, **H. Frank Stanley**, and **Jon Farris** of **Cushman & Wakefield** represented the seller.

**MAS Development Company, LP** (954-927-2717) purchased 10.1 acres of land at FM 1960 and Kenswick Dr. in Humble (335S) from **Fred and Mabel R. Parks Foundation**. The buyer was self-represented, while **Mark Wimberly** of **The Betz Companies** represented the seller.

**Gateway Development, LP** purchased 5.44 acres of land at Red Bluff Rd. and Spencer Highway in Pasadena (538W) from **Texas A & M Foundation**. **Steve Williams** of **Prudential Gary Greene Realtors** represented the buyer, while **Keith Grothaus** of **Caldwell Cos.** represented the seller.

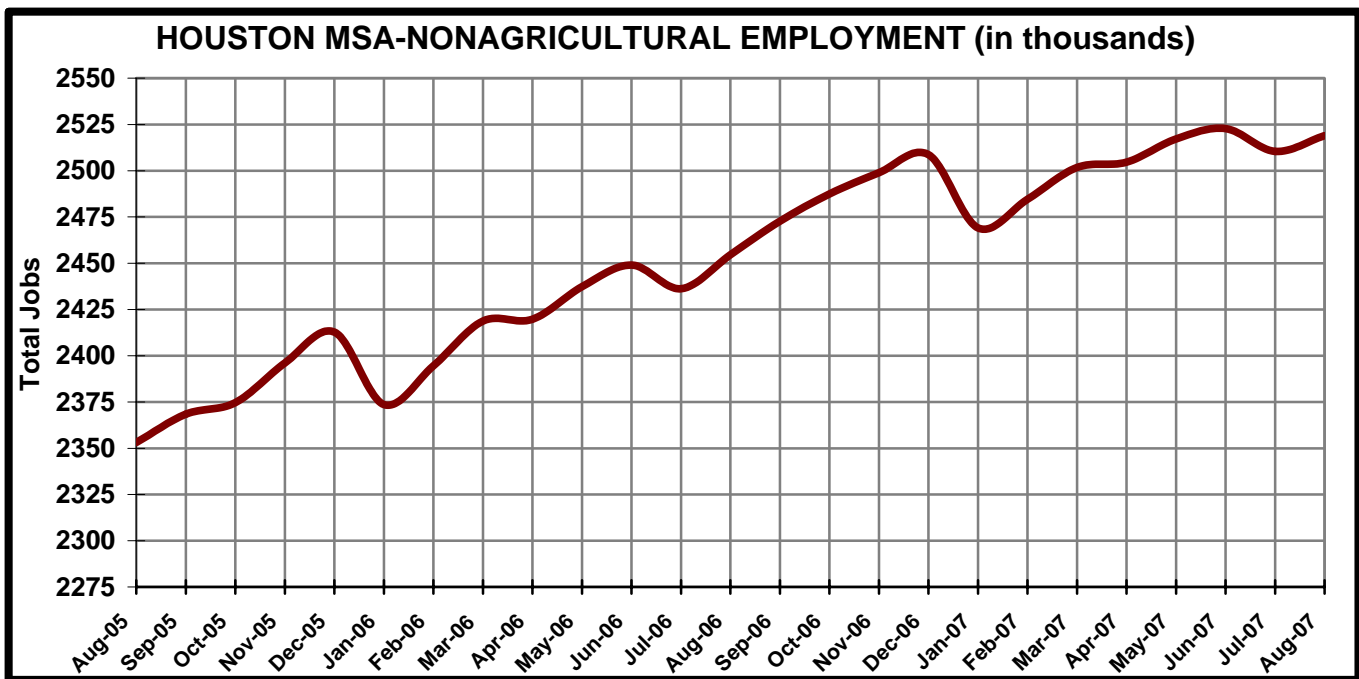
**Metro Mini Storage** (281-726-1557) purchased 3.7 acres of land at 8411 Queenston Rd. in northwest Houston (407G) from **Terry S. Ward**. **Ray Drake** of **The Drake Company** represented the buyer, while **Keith Grothaus** of **Caldwell Cos.** represented the seller.

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## ECONOMIC & FINANCIAL NEWS

The total number of nonagricultural wage and salary jobs in the ten-county Houston area increased by 8,600 jobs to 2,519,000 in August 2007, according to the **Texas Workforce Commission**. This month's total is 64,400 jobs more than the 2,454,600 jobs at this time last year. Of nonagricultural employers, the Trade, Transportation, and Utilities sector posted the largest gain over the month at 3,000 jobs, followed by the Education and Health Services sector, with 2,100 jobs gained. Over the year, the Professional & Business Services sector has had the largest increase in employment, adding 14,400 jobs, followed by the Construction sector, which has added 11,100 jobs.



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 August 2007 were \$377.6 billion, an increase of 0.3% from July, and up 3.7% from August 2006. Retail trade sales in August were up 0.3% from July, and were 3.5% above last year's level.

Personal income increased \$40.2 billion, or 0.3%, and Disposable Personal Income (DPI) increased \$37.2 billion, or 0.4%, in August 2007, according to the **Bureau of Economic Analysis**. Personal Consumption Expenditures (PCE) increased \$54.8 billion, or 0.6% in August 2007. Meanwhile, the **U.S. Department of Labor** reports that the seasonally adjusted Consumer Price Index (CPI) for urban consumers declined 0.2% in August 2007, but is 2.0% higher than in August 2006. Medical Care, at 0.5%, and Food and Beverages, at 0.4%, posted the largest increases in August 2007.

The latest **Conference Board Survey** indicates that the **Consumer Confidence Index** decreased to 99.8 in September 2007, down 5.8 points from 105.6, in August. 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 August to 137.8. 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 rose 0.2% in August, and is 1.7% higher than the August 2006 level. Output in the manufacturing sector decreased 0.3% in August; output of utilities increased 5.3% over the month, while output at mines increased 0.5%. The rate of industrial capacity utilization was 82.2% in August, which remained the same from the previous month's level, and was 0.2 points lower than the previous year's level.

**Freddie Mac** reports that the **30-year fixed-rate mortgage (FRM)** averaged 6.57% in August 2007, which is down 0.13 points from July but up 0.05 points from one year ago. The average for the **15-year FRM** averaged 6.23% in August 2007, which is down 0.13 points from last month, but up 0.03 points from August 2006.

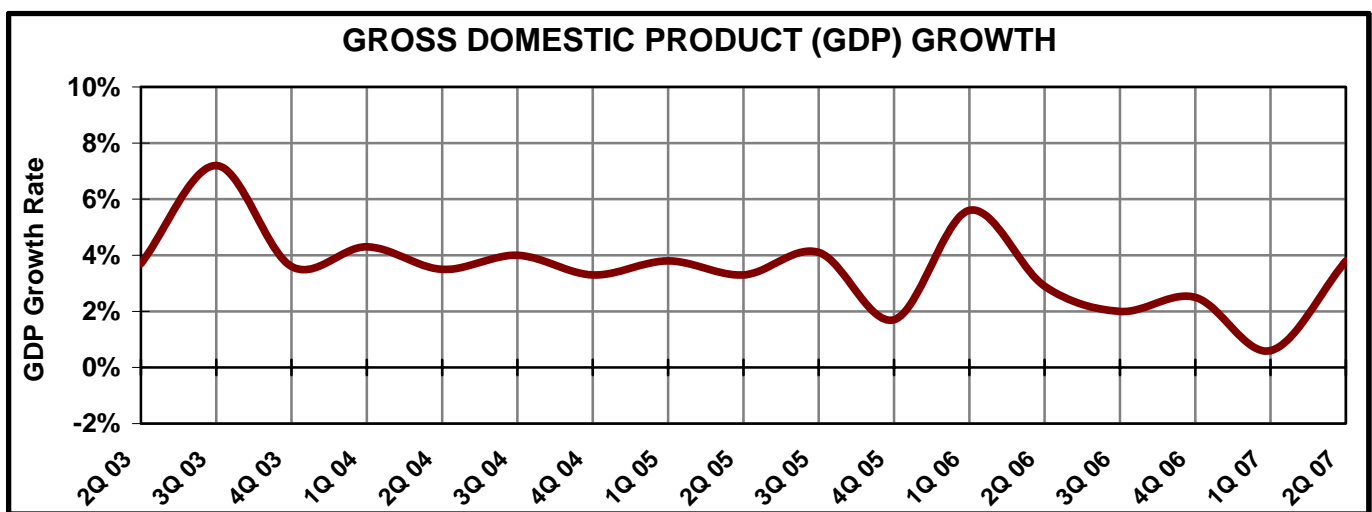
The **U.S. Department of Commerce** reports that advance estimates of the real GDP, the output of goods and services produced by labor and property in the United States, increased at an annual rate of 3.8% in the second quarter of 2007, up from the 0.6% growth rate recorded in the first quarter of 2007. The increase in GDP in the second quarter primarily reflected positive gains from personal consumption

expenditures for services, exports, nonresidential structures, federal government spending, and state and local government spending.

The **U.S. Department of Commerce** reports that construction spending during August 2007 was estimated at a seasonally adjusted annual rate of \$1,166.7 billion, 0.2% above the revised July estimate. The current figure is 1.7% below the August 2006 estimate of \$1,164.4 billion. Private residential construction was at a seasonally adjusted annual rate of \$522.1 billion in August, 1.5% below the revised July estimate of \$529.8 billion, and 16.0% below the August 2006 estimate of \$631.2 billion.

The **Baker Hughes** count of active domestic rotary rigs stands at 1,760 during the week ending August 28, 2007. The current rig count is up 0.9% from last year's figure of 1,744 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 U.S.

The **National Restaurant Association's Restaurant Performance Index (RPI)** gained 0.2% in August to 101.1. The index is a monthly composite index that tracks the health and outlook for the U.S. restaurant industry. This is the first reported gain in three months, indicating restaurant performance and outlook are improving. The boost came about in part as same-store sales and traffic levels improved over the month.



Source: Department of Commerce

## POTPOURRI

The **University of Texas System Board of Regents** has approved the addition of nine floors to its 12-story **Alkek** patient tower. The expansion will increase the number of patient beds by 70%. Another 200,000 square feet of existing space will be upgraded as part of the project on the **M.D. Anderson Cancer Center's** campus. When complete in 2016, the hospital will have 867 total beds to meet projected patient demand through 2020.

According to **U.S. News and World Report**, Houston's **Texas Children's Hospital** is one of the Top 10 pediatric hospitals in the United States. Texas Children's ranked number 6 in the report, which was headed by **Children's Hospital of Philadelphia**. The rankings were based on reputation, death rate, and care-related factors such as volume, nursing care, advanced technology, and recognition by outside organizations.

**St. Luke's Episcopal Health System** (832-355-1000) is planning a 170-bed hospital at Highway 3 and Blossom in Clear Lake. A group of physicians will own 49 percent of the hospital, which will cost up to \$160 million to build. So far, 60 doctors have committed to taking an ownership stake in the hospital. **St. Luke's Clear Lake Hospital** will be developed by **Medistar Corp.** (713-266-8990) and is expected to break ground by the end of the year followed by completion in 18 months.

**Omni Hotels Corporation** (972-730-6664) and **Songy Partners, LLC** (713-572-1593) have finalized the purchase of the old **Sheraton Hotel** in downtown Houston. Omni and Songy plan to spend \$100 million to renovate the 28-story property located at 711 Polk into a luxury hotel with 459 suites. This will be the first new large hotel built in the Central Business District since the 1,200-room **Hilton Americas-Houston** opened in 2003. Completion for the new Omni hotel is expected in mid 2009.

**The Children's Museum of Houston** has broken ground on a \$35 million addition of 83,000 square feet of space, scheduled to be complete in the spring of 2009. New exhibits will focus on building knowledge of science, personal fitness, and early childhood development. The museum currently has 600,000 visitors annually.

**Galveston** has broken ground on a new \$3.6 million recreation center in **Menard Park**. The **McGuire-Dent Recreation Center** located at Seawall Blvd. and 27<sup>th</sup> St. will include a basketball gym, fitness center, and computer and game rooms. The center will also house administrative offices for the city's parks and recreation department. Construction is expected to be complete fall of 2008.

The **Monster Local Employment Index**, which measures online job demand, for Houston increased three points in August to 137. The index has increased 22 points since August of 2006. Occupations with the highest individual index levels include Healthcare Practitioners and Technical and at 168, Protective Services at 167, and Arts, Design, Entertainment, Sports, and Media at 155.

**The University of Texas M. D. Anderson Cancer Center** ranks number 40 on the list of **AARP Best Employers for Workers Over 50**. Employers were ranked on seven key categories: Recruiting practices, workplace culture, continued opportunities, benefits, retiree work opportunities, organization statistics, and innovation practices. Employers were also required to participate in an employee survey.

**The Architecture Billings Index**, developed by the **American Institute of Architects**, receded to a figure more in line with the scores seen throughout the spring in August after three months of substantial growth. Following July's 60.0 rating, August reported an index of 53.9 (any score above 50 indicates an increase in billings). This is the biggest drop since September 2006 when the Index dropped from 59.4 to 52.1.

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