



Your Key to Real Estate Value

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# Houston Real Estate Trends

Edited by Kathryn Koepke

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## APARTMENTS

Although it seems the majority of activity in Houston's multifamily market is geared towards new construction, significant opportunities exist in the value-added sector. Value-added properties are generally well-located Class B and C properties that are in need of renovations. These properties can often be purchased for under \$30,000 per unit, in contrast to Class A properties which sell for over \$100,000 per unit, and renovated for less than \$5,000 per unit. Some of the key improvements to undertake in a value-added play include the upgrading of the property's exterior; renovation of the common areas, including the leasing office, fitness center, and swimming pool; and market-suitable interior updates. Provided the appropriate renovations are undertaken, the potential exits for significant occupancy and revenue gains, not to mention the social gains that extend from rehabilitating an older complex. Sales figures indicate that value-added buyers have taken notice of the multiple opportunities available in the Greater Houston area. According to O'Connor & Associates online data program, so far this year, 91 Class B properties and 75 Class C properties have traded hands, which represents 71% of the total sales in 2007. With cap rates rising and returns diminishing on Class A assets, we expect Houston's value-added market to be even more active and competitive over the coming year.

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 = 90.85%; Class B = 89.99%; Class C = 86.07%; Class D = 85.02%). Occupancy is up 0.35 points from the second quarter and down 0.88 points over the past year. The overall quarterly **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 \$0.004 from the second quarter of 2007 and \$0.016 over the past year.

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[www.oconnordata.com](http://www.oconnordata.com)

**ApartmentLink**

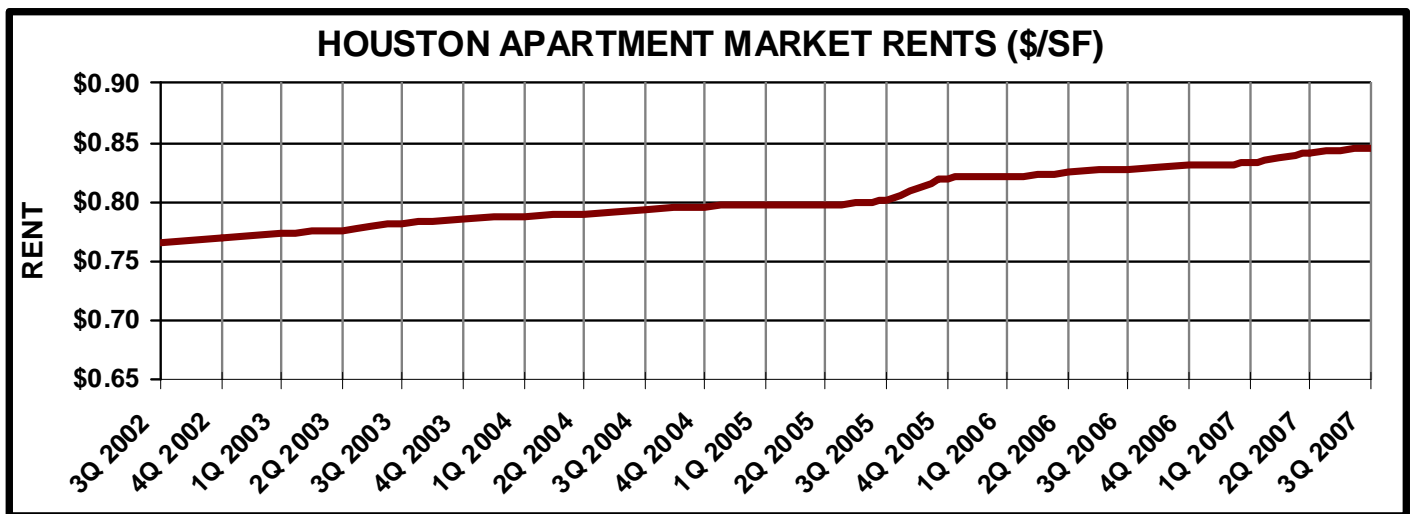
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Note: The multifamily projects listed herein are followed by their representative identification number as they appear in the new O'Connor & Associates **ApartmentLink Online Data** platform and are provided for subscriber cross-referencing. *The property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

- **Trammell Crow Residential** (713-781-5775) has broken ground on **Alexan Silber (17911)**, a four-story 402-unit complex located at 7777 Katy Freeway in the Galleria area (491C). The property will feature a 6,800-square-foot clubhouse, two swimming pool, fitness center, and wine tasting room. Construction is expected to be completed by the third quarter of 2008.
- **Allied Realty Services** (713-622-4949) is developing **Retreat at the Heights (17752)**, a 195-unit complex located at 2125 Yale St. in the Heights area (452V). The property will feature four stories of residential units atop two-stories of parking. The one- and two-bedroom units will range in size from 700 to 1,378 square feet. Pre-construction work is underway, with completion slated for February 2009.

The following chart illustrates historical apartment rental rates.



- **Birchmont Capital Advisors, LLC** (310-268-8344), in partnership with **JRK Asset Management** (310-268-8344), purchased seven Houston area Class B complexes from **Apartment Investment & Management Co. (AIMCO)** (303-355-6181). The seven-complex portfolio includes **Brant Rock Condominium Apartments (2973)**, **Hastings Place Ph. I (1390) & Ph. II (1402)**, **Hampton Hill (1536)**, **Chesapeake (1535)**, **The Waterford (1545)**, **Stirling Court (1379)**, and **Copper Chase (2076)**. Brant Rock Condominium Apartments is an 84-unit complex located at 12906 Brant Rock Rd. in the Alief area (528C); the 23-year-old property is 94% occupied with average rents at \$0.86 per square foot. Hastings Place Ph. I & II is a 264-unit complex located at 10730 Glenora Dr. in the Steeplechase area (369S); the 24-year-old property is 90% occupied with average rents at \$0.79 per square foot. Hampton Hill is a 332-unit complex located at 8750 Point Park Dr. in northwest Houston (408B); the 23-year-old property is 98% occupied with average rents at \$0.90 per square foot. Chesapeake is a 320-unit complex located at 8727 Point Park Dr. in northwest Houston (408B); the 24-year-old property is 98% occupied with average rents at \$0.90 per square foot. The Waterford is a 312-unit complex located at 15455 Point Northwest Blvd. in northwest Houston (408F); the 24-year-old property is 98% occupied with average rents at \$0.88 per square foot. Stirling Court is a 228-unit complex located at 12703 Jones Rd. in the Steeplechase area (369K); the 24-year-old property is 94% occupied with average rents at \$0.99 per square foot. Copper Chase is a 316-unit complex located at 1007 S. Mason Rd. in Katy (485H); the 25-year-old property is 94% occupied with average rents at \$0.90 per square foot. **Matt Rotan, Cliff McDaniel, and Russell Jones of Apartment Realty Advisors** represented both the buyer and seller.

- **Centaurus Investments** (415-279-3502) purchased **Cove at Windmill Lakes (3991)**, a 392-unit Class B complex located at 9988 Windmill Lakes Dr. in southeast Houston (576N), from **Acacia Equities**. The 23-year-old complex is 95% occupied with average rents at \$0.81 per square foot. **John Griggs** of Centaurus represented the buyer, while **Jim Hurd** of **Houston Income Properties** represented the seller.
- **Babcock and Brown Residential** (704-944-0100) purchased **Cambridge Place (2195)**, a 336-unit Class B complex located at 10901 Meadowglen Ln. in the Westchase area (489Y), from **Alliance Holdings** (312-332-8000). The 27-year-old complex is 96% occupied with average rents at \$0.81 per square foot.
- **Francis-University Commons, LLC** (310-556-2274) purchased **Estancia San Miguel (17172)**, a 300-unit Class A complex located at 13330 West Rd. in the Steeplechase area (408H), from **Estancia San Miguel, Ltd.** The year-old complex is 94% occupied with average rents at \$1.05 per square foot.
- **Poseidon Partners** (713-785-4411) purchased **Williamstown (3178)**, a 272-unit Class C complex located at 9200 Bissonnet St. in the Braeswood area (530S), from **First Choice Management** (210-690-2550). The 30-year-old complex is 78% occupied with average rents at \$0.74 per square foot.
- **TD Peachtree Property, LLC** (713-981-7650) purchased **Peachtree (3245)**, a 154-unit Class C complex located at 5720 Rampart St. in southwest Houston (531A), from **Centaurus Investments** (415-279-3502). The 30-year-old complex is 98% occupied with average rents at \$0.71 per square foot. **Jeff Fript, Sheri Carey, Nick Fluellen, and Scott Lamontagne** of **Marcus & Millichap** represented both the buyer and seller.
- **BLP Investments, LLC** (281-686-8896) purchased **Leaf Hollow (1718)**, a 98-unit Class C complex located at 1760 Campbell St. in the Spring Branch area (450U), from **Houston Leaf Hollow Apartments**. The 33-year-old complex is 96% occupied with average rents at \$0.64 per square foot. **Robert Su** of **Marcus & Millichap** represented both the buyer and seller.
- **Right Place Investments, LLC** (602-264-2510) purchased **Braeswood Forest (3220)**, a 94-unit Class C complex located at 8100 Creekbend Dr. in the Braeswood area (530Y), from **ALTM, LLC**. The 31-year-old complex is 49% occupied with average rents at \$0.57 per square foot. Right Place plans to convert the property into for-sale condominiums, with prices ranging from \$49,990 to \$89,990. **Kevin Peck** of **Red Door Group** represented the buyer, while **Shayan Hasnain** of **Houston Income Properties** represented the seller.
- **Garner Villa Suites, LLC** (858-436-1304) purchased **Garner Villa Apartments (3723)**, a 64-unit Class D property located at 403 Garner Rd. in Pasadena (536Q), from **Lotus Investments, Inc.** The 41-year-old complex is 67% occupied with average rents at \$0.49 per square foot. **Robert Su** of **Marcus & Millichap** represented both the buyer and seller.
- **Houstate Investments** (713-850-7889) purchased **Carriage House (4314)**, a 54-unit Class B property located at 615 Holiday Dr. in Galveston (775K), from **William E. Leopold**. The 44-year-old complex is 98% occupied with average rents at \$0.90 per square foot. **Brian Janak** and **Monte Lowery** of **Marcus & Millichap** represented both the buyer and seller.
- Correction Notice: In the October 2007 edition, we incorrectly identified **Greystar Management / Greystar Real Estate Capital Partners** as the buyers of **Hawthorne (2965)** and **Timber Run (2855)**. We apologize for any inconvenience. What follows is the corrected article: Greystar Management (713-966-5000) has assumed management duties at Hawthorne and Timber Run. Hawthorne is a 312-unit Class C complex located at 15770 Bellaire Blvd. in the Alief area (527G). The 25-year-old complex is 86% occupied with average rents at \$0.76 per square foot. Timber Run is a 156-unit Class B complex located at 13000 Woodforest Dr. in the Northshore/Woodforest area (457W). The 27-year-old complex is 88% occupied with average rents at \$0.87 per square foot.

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# SINGLE-FAMILY HOUSING

**MLS** home sales increased in October, as 4,323 used homes were sold, up from the 4,211 homes sold in September, according to the **Houston Association of Realtors (HAR)**. However, sales for October 2007 were down 7.2% from October 2006. The median price of a used single-family home sold in October was \$136,000, down 1.4% from October of last year, while the average home price was \$187,300, which was up 6.4% from the October 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 increased 8% in October to 1,547 from 1,428 in September, but are down 28% from October 2006. Realtor co-op sales represented 62% of gross sales, down 2% from October of last year. Traffic decreased 22% from last year to 21,011 in October 2007. The inventory of completed speculative homes (2,156) is down 5% from last year. There are 2,139 spec homes under construction, which is down 48% from October 2006. Overall, the 4,495 specs (both completed and under construction) are down 33% from October 2006. *Note: the 24 homebuilders in this survey account for approximately 65% of housing starts in Houston.*

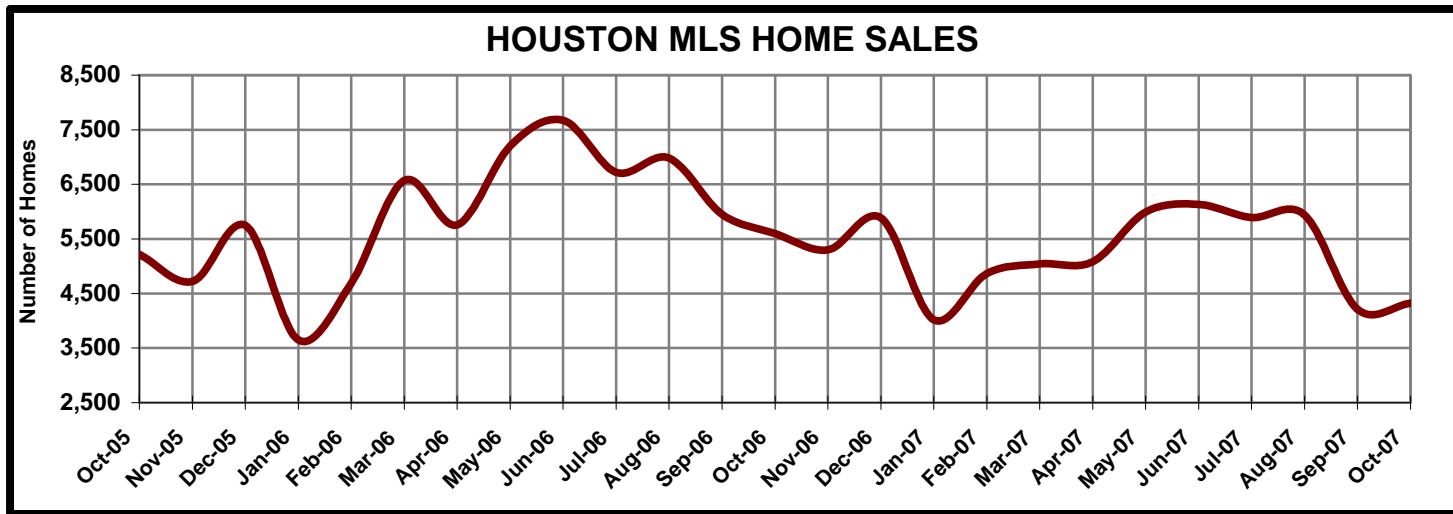
Nationwide sales of new single-family homes increased in October to a seasonally adjusted annual rate of 728,000, 1.7% above the revised September sales rate of 716,000 and 23.5% below the October 2006 figure, according to a release by the **U.S. Department of Commerce**. The median sales price in October was \$217,800. Privately owned housing starts were at a seasonally adjusted annual rate of 1,178,000 in October 2007, which is 6.6% below the revised September estimate, and 24.5% below the revised October 2006 rate. Privately owned housing completions were at a seasonally adjusted annual rate of 1,436,000 in October, 1.9% above the revised September figure, but 25.2% below the revised October 2006 figure.

The **National Association of Home Builders/Wells Fargo Housing Market Index**, a monthly measure of builder confidence, remained unchanged at 19 in November, on a scale where any number greater than 50 indicates that builders view sales as more good than poor. This is the index's lowest point since the series began in January of 1985. The index measuring current sales of new single-family homes held steady at 18, the index measuring sales expectations for the coming six months declined 1 point to 25, while the index measuring the traffic of prospective buyers increased 2 points to 17.

According to the **National Association of Realtors (NAR)**, 4,970,000 existing homes were sold in October 2007, down 1.2% from September sales, and down 20.7% from the 6,270,000 homes sold in October 2006. The median sale price was \$207,800, which represents a 5.1% decrease from sale prices last year.

According to the most recent report by **RealtyTrac**, 635,159 foreclosure filings — default notices, auction sale notices, and bank repossessions — were reported during the third quarter of 2007. This figure is up 30% from the second quarter of 2007, and up 100% from the third quarter of 2006. The company estimates that one in every 196 households nationwide entered the foreclosure process during the third quarter. Texas remains among the nation's 10 highest states in total foreclosure filings over the quarter, as one in every 205 households entered the foreclosure process during the quarter.

The following chart illustrates historical used home sales.



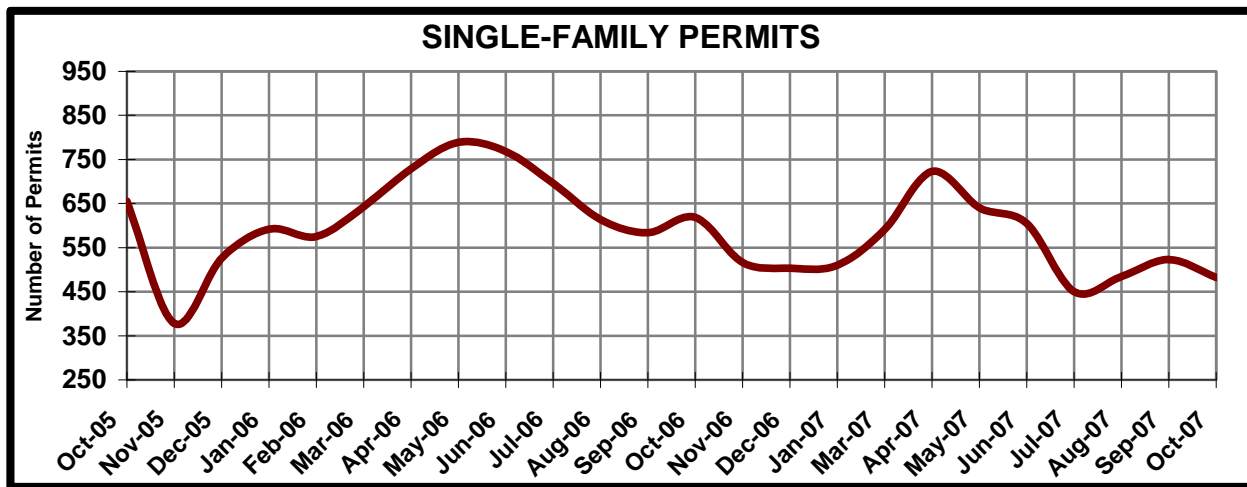
Source: Houston Association of Realto

- Hillwood** (972-201-2870) plans to develop **Sienna Plantation South**, a 3,827-acre 7,000-home master-planned community located south of the Sienna Plantation Country Club between Brazos River and FM 521 in Missouri City (650Y). Homes in the development will be priced from \$160,000 to \$1 million. Pre-construction work is slated to begin in 2008, with the first homes expected to be completed by mid-2009.
- Johnson Development Corp.** (281-259-8818) plans to develop **Woodforest**, a 2,800-acre master-planned community located near the intersection of Interstate Highway 45 and FM 2854 in The Woodlands (186W). Plans call for the construction of over 6,000 homes that will be priced from \$180,000 to over \$1,000,000. The first homes are scheduled for completion by the end of 2008.
- Kickerillo Cos.** (713-951-0666) plans to develop **Grandeur Park**, a 1,300-home community located off of Katy Freeway between Mason Rd. and the Grand Parkway in Katy (445X). Homes will range in price from \$300,000 to \$600,000. Construction is expected to begin in the fall of 2007. Kickerillo purchased the 100-acre site from **Westside Ventures**. **Vincent Kickerillo** of Kickerillo represented the buyer, while **Giorgio Borlenghi** of **Interfin Cos.** represented the seller.
- Sonrisa Development** (281-538-3600) plans to develop **Arcadia Station**, a 362-acre 900-home community located near the intersection of Cemetery Rd. and Dickinson Bayou in Galveston County (698Q). The homes will range in price from \$200,000 to \$600,000. The first homes are slated to begin construction in September 2008, with full build-out of the community expected by 2018 to 2020.
- Randall Davis** (713-526-3222) has broken ground on **Diamond Beach**, a seven-story 120-unit condominium development located at 10327 San Luis Pass Rd. in Galveston (807K). The property's two- and three-bedroom units range in size from 1,300 to 2,300 square feet and in price from \$400,000 to \$850,000. Planned amenities include a lazy river, water slide, indoor pool, private beach, and day spa. Approximately half of the 120 units have been pre-sold. Construction is expected to be completed by November 2008. In addition, Randall Davis announced plans to develop **The Titan**, a 26-story 80-unit condominium development located on Post Oak Blvd. near Garrettson Ln. in the Galleria area (491R). Units are expected to range in size from 825 to 2,134 square feet, with prices averaging \$400 per square foot.

# PERMIT ISSUANCE

The **City of Houston** issued permits to build 482 private single-family houses and 65 private multifamily buildings in October. Demolition permits were issued for 154 private single-family houses and 22 multifamily structures. In addition, 274 permits were issued for privately owned non-residential construction totaling \$153,855,469 and 13 permits were issued for public non-residential construction totaling \$1,122,962. Additions, alterations, and conversions totaled \$152,934,603 for the private sector and \$5,005,276 for the public sector.

Cost of Construction*			
	2005	2006	2007
Month of October	\$404,089,921	\$484,856,552	\$538,796,865
Year-to-Date	\$3,436,311,976	\$4,053,597,883	\$4,692,736,972



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

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# OFFICE BUILDINGS

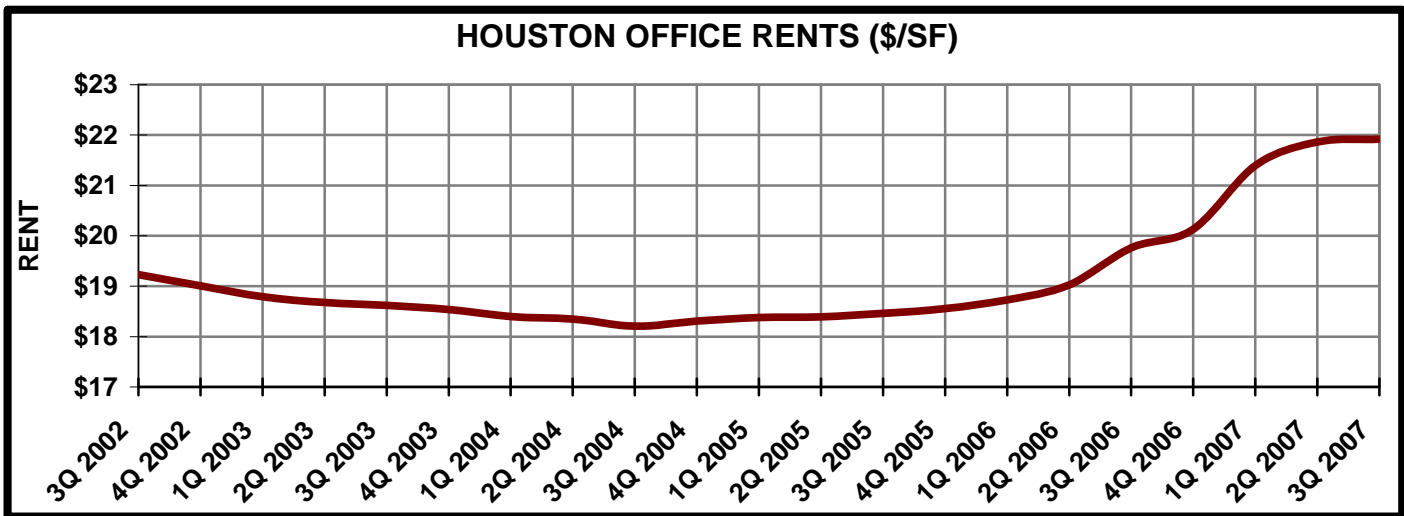
Overall absorption during the third quarter of 2007 totaled 276,257 square feet (SF). The Class A market absorbed the bulk of the new space over the quarter, with 490,376 SF absorbed. Demand for Class A space was strongest in the **Woodlands/Conroe** and **Sugar Land/First Colony** sectors, with 150,808 SF and 125,687 SF absorbed over the quarter. Quarterly absorption was also positive in the Class C market, with 123,776 SF absorbed. Demand was weak in the Class B and D markets during the third quarter. Class B absorption was negative for the first time in four quarters, with -276,672 SF absorbed, while the Class D market absorbed -61,223 SF over the quarter.

According to the O'Connor & Associates **Third Quarter 2007 Houston Office Data Program**, citywide **occupancy** for Houston area multi-tenant office buildings is **86.96%** (Class A = 91.67%; Class B = 84.18%; Class C = 82.36%; Class D = 76.06%). The citywide quarterly multi-tenant office **rental rate** is **\$21.92 per square foot** (Class A = \$27.21; Class B = \$18.61; Class C = \$14.81; Class D = \$12.05).

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).

- **LoneStar Alliance** (713-783-5388) broke ground on **Sam Houston Technology Park Ph. I (GNB 0161)**, an 84,000-square-foot office development located at 1717 N. Sam Houston Parkway, W. in the Greenspoint/Northbelt area (372S). Construction is expected to be completed by May 2008. Construction of **Sam Houston Technology Park Ph. II (GNB 162)**, another 84,000-square-foot office building located at the same site, will commence once the first building has been fully leased. **Mark Preston** of **Moody Rabin** is handling leasing duties.
- **Teachers Insurance & Annuity Associates (TIAA-CREF)** plans to develop **Five Oaks Place (GAL 169)**, a 400,000-square-foot office building at 1550 Post Oak Blvd. in the Galleria area (491R). The site currently houses **24 Hour Fitness**, which will be demolished to make way for the building. 24 Hour Fitness will be invited to be a tenant of the new building, where space will lease for approximately \$40.00 per square foot. The new building will be certified to LEED standards of the US Green Building Council. Construction is slated to begin in the fourth quarter of 2008, with completion expected by the fourth quarter of 2009. **Eric Anderson** of **Transwestern** is handling leasing duties.
- **Means Knaus Partners** (713-355-9100) plans to develop **One & Two Oak Park (SW1 081 & SW1 082)** at the southwest corner of Rogerdale Rd. and Town Park Dr. in southwest Houston (529G). Each building will contain 150,000 square feet of office space. Both buildings will be certified to LEED Silver standards of the US Green Building Council. Construction is expected to begin in January 2008, with completion of both buildings expected by January 2010.
- **Metropolitan Life Insurance Co.** (972-404-4350) has placed **Wells Fargo Plaza (CBD 053)**, a 1.7-million square foot Class A office building located at 1000 Louisiana St. in the Central Business District (493Q), available for sale. The 25-year-old building is 84% occupied with average rents at \$43.15 per square foot. **Kent Peters**, **Richard Rudd**, and **Darcy Stacom** of **CB Richard Ellis** are marketing the property on behalf of the seller.

The following chart illustrates historical office rental rates.



- **Transwestern** (312-499-1900) purchased **919 Milam (CBD 092)**, an 829,000-square-foot Class A office building located in the **Central Business District (493Q)**, from **Hines** (713-621-8000). The 51-year-old building is 56% occupied with average rents at \$31.19 per square foot. Both the buyer and seller were self-represented.
- **Behringer Harvard** (214-655-1600) purchased a three-property portfolio, which includes **2603 Augusta (GAL 103)**, **Regency Center (WES 083)**, and **Northpoint Central (GNB 066)**, from **CMD Realty Investors** (713-783-7228). 2603 Augusta is a 259,000-square-foot Class B office building located in the Galleria area (491R). The 23-year-old building is 46% occupied with average rents at \$22.87 per square foot. Regency Center is a 163,000-square-foot Class B office building located at 2901 Wilcrest Dr. in the Westchase area (489Y). The 24-year-old building is 90% occupied with average rents at \$23.00 per square foot. Northpoint Central is a 182,000-square-foot Class B office building located at 2 North Point Dr. in the Greenspoint area (372V). The 23-year-old building is 82% occupied with average rents at \$23.00 per square foot. The buyer was self-represented, while **Kent Peters** of **CB Richard Ellis** represented the seller.
- **Ellman Cos.** (602-840-3000) purchased **One Sugar Creek Place (SFC 011)**, a 533,000-square-foot Class A office building located at 14141 Southwest Freeway in Sugar Land (568R), from **Unilev Capital Corp.** (713-850-7878). The 25-year-old building is fully occupied. **Thomas Swann** of **Amcal Southwest, LLC** represented the buyer, while **Marvin Stapper** and **David Joachim** of **International Realty Concepts, Inc.** represented the seller.
- **Younan Properties, Inc.** (818-703-9600) purchased **Two Westlake Park (KFW 051)**, a 395,000-square-foot Class A office building located at 580 Westlake Park Blvd. in west Houston (488B), from **CMD Realty Investors** (281-920-6400). The 25-year-old building is 89% occupied with average rents at \$29.00 per square foot. **Zaya Younan** of Younan represented the buyer, while **David Page** of **Cushman & Wakefield** represented the seller.
- **Cameron Management, Inc.** (713-224-1663) purchased **2000 St. James Pl. (GAL 028)**, a 350,000-square-foot Class B office building located in the Galleria area (491Q), from the **Coca-Cola Co** (713-888-5000). The 29-year-old building is 74% occupied. Coca-Cola's **Minute Maid** division occupies approximately half of the building, and will stay leasing at the property through 2009 or 2010. The remaining office space leases for an average of \$19.00 per square foot. **Dougal Cameron** of Cameron represented the buyer, while the seller was self-represented.

- **Pacific Coast Capital Partners, LLC** (949-717-2700) purchased **West Loop I & II (BWU 013 & BWU 014)** from **Property Texas SC One Corporation**. West Loop I is a 170,000-square-foot Class A office building located at 6565 West Loop S. in the Meyerland area (531H). The 28-year-old building is 74% occupied with average rents at \$23.00 per square foot. West Loop II is a 150,000-square-foot Class A office building located at 6575 West Loop S. in the Meyerland area (531H). The 27-year-old building is 94% occupied with average rents at \$23.00 per square foot. The buyer was self-represented, while **David Baker** of Transwestern represented the seller.
- **Argus Realty Investors, LP** (949-481-6738) purchased a three-property portfolio, which includes **1400 Broadfield (P10 043)**, **16420 Park Ten Place (P10 020)**, and **Willowbrook Building (CPQ 027)**, from **Caldwell Cos.** (713-690-0000). 1400 Broadfield is a 105,000-square-foot Class B office building located in west Houston (447Y). The 25-year-old building is 97% occupied with average rents at \$19.50 per square foot. 16420 Park Ten Place is an 88,000-square-foot Class B office building located in west Houston (447Y). The 24-year-old building is 97% occupied with average rents at \$18.50 per square foot. Willowbrook Building is a 68,000-square-foot Class B office building located at 7915 FM 1960 in northwest Houston (370E). The 25-year-old building is 98% occupied with average rents at \$21.00 per square foot. **J. Drever** of Argus represented the buyer, while the seller was self-represented.
- **Robert Baker, Larry Byers, Gail Anderson, Les Anderson, Jean Boyer & Assoc.** purchased **Jones Road Professional Building (CPQ 076)**, a 15,000-square-foot Class B office building located at 12850 Jones Rd. in northwest Houston (369P), from **Jones Professional Building, LP**. The 14-year-old building is 85% occupied with average rents at \$15.00 per square foot. **Brent Smith** and **Tanner McGraw** of **Marcus & Millichap** represented both the buyer and seller.
- **United Healthcare Insurance Co.** expanded and renewed a 180,000-square-foot lease at **Southwest Corporate Center (SWF 094)**, a 579,000-square-foot Class B office building located at 9700 Bissonnet St. in southwest Houston (530S), from **YoungWoo & Associates** (212-477-8008). The 32-year-old property, which was previously the Westwood Mall and was renovated in 2000 into office space, is 67% occupied with average rents at \$17.00 per square foot. **Dave Anderson** previously of **CB Richard Ellis** represented the tenant, while **Steve Bryant** of **Moody Ramin** represented the landlord.
- **Hercules Offshore** leased 72,325 square feet at **Coastal Tower (GPL 023)**, an 800,000-square-foot Class A office building located at 9 Greenway Plaza in the Greenway Plaza area (492X), from **Crescent Real Estate Equities** (713-840-1170). The 29-year-old property is fully occupied with average rents at \$25.43 per square foot. The buyer was represented in-house, while **Rosemary Kogler** of Crescent represented the landlord.

# RETAIL CENTERS

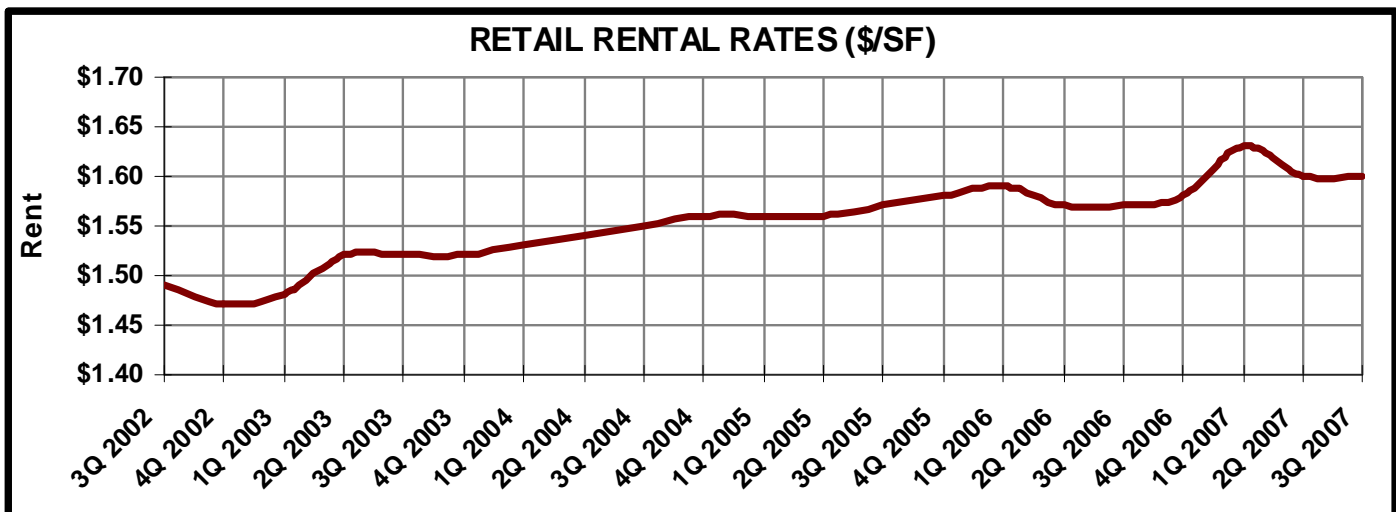
Retail sales were surprisingly strong on the Friday following Thanksgiving Day, also known as Black Friday. **ShopperTrak** indicated that sales for the day after Thanksgiving rose 8.3% compared to same-day sales from last year, which was the largest year-over-year increase in three years. Combined Friday and Saturday sales were also up 7.2% in comparison to last year's figures. Discount retailers such as **Wal-Mart**, **Target**, and **Best Buy** were the big winners over the weekend. Despite the impressive sales gains posted over Thanksgiving weekend, the **National Retail Federation** is predicting that rising energy costs, weakened home prices, and the tighter credit market will negatively affect overall holiday sales this year. Holiday retail sales are expected to total only \$475 billion in 2007, which will represent the weakest growth in five years.

According to the O'Connor & Associates **Third Quarter 2007 Houston Retail Data Program**, citywide **occupancy** for Houston area multi-tenant retail buildings is **86.74%** (Regional = 87.54%; Community = 87.37%; Neighborhood = 84.12%; Strip = 83.34%). Occupancy was unchanged over the last quarter, and down 0.08 points over the past 12 months. The citywide quarterly multi-tenant retail **rental rate** is **\$1.60 per square foot** (Regional = \$3.00; Community = \$1.59; Neighborhood = \$1.19; Strip = \$1.18). Overall rents were unchanged over the last quarter, and are up \$0.03 from last year's figure.

*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).*

- **Cencor Realty** (713-781-7111) has broken ground on **Tuscan Corners (FSE 3151)**, a 60,000-square-foot center located at 1260 League City Parkway in League City (659Q). The property is 77% pre-leased with quoted average rents at \$2.08 per square foot. Construction is expected to be completed by early 2009.
- The **Fiesta Mart** in **Fiesta Center (NRW 1555)**, a 97,000-square-foot center located at 1005 Blalock Rd. in west Houston (490C), will close on December, 31<sup>st</sup> 2007. **Weingarten Realty** (713-866-6000), owners of the center, have placed 90,000 square feet available for lease beginning January 1<sup>st</sup>, 2007. Rents at the center average \$1.79 per square foot. Weingarten is also considering redevelopment options for the property.

The following chart illustrates historical retail rental rates.



- **Lionstone Group** (713-553-5860) purchased **Renaissance Center (INL 032)**, a 111,000-square-foot center located at 6120 Scott St. in south Houston (533L), from **Renaissance Cooperative**. The 47-year-old center is 94% occupied with average rents at \$1.08 per square foot. Tenants of the center include **HEB**, **Texas Department of Human Services**, and **Rent-A-Center**. **Paul Gardner of Marcus & Millichap** represented both the buyer and seller.
- **Rich North Freeway, LLC** (310-547-3326) purchased **West Road Collection (NRN 598)**, a 66,000-square-foot center located at 10777 North Freeway in north Houston (412C), from **10777 North Freeway, LP**. The year-old center is 88% occupied with average rents at \$1.75 per square foot. Tenants of the center include **Best Buy**, **Verizon Wireless**, and **Starbucks**. The buyer and seller were both self-represented.
- **2801 Fondren Realty, Ltd.** (210-736-0178) purchased **2801 Fondren Pl. (NRW 028)**, a 23,000-square-foot center located in near west Houston (490U), from **Fondren 2800, Inc.** The 32-year-old center is fully occupied with average rents at \$0.75 per square foot. **Don Stringham and Francois Le of Marcus & Millichap** represented both the buyer and seller.
- **KM Realty Advisors, LP** (713-690-2700) purchased **1488 Town Plaza (FNO 890)**, a 22,000-square-foot center located in The Woodlands (217G), from **Advantage Realty**. The 8-year-old center is 81% occupied with average rents at \$1.75 per square foot. Tenants of the center include **Master Miller's Academy** and **Curves for Women**. **Randy Keith** and **Patrick Manchi** of **KM Realty** represented the buyer, while **Patrick Ram** and **David Butler** of **Colliers International** represented the seller. **Live Oak Capital** (713-993-1300) structured fixed-rate acquisition financing on behalf of **KM Realty** through **Richard Miller** of **Viewpoint Bank**.
- **Hemet 664, LLC** purchased **Windfern Plaza (FNW 1446)**, a 20,000-square-foot center located at 13219-13303 Windfern Rd. in northwest Houston (369U), from **Marcel Maintenance & Construction**. The year-old center is fully occupied. **Hemet 664, LLC** also purchased **Marcel Crossing (FNO 884)**, a 12,000-square-foot center located at 8008 Ashlane Way in The Woodlands (215T), from **Ashlane Way Partners, Ltd.** The recently completed center is fully occupied. Tenants of the center include **Nationwide Insurance**, **Nutrition Depot**, and **Super Dry Cleaners**. **Paul Gardner** of **Marcus & Millichap** represented the buyer and seller in both transactions.
- A private family trust purchased **Ashford Center (FEW 1676)**, a 17,000-square-foot center located at 753 Dairy Ashford in west Houston (488H), from **Priske Jones Co.** (713-572-8000). The 33-year-old center is 95% occupied with average rents at \$1.62 per square foot. The buyer was self-represented, while **James Bell** of **Marcus & Millichap** represented the seller.
- **Westpoint Home** leased 25,000 square feet at **Gulfway Plaza at La Marque (FSE 2807)**, a 175,000-square-foot center located at 11001 Delaney St. in La Marque (736P), from **Sugar Oak Properties, LLC** (703-471-7332). The 15-year-old center is 69% occupied with average rents at \$0.66 per square foot. The tenant was self-represented, while **Craig Domin** of **Realtek Real Estate** represented the landlord.

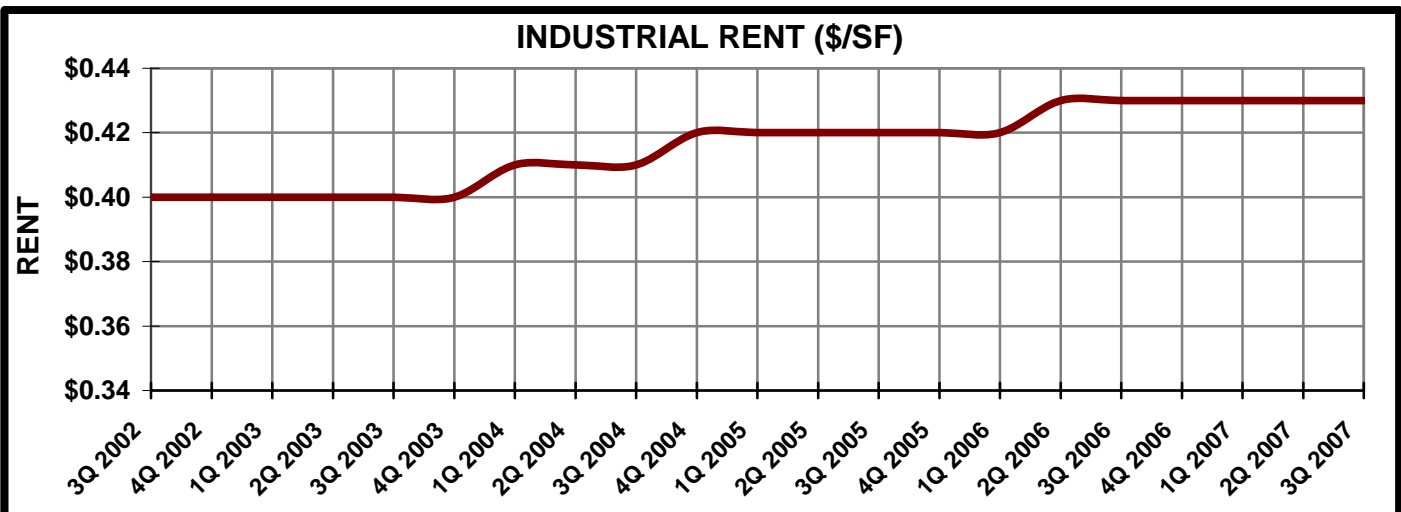
# INDUSTRIAL FACILITIES

At O'Connor & Associates recent Industrial Forecast Luncheon, **Mr. Welcome Wilson, Jr.** of **GSL Properties** and **Mr. Mark Nicholas** of **The Staubach Company** presented their opinions and forecasts regarding Houston's industrial market. Wilson presented an optimistic outlook for the market. He indicated that Houston's industrial market is one of the strongest in the nation. Wilson believes the market is poised to gain strength over the next year due to the robust health of the energy sector and the weakened dollar, which bolsters trade exports. Wilson also expects to see an increase in LEED certified construction, which is significant considering the industrial sector has been slow to adopt green building. In contrast to Wilson's predictions, Nicholas was more cautious in his outlook for the market. On the bright side, Nicholas believes the strength of Houston's industrial market will cause an increase in sales activity in 2008. Nicholas, however, is cautious about the elevated construction activity experienced in the market over the last few years. He expects new supply will outweigh demand over the coming year, causing vacancy to rise. He also expects to see a small slowdown in spec development, as areas, particularly the **Port of Houston**, have been overdeveloped.

According to the O'Connor & Associates **Third Quarter 2007 Houston Industrial Data Program**, citywide **occupancy** for Houston area operating industrial facilities is **91.55%** (Flex = 89.60%; Bulk = 93.14%; Manufacturing = 91.80%, Service = 86.02%, Distribution = 88.37%, R&D = 98.22%). Occupancy is down 0.39 points from the last quarter, and down 1.29 points over the last year. The overall quarterly **rental rates** remained flat at **\$0.43 per square foot** (Flex = \$0.45; Bulk = \$0.36; Manufacturing = \$0.35, Service = \$0.56, Distribution = \$0.40, R&D = \$0.58).

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)

- **CytoGenix** (713-789-0070) has broken ground on **6030 North Course Dr. (3808)**, a 20,000-square-foot manufacturing facility located in southwest Houston (529G). CytoGenix will fully occupy the building, which is expected to be completed in mid-2008.
- **First Industrial Realty Trust** (713-681-0885) has completed construction of **InterPort Distribution Center Building I (5248A)**, a 598,000-square-foot distribution center located at 13001 Bay Area Boulevard in southeast Houston (580N). The facility features 30-foot clearance and dock-level loading. The property is available for lease. **David Munson** of First Industrial handles leasing and management duties.



The following chart illustrates historical industrial rental rates.

- **Cabot Properties** (617-723-7400) purchased a 23-year-old four-building office/warehouse portfolio in west Houston (449L), which includes **Claymoore Business Park 1 - 4 (1085B, 1085A, 1084T, 1084)** from **Richland Investments**. Claymoore Business Park 1 is a 73,000-square-foot facility located at 10875 Kempwood Dr., which features 23-foot clearance and dock-level loading. The property is fully occupied with average rents at \$0.50 per square foot. Claymoore Business Park 2 is a 53,000-square-foot facility located at 10801 Kempwood Dr., which features 24-foot clearance and dock-level loading. The property is fully occupied with average rents at \$0.50 per square foot. Claymoore Business Park 3 is a 74,000-square-foot facility located at 10775 Kempwood Dr., which features 23-foot clearance and dock-level loading. The property is fully occupied with average rents at \$0.42 per square foot. Claymoore Business Park 4 is a 124,000-square-foot facility located at 2700 Brittmoore Rd., which features 23-foot clearance and dock-level loading. The property is fully occupied with average rents at \$0.34 per square foot. **Larry Marks** of **Betz Commercial** represented the buyer, while **Michelle Kirsch** of Richland represented the seller.
- **Group 1 Automotive** (713-647-5700) purchased two southwest Houston area (569Q) warehouse facilities, **12202 Murphy Rd. (4901R)** and **12206 Murphy Rd. (4901Q)**, from **AN Dealership Holding Corp.** 12202 Murphy Rd. and 12206 Murphy Rd. are both 11-year-old 46,000-square-foot facilities that feature 22-foot clearances and grade-level loading. Group 1 Automotive fully occupies both properties. **Steve Waller** of **Group 1 Realty** represented the buyer, while **Mark Nicholas** of **The Staubach Co.** represented the seller.
- **Carson Cos.** (949-725-6500) purchased **13127 Trinity Dr. (4902Z)**, a 138,000-square-foot distribution center in Stafford (569K), from **Lowenberg Investment Co., Inc.** The 8-year-old facility is fully occupied. **John Ferruzzo** and **Barrett Gibson** of **NAI Houston** represented the buyer, while **Bob Tuller** of **NAI San Francisco** represented the seller.
- **Mountain West Industrial Properties** (303-843-0440) purchased **Cedar Crossing Distribution Center (4900G)**, a 130,000-square-foot distribution center located at 3710 Cedar Blvd. in southwest Houston (542B), from **Vantage Cos.** (713-780-4300). The year-old facility, which features 24-foot clearance and dock-level loading, is vacant with asking rents at \$0.37 per square foot. **TJ Tarbell** of Mountain West represented the buyer, while **Jim Black** of Vantage represented the seller.
- **Massoud Real Estate Investments, LLC** (713-880-1900) purchased **Westland Business Park (0474)**, a 118,000-square-foot office/warehouse facility located at 8401 Westland Blvd., W. in northwest Houston (408H), from **Achuck Family Partnership**. The 21-year-old facility, which features 24-foot clearance and dock-level loading, will be fully occupied by the new owner. The buyer was self-represented, while **Gray Gilbert** and **John Simons** of **CB Richard Ellis** represented the seller.
- **Corrections Corporation of America** (615-263-3000) purchased **16038-16058 Vickery Dr. (0414)**, a two-building 109,000-square-foot warehouse facility located in north Houston (374Q), from **World Houston Air Cargo Center**. The 27-year-old facility, which features 18-foot clearance and dock-level loading, is 43% occupied with average rents at \$0.45 per square foot. The buyer was self-represented, while **Glynn Mireles** and **Jeff Everiest** of **CB Richard Ellis** represented the seller.
- **Exel** renewed a lease of **8501 Citypark Loop (2265)**, a 104,000-square-foot warehouse facility located at in northeast Houston (455X), from **Teachers Insurance & Annuity Associates** (212-490-9000). Exel fully occupies the 28-year-old facility, which features 22-foot clearance and dock-level loading. **Samuel Brown** of **Samuel H. Brown, Inc.** represented the tenant, while **Edward Bane** of **Holt Lunsford Commercial** represented the landlord.
- **Arima Computer Corporation** renewed a 73,800-square-foot lease at **6319 - 6339 Windfern Bldg. 1 (1258B)**, a 246,000-square-foot distribution center located in northwest Houston (410X), from **Morgan Stanley Real Estate** (404-846-1300). The 8-year-old facility, which features 24-foot clearance and dock-level loading, is fully occupied with average rents at \$0.57 per square foot. **Anthony Squillante** of **Jackson Cooksey** represented the tenant, while **Darryl Noon** of **Transwestern** represented the landlord.

- **University of Texas M.D. Anderson Cancer Center** leased 46,000 square feet at **Corporate Centre Kirby Ph. II (4237M)**, a 109,000-square-foot service center located at 9220-9230 Kirby Dr. near the Texas Medical Center (532Y), from **Warehouse Associates** (713-461-9696). The year-old facility, which features 25-foot clearance and dock-level loading, is fully occupied with average rents at \$0.87 per square foot. The buyer was self-represented, while **David R. David** of Warehouse Associates represented the landlord.
- **X-Ray X-Press** leased 37,862 square feet at **Holly Hall Business Park (4194 & 4195)**, a two-building 91,000-square-foot office/warehouse facility located at 8303 - 8317 Knight Rd. in near south Houston (532R), from **Whitestone REIT/Hartman REIT** (713-467-2222). The 27-year-old facility, which features 16- to 17- clearance and grade- and dock-level loading, is fully occupied. **Brian Harbuck** of **Hartman Management Co.** represented the landlord.
- **TPF Texas Premium** leased 33,000 square feet at **West Port Industrial Park I (2633E)**, a 206,000-square-foot distribution center located at 7108 Old Katy Rd. in near west Houston (492A), from **Connecticut Life Insurance** (713-840-6500). The 8-year-old facility, which features 30-foot clearance and grade-level loading, is 68% occupied. **Patrick Rollins** of **CB Richard Ellis** represented the tenant, while **Faron Wiley** of **CB Richard Ellis** represented the landlord.
- **Louisiana Valve Source, Inc.** leased 12,000 square feet at **Hobby Commerce Center Ph. I (5085)**, a 60,000-square-foot office/warehouse facility located at 8600 Telephone Rd. in south Houston (575E), from **Vantage Cos.** (713-780-4300). The year-old facility, which features 24-foot clearance, is 67% occupied with average rents at \$0.52 per square foot. The tenant was self-represented, while **Walter Menuet** and **Ryan Cropper** of Vantage represented the landlord.
- **Acoustical Concepts, Inc.** renewed an 11,541-square-foot lease at **Kirby Business Center (4240)**, a 53,000-square-foot office/warehouse facility located at 9400-9444 Kirby Dr. in south Houston (532Y), from **Mountain West Industrial Properties** (303-843-6015). The 26-year-old facility, which features 20-foot clearance and dock-level loading, is 76% occupied with average rents at \$0.48 per square foot. **John Parsley** of **Colliers International** represented the tenant, while **Brian Gammill** of **Transwestern** represented the landlord.
- **Texas Service Industries** leased 10,000 square feet at **7202 Clinton Dr. (3328B)**, a 120,000-square-foot warehouse facility located in southeast Houston (494R), from **GSL Industrial Partners** (713-952-7000). The 27-year-old facility, which features 20- to 26-foot clearance and grade-level loading, is fully occupied with average rents at \$0.31 per square foot. **Graham Horton, Jeff Peden, David Cook, and Marshall Davidson, Jr.** of **Cushman & Wakefield** represented the tenant, while **Craig Wilson** of **GSL** represented the landlord.

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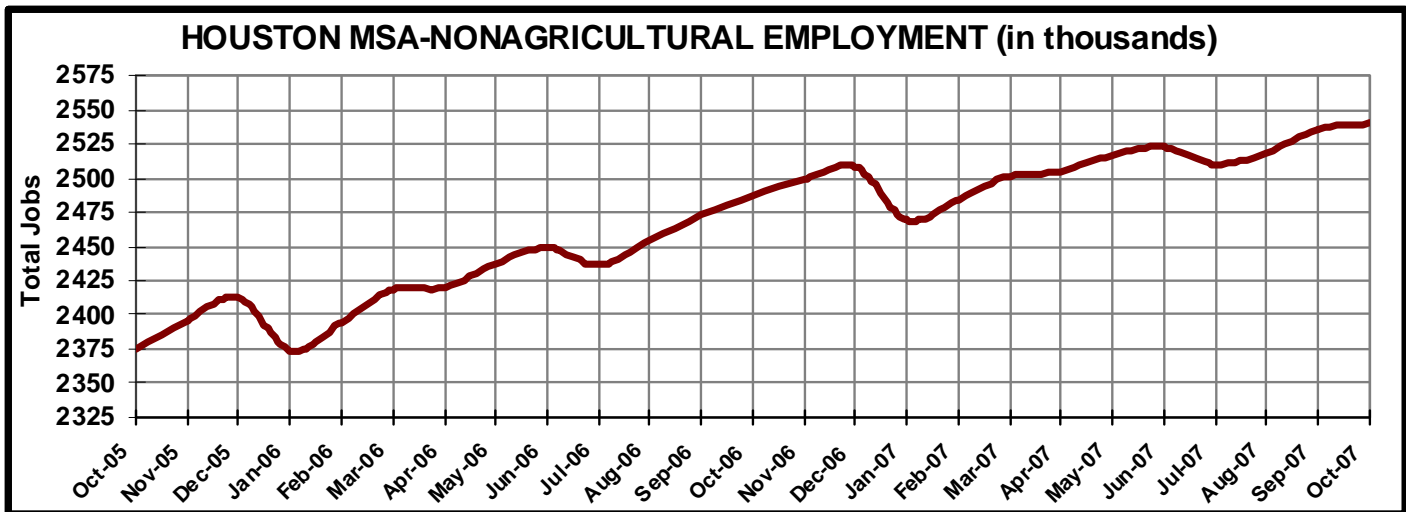
# VACANT LAND

- **General Growth Properties** (281-304-5588) purchased 1,234 acres of land on the north side of Cypress Creek, east of Katy Hockley Rd. in northwest Houston (365Q), from **Texas General Land Office** for \$21.9 million. The site is located adjacent to General Growth's master-planned community **Bridgeland**, and will likely be built out with single family homes. The buyer was self-represented, while **Dave Ramsey** of **NewQuest Properties** represented the seller.
- **Grove Holdings** purchased 1,002 acres of land along State Highway 146 near the intersection of Spur 99 and TriCities Beach Rd. in Baytown (541G), from **Ashbel Smith Properties, LTD.** **Fred Griffin** of **Griffin Properties** represented the buyer, while **Richard Gould** and **Edward Cummins, Jr.** of **McDade, Smith, Gould, Johnston, Mason + Co.** represented the seller.
- **Vista Equities Group** (281-531-5300) purchased 89 acres of land near the intersection of Kingsland Blvd. and the Grand Parkway in Katy (445T) from **GP Ninety One Venture, LP.** Vista plans to construct a mixed-use development on the site. **Dennis Johnston** of **McDade, Smith, Gould, Johnston, Mason + Co.** represented the buyer, while **Stan Creech** of **Stan Creech Properties, Inc.** represented the seller.
- **St. Luke's Episocal Health System** (832-355-1000) purchased 28 acres of land near the intersection of Kingsland Blvd. and the Grand Parkway in Katy (445T) from **Vista Equities Group** (281-531-5300). Although specific plans have yet to be finalized, it is expected that St. Luke's will build a hospital or medical office building on the site. The buyer was self-represented, while **J. Brent Mann** of Vista represented the seller.
- **Creekstone Developments, Inc.** (306-249-6705) purchased 11 acres of land in the 3000 block of Will Clayton Parkway in northeast Houston (376C), from **Austofield Partners No. 1, Ltd.** Preliminary plans call for a multifamily development on the site. **Mark Wimberly** of **The Betz Companies** represented the buyer, while the seller was self-represented.

# ECONOMIC & FINANCIAL NEWS

The total number of nonagricultural wage and salary jobs in the ten-county Houston area increased by 4,000 jobs to 2,540,300 in October 2007, according to the **Texas Workforce Commission**. This month's total is 52,900 jobs more than the 2,487,400 jobs at this time last year. Of nonagricultural employers, the Government sector posted the largest gain over the month at 6,100 jobs, followed by the Education & Health Services sector, with 1,900 jobs gained. Over the year, the Professional & Business Services sector has had the largest increase in employment, adding 12,000 jobs, followed by the Construction sector, which has added 10,100 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 October 2007 were \$380.3 billion, an increase of 0.2% from September, and up 5.2% from October 2006. Retail trade sales in October were up 0.1% from September, and were 5.1% above last year's level.

Personal income increased \$21.2 billion, or 0.2%, and Disposable Personal Income (DPI) increased \$14.0 billion, or 0.1%, in October 2007, according to the **Bureau of Economic Analysis**. Personal Consumption Expenditures (PCE) increased \$23.8 billion, or 0.4% in October 2007. Meanwhile, the **U.S. Department of Labor** reports that the seasonally adjusted Consumer Price Index (CPI) for urban consumers increased 0.3% in October 2007 and is 3.5% higher than in October 2006. Energy, at 1.4%, and Medical Care, at 0.6%, posted the largest increases in October 2007.

The latest **Conference Board Survey** indicates that the **Consumer Confidence Index** decreased to 87.3 in November 2007, down 7.9 points from 95.2 in October. 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 0.5% in October to 136.9. 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 0.5% in October, but is up 1.8% over the October 2006 level. Output in the manufacturing sector declined 0.4% in October; output of utilities decreased 1.6% over the month, while output at mines fell 0.6%. The rate of industrial capacity utilization was 81.7% in October, which represents a 0.5-point decline from the previous month's level, and is unchanged compared to the previous year's level.

**Freddie Mac** reports that the **30-year fixed-rate mortgage (FRM)** averaged 6.38% in October 2007, which is unchanged from September and up 0.02 points from one year ago. The average for the **15-year FRM** averaged 6.04% in October 2007, which is down 0.01 points from last month and down 0.01 points from October 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 3.9% in the third quarter of 2007, up from the 3.8% growth rate recorded in the second quarter of 2007. The increase in GDP in the third quarter primarily reflected positive gains from personal consumption expenditures for services, exports, federal government spending, equipment and software, and state and local government spending.

The **U.S. Department of Commerce** reports that construction spending during October 2007 was estimated at a seasonally adjusted annual rate of \$1,158.3 billion, 0.8% below the revised September estimate. The current figure is 0.6% below the October 2006 estimate of \$1,164.9 billion. Private residential construction was at a seasonally adjusted annual rate of \$863.2 billion in October, 1.4% below the revised September estimate of \$875.2 billion, and 4.9% below the October 2006 estimate of \$907.3 billion.

The **Baker Hughes** count of active domestic rotary rigs stands at 1,773 during the week ending November 21, 2007. The current rig count is up 4.5% from last year's figure of 1,697 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.

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# POTPOURRI

- Houston ranked as the 19<sup>th</sup> most desirable city for relocation, according to a recent study by **Human Capital Institute**. San Diego, San Francisco, and New York were the top three most desirable cities for relocation, while Austin placed sixth, and Dallas came in at No. 17.
- In a recent study released by **CQ Press**, Sugar Land ranked as the fifth safest city in America, of cities with populations of at least 75,000 residents. Round Rock, TX, located just north of Austin, ranked 13<sup>th</sup>. According to the report, Mission Viejo, CA was the safest city, while Detroit, MI was the most dangerous.
- The **Houston Parks Board** (713-942-8500) plans to develop **Brays Greenway**, a 15-acre park located along Brays Bayou in Houston's East End (535A). The new park, which will feature hiking and jogging trails, will connect to **Mason Park** and will form a three-mile stretch of connected parkland extending along Brays Bayou from the **Houston Ship Channel** to **Gus Wortham Park**.
- The **Texas General Land Office** (512-463-5001) plans to widen a three-mile section of eroded beach located just west of the seawall near the Spanish Grant subdivision in Galveston (806V). Sand from the east end of Galveston Island will be used to widen the eroded section by approximately 200 square feet. Work on the project is slated to begin in the fall of 2008.
- Multiple improvement projects have been approved for the **Port of Galveston**. The projects include a 5,000-square-foot expansion to Pier 27, which will allow for larger passenger vessels to dock at the island; the demolition of the retaining wall and foundation of the Plant 3 warehouse, which will allow for the land between Wharf Road and the railroad tracks to be on the same grade; and the demolition of Pier 41, which will clear a blighted warehouse and make way for additional new businesses.
- **Starwood Hotels & Resorts Worldwide, Inc.** (914-6040-8100) plans to build **Element Hotel**, a 122-room extended-stay hotel, within the **Vintage Park** lifestyle center located at the intersection of State Highway 249 and Louetta Rd. in northwest Houston (329Y). Construction is slated to begin by the end of the year.
- **Warburg Pincus Real Estate I, LP** (212-878-0600) purchased **Hotel Derek**, a 314-room hotel located at 2525 West Loop, S. in the Galleria area (491V), from **Angelo, Gordon & Co.** and **Amerimar Enterprises** (215-893-6000). **Crestline Hotels & Resorts** (571-382-1800) will manage the property.
- **Aroon Patel** plans to build a 180-room **Comfort Inn** within the Park 10 master-planned development located near the intersection of Interstate Highway 10 and State Highway 6 in west Houston (488A). Construction of the hotel is slated to begin in early 2008, with completion expected by the spring of 2008.
- **VillaSport** (719-522-1221) plans to open an 87,000-square-foot athletic club and spa near the intersection of Research Forest Dr. and Technology Forest Pl. in The Woodlands (217X). The new club will feature five exercise studios, an 18,000-square-foot indoor soccer field, indoor and outdoor lap swimming pools, a children's outdoor pool complex with water slides, and a 13,000-square-foot indoor children's area with two studios, multiple play structures, and gym. Also located on the property will be an eight-room spa and retail shop. Construction is expected to begin in late 2007, with completion expected by late 2008.

- **The Menninger Clinic** (713-275-5000) plans to build **The Menninger Mental Health Epicenter**, a 50-acre campus which will house facilities for mental health research, treatment, training, and advocacy, near the intersection of South Main Street and South Post Oak Rd. in south Houston (571G). The campus will be built in phases. Phase I includes the construction of a 144-bed psychiatric hospital, brain and behavior research center, administrative buildings, educational facilities, wellness center, chapel, and dining center. Phase II includes the construction of an aftercare facility, headquarters for various mental health organizations, and training/educational rooms. The Menninger Clinic operations at the current facility at 2801 Gessner Drive will move to the new facility. Construction is slated to begin in the fall of 2008, with completion expected by the summer of 2010.
- The **Methodist Hospital System** (713-790-3333) has released additional information regarding their plans for their previously announced fourth hospital in the Greater Houston area. The 192-bed hospital, which will be located north of Interstate Highway 10 between Barker Cypress Rd. and Greenhouse Rd. in west Houston (448W), will feature 14 operating rooms, a breast cancer research facility, radiation therapy facility, and labor and delivery rooms. The new facility will also include a state-of-the-art imaging center. Construction is slated to begin in early 2008, with completion expected by 2010.

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