



Your Key to Real Estate Services

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Houston Real Estate Trends

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APARTMENTS

Apartment sales in the Greater Houston area increased in 2007 over 2006 sales. Almost 300 properties traded hands last year, but 2008 appears to be off to a slower start. Some of the areas that saw the most activity include the Champions area where at least 34 properties sold in 2007, the Far West area where 18 sales were recorded over the year, and the Westchase area where approximately 15 properties sold in 2007. Not surprising is that 15 Inner Loop properties were also sold last year. Investors are usually interested at properties inside the Loop, in particular in the Museum District and Medical Center, where properties traded for prices well in excess of \$100,000 per unit. And as job growth in the Medical Center, Central Business District, and the Galleria area continue to expand, the acquisition of multi-family complexes will only get stronger.

According to www.oconnordata.com, O'Connor & Associates' online apartment data program, **Fourth Quarter 2007** overall **occupancy** for Houston area apartment projects is **88.22%** (Class A = 88.59%; Class B = 89.83%; Class C = 85.94%; Class D = 84.42%). Occupancy is down 0.70 points from the third quarter and down 0.39 points over the past year. The overall **rental rate** is **\$0.848 per square foot** (Class A = \$1.122; Class B = \$0.821; Class C = \$0.698; Class D = \$0.607). Overall rents are up \$0.003 from the third quarter of 2007 and \$0.017 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*

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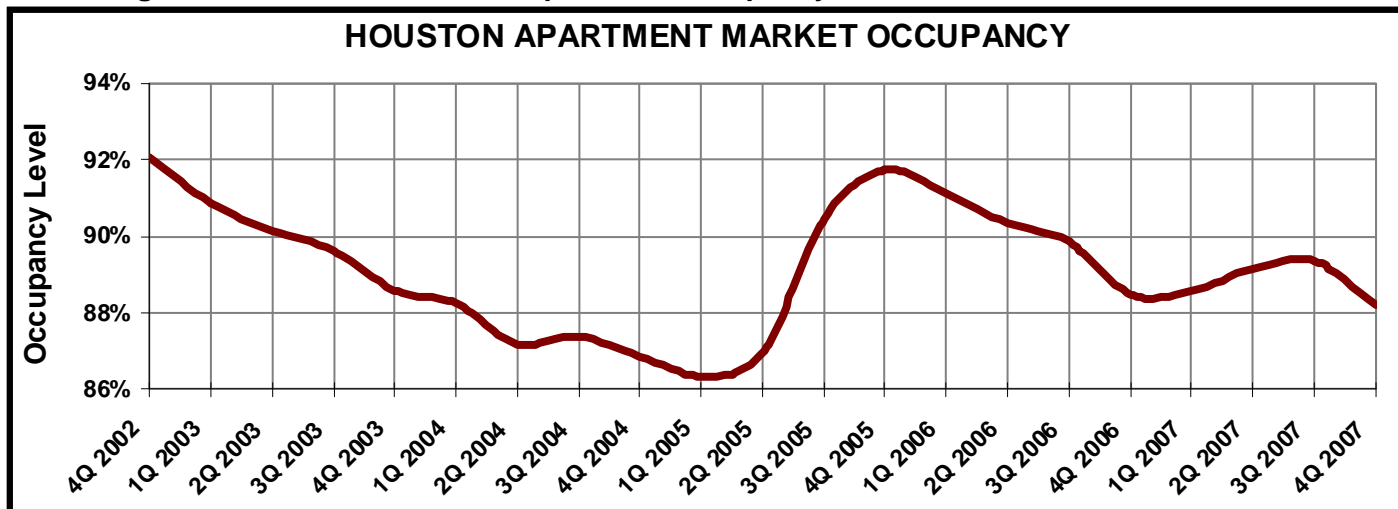
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basis and accessible over the web (please contact us for more details).

- **Legacy Partners Residential Development, Inc.** (650-571-2200) is developing **Legacy at Memorial (18043)**, a 330-unit Class A complex located at 440 Studemont St. and Memorial Dr. inside the Loop (493J). One-, two-, and three-bedroom units will range in size from 868 to 3,568 square feet with rental rates ranging from \$1.26 to \$2.20 per square foot, while 15% of the development will be reserved for affordable housing. Construction is expected to begin in February 2008 with completion estimated for November 2009.
- **Camden Property Trust** (713-354-2500) is developing **Camden Travis (18083)**, a four-story 253-unit Class A complex located at 2830 Travis in Midtown (493T). Proposed unit rental rates will be competitive with those in the area with a current range of \$1.40 to \$1.60 per square foot. Construction is expected to begin in the third quarter of 2008.
- **Mark-Dana Corp.** (281-363-4210) is proposing to build **Highland Manor Senior Housing (18081)**, a 140-unit senior tax credit complex located at 319 Newman Rd. in La Marque (736M). Upon approval from the Texas Department of Housing and Community Affairs, construction is scheduled to start late 2008, with completion in late 2009 or early 2010.
- **The Tejano Center for Community Concerns** (713-670-1080) has opened **Nueva Vida (18044)**, a 66-unit Class B senior citizens affordable housing complex located at 2950 Broadway in southeast Houston (535K). The 540-square-foot units will be available to seniors at rates equaling 30% of their adjusted gross income with pre-determined income level caps of \$21,350 for singles and \$24,400 for couples.

The following chart illustrates historical apartment occupancy rates.



- **Capri Capital Partners, LLC** (312-573-5300) purchased a portfolio of 4 Houston area apartment complexes totaling 1,082 units from the **International Realty, Inc.** (210-281-1469). The properties include **Beverly Wilshire (17114)**, a 9-year-old complex located at 7550 Wilshire Place Dr. in northwest Houston (410Z), **Meyer Park Lakeside Ph. I (3354)**, a 15-year-old complex located at 9701 Meyer Forest Dr. in the Meyerland area (531V), **Meyer Park Lakeside Ph. II (15783)**, a 7-year-old complex located at 9550 Meyer Forest Dr. in the Meyerland area (531V), and **The Seasons (1580)**, a 14-year-old complex located at 6969 Hollister Rd. in northwest Houston (410Z). Occupancies at the properties range from 91% to 98%, while average rental rates range from \$0.85 to \$1.40 per square foot. The buyer was represented in-house, while **David Mitchell** of **ARA** represented the seller.
- **Berkshire Property Advisors** (617-646-2300) purchased **Bayou Park Village (2470)**, a 698-unit Class A complex located at 4400 Memorial Dr. inside the Loop (492M), from **Golden Greek Carpets, Inc.** The 27-year-old complex is 95% occupied with average rents at \$1.15 per square foot. The

buyer was self-represented, while **David Wylie, Matthew P. Rotan, David Mitchell, and David K. Oelfke** of **Apartment Realty Advisors** represented the seller.

- **Mid-America Apartment Communities** (901-682-6600) purchased **Cascade at Fall Creek (17561)**, a 246-unit Class A complex located at 8330 N. Sam Houston Parkway E. in northeast Houston (375U), from **Martin Fein Interest, Ltd.** (713-683-4800). The recently completed complex is 48% occupied with average rents at \$1.13 per square foot. The buyer was represented in-house, while **David Wylie, Matthew Rotan, David Oelfke and David Mitchell** of **ARA** represented the seller.

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SINGLE-FAMILY HOUSING

MLS home sales decreased in January, as 2,980 used homes were sold, down from the 3,916 homes sold in December, according to the **Houston Association of Realtors (HAR)**. However, sales for January 2008 were down 10.6% from January 2007. The median price of a used single-family home sold in January was \$129,900, flat compared to the same time last year, while the average home price was \$174,737, which was up 3.0% from the January 2007 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 8% in December to 1,180 from 1,287 in November, but are down 33% from December 2006. Realtor co-op sales represented 64% of gross sales, up 3% from December of last year. Traffic decreased 23% from last year to 16,244 in December 2007. The inventory of completed speculative homes (2,078) is down 5% from last year. There are 1,782 spec homes under construction, which is down 50% from December 2006. Overall, the 3,860 specs (both completed and under construction) are down 32% from December 2006. *Note: the 24 homebuilders in this survey account for approximately 65% of housing starts in Houston.*

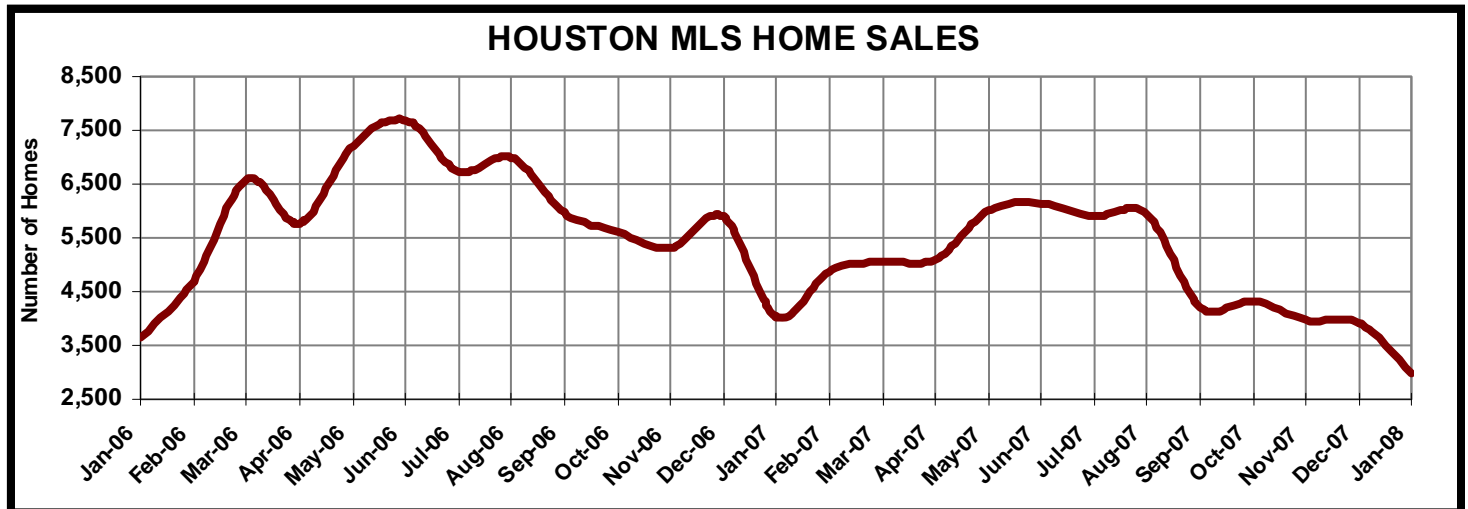
Nationwide sales of new single-family homes decreased in January to a seasonally adjusted annual rate of 588,000, 2.8% below the revised December sales rate of 605,000 and 33.9% below the January 2007 figure, according to a release by the **U.S. Department of Commerce**. The median sales price in January was \$216,000. Privately owned housing starts were at a seasonally adjusted annual rate of 1,012,000 in January 2008, which is 0.8% above the revised December estimate, and 27.9% below the revised January 2007 rate. Privately owned housing completions were at a seasonally adjusted annual rate of 1,351,000 in January, 1.8% above the revised December figure and 26.2% below the revised January 2007 figure.

The **National Association of Home Builders/Wells Fargo Housing Market Index**, a monthly measure of builder confidence, rose one point to 20 in February, 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 also rose one point to 20, the index measuring sales expectations for the coming six months fell one point to 27, while the index measuring the traffic of prospective buyers increased five points to 19.

According to the **National Association of Realtors (NAR)**, 4,890,000 existing homes were sold in January 2008, down 0.4% from December sales, and down 23.4% from the 6,440,000 homes sold in January 2007. The median sale price was \$201,100, which represents a 4.6% decrease from sale prices last year.

According to the most recent report by **RealtyTrac**, 233,001 foreclosure filings — default notices, auction sale notices, and bank repossessions — were reported during the month of January. This figure is up 8% from December and up 57% from January 2007. Texas ranks 13th in the nation in total foreclosure filings for the month of January.

The following chart illustrates historical used home sales.



Source: Houston Association of Realtors

- **Plantation Homes** (281-458-2937) plans to develop **Deerwood Glen**, a 131-acre residential community consisting of 346 single family homes. The project is located off E. Sam Houston Parkway and Highway 225 in Deer Park (538J). Homes will range in size from 2,100 to 3,200 square feet and will be priced from \$193,000 to \$227,000. Construction is expected to begin Spring 2008, with expected completion in 4 to 5 years.
- **ZK Homes** (713-715-1454) plans to develop **The Enclave at Lake Pointe**, a residential community consisting of 80 patio homes and 20 townhome lots. The project is located in **Lake Pointe Town Center** in Sugar Land's **First Colony** master-planned community (568T). Homes will range in size from 2,099 to 2,501 square feet and will be priced from \$300,000 to \$325,000.
- **Abercrombie Builders** (713-680-2424) and **Black Diamond Development** (713-532-8849) are developing **Greyton Lane**, a high-end residential project located on Bunker Hill Rd. in west Houston (490K). Plans call for the construction of 19 custom homes with average sizes ranging from 5,500 to 8,000 square feet that will be priced from the mid \$800,000's. The homes will be built on lots of up to 23,000 square feet.

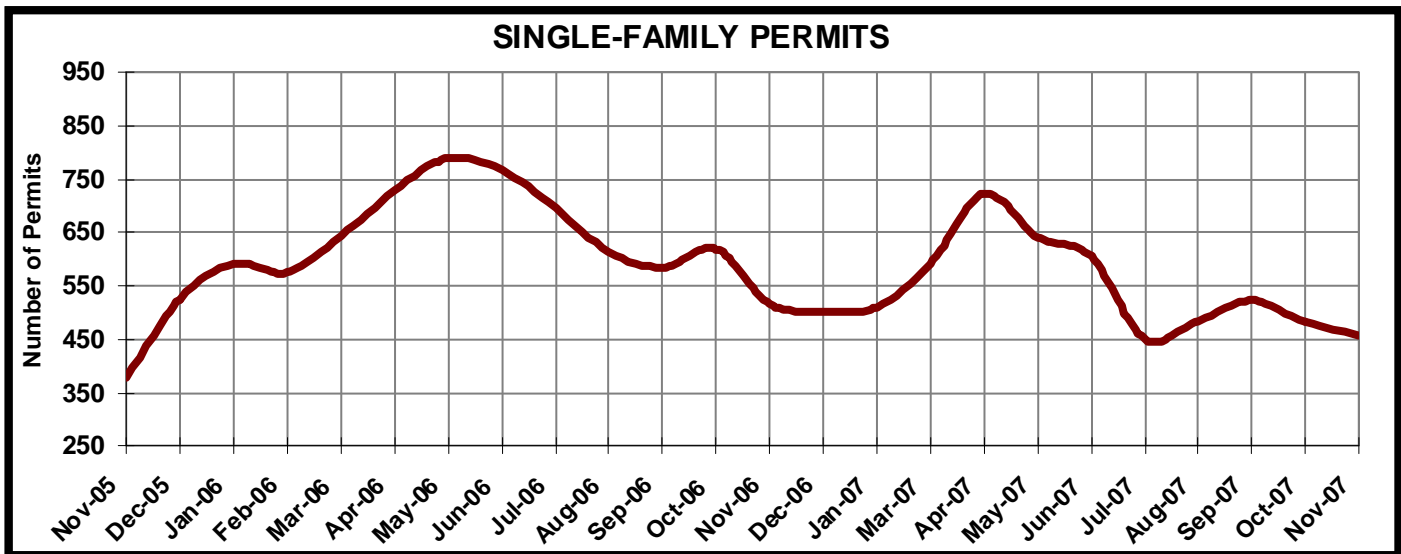
PERMIT ISSUANCE

The **City of Houston** issued permits to build 457 private single-family houses and 66 private multifamily buildings in February. Demolition permits were issued for 154 private single-family houses and 2 multifamily structures. In addition, 202 permits were issued for privately owned non-residential construction totaling \$141,754,219 and 0 permits were issued for public non-residential construction. Additions, alterations, and conversions totaled \$98,717,421 for the private sector and \$5,509,257 for the public sector.

Cost of Construction*

	2006	2007	2008
Month of December	\$372,052,601	\$344,282,616	\$440,852,134
Year-to-Date	\$4,118,136,568	\$4,730,156,017	\$5,539,413,158

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



OFFICE BUILDINGS

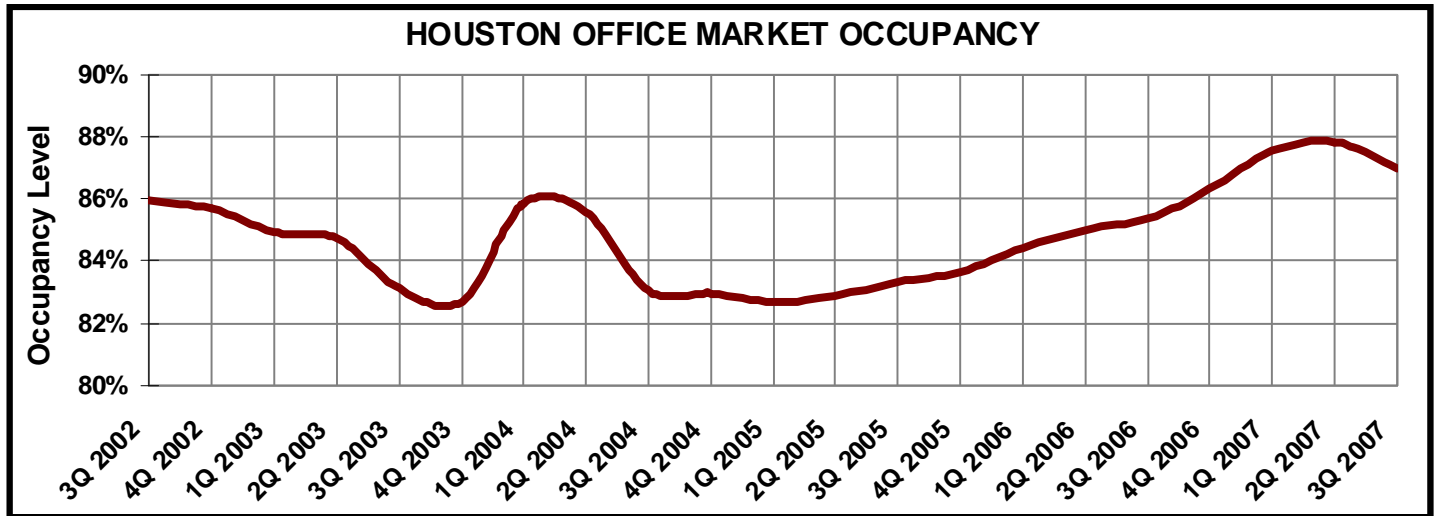
Office building construction is on the rise in the Houston area. Over 5.4 million SF of new office space is currently in the works. A big portion of the new construction can be found in the Katy Freeway West and Medical Center submarkets. The Katy Freeway West submarket leads the pack with over 1.2 million SF of space under construction with the **Energy Center I and II** by **Trammell Crow Co.** and the **CityCentre Offices** by **Midway Co.** going up in the booming Energy Corridor area. These two developments will bring several new tenants to the area. The Medical Center submarket is set to deliver over 700,000 SF of new office space itself with the **Faculty Center Tower** being built by **UTMD Anderson Cancer Center**. The Houston area can expect rents for Class A office space to continue to increase with the addition of buildings such as these in the near future, thus forcing tenants looking for affordable office space to look closer at the older Class B office space in the area.

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 annual 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 **OfficeLink 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).*

- **HP** (281-514-0689) has placed **Compaq Campus North (2452)**, a 2-million-square-foot Class B campus of 10 buildings located at 20555 Highway 249 in the Technology Corridor (329X), up for sale. The 18-year-old buildings are 50% occupied. **Stewart Robinson** is marketing the property on behalf of HP.
- **Stream Realty Partners, LP** (214-267-0400) is developing **Stream Office Center (2457 and 2458)**, a two-building Class A office complex with approximately 500,000-square-feet total, located at Sawdust and Sawmill roads in far north Houston (251Z). Construction is scheduled to begin on the first building in May 2008 with completion expected in the second quarter of 2009. **Paul Coonrod** and **Brad Fricks** of Stream are handling pre-leasing duties.
- **ZT Shadow Creek Partners** (713-960-9962) is developing **ZT Shadow Creek Business Center (2455 and 2456)**, a two-building Class A business center with approximately 160,000-square-feet total, located at the intersection of Shadow Creek Parkway and Highway 288 in Pearland (613E). Construction is scheduled to begin on the first phase in March 2008. **Trey Halberdier** and **Robert Banzhaf** of **BanDier Realty Partners, LLC** and **Jessica Ochoa** of **CBRE** are teaming to handle pre-leasing duties.

The following chart illustrates historical office occupancy rates.



- **Vault Investments** (281-488-1128) purchased **303 E. Main St. (2454)**, a 25,000-square-foot Class C building located in League City (659E), from **League City Bank & Trust** (281-332-1541). The 40-year old building is 100% occupied. **Jason Kieschnick** of **Zann Commercial Brokerage** represented the buyer, while **Tommy Alexander** and **Warren Alexander** of **CBRE** represented the seller.
- **FBRE II** (281-242-2200) purchased **8410 Highway 90A (1541)**, an 17,500-square-foot Class B office building located in the Sugar Land area (568M), from **Sugar Land 6** (713-722-1250). The 24-year-old building is 100% occupied with average rents at \$17.00 per square foot. **Bud Friedman** of **Fort Bend Real Estate Corp.** represented the buyer, while the seller was represented by **Tim Clay** of **Clay & Co.**
- **Dr. Anh Tu Dang** (713-759-0932) purchased **2600 Cordes Dr. (2231)**, an 18,000-square-foot Class A medical office building located in the Sugar Land area (568Y), from **Greenberg & Company** (713-778-0900). The 1-year-old building is 33% occupied with average rents at \$27.00 per square foot. The buyer was self-represented, while the seller was represented by **Jay Kyle** and **Todd N. Edmonds** of **Colliers International**.
- **Simmons & Co. International** renewed and expanded a lease of 60,000 square feet at the **Bank of America Center (106)** a 1,256,000-square-foot Class A office building located at 700 Louisiana in the Central Business District (493L), from **GE Asset Management** (203-326-2300). The 25-year-old building is 95% occupied with average rents at \$32.74 per square foot. **Louis Cushman** of **Cushman & Wakefield** represented the tenant, while **John Spafford** of **PM Realty** represented the landlord.
- **Rimkus Consulting Group** renewed a lease of 40,000 square feet at **8 Greenway Plaza (750)** a 255,000-square-foot Class A building located in the Greenway Plaza area (492X), from **Crescent Real Estate Holdings** (713-840-1170). The 25-year-old building is 97% occupied with average rents at \$23.91 per square foot. **Anthony Fritsche** and **David Anderson** of **Fritsche Anderson Realty Partners** represented the tenant, while **Preston Young** and **Brad Fricks** of **Stream Realty Partners** represented the landlord.
- **INVISTA S.** leased 30,000 square feet at **World Houston Plaza (597)** a 215,000-square-foot Class A building located at 15710 JFK Blvd. in the Greenspoint area (374P), from **FMC Technologies** (281-591-4000). The 23-year-old building is fully occupied with average rents at \$21.50 per square foot. **Keith Lloyd** of **Grubb & Ellis** represented the tenant, while **Sanford Criner** of **CBRE** represented the landlord.
- **Clariant Corp.** leased 13,500 square feet at **2635 N. Crescent Ridge Dr. (2453)** a 13,000-square-foot Class C building in The Woodlands (251C), from **Dirk Laukien** (936-273-3310). The 12-year-old building is 100% occupied. **Joe Brockman** of **Cypresswood Co.** represented the tenant, while **Sean Quinn** of **The Quinn Co.** represented the landlord.

RETAIL CENTERS

The Houston area retail market continues to expand at a rapid pace following the trends and locations of new home development over recent years. According to **Ed Wulfe** of **Wulfe & Co.** at a recent presentation hosted by **O'Connor & Associates**, Houston will see rise to more than 4.2-million square feet of retail space through the course of 2008 with fourteen percent of the forecasted growth in the form of speculative space. Discount stores will lead the way in this year's developments consuming seventeen percent of the planned centers, followed by Supermarkets with fifteen percent, while Home Improvement stores will garner an additional ten percent of the total. Mixed-Use has become the new key term in the industry as developers continue the lifestyle oriented construction which has helped to lure business' from the northeast while netting developers higher rents.

According to the O'Connor & Associates **Fourth Quarter 2007 Houston Retail Data Program**, citywide **occupancy** for Houston area multi-tenant retail buildings is **84.46%** (Regional = 90.99%; Community = 89.57%; Neighborhood = 79.69%; Strip = 83.12%). Occupancy is up 0.33 points over the last quarter and up 0.21 points over the past 12 months. The citywide monthly multi-tenant retail **rental rate** is **\$2.00 per square foot** (Regional = \$3.16; Community = \$1.83; Neighborhood = \$1.30; Strip = \$1.25). Overall rents are up \$0.02 from the last quarter and are up \$0.07 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).*

- **MC Chiliport, LP** (281-751-7550) is developing **Somerton Plaza Shopping Center (3885)**, a 16,500-square-foot retail center located at 8980 Spencer Highway in La Porte (538Z). The project is currently under construction and is scheduled to be delivered in the third quarter of 2008.
- **Dick's Sporting Goods** (877-846-9997) has postponed plans of entering the Houston market, walking away from finalizing a lease on 83,000 square-feet at **Village Plaza at Bunker Hill (3779)**. The sporting goods company had been in the process of negotiating leases with four other Houston properties with its first opening slated for 2008. Further plans regarding Dick's entry to the Houston market are not known at this time.

The following chart illustrates historical retail occupancy rates.



- **Wise Key Realty, LLC** (713-266-8088) purchased **South Village Shopping Center (2416)**, a 28,000 square-foot center located at 5959 Long Dr. in south Houston (534K), from **Azad Hardam Singh** (713-686-6200). The 26-year-old center is 61% occupied with average rental rates at \$0.68 per square foot. **Mark Ray** of **Kensington Property Group** represented the buyer, while the seller was represented in-house by **Mark Lipman**.
- **Rooms To Go** leased 74,000 square feet at **Willow Chase Shopping Center (1100)**, a 273,000-square-foot center located at 12900 Willow Chase Dr. in northwest Houston (370J), from **Perrine Wheeler Real Estate** (866-203-4864). The 23-year old center is fully occupied with average rental rates at \$0.86 per square foot. Tenants of the center include **Fiesta Mart**, **Burke's Outlet**, and **JoAnn Fabrics**. **Scott Shillings** of **The Staubach Cos.** represented the tenant, while **Dean Lane** of **NewQuest Properties** represented the landlord.
- **Jones & Carter** (281-342-2033) leased 43,000 square feet at **Brazos Town Center (2224)**, a 1-million-square-foot center located at 24502 Southwest Freeway in Rosenberg (605R), from **NewQuest Properties** (281-477-4325). The newly constructed center 98% occupied. Tenants of the center include **Target**, **Home Depot**, and **Hobby Lobby**. The tenant was represented in-house, while **Eric Walker** and **Anderson Smith** of **NewQuest Properties** represented the landlord.
- **Comerica Bank** signed a ground lease for 39,000 square feet at **Atascocita Commons Shopping Center (358)**, a 300,000-square-foot center located at FM 1960 and W. Lake Houston Pkwy. in northeast Houston (337Y), from **Trammell Crow Co.** (713-840-6500). The under-construction center is 91% preleased with average rental rates at \$2.41 per square foot. Tenants of the center include **Super Target**, **Palais Royal**, **Petco**, and **Office Depot**. **Mark Sondock** of **NewQuest Properties** represented the tenant, while **Matt Keener** and **CBRE** represented the landlord.
- **Fallas Paredes** leased 31,000 square feet at **Northwest Freeway Center (1032)**, a 247,000-square-foot center located at 12005 Northwest Freeway in northwest Houston (451K), from **Jim R. Smith & Co.** (713-622-9933). The 14-year old center is 79% occupied. Tenants of the center include **Burlington Coat Factory**, **Starbuck's**, and **Petco**. **Jason Gaines** and **Shawn Ackerman** of **Henry S. Miller Commercial** represented the tenant, while **Jim Smith** and **Matt Strange** of **The Staubach Cos.** represented the landlord.
- **Circuit City** leased 24,000 square feet at **Deerbrook Mall (324)**, a 1,200,000-square-foot mall located at 20131 Eastex Freeway in Humble (335U), from **General Growth Properties** (312-960-5270). The 23-year old mall is 74% occupied with average rental rates at \$2.40 per square foot. "The City" will be the first concept store for the retailer that will feature a wider selection of electronics and be an interactive store. Tenants of the mall include **Dillard's**, **Macy's**, and **Sears**. The tenant was represented in-house, while **Justin Roache** of Deerbrook Mall represented the landlord.
- **Staples** leased 20,000 square feet at **Sawyer Heights Village (31)**, a 235,000-square-foot center located at 2580 Shearn in the Inner Loop area of Houston (493E), from **Property Commerce** (713-686-3456). The 2-year old center is 91% occupied with average rental rates at \$1.96 per square foot. Tenants of the center include **Target**, **Smoothie King**, and **Marble Slab**. **Scott Shillings** of **The Staubach Cos.** represented the tenant, while the landlord was represented in-house by **Chad Moss**.
- **Staples** leased 20,000 square feet at **North Oaks Shopping Center (1138)**, a 315,000-square-foot center located at 4501 FM 1960 W. in northwest Houston (331W), from **Weingarten Realty** (713-866-6000). The 30-year old center is 95% occupied with average rental rates at \$1.42 per square foot. Tenants of the center include **Ross**, **Big Lots**, and **TJ Maxx**. **Scott Shillings** and **Matt Strange** of **The Staubach Cos.** represented the tenant, while the landlord was represented in-house by **Gerald Crump**.
- **It's Fashion Metro** leased 11,000 square feet at the **Kroger Center at Woodforest (418)**, a 75,000-square foot center located at 10911 East Freeway in northeast Houston (496F), from **Beeson Properties** (713-622-5595). The 29-year old center is 67% occupied with average rental rates at \$1.50 per square foot. Tenants of the center include **Family Dollar**, **Casual Male**, and **Blockbuster**

Video. **Mark Davis** of **Davis Commercial** represented the tenant, while **Bea Naranjo** of **Moseley Commercial Real Estate** represented the landlord.

- **AJM Furniture, Inc.** leased 10,000 square feet at **5329 Telephone Rd. (4544)**, a 10,000-square foot center located in south Houston (534R), from **Dunsmore Estates, LLC** (281-528-6785). The 44-year old building will be fully occupied by AJM. **Richard Glass** of **The National Realty Group** represented both the tenant and landlord in the transaction.
- **Enterprise Leasing Co.** leased a 1.03 acre pad site at the northeast corner of Interstate 45 North and Cypresswood (292X), from **Kensinger Properties, Ltd.** (713-784-3300). **Jane Baker** and **Steven Thomas** of **The Staubach Cos.** represented the tenant, while **Elizabeth Bowman Clampitt** of **CBRE** represented the landlord.

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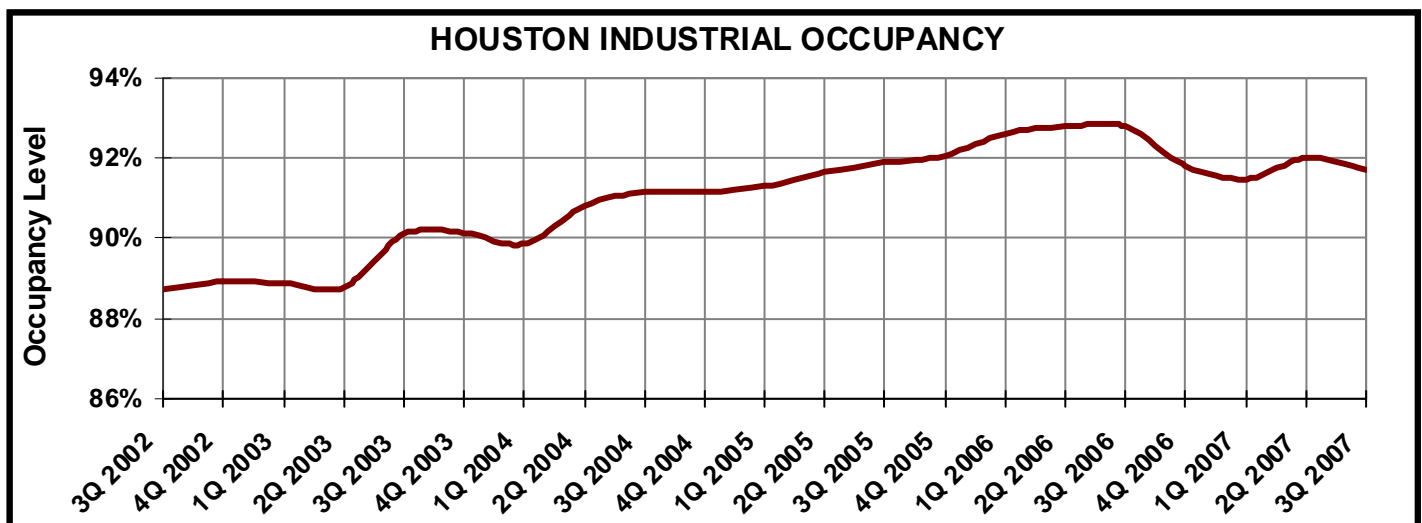
INDUSTRIAL FACILITIES

Duke Realty Corp. has recently made a significant transaction in the Houston industrial market by acquiring 161 acres of land at the southeast corner of W. Fairmont Pkwy. and Underwood Rd. near the Port of Houston from **Powers Holdings, LLC**. Duke Realty plans to invest \$140 million into the development over the next seven to eight years with the end result being 2.9 million square feet of industrial space to be named **FairPort**. Construction for Phase I of the FairPort facility is set to begin in early 2009 with Phase II projected to begin at the 50%-75% lease point. Houston's robust industrial market assured that this land position fit precisely into Duke's plans of acquiring prime real-estate near U.S. ports.

According to the O'Connor & Associates **Third Quarter 2007 Houston Industrial Data Program**, citywide **occupancy** for Houston area operating industrial facilities is **91.12%** (Flex = 89.43%; Bulk = 93.39%; Manufacturing = 91.62%, Service = 85.78%, Distribution = 83.79%, R&D = 96.97%). Occupancy is down 1.68 points from the last quarter and down 1.09 points over the last year. The overall monthly **rental rates** remained flat at **\$0.43 per square foot** (Flex = \$0.46; Bulk = \$0.37; Manufacturing = \$0.36, Service = \$0.57, Distribution = \$0.39, 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 **IndustrialLink 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).*

The following chart illustrates historical industrial occupancy rates.



- **Realty Associates Advisors, LLC** (617-476-2700) purchased **City Park East Industrial Park (2272B, 2271, 2269, 2270, and 2272)**, a 880,000-square-foot warehouse park, located at 8503-8833 City Park Loop in northeast Houston (455X), from **City Park Industrial GP, LLC** (713-850-8500). The 28 year-old park is fully occupied by long-term tenant Excel Logistics. The buyer was represented in-house, while **Mike Parker** of **HFF** represented the seller.
- **Oil States International, Inc.** (713-652-0582) purchased **16730 Jacintoport Blvd. (3696C)**, a 210,000-square-foot office/warehouse facility located along the **Houston Ship Channel** (498N), from **BTEC Turbines, LP** (281-864-9122) for \$22,500,000. The 38-year-old facility, which features 26-foot clearance and dock high loading, is 100% occupied.

- **YKK AP America, Inc.** leased 24,000 square feet at **3550 Brittmoores Rd. (1085)**, a 184,500-square-foot warehouse facility located in far west Houston (449L), from **Claymoore III, Inc.** (972-715-7400). The 8-year-old facility, which features 24-foot clearance and dock high loading, is 71% occupied with average rents at \$0.34 per square foot. **Chris Kugle** of **NAI Houston** represented the tenant, while **Jude Filippone** of **Transwestern** represented the landlord.
- **Lovett Commercial** (713-961-3877) purchased **Main-Link Biotechnology Park (4204, 4199)**, a pair of office/warehouse facilities with a total of 110,000 square feet, and 24 acres of vacant land located at 10555 & 10301 Stella Link Rd. in South Houston near the Medical Center (532S), from **Tanox, Inc.** (713-578-4000). The 18- and 24-year-old facilities are currently vacant. **Frank Liu** of **Lovett Commercial** represented the buyer in-house, while **Dan Boyles, Jr.** and **John Ferruzzo** of **NAI Houston** represented the seller.
- **CU Companies Texas, LLC** (281-970-2822) purchased **3203 N. Main (3728A)**, a 12,000-square-foot office/warehouse facility in Baytown (501Q), from **6012 Avenue T** (713-44-3122). The 31-year-old facility, which features 15-foot clearance and dock high loading, is 100% occupied. The buyer was represented in-house, while **Robert Lowery** of **Coldwell Banker Commercial United** represented the seller.
- **EastCoast Mouldings, Inc.** leased 158,000 square feet while **American Tire Distribution Holdings, Inc.** and **Consolidated Electrical Distributors, Inc.** each leased 79,000 square feet at **Greens Crossing Distribution Center 2 (0288F)**, a 316,000-square-foot warehouse facility located at 850 Greens Pkwy. in north Houston (372P), from **Liberty Property Trust** (281-955-2000). The newly built facility, which features 32-foot clearance, is fully occupied with average rents at \$0.49 per square foot. **Clay Peoples** of **Boyd Commercial** represented the EastCoast Mouldings, **Adam Faulk** of **Jackson & Cooksey Co.** represented American Tire Distribution Holdings, Inc., and **Brian Corriston** of **Caldwell Cos.** represented Consolidated Electrical Distributors, Inc., while the landlord was represented by **Faron Wiley** of **CBRE**.
- **Centex Periodicals** leased 94,000 square feet at **Cole Creek Business Park I (0692)**, a 198,000-square-foot office/warehouse facility located at 8708 W. Little York in northwest Houston (410U), from **LIT Finance, LP** (214-647-4900). The 5-year-old facility, which features 28-foot clearance, is fully occupied with average rents at \$0.35 per square foot. **Brian Corriston** of **Caldwell Cos.** represented the tenant, while the landlord was represented by **Faron Wiley** and **Joseph Smith** of **CBRE**.
- **Freightliner** (503-745-8066) leased 54,000 square feet at **9111 Glesby (3489)**, a 54,000-square-foot office/warehouse facility located at 9111 Glesby in Near Northeast Houston inside the Loop (495C), from **GSL Industrial Partners** (713-952-7000). The 31-year-old facility, which features 16-foot clearance, is fully occupied with average rents at \$0.34 per square foot. The buyer was represented in-house, while the landlord was represented by **Ryan Wasaff** of **GSL Industrial Partners**.
- **West End Roofing Siding & Windows** leased 31,000 square feet at 2902 W. 12th St., a manufacturing facility located in west Houston (452X), from **Lovett Commercial** (832-553-6000). The 28-year-old facility, which features 16- to 20-foot clearance, is fully occupied with average rents at \$0.55 per square foot. **Fred Sklar** of **Sklar Realty Services** represented the tenant, while **Beau Kaleel** of **Cushman & Wakefield** represented the landlord.
- **Ohio Gratings** leased 31,000 square feet at 12300 Amelia, a manufacturing facility located in southwest Houston (572M), from **National Property Holdings** (713-943-0750). The 48-year-old facility, which features 30-foot clearance, is 82% occupied with average rents at \$0.35 per square foot. **Coe Parker** of **Cushman & Wakefield** represented the tenant, while **John Clark** of **NAI Houston** represented the landlord.
- **Simplex Grinnell, LP** leased 51,000 square feet and **Recall Total Information Management** leased 17,000 square feet at **Westland I (0008)**, a 263,000-square-foot warehouse facility located at 8323 N. Eldridge Rd. in northwest Houston (408H), from **Duke Realty** (713-353-3200). The year-old facility, which features 28-foot clearance, is 70% occupied with average rents at \$0.38 per square foot. **Faron Wiley**, **Joseph Smith**, and **Mike Scimo** of **CBRE** represented both of the tenants, while the landlord was represented in-house by **Cory Driskill**.

- **Synergy Cables USA** leased 50,000 square feet at **Navigation Business Park I (3249A)**, a 238,000-square-foot warehouse facility located at 3403 Navigation Blvd. in southeast Houston (494N), from **Weingarten Realty** (713-866-6000). The 27-year-old facility, which features 23-foot clearance, is fully occupied with average rents at \$0.30 per square foot. **Alexander Reilly** of **Boyd Commercial** represented the tenant, while the landlord was represented by **Mary Jo Giammalva** of Weingarten.
- **KLW Plastics** (513-539-2673) leased 45,000 square feet at **Kirkton Drive Distribution Center (0167S)**, a 46,000-square-foot distribution center located at 9725 Kirkton in far northwest Houston (368W), from **GSL Industrial Partners** (713-952-7000). The 7-year-old facility, which features 30-foot clearance, is fully occupied. **John Simmons** of **CBRE** represented the tenant, while the landlord was represented by **Kevin Erck** and **John Talhelm** of **The Staubach Cos.**
- **Industrial Steel & Wire** leased 19,000 square feet at **Wynnwood Park (1976)**, a 58,000-square-foot warehouse facility located at 7215-7225 Wynnwood Ln. in west Houston (452W), from **DCT Industrial Trust** (303-597-2400). The 39-year-old facility, which features 18-foot clearance, is 75% occupied. **John Clark** of **NAI Houston** represented the tenant, while **Alexander Reilly** of **Boyd Commercial** represented the landlord.
- **Recall Total Information Management** leased 17,000 square feet at **Westland I (0008)**, a 263,000-square-foot warehouse facility located at 8323 N. Eldridge Rd. in northwest Houston (408H), from **Duke Realty** (713-353-3200). The year-old facility, which features 28-foot clearance, is 70% occupied with average rents at \$0.38 per square foot. **Faron Wiley**, **Joseph Smith**, and **Jim Bob Taylor** of **CBRE** represented the tenant, while the landlord was represented in-house by **Cory Driskill** of Duke.
- **Alarmax Distributors, Inc.** leased 16,000 square feet at **Taylor Industrial Park (2825)**, a 131,000-square-foot office/warehouse facility located at 2020-2198 Taylor St. in north Houston (493F), from **TIAA-CREF** (212-490-9000). The 32-year-old facility, which features 18-foot clearance, is fully occupied with average rents at \$0.37 per square foot. **Jeff Venghaus** of **The Staubach Cos.** represented the tenant, while **Edward Bane** of **Holt Lunsford Commercial** represented the landlord.
- **Aimco Supply** leased 14,000 square feet at the **West Loop Business Park I (1740)**, an 84,000-square-foot office/warehouse facility located at 1234 N. Post Oak Rd. in northwest Houston (451Z), from **East Group Properties** (281-987-7200). The 25-year-old facility, which features 22-foot clearance, is fully occupied with average rents. **John Clark** of **NAI Houston** represented the tenant, while **Clay Reichenbach** of **Insite Realty** represented the landlord.
- **The Care Group** leased 12,000 square feet at **Commerce Park Med Center (4212)**, a 49,000-square-foot warehouse facility located at 9303-9349 Kirby in south Houston (532U), from **Sealy & Company, Inc.** (318-222-8700). The 22-year-old facility, which features 16-foot clearance, is fully occupied. **Randy Frnka** of **Moody Rabin** represented the tenant, while the landlord was represented in-house by **Allison Koborssi**.
- **Access ATM** leased 11,500 square feet at **Town & Country Business Center (1113)**, an 88,000-square-foot distribution center located at 10649-10681 Haddington Dr. in west Houston (449V), from **Sealy & Company, Inc.** (318-222-8700). The 27-year-old facility, which features 12-to 16-foot clearance, is 87% occupied with average rents at \$0.70 per square foot. **Steve Jenkins** of **Vanguard Realty** represented the tenant, while the landlord was represented in-house by **Allison Koborssi**.
- **Azonix** leased 10,800 square feet at **8601 Jameel Rd. (0735)**, a 45,000-square-foot office/warehouse facility located in northwest Houston (410Y), from **Sealy & Company, Inc.** (318-222-8700). The 27-year-old facility, which features 16-foot clearance, is 93% occupied. **Stephen Schneidau** of **Cushman & Wakefield** represented the tenant, while the landlord was represented in-house by **Allison Koborssi**.
- **HB Power, LLC** leased 10,000 square feet at the **Wright Business Park (6424)**, a 40,000-square-foot office/warehouse facility located at 12111-12117 Taylor Rd. in northwest Houston (409J), from **Black Gold JV** (281-647-9111). The year-old facility, which features 20-foot clearance, is fully occupied. **Randal Vaughn** of **The National Realty Group** represented the tenant, while **Mark Ward** of **The National Realty Group** represented the landlord.

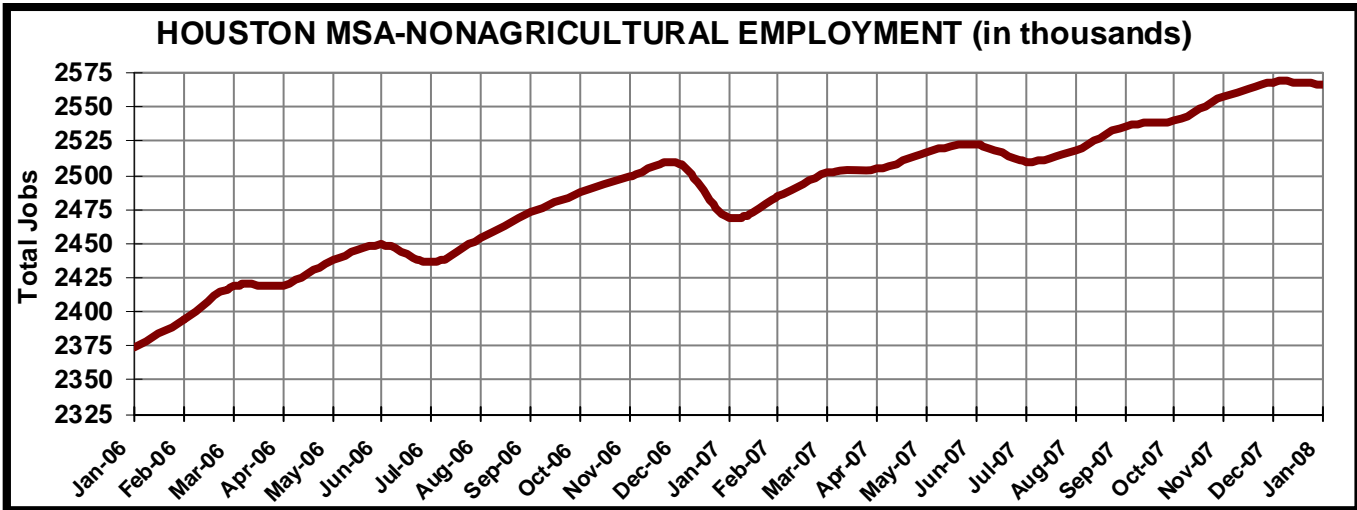
VACANT LAND

- **Tommy Joe Oliver** purchased 214 acres of land near Fairview Rd. in Chambers County (465C) from **Ella Mae Mayes**. **Andrew Lockwood** of **Grubb & Ellis** represented the both the buyer and seller in the transaction.
- **LRI Investment Group, Ltd.** purchased 152 acres of land between Grand Pkwy. and FM 1464 in near Sugar Land (567N) from the **Texas General Land Office** (1-800-998-4GLO). **David Garrett** of **Great American Co.** represented the buyer, while **Donna Kolius**, **Pierce Owens**, **Cody Persyn**, and **Jeremy Richmond** of **CBRE** and **Hudson and Marshall Inc.** represented the seller.
- **Michael B.** and **Susan A. Soulant** purchased 63 acres of land near Johnson Rd. in Montgomery County (154Z), from **Karey** and **London Vaught**. **Roy Harwell** of **Harwell Real Estate** represented the buyer, while **Larry Jacobs** of **Jacobs Properties** represented the seller.
- **St. Luke's Episcopal Health System** (832-355-1000) purchased 40 acres of land near **The Vintage** master-planned community in northwest Houston (329U) from **V & W Management, LLC**. The hospital system and its affiliate, **Kelsey-Seybold**, plan to build a community hospital with 70 to 100 beds on the site. The buyer was represented in-house, while **David Cook** of **Cushman & Wakefield** represented the seller.
- **CCIB Interwood** purchased 12.5 acres of land in the **Interwood Business Park (790)** in far north Houston (374T) from **Essex Interwood**. **Mark Nicholas** and **Richard Quarles** of **The Staubach Cos.** represented the buyer, while **Marc Drumwright** of **Southwest Realty Advisors** represented the seller.
- **TAHA Development** purchased 8 acres of land at the southwest corner of Rankin and Spears-Gears in far north Houston (372K) from **KYCO** and **Hassan Nahgavi**. The company plans to develop a retail center on the site. **Keith Jaehne** of **General Property & Services** represented the seller.
- **Advantage Solutions** purchased 4.9 acres of land at 12210 Taylor Rd. in the far northwest Houston area (491Y) from **Paula McMahon Hill**. **Pamela Tranpark** of **Victory Realty Solutions, Inc.** represented the buyer, while **Keith Edwards** and **Dylon Schopper** of **Caldwell Cos.** represented the seller.
- **Shamrock Ventures** (713-785-3092) purchased 4.7 acres of land at the northwest corner of South Shore Blvd. and Texas 96 in League City (660J) from **South Shore Harbour Development** (281-334-7501). **Scott Davis**, **Larry McWherter**, and **Laura Smith** of **CBRE** represented the buyer, while the seller was represented in-house.
- **Steven Anderson** purchased 3.7 acres of land near FM 529 and Paddock Bend in Cypress (407N) from **James D. Lowery**. **Stephen Hausser** of **McDade, Smith, Gould, Johnston, + Mason** represented the buyer, while **Alan Parker** of **Alan Parker Properties** represented the seller.
- **Parsley Family, LP** (281-326-2800) purchased 3.3 acres of land on Broadway along Offats Bayou in Galveston (773U) from **BS & RG, Ltd.** The buyer was represented in-house, while **Ronald Simmons** of **McDade, Smith, Gould, Johnston, + Mason** represented the seller.
- **Gessner Philippine 2 72, Ltd.** purchased 2.7 acres of land at N. Gessner Rd. and Phillippine St. in northwest Houston (410N) from **Gess Phill, LP**. The buyer was represented in-house, while **Robert Clay** of **Clay & Co.** represented the seller.
- **F & W, LLC** (281-679-8167) purchased 1.2 acres of land at 1100 Pleasantville Dr. (495K) from **Metro Bank NA** (713-414-3556). **Andy Hsu** of **Asian American Realty** represented the buyer, while **Andrew Lockwood** and **Sam Sheff** of **Grubb & Ellis** represented the seller.

ECONOMIC & FINANCIAL NEWS

The total number of nonagricultural wage and salary jobs in the ten-county Houston area decreased by 41,900 jobs to 2,569,500 in January 2008, according to the **Texas Workforce Commission**. This month's total is 95,300 jobs more than the 2,471,600 jobs at this time last year. Of nonagricultural employers, the Mining sector posted the largest gain over the month at 600 jobs. Over the year, the Professional & Business Services and Construction sectors had the largest increases in employment, adding 21,300 jobs each, followed by the Trade, Transportation and Utilities sector, which has added 15,800 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 January 2009 were \$382.9 billion, an increase of 0.3% from December and up 3.9% from January 2007. Retail trade sales in January were up 0.4% from December and were 3.8% above last year's level.

Personal income increased \$32.2 billion, or 0.3%, and Disposable Personal Income (DPI) increased \$46.6 billion, or 0.4%, in January 2008, according to the **Bureau of Economic Analysis**. Personal Consumption Expenditures (PCE) increased \$39.9 billion or 0.3% in January 2008. Meanwhile, the **U.S. Department of Labor** reports that the seasonally adjusted Consumer Price Index (CPI) for urban consumers increased 0.5% in January 2008 and is 4.3% higher than in January 2007.

The latest **Conference Board Survey** indicates that the **Consumer Confidence Index** decreased to 75.0 in February 2008, down 12.3 points from 87.3 in January. 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 0.1% in January to 135.8. 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 increased 0.1% in January and is up 2.3% over the January 2007 level. Output in the manufacturing sector was unchanged in January; output of utilities increased 2.2% over the month, while output at mines rose 0.9%. The rate of industrial capacity utilization was 81.5% in January, which was unchanged from the previous month's level, and is 1.8 points higher compared to the previous year's level.

Freddie Mac reports that the **30-year fixed-rate mortgage (FRM)** averaged 5.76% in January 2008, which is 0.34 points down from December and down 0.46 points from one year ago. The average for the **15-year FRM** averaged 5.29% in January 2008, which is down 0.74 points from December and down 0.68 points from January 2007.

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 0.6% in the fourth quarter of 2007, down from the 4.9% growth rate recorded in the third quarter of 2007. The increase in GDP in the fourth quarter primarily reflected positive contributions from personal consumption expenditures (PCE), nonresidential structures, state and local government spending, exports, and equipment and software.

The **U.S. Department of Commerce** reports that construction spending during January 2008 was estimated at a seasonally adjusted annual rate of \$1,121.5 billion, 1.7% below the revised December 2007 estimate. The current figure is 3.3% below the January 2007 estimate of \$1,160.2 billion. Private residential construction was at a seasonally adjusted annual rate of \$455.8 billion in January, 3.0% below the revised December estimate of \$469.7 billion, and 19.7% below the January 2007 estimate of \$567.5 billion.

The **Baker Hughes** count of active domestic rotary rigs stands at 1,771 during the week ending February 22, 2008. The current rig count is up 1.0% from last year's figure of 1,754 rigs. The rotary rig count is a census of the number of drilling rigs actually exploring for or developing oil or natural gas in the United States.

The **National Restaurant Association's Restaurant Performance Index (RPI)** gained 0.2 points in January to 98.9. The index is a monthly composite index that tracks the health and outlook for the U.S. restaurant industry. This is the index's lowest level since February 2003.

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According to the monthly **Monster Worldwide, Inc.** employment index, online job demand posted a seven point decline in the month of January. Of 21 occupational categories, 2 posted an increase over the month, while 19 declined. Life, Physical, and Social Science occupations posted the largest monthly loss of any category in online job opportunities over the month of January, while Legal occupations posted the largest monthly gain.

The Houston Zoo was named the **2007 Marketer of the Year** by the Houston Chapter of the **American Marketing Association**. The zoo was recognized for its marketing program that increased attendance and revenue, while spotlighting its core missions of education and conservation. Other finalists included **Energy Maintenance Services Group I, LLC, KBR, Inc., and Shell Oil**.

Ray Childress has placed the 10.8-acre **Lawrence Marshall** dealership on the South Loop up for sale. The land is split into two parcels, one is east of Lakes at 610 Dr. and the other is across the street fronting the Loop. No word yet on what Childress plans to do with the dealership once the land has sold. No asking price has been put on the property. **David Meyers** of **NewQuest Properties** is marketing the property.

According to the January 2008 **Architecture Billings Index**, developed by the **American Institute of Architects**, demand for non-residential construction fell for the first time in four months. Following an increase in December, January reported an index of 50.4 (any score above 50 indicates an increase in billings), down from the 55.0 mark in December.

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

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