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Houston Real Estate Trends

Office • Retail • Apartment • Industrial

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APARTMENTS

According to www.oconnordata.com, O'Connor & Associates' online apartment data program, **First Quarter 2008 Under Construction** for overall Houston area apartment projects is 101 projects or 26,264 units (Class A = 72 projects or 21,150 units; Class B = 24 projects or 4,093 units; Class C = 0 projects; Class D = 0 projects and Class U = 5 projects or 1,021 units), while there are 69 projects overall **Proposed** at the current time (Class A = 48 projects or 13,048 units; Class B = 14 projects or 1,829 units; Class C = 0 projects; Class D = 0 projects and Class U = 7 projects or 1,606 units).

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).*

- **PM Realty Group** (713-209-5800) is developing the **Rice Village Apartments (18093)**, a 137-unit Class A complex located at 2410 Shakespeare St. inside the Loop (532C). There will be one- and two-bedroom units. Construction began in February 2008 with completion estimated for February 2009.

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ApartmentLink

More Owner Contact Information

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The following chart illustrates historical apartment occupancy rates.



- **Post Investment Group, LLC** (323-653-9700) purchased **Broadway Square Apartments (3920, 16962, 3695, 3725, 3938, 3735, 3925, 3939, 3921 and 3955)**, a 2,496-unit Class C complex located at 8751 Broadway Blvd. in southeast Houston from **Harold Farb Estate** (713-683-4800). The 33-year-old complex is 89% occupied with average rents at \$0.76 per square foot. **Jack Ehrman** of **Post Investment Group** represented the buyer, while **Craig LaFollette, Todd Stewart, Todd Marix and Tre Banks** of **CB Richard Ellis** represented the seller.
- **Cottonwood Capital Property Management** (801-484-1800) purchased **Regatta Apartments** a 41-year-old complex located at 1315 Nasa Parkway in Houston (620J) totaling 490 units from **Judwin Properties** (713-297-4400). Occupancy at the property is 90%, while the average rental rate is \$0.85 per square foot. **David Wylie, David Mitchell, David Oelfke, Matthew Rotan and Russell Jones** of **Apartment Realty Advisors** represented the seller.
- **Cypress Club Investors, LP** (713-957-8993) purchased **Belfort South West III Apartments (3861)**, a 425-unit Class C complex located at 8201 W. Belfort in the Breaswood area of Houston from **Texas Development Investors, LLC** (310-207-2737). The 30-year-old complex is 90% occupied with average rents are at \$0.74 per square foot. **Brandon Brown** of **LMI Capital** negotiated the mortgage for the buyer.
- **Axiom Equity Investments I, LLC** (713-501-7759) purchased **Clear Lake Springs Apartments (4028)**, a 262-unit Class B complex located at 535 Nasa Rd. 1 in Webster from **Clear Lake Springs** (281-338-7368). The 43-year-old complex is 85% occupied with average rents at \$0.85 per square foot. **Brandon Brown** of **LMI Capital** negotiated the mortgage for the buyer.
- **KC Venture Group, LLC** (713-599-1194) purchased **Palms at Clear Lake (4028)**, a 240-unit Class A complex located at 1300 Gemini in the Clear Lake area from **MGI Clear Lake, Ltd.** (713-361-7200). The 9-year-old complex is 97% occupied with average rents at \$1.05 per square foot. The buyer was **self-represented**, while **Craig LaFollette, J. Todd Stewart and M. Todd Marix** of **CB Richard Ellis** represented the seller.
- **Amidee 2007-I CRE Income Fund** (281-315-2100) purchased **Park Place Arms** a 44-year-old complex located at 8407 Park Place in southeast Houston (535L) totaling 42 units from **Jack Brass Estate** (713-784-6665). Occupancy is 95% while the average rental rate is \$0.89 per square foot. **Robert Su** of **Marcus & Millichap** represented both the buyer and the seller in the deal.

SINGLE-FAMILY HOUSING

MLS home sales increased to its highest levels for 2008 in March, as 5,113 used homes were sold according to the **Houston Association of Realtors (HAR)**. However, sales for March 2008 were down 16.4% from March 2007. The median price of a used single-family home sold in March was \$151,000, down 0.1% compared to the same time last year, while the average home price was \$208,105, which was up 2.0% from the March 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 6.1% in March to 1,811 from 1,929 in February and are down 35% from March 2007. Realtor co-op sales represented 62% of gross sales, up 1% from March of last year. Traffic increased 3% from last year to 24,180 in March 2008. The inventory of completed speculative homes (1,937) is down 23% from last year. There are 2,060 spec homes under construction, which is down 45% from March 2007. Overall, the 3,997 specs (both completed and under construction) are down 36% from March 2007. *Note: the 24 homebuilders in this survey account for approximately 65% of housing starts in Houston.*

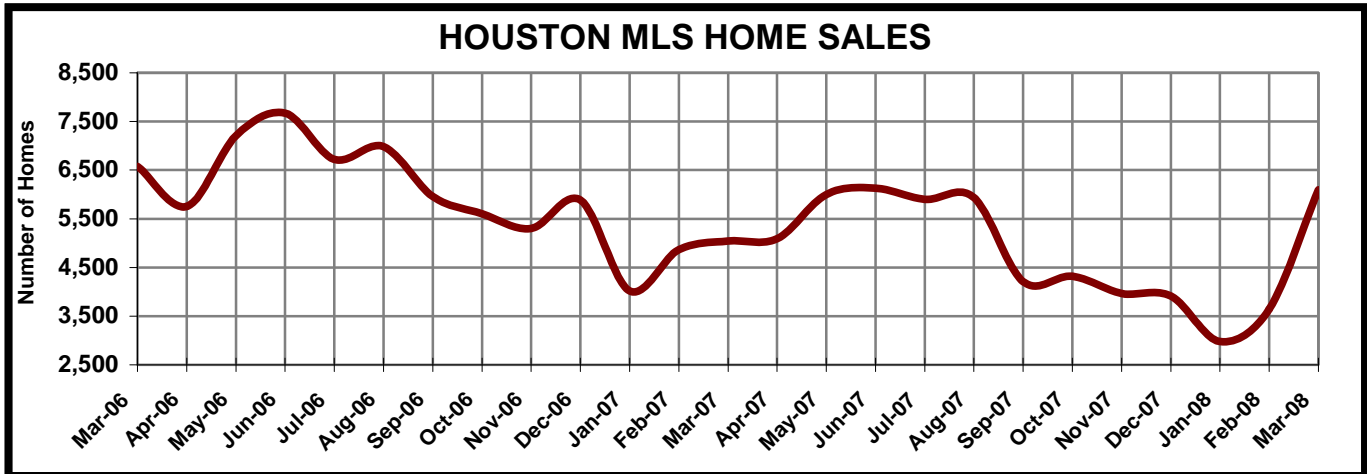
Nationwide sales of new single-family homes decreased in March to a seasonally adjusted annual rate of 526,000, 8.5% below the revised February sales rate of 575,000 and 36.6% below the March 2007 figure, according to a release by the **U.S. Department of Commerce**. The median sales price in March was \$227,600. Privately owned housing starts were at a seasonally adjusted annual rate of 947,000 in March 2008, which is 11.9% below the revised February estimate, and 36.5% below the revised March 2007 rate. Privately owned housing completions were at a seasonally adjusted annual rate of 1,216,000 in March, 2.7% below the revised February figure and 24.5% below the revised March 2007 figure.

The **National Association of Home Builders/Wells Fargo Housing Market Index**, a monthly measure of builder confidence, remained at 20 in March, 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 remained unchanged at 20, the index measuring sales expectations for the coming six months fell 1 point to 26, while the index measuring the traffic of prospective buyers remained at 19.

According to the **National Association of Realtors (NAR)**, 4,930,000 existing homes were sold in March 2008, down 2.0% from February sales and down 19.3% from the 6,110,000 homes sold in March 2007. The median sale price was \$200,700, which represents a 7.7% decrease from sale prices last year.

According to the most recent report by **RealtyTrac**, 234,685 foreclosure filings — default notices, auction sale notices, and bank repossessions — were reported during the month of March. This figure is down 5% from February, but up 57% from March 2007. Texas remains among the nation's 20 highest states in total foreclosure filings in February 2008.

The following chart illustrates historical used home sales.



Source: Houston Association of Realtors

- **Resource Development Group** and **Arete Real Estate & Development** (281-272-6134) are scheduled to break ground on **Grand Cay Harbour**, a residential community consisting of 574 homes. The project is located in Texas City next to Galveston Bay at the end of the Texas City levee system (702R). Homes will range in price from \$200,000 to \$600,000 in a tide-gated community, which means homes will be on slabs instead of stilts. Construction is scheduled to begin April 2008.
- **Johnson Development Corp.** (281-259-8818) is developing the first phase of **Woodforest**, a residential project located just north of The Woodlands (185K). Plans call for the construction of 366 homes with prices ranging from \$180,000 to \$1,000,000. Construction is scheduled to begin by year-end with build out to extend to 2020.
- **Brighton Homes** (713-460-0264) is developing **East Meadows**, a residential project located in Deer Park (538Z). The sizes range from 1,310 square feet to 2,796, while pricing ranges from \$149,950 to \$189,950.
- **Brighton Homes** (713-460-0264) is selling homes in **Ivy Oaks**, a residential community consisting of 58 single-family homes. The project is located at East Blvd. and San Augustine in Deer Park (538R). Homes will range in size from 2,695 to 4,500 square feet and will be priced starting from \$230,000.

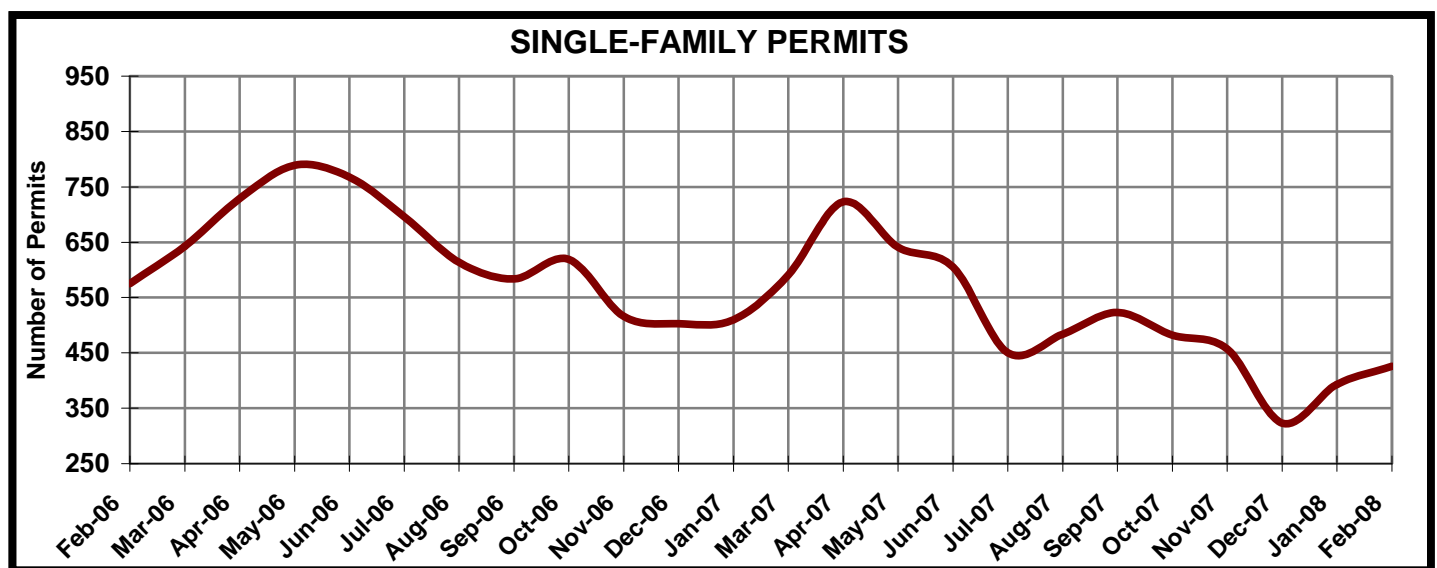
PERMIT ISSUANCE

The **City of Houston** issued permits to build 426 private single-family houses and 43 private multifamily buildings in February. Demolition permits were issued for 179 private single-family houses and 10 multifamily structures. In addition, 334 permits were issued for privately owned non-residential construction totaling \$117,416,053 and 7 permits were issued for public non-residential construction. Additions, alterations, and conversions totaled \$366,194,178 for the private sector and \$2,453,827 for the public sector.

Cost of Construction*

	2006	2007	2008
Month of February	\$404,089,921	\$344,282,616	\$405,824,052
Year-to-Date	\$3,436,311,976	\$4,730,156,017	\$5,098,561,024

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



OFFICE BUILDINGS

According to the O'Connor & Associates **Fourth Quarter 2007 Houston Office Data Program**, citywide **occupancy** for Houston area multi-tenant office buildings is **90.95%** (Class A = 94.20%; Class B = 88.17%; Class C = 76.25%; Class D = 71.89%). The citywide annual multi-tenant office **rental rate** is **\$27.59 per square foot** (Class A = \$32.13; Class B = \$20.61; Class C = \$14.93; Class D = \$13.53).

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).*

- **The Novati Group** (214-751-6450) is developing **1600 West Loop South (566)**, a 9-story, Class A office building with approximately 475,000-square-feet, located at the northwest corner of West Loop South and Hallmark (491R). Construction is scheduled to begin September 2008 with an estimated completion date occurring April 2010.
- **The Woodlands Development Co.** (281-719-6100) is developing **4 Waterway Square (2461)**, a 9-story, Class A office building with approximately 216,000-square-feet, located at the northwest corner of Woodloch Forest and the Woodlands Waterway in The Woodlands area (251H). Construction is scheduled to begin March 2008 with an estimated completion date occurring July 2009. **Dennis Conine** of **Binswanger, Conine & Robinson** is handling leasing duties, while **PM Realty** will manage the property.
- **Granite Properties** (713-781-8000) has proposed a 7-story, Class A office building (**2463**), a with approximately 200,000-square-feet, located at FM 242 and Research Blvd. in The Woodlands (216H). **Granite Properties** is handling pre-leasing.
- **CBL & Associates** (423-855-0001) is developing **Pearland Town Center Expansion (2439)**, a 2-story, Class A office building with approximately 60,000-square-feet, located at 11100 Broadway in Pearland (614P). No construction start date has been released. **Deborah Gibb** of **CBL & Associates** is handling leasing duties.

The following chart illustrates historical office occupancy rates.



- **Rockwell Management Corp.** (713-627-1100) purchased **Bank of America - East Houston (1551)**, an 83,100 square-foot Class C office building located at 12605 East Frwy in Houston (496G) from **Bayview USA Holdings** (214-346-9001). The 32-year-old building is 80% occupied with average rents at \$16.50 per square foot. **Dan Miller** and **Marty Hogan** of **Holliday Fenoglio Fowler** represented the buyer, while **Matthew Kafka** of **Holliday Fenoglio Fowler** represented the seller.
- **Boxer Properties** (713-780-9708) purchased **James Plaza I (292)**, a 43,880-square-foot Class C office building located at 3934 FM 1960 W. in northwest Houston (331X) from **BGK Group** (713-586-6898). The 27-year-old building is 51% occupied with average rents at \$13.50 per square foot. **Dan Miller** and **Marty Hogan** of **Holliday Fenoglio Fowler** represented the seller, while the buyer was represented in-house.
- **BHP Billiton Petroleum** leased 445,145 square feet at **Four Oaks Place (470 and 471)**, a 1,084,694 square-foot of Class A complex located in the Galleria (491A), from **TIAA-CREE** (212-916-3900). The 25-year-old buildings are 96% occupied with average rents at \$32.25 per square foot. **Kevin C. Ray** and **Louis B. Cushman** of **Cushman & Wakefield** represented the tenant, while **Eric Anderson** and **J. David Baker** of **Transwestern Commercial Services** represented the landlord.
- **DCP Midstream** renewed their lease of 76,596 square feet at **Capital One Plaza (101)**, a 491,092 square-foot Class A building located in the Galleria area (491T), from **5718 Westheimer Investors, LP** (972-458-3300). The 26-year-old building is 98% occupied with average rents at \$22.00 per square foot. **Steve Burkett**, **Chad Beck** and **Mary Barnwell** of **The Staubach Co.** represented the tenant, while **Lee Jeane** and **Cody Armbrister** of **CB Richard Ellis** represented the landlord.
- **Vanco Energy Company** renewed 22,863 square feet and added 14,156 square feet to an existing lease at **Three Greenway Plaza (020)**, a 518,578 square-foot Class A building located in the Greenway Plaza area (492X), from **Crescent RE Funding III, LP** (817-877-0477). The 37-year-old building is 96% occupied with average rents at \$26.03 per square foot. **Robert S. Parsley** of **Colliers International** represented the tenant, while **Brad Fricks** of **Stream Realty** represented the landlord.
- **Suncoast Post Tension** leased 23,620 square feet at **509 Sam Houston Plaza (660)** a 78,832 square-foot Class B building located in the Greenspoint/North Belt area (373S), from **Rancho Pacific** (909-989-7026). The 24-year-old building is 34% occupied with average rents at \$16.25 per square foot. **Louis Crappito** of **The Staubach Co.** represented the tenant, while **Mark Preston** of **Moody Ramin** represented the landlord.
- **JP Morgan Chase Bank** leased 12,286 square feet at **Chase Texas - Southpoint (017)** an 83,637-square-foot Class A building located in the southeast area of Houston (576Q), from **Trustees Maritime Associates** (281-484-4343). The 26-year-old building is 85% occupied with average rents at \$19.50 per square foot. **Mark Russell** of **Studley** represented the tenant, while **Lee Jeane** and **Cody Armbrister** of **CB Richard Ellis** represented the landlord.
- **Bourque Data Systems** renewed their lease of 10,969 square feet at **Woodstead Bldg (013)** a 72,278-square-foot Class B building located in The Woodlands area (251M), from **Woodstead-Grogan Operating Associates** (713-862-3333). The 26-year-old building is 95% occupied with average rents at \$22.00 per square foot. **Greg Usher** of **Cypressbrook Co.** represented the tenant, while **Katie Edwards** of **Transwestern** represented the landlord.
- **Royal Consulate General of Saudi Arabia Houston** renewed their lease of 10,630 square feet at **Capital One Plaza (101)** a 491,092-square-foot Class A building located in the Galleria area (491T), from **5718 Westheimer Investors, LP** (972-458-3300). The 26-year-old building is 98% occupied with average rents at \$22.00 per square foot. **Chad Beck** and **Don Foster** of **The Staubach Co.** represented the tenant, while **Lee Jeane** and **Cody Armbrister** of **CB Richard Ellis** represented the landlord.

RETAIL CENTERS

According to the O'Connor & Associates **Fourth Quarter 2007 Houston Retail Data Program**, citywide **occupancy** for Houston area multi-tenant retail buildings is **83.34%** (Regional = 79.51%; Community = 92.99%; Neighborhood = 82.14%; Strip = 85.07%). Occupancy is up 0.39 points over the last quarter and down 0.80 points over the past 12 months. The citywide monthly multi-tenant retail **rental rate** is **\$2.11 per square foot** (Regional = \$3.03; Community = \$2.08; Neighborhood = \$1.34; Strip = \$1.27). Overall rents are up \$0.01 from the last quarter and \$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).*

- **Kroger Co, The** (713-507-4800) developed **Kroger Rayford Road (3903)**, an 81,000 square foot retail space located at 2301 Rayford Road in the far north Houston area (252Z). The construction was completed February 2008.
- **American Realty Group**(713-439-0101) is developing **Plaza at Bellaire Ph. II (2618)**, a 75,000 square feet of retail space located at 5800 Bellaire Blvd. in the near southwest area of Houston (531E). The project is currently under construction and scheduled for completion in September 2008.

The following chart illustrates historical occupancy rates.



- **AmREIT Shadow Creek, LP** (713-850-1400) purchased **Shadow Creek Ranch Town Center (2484)**, a 616,372 square-foot grocery anchored center located at 2803 Business Center Dr in Pearland (613N), from **Shadow Creek Retail, LP** (713-993-0123). The 1-year-old center is 97% occupied with average rents at \$2.42 per square foot. **Tenal Tayar** of **AmREIT** represented the buyer, while **Rudy Hubbard** and **Leah Gallager** of **Transwestern Commercial Services** and **Amanda Fox** and **Will Deane** of **Fox Properties** represented the seller.

- **Samantha Sharpstown Court, LLC** (626-836-6928) purchased **Sharpstown Court (2085)**, an 84,188 square-foot center located at 6900-6904 Southwest Freeway in Houston (530H), from **Kimco Realty Corp.** (516-869-9000). The 36-year-old center is 100% occupied with average rents at \$1.42 per square foot. The seller was represented by **Rusty Tamlyn** and **Mike Parker** of **Holliday Fenoglio Fowler, LP**, who also brought the buyer to the deal.
- **AT Holding – Patschke, LLC** (512-327-8080) purchased **Shops @ Blackhorse (3879)**, an 18,800 square-foot center located at 13204 Fry Road in Cypress (366H), from **Hunington Properties, Inc** (512-623-6944). The 1-year-old center is 95% occupied with average rents at \$1.91 per square foot. **Jamie Bouterie** and **Sandy P Aron** of **Hunington Properties** represented both the buyer and the seller in the deal.
- **W Richmond Plaza, Ltd** (805-376-1389) purchased **River Lake Shopping Center (2381)**, a 12,040 square-foot center located at the northeast corner of FM 2218 and Wall in Richmond (605L), from the **Shears Companies** (713-580-0700). The 8-year-old center is 100% occupied with average rents at \$1.50 per square foot. **Peter Fisher** of **Coldwell Banker Commercial** represented the buyer, while **Christopher D Winters** of **Colliers International** represented the seller.
- **99 Cents Only Stores** leased 16,000 square feet at **Plaza at Bellaire Ph. II (3816)**, a 75,000-square-foot center located at 5800 Bellaire Blvd. in near southwest Houston (531E), from **American Realty** (713-439-0101). The under construction center is 48% pre-leased. **Paula Hohl** of **Wulfe & Co.** represented the landlord, while the tenant was represented **in-house**.
- **Melrose** leased 10,135 square feet at **Plaza at Bellaire Ph. II (3816)**, a 75,000-square-foot center located at 5800 Bellaire Blvd. in near southwest Houston (531E), from **American Realty** (713-439-0101). The under construction center is 48% pre-leased. **Paula Hohl** of **Wulfe & Co.** represented the landlord, while **Braxton Brockenbrough** of the **Weitzman Group** represented the seller.

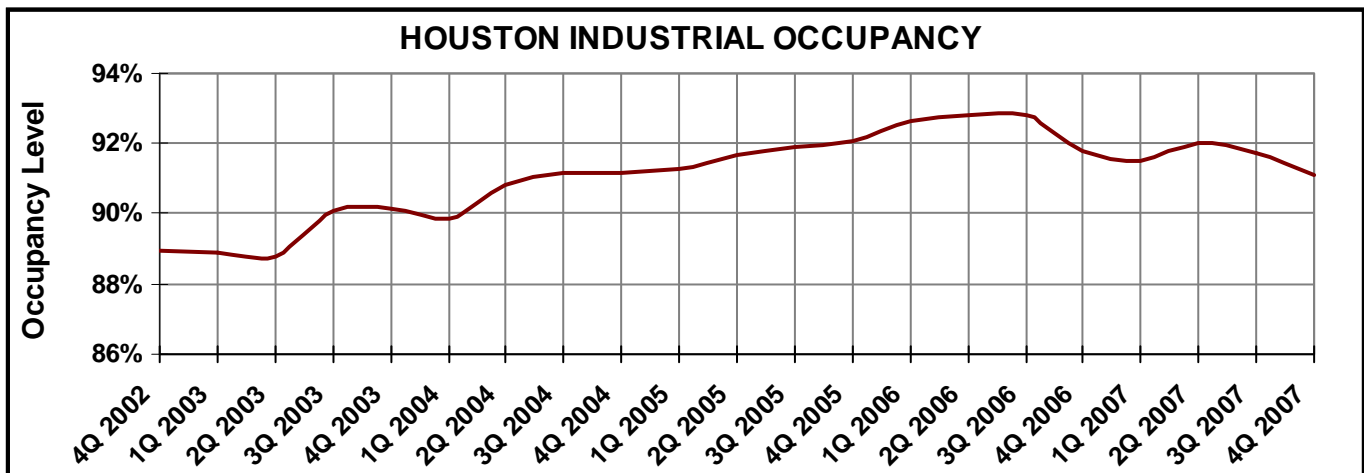
INDUSTRIAL FACILITIES

According to the O'Connor & Associates **Fourth Quarter 2007 Houston Industrial Data Program**, citywide **occupancy** for Houston area operating industrial facilities is **91.12%** (Flex = 89.43%; Bulk = 93.20%; Manufacturing = 91.62%, Service = 84.63%, 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).*

- **Koll Development Co** and **Harbert Management Corp.** (214-696-1700) are scheduled to begin construction on **Ellington Trade Center (Phase I) (6591)** near the intersection of Texas 3 and Ellington Field in far southeast Houston (577W). The complex will consist of a 513,000-square-foot warehouse building. Construction is to begin in April 2008 with completion slated for December 2008.
- **Mountain West Industrial Properties** (303-843-6015) has begun construction on **Beltway Antoine Business Center (6593)** at the southeast corner of Sam Houston Parkway and Antoine Drive in Houston (371T). The complex will consist of a 203,408-square-foot office/warehouse building. Construction is underway with completion slated for summer 2008.
- **Schuff Steel-Gulf Coast, Marauder Division** (713-671-9130) has begun construction on **Schuff Steel-Gulf Coast (6311)** in Humble (375X). The complex will consist of a 150,000-square-foot steel fabrication facility. Construction began March 2008.
- **Clay Development** (713-789-2529) has proposed construction on **Kennedy Greens Business Park (6594)** at Aldine Bender, east of JFK Blvd. in mid north Houston (374Y). The complex will consist of a 100,000-square-foot manufacturing building. Construction is scheduled to begin March 2008 with completion scheduled for the 3rd quarter 2008.

The following chart illustrates historical industrial occupancy rates.



- **Realty Associates Fund VIII, LP** (617-476-2700) purchased **City Park East (882, 888, 891 and 4497)**, an 882,232-square-foot warehouse park, located at Citypark Loop in near northeast Houston (455Y) from **City Park Industrial GP, LLC** (713-850-8500). The 29-year-old park is 100% occupied. **Rusty Tamlyn** and **Mike Parker** represented both the buyer and seller in the deal.
- **World Trade Distribution** (713-672-7295) purchased **SAIA Truck Terminal (6595)**, a 120,000-square-foot warehouse, located at Railwood Dr in near northeast Houston (455M) from **SAIA** (800-765-7242). The 2-year-old facility will be owner occupied. **Aron Grenader** of **First Houston Properties** represented the buyer.
- **Apoena Corp.** (416-385-9752) purchased **8721-A Clay (6271)**, a 20,000-square-foot warehouse, located at 8721-A Clay Rd in near west Houston (450H) from **StoneBridge Real Estate Development and Investments** (713-439-1151). The 1-year-old facility is 100% occupied. **Chris Kugle, Travis Land** and **John Ferruzzo** of **NAI Houston** represented the buyer and seller in the deal.
- **Fugro Properties** (713-369-5676) purchased **Rookin, 6040 (3523)**, a warehouse, located at 6040 Rookin in near southwest Houston (530D) from **Price Toole Company, LLC** (713-541-2506). **Lee Jeane** of **CB Richard Ellis** represented the buyer, while **Kyle Roberts** of **NAI Utah Commercial Real Estate** represented the seller.
- **Delta Petroleum Company, Inc.** leased 62,100 square feet at **Cedar Crossing Distribution Center (6209)**, a 129,568-square-foot distribution center located at 3710 Cedar Blvd. in Baytown (542B), from **Cedar Crossing Mountain West Houston, LLC** (303-843-0440). The 1-year-old facility, which features 24-foot clearance, is 48% occupied with average rents at \$0.35 per square foot. **Ryan Fuselier** and **Bob Berry** of **The Staubach Company** represented the tenant, while **Walter Menuet** of **Vantage Companies - Houston Division** represented the landlord.
- **The Care Group** leased 15,037 square feet at **Corporate Centre Kirby Ph II (5874)**, a 109,450-square-foot Service Center located at 9220 Kirby in near south Houston (532Y), from **Warehouse Assoc of Houston, Inc** (713-461-9696). The 2-year-old facility is 100% occupied with average rents at \$0.80 per square foot triple net. **Randy Frnka** of **Great Southwest Brokerage Services** represented the tenant, while **Walker Barnett** and **David R David** of **Colliers International** represented the landlord.
- **Applied Industrial Technologies, Inc.** leased 12,825 square feet at **Bondesen Distribution Center (6236)**, a 273,110-square-foot office/warehouse facility located at 10633 W Little York in far northwest Houston (409U), from **Cannon Green** (972-982-8550). The 7-year-old facility, which features 24-foot clearance, is 100% occupied with average rents at \$0.38 per square foot. **Drew Thomas** of **Mohr Partners (Dallas)** represented the tenant, while the landlord was represented by **Walter Menuet** of **Vantage Companies - Houston Division**
- **Northstar Healthcare** leased 10,634 square feet at **Corporate Centre Kirby Ph I (19)**, a 107,934-square-foot warehouse facility located at 9350 Kirby in near south Houston (532Y), from **Corporate Centre Kirby** (713-461-9696). The 7-year-old facility is 100% occupied with average rents at \$0.75 per square foot. **Walker Barnett** and **David R David** of **Colliers International** represented the landlord in the deal.

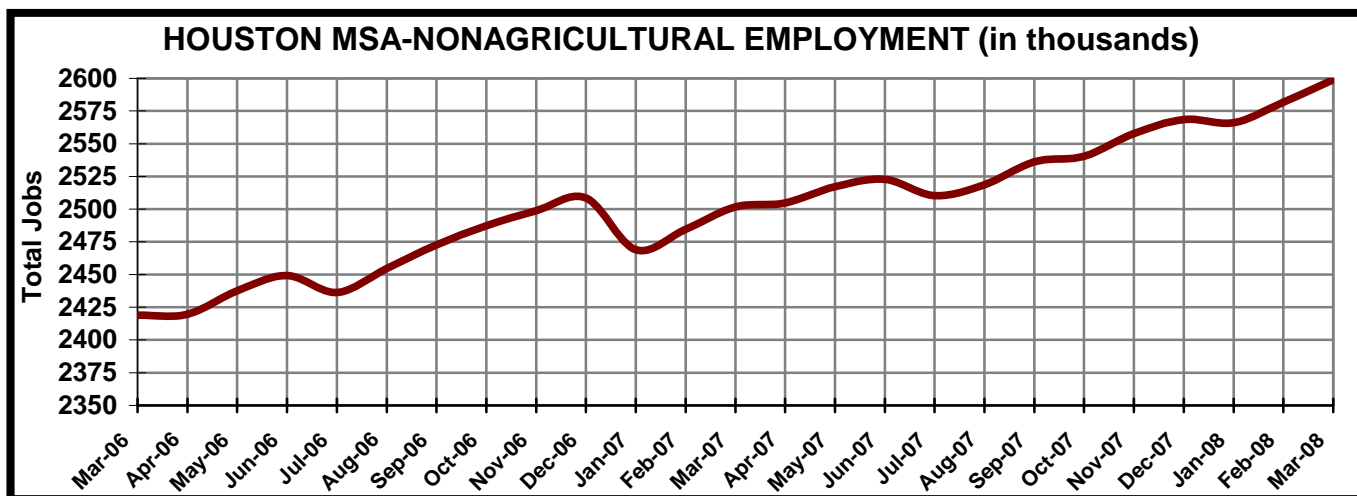
VACANT LAND

- **Clay Development & Construction** (713-789-2529) purchased 192 acres of land near Aldine Bender Rd and John F Kennedy Blvd. in Harris County (374Y), from Headway Estates Ltd (713-784-6102). **Mark Lehman** of **Grubb & Ellis** represented the seller in the deal, while the buyer was self-represented.
- **SHT/Kirby, Ltd** (281-873-4444) purchased 38 acres of land near Kirby and Beltway 8 in Harris County (572Z), from **Kirby Beltway 8, LLC** (281-480-9600). **Ed Taravella** of **TaraCorp.** represented the buyer, while **Stephan Robinson** of **Alliance Commercial** represented the seller.
- **Jones & Jones Family** (281-316-3336) purchased 30 acres of land on Magnolia near Texas 35 in Brazoria County (615S), from **Nelle Hixson** (713-991-1145). **Stephen Whynot** of **Alliance Commercial Investments** represented the buyer, while **Mark Hixson** of **Hixson Commercial** represented the seller.
- **The Martin Brower Co** purchased 12 acres of land at The Woodlands Trade Center in Montgomery County (218J), from Henry T Brooks Investments (936-321-4599). The buyer did not use representation, while the seller was represented **In-house**.
- **Oakwood Capital** (310-326-5500) purchased 3.6 acres of land on San Augustine Street in Harris County (539N), from **Rick Guerrero**. **Kelley Parker, John Littman, Jon Farris** and **Coe Parker** of **Cushman & Wakefield** represented both the buyer and seller in the deal.

ECONOMIC & FINANCIAL NEWS

The total number of nonagricultural wage and salary jobs in the ten-county Houston area increased by 17,500 jobs to 2,581,000 in March 2008, according to the **U.S. Department of Labor**. This month's total is 80,000 jobs more than the 2,518,900 jobs at this time last year. Of nonagricultural employers, the Goods Producing sector posted the largest gain over the month at 4,300 jobs, followed by the Leisure and Hospitality sector, with 3,600 jobs gained. Over the year, the Goods Producing sector had the largest increase in employment, adding 20,000 jobs, followed by the Professional and Business Services, which added 17,900 jobs.

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



Source: U.S. Department of Labor

Advance estimates reported by the **U.S. Department of Commerce** show that seasonally adjusted national retail and food services sales for March 2008 were \$381.4 billion, a increase of 0.2% from February and up 2.0% from March 2007. Retail trade sales in March were up 0.1% from February and were 1.8% above last year's level.

Personal income increased \$56.0 billion, or 0.5%, and Disposable Personal Income (DPI) increased \$48.7 billion, or 0.5%, in February 2008, according to the **Bureau of Economic Analysis**. Personal Consumption Expenditures (PCE) increased \$12.0 billion or 0.1% in February 2008. Meanwhile, the **U.S. Department of Labor** reports that the seasonally adjusted Consumer Price Index (CPI) for urban consumers increased 0.9% in March 2008 and is 4.0% higher than in March 2007.

The latest **Conference Board Survey** indicates that the **Consumer Confidence Index** decreased to 64.5 in March 2008, down 11.9 points from 76.4 in February. 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 0.3% in February to 135.0. 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 0.3% in March and is up 1.6% over the March 2007 level. Output in the manufacturing sector increased 0.1% in March; output of utilities increased 1.9% over the month, while output at mines rose 0.9%. The rate of industrial capacity utilization was 80.5% in March, which is 0.2% above the previous month's level, and is 1.9 points higher compared to the previous year's level.

Freddie Mac reports that the **30-year fixed-rate mortgage (FRM)** averaged 5.85% in March 2008, which is 0.39 points down from February and down 0.28 points from one year ago. The average for the **15-year FRM** averaged 5.34% in March 2008, which is down 0.39 points from February and down 0.52 points from March 2007.

The **U.S. Department of Commerce** reports that real GDP, the output of goods and services produced by labor and property in the United States, increased at an annual rate of 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, 0.3% below the revised January 2008 estimate. The current figure is 3.5% below the February 2007 estimate of \$1,162.2 billion. Private residential construction was at a seasonally adjusted annual rate of \$463.8 billion in February, 0.9% below the revised January estimate of \$468.0 billion, and 18.6% below the February 2007 estimate of \$569.5 billion.

The **Baker Hughes** count of active domestic rotary rigs stands at 1,827 during the week ending April 18, 2008. The current rig count is up 3.1% from last year's figure of 1,769 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)** remained the same in February at 98.8. The index is a monthly composite index that tracks the health and outlook for the U.S. restaurant industry. This is the index's fourth consecutive month below 100.

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According to the monthly **Monster Worldwide, Inc.** employment index, online job demand posted a two-point increase in the month of March. Of 21 occupational categories, 16 posted an increase over the month, while only 4 declined. Arts, Entertainment and Recreation industry occupations posted the largest monthly gain of any category in online job opportunities over the month of March, while Finance and Insurance industry occupations posted the only monthly loss.

According to the March 2008 **Architecture Billings Index**, developed by the **American Institute of Architects**, demand for non-residential construction fell 2 points to the lowest level since the survey's inception in 1995. March reported an index of 39.7 (any score above 50 indicates an increase in billings), down from the 48.0 mark in February.

Fort Bend Independent School District is planning to build a new high school adjacent to the **Sienna Plantation** community in Missouri City. The tract, east of Sienna Parkway, will be developed by **Hillwood Residential**. Construction is scheduled to begin summer of 2008, with completion expected in August 2010.

Moody National Cos. is making plans to develop a 142-room **Hyatt Place Hotel** on a 2.4-acre tract of land in **Westchase Park**. Ground breaking on the \$25 million development will begin in the fourth quarter of 2008 and is scheduled to be delivered in late 2009.

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