



Houston Real Estate Trends

Office • Retail • Apartment • Industrial

Edited by Kathryn Koepke

\$199 per year

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APARTMENTS

According to www.oconnordata.com, First Quarter 2008 O'Connor & Associates data indicates that Greater Houston apartment market occupancy has continued to decline (1.56 points) since last quarter and overall rents continue to steadily increase with current per square foot rates up 2.4% from first quarter 2007 (\$0.837) to first quarter 2008 (\$0.854). All classes have enjoyed steady rate increases as Class A is up 2.6% from \$1.107 to \$1.132, Class B is up 1.7% from \$0.814 to \$0.826, Class C is up 1.6% from \$0.692 to \$0.701, and Class D is up 1.9% from \$0.600 to \$0.608. With a continued supply of Class A and Class B complexes entering the market over the coming year, overall occupancy will continue to slip as new projects lease-up.

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).*

- **University of Houston** (713-743-5390) is developing the **Calhoun Lofts** at the **University of Houston (18174)**, a 700-unit complex located at Entrance 19 of the University of Houston main campus (534A). There will be efficiency, one- and two-bedroom units. Construction is scheduled to begin August 2008 with completion estimated for fall of 2009.

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ApartmentLink

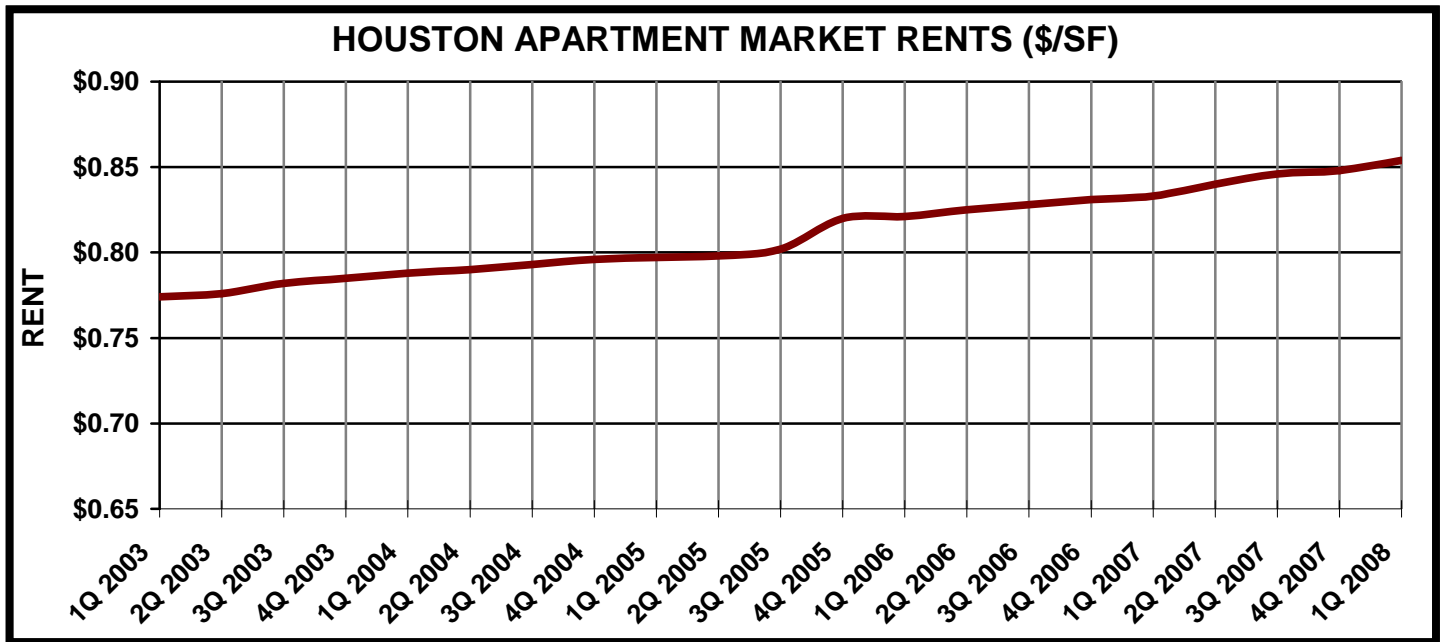
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The following chart illustrates historical apartment rental rates.



- **Steven D. Bell & Co.** (336-232-1900) purchased a portfolio of 86 apartment's complexes throughout the country, of which 13 complexes are located in the Houston area totaling 4,172-units from **United Dominion Realty Trust** (281-920-2211). The complexes' occupancy averages 95% with average rents at \$0.94 per square foot. The total portfolio purchase included 25,684 units with a total price tag of \$1.71 billion or \$66,578 per unit. The average price per unit for the Houston complexes is \$52,138.07
- **Creekstone Holdings III, LLC** (713-785-4411) purchased **Stoneriver (3188)**, a 34-year-old Class U complex located at 8901 Bissonnet in southwest Houston (530T) totaling 340 units from **Fannie Mae** (202-752-7000). Occupancy at the property is 54%, while the average rental rate is \$0.58 per square foot. **M. Todd Marix, Craig LaFollette, J. Todd Stewart, Tre Banks** and **Christopher Curry** of **CB Richard Ellis** represented the seller.
- **Right Place Properties** (602-264-2510) purchased **Carter's Grove (1912)**, a 136-unit Class C complex located at 3405 N. Shepherd in northwest Houston (452R), from **Royale Management** (800-888-5280). The 37-year-old vacant complex has average rents at \$0.56 per square foot. **Natan Jacobs, Brooks Spilsbury** and **Kevin Peck** of **Red Door Commercial** in Phoenix represented the buyer, while **Herb Shapiro** and **Mark Villanueva** of **Herb Shapiro and Associates** represented the seller.
- **Bluestone Apartments** purchased **Winkler Villa (3559)**, a 135-unit Class C complex located at 123 Winkler in the east area of Houston (534M), from **Sunbelt Management Co.** (661-255-6303). The 36-year-old complex is 89% occupied with average rents at \$0.70 per square foot. **Jeff Eisenhardt** of **Hendricks & Partners** negotiated the transaction for the seller.
- **Joseph C. Tirado** (832-282-6532) purchased **Oakland Plaza Apartments (2843)**, a 36-unit Class C complex located at 221 Caylor in the east area of Houston (494U), from **Tierra Investments** (713-661-6255). The 58-year-old complex is 85% occupied with average rents at \$0.74 per square foot. **Robert Su** of **Marcus & Millichap** represented the seller.

SINGLE-FAMILY HOUSING

MLS home sales decreased in March, as 5,113 used homes were sold according to the **Houston Association of Realtors (HAR)**. 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, while the average home price was \$208,140, 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.*

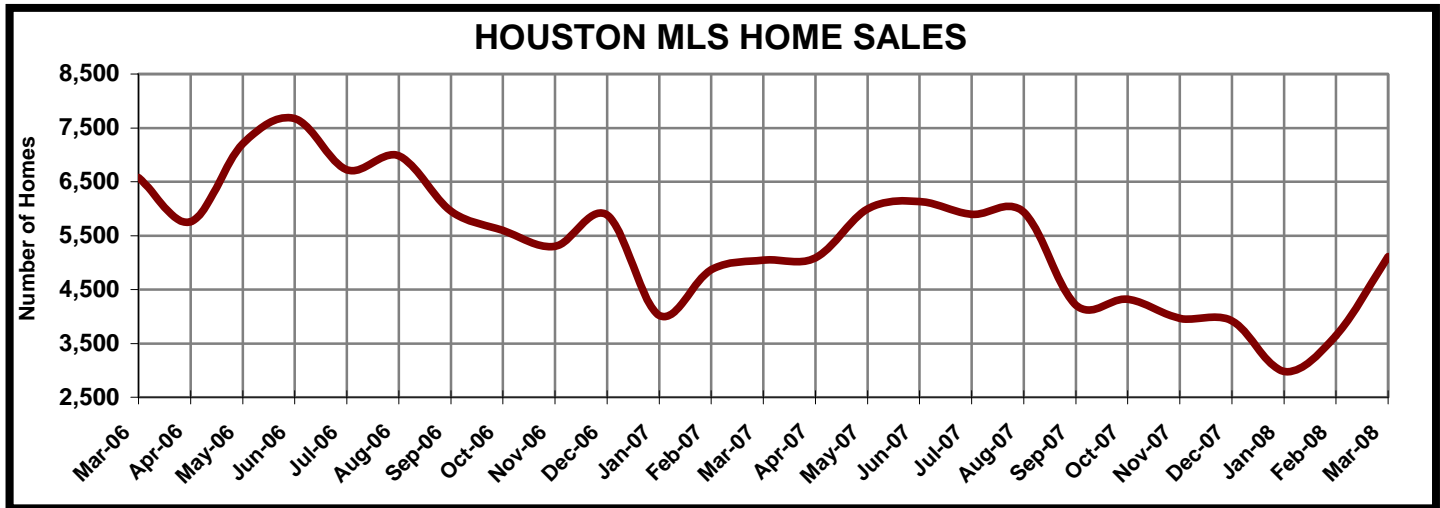
Nationwide sales of new single-family homes decreased in March to a seasonally adjusted annual rate of 526,000, 8.5% below the revised February sales rate of 575,000 and 36.6% below the March 2007 figure, according to a release by the **U.S. Department of Commerce**. The median sales price in March was \$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 24.7% 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**, 234,385 foreclosure filings — default notices, auction sale notices, and bank repossessions — were reported during the month of March. This figure is up 5% from February and up 57% from March 2007. Texas remains among the nation's 20 highest states in total foreclosure filings in March 2008.

The following chart illustrates historical used home sales.



Source: Houston Association of Realtors

- **The Woodlands Development Company** (281-719-6333) is developing **West Sterling Ridge**, a residential project located in The Woodlands (216N). Plans call for the construction of 1,000 homes with prices ranging from \$190,000 to \$400,000. Construction is scheduled to begin by July 2008.
- **The Friendswood Development Co.** (281-877-1680) is developing **Graystone Hills**, a residential community consisting of 780 single-family homes. The project is located off Longmire Rd. in northwest Conroe (157N). Homes will have a price range of \$180,000 to \$400,000.
- **The Friendswood Development Co.** (281-877-1680) is developing **Hidden Creek**, a residential community consisting of 288 single-family homes. The project is located near FM 1314 south of Loop 336 in southeast Conroe (188C). Homes will be priced starting from \$110,000.
- **McCord Development** (713-860-3000) is developing **Willowick Place at River Oaks**, a residential community consisting of 62 single-family homes located in River Oaks (492N). Pricing will range from \$900,000 to \$2,000,000.
- **Falcon Group** (713-861-8850) is planning a third tower at **Palisade Palms** with 27 stories consisting of 300 units. The project is located at 801 East Beach Dr. in Galveston (775L). The condo units will range in price from \$400,000 to \$1,600,000 and the size will range from 1,044 square feet to 3,000 square feet.
- **Park Memorial Condominium** complex is for sale. All 108 owners joined together to sell the 27-year-old complex. It is located on 4.85 acres at 5292 Memorial Dr. in southwest Houston (492J). No asking price has been released. **Saul Keeton** of **Colliers International** represents the sellers.

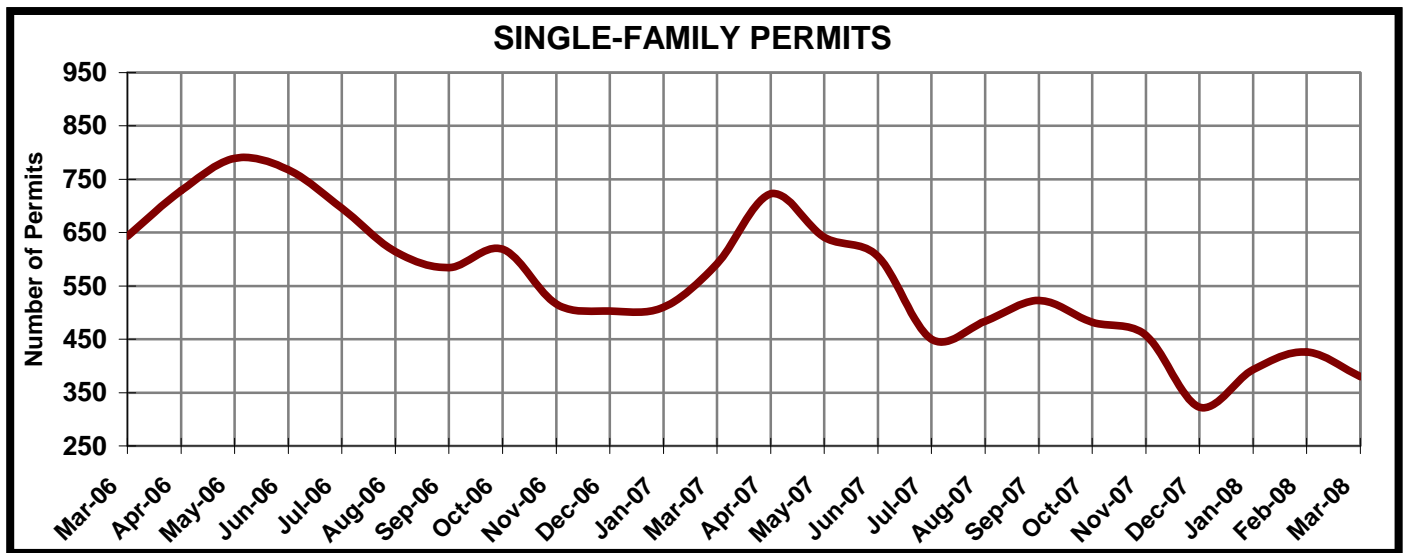
PERMIT ISSUANCE

The **City of Houston** issued permits to build 380 private single-family houses and 55 private multifamily buildings in March. Demolition permits were issued for 144 private single-family houses and 32 multifamily structures. In addition, 283 permits were issued for privately owned non-residential construction totaling \$160,014,158 and 8 permits were issued for public non-residential construction. Additions, alterations, and conversions totaled \$120,304,766 for the private sector and \$4,968,951 for the public sector.

Cost of Construction*

	2006	2007	2008
Month of March	\$471,838,693	\$511,299,707	\$432,942,708
Year-to-Date	\$1,107,909,958	\$1,354,238,735	\$1,529,284,630

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



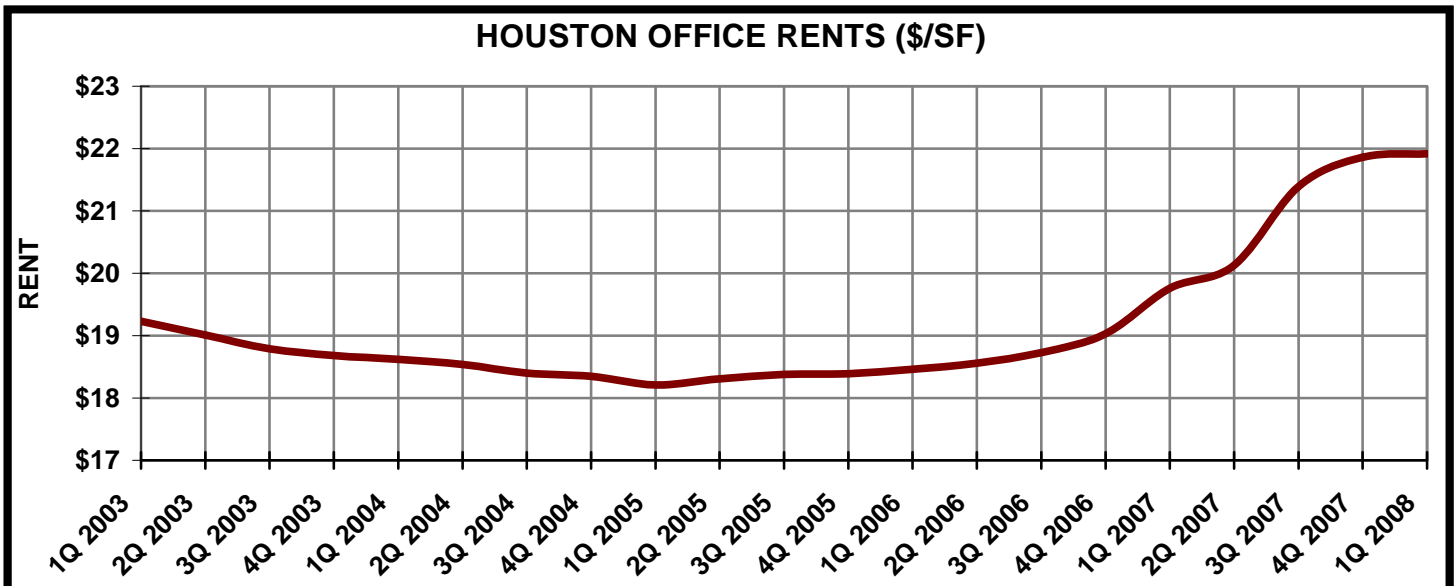
OFFICE BUILDINGS

According to the O'Connor & Associates **First Quarter 2008 Houston Office Data Program**, citywide **occupancy** for Houston area multi-tenant office buildings is **88.23%** (Class A = 92.25%; Class B = 85.70%; Class C = 83.93%; Class D = 79.46%). The citywide annual multi-tenant office **rental rate** is **\$22.74 per square foot** (Class A = \$28.04; Class B = \$19.32; Class C = \$15.00; Class D = \$12.51).

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).*

- **Transwestern Commercial Services** (713-270-7700) is developing **Eldridge Oaks I (959)**, a 10-story, Class A office building with approximately 350,000 square feet located on Memorial Dr. near Eldridge Pkwy. in west Houston (488C). Construction is underway with an estimated completion date occurring September 2009.
- **Opus West Corp.** (713-953-0430) is developing **Two Westway Center (2474)**, a 3-story, Class A office building with approximately 100,000 square feet located at 11125 W. Equity Dr. N. in Westway Park in northwest Houston (449H). Construction is expected to begin late summer 2008, with completion in June 2009.
- **Duke Realty Corp.** (713-353-3200) is developing **Det Norske Veritas (2475)**, a 2-story, Class A office building with approximately 90,000 square feet located between Mason Rd. and Grand Pkwy. in the Park 10 area of Houston (533U). **Duke Realty** is handling pre-leasing.
- **Bridgestone I (1270)**, a 127,000-square-foot Class B office building located at 2600 North Loop W. in the northwest area of Houston (452S), has been put up for sale by **CHRISTUS Health** (713-681-8877). The 32-year-old building is owner occupied, but will be vacated when sold. **Robert S. Parsley** and **Bill Byrd** of **Colliers International** are marketing the property for the seller.

The following chart illustrates historical office rental rates.



- **Hines Real Estate Investment Trust, Inc.** (713-223-1312) purchased **Williams Tower (478)** a 1,515,000-square-foot Class A office building located at 2800 Post Oak Blvd. in the Galleria area (491U), from **Transco Tower Ltd.** (404-848-8000) for \$271.5 million. The 24-year-old building is 93% occupied with average rents at \$32.21 per square foot. The buyer was represented in-house, while **Ken Page, David Chuoke** and **Jon Caplan** of **Cushman & Wakefield** (Houston and New York offices) represented the seller.
- **Royal Investors Group, LLC** (310-553-2552) purchased **Binz Building (087)**, a 127,000-square-foot Class B office building located at 1001 Texas in southwest Houston (493L), from **RPD Binz Building, LLC** (310-557-1311). The 26-year-old building is 82% occupied with average rents at \$23.00 per square foot. **Dan Miller** and **Martin Hogan** of **HFF** represented the seller.
- **Memorial Dar, Ltd.** (713-403-8223) purchased **7700 San Felipe (423)**, a 101,000-square-foot Class A office building located in the Galleria area (490R), from **KBS Capital I, LLC**. The 30-year-old building is 82% occupied with average rents at \$21.00 per square foot. **Ken Page** and **Scott Myers** of **Cushman & Wakefield** represented the seller, while the buyer was represented in-house.
- **Opus West Corp.** (713-953-0430) purchased **One Westway Center (2473)**, a 99,000-square-foot Class A office building located in the northwest area of Houston (449H), from **DeVry University**. The 6-year-old building is 60% occupied with average rents at \$16.00 per square foot. **Todd King** of **Opus West Corp.** represented the buyer.
- **Shonu Enterprises, Inc.** (713-420-9886) purchased **Baytown Professional Office Plaza (2465)**, a 21,000-square-foot Class B office building located at 3711 Garth Rd. in Baytown (501P), from **JAMA Development Company, Ltd.** (281-812-1144). The 9-year-old building is fully occupied. **Ross Cannizaro** of **Marcus & Millichap** represented the seller.
- **CHRISTUS Health** leased 144,000 square feet at **Stewart and Stevenson (1271)**, a 177,000-square-foot Class B building located at 2707 North Loop W. in the northwest area of Houston (452S), from **2707 North Loop W, Ltd.** (713-869-8000). The 25-year-old building is 81% occupied with average rents at \$19.00 per square foot. **Robert S. Parsely** and **Bill Byrd** of **Colliers International** represented the tenant, while **Ronnie Martin, Chrissy Wilson** and **Mark Janssen** of **Hines Interest** represented the landlord.
- **GE Oil & Gas** leased 125,056 square feet at **Westway Office Bldg. (2435)**, a 250,000-square-foot Class A building located at 4424 W. Sam Houston Pkwy. N. in the northwest area of Houston (449G), from **Orangebrook Properties, LP** (713-686-1222). The under construction building is 50% pre-leased with average rents at \$33.43 per square foot. **Robert S. Parsley** of **Colliers International** represented the tenant, while **Eric Anderson** of **Transwestern Commercial Services** represented the landlord.
- **AMEC Paragon, Inc.** renewed their lease of 55,000 square feet at **Sam Houston Crossing One (2052)** a 159,000-square-foot Class A building located at 10343 Sam Houston Pkwy. Dr. in the northwest area of Houston (409B), from **Duke Realty** (713-353-3200). The under construction building is 34% pre-leased with average rents at \$23.00 per square foot. **Mark O'Donnell** of **Studley Houston** represented the tenant, while **Cory Driskill** of **Duke Realty** represented the landlord.

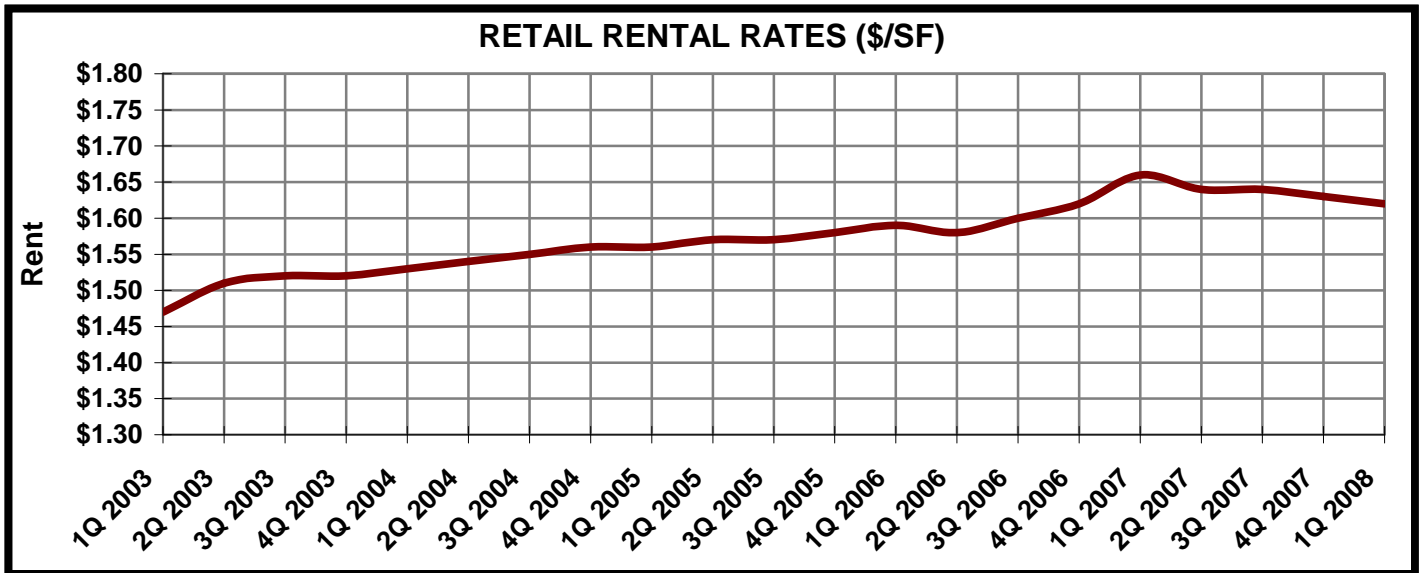
RETAIL CENTERS

According to the O'Connor & Associates **First Quarter 2008 Houston Retail Data Program**, citywide **occupancy** for Houston area multi-tenant retail buildings is 82.91% (Regional = 82.34%; Community = 85.72%; Neighborhood = 82.29%; Strip = 79.38%). Occupancy is up 0.35 points over the last quarter and up 0.06 points over the past 12 months. The citywide monthly multi-tenant retail **rental rate** is **\$1.62 per square foot** (Regional = \$2.77; Community = \$1.67; Neighborhood = \$1.23; Strip = \$1.24). Overall rents are down \$0.01 from the last quarter and \$0.04 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).*

- **The Retail Connection, LP** (713-547-5555) is developing the first phase of **Grand Corners (3998)**, a 200,000-square-foot retail center located at the intersection of Grand Pkwy. and Westpark Tollway in Katy (525F). Construction is scheduled for completion September 2008.
- **Hunington Properties, Inc.** (713-623-6944) is developing **Goldshire Plaza (3996)**, a 23,000-square-foot retail center located at the intersection of Reading Rd. and FM 1640 in Rosenberg (605K). The project is currently under construction and scheduled for completion in September 2008.

The following chart illustrates historical retail rental rates.



- **FIT Development, LP** (916-988-7900) purchased **League City MarketPlace (3997)**, a 52,000 square-foot-center located at 2700 Gulf Freeway in League City (699A), from **League City MarketPlace, LP/Weiner Development Corp.** (713-554-7602). The under construction center is 91% pre-leased. **George Cushing, Wendy Vandeventer** and **Benjamin S. Kugut** of **Grubb & Ellis** represented the seller.
- **Louetta Center, LLC** (713-464-4618) purchased **Wimbledon Plaza (3931)**, a 35,000-square-foot center located at 6370 Louetta Rd. in Spring (330M), from **Dini Partners** (713-942-8110). The 2-year-old-center is fully occupied. **Don Stringham** and **Charles Lucenay** of **Marcus & Millichap** represented the seller.

- **Zoya Enterprises, Ltd.** (832-279-3000) purchased **Park Glen 1 (2166)**, a 30,000- square-foot retail center located at 11231 Bissonnet in southwest area of Houston (529T), from **11225 Bissonnet, Ltd.** (713-722-7742). The 35-year-old center is unoccupied with average asking rents at \$0.57 per square foot. **Richard Glass** of **The National Realty Group** represented the buyer, while **Robert Lowery** of **Coldwell Banker Commercial United** represented the seller in the deal.
- **Spec's Liquor** leased 27,000 square feet at **Galveston Place (2785)**, a 210,000-square-foot retail center located at 2705-2711 61st St. in Galveston (808B), from **Weingarten Realty** (713-866-6000). The 24-year-old-center is 97% leased. **Gerald Crump** of **Weingarten Realty** represented the landlord.
- **Michael's** leased 25,380 square feet at **Commons @ Willobrook (1091)**, a 458,000-square-foot center located at 7502 FM 1960 W. in northwest Houston (370E), from **Commons Willowbrook, Inc.** (214-265-0332). The 19-year-old-center is 85% leased. **Alex Makris** and **Matt Keener** of **CB Richard Ellis** represented the landlord, while **Joan Collum** of **Orr Commercial** represented the tenant.
- **Methodist Hospital** leased 16,664 square feet at **Kirby @ Southwest Freeway (3777)**, a 41,000-square-foot center located at 2615 Southwest Frwy. inside the Loop (492Y), from **ERSA GRAE Corp.** (713-627-1015). The year-old center is fully occupied. **Will Bradley** of **New Regional Planning** represented the landlord, while **Jake Baker** and **Steven Thomas** of **Staubach Retail** represented the tenant.

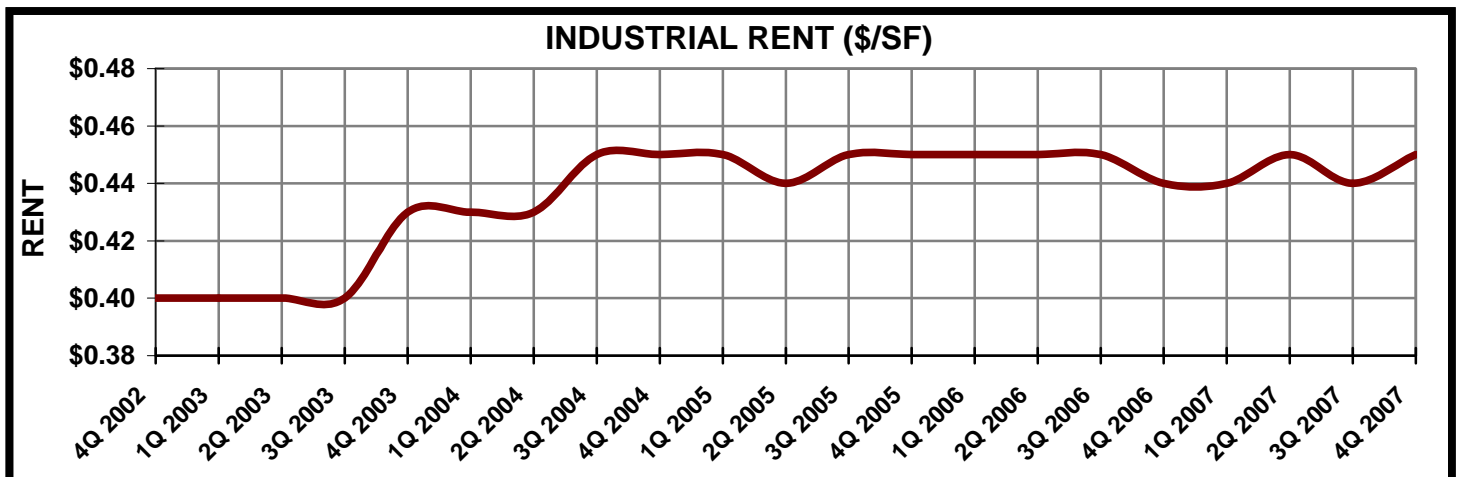
INDUSTRIAL FACILITIES

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 = 93.39%; 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** increased to **\$0.45 per square foot** an increase of \$0.01 over last quarter and one year ago. (Flex = \$0.55; Bulk = \$0.38; Manufacturing = \$0.38, Service = \$0.55, Distribution = \$0.41, R&D = \$0.76).

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).*

- **First Industrial Realty Trust** (312-344-4300) has proposed construction on **Sens Rd. Industrial (6620)** at 1502 Sens Rd. in La Porte (539R). The complex will consist of a 120,000-square-foot spec building on eight acres with the remaining acreage set aside for future build-to-suit deals. Construction is to begin by June 2008.
- **Proterra Properties** (713-462-7888) has begun construction on **Northwest 8 Business Park – Bldg. 6 (6621)** located at Okanella Lane near Beltway 8 in west Houston (409Z). The complex will consist of a 276,000-square-foot distribution center. Construction began in April 2008 with completion slated for December 2008.
- **Martin-Brower Co.** (936-273-3110) has proposed construction to expand the **McDonald's Distribution Center (6618)** at 840 South Trade Center Pkwy. in The Woodlands (218N). A second building of 150,000 square-feet will be added to the 50,000 square foot distribution center currently in use.

The following chart illustrates historical industrial rental rates.



- **5436, LLC** (713-923-2000) purchased **5436 Clay (1827)**, a 50,000-square-foot manufacturing facility located in northwest Houston (494Y), from **Elliott Valve, Ltd.** (713-623-8133). The 60-year-old-facility is owner occupied. **Clay & Co.** represented the seller in the deal.

- **Babson Belgold Property, LLC** (253-284-9250) purchased **7007 Belgold (4859)**, a 35,000-square-foot warehouse facility located in northwest Houston (370K), from **JCW Belgold, LLC** (512-306-9432). The 24-year-old facility is fully occupied with rental rates averaging \$0.30 per square foot. **Tip Strickland** of **Live Oak Capital** (713-993-1300) arranged the acquisition fixed financing through **Union Central Life Insurance Company**.
- **Sullivan Interests, LP** (713-880-9888) purchased **512 W. 23rd St. (4433, 4434)**, a 29,000-square-foot warehouse park in north Houston (452V), from **AIEn USA** (832-484-1508). The 58-year-old warehouse is fully occupied. **Kent Willis** of **NAI Houston** represented the buyer, while **Michael Palmer** of **CB Richard Ellis** represented the seller in the deal.
- **United Investment Properties, LLC** (972-233-9571) purchased **15375 Vantage Pkwy. E. (6566)**, a 22,000-square-foot office warehouse located in north Houston (373Q), from **Turnkey Building & Design, Ltd.** The year-old building is vacant. **Clay Peeples** of **Boyd Commercial** represented the buyer, while **Andrew Sowell** of **Boyd Commercial** represented the seller in the deal.
- **Victor Guzman** (713-674-1801) purchased **6131 Brookhill Dr. (2531)**, a 20,000-square-foot warehouse facility located in south Houston (534L), from **Robert Shaw** (254-735-4469). The 29-year-old-facility is currently vacant but will be owner occupied. **Marta Murillo** of **Realty Associates** represented the buyer, while **Andrew Sowell** of **Boyd Commercial** represented the seller.
- **Iron Mountain Information Management, Inc.** leased 120,000 square feet at **West Loop Industrial Park Rail (4536)**, a 178,000-square-foot service center facility located at 3900 11th St. W. in west Houston (492A), from **Houston West Loop, Ltd.** (972-820-0544). The 37-year-old-facility is fully occupied with average rents at \$0.30 per square foot. **Jim Foreman** of **Cushman & Wakefield** represented the tenant, while **Mary Jo Giammalva** of **Weingarten Realty** represented the landlord in the deal.
- **Iron Mountain Information Management, Inc.** leased 40,864 square feet at **2120 W. Sam Houston Pkwy. N. (6622)**, an 81,000-square-foot 9-year-old warehouse facility located in the far west area of Houston (449U), from **TA Associates Realty** (617-476-2700). **Jim Foreman** of **Cushman & Wakefield** represented the tenant, while **Edward Bane** and **Jon Michael** of **Holt Lundsford Commercial** represented the landlord.
- **W & O Supply** leased 36,000 square feet at **Market-McCarty Dist. Ctr. (1635)**, a 355,000-square-foot distribution center facility located at 8000 Market St. in southwest Houston (495E), from **TIAA-CREF** (212-490-9000). The 31-year-old-facility is 63% occupied with average rents at \$0.27 per square foot. **Billy Gold** of **CB Richard Ellis** represented the tenant, while **Edward Bane** and **Jon Michael** of **Holt Lundsford Commercial** represented the landlord.
- **Serimax North America** leased 22,500 square feet at **6526-6530 Petropark Dr. (6539)**, a 51,000-square-foot warehouse facility located in northwest Houston (409T), from **Skypark One**. The year-old-facility is 44% occupied with average rents at \$0.57 per square foot. **Christopher Oliver** of **Cushman & Wakefield** represented the tenant, while **Kelley Parker**, **John Littman**, **Jon Farris** and **Coe Parker** of **Cushman & Wakefield** represented the landlord.

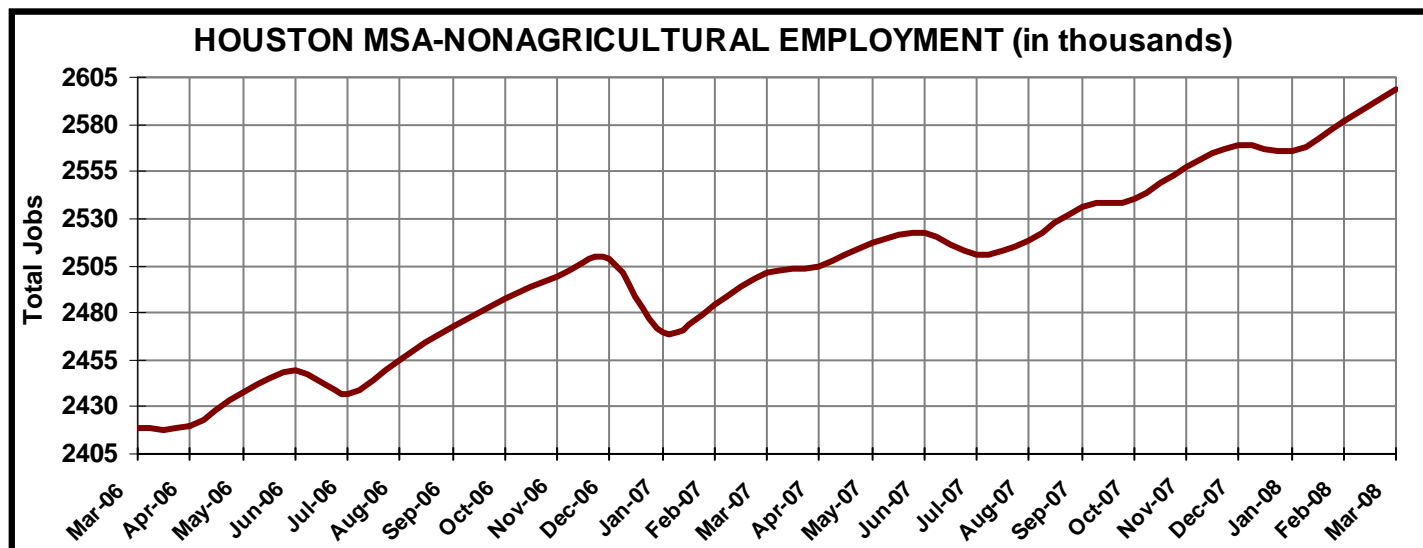
VACANT LAND

- **Raymond R. Betz Interests** (281-873-4444) purchased 24 acres of land on Texas 96 and South Shore Blvd. in League City (660J), from **Centerprise Group Retail Fund I** (281-419-4889). **Corey King** of **Raymond R. Betz Interests** represented the buyer, while **Simmi Jaggi** and **Elizabeth Clampitt** of **CB Richard Ellis** represented the seller.
- **First Industrial Realty Trust** (312-344-4300) purchased 16 acres of land on 1502 Sens Rd. in La Porte (539R), from the **Jennie Reid Estate**. **Troy MacMane** of **First Industrial** represented the buyer in the deal.
- **Heavy Construction Systems Specialists, Inc. (HCSS)** (713-586-1359) purchased 11.9 acres of land near W. Airport and Eldridge in Fort Bend County (568C), from **SBB Airport Ltd.** (713-963-0885). **Keith Lloyd** of **Grubb & Ellis** represented the buyer in the deal.
- **McCann Realty Partners, LLC** (804-290-8870) purchased 11.5 acres of land at Tomball Pkwy. at Cypresswood in northwest Harris County (369C), from **Network Development, Inc.** (713-812-7005). **Joe MacDougall** of **Brown Butera and MacDougall** represented the buyer, while **Keith Edwards** and **Keith Groghaus** of **Caldwell Companies** represented the seller.
- **Sentinel Integrity Solutions I** (432-550-3850) purchased 10 acres of land at 6606 Miller Rd. 2 in east Harris County (458N), from **Trimm H. & Dina K. Jones** (281-457-1204). **Darin Gosda** of **Betz Commercial** represented the buyer, while **Keith Edwards & Keith Groghaus** of **Caldwell Companies** represented the seller.

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: Bureau of Labor Statistics (BLS)

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, an 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 \$38.8 billion, or 0.3%, and Disposable Personal Income (DPI) increased \$29.6 billion, or 0.3%, in March 2008, according to the **Bureau of Economic Analysis**. Personal Consumption Expenditures (PCE) increased \$42.9 billion, or 0.4% in March 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 5.92% in April 2008, which is relatively unchanged from March but down 0.26 points from one year ago. The average for the **15-year FRM** averaged 5.47% in April 2008, is also unchanged from March, but down 0.41 points from April 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 first quarter of 2008, this is the same growth rate as the fourth quarter of 2007. The increase in GDP in the first quarter primarily reflected positive contributions from personal consumption expenditures (PCE) for services, private inventory investment, exports of goods and services, and federal government spending that were partly offset by negative contributions from residential fixed investment and PCE for durable goods.

The **U.S. Department of Commerce** reports that construction spending during March 2008 was estimated at a seasonally adjusted annual rate of \$1,123.5 billion, 1.1% below the revised February 2008 estimate. The current figure is 3.4% below the March 2007 estimate of \$1,163.6 billion. Private residential construction was at a seasonally adjusted annual rate of \$455.0 billion in March, 4.6% below the revised February estimate of \$466.8 billion, and 19.9% below the March 2007 estimate of \$555.6 billion.

The **Baker Hughes** count of active domestic rotary rigs stands at 1,839 during the week ending May 2, 2008. The current rig count is up 5.0% from last year's figure of 1,747 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)** fell 0.9% in March to 97.9. 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 on record.

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According to the monthly **Monster Worldwide, Inc.** employment index, online job demand posted a seven-point increase in the month of April. Of 20 occupational categories, 17 posted an increase over the month, while only 2 declined. Accommodation and Food Services occupations posted the largest monthly gain of any category in online job opportunities over the month of April. Mining, Quarrying and Oil and Gas Extraction and Utilities occupations posted the only monthly losses, while Agriculture, Forestry, Fishing and Hunting showed no change from last month.

According to the March 2008 **Architecture Billings Index**, developed by the **American Institute of Architects**, demand for non-residential construction fell to the lowest level since its inception. Following a downturn in February, March reported an index of 39.7 (any score above 50 indicates an increase in billings), down from the 41.8 mark in February.

Fountain of Faith Fellowship Church (281-424-7040) has purchased **First Westminster Presbyterian Church**, a 10,465-square-foot church on 4.9 acres located at 7600 Bayway in Baytown (500F). **Brenda Rochelle of Century 21 All Points Realty** represented the buyer, while **Claire Sinclair with Claire Sinclair Properties** represented the seller.

Houston Convention Center Hotel Corp. (713-853-8000) has listed the 1,200-room **Hilton Americas-Houston** (493) for sale. **CB Richard Ellis** has been retained to market the property. No asking price has been disclosed. The sales process will also include the development of a second convention hotel.

Tomball Independent School District plans new elementary school in Village of Creekside Park in The Woodlands. Construction on the 12.9-acre site is expected to begin this summer with the school opening planned for the 2009-2010 school year.

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