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APARTMENTS

According to www.oconnordata.com, **May 2009 O'Connor & Associates data** indicates that Greater Houston apartment market occupancy has decreased 0.23 percentage points from the previous month and is currently 87.43% occupied, while overall rents edged up \$0.001 to \$0.874. Class A rates have not changed this month and are currently \$1.166, while Class B, C, and D showed an increase of \$0.001 from March's rate, ending at \$0.833, \$0.712 and \$0.620, respectively. Pre-leasing is currently underway in thirty-two communities (9,298 units) city-wide. Overall occupancy is expected to slip as delivery of these new apartments continues, while rental rates have been increasing at a steady pace.

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).*

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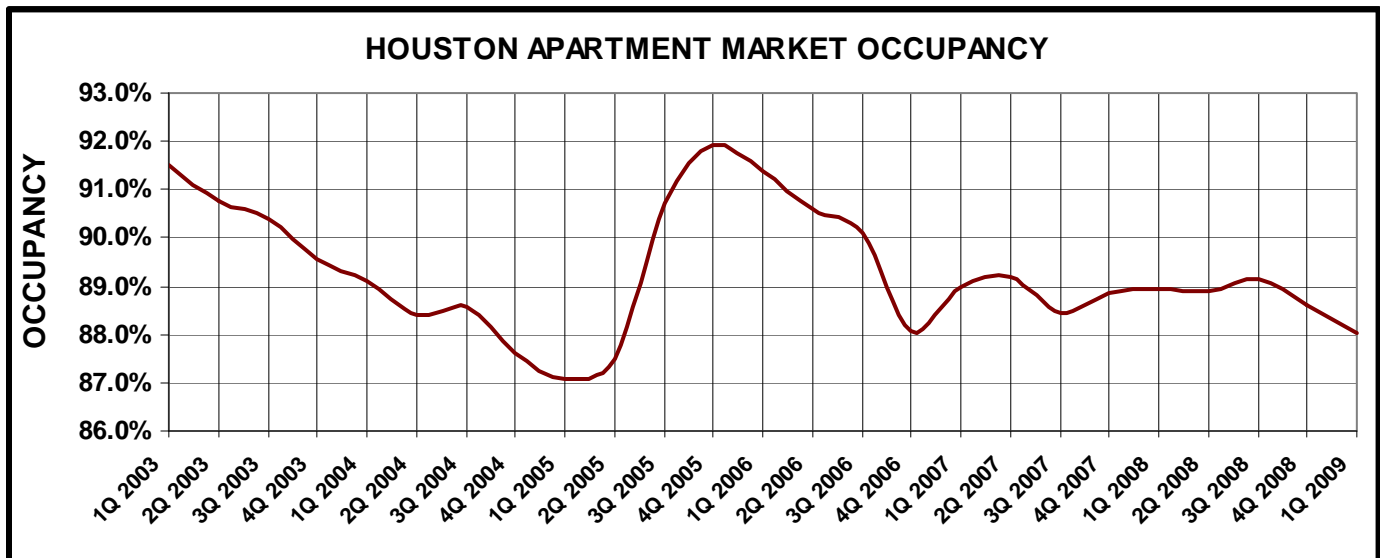
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Apartment Developments

- No apartment developments were noted during the month of May.

The following chart illustrates historical apartment occupancy.



Apartment Sales

- **Marquette Cos.** (847-289-3758) has purchased **Club of the Isle (1733)**, a 248-unit Class-A apartment complex located at 3433 Cove View Blvd. in Galveston (807F), from **La Salle Bank**. The 4-year-old complex is 86% occupied with average rents of \$1.03 per square foot. **Darren Sloniger** of **Marquette Cos.** represented the buyer.
- **Erax Enterprises Inc** (713-885-3085) purchased **Central Apartments (2002)**, an 80-unit Class B complex located at 4411 Fulton in the Houston Heights area (453Y), from California-based **PONO Corporation**. The 46-year-old complex is 60% occupied with average rents at \$0.73 per square foot. **Chuy Terrazas** of **Lifestyles Unlimited** represented the buyer, while **Lester Langdon** of **Coldwell Banker Commercial United Realtors** represented the seller.

SINGLE-FAMILY HOUSING

MLS home sales declined in April as 3,519 existing homes were sold, compared to 3,624 homes sold last month, according to the **Houston Association of Realtors (HAR)**. Sales for April 2009 were down 21.8% from April 2008. The median price of an existing single-family home sold in April was \$139,000, unchanged from the same time last year, while the average home price – \$178,141 – was down 5.2% from the April 2008 level. *Note: MLS sales include primarily existing home sales throughout the Houston region. Historical comparisons are offered solely for informational purposes and may not truly reflect growth in sales.*

According to **American MetroStudy**, net sales of new homes increased 2% in April to 1,427 from 1,396 in March, but are down 14% from April 2008. Realtor co-op sales represented 64.6% of gross sales for the month, up 0.6% from April 2008. Traffic decreased 24% from last year to 15,776 in April 2009. The inventory of completed speculative homes (1,371) is down 15% from April last year. There are 1,300 spec homes under construction, which is down 41% from April 2008. Overall, the 2,671 specs (both completed and under construction) are down 35.5% from April 2008. *Note: the 23 homebuilders in this survey account for approximately 55% of housing starts in Houston.*

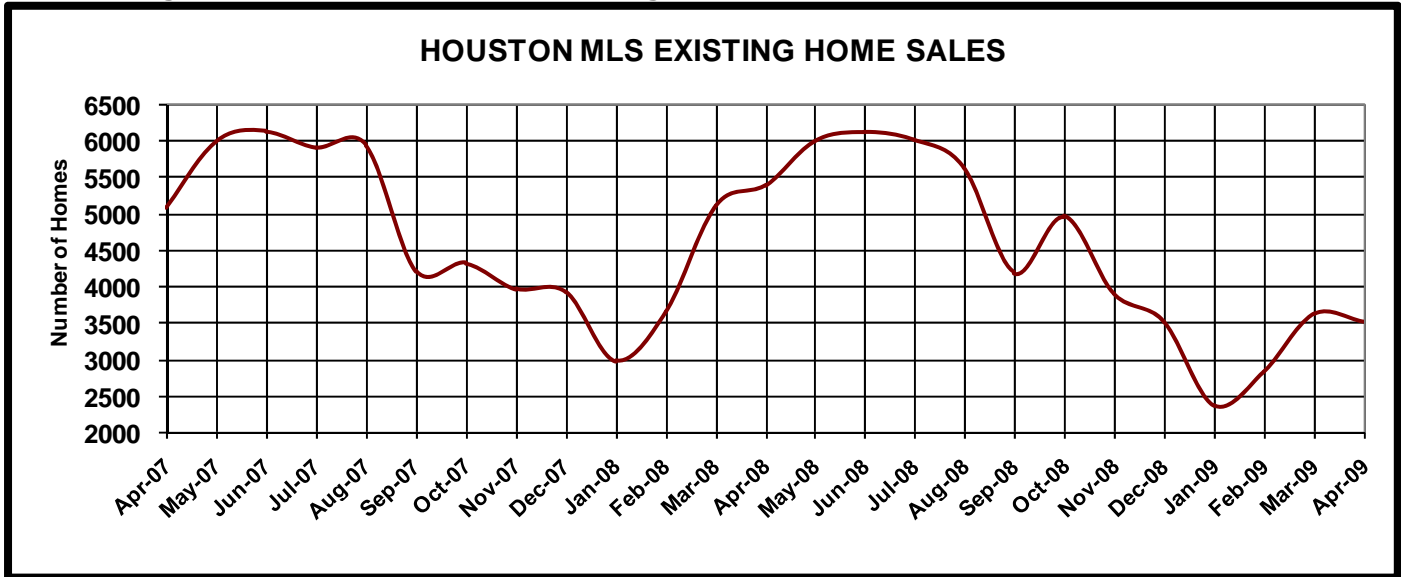
Nationwide sales of new single-family homes increased in April to a seasonally adjusted annual rate of 352,000, 0.3% above the revised March sales rate of 351,000 but 34.0% below the April 2008 figure, according to a release by the **U.S. Department of Commerce**. The median sales price in April was \$209,700. Privately owned housing starts were at a seasonally adjusted annual rate of 458,000 in April 2009, which is 12.8% below the revised March estimate and 54.2% below the revised April 2008 rate. Privately owned housing completions were at a seasonally adjusted annual rate of 874,000 in April, 4.9% above the revised March figure, but 15.0% below the revised April 2008 figure.

The **National Association of Home Builders/Wells Fargo Housing Market Index**, a monthly measure of builder confidence, increased to 16 in May, 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 increased by two points to 14, the index measuring sales expectations for the coming six months rose from 24 to 27, and the index measuring the traffic of prospective buyers is currently at 13, unchanged from the revised April figure.

According to the **National Association of Realtors (NAR)**, 4,680,000 existing homes were sold in April 2009, up 2.9% from March sales but down 3.5% from the 4,850,000 homes sold in April 2008. The median sale price was \$ 170,200, which represents a 15.4% decrease from sale prices last year.

According to the most recent report by **RealtyTrac**, 342,038 foreclosure filings — default notices, auction sale notices, and bank repossessions — were reported during the month of April. While this figure is just 0.25% up from the previous month, it is up 32% from April 2008. Texas remains among the nation's 27 highest states in total foreclosure filings in April 2009.

The following chart illustrates historical existing home sales.



Source: Houston Association of Realtors

- Caldwell Companies** (713-690-0000) has obtained the acquisition rights for **Bridgeland master-planned community**, an 11,400-acre residential project site located near Fry Road and U.S. 290, Cypress in northwest Houston (366H), and is in the process of purchasing it for approximately \$90 to \$100 million from its Chicago-based owner, **General Growth Properties Inc.** (312-960-5000). This site is comprised of nearly 2,000 finished homes with over 600 occupied homes, 20,000 vacant developed lots, and almost 10,000 acres of vacant land. Bridgeland ranked number 9 on the 2008 Houston Business Journal list of Most Active Residential Communities in the Houston Area. Japanese conglomerate **Sumitomo Corp.** (713-653-8400) is going to be the financial partner of Caldwell in acquiring this vast project site, which is expected to be built out in the next 20 years.

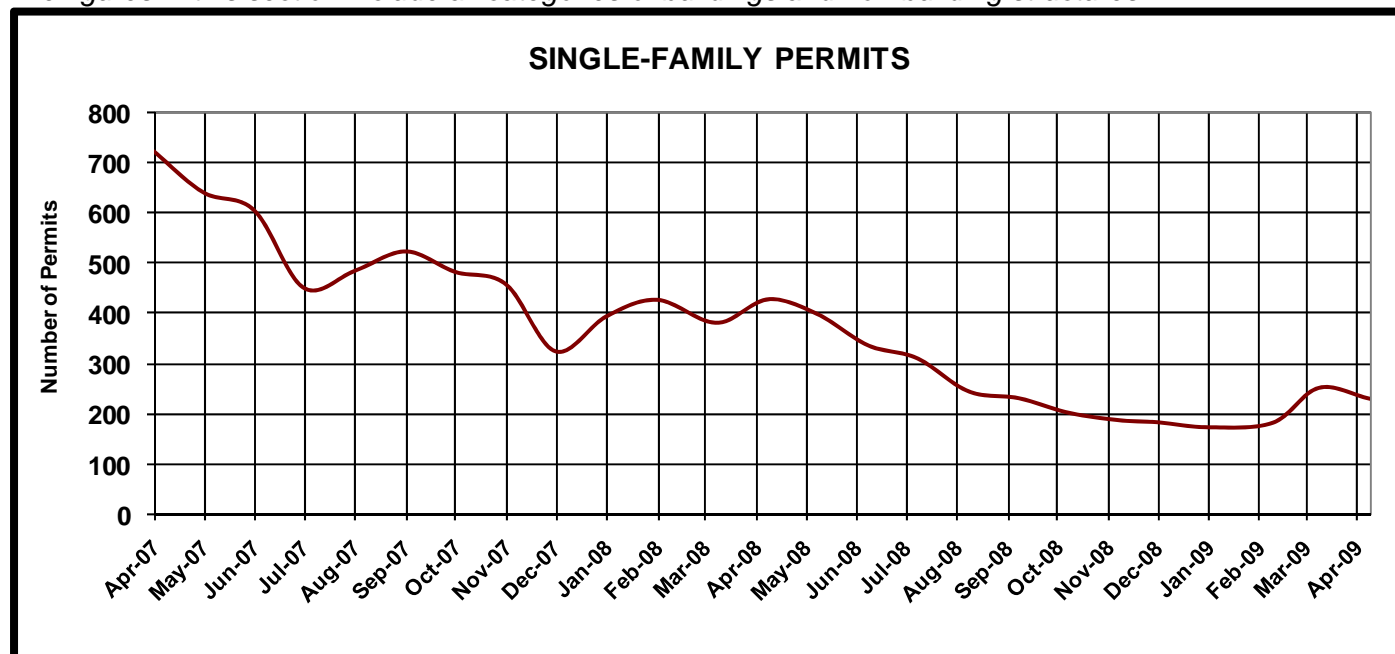
PERMIT ISSUANCE

The **City of Houston** issued permits to build 228 private single-family houses and one private multifamily building in April. Demolition permits were issued for 129 private single-family houses and 12 multifamily structures. In addition, 215 permits were issued for privately owned non-residential construction totaling \$40,315,774 and four permits were issued for public non-residential construction. Additions, alterations, and conversions totaled \$88,767,337 for the private sector and \$7,013,000 for the public sector.

Cost of Construction*

	2007	2008	2009
Month of April	\$401,785,601	\$723,145,639	\$212,139,341
Year-to-Date	\$1,755,939,336	\$2,252,430,269	\$1,328,513,316

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



OFFICE BUILDINGS

According to the O'Connor & Associates **First Quarter 2009 Houston Office Data Program**, citywide **occupancy** for Houston area multi-tenant office buildings is **84.79%** (Class A = 88.82%; Class B = 82.37%; Class C = 79.47%; Class D = 77.08%). The citywide quarterly multi-tenant office **rental rate** is **\$21.13 per square foot** (Class A = \$25.04; Class B = \$18.72; Class C = \$15.07; Class D = \$12.36).

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).*

Office Developments

- **Jacob White Construction Co** (281-286-6666) is developing **700 E Medical Center Blvd (17828)**, a 30,000 square-foot building on 2.23 acres of land located in Webster TX (618U). This office medical building will be built to Gold LEED Standard with an extensive green roof.

The following chart illustrates historical office occupancy.



Office Sales

- The Woodlands-based **Lone Star College System – LSCS** (832-813-6500) has purchased **Compaq Campus North (2452)**, a 19-year-old, two-million-square-foot class B campus of buildings, parking garages, and over 10 acres of vacant land, from **Hewlett-Packard - HP** (650-857-1501). Located at 20555 Tomball Pkwy (near State Highway 249 and Louetta Road) in the Technology Corridor (329X), the purchase price of this former HP-Compaq world headquarters is nearly **\$42.15 million**. Primary plans of LSCS for this new site include relocation of its 50,000-square-foot Willow Chase Center on Grant Road to here; development of a new multi-college University Center for the northern Harris County area, a centralized Corporate College Conference and Training facility, and an instructional satellite campus; and setting up of administrative offices for LSC staff, system administration, and support infrastructure. **Ken Gilbert** of **CB Richard Ellis** and **Stewart Robinson** of **Hines Interests** brokered this transaction.

- A joint venture of **Duke Realty Corp.** (713-353-2501) and **CB Richard Ellis** (713-881-0900) has purchased **Det Norske Veritas (2475)**, a 90,000-square-foot, two-story Class-A office building located at 22535 Colonial Pkwy in Katy (445Z), from the proprietary Duke Realty Corp. The newly built building is 100% leased to Norway-based Det Norske Veritas (281-396-1000). Each side used in-house representation. The building is part of the three newly constructed build-to-suit, single-tenant properties, totaling nearly 327,000 square feet, purchased by the joint venture for about \$41.1 million. The other two properties, also previously owned by the proprietary Duke Realty Corp, are in Florida.

Office Leases

- **Bohler Welding Group USA, Inc.** (281-499-1212) has renewed its lease of 33,776 square feet at **Greenbriar V (1490)**, a 45,000-square-foot, Class C office building located at 10401 Greenbough Drive in Stafford, TX (569Q), from **Green, Harry M Interests** (713-953-9800). The 27-year-old building is fully leased. **Larry Indermuehle** and **Lang Motes** of **Indermuehle & Co.** represented the tenant, while **Tom Brummett** of **Brummett & Co** represented the landlord in the lease negotiation.
- **Macquarie Group** (713-986-3604) has leased 28,163 square feet at **One Allen Center (45)**, a 990,000-square-foot, Class A office building located at 500 Dallas Street in west Houston (493Q), from **Cullen Allen Holdings LPP** (212-417-7000). The 37-year-old building is 98.5% leased with asking rents at \$28.00 per square foot. **Craig Beyer**, **Peter Livaditis**, **Jim Silberfein** and **Lesla Nickelson** of **CB Richard Ellis** represented the tenant, while **Paul Frazier** and **John Morton** of **Brookfield Properties** represented the landlord.
- **Cima Energy** (713-209-1112) has leased 20,254 square feet at **SCI Building (1048)**, a 120,000-square-foot, Class-D office building located at 100 Waugh Drive in near west Houston (492M), from **LUI2 Houston Waugh GP LLC** (713-533-5860). The 36-year-old building is 83% leased with asking rents of \$12.50 per square foot. **Jason Whittington** and **Jon Sibermen** of **NAI Houston** represented the tenant, while **Greg Tilton** of **Transwestern Commercial Services** represented the landlord.
- **Frost National Bank** (713-388-7600) has renewed its lease of 18,816 square feet at **Pin Oak Office Park - Frost Bank (16)**, a 200,000-square-foot, Class B office building located at 6750 West Loop S in West Bellaire (531G), from **McCord Development** (713-860-3000). The 32-year-old building is 72% leased with asking rents at \$21.50 per square foot. **Bill Boyer** and **Charles Gordon** of **CB Richards Ellis** represented the tenant, while **Brian Strait** of **Navisys Group** represented the landlord.
- **Hexion Specialty Chemicals** (614-225-4127) has renewed its lease of 17,884 square feet at **Continental Center I (107)**, a 1,000,000-square-foot, Class A building located at 1600 Smith Street in Central Business District (493Q), from **Cullen Allen Holdings LPP** (212-417-7000). The 25-year-old building is 94% leased with asking rents at \$28.00 per square foot. **John Simons**, **Michael Palmer** and **Steve Hesse** of **CB Richard Ellis** represented the tenant, while **Paul Frazier** and **John Morton** of **Brookfield Properties** represented the landlord.
- **Land Tejas Companies** (713-783-6702) has renewed its lease of 12,246 square feet at **Piney Point II (415)**, a 78,000-square-foot, Class B office building located at 2450 Fondren Road in the Fountainview/Gessner area (490U), from **Karbach Limited Partnership** (713-975-0292). The 27-year-old building is 95.6% leased with asking rents at \$17.00 per square foot. **Jon Lee** and **Rich Pancioli** of **CB Richard Ellis** represented the tenant, while **Mark Stringer** of **Noex Management** represented the landlord.
- **Zeno Imaging** (713-722-8778) has leased 12,190 square feet at **1080 W Sam Hstn Pkwy N (941)**, a 43,500-square-foot, Class C office building located in west Houston (449Y), from **China National Petroleum Corp.** (713-782-7765). The 26-year-old building is 74% leased with asking rents at \$13.00 per square foot. **John Olson** of **Olson Advisors** represented the tenant, while **Mark Ray** and **Jerry Ray** of **Office Buildings of Houston** represented the landlord.

- **Feldman & Rogers LLP** (713-960-6000) has renewed its lease of 10,037 square feet at **Capital One Plaza (517)**, a 491,000-square-foot Class A office building located at 5718 Westheimer Road in Houston Galleria (491T), from **5718 Westheimer Investors LP** (972-458-3300). The 28-year-old building is 96% leased with asking rents at \$20.00 per square foot. **Stewart Robinson** of **Hines Interests** represented the tenant, while **Cody Armbrister** of **CB Richard Ellis** represented the landlord.

RETAIL CENTERS

According to the O'Connor & Associates **First Quarter 2009 Houston Retail Data Program**, citywide **occupancy** for Houston area multi-tenant retail buildings is **83.62%** (Regional = 86.72%; Community = 86.55%; Neighborhood = 81.90%; Strip = 79.16%). Occupancy is down 0.12 points over the last quarter and down 0.62 points over the first quarter 2008. The citywide quarterly multi-tenant retail **rental rate** is **\$1.62 per square foot** (Regional = \$2.87; Community = \$1.66; Neighborhood = \$1.22; Strip = \$1.24).

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).*

Retail Developments

- **Wulfe & Co.** (713-621-1700) has completed development and opened the first phase of the mixed-use development **Bldv Place I (1652)**, a 70,000-square-foot building consisting of retail and office space, located at Post Oak Boulevard at San Felipe (491Q). The completed project is anticipated to be 500,000 square feet, complete with retail shops, restaurants, entertainment venues, and boutique offices. Phase two is estimated to come on line in 2010.

The following chart illustrates historical retail occupancy.



Retail Sales

- **Chelsea Commons LLC** (713-466-8224) has purchased **Chelsea Square I (1084)**, a 27-year-old, 73,000-square-foot shopping center located at 4950 FM 1960 W. in far Northwest Houston (370D), from **Chelsea GP LC** (281-873-4444). **Larry Marks** of **Betz Commercial Brokerage** represented the seller, while **Manouchehr Malekan** of **Houston Office Warehouse Co.** represented the buyer.

- **5920 Telephone LLC** has purchased **Family Dollar (2583)**, a 49-year-old, 13,500-square-foot freestanding building located at 5920 Telephone Rd in Southeast Houston (535S), from **Grocers Supply Co.** (713-747-5000). **Gus Lagos** of **Grubb & Ellis** represented both the buyer and seller in the deal.

Retail Leases

- **KCM Superstore** (281-391-5261) has leased 36,280 square feet at **Pointe West Shopping Center (1845)**, a 168,000-square-foot shopping center located at 300 S. Mason Rd, Katy (485D), from **United Equities** (713-772-6262). This eight-year-old building is now fully leased. **Branda Campble** of **Re/Max Fry Road** represented the tenant, while **Douge Freeman** of **United Equities** represented the landlord.
- **Simply Fashions** (713-741-4604) has leased 11,449 square feet and opened its new store at **Huntington Village (2155)**, a 27,500-square-foot shopping center located at 12605 Bissonnet Street in far southwest Houston (528V), from **Centro Properties Group** (713-660-4300). This 29-year-old center is 65% leased with asking rents of \$0.83 per square foot. **Braxton Brockenbrough** of **Weitzman Group** represented the tenant, while **Mike Parker** of **Centro Properties Group** represented the landlord in-house.
- **Source Refrigeration & HVAC** (281-356-6993) has leased 10,500 square feet at **23235 Tomball Parkway (53825)**, a 15,000-square-foot strip center and storage facility located at 23235 SH 249 in Tomball (329J), from **23235 Tomball Parkway Ltd.** The six-year-old building is fully leased. **Jarrett Venghaus** of **Jones Lang La Salle** represented the tenant, while **Joe MacDougall** of **MacDougall & Co** represented the landlord.

INDUSTRIAL FACILITIES

According to the O'Connor & Associates **First Quarter 2009 Houston Industrial Data Program**, citywide **occupancy** for Houston area operating multi-tenant industrial facilities is **84.26%** (Flex = 85.68%; Bulk = 84.10%; Manufacturing = 78.51%, Service = 87.20%, Distribution = 72.97%, R&D = 51.97%). Occupancy is down 0.09 points over the last quarter, while up 0.28 points over the first quarter 2008. The overall quarterly **rental rates** decreased \$0.02 ending at **\$0.44 per square foot** (Flex = \$0.48; Bulk = \$0.38; Manufacturing = \$0.36, Service = \$0.52, Distribution = \$0.38, R&D = \$0.78).

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

The following chart illustrates historical industrial occupancy.



Industrial Developments

- The Houston office of **Cadence McShane Construction** (713-681-8500) has completed **DHL (6600)**, a 184,000-square-foot build-to-suit distribution center, located at 19120 Kenswick Dr in Humble (335W). The facility includes 32-foot clear ceiling heights, 45 exterior docks, three drive-in doors, a two-story office component, and a 30,000-square-foot mezzanine. It will also have direct access to the future master-planned international air cargo terminal at the Houston/George Bush Intercontinental Airport. The facility was developed by Boston-based **AMB Property Corp.** (617-531-9000) with architectural services by **Seeberger & Associates LP** (713-977-5400).

Industrial Sales

- CTS Venture Fund 09 Ltd.** (713-722-1250) has purchased **Total Safety (37006)**, a nine-year-old 40,000-square-foot office/warehouse building located at 11111 State Highway 225 in La Porte (539Q), from **MRTS 225 Ltd.** (713-271-5900). **Amy Silvey** of **Clay & Co.** represented the buyer, while **Chris Dray** and **Derek Hargrove** of **Moody Rabin Investment Services** represented the seller.

- **Donald A. Sanberg** (936-588-1800) has purchased **21019 Spring Towne (37011)**, an 11-year-old 30,450-square-foot warehouse facility located at 21019 Spring Towne Drive in Spring (292S), from **Ronald E. Farrell & Trust** (949-497-2310). **Mike Spears** and **Thomas Leger** of **The National Realty Group** represented the buyer, while **Clay Peeples** of **Boyd Commercial** represented the seller.
- **WBM Properties** (281-342-2684) has purchased **2510 McAllister Rd. (4222)**, a 44-year-old, 22,300-square-foot warehouse facility located in west Houston (451Q), from **MTHM Inc.** (713-270-1616). **Joe Benes** of **ERA Benes Realty** represented the buyer and **Marc Drumwright** and **Nick Miller** of **Southwest Realty Advisors** represented the seller.
- **A. Migl Investments LLC** has purchased **Airport Industrial Center II Bldgs A & B (36750)**, totaling 20,000 square feet, part of the year-old 28,000-square-foot office/warehouse facility located at 16518 Aldine Westfield Dr in far North Houston (373M), from **TNRG Development** (713-956-1000). **Mike Spears**, **Robert McGee**, and **Thomas Leger** of **The National Realty Group** brokered the sale.
- **Karsten Holdings LLC** (713-290-1154) has purchased **Polycess Corporation (3802)**, a 34-year-old, 16,000-square-foot manufacturing facility located at 1711 Townhurst Drive near west Houston (449V), from **Jesse Chie**. **Jeff Everist** of **CB Richard Ellis** represented the seller, while **Travis Land** and **Michael Keegan** of **NAI Houston** represented the buyer.
- **Batterson Truck Equipment LLC** (713-694-7220) has purchased **5430 Killough (5334)**, a 41-year-old 12,744 -square-foot warehouse facility located in northwest Houston (411G), from **Supreme Corp. Texas** (281-999-0901). **Chris Caudill** and **Joe Michael** represented the buyer, while **John Ferruzzo**, **Michael Keegan**, and **Travis Land** represented the seller – all five with **NAI Houston**.
- **Richards Property Management LLC** (713-522-0868) has purchased **Schulz USA Inc (4352)**, a 23-year-old 12,488 square-foot warehouse building located at 1006 W 34th Street in North Houston (452Q), from **OFI Testing Equipment Inc.** (713-880-9885). **Mike Boyd** and **Greg Barra** of **Boyd Commercial** represented the buyer, while **Barrett Gibson** of **Gibson & Granello** represented the seller.
- **El Dorado Insurance Agency Inc.** (713-521-9251) has purchased **3673 Westcenter Dr (5850)**, a 28-year-old, 10,960-square-foot service center located in southwest Houston (489Z), from **National Lending Corp.** (713-974-0748) for use as its headquarters. **J. Peter Creasey** of **Crehan Co.** represented the buyer, while **Del Fullen** of **Commonwealth Land Title** handle the closing.

Industrial Leases

- **Ozburn Hessey Logistics** (281-470-0401) has leased 300,000 square feet at **Bayport North Distribution Center (6062)**, a 565,000-square-foot office/warehouse building located at 4331 Underwood in League City (579E), from **Billingsley Co.** (972-820-0544). The 31-year-old building is 87% leased with asking rents of \$0.37 per square foot. **James E. Foreman**, **William “Cape” Bell**, and **Louis “Beau” Kaleel** of **Cushman & Wakefield** represented the tenant, while **Steve L. Hazel** of **InSite Commercial Realty** represented the landlord in the negotiation.
- **Geodis Wilson Project USA** (281-260-8001) has leased 61,790 square feet at **Point North Cargo Park (6237)**, a 159,000-square-foot distribution center located at 8210 Humble-Westfield in far north Houston (335S), from **Duke Realty** (713-353-2501). The newly built building is 38% leased with asking rents of \$0.44 per square foot. **Patrick Rollins** of **CB Richard Ellis** represented the tenants, while **Cory Driskill** of **Duke Realty** represented the landlord.
- **Hexion Specialty Chemicals** (614-225-4127) has renewed its lease of 44,882 square feet at **Corporate Business Center (6179)**, an 88,000-square-foot research facility located at 12650 Directors Drive in Stafford (569J). The eight-year-old facility is 90% leased with market rents of \$0.75 per square foot. **John Simons** and **Michael Palmer** of **CB Richard Ellis** represented the tenant, while **Jay Kyle** of **Colliers International** represented landlord.

- **Excalibur Minerals** (281-864-9550) has leased 39,150 square feet and **Flowline** (713-643-9400) has renewed its lease of 16,800 square feet at **Wallisville Industrial Park (4318)**, a 128,000-square-foot office/warehouse facility located at 8811 Wallisville Rd. in near east Houston (495B), from **Granite Properties** (713-781-8000). The 28-year-old building is 90% leased with asking rents of \$0.30 per square foot. **Patrick Rollins** with **CB Richard Ellis** represented the Excalibur Minerals, **Jim Vann** of **Moody Rambin Interests** represented Flowline, and the landlord was represented in-house by **Steve Carter**.
- **Mud King Products** (281-590-8989) has leased **5390 Greens Rd (36927)**, a 17-year-old, 37,590-square-foot warehouse facility located in Houston Central Business sector (374Q), from the landlord group of **Toombs & Company Inc.** (830-376-4409). **Caleb Lawson** of the **Lawson Group** represented the tenant, while **Glynn Mireles** of **CB Richards Ellis** represented the landlord.
- **Nippon Express USA** (281-987-2300) has renewed its lease of 34,800 square feet at **Interwood Business Center (5882)**, a 191,000-square-foot office/warehouse facility located at 14430 JFK Boulevard in far north Houston (374X), from **KTR Capital Houston LP** (484-530-1800). The 10-year-old building is 94% leased and rents are negotiable. **Brad Marnitz** of **NAI Houston** represented the tenant, while **Patrick Rollins** of **CB Richard Ellis** represented the landlord.
- **CFC Canadoil Inc.** (713-676-0077) has leased an additional 28,800 square feet at **Market-McCarty Dist Ctr (1635)**, 335,000-square-foot warehouse facility located at 8000 Market Street in southeast Houston (495E), from **Teachers Insurance and Annuity Association of America** (832-681-7400). CFC now occupies a total of 82,050 square feet. The 31-year-old facility is 81% leased, **Caleb Lawson** of **Lawson Group** represented the tenant, while **Edward Bane** and **John Kruse** of **Holt Lunsford Commercial** represented the landlord.
- **Fugro** (713-346-4050) has leased **10831 Train Ct (6275)**, a five-year-old, 22,800-square-foot office/warehouse facility located in far northwest Houston (449C), from **Palmer Interests LLC** (713-466-8395). **Steven O'Connor**, **Nick Miller** and **Marc Drumwright** of **Southwest Realty Advisors** represented the landlord and tenant in this transaction.
- **Ariel of France** (713-460-4100) has leased 16,271 square feet at the **Pine Forest Business Center 17 (5933)**, an 83,000-square-foot warehouse facility located at 400 Garden Oaks Boulevard near North Houston (452W), from **ProLogis** (713-682-2292). This 30-year-old is 80% leased. **Kevin Wittler** represented the landlord in-house, while **Joe MacDougall** of **MacDougall & Co.** represented the tenant.
- **Texas Bolt & Nut Co., LLC** (713-869-7111) has leased 15,844 square feet at **Pine Forest Bus Center 5 (4318)**, a 54,500-square-foot office/warehouse facility located at 421 Blueberry St. in North Houston (452M), from **Billingsley Co.** (972-820-0544). The 31-year-old building is 21% leased with asking rents of \$0.37 per square foot. **James E. Foreman**, **William "Cape" Bell**, and **Louis "Beau" Kaleel** of **Cushman & Wakefield** represented the tenant, while **Steve L. Hazel** of **InSite Commercial Realty** represented the landlord in the negotiation.
- **SMI** (281-449-6749) has leased 15,187 square feet at **Kempwood Tech Center Bldg 1 (3892)**, a 38,200-square-foot office/warehouse building located at 2772 Bingle Road in West Houston (451N), from **Colette Farms, Inc.** (806-655-3775). The 33-year-old building is fully leased with market rents of \$0.36 per square foot. **Mike Collins** of **Collins Realty Corp.** represented the tenant, while **Kris Lilly** and **Peggy Rougeou** of **Tarantino Properties** represented the landlord.
- **OEMic** (281-440-5555) has leased 14,000 square feet at **Brittmoore-Clay Industrial Park (36983)**, a 237,000-square-foot office/warehouse building located at 4525 Brittmoore in northwest Houston (449G), from **Brittmoore Investments** (713-660-6000). The four-year-old building is 36% leased with

asking rents of \$7.20 per square foot. The representative of the tenant was undisclosed, while **Andrew Sowell** and **Clay Peeples** of **Boyd Commercial** represented the landlord.

- **Realrona** (281-442-8282) has leased the **Interbelt North Bus Center (6440)**, a 16-year-old, 12,600-square-foot warehouse facility located at 14100 Interdrive E. in north Houston (374W), from **Midway Companies** (713-629-5200). **Glynn Mireles** of **CB Richard Ellis** represented the tenant, while **Mike Spears** and **Robert McGee** of **The National Realty Group** represented the landlord.
- **Larpen Metallurgical Services** (817-654-9181) has leased 11,200 square feet at **601 McFarland (1537)**, a 232,000-square-foot manufacturing facility located in southeast Houston (494Q), from **M. Hatch Texas Properties** (713-926-9772). The 59-year-old building is fully leased with market rents of \$0.25 per square foot. **Doug Nicholson** and **John Nicholson** of **Grubb & Ellis** represented both the tenant and landlord in the transaction.

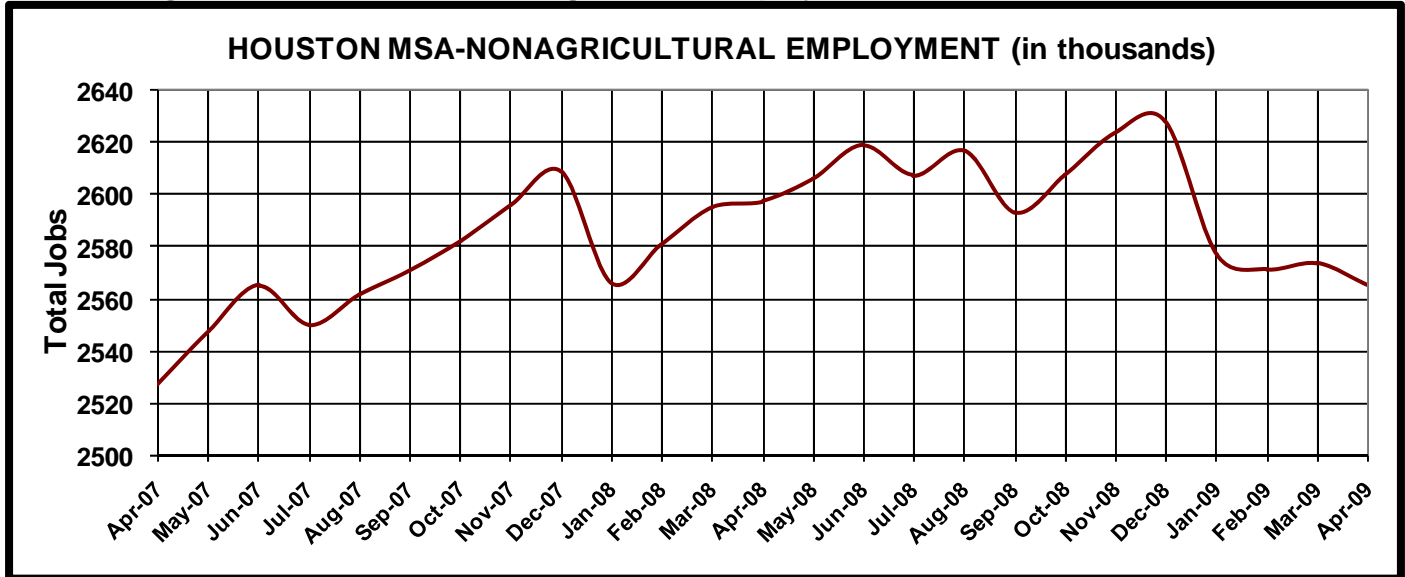
VACANT LAND

- **Cole-Malone Living Trust** has purchased 70.85 acres, located at Wolf Creek Road near SH 224 and Lake Livingston in San Jacinto County, from **Kerr-McGee Oil & Gas Onshore LP** (832-636-1000). **B. Kelley Parker, John F. Littman,** and **Coe Parker** of **Cushman & Wakefield** represented the seller, while the representative of the buyer was undisclosed.
- **John Lawrie Inc.** (281-456-7100) purchased **Houston Farms**, 17-acres of land located at Miller Road #1 near U.S. 90 in eastern Harris County (457M), from **Guadalupe Ramirez**. The land will be utilized for expansion of the company's oilfield pipe operations in the region. **Andrew W. Sowell** and **J. Michael Boyd** of **Boyd Commercial** brokered the sale.
- **Barnier Building Systems, Inc.** (281-931-8666) has purchased 12.4 acres of land near Lone Star Parkway and Texas 105 West in Montgomery (123U), from **Chris Cheatham** of **Cheatham Management** (936-449-5400), for the proposed Heather Glen, a 100-bed living facility. Both parties were represented in-house.
- The **City of Deer Park** (281-478-7201) has purchased 8.72 acres of land, located at 6406 Highway 225, near the intersection of Luella Avenue and Pasadena Freeway (538L), from **Monarca Corp.** of Seabrook Texas. The city paid \$1.5 million for the land that is going to be used for expanding the adjacent fire department training facilities. **Bobby Grisham** of **Grisham Associates** represented the buyer, while **Doug Bates** and **Joel Hill** of **Henry S. Miller Brokerage LLC** represented the seller
- **Philip Donisi Trustee** has purchased 7 acres of land located at the southwest corner of FM 529 and Greenhouse Road in west Houston (406Q), from the **Shirley Akpha Estate**. **Richard Pevey** of **Realquest Inc** represented the buyer in the transaction, while the seller representative information was undisclosed.
- **Van Pham** purchased 5 acres of land located at 6918 Flintlock Road in Northwest Houston (410U), from **Robert Holmes**. **Keith Edwards** and **Keith Grothaus** of **Caldwell Companies** represented the buyer and seller, respectively.

ECONOMIC & FINANCIAL NEWS

The total number of nonagricultural wage and salary jobs in the ten-county Houston area decreased by 8,800 jobs to 2,565,100 in April 2009, according to the **U.S. Department of Labor**. This month's total is 32,200 fewer jobs than the 2,597,300 jobs at this time last year. Of nonagricultural employers, the Leisure and Hospitality sector posted the largest gain over the month at 1,500 jobs, while the largest year over year increase occurred equally in the Mining & Logging sector and Education & Health Services, which added 2,900 jobs each.

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



Source: U.S. 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 April 2009 were \$337.7 billion, a decrease of 0.4% from March and 10.1% from April 2008. Retail trade sales in April were down 0.4% from March, and were 11.4% below last year's level.

Personal income increased \$58.2 billion, or 0.5%, and Disposable Personal Income (DPI) increased \$121.8 billion, or 1.1%, in April 2009, according to the **Bureau of Economic Analysis**. Personal Consumption Expenditures (PCE) decreased \$5.4 billion or 0.1% in April 2009. Meanwhile, the **U.S. Department of Labor** reports that the seasonally adjusted Consumer Price Index (CPI) for urban consumers was unchanged in April after decreasing 0.1% in March, while it is 0.7% lower than April 2008. The year-over-year declines in March and April 2009 are the first since 1955.

The latest **Conference Board Survey** indicates that the **Consumer Confidence Index** increased significantly to 54.9 in May 2009, up 14.1 points from April. 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** increased 1.0% in April. The index is an indicator of direction the economy is expected to take in coming months, relative to a figure of 100 in 1996, the base year.

According to the **Federal Reserve**, industrial production decreased 0.5% in April 2009 from March 2009 and is down 12.5% from the April 2008 level. Output in the manufacturing sector decreased 0.3% and output at mines decreased another 3.2% in April, while output of utilities increased 0.4% from last month. The rate of industrial capacity utilization was 69.1% in April, which is down 0.3% from the previous month's level and is

0.3 points lower compared to the previous year's level.

Freddie Mac reports that the **30-year fixed-rate mortgage (FRM)** averaged 4.86% in May 2009, up 0.05 points from April but down 1.18 points from one year ago. The average for the **15-year FRM** averaged 4.52% in May 2009, up 0.02 points from April but down 1.08 points from May 2008.

The **Bureau of Economic Analysis** (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, decreased at an annual rate of 5.7% in the first quarter of 2009. This decrease is due to negative contributions from exports, private inventory management, nonresidential structures, equipment and software, and residential fixed investment.

The **U.S. Department of Commerce** reports that construction spending during April 2009 was estimated at a seasonally adjusted annual rate of \$968.7 billion, which is 0.8% above the revised March 2009 estimate. However, the current figure is 10.7% below the April 2008 estimate of \$1,085.2 billion. Private residential construction was at a seasonally adjusted annual rate of \$249.2 billion in April, 0.7% above the revised March estimate of \$247.4 billion.

The **Baker Hughes** count of active domestic rotary rigs stands at 918 for May 2009. The current rig count is down 50.7% from last year's figure of 1,863 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)** improved a little more in April, increasing by 0.8 over the previous month. The April figure stood at 98.6, its highest level in 11 months signifying expansion but still well below the 100. The index is a monthly composite index that tracks the health and outlook for the U.S. restaurant industry. This is the 18th consecutive month below 100.

POTPOURRI

According to the monthly **Monster Worldwide, Inc.** employment index, online job demand decreased by 2 points in the month of May, erasing the gains from the previous month and clearly indicating the volatility of the job market. The index currently stands at 118 and is 48 points below May 2008, a decrease of nearly 29%. Online demand for workers decreased in 19 of the 28 major U.S. metro markets.

According to the April 2009 **Architecture Billings Index**, developed by the **American Institute of Architects**, April reported an index of 42.8, down 0.9 points from the previous month (any score above 50 indicates an increase in billings). Both the project inquiries index and the inquiries for new projects score was 56.8.

Houston witnessed several new appointments to executive-level positions of its commercial real estate firms, during the month of May. **Scott Myers**, formerly Associate Director of Cushman & Wakefield, has joined **Grubb & Ellis Co.** (713-626-8888) as Vice President, Institutional Capital Markets team; **Claude B. Anello**, formerly Counsel and Shareholder in the Real Estate Development & Investments Practice team of Winstead PC, has joined the **Adams and Reese LLP** (713-652-5151) as Special Counsel, Transactions Practice team; and **Michael Cash, Wade Howard, and Robert Montoya** have joined as Commercial Litigation Partners in **Gardere Wynne Sewell LLP** (713-276-5500); and **Kristine Byers**, partner in **Studio Red Architects** (713-622-5333), will fill a new position as director of sustainability.

Norris Conference Centers (713-590-0950) has opened its second new Houston location, a 30,000-square-foot facility within **CityCentre (1912)**, the \$500 million, 1.8 million-square-foot mixed-use development of **Midway Companies** (713-629-5200), located at 800 W Sam Houston Pkwy in far west Houston (489D). This facility, marking Norris's fifth facility in Central Texas, meets International Association of Conference Centers (IACC) standards and is currently available for booking business. It is comprised of eight meeting rooms, ranging from 1,700 to 7,700 square feet, with soundproofing, ergonomic seating, individual room thermostat controls, and full-spectrum lighting.

First City Tower, a one-million-square-foot, 49-story office building, has recently become the first existing building in Texas to be awarded LEED™ Gold certification for an Existing Building from the U.S. Green Building Council. Located at 1001 Fannin Street in Houston Downtown, the building is owned by **FC Tower Property Partners LP**, an affiliate of Chicago-based **JMB Realty Corp.** (312-440-4800) and managed by **CB Richard Ellis**.

Please direct any questions regarding content in the *Houston Real Estate Trends*, or information regarding recent transactions that you would like added, to Stuart Showers at 713-686-9955 or sshowers@poconnor.com