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APARTMENTS

According to www.oconnordata.com, **June 2009 O'Connor & Associates data** indicates that Greater Houston apartment market occupancy has decreased 0.07 percentage points from the previous month and is currently 87.38% occupied, while overall rents stand at \$0.875 per square foot. Class B and C rates held steady this month and are currently \$0.833 and \$0.712, respectively. Class A (\$1.165) and D (\$0.618) showed a decrease of \$0.001 each from May's rate. Pre-leasing is currently underway in thirty-two communities (9,164 units) city-wide. Overall occupancy is expected to slip further as these new communities lease-up, while rental rates are anticipated to continue 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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www.oconnordata.com

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Apartment Developments

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

The following chart illustrates historical apartment rental rates.



Apartment Sales

- **Martin Fein Interests Ltd.** (713-683-4810) has purchased back two self-developed Houston Inner-Loop apartment complexes totaling 516 apartment units, for approximately \$50 to \$55 million from **JP Morgan Investment Management Inc.** (212-837-2300). **The Belmont (2551)** is a 17-year-old, 294-unit Class-A complex located at 3000 Bissonnet in Houston (492X). It is 94% occupied with average rents of \$1.25 per square foot. **The Carlton (2479)** is a 16-year-old, 222-unit Class-A complex located at 3805 West Alabama in Houston (492S). It is 90% occupied with average rents of \$1.20 per square foot. **David Oelfke** and **David Mitchell** of **Apartment Realty Advisors** represented the seller, while **Timm Wooten** represented the buyer in-house. **David Aaronson** of the Houston office of **Grandbridge Capital Real Estate** arranged financing for the transaction.
- **Francis Property Investments & Management** (281-681-2223) has purchased **Gables Augusta (16101)**, a 312-unit Class-A apartment complex located at 2660 Augusta Drive in Houston Galleria (491T), from the Georgia-based **Gables Residential** (713-784-4144). The four-story, five-year-old complex is 91% occupied with average rents of \$1.49 per square foot. **Craig LaFollette**, **Chrsi Curry**, **Tre Banks**, **Todd Marix**, and **Todd Stewart** of **CB Richard Ellis** represented the seller, while **David Joachim** of **International Realty Concepts** represented the buyer.
- A joint venture of **Behringer Harvard Multifamily REIT I, Inc.** (214-655-1600) and Dutch pension fund: **PGGM** has purchased a two property, 301-unit multifamily portfolio located at 4620 N. Braeswood Blvd. in southwest Houston (531R), from **BlackRock Realty** (415-678-2000). **The Verandah at Meyerland Palazzo (16423)** is a four-story, five-year-old, 238-unit Class-A apartment complex, currently 91% occupied with average rents of \$1.36 per square foot. **Verandah at Meyerland Tower (16988)** is a nine-story, 63-unit Class-A apartment complex, currently 91% occupied with average rents of \$1.47 per square foot. Spread across 5.3 acres, the property also features a 12,500-square-foot social center, an outdoor entertainment verandah, a fitness center, resort-style pool and heated lap pool, movie theater, business center with a conference room, and covered access to a five-story parking garage. **David Oelfke** and **David Mitchell** of **Apartment Realty Advisors** represented the seller, while the buyer was represented in-house by **Mark T. Alfieri**.

- **Diep Residential LLC** has purchased **Williamstown (3178)**, a 19-building, 272-unit apartment complex located at 9200 Bissonnet Street in southwest Houston (530S), from **Creekstone Holdings I LLC**, an entity of **Poseidon Partners LP** (713-785-4411). This 32-year-old Class C complex is almost 98% occupied with average rents of \$0.76 per square foot. **Ed Cummins and Clint Duncan** of the Houston office of **Hendricks & Partners** brokered the deal. **Metro Bank** financed the purchase with a loan carrying a seven-year term and a 75% loan-to-value ratio.
- **Stafford RS LLC**, an affiliate of **RealSource Commercial** (801-601-2700) has purchased **Alexan Stafford (18082)**, a 12 building, 264-unit Class-A apartment complex located at 12700 Stafford Road in Stafford (570E), from **Trammell Crow Residential** (713-781-5775). The three-year-old complex is 91% occupied with average rents of \$1.01 per square foot. **David Oelfke, David Mitchell, David Wylie,** and **Matthew Rotan** of **Apartment Realty Advisors** represented the seller, while **Kelly Randall** represented the buyer in-house. **Capmark Bank** arranged the loan for the transaction.

SINGLE-FAMILY HOUSING

MLS home sales increased in May as 4,019 existing homes were sold, compared to 3,519 homes sold last month, according to the **Houston Association of Realtors (HAR)**. However, sales for May 2009 were down 21.4% from May 2008. The median price of an existing single-family home sold in May was \$147,400, up 1.6% from the same time last year and the average home price – \$196,866 – was also up 0.5% from the May 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 11% in May to 1,540 from 1,391 in April, but are down 18% from May 2008. Realtor co-op sales represented 63.6% of gross sales for the month, up 2% from May 2008. Traffic decreased 21% from last year to 16,942 in May 2009. The inventory of completed speculative homes (1,168) is down 30% from May last year. There are 1,462 spec homes under construction, which is down over 41% from May 2008. Overall, the 2,630 specs (both completed and under construction) are down almost 37% from May 2008. *Note: the 23 homebuilders in this survey account for approximately 55% of housing starts in Houston.*

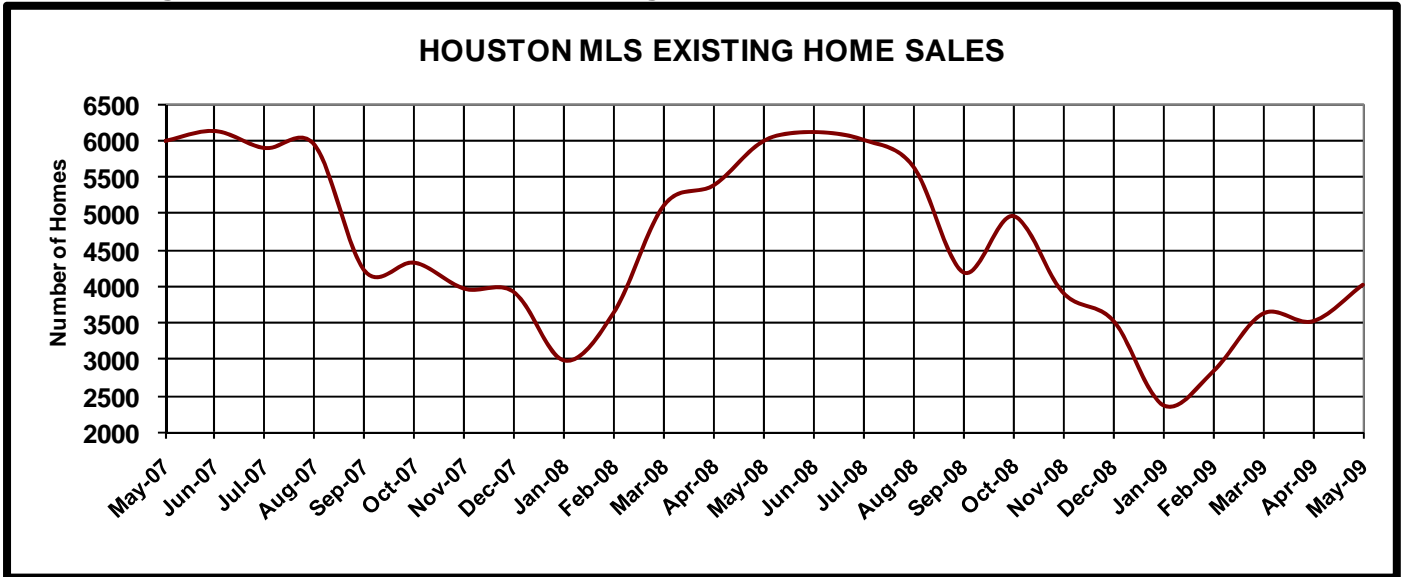
Nationwide sales of new single-family homes decreased in May to a seasonally adjusted annual rate of 342,000, 0.6% below the revised April sales rate of 344,000 and 32.8% below the May 2008 figure, according to a release by the **U.S. Department of Commerce**. The median sales price in April was \$221,600. Privately owned housing starts were at a seasonally adjusted annual rate of 532,000 in May 2009, which is 17.2% above the revised April estimate but 45.2% below the revised May 2008 rate. Privately owned housing completions were at a seasonally adjusted annual rate of 811,000 in May, 3.3% below the revised April figure and 28.8% below the revised May 2008 figure.

The **National Association of Home Builders/Wells Fargo Housing Market Index**, a monthly measure of builder confidence, decreased to 15 in June, 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 at 14, the index measuring sales expectations for the coming six months decreased to 26 after a three-point increase last month, and the index measuring the traffic of prospective buyers is currently at 13, unchanged from the revised May figure.

According to the **National Association of Realtors (NAR)**, 4,770,000 existing homes were sold in May 2009, up 2.4% from April sales but down 3.6% from the 4,950,000 homes sold in May 2008. The median sale price was \$ 173,000, which represents a 16.8% decrease from sale prices last year.

According to the most recent report by **RealtyTrac**, 321,480 foreclosure filings — default notices, auction sale notices, and bank repossessions — were reported during the month of May 2009. This figure is down 6% from the previous month but up nearly 18% from May 2008. Texas remains among the nation's 27 highest states in total foreclosure filings in May 2009.

The following chart illustrates historical existing home sales.



Source: Houston Association of Realtors

- **Toll Brothers Inc.** (281-357-8777) will open its first Houston community, to be located within the high-end **Village of Creekside Park** (281-719-6333), in **The Woodlands** (217X). Pre-construction sales will begin in mid-August with expected deliverables in spring 2010. The luxury homebuilder will offer 80-foot home sites and five floor plans with multiple exterior designs that range in size from 3,980 square feet to 4,048 square feet. The homes are to be priced from the upper \$400's. Community amenities include 1,850 acres of parkland with a 20-acre park, green space with a 1,700-acre nature preserve, 79 acres of lakes and ponds, and an aquatic center.
- **J. Patrick Homes** (713-789-8004) has begun developing homes within the high-end **Village of Creekside Park** (281-719-6333), a residential community located in **The Woodlands** (217X). The builder is offering six floor plans that range in size from 3,132 square feet to 4,400 square feet and priced from the \$400,000's. A model home is under construction in the neighborhood of Tupelo Green.
- **Newmark Homes** (713-346-0200) is scheduled to build in two neighborhoods of **Edgewater**, a master-planned community on 538 acres in Webster (658B), near the Johnson Space Center. The builder is offering 11 floor plans on 60-foot lots that range in size from 2,500 square feet to 3,255 square feet and priced from the \$270,000's. It is also offering 70-foot home sites with 12 designs that range in size from 2,721 square feet to 4,445 square feet and priced from the \$300,000's.

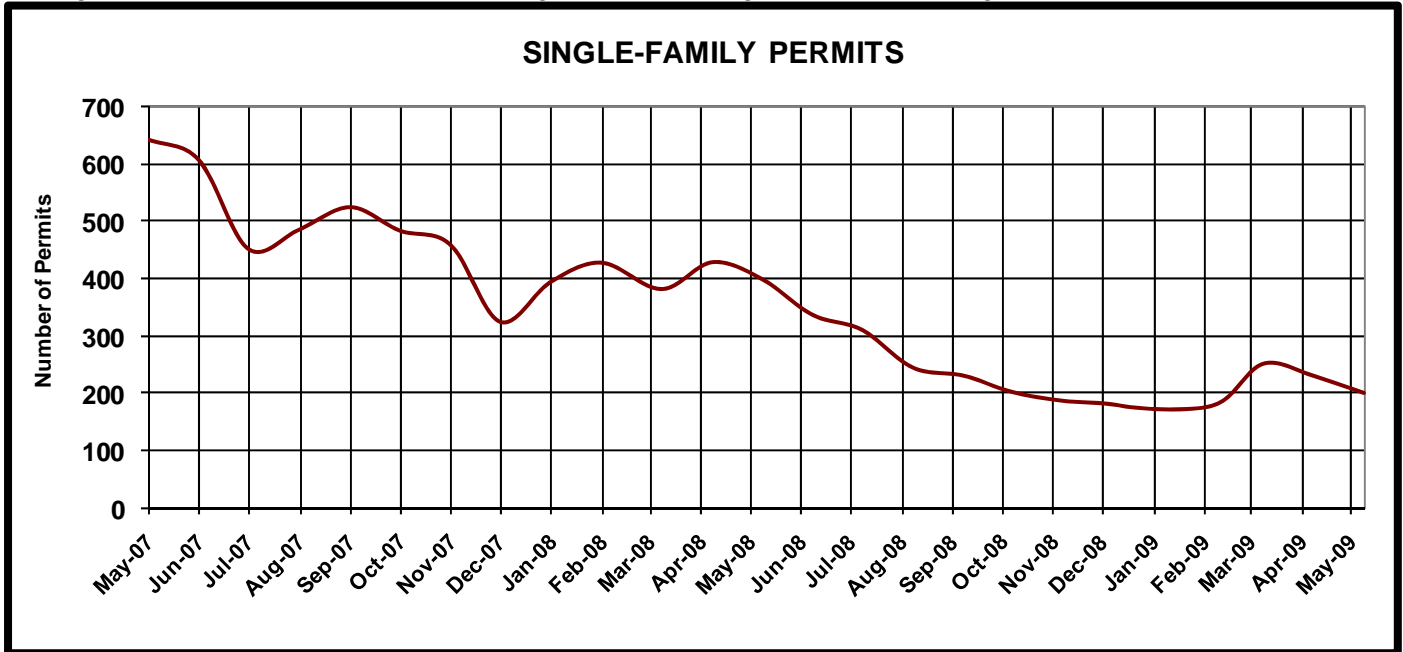
PERMIT ISSUANCE

The **City of Houston** issued permits to build 199 private single-family houses and 8 private multifamily building in May. Demolition permits were issued for 83 private single-family houses and 5 multifamily structures. In addition, 154 permits were issued for privately owned non-residential construction totaling \$56,071,786 and one permit was issued for public non-residential construction. Additions, alterations, and conversions totaled \$209,504,812 for the private sector and \$7,310,746 for the public sector.

Cost of Construction*

	2007	2008	2009
Month of May	\$429,727,897	\$416,351,441	\$312,469,446
Year-to-Date	\$2,185,667,233	\$2,668,781,710	\$1,649,982,762

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



OFFICE BUILDINGS

According to the O'Connor & Associates **Second Quarter 2009 Houston Office Data Program**, citywide **occupancy** for Houston area multi-tenant office buildings is **84.17%** (Class A = 87.67%; Class B = 81.71%; Class C = 80.68%; Class D = 76.48%). The citywide quarterly multi-tenant office **rental rate** is **\$20.46 per square foot** (Class A = \$23.86; Class B = \$18.48; Class C = \$15.02; Class D = \$11.43).

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

- No office developments were noted during the month of June.

The following chart illustrates historical office rental rates.



Office Sales

- **Beacon Investment Properties LLC** (954-454-4665) has purchased **St James I (502)**, a 109,600-square-foot Class-B office building located at 1717 St. James Place in Houston Galleria (491Q), from **Parkway Properties** (713-850-0300). The six-story, 34-year-old building is nearly 88% occupied and will be continued to be leased and managed by Parkway Properties. **Kenneth Page** and **Scott Myers** of **Grubb & Ellis** represented the seller, while the buyer used in-house representation.
- **Mary J. Properties** has purchased **2415 Town Center Drive (2360)**, a 12,000-square-foot Class A office building located in Sugar Land (568Y), from **Shugart-Simon Investments** (281-242-0303 **Larry Indermuehle** and **Mike Gornek** of **Indermuehle & Co.** represented the buyer and seller, respectively.

- **El Dorado Insurance** (713-521-9251) has purchased **3673 Westcenter (1954)**, 29-year-old, 11,000-square-foot, Class D office building located in the Westchase area (489Z), from **R. Leonard Weiner Company** (713-624-4296). **J. Peter Creasey** of **Crehan Co.** represented the buyer.

Office Leases

- **NRG Texas/Energy Inc.** (713-795-6000) and its retail side **Reliant Energy** (713-497-3000) have leased 234,159 square feet on floors 1-10 at **Pavilions Tower (2293)**, a 243,000-square-foot, Class A office building located at 1201 Fannin Street in Central Business District (493Q), from **Houston Pavilions LP** (832-320-1200). The year-old building is now fully leased. **George “Trey” Strake III** and **Christopher Oliver** of **Cushman & Wakefield** represented the tenant, while **Eric Anderson** and **Greg Tilton** of **Transwestern Commercial Services** represented the landlord in the lease negotiation.
- **Southwestern Energy** (281-618-4700) has leased 101,000 square feet at **One Commerce Green (588)**, a 341,000-square-foot, 12-story Class A office building located at 515 W Greens Road in Greenspoint Northbelt (372Q), from **Parkway Properties** (713-850-0300). The firm will be occupying former DHL space on the first through fourth floors. The 26-year-old building is fully leased with asking rents at \$25.00 per square foot. **Lispah Hogan** of **Newmark Knight Frank** represented the tenant, while **Mark Preston** of **Moody Rabin Investment Services** represented the landlord.
- **Vestas Technology** (713-237-8964) has leased 28,534 square feet at **Heritage Plaza (129)**, a 1,150,000-square-foot, Class-A office building located at 1111 Bagby Street in the Central Business District (493L), from **Goddard Investment Group** (404-442-5500). The 23-year-old building is over 87% leased with asking rents of \$24.00 per square foot. **Steve Burkett** of **Jones Lang LaSalle Americas Inc.** represented the tenant, while **Charles Giammalva Jr.** of **Lincoln Property Management** represented the landlord.
- **Land America Charter Title Company** (713-222-6060) has renewed its lease of 17,579 square feet at **Whitney Bank Bldg (493)**, a 207,000 square-foot Class A office building located at 4265 San Felipe Street in the Galleria area (491R), from **BMS Management** (713-621-3222). The 26-year-old building is 97% leased with asking rents at \$17.50 per square foot. **Kristen Rabel**, **Steve Rocher**, and **Louann Orlando** of **CB Richard Ellis** brokered the deal.
- **SUEZ Energy North America Inc.** (713-636-0000), formerly known as Tractebel North America Inc., has leased an additional 14,652 square feet at **Post Oak Central III (475)**, a 420,000-square-foot, Class A office building located at 1990 Post Oak Blvd. in the Galleria area (491U), from **Crescent Real Estate Equities LP** (817-321-2100). SUEZ Energy now occupies a total of 130,846 square feet. The 28-year-old building is over 79% leased with asking rents at \$30.09 per square foot. **Harry Holmes** of **Newmark Knight Frank** represented the tenant, while **Clint Bawcom** and **Brian McMackin** of **Capstar Commercial Real Estate Services** represented the landlord.
- **U.S. Steel** (412-433-1121) has leased 14,276 square feet at **Sam Houston Crossing One (2052)**, a 159,000-square-foot, Class-A office building located at 10343 Sam Houston Park Drive in northwest Houston (409D), from **Duke Realty Corp.** (713-353-2501). The three-story, two-year-old building is currently 93% leased with asking rents of \$23.00 per square foot. **Ronnie Deyo** of **Jones Lang LaSalle** represented the tenant, while **Cory Driskill** represented the landlord in-house.
- **McJunkin Red Man Corporation** (713-655-1005) has expanded its lease to a total of 13,865 square feet at **2 Houston Center (53)**, a 1,000,000-square-foot, Class A office building located at 909 Fannin in Central Business District (493Q), from **Crescent Real Estate Equities LP** (817-321-2100). The 34-year-old building is 94% leased with asking rents at \$27.50 per square foot. **Mary Maxey** of **Mary Maxey Commercial Real Estate** represented the tenant, while **Debbie Wilson** represented the landlord in-house.

- **The Lincoln National Life Insurance Company** (713-552-7939) has leased 11,652 square feet at **Phoenix Tower (804)**, a 618,000-square-foot Class A office building located at 3200 Southwest Freeway in Greenway Plaza Sector (492X), from **FSP Phoenix Tower LP** (781-246-4900). The 25-year-old building is 68% leased with asking rents at \$27.68 per square foot. **Jon Silberman** of **NAI Houston** represented the tenant, while **Paula Bruns** of **Hines Interest** represented the landlord.
- **HiTech Integrated Solutions** (281-970-9000) has leased 10,162 square feet at **Cornerstone Regency (283)**, a 71,000-square-foot Class B office building located at 14511 Falling Creek Drive in the Technology Corridor (331X), from **J & R Enterprises** (323-935-2626). The 27-year-old building is 93% leased with asking rents at \$14.00 per square foot. Representative of the tenant was undisclosed, while **Paul Sowell** of **Edge Commercial** represented the landlord.
- **Web Publishing Corp.** (713-840-0510) has renewed its lease of approximately 10,000 square feet at **Post Oak Central II (473)**, a 405,000-square-foot, Class A building located at 1980 Post Oak Blvd. in the Galleria area (491Q), from **Crescent Real Estate Equities LP** (817-321-2100). The 31-year-old building is almost 99% leased with asking rents at \$30.03 per square foot. **Hugh Herman** of **Cushman & Wakefield** represented the tenant, while **Clint Bawcom** and **Brian McMackin** of **Capstar Commercial Real Estate Services** represented the landlord.

RETAIL CENTERS

According to the O'Connor & Associates **Second Quarter 2009 Houston Retail Data Program**, citywide **occupancy** for Houston area multi-tenant retail buildings is **82.43%** (Regional = 84.08%; Community = 86.46%; Neighborhood = 80.74%; Strip = 77.22%). Occupancy is down 1.17 points over the last quarter and down 1.64 points over the second quarter 2008. The citywide quarterly multi-tenant retail **rental rate** is **\$1.63 per square foot** (Regional = \$2.91; Community = \$1.68; Neighborhood = \$1.23; 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

- **Myers Commercial Inc.** (214-751-7550) has completed **Somerton Plaza (3885)**, a 16,500-square-foot strip center located at 8610-8680 Spencer Highway in La Porte (538Z). Tenants at the center will include Verizon Wireless, Lovely Nail Salon, and Chili's Grill & Bar

The following chart illustrates historical retail rental rates.



Retail Sales

- **Milestone Properties** (561-394-9533) has purchased **Centre @ Grand Lakes (1893)**, a four-year-old, 28,100-square-foot shopping center located at 5502 South Peek Road in far west Katy (485Q), from **Yancey Hausman** (713-462-8802.) **James Bell** of **Marcus and Millichap** brokered the transaction.
- **LC Lau Properties LLC** (713-928-6126) has purchased **8274 Lawndale (196)**, a 40-year-old, 11,840-square-foot strip center located at Lawndale Street in the Inner Loop (535B), from **Lawndale Retail LLC** (713-592-6024). **Don Sony** of **Vallone and Associates** represented the seller, while **Steven O'Connor** and **Marc Drumwright** of **Southwest Realty Advisors** represented the buyer.

Retail Leases

- **Nordstrom Rack** (832-201-2700) has leased 30,000 square feet at **The Centre at Post Oak (1543)**, a 183,000-square-foot community shopping center located at 5000 Westheimer Road in the Galleria area (491Q), from **Weingarten Realty Investors** (713-866-6000). This 14-year-old building is 98% leased. The tenant was represented in-house by **Brooke White**, while the landlord was represented in-house by **Vonn B. Tran**. Nordstrom is scheduled to move in by second quarter 2010.
- **Chuy's Mexican Restaurant** (713-524-1700) has leased **9350 Westheimer Rd. (54647)**, a 10,391-square-foot restaurant facility located in the inner loop (490T), from **Baker Krehel Investments, R&K Ltd** (713-975-0292). **James Doyle** and **Mac Ruggles** of **Texas/Southwest Group** brokered the deal.

INDUSTRIAL FACILITIES

According to the O'Connor & Associates **Second Quarter 2009 Houston Industrial Data Program**, citywide **occupancy** for Houston area operating multi-tenant industrial facilities is **82.90%** (Flex = 83.45%; Bulk = 82.03%; Manufacturing = 79.68%, Service = 85.33%, Distribution = 73.19%, R&D = 49.21%). Occupancy is down 1.29 points over the last quarter and down 0.06 points over the second quarter 2008. The overall quarterly **rental rates** decreased \$0.01 ending at **\$0.43 per square foot** (Flex = \$0.47; Bulk = \$0.35; Manufacturing = \$0.40, Service = \$0.56, Distribution = \$0.38, R&D = \$0.68).

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 rental rates.



Industrial Developments

- No industrial developments were noted for the month of June.

Industrial Sales

- **Richter Family Partnership** (210-432-5746) has purchased **Aldine Westfield Rd, 18501 (629)**, a 13,800-square-foot, crane served warehouse in far north Houston (373C), from **MCS Ltd Partnership** (713-926-2235). The 30-year-old building is fully occupied by **Synergy Services** (713-666-6665) with asking rents at \$0.50 per square foot. **B. Kelley Parker, John F. Littman, Coe Parker, James E. Foreman, William "Cape" Bell, and Louis "Beau" Kaleel** of **Cushman & Wakefield** represented the buyer and seller in the transaction.

Industrial Leases

- **Advanced Platinum Solutions** (713-468-6277), has expanded its lease to a total of 110,000 square feet at **West Little York Dist Ctr Ph II (5090)**, a nine-year-old, 242,000-square-foot distribution center located at 10735 West Little York Road in far northwest Houston (409U), from **Liberty Property Trust**

(281-955-2000). **Troy Collins** of **Holt Lunsford** represented the tenant, while **Hans Brindley** represented the landlord in-house.

- **Snider Tire** (713-672-3246) has leased 101,000 square feet at **ProLogis NorthPark Bldg 6 & 7 (6269)**, a 136,000-square-foot distribution center located at 603 Northpark Central Drive in far north Houston (332Z), from **ProLogis** (713-682-2292). With this lease, ProLogis announced full occupancy at the recently developed 531,000-square-foot **ProLogis NorthPark**. **Bill Rudolph** of **CB Richard Ellis** represented the tenant, while **Ross Matthews** represented the landlord in-house in the lease negotiation.
- **Kinder Morgan Texas Terminals, LP** (713-369-9000) has renewed its full lease of **8825-8827 Mississippi (1737)**, a 33-year-old, 87,750-square-foot warehouse building located at Mississippi Street near southeast Houston (495U), from **Tuffli Company Inc.** (310-326-5500). The tenant was represented in-house, while **B. Kelley Parker, Coe Parker, and John F. Littman** of **Cushman & Wakefield** represented the landlord in the negotiation.
- **FedEx SmartPost** (713-661-0568) has leased 85,000 square feet at **Hardy Distribution Center Ph II (6551)**, a 252,000-square-foot building located at 1521Greens Road in north Houston (373K), from the **LIT Industrial Texas LP** (214-647-4947). The year-old building is 33% leased with asking rents of \$0.38 per square foot. **John Beggy** and **Chris Perkins** of the Dallas-based **Fischer & Co.** represented the tenant, while **Justin Robinson** and **Kyle Valentine** of **Stream Realty Partners LP** represented the landlord.
- **Sharps Compliance Corp.** (713-432-0300), has leased an additional 66,035 square feet at **Park 288 Ph I (6633)**, a year-old, 130,500-square-foot office/warehouse facility located at 2710 Reed Road in south Houston (573A), from **Park 288 Industrial LLC** (713-270-7700). This completes occupancy of the building with Sharps as the sole tenant. **David R. David** of **Warehouse Associates** represented the tenant, while **Brian Gammill, Darryl Noon, and Jude Filippone** of **Transwestern Commercial Services** represented the landlord.
- **Lebco Industries, Inc./La-Z-Boy Furniture** (972-506-0596/817-467-4411) has leased 47,101 square feet at the **Pine Forest Business Park (4321)**, a 170,000-square-foot warehouse facility located at 401 Crosstimbers W in north Houston (452M), from **CRP 2 Holdings**, an entity of **Colony Realty Partners** (617-235-6300). This 30-year-old facility is now fully leased. **Walker Barnett** of **Colliers International** represented the landlord, while **Glynn Mireles** of **CB Richards Ellis** represented the tenant.
- **Darling Bolt Co.** (713-673-3971) has renewed its lease of 19,260 square feet at **Gulfport Distribution Center II (1712)**, a 318,000-square-foot warehouse facility located at 1915 Turning Basin Drive near southeast Houston (495Q), from **American National Insurance Co.** (409-763-4661). The 30-year-old facility is nearly 94% leased with asking rents of \$0.35 per square foot. **Ryan Fuselier** of **Jones Lang LaSalle Americas Inc.** represented the tenant, while **Mary Jo Giammalva** of **Weingarten Realty Investors** represented the landlord.
- **Greenstar Recycling LLC** (713-965-0005) has leased 18,900 square feet at **4749-4799 Eastpark Dr (820)**, a 30-year-old, 182,000-square-foot warehouse facility located in northeast Houston (454V), from **First Industrial Realty Trust, Inc.** (713-681-0885). **Patrick Rollins** of **CB Richards Ellis** represented tenant, while **Blake Gibson** of **Colliers International** represented the landlord.
- **Parades ETC** (713-228-4500) has renewed its lease of 17,964 square feet at **Quitman Warehouses (215)**, a 772,000-square-foot warehouse facility located at 2300 Quitman Street in north Houston (494A), from **Hartman Management** (713-467-2222). The building is 93% leased with asking rents of \$0.15 per square foot. The tenant was represented in-house, while **Tim Murphy** of **Hartman Management** represented the landlord.

- **Equipchefs** has leased 15,575 square feet at **12922 Hempstead Rd. (5570)**, a 93,000-square-foot warehouse facility located in northwest Houston (450H), from **MPI Properties Ltd.** (713-895-1350). The 25-year-old building is now fully leased with asking rents of \$0.38 per square foot. **Ed Ayres** of **Houston Realty Advisors** represented the tenant, while **Gregg Barra** and **David Boyd** of **Boyd Commercial** represented the landlord.
- **Stoneland Global Logistics** (281-598-9299) has leased 10,140 square feet at **Kenswick Air Freight & Logistics Bldg I (6231)**, a two-year-old, 69,000-square-foot warehouse building located at 19051 Kenswick Drive in Humble (335W), from **LIT Industrial Texas LP** (214-647-4947). **Tiffany Sebastian** of **Re/Max NW** represented the tenant, while **Patrick Rollins** of **CB Richard Ellis** represented the landlord.

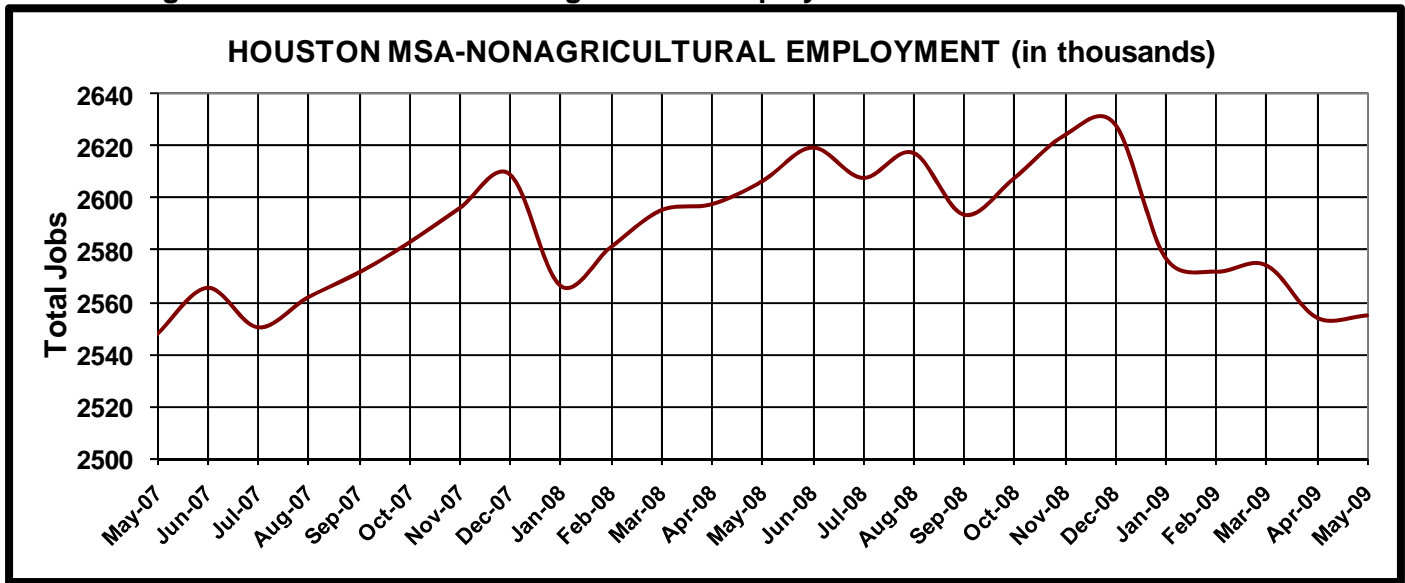
VACANT LAND

- **John Lodge**, president of **Lodge Lumber Co.** (713-672-6679), has purchased 15 acres of land located between Oates Road and U.S. 90 in eastern Harris County (457M), from **William Van Vorst**. The land is going to be used for expansion of a lumber yard serving industry in the area. **Frank Nadolney** of **Nadolney Enterprises** represented both the buyer and seller in the deal.
- **County Investments** purchased 5.8 acres of land located at the northwest corner of Huffmeister and White Oak Springs in northwest Houston (367), from **Festival Properties** (713-785-6272). **Richard Pevey** of **Realquest Inc.** represented the buyer, while **James E. White** represented the seller.
- **The Village Learning Center Inc.** (281-358-6172) has purchased around 4 acres of land located across Chanay Lane and Glade Valley Drive in Kingwood (296V), from **New Alternatives Communities LLC** (972-495-5610). The land will be utilized for a residential and developmental services complex for individuals with disabilities. **Mark Wimberly** of the **Betz Companies** brokered the sale.

ECONOMIC & FINANCIAL NEWS

The total number of nonagricultural wage and salary jobs in the ten-county Houston area increased by about 800 jobs to 2,554,600 in May 2009, according to the **U.S. Department of Labor**. This month's total is 51,500 fewer jobs than the 2,606,100 jobs at this time last year. Of nonagricultural employers, the Leisure and Hospitality sector posted the largest gain over the month at 4,800 jobs, while the largest year over year increase occurred in the Education and Health Services sector, which added 2,400 jobs.

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 May 2009 were \$340.0 billion, an increase of 0.5% from April but 9.6% below May 2008. Retail trade sales in May were up 0.5% from April but were 10.8% below last year's level.

Personal income increased \$167.1 billion, or 1.4%, and Disposable Personal Income (DPI) increased \$178.1 billion, or 1.6%, in May 2009, according to the **Bureau of Economic Analysis**. Personal Consumption Expenditures (PCE) increased \$25.1 billion or 0.3% in May 2009. Meanwhile, the **U.S. Department of Labor** reports that the seasonally adjusted Consumer Price Index (CPI) for urban consumers increased 0.1% in May 2009 after being unchanged in April, while it is 1.3% lower than May 2008. The year-over-year decline in May 2009 is the largest since April 1950 and mainly due to a 27.3% decline in the energy index.

The latest **Conference Board Survey** indicates that the **Consumer Confidence Index** decreased to 49.3 in June 2009, down 5.5 points from May. 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 1.2% in May. 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 1.1% in May 2009 from April 2009 and is down 13.4% from the May 2008 level. Output in the manufacturing sector decreased 1%, output of utilities decreased 1.4%, and output at mines decreased 2.1% in May. The rate of industrial capacity utilization was 68.3% in May, which is down 0.7% from the previous month's level and is 0.1 point lower compared to the previous year's level.

Freddie Mac reports that the **30-year fixed-rate mortgage (FRM)** averaged 5.42% in June 2009, up 0.56 points from May but down 0.9 points from one year ago. The average for the **15-year FRM** averaged 4.90% in June 2009, up 0.38 points from May but down 1.01 points from June 2008.

The **Bureau of Economic Analysis** (U.S. Department of Commerce) reports that final 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 5.5% 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 May 2009 was estimated at a seasonally adjusted annual rate of \$964.0 billion, which is 0.9% below the revised April 2009 estimate. The current figure is 11.6% below the May 2008 estimate of \$1,090.7 billion. Private residential construction was at a seasonally adjusted annual rate of \$240.2 billion in May, 3.4% below the revised April estimate of \$248.8 billion.

The **Baker Hughes** count of active domestic rotary rigs stands at 895 for June 2009. The current rig count is down nearly 53% from last year's figure of 1,902 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)** stood at 98.3 in May, its first decline in five months and down 0.3 percent from the previous month. The index is a monthly composite index that tracks the health and outlook for the U.S. restaurant industry. This is the 19th consecutive month below 100.

POTPOURRI

According to the monthly **Monster Worldwide, Inc.** employment index, online job demand decreased further by one point in the month of June. The index currently stands at 117 and is 46 points below June 2008, a decrease of over 28%. However, online demand for workers increased in 10 of the 28 major U.S. metro markets.

According to the May 2009 **Architecture Billings Index**, developed by the **American Institute of Architects**, May reported an index of 42.9, up 0.1 point 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 55.2.

Predevelopment is currently underway for **Patriots by the Lake**, a master-planned, mixed-use community being developed by the **Harris County Housing Authority – HCAHA** (713-578-2100). The one-of-a-kind community will serve as a living monument to America's veterans and provide housing for veterans. Developed across 91 acres of waterfront property located on West Lake Houston Parkway, the community will offer a combination of townhouses, condominiums, and custom single-family homes that range in size from 2,877 to 8,000 square feet. A "Wall of Heroes" memorial to honor fallen service men and women of the Iraq and Afghanistan conflicts and a senior housing community are the highlights of this community. Other amenities will include places of work, medical and ancillary services of the Veteran Administration totaling over 200,000 square feet, recreation in and around 44 parks, and a marina district with a boardwalk, amphitheater, hotel, restaurants, and shopping. The project is slated for completion in fall 2010. **Land Architects International** (303-734-1777) is handling the planning & architectural work along with engineering services by **LJA Engineering & Surveying Inc.** (713-953-5200).

Houston-based **Sysco Foods'** corporate office headquarters, a 595,600-square-foot, two-tower office and specialty-use complex, has recently become the largest project in greater Houston to be awarded LEED™ Gold certification for a New Construction Project from the U.S. Green Building Council. Floated above stone-clad bases, the two glass towers are placed opposite each other consisting of 12 stories and eight stories, respectively and linked by a glass-enclosed pedestrian bridge. Led by a team of Houston companies, the project was built by **D.E. Harvey Builders** (713-783-8710), while the design firms include **architect HOK Houston** (713-407-7700), **Kendall/Heaton Associates Inc.** (713-877-1192), and **Kirksey Architecture** (713-850-9600).

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