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APARTMENTS

According to www.oconnordata.com, July 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 87.33% occupied, while overall rents stand at \$0.875 per square foot. Class C rates have not changed this month and are currently \$0.712. Class B (\$0.834) and D (\$0.620) showed an increase of \$0.001 each, while Class A (\$1.164) showed a decrease of \$0.001 from June's rate. Pre-leasing is currently underway in thirty-two communities (9,387 units) city-wide. Overall occupancy is expected to slip further as delivery of these new communities continues, 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).*

Table of Contents:

Apartments.....	1
Single-Family Housing	4
Permit Issuance	6
Office Buildings	7
Retail Centers	9
Industrial Facilities.....	11
Vacant Land.....	14
Economic & Financial News.....	15
Potpourri.....	17

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Apartment Developments

- **Long Reach Associates** (713-782-6363) has completed construction of **Fairmont on San Felipe (17052)**, a 359 unit Class A complex located at 6363 San Felipe, in west Houston (491N). The apartment community consists of one and two-bedroom units ranging in size from 609 to 1,403 square feet, with rents ranging from \$1,125 to \$2,125. The property is currently 38% occupied.
- **Grayco Partners** (713-432-7100) has completed construction of **Breaswood Place Apartments (17540)**, a 340 unit Class A complex located at 3838 N Braewood Blvd, in west Houston (532K). The apartment community consists of one, two & three-bedroom units ranging in size from 703 to 1,660 square feet, with rents ranging from \$1,033 to \$2,428. The property is currently 40% occupied.
- **Chancellor Property** (713-432-1007) has completed construction of **Meritage Apartments (17635)**, a 240 unit Class A complex located at 4550 Braeswood Blvd, in west Houston (531R). The apartment community consists of one, two & three-bedroom units ranging in size from 690 to 2,428 square feet, with rents ranging from \$1,070 to \$2,218. The property is currently 33% occupied.
- **Mariposa Apartment Homes** (713-738-1222) has completed construction of **Mariposa Apartment Homes @ Reed Road (17472)**, a 180 unit Class B senior tax credit community located at 2889 Reed Rd, in south Houston (533X). The apartment community consists of one and two-bedroom units ranging in size from 762 to 1,248 square feet, with rents ranging from \$624 to \$754. The property is currently 30% occupied.

The following chart illustrates historical apartment occupancy.



Apartment Sales

- **Behringer Harvard Multifamily REIT I** and **Dutch pension fund PGM** has purchased **The Verandah at Meyerland (16988)**, a 301-unit apartment complex located at 4620 N. Braeswood Blvd in north Houston (332L), from **BlackRock Realty** (713-541-3770). The 5-year-old Class-B complex is 89% occupied with average rents of \$1.47 per square foot. **David Oelfke** and **David Mitchell** of **Apartment Realty Advisors** represented the seller, while **Robert Behringer** of **Behringer Harvard Multifamily REIT I** of represented the buyer.
- **JPMCC 2006-LDp9 Parramatta Lane Apartments LLC**, an entity of **LNR Partners** (305-695-5500) has purchased **The Chancellor (1295)**, a 12-building, 224-unit apartment complex located at 311

Parramatta Avenue in north Houston (332L), from the **Chancellor Apartment LLC** (281-480-5665). The 25-year-old Class-B complex is 45% occupied with average rents of \$0.81 per square foot. **Chip Nash** and **Greg Austin** of the Houston office of **Hendricks & Partners** represented the seller, while the buyer was represented in-house by **Ken Kristofek**.

- **Northway Investments LLC** (281-890-9112) has purchased **Meridian (1399)**, a 12-building, 152-unit apartment complex located at 10200 Bammel N Houston Road in northwest Houston (371W), from **Blue Valley Apartments Inc** (561-682-8000). The 29-year-old Class C complex is 70% occupied with average rents of \$0.76 per square foot. This property was bought out of foreclosure with **Arun M. Parikh** of **Aaron Property Investments** represented the buyer.
- **Mosaic Residential Inc.** (281-647-6400) has purchased **Kressington Place (1257)**, an 11-building, 136-unit apartment complex located at 7203 Oakwood Glen Blvd. in Spring (330L), from **Reliant Group** (415-788-0700). The 24-year-old Class B complex, now renamed as **Cottages of Cypresswood** by Mosaic, is 93% occupied with average rents of \$0.79 per square foot. **Abe Bhimani** represented the buyer, while the seller was represented in-house by **Joseph L. Sherman**.

SINGLE-FAMILY HOUSING

MLS home sales increased in June as 4,685 existing homes were sold, compared to 4,019 homes sold last month, according to the **Houston Association of Realtors (HAR)**. However, sales for June 2009 were down 10.4% from June 2008. The median price of an existing single-family home sold in June was \$156,000, up 2.3% from the same time last year, while the average home price – \$208,036 – was down 1.1% from the June 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 decreased 18% in June to 1,297 from 1,583 in May and down 10% from June 2008. Realtor co-op sales represented 64.4% of gross sales for the month, up 3.6% from June 2008. Traffic decreased 22% from last year to 15,044 in June 2009. The inventory of completed speculative homes (1,285) is down 27% from June last year. There are 1,669 spec homes under construction, which is down 33% from June 2008. Overall, the 2,954 specs (both completed and under construction) are down almost 31% from June 2008. *Note: the 23 homebuilders in this survey account for approximately 55% of housing starts in Houston.*

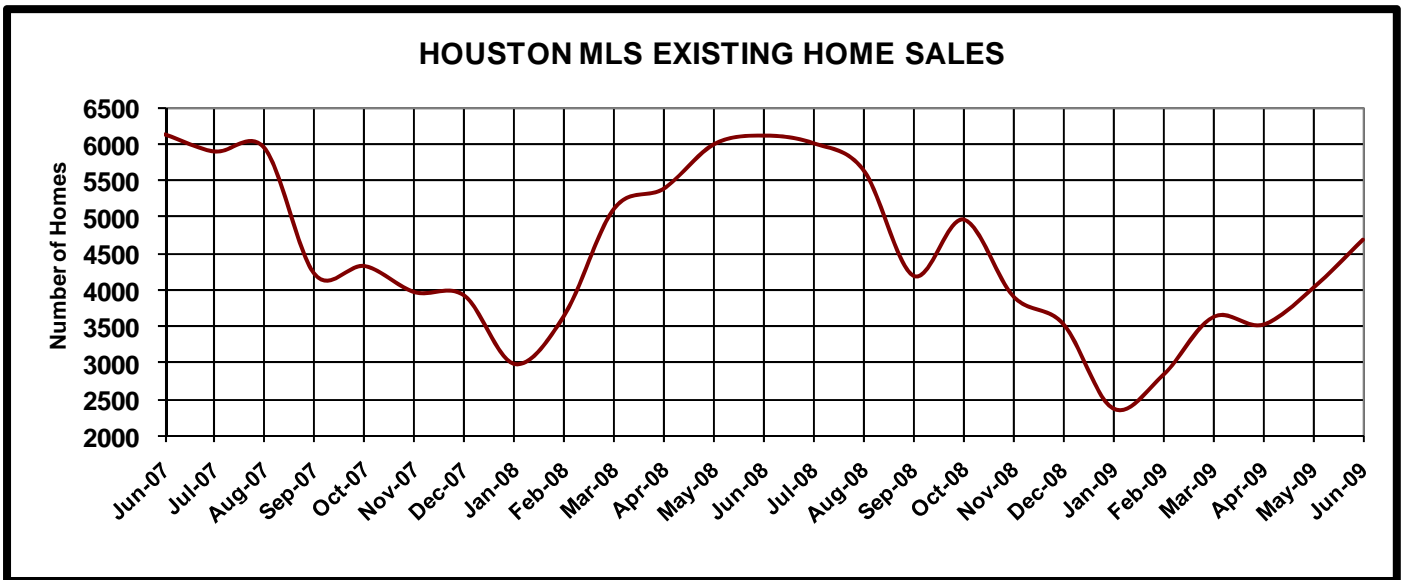
Nationwide sales of new single-family homes increased significantly in June to a seasonally adjusted annual rate of 384,000, 11% above the revised May sales rate of 346,000 but 21.3% below the June 2008 figure, according to a release by the **U.S. Department of Commerce**. The median sales price in June was \$206,200. Privately owned housing starts were at a seasonally adjusted annual rate of 582,000 in June 2009, which is 3.6% above the revised May estimate but 46% below the revised June 2008 rate. Privately owned housing completions were at a seasonally adjusted annual rate of 818,000 in June, 0.4% below the revised May figure and 27.7% below the revised June 2008 figure.

The **National Association of Home Builders/Wells Fargo Housing Market Index**, a monthly measure of builder confidence, increased to 17 in July, 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 three points to 17, the index measuring sales expectations for the coming six months remained at 26, and the index measuring the traffic of prospective buyers is currently at 14, up one point from the revised June figure

According to the **National Association of Realtors (NAR)**, 4,890,000 existing homes were sold in June 2009, up 3.6% from May sales but down 0.2% from the 4,900,000 homes sold in June 2008. The median sale price was \$181,800, which represents a 15.4% decrease from sale prices last year.

According to the most recent report by **RealtyTrac**, 336,173 foreclosure filings — default notices, auction sale notices, and bank repossessions — were reported during the month of June 2009. This figure is up 4.57% from the previous month and up 33% from June 2008. Texas remains among the nation's 23 highest states in total foreclosure filings in June 2009.

The following chart illustrates historical existing home sales.



Source: Houston Association of Realtors

- **The Woodlands Development Co.** (281-719-6300) is set to begin construction on **Timarron**, a new 240-acre planned community that will feature **Pulte Homes** (866-785-8325) and **Beazer Homes** (888-623-2937) located in The Woodlands Village of Creekside Park (250R). The community will be comprised of ten neighborhoods and consist of both patio homes and traditional single-family residential plans. Homes prices are anticipated to begin from the \$170's.
- **General Growth Properties Inc.** (312-960-5000) has pulled its **Bridgeland master-planned community** off the market, not long after having awarded the Houston-based **Caldwell Companies** (713-690-0000) the acquisition rights for this development at a purchase price of approximately \$90 to \$100 million. Located near Fry Road and U.S. 290, Cypress in northwest Houston (366H), **Bridgeland** is a new 11,400-acre residential project site that still has over 10,000 acres of vacant land and 20,000 lots to be developed. The Chicago-based company will continue to develop the project as planned, while it expects Bridgeland to benefit from the resurgence of the Houston residential market.

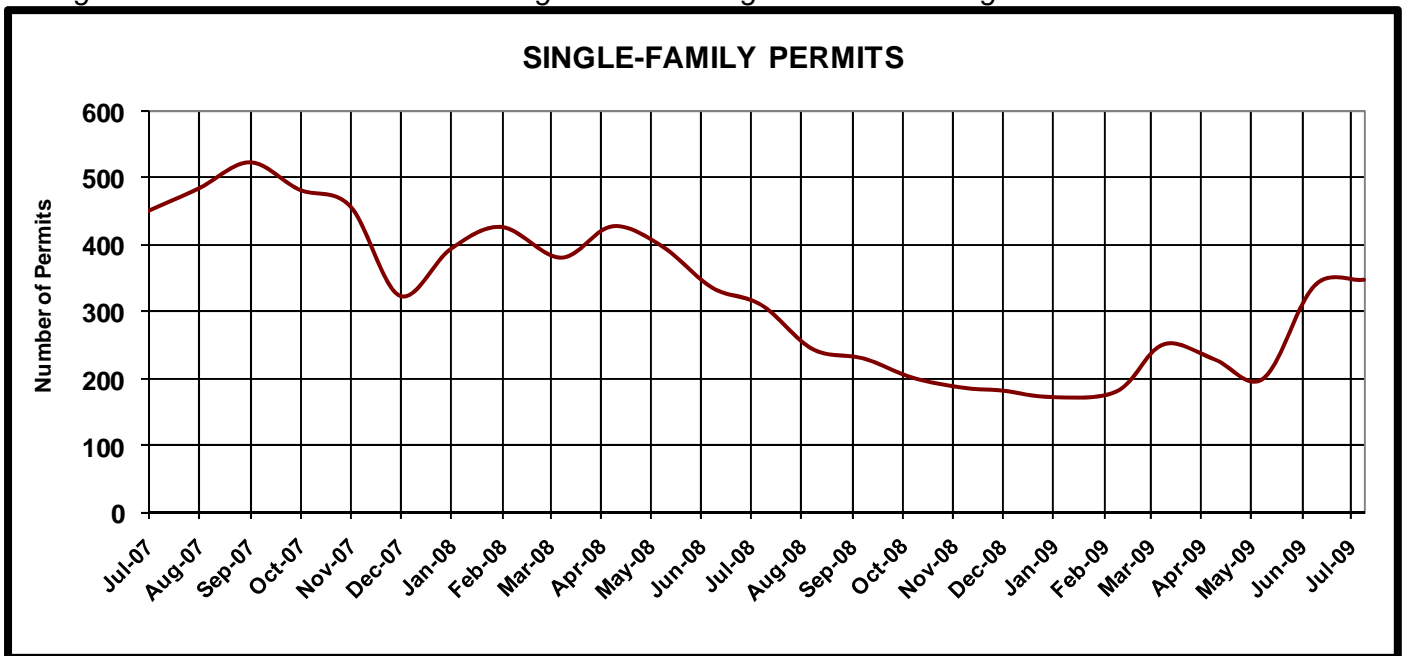
PERMIT ISSUANCE

The **City of Houston** issued permits to build 347 private single-family houses and 14 private multifamily buildings in July. Demolition permits were issued for 51 private single-family houses and 16 multifamily structures. In addition, 230 permits were issued for privately owned non-residential construction totaling \$150,281,466 and 88 permits were issued for public non-residential construction. Additions, alterations, and conversions totaled \$102,775,736 for the private sector and \$10,038,399 for the public sector.

Cost of Construction*

	2007	2008	2009
Month of July	\$532,981,777	\$576,446,153	\$2,008,939,404
Year-to-Date	\$3,420,890,399	\$3,792,499,894	\$4,065,629,121

*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 **83.04%** (Class A = 85.52%; Class B = 81.52%; Class C = 80.82%; Class D = 76.59%). The citywide quarterly multi-tenant office **rental rate** is **\$20.60 per square foot** (Class A = \$24.01; Class B = \$18.49; Class C = \$15.01; Class D = \$11.42).

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

- **Radler Enterprises Inc** (281-440-8595) has completed construction on Phase II of the **Beltway Lakes Office Complex (17918)**. Phase II consists of two six-story Class A gold level LEED certified buildings, totaling 320,000 square feet. The office complex is located in northwest Houston between beltway 8 and Hwy 249 (370V). **Deep Marine Technology** is currently the only tenant in the complex. **David Carter**, **Chris Volke**, and **Robert Parsley** of **Colliers International** have been selected to handle the leasing for the buildings.
- **The Urban Group** (713-339-5380) has started construction on **Interwood Office Building (17246)**, a 62,000 square foot, two-story traditional office building located at 15109 Heathrow Forest Parkway in north Houston (374T). Completion is anticipated for late summer 2009.

The following chart illustrates historical office occupancy.



Office Sales

- **White Rock Commercial** (972-888-1490) sold **West Pointe Center (2494)**, a three-story office building totaling 170,823 square feet at 9420 W. Sam Houston Parkway North in northwest Houston (409H). The recently completed building is White Rock Commercial's first project in the Houston area and is looking for its first occupancy. **Wade Bowlin** and **Doug Little** of **PM Realty Group** represented

the seller while **Bob Parsley** and **Bill Byrd** of **Colliers International** represented the buyer. The buyer was not disclosed.

Office Leases

- **Goodrich Petroleum Corp** (713-780-9494) has leased 36,765 square feet on the top three floors of **801 Louisiana (103)**, a 105,000-square-foot, Class-B office building located in the Central Business District (493L), from **TPMC Realty Corp** (713-963-9955). The recently renovated 31-year-old building, is now 45% occupied with asking rents ranging from \$24.00 to \$28.00 per square foot. **Stanley H. Voekel II, Robert S. Parsley,** and **Jay Kyle** of **Colliers International** represented both the tenant and landlord in this transaction.
- **Vestas Technology R&D** (970-674-6100) has leased 28,534 square feet at **Heritage Plaza (129)**, a 1,150,000-square-foot, Class-A office building located 1111 Bagby in the Central Business District (493L), from **Goddard Investment Group** (404-442-5500). The 24-year-old building is now 89% occupied with asking rents ranging from \$20.0 to \$28.00 per square foot. **Charlie Giammalva** with **Lincoln Property Co** represented landlord, while **Steve Burkett,** with **Jones Lang LaSalle,** represented the tenant.
- **The U.S. General Services Administration** (281-372-7130) has renewed its lease of 24,296 square feet at **NorthBelt Atrium II (653)**, a 105,271-square-foot, Class B office building located at 15355 Vantage Pkwy W in Greenspoint Northbelt (373U), from **Houston R E Income Property XVII,** an entity of **Hartman Management** (713-467-2222). The 26-year-old building is 99% leased with asking rents at \$15.50 per square foot. Tenant was represented in house, while **Steve Bryant** of **Moody Rambin Investment Services** represented the landlord.
- **Memorial Bone and Joint Clinic** (713-827-9316) has leased 12,675 square feet at **Town & Country Hospital Med Offices (2237)**, a 117,000-square-foot, Class A office building located at 1140 Business Center Drive in Katy (449Y), from **Memorial Hermann Healthcare System** (713-448-5555). The four-year-old building is over 84% leased with asking rents of \$18.50 per square foot. Tenant was represented in house, while **Lisa Lehmann Bovermann** of **CB Richard Ellis** represented the landlord in the lease negotiation.
- **IntegraNet Physician Resource Inc** (281-447-6800) has leased 12,419 square feet at **333 NorthBelt East (605)**, a 204,000-square-foot Class B office building located at 333 N Sam Houston Pkwy E in the Greenspoint area (373S), from **Houston 333-10700 investment Group LLC,** an affiliate of **Janez Properties Inc.** (858-481-5693). The 29-year-old building is 77% leased with asking rents at \$19.25 per square foot. **Andre Granello** of **Gibson Granello** represented the tenant, while **Kristen Rabel, Steve Rocher,** and **Louann Pereira** of **CB Richard Ellis** represented the landlord.
- **Nexus Health Systems Ltd** (713-355-6111) has renewed its lease of 12,051 square feet at **One Riverway (486)**, a 481,000-square-foot, Class A office building located in the Galleria area (491L), from **Riverway Holdings LP,** an entity of **Unilev Management Corp** (713-850-7878). The 31-year-old building is nearly 86% leased with asking rents at \$18.00 per square foot. **Mitch Pearl** of **UGL Equis** represented the tenant, while **Steve Rocher** and **Dave Hanusa** of **CB Richard Ellis** represented the landlord.
- **The Lincoln National Life Insurance Co** (336-691-3000) has leased 11,652 square feet at **Phoenix Tower (804)**, a 662,000-square-foot, Class-A office building located at 3200 Southwest Freeway in the Greenway Plaza area (492X), from **FSP Franklin Street Properties** (781-246-4900). The 23-year-old building is now 67% occupied with asking rents ranging from \$26.00 to \$28.00 per square foot. **Jon Silberman** of **NAI Houston** represented the tenant, while **Paula Bruns** of **Hines** represented the building owner.

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 **82.94%** (Regional = 87.76%; Community = 86.50%; Neighborhood = 80.75%; Strip = 77.10%). Occupancy is down 0.64 points over the last quarter and down 1.12 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 = \$1.22; 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

- No retail developments were noted for the month of July.

The following chart illustrates historical retail occupancy.



Retail Sales

- **A Texas-based private investor** has purchased **Broadway (54668)**, a 37-year-old, 75,000-square-foot shopping center located at 8201 and 8209 Broadway in Pearland (535T), from Utah-based **Pennbridge Capital** (801-766-4787). **Adam Lewis** and **Don Stringham** of **Marcus and Millichap** brokered the transaction.
- **7321 Harrisburg LLC** (516-747-3876) purchased **Family Dollar Store (54661)**, a two-year-old, 24,000-square-foot strip center located at 7321 Harrisburg in southeast Houston (**495W**), from **73rd Street @ Harrisburg L.P.** **Gus Lagos** of **Grubb & Ellis** represented the buyer, while the seller was represented in house.

Retail Leases

- **Dollar Tree** (757-321-5000) has leased 16,307 square feet at **Providence Plaza (2153)**, a 90,000-square-foot shopping center located at 9402 Highway 6 South in Sugar Land (528S), from **Whitestone REIT** (713-827-9595). This 25-year-old building is nearly 95% leased. **Perry Zieben** of **Perry Zieben Realty Company** represented the tenant, while the landlord was represented in-house by **Gary Triplett**.

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 **81.88%** (Flex = 81.86%; Bulk = 81.38%; Manufacturing = 79.68%, Service = 79.57%, Distribution = 73.88%, R&D = 46.96%). Occupancy is down 1.49 points over the last quarter and down 0.05 points over the second quarter 2008. The overall quarterly **rental rates** decreased \$0.01 ending at **\$0.43 per square foot** (Flex = \$0.48; Bulk = \$0.36; Manufacturing = \$0.40, Service = \$0.56, Distribution = \$0.37, 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

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

Industrial Sales

- **PSREH Ltd.** (956-630-9400) has purchased **InterBelt North Business Center (6496)**, a 25,000-square-foot warehouse located at 2700 Aldine Bender Road in mid north Houston (374W), from **StoneBridge T1 LP** (713-439-1151). The recently completed building is fully occupied by **Petroleum Solutions** (281-449-4027). **Trey Martin, Griff Bandy, John Ferruzzo, and Travis Land** of **NAI Houston** represented the buyer and seller in the transaction.
- **Pneumatic and Hydraulic Co** (713-681-5211) has purchased **15811 Tuckerton (36742)**, a 20,000-square-foot office/warehouse building located in northwest Houston (408A), from **The National Realty Group** (713-744-7400). **Brian Corriston** of **Caldwell Cos.** represented the buyer, while the seller was represented in house by **Steve Adkisson**

- **1406 North Sam Houston West LLC** has purchased **1406 N Sam Houston Pky W (37456)**, the newly build, 15,000-square-foot warehouse facility located adjacent to Sharon Road in far northwest Houston (372T), from **StoneBridge Sharmon LP** (713-439-1151). **Darren O'Connor** and **John Ferruzzo** of **NAI Houston** brokered the sale.

Industrial Leases

- **Kinder Morgan Texas Terminals** (713-450-7477) renewed a lease for 87,750 square feet of warehouse space at 8825 and 8827 Mississippi St. Kelley Parker, a 35-year-old warehouse building located in southeast Houston (495U), from **Tuffli Company Inc** (310-326-5500). **John Littman** and **Coe Parker** of **Cushman & Wakefield** represented the landlord, while the tenant where represented in-house.
- **Lebco Industries** (713-785-6095) leased 47,101 square feet of space at **Pine Forest Business Park (4321)**, a 30 year old, 170,000-square-foot warehouse located at 401-407 Crosstimbers in near north Houston (452M), from **CRP 2 Holdings** (617-235-6300). **Glynn Mireles** of **CB Richard Ellis** represented the tenant. **Walker Barnett** of **Colliers International** represented the landlord.
- New York based **Graham Packaging** (713-869-6280) has leased 40,230 square feet at **West Loop Business Park - 4005 W 11th St (4302)**, a 243,000-square-foot warehouse facility located at 1160 West Loop N in near west Houston (491D), from **AN/WRI Partnership Ltd** (713-866-6000). This 44-year-old facility is over 50% leased with asking rents of \$0.34 per square foot. **Glynn Mireles** of **CB Richard Ellis** represented the tenant, while **Mary Jo Giammalva** of **Weingarten Realty Investors** represented the landlord.
- **Gateway Distribution of Texas** (713-466-1299) has leased 32,000 square feet at **West by Northwest Ind Park (5180)**, an 11-year-old, 140,000-square-foot warehouse facility located at 10425 Okanella Street in far northwest Houston (410W), from **Prologis Texas II LLC** (713-682-2292). **John Simons** of **CB Richards Ellis** represented tenant, while **Holden Rushing** represented the landlord in-house.
- **Advanced Pharmacy** (713-391-200) has leased 25,091 square feet at **Westbelt Distribution Center (3779)**, a 25-year-old, 111,000-square-foot warehouse facility located at 2000 W. Sam Houston Parkway N near west Houston (449U), from **The Realty Associates Fund VI** (617-476-2700). **James E. Foreman** and **William "Cape" Bell** of **Cushman & Wakefield** represented the tenant, while **Edward Bane** and **John Kruse** of **Holt Lunsford Commercial** represented the landlord.
- **M Manufacturing** has leased 20,000 square feet at **1203 Boyles (1302)**, a 36-year-old, 35,000-square-foot warehouse facility located near southeast Houston (494M), from **Walkup Co.** (713-675-6383). **Steven O'Connor** and **Marc Drumwright** of **Southwest Realty Advisors** represented both the tenant and landlord in the transaction.
- Houston-based **Greenstar Recycling** (713-965-0005) has leased 18,900 square feet of warehouse space at **4789 Eastpark Drive (820)**, a 30-year-old building located in northeast Houston (454Z), from **First Industrial Realty Trust** (713-681-0885). **Patrick Rollins** of **CB Richard Ellis** represented the tenant. **Blake Gibson** of **Colliers International** represented the landlord.
- **Parades ETC** (713-228-4500) has renewed its 17,964-square-foot lease at **Quitman Building (215)**, a 771,000-square-foot warehouse facility located at 2300 Quitman in north Houston (494A), from **Hartman Management** (713-467-2222). This 89-year-old building is 92% leased. The landlord was represented in-house by **Tim Murphy**.
- **Accutest Laboratories Gulf Coast** (713-271-4700) has leased 17,685 square feet at **Point West Center 3 (3440)**, a 28-year-old, 32,000-square-foot service center located at 10165 Harwin Drive near

southwest Houston (530A), from **Mammoth Equities Harwin LP** (949-276-2500). **Mark Ray** of **Kensington Property Group** represented both the tenant and landlord in the transaction.

- **Goodyear Tire & Rubber Co** (713-477-8801) has leased 17,658 square feet at **Hammerly Business Park (37541)**, a 140,000-square-foot office and distribution/warehouse facility located at 1811 Brittmoore Road in far west Houston (449Q), from **Clay Development and Construction** (713-789-2529). Goodyear is the first tenant in the newly built facility. **Cody Smoot** of **Colliers International** represented the tenant, while **Gray Gilbert** and **Bill Rudolf** of **CB Richard Ellis** represented the landlord.
- **Sweetie Shoes** (281-545-9272) has leased 15,000 square feet at **Groth Corp Building (6651)**, a 65,000-square-foot manufacturing facility located at 13650 N. Promenade Blvd. in far southeast Stafford (569Q), from **Groth Corporation** (281-295-6800). The eight-year-old building is now fully leased. **Nick Miller** and **Marc Drumwright** of **Southwest Realty Advisors** represented both the tenant and landlord in the transaction.
- **Specified Lighting Sales** (713-681-1966) has leased 14,658 square feet at **Pine Forest Business Ctr 26 (4326)**, a 108,000-square-foot warehouse located at 460-486 Garden Oaks Blvd near north Houston (452M), from **ProLogis** (713-682-2292). This 30-year-old facility is now fully leased. **Joe MacDougall** of **MacDougall & Co** represented the tenant, while **Adam Lowe** represented the landlord in-house.
- **Rud and Pickarts Marketing Co** (713-643-8726), has renewed its lease of 12,510 square feet at **Griggs Rd 1 & 2 (2529)**, a 44-year-old, 225,000-square-foot warehouse facility located at 5990-6018 Griggs Road near south Houston (534L), from **Cobalt Industrial REIT** (972-893-7000). **Darren O'Connor** and **Jon Michael** of **NAI Houston** represented the tenant and landlord, respectively.
- **Houston 2-Way Radio** (713-681-2525) has leased 10,250 square feet at **5800 Centralcrest (37563)**, a ten-year-old, 19,000square-foot warehouse facility located in west Houston (451P), from **5800 Centralcrest joint Venture/ Latham Ray E & Trustee** (713-682-8880). **Joe MacDougall** of **MacDougall** represented both the parties in the transaction.

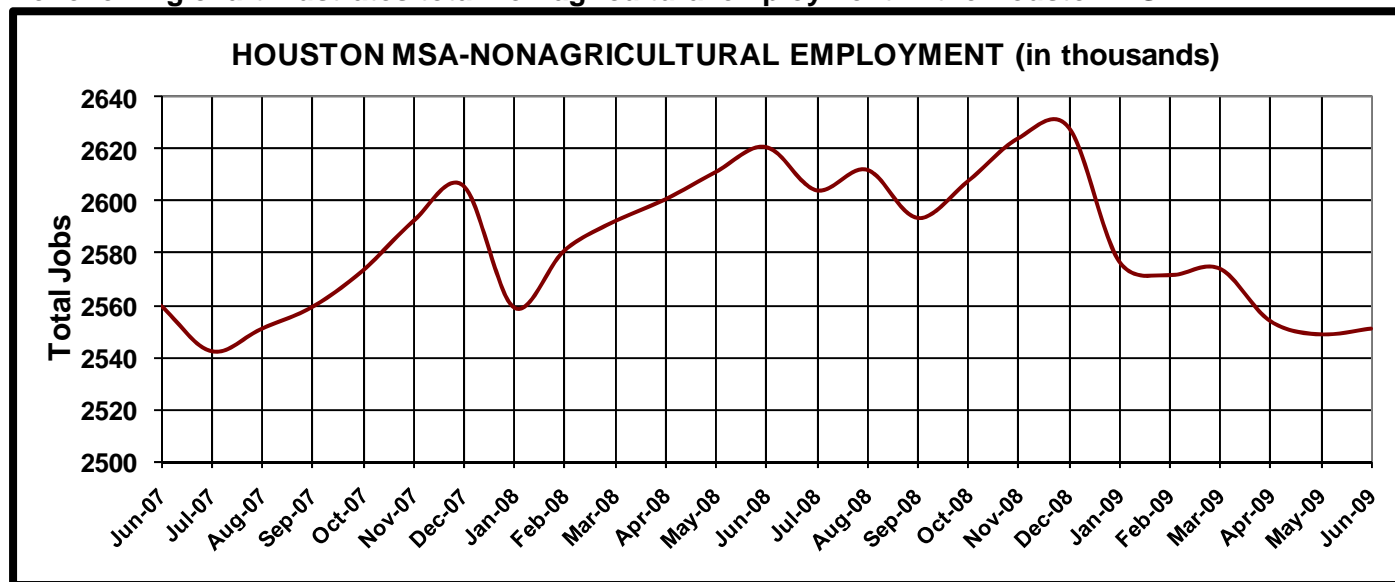
VACANT LAND

- The **Harris County Housing Authority** (713-747-0353) has purchased 10 acres of land, located at 15403 Kuykendahl Road in northwest Houston (331V), from **Texas Community Bank** (713-232-4801). **Timothy K. Clay** of **Clay & Company** brokered the sale, while **Re/Max Realty Center** acted as a cooperating broker.
- **Sire Enterprises** (415-382-0800) has purchased 4.2 acres of land, located at 1302 Humble Westfield Road in northeast Houston (332M), from the **Peterson Family Estate**. **Timothy K. Clay** of **Clay & Co.** brokered the sale, while **Realty Associates** acted as a cooperating broker.

ECONOMIC & FINANCIAL NEWS

The total number of nonagricultural wage and salary jobs in the ten-county Houston area increased by about 2,200 jobs to 2,550,900 in June 2009, according to the **U.S. Department of Labor**. This month's total is 69,600 fewer jobs than the 2,620,500 jobs at this time last year. Of nonagricultural employers, the Professional and Business Services sector posted the largest gain over the month at 6,300 jobs, while the largest year over year increase occurred in the Education and Health Services sector, which added 2,200 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 June 2009 were \$342.1 billion, an increase of 0.6% from May but 9.0% below June 2008. Retail trade sales in June were up 0.8% from May but were 10.0% below last year's level.

Personal income decreased \$159.8 billion, or 1.3%, and Disposable Personal Income (DPI) decreased \$143.8 billion, or 1.3%, in June 2009, according to the **Bureau of Economic Analysis**. Personal Consumption Expenditures (PCE) increased \$41.4 billion or 0.4% in June 2009. Meanwhile, the **U.S. Department of Labor** reports that the seasonally adjusted Consumer Price Index (CPI) for urban consumers increased 0.7% in June 2009, while it is 1.4% lower than June 2008.

The latest **Conference Board Survey** indicates that the **Consumer Confidence Index** decreased to 46.6 in July 2009, down 2.7 points from June. 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 0.7% in June. 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 0.4% in June 2009 from May 2009 and is down 13.6% from the June 2008 level. Output in the manufacturing sector decreased 0.6% and output at mines decreased another 0.5% in June, while output of utilities increased 0.8% from last month. The rate of industrial capacity utilization was 68.0% in June, which is down 0.2% 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 5.22% in July 2009, down 0.20 points from June and down 1.21 points from one year ago. The average for the **15-year FRM** averaged

4.69% in June 2009, down 0.21 points from June and down 1.28 points from July 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 1.0% in the second quarter of 2009, compared to the first quarter decrease of 6.4%. This decrease in GDP in the second quarter primarily reflected negative contributions from residential and nonresidential fixed investment, exports, private inventory management, personal consumption expenditure (PCE), and equipment and software.

The **U.S. Department of Commerce** reports that construction spending during June 2009 was estimated at a seasonally adjusted annual rate of \$965.7 billion, which is 0.3% above the revised May 2009 estimate. The current figure is, however, 10.2% below the June 2008 estimate of \$1,075.6 billion. Private residential construction was at a seasonally adjusted annual rate of \$246.1 billion in June, 0.5% above the revised May estimate of \$244.7 billion.

The **Baker Hughes** count of active domestic rotary rigs stands at 931 for July 2009. The current rig count is down nearly 52% from last year's figure of 1,932 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 97.8 in June, down 0.5 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 20th consecutive month below 100.

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According to the monthly **Monster Worldwide, Inc.** employment index, online job demand decreased further by three points in the month of July. The index currently stands at 114 and is 43 points below July 2008, a decrease of over 27%. Online demand for workers increased in only two of the 28 major U.S. metro markets.

According to the June 2009 **Architecture Billings Index**, developed by the **American Institute of Architects**, June reported an index of 37.7, down 5.2 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 53.8.

Johnson Development Corp (713-960-9977) has taken over redevelopment of the former Imperial Sugar Co site at the intersection of SH 90 and Main St in Sugar Land. Demolition of existing Imperial Sugar buildings is projected by the fall for 2009, and anticipating land development as soon as 2010.

Studley Houston (713-522-5300) has added **Jim Bell**, previously with **Jones Lang LaSalle**, and **Russell Hodges**, formerly of **Colvill Office**. Jim Bell will take on the role associate director, while Russell Hodges will work as an associate.

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