



Published by:
O'Connor & Associates
 2200 N. Loop West, Suite 200
 Houston, TX 77018
 713.686.9955

www.poconnor.com



Houston Real Estate Trends

Office • Retail • Apartment • Industrial

Edited by Stuart Showers

\$199 per year

Volume 24 Number 10

October 2009

APARTMENTS

According to www.oconnordata.com, **October 2009 O'Connor & Associates data** indicates that Greater Houston apartment market occupancy has decreased 0.55 percentage points from the previous month and is currently 86.20% occupied, while overall rents edged up \$0.003 to \$0.881 per square foot. Class A rates enjoyed the largest increase over the month (\$1.164) from September's rate (\$1.160), while Class B (\$0.839) and C (\$0.719) showed an increase of \$0.002 and \$0.001, respectively, from September's rates. Class D rates have not changed this month and are currently \$0.627. Pre-leasing is currently underway in twenty-six communities (7,664 units) city-wide. A steeper decline in overall occupancy is forecasted as these new communities lease-up, while rental rates are anticipated to continue increasing more steadily.

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	5
Permit Issuance	7
Office Buildings	8
Retail Centers	11
Industrial Facilities.....	13
Vacant Land.....	17
Economic &	
Financial News.....	18
Potpourri.....	20

www.oconnordata.com

ApartmentLink

More Owner Contact
Information

More User-Friendly

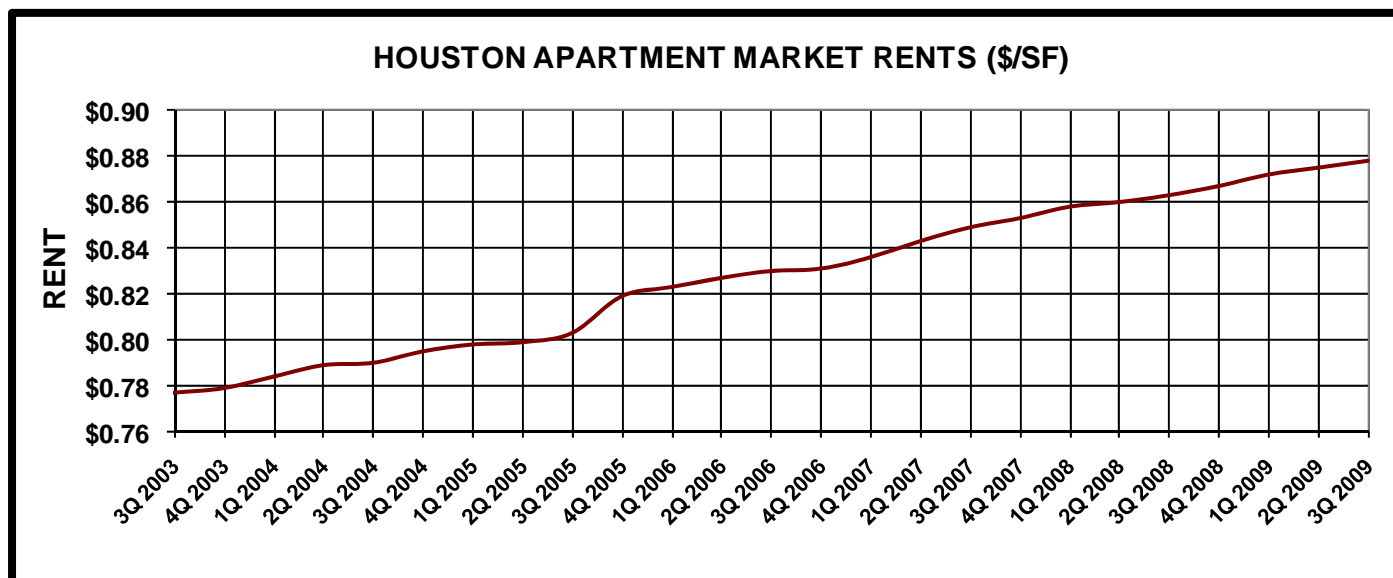
More Comprehensive
& Accurate

More Affordable!

Apartment Developments

- **Trammell Crow Residential** (713-963-1000) has completed construction of **Alexan Eagle Creek (17797)**, a 412-unit Class A complex located at 9702 N Sam Houston Parkway, E in Humble (376W). The community consists of one and two-bedroom units ranging in size from 758 to 1,341 square feet, with rents ranging from \$865 to \$1,490. The property is currently 48% occupied and over 60% pre-leased.
- **The Finger Companies** (713 864-3313) has completed construction of **One Park Place (17332)**, a 346-unit, Class A complex located at 1400 McKinney, in downtown Houston (493Q). The apartment community consists of one and two-bedroom units, ranging in size from 808 to 3,524 square feet, with rents ranging from \$1,850 and up. The property is currently 45% occupied and over 51% pre-leased.
- **Woodmark Real Estate Service Inc** (972-980-1441) has completed construction on the first phase of **Stoneleigh on Kenswick (18144)**, a 318-unit Class A complex located at 19800 Kenswick Dr in the FM 1960 East submarket, TX (335S). The apartment community consists of efficiencies, one and two-bedroom units ranging in size from 525 to 934 square feet, with rents ranging from \$650 to \$935. The property is currently 40% occupied and over 45% pre-leased.
- **Greystar Development & Construction** (713-966-5000) has completed construction of **West End Ranch (18154)**, a 312-unit Class A complex located at 14402 W Bellfort, in Sugar Land (527Z). The apartment community consists of one and two-bedroom units ranging in size from 716 to 1,262 square feet, with rents ranging from \$870 to \$1,370. The property is currently 58% occupied and over 68% pre-leased.
- **Claremont Property Company** (713-661-0400) has completed construction of **The Residences at Cinco Ranch (17958)**, a 300-unit Class A complex located at 20900 FM 1093 in Richmond, TX (526E). The community consists of one and two-bedroom units, ranging in size from 692 to 1,209 square feet, with rents ranging from \$775 to \$1,350. The property is currently 43% occupied and over 48% pre-leased.
- The Virginia-based **McCann Realty Partners - MRP** (804-290-8870) has completed construction of **Discovery at Mandolin (18567)**, a 260-unit Class A apartment community located at 19401 Tomball Parkway/SH 249 near Cypresswood Drive in northwest Houston (369C). The community consists of one, two, and three-bedroom units, ranging in size from 642 to 1,488 square feet, with rents ranging from \$879 to \$1,680. The property is currently over 70% leased.
- **Woodmark Real Estate Service Inc** (972-980-1441) has completed construction of **The Stoneleigh Ella Crossing (18142)**, a 240-unit Class A complex located at 16350 Ella Blvd in the Champions – East submarket (332N). The apartment community consists of one and two-bedroom units ranging in size from 464 to 1,043 square feet, with rents ranging from \$655 to \$948. The property is currently 50% occupied and over 58% pre-leased.
- **StoneArch Development** (281-493-0700) has completed construction of **West Oaks Senior (18032)**, a 232-unit Class A complex located at 15059 Caseta Dr, in the Far west submarket (487Z). The apartment community consists of one and two-bedroom units ranging in size from 680 to 1,028 square feet, with rents ranging from \$645 to \$775. The property is currently 30% occupied and over 32% pre-leased.

The following chart illustrates historical apartment rental rates.



Apartment Sales

- Cypress Real Estate Advisors Inc.** (512-494-8510) and **Preferred Communities Management** (281-276-8800) have purchased back three apartment complexes totaling 596 units from **PCM Steeplechase LP/ Prudential Insurance Company America** (713-960-5081). **The Promenade Jersey Village Ph I (4588)** is a 15-year-old, 160-unit Class-A complex located at 11111 Pleasant Colony in the Steeplechase sector (409F). The nine-building complex is 85% occupied with average rents of \$1.13 per square foot. **The Promenade Jersey Village Ph II (1585)** is a 14-year-old, 396-unit Class-A complex located at 11011 Pleasant Colony in the Steeplechase sector (409K). The 23-building complex is 85% occupied with average rents of \$1.12 per square foot. **The Promenade Jersey Village Ph III (1579)** is a 14-year-old, 40-unit Class-A complex located at 12920 Steepleway Boulevard in the Steeplechase sector (409E). The 12-building complex is 85% occupied with average rents of \$1.03 per square foot. **Brant C. Smith** of **NorthMarq Capital** arranged financing for the transaction.
- The Pantego-based **Olympus Properties** (817-795-4900) has purchased **Westchase Forest Apartments (2160)**, a 19-building, 400-unit apartment complex located at 11355 Richmond Avenue in the Westchase sector (489X), from **Drever RE Opportunity Fund LLC**, an entity of **Concierge Asset Management** (713-439-1773). The 10-year-old, Class-A complex is currently 98% occupied with average rents of \$1.09 per square foot. **Craig LaFollette's** team at the Houston office of **Holliday Fenoglio Fowler LP** arranged the deal between the buyer and seller. **Jay Wagley** and **Chris Wong** of **CB Richard Ellis Capital Markets** arranged financing for the transaction.
- California-based **Aragon Holdings USA** (310-550-5750) has purchased **Briarwest (2316)**, a 43-building, 380-unit apartment complex located at 1915 Winrock in the Galleria submarket (491S), from **AIMCO** (303-757-8101). The 39-year-old, Class-B complex is nearly 90% leased with average rents of \$0.84 per square foot. **Larry Clark** of **Aragon Holding** represented the buyer, while the seller was represented in-house.
- Cypress Real Estate Advisors Inc.** (512-494-8510) and **Preferred Communities Management** (281-276-8800) have purchased back a two property, 264-unit multifamily portfolio, located at 1800-1810 Barker Cypress in Houston (447W), from **PCM Barker Cypress LP/ Prudential Insurance Company America** (713-960-5081). **Promenade Cullen Park Ph I (1678)** is an 11-building, 18-year-old, 192-unit Class A apartment complex, currently 87% occupied with average rents of \$0.96 per

square foot. **Promenade Cullen Park Ph II (1679)** is a five-building, 72-unit Class-A apartment complex, currently 87% occupied with average rents of \$0.95 per square foot. **Brant C. Smith** of **NorthMarq Capital** arranged financing for the transaction.

- **Inland American Communities** (713-434-2401) has purchased **Woodridge Park (4463)**, a 217-unit apartment complex located at 1475 Sawdust Rd in Spring (489E), from **Black Rock Realty** (973-264-2788). The 9-year-old, Class-A complex is approximately 94% occupied with average rents of \$1.15 per square foot. **David Oelfke, Matt Rotan, David Mitchell** and **David Wylie** of **Apartment Realty Advisors** represented both the buyer and seller in the deal.
- **The Home @ Remington LLC** (979-233-4000) has purchased **The Remington (4169)**, a 156-unit apartment complex located at 1010 Magnolia, in Freeport TX (911Y), from **RE/Max Southwest** (281-491-1776). The 24-year-old, Class-D complex is around 74% occupied with average rents of \$0.64 per square foot. **Mark Achilles** represented the buyer in-house, while the seller was represented by **Bill Moore** of **RE/Max Southwest**.
- Minnesota-based **Houston Leased Housing Associates I LP**, a subsidiary of **Dominium Management Services** (763-354-5500) has purchased **St. James Village (FKA: Chateau Village) (3915)**, a 13-building, 150-unit apartment complex located at 3815 W Fuqua Street in Hwy 288/Almeda sector (572S), from Virginia-based **Chateau Village Apartments Ltd**, a subsidiary of **Texas Regional Asset Management LLC** (281-550-7111). The 28 year-old Class-C complex is 85% occupied with average rents of \$0.73 per square foot. **Kevin McCarthy** and **Jeff Eisenhardt** of **Hendricks & Partners** arranged the deal between the buyer and seller.
- **Raamco Texas Properties LP** (281-493-3787) has purchased **Country Wood (2121)**, a 96-unit apartment complex located at 791 Bateswood Drive in far west Houston (489E), from **Country Wood Apartments Ltd** (281-496-5102). The 37-year-old, Class-C complex is around 80% occupied with average rents of \$0.68 per square foot. **Matt Phillips** and **Kristin Higueros** of **Tarantino Properties** arranged the deal between the buyer and seller.

SINGLE-FAMILY HOUSING

MLS home sales decreased further in September as 4,074 existing homes were sold, compared to 4,328 homes sold last month, according to the **Houston Association of Realtors (HAR)**. Nevertheless, sales for September 2009 were up 35.6% from September 2008. The median price of an existing single-family home sold in September was \$149,000, unchanged from the same time last year, while the average home price – \$192,487 – was down 2.7% from the September 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 by 15% in September to 1,170 from 1,375 in August, but are up 83% from the Hurricane Ike impacted month of September 2008. Realtor co-op sales represented 66.3% of gross sales for the month, up 4.4% from August. Traffic increased rose 15% from last year to 13,163 in September 2009. The inventory of completed speculative homes (1,083) is down nearly 41% from September last year. There are 560 spec homes under construction, which is down nearly 25% from September 2008. Overall, the 1,643 specs (both completed and under construction) are down 43% from September 2008. *Note: the 23 homebuilders in this survey account for approximately 55% of housing starts in Houston.*

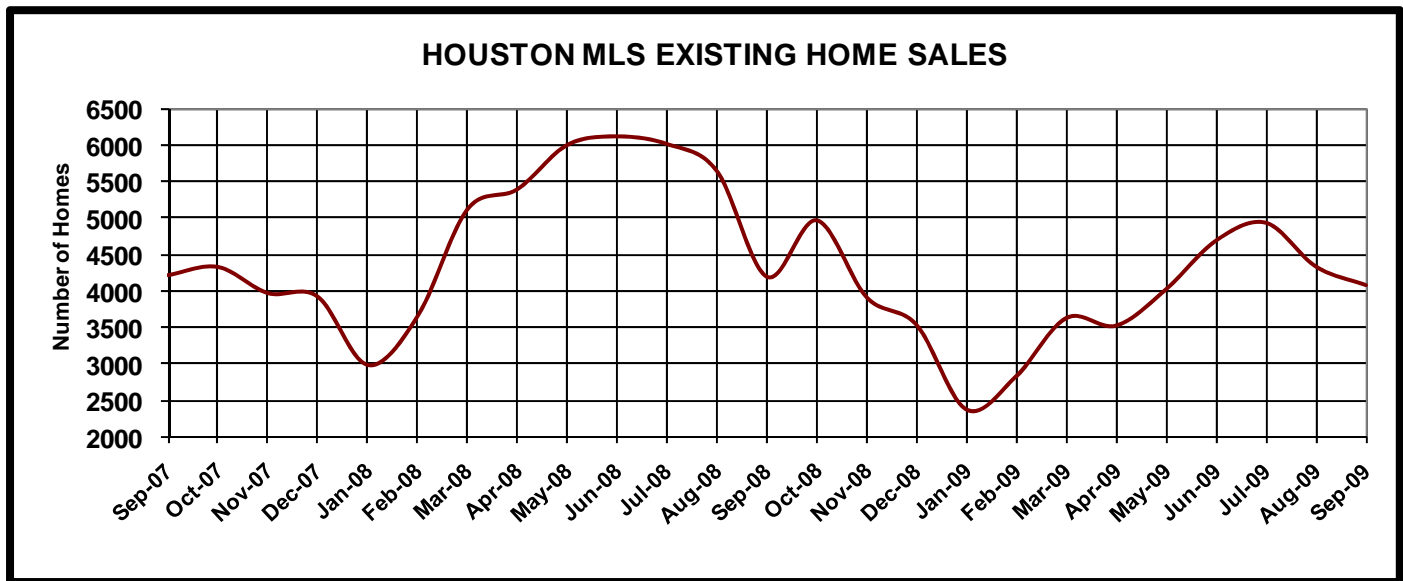
Nationwide sales of new single-family homes decreased in September to a seasonally adjusted annual rate of 402,000, 3.6% below the revised August sales rate of 417,000 and 7.8% below the September 2008 figure, according to a release by the **U.S. Department of Commerce**. The median sales price in September was \$204,800. Privately owned housing starts were at a seasonally adjusted annual rate of 590,000 in September 2009, which is 0.5% above the revised August estimate but 28.2% below the revised September 2008 rate. Privately owned housing completions were at a seasonally adjusted annual rate of 693,000 in September, 10.2% below the revised August figure and 39.6% below the revised September 2008 figure.

The **National Association of Home Builders/Wells Fargo Housing Market Index**, a monthly measure of builder confidence, decreased to 18 in October, 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 decreased to 17, the index measuring sales expectations for the coming six months decreased to 27, and the index measuring the traffic of prospective buyers is currently at 14, down three points from the revised September figure.

According to the **National Association of Realtors (NAR)**, 5,570,000 existing homes were sold in September 2009, up 9.4% from August sales and up 9.2% from the 5,100,000 homes sold in September 2008. The median sale price was \$174,900, which represents an 8.5% decrease from sale prices last year.

According to the most recent report by **RealtyTrac**, 343,638 foreclosure filings — default notices, auction sale notices, and bank repossessions — were reported during the month of September 2009. This figure is down 4% from the previous month but up 29% from September 2008. Texas remains among the nation's 28 highest states in total foreclosure filings in September 2009.

The following chart illustrates historical existing home sales.



Source: Houston Association of Realtors

- D.R. Horton** (281-465-7072), **Sullivan Signature Homes** (281-766-1950), and **Highland Homes** (281-517-9800) have begun developing homes within **Woodforest** (936-447-2800), a 3,000-acre master-planned community of **The Johnson Development Corp.** (713-960-9977) located north of Downtown Houston in **Montgomery County** (217X). **D.R. Horton** is offering 10 floor plans on 55-foot home sites that range in size from 1,840 to 2,929 square feet and priced from the mid \$190's to mid \$230's. A model home is under construction in the neighborhood of Overland Trace, with presales and plans for inventory homes underway. **Sullivan Signature Homes**, working with **Mark W. Todd Architects Inc.**, plans to offer homes that range in size from 4,700 to 5,700 square feet and priced from the \$700's. Two model homes on 130- by 300-foot properties, bordering Woodforest Golf Club and overlooking the No. 3 fairway, are under construction. **Highland Homes** is offering 13 floor plans on 70-foot home sites that range in size from 3,000 to 4,300 square feet and priced from the \$280's. Construction on a model home in the neighborhood of Monarch Park will soon be beginning.
- KB Home** (281-496-4266) is now offering homes within the Mediterranean-themed neighborhood **Tuscan Lakes** (281-332-5450), an 870-acre mixed-use development of **The Johnson Development Corp.** (713-960-9977) located along SH 96 and FM 270 in **League City** (659M). The builder is offering 10 designs, including plans with 3 to 6 bedrooms and 2 to 4 baths, which range in size from 1,377 to 3,578 square feet and priced from the \$130,000's. Two model homes have almost been completed, with one showcasing a KB Disney Dream Room design.
- D.R. Horton** (281-465-7072) has recently begun developing homes within two mixed-use, master-planned communities in Cypress and Humble. At **Bridgeland** (281-304-5588), an 11,400-acre residential project site located near Fry Road and U.S. 290, **Cypress** in northwest Houston (366H), the builder is offering 10 floor plans with 11 designs that range in size from 1,549 to 2,650 square feet and are priced from the mid \$170's to low \$210's. At **Fall Creek** (281-458-8000), a 2,300-acre master-planned golf course community located 15 miles from Downtown Houston in **Humble** (375U), the builder is offering 11 floor plans that range in size from 1,517 to 2,650 square feet and are priced from the upper \$150's to mid \$190's.

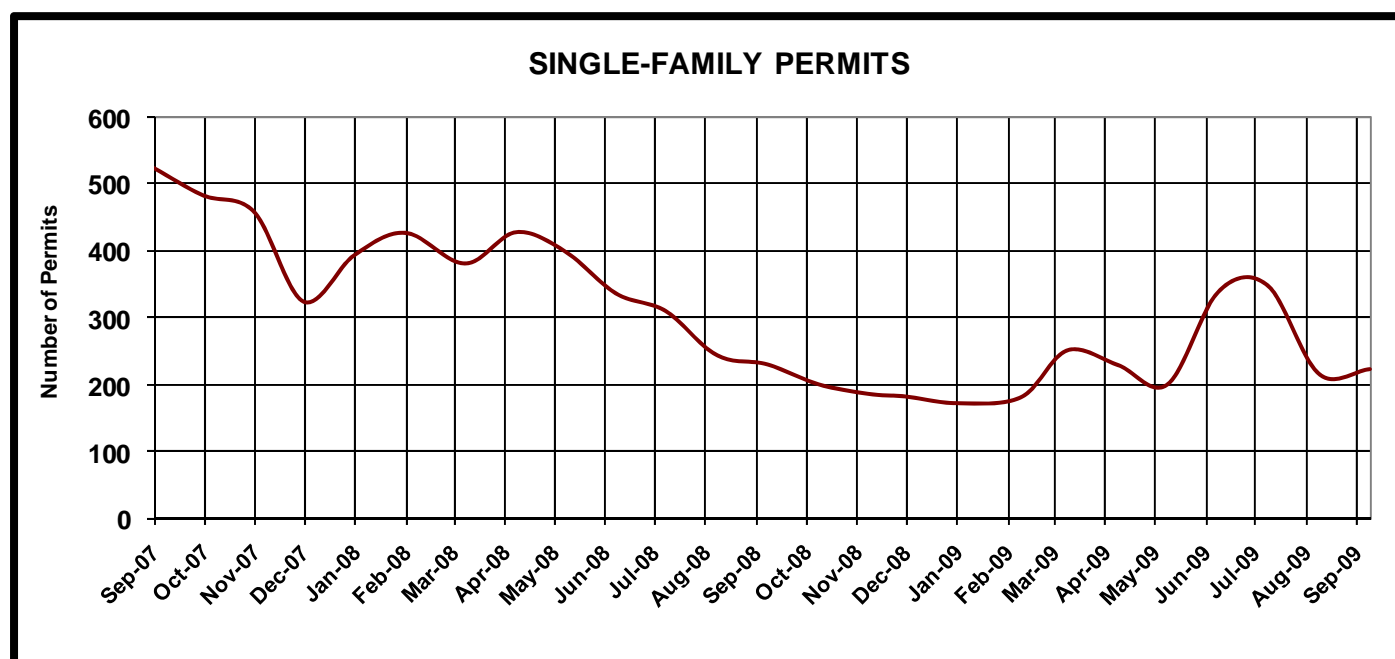
PERMIT ISSUANCE

The **City of Houston** issued permits to build 222 private single-family houses and 11 private multifamily buildings in September. Demolition permits were issued for 90 private single-family houses and zero multifamily structures. In addition, 177 permits were issued for privately owned non-residential construction totaling \$169,032,051 and 4 permits were issued for public non-residential construction. Additions, alterations, and conversions totaled \$81,875,611 for the private sector and \$3,674,226 for the public sector.

Cost of Construction*

	2007	2008	2009
Month of September	\$328,499,402	\$496,383,592	\$344,224,758
Year-to-Date	\$4,153,940,107	\$4,575,329,197	\$3,051,061,272

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



OFFICE BUILDINGS

According to the O'Connor & Associates **Third Quarter 2009 Houston Office Data Program**, citywide **occupancy** for Houston area multi-tenant office buildings is **83.04%** (Class A = 85.05%; Class B = 82.01%; Class C = 79.69%; Class D = 76.29%). The citywide quarterly multi-tenant office **rental rate** is **\$19.75 per square foot** (Class A = \$22.61; Class B = \$17.87; Class C = \$14.22; Class D = \$10.78).

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

- The Houston office of **Cadence McShane Construction** (713-681-8500) has started a \$12 million renovation on the two building **Compaq Campus North (2452)**, a 19-year-old, two-million-square-foot class B campus owned by **Lone Star College System – LSCS** (832-813-6500). Located at 20555 Tomball Pkwy (near State Highway 249 and Louetta Road) in the Technology Corridor (329X), future developments in the campus will include 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. The architectural services for the renovation project are being provided by **Kirksey Architecture** (713-850-9600) and **VLK Architects** (281-671-2300), while completion is scheduled for August 2010.
- The joint venture of Illinois-based **McShane Development Company** (847-292-4300) and Chicago-based **Harrison Street Partners** (312-920-0500) has broken ground on the **OakBend Doctors Center (18068)**, a 60,000-square-foot medical office building being developed for **OakBend Medical Center** (281-341-3000). Located at 22001 Southwest Freeway (adjacent to Williams Way and OakBend's newly opened Acute-care hospital) in Richmond (605F), the three-story building is going to be the second campus of OakBend in Fort Bend County. The design/build services are being provided by **Cadence McShane Construction Company** (713-681-8500), conceptual design by Denver-based **Marasco & Associates** (Ph), and architect of record by **Seeberger & Associates LP** (713-977-5400). Completion is scheduled for the first quarter of 2010.

The following chart illustrates historical office rental rates.



Office Sales

- **Emor Enterprises** has purchased **One Harbour Square (214)**, a 24-year-old, 58,200-square-foot Class B office building located at 3027 Marina Bay Drive in League City (619Y), from **One Harbour LP** (281-538-6390). **Marty McAdams** of **McAdams & Associates** represented the seller, while **Robert P. Zannelli** of **Zann Commercial Brokerage** represented the buyer.
- Houston-based **Pacific Sun Investments** (713-914-8608) has purchased **10411 Westheimer/Chase Texas - Lakeside (1958)**, a 30,500-square-foot Class A office building located in Westchase sector (489V), from **Brookfield RE Opportunity Fund**, an investment fund sponsored by **Brookfield Asset Management** (212-417-7000). The 27-year-old building is now fully leased with asking rents at \$18.00 per square feet. **Dan Miller** and **Trent Agnew** of the Houston office of **Holliday Fenoglio Fowler LP** brokered the deal.

Office Leases

- **WorleyParsons Group Inc** (713-407-5000) has leased an additional 54,518 square feet at **Energy Center II (2250)**, a 303,000-square-foot, Class A LEED-Gold certified office building located at 575 N Dairy Ashford in the Katy Freeway West sector (488C), from the joint venture of **Trammell Crow Co** (713-963-1000) and **Principal Real Estate Investors** (515-247-6582). WorleyParsons now occupies a total of 195,800 square feet. The newly built building is over 74% leased with asking rents at \$22.00 per square foot. **Louis B. Cushman** and **Courtney D. Estenson** of **Cushman & Wakefield** represented the tenant, while **Steve Rocher** of **CB Richard Ellis** represented the landlord.
- **HQ Global Workplaces LLC** (713-964-2682) has leased 24,194 square feet at **4801 Woodway (542)**, a 220,500-square-foot, Class B office building located in the Galleria sector (491M), from **RMC Woodway LP** (713-272-8400). The 33-year-old building is over 77% leased with asking rents of \$11.00 per square foot. **Baron Aldrine**, **Mike Kay**, **Pete Danna**, and **Steve Rigby** of **CB Richard Ellis** represented the tenant, while **Joel Dalak** of **RM Crowe Co** represented the landlord.
- **West Publishing Corp** (713-571-6708) has leased 16,015 square feet at **Baker-Hughes Bldg (741)**, a 235,700-square-foot, Class A office building located at 3900 Essex Lane in Bellaire sector (492S), from **3900 Essex LP** and **Aquinas Essex LLC**, an entity group of **Linbeck Group** (713-621-2350). The 28-year-old building is over 92% leased with asking rents at \$16.00 per square foot. **Jay Kyle** of

Colliers International and **Angus Hughes** of **Cushman & Wakefield** represented the tenant, while **Richard Barbles** of **Fuller Realty Co** represented the landlords.

- **Blinds.com** (713-666-9992) has leased 13,865 square feet at **American Capital Bldg (1940)**, a 50,400-square-foot, 29-year-old, Class C office building located at 10555 Richmond Avenue in the Bellaire area (489Z), from **Zenith Equity Group LLC** (281-363-2985). **Doug Freedman** of **United Equities** represented the tenant, while **Warren Savery** and **Andrew Kelson** of **CB Richard Ellis** represented the landlord.
- **Re/Max NW** (206-522-5500) has leased 11,935 square feet at **Cypresswood Professional Park (2324)**, a three-year-old, 33,600-square-foot, Class A office building located at 6401 Cypresswood Drive in Greenspoint (331N), from **The Betz Companies** (281-873-4444). **Stephanie Schley** and **Katie McMullen** represented the tenant in-house, while **Scott Hill** of **The J. Beard Real Estate Company** represented the landlord.
- **The VIA Group** (281-716-1200) has leased 10,536 square feet at **2635 Crescent Ridge Dr N (2453)**, a two-year-old, 13,500-square-foot, Class B office building located in The Woodlands (251C), from **Dirk Laukien**. **Jim Arket** and **Mona Williams** with **Grubb & Ellis** represented the tenant, while **Dennis Conine** with **Conine & Co.** represented the landlord.

RETAIL CENTERS

According to the O'Connor & Associates **Third Quarter 2009 Houston Retail Data Program**, citywide **occupancy** for Houston area multi-tenant retail buildings is **82.98%** (Regional = 87.77%; Community = 86.15%; Neighborhood = 80.78%; Strip = 77.15%). Occupancy is down 0.31 points over the last quarter and down 0.87 points over the second quarter 2008. The citywide quarterly multi-tenant retail **rental rate** is **\$1.65 per square foot** (Regional = \$2.91; Community = \$1.69; Neighborhood = \$1.24; Strip = \$1.27).

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

- **Inwood Properties LLC**, a joint venture of **NewQuest Properties** (281-477-4300) and **Ley-Wilson Properties** (713-439-0788), has opened **The Shops at Stone Park (14732)**, a 200,000-square-foot regional power center located at 5858 E. Sam Houston Parkway North near Wallisville Road in northeast Houston (457U). **JC Penney** (281-504-1092), occupying 105,000 square feet, is one of the major tenants and has recently opened its store at the new facility. Other major tenants include **Best Buy, Dress Barn, Marshalls, Mattress Giant, Party City, Rack Room Shoes, rue 21, Staples, Chipotle, and Olive Garden.**

The following chart illustrates historical retail rental rates.



Retail Sales

- **2009 Investments LLC** (713-722-8005) has purchased **Woodlake Collection (1625)**, a seven-year-old, 10,800-square-foot strip center located at 2660 S Gessner Road near west Houston (490S), from **Stump Plaza LLC** (310-306-0988). **Ryan West** and **Paula Foster** of **CB Richard Ellis** represented the seller, while the buyer was represented in house.

Retail Leases

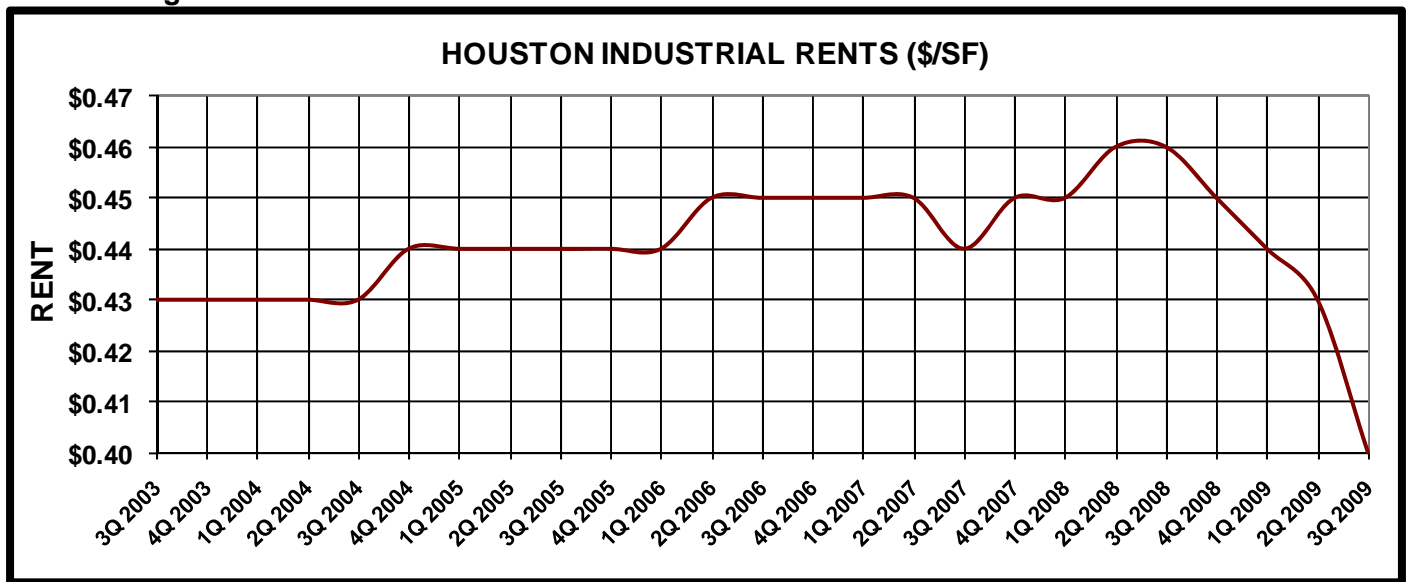
- **Conn's Appliances** (281-591-6611) has leased 30,338 square feet at **Fairway Centre III (2894)**, recently completed 93,600-square-foot retail center located at 3931 Fairway Plaza Drive in Pasadena (577H), from **Trammell Crow Co.** (713-963-1000). The retail space is 92% occupied with asking rents of \$1.00 a square foot. **Jazz Hamilton**, **Alex Makris**, and **Matt Keener** of **CB Richard Ellis** negotiated the transaction.

INDUSTRIAL FACILITIES

According to the O'Connor & Associates **Third Quarter 2009 Houston Industrial Data Program**, citywide **occupancy** for Houston area operating multi-tenant industrial facilities is **81.41%** (Flex = 80.12%; Bulk = 80.57%; Manufacturing = 83.66%, Service = 85.21%, Distribution = 72.93%, R&D = 72.97%). Occupancy is down 0.15 points over the last quarter and down 1.41 points over the third quarter 2008. The overall quarterly **rental rates** decreased \$0.03 ending at **\$0.40 per square foot** (Flex = \$0.44; Bulk = \$0.34; Manufacturing = \$0.40, Service = \$0.52, Distribution = \$0.31, R&D = \$0.94).

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

- The Houston office of **Cadence McShane Construction** (713-681-8500) has started construction on the **XL Parts Warehouse Office Phase II (37494)**, a 102,208-square-foot office/warehouse facility located at 15201 Hempstead Road/ 15701 Northwest Freeway in northwest Houston (409V). Adjacent to its five-year-old 187,600 square foot industrial facility. The new facility will increase the automobile parts supplier's industrial space by 27%. It will include a 30-foot clear ceiling height, three drive-in doors, two semi-dock doors, 34 standard dock doors, landscape, and parking. Houston-based **Rennell Associates** (713-864-1300) is the project manager and **Munson Kennedy Partnership Architectural** (713-869-4242) the architect for this \$3.1 million facility, which is scheduled for completion by early 2010.

Industrial Sales

- Denver-based **Northstar Commercial Partners** (303-893-9500) has purchased **Finger Furniture Headquarters (5890)**, a 369,300-square-foot distribution center located at 1601 Gillingham Lane in Sugar Land (568G), for approximately \$15.7 million from **Amegy Bank** (713-235-8800). The four-year-old facility, situated within **Sugar Land Business Park** and developed by **ProLogis** (713-682-2292), is now about 70% occupied. **Jaime Jones** represented the buyer in-house, while **Bob Berry, Jarret Venghaus, Jeff Venghaus, Leah Miller, and Neal Stephenson** of **Jones Lang LaSalle** represented the seller.
- A partnership of **CC Realty Advisors Ltd.** (713-963-0963) has purchased an eight-building, industrial asset totaling 278,863 square feet, located at 2200-2501 Central Parkway in northwest Houston (451U), from **Weingarten Realty Investors** (713-866-6000). With nearly 56 tenants, the asset is currently around 81% occupied. **Central Park Northwest Phase VII (4145)** is a 26-year-old, 103,500-square-foot office/warehouse facility that comprises of 3 buildings; **Central Park Northwest VI - E (6099)** is a 30-year-old, 62,800-square-foot service center; **Central Park Northwest VI - D (6098)** is a 30-year-old, 42,660-square-foot service center; **Central Park Northwest VI - A (4192)** is a 29-year-old, 28,600-square-foot service center; **Central Park Northwest VI - B (4189)** is a 30-year-old, 22,400-square-foot service center; and **Central Park Northwest VI - C (6097)** is a 30-year-old, 18,900-square-foot service center. The buyer was represented in-house, while **Rusty Tamlyn** of the Houston office of **Holliday Fenoglio Fowler LP** represented the seller. **Frost National Bank** provided financing for the transaction.
- **Jester Plaza Ltd.** (713-686-3030) has purchased **Jester Plaza (4338)**, a 100,700-square-foot office/warehouse facility located at 3500 T C Jester Boulevard W near north Houston (452N), from **Weingarten Realty Investors** (713-866-6000). The 37-year-old facility is currently 90% leased. Local agent **Karen Stumbough** represented the buyer, while **David Boyd** of **Boyd Commercial** represented the seller in the transaction.
- **Lee Phan** of **KCI Wireless** (713-524-2727) has purchased **Beechnut Business Park (6486)**, a newly built, 37,900-square-foot office/warehouse facility located at 12769 Beechnut Street in far southwest Houston (528R), from **Tony Lam** and **Judy Chau** of **Alpha Realtors & Financial Network** (281-933-6999). **Joshua Lass-Sughrue, Justin Miller, and Jason Ridenbaugh** of **Marcus & Millichap** represented the seller and buyer in the deal.
- **E and S Partners LLC** (972-241-8188) has purchased **1930 Lauder Rd (326)**, a 32-year-old, 10,000-square-foot warehouse located in mid north Houston (413D), from **Nestle Waters North America** (203-531-4100). **Greg Barra** of **Boyd Commercial** represented the buyer, while **Patrick Rollins** of **CB Richard Ellis** represented the seller.

Industrial Leases

- **Furniture Brands Inc** (713-574-8277) has leased 97,150 square feet at **Port North Cargo Park (6237)**, a 158,000-square-foot warehouse located at 8210 Humble Westfield Road in far north Houston (334V), from **Duke Realty Corp** (713-353-2501). With this lease, the year-old facility is 100% occupied. The tenant was represented in-house, while **Cory Driskill** of **Duke Realty Corp** represented the landlord.
- **UTMB-Galveston** (409-772-2222) has leased **714 Hwy. 3 (6481)**, a 19-year-old, 42,500-square-foot warehouse located in La Marque (659J), from **GSL Investments** (713-772-5648). **Marcia Davenport** of **Commercial Houston Real Estate Brokerage** represented the tenant, while **David R Ebro** represented the landlord in-house.

- **Tradewinds Cargo Handling** (305-785-2544) has leased 28,750 square feet at **International Air Cargo Centre II (6619)**, a newly developed, 61,500-square-foot warehouse located at 19577 Lee Road in Humble (334V), from **Trammell Crow Co** (713-963-1000). Owned by New Jersey-based **Group One Investments LLC** (973-242-4431), the anchor tenant is going to start operating Houston's first large-scale cold-storage air cargo facility from November at this location. **Steven Bradford** and **Jeremy Garner** of **Trammell Crow Co** arranged the lease between the tenant and landlord.
- **Farmer Bros Co** (713-645-0487) has leased 24,000 square feet at **West by Northwest Blvd (5280)**, a 12-year-old, 150,000-square-foot distribution center located at 6300 West by Northwest Boulevard near northwest Houston (410X), from **West by Northwest SPE LLC** (949-725-6500). **Jarret Venghaus** of **Jones Lang LaSalle** represented the tenant, while **David Boyd** and **Gregg Barra** of **Boyd Commercial** represented the landlord.
- **Allofe** (785-832-2900) has leased **8040 Blankenship (37395)**, a year-old, 20,100-square-foot distribution center located near northwest Houston (450L), from **Shius Investment LLC**. **Eric Hughes** of **The National Realty Group** represented the tenant, while **Mark Lehman** and **Bill Burge** of **Grubb & Ellis** represented the landlord.
- **Units Mobile Storage** (713-932-8648) has leased and occupied 17,500 square feet at **Hammerly Business Park (37541)**, a year-old, 140,000-square-foot office and distribution/warehouse facility located at 1811 Brittmoores Road in far west Houston (449Q), from **Clay Development and Construction** (713-789-2529). **Blake Gibson** of **Colliers International** represented the tenant, while **Charlie Christ** represented the landlord in-house.
- **Creative Retail Packaging** (713-622-3100) has leased 14,420 square feet at **Corporate Centre Shepherd (5803)**, a 10-year-old, 235,467-square-foot warehouse located at 707 Shepherd Drive near north Houston (492D), from **Warehouse Associates** (713-461-9696). **Charles G. Fertitta Jr.** and **Walker Barnett** of **Colliers International** represented the tenant and landlord in the transaction.
- **Francesca's Collections** (713-864-1358) has leased 13,900 square feet at **Former Texas Bolt Facility (4567)**, a 52-year-old, 275,000-square-foot manufacturing facility located at 3233 W 11th Street near west Houston (492B), from **Bay El Camino Real Ltd** and **3315 W 11th Ltd**, an entity group of **Lovett Commercial** (713-961-3877). **Clary Green** represented the tenant in-house, while **James E. Foreman**, **Beau Kaleel**, and **William Bell** of **Cushman & Wakefield** represented the landlord.
- **VSS Carriers Inc** (972-906-2948) has leased 11,200 square feet at **Interwood Business Center I & II (5882)**, a ten-year-old, 191,000-square-foot office/warehouse facility located at 14430 John F Kennedy Boulevard in far north Houston (374X), from **KTR Capital Houston LP** (484-530-1800). **Duke Realty Corp** was represented in house, while **Patrick Rollins** of **CB Richard Ellis** represented the landlord.
- **Houston Motor & Control Inc** (713-464-3910) has leased 10,920 square feet at **Interbelt Business Center (6198)**, a nine-year-old, 86,700-square-foot service center located at 5210 N Sam Houston Parkway E in mid north Houston (374U), from **South Texas Land LP** (979-543-4251). **Brian Corriston** of **Caldwell Cos** represented the tenant, while **Patrick Rollins** of **CB Richard Ellis** represented the landlord.
- **ETI** (281-530-4300) has leased 10,000 square feet at **Pine Forest Business Center 14 (4324)**, an 81,500-square-foot warehouse facility located at 352 Garden Oaks Boulevard near north Houston (452M), from **Houston Pine Forest Ltd.** (972-820-2200). The 30-year-old facility is now fully leased. **Julie King** of **Cresa Partners** represented the tenant, while **Steve Hazel** of **InSite Commercial Realty** represented the landlord.

- **Gulf Pacific Rice** (713-464-0606) has leased two 10,000-square-foot buildings at **Wright Business Park (6424)**, a four-building, 40,000-square-foot warehouse facility located at 12111-12117 Taylor Road in the far northwest Houston sector (409J), from **Just a Nickel LLC**, an entity of **Roberts Development & Construction Inc** (281-647-9111). The two-year-old facility is now fully leased. The tenant was represented in-house, while **Robert McGee** and **Mark Ward** of **The National Realty Group** represented the landlord.

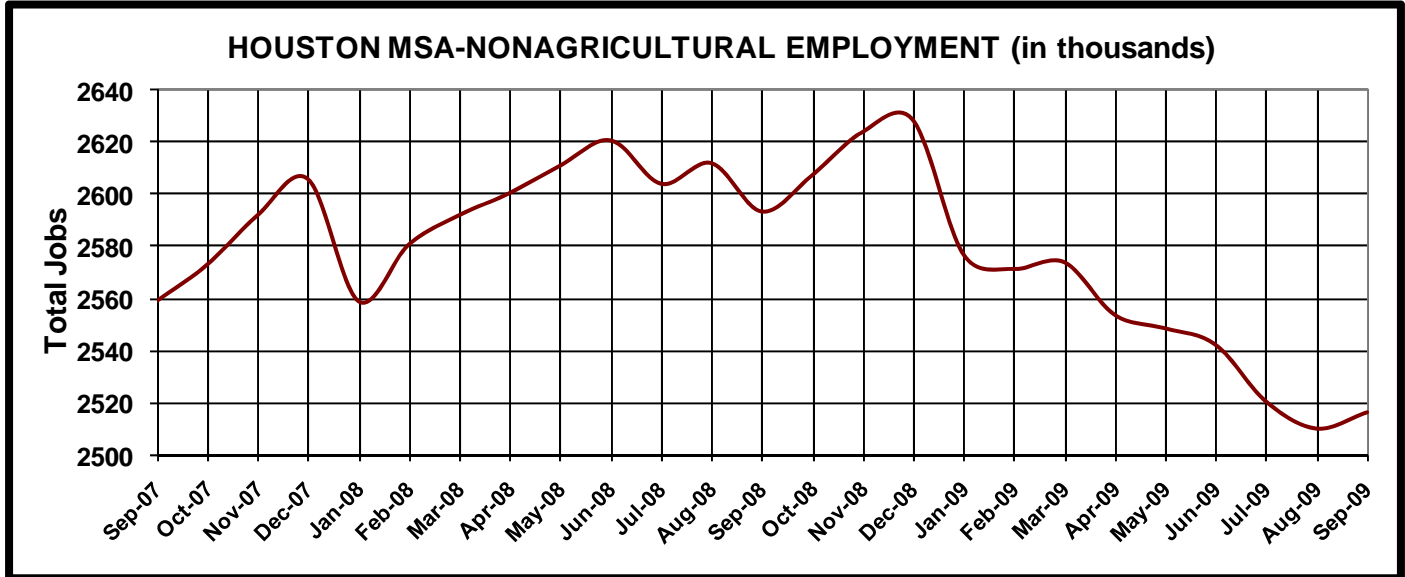
VACANT LAND

- **5P Development** (281-360-9495) has purchased 35 acres of land located along FM 1960 East near Deerbrook Mall in Humble (335T), from **Calvin R. Bentsen Trustee** (956-686-0205). The land is going to be utilized for a mixed-use residential and retail development. **Todd N. Edmonds** and **Cody R. Christoph** of **Colliers International** represented the buyer, while the seller group was represented in-house.
- **Jalal and Eman Halawa** have purchased 11.6 acres, located at FM 273 in Rosenberg (604A), from **Richard and Karen McCarter, Jim Shaw** of **Indermuehle & Co.** brokered the sale.
- **Federal Express Corp.** (281-873-1750) has purchased 9 acres of land located at Century Oaks Phase 2 on the South Sam Houston Parkway near Stafford Road in Houston (529V). **David Boyd** and **Greg Barra** of **Boyd Commercial** along with **Fred Placke** and **David Ginther** of **Fischer Co.** brokered the deal.
- **Hackberry Creek Storage Ltd.** (281-573-4719) has purchased 6 acres of land located at FM 3180 Road near FM 565 in Chambers County (463C), from **West Star Investments LLC** (281-277-7068). **Claire Sinclair** of **Claire Sinclair Properties** represented both the buyer and seller in the deal.
- **Boudreaux Investments LLC** has purchased 4.3 acres of land located at Boudreaux Road near Texas 249 in Tomball (328B), from **Kirtley Group Inc.** (281-351-1022). **Thomas Leger** of **The National Realty Group** represented the buyer, while **Pattie Reeves** of **Realm Real Estate Professionals** represented the seller.

ECONOMIC & FINANCIAL NEWS

The total number of nonagricultural wage and salary jobs in the ten-county Houston area increased by about 6,200 jobs to 2,516,600 in September 2009, according to the **U.S. Department of Labor**. This month's total is 76,700 fewer jobs than the 2,593,300 jobs at this time last year. Of nonagricultural employers, the Education and Health Services sector posted both the largest gain over the month at 1,100 jobs and the largest year over year increase, which added 7,100 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 September 2009 were \$344.7 billion, a decrease of 1.5% from August and 5.7% below September 2008. Retail trade sales in September were down 1.7% from August and 6.4% below last year's level.

Personal income decreased \$0.1 billion, or about 0.1%, and Disposable Personal Income (DPI) decreased \$0.2 billion, or about 0.1%, in September 2009, according to the **Bureau of Economic Analysis**. Personal Consumption Expenditures (PCE) decreased \$47.2 billion or 0.5% in September 2009. Meanwhile, the **U.S. Department of Labor** reports that the seasonally adjusted Consumer Price Index (CPI) for urban consumers increased 0.2% in September 2009, while it is 1.3% lower than September 2008.

The latest **Conference Board Survey** indicates that the **Consumer Confidence Index** decreased to 47.7 in October 2009, down 5.7 points from September. 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 September, following a 0.4% increase in August and 1.0% in July. The index is an indicator of direction the economy is expected to take in coming months, relative to a figure of 100 in 1996, the base year.

According to the **Federal Reserve**, industrial production increased 0.7% in September 2009 from previous month but is down 6.1% from the September 2008 level. Output in the manufacturing sector increased 0.9% and output at mines increased 0.7%, while output of utilities decreased 0.7% in September. The rate of industrial capacity utilization was 70.5% in September, which is up 0.6% from August's revised level but down 0.6 points compared to the previous year's level.

Freddie Mac reports that the **30-year fixed-rate mortgage (FRM)** averaged 4.95% in October 2009, down

0.11 points from September and down 1.25 points from one year ago. The average for the **15-year FRM** averaged 4.39% in October 2009, down 0.10 points from September and down 1.5 points from October 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, increased at an annual rate of 3.5% in the third quarter of 2009, compared to the second quarter decrease of 0.7%. This increase in GDP in the third quarter primarily reflected positive contributions from personal consumption expenditure (PCE), exports, residential fixed investment, private inventory investment, and federal government spending.

The **U.S. Department of Commerce** reports that construction spending during September 2009 was estimated at a seasonally adjusted annual rate of \$940.3 billion, which is 0.8% above the revised August 2009 estimate. The current figure is, however, 13.0% below the September 2008 estimate of \$1,081.2 billion. Private residential construction was at a seasonally adjusted annual rate of \$256.0 billion in September, 3.9% above the revised August estimate of \$246.4 billion.

The **Baker Hughes** count of active domestic rotary rigs stands at 1,044 for October 2009. The current rig count is down nearly 47.2% from last year's figure of 1,976 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 97.5 in September, down 0.4 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 23rd consecutive month below 100.

POTPOURRI

According to the monthly **Monster Worldwide, Inc.** employment index, online job demand had a one-point increase in the month of October, against the decrease of 2 points in September. The index currently stands at 120 and is 30 points below October 2008, a decrease of 20.0%. Online demand for workers increased in 5 of the 28 major U.S. metro markets.

According to the September 2009 **Architecture Billings Index**, developed by the **American Institute of Architects**, September reported an index of 43.1, up 1.4 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 59.1.

Houston witnessed several new appointments to executive-level positions of its commercial real estate firms, during the month of October. **Bob Nowak**, with **Means Knaus Partners** (713-355-9100) since July 2008, has been named Chief Operating Officer. Mr. Nowak previously served as the company's Senior Managing Director for the western United States. **John Stacy**, previously Vice President of financial and investment services at MMB Group, has joined **Crosswell Realty Partners** (713-266-9200) as Chief Operating Officer. **The Institute of Real Estate Management Houston Chapter** (713-783-9225) has appointed **Frank Staats** of **Crescent Real Estate Equities** (817-321-2100) and **Mary Butler** of **Granite Properties** (713-572-1818) as president and president elect in 2010, respectively.

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