

**July 2016**

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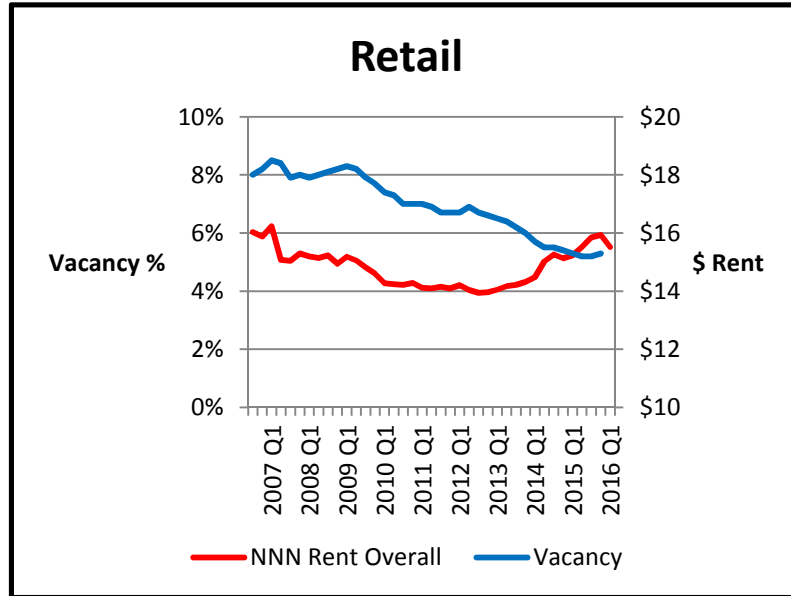
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**Commercial Markets**

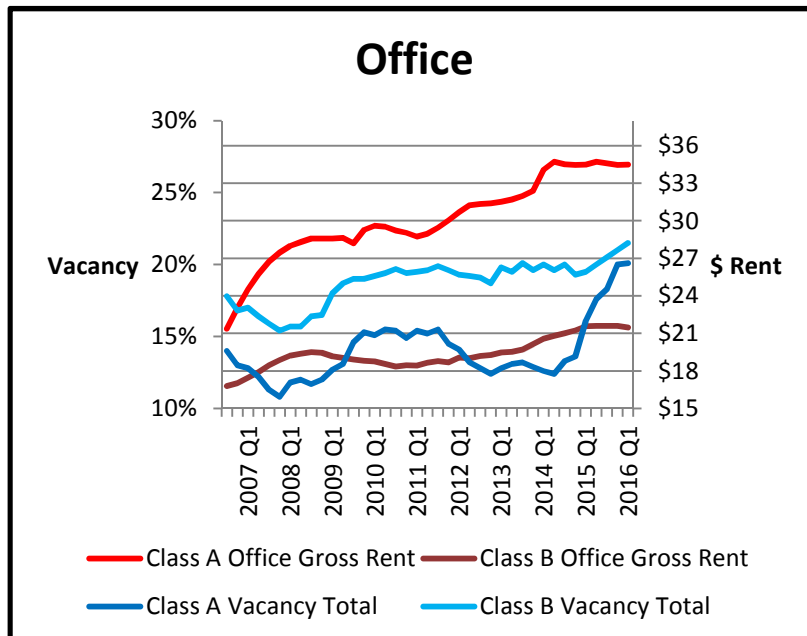


**Summary**

Vacancy continues to decrease since hitting its peak in Q1 2015. Before vacancy peaked it was stable from 2013 to 2015. Rents have declined for consecutive quarters.

**2016 Q1 Statistics**

Inventory  
323,411,249 SF  
NNN Rent  
\$15.17  
Vacancy  
5.57%



**Summary**

The office market continues to see an increase in vacancy with Class B having the highest vacancy. For the past two years, the office market had seen a small fluctuation in rent prices until late 2015. Since late 2015 prices have experienced a declining trend.

**2016 Q1 Statistics**

Net Absorption: 509,542 SF  
Class A Vacancy: 18%  
Class A Rate: \$35.16  
Class B Vacancy: 20%  
Class B Rate: \$21.27



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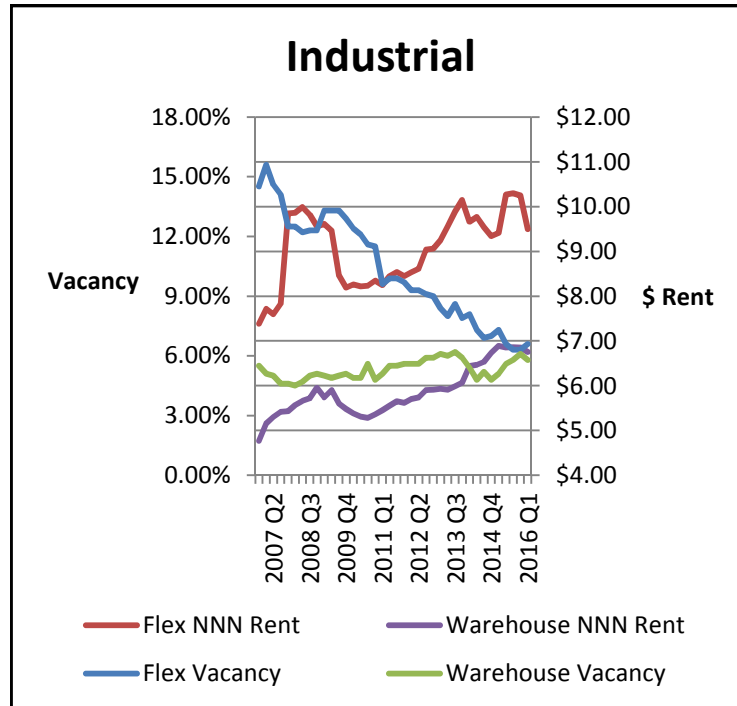
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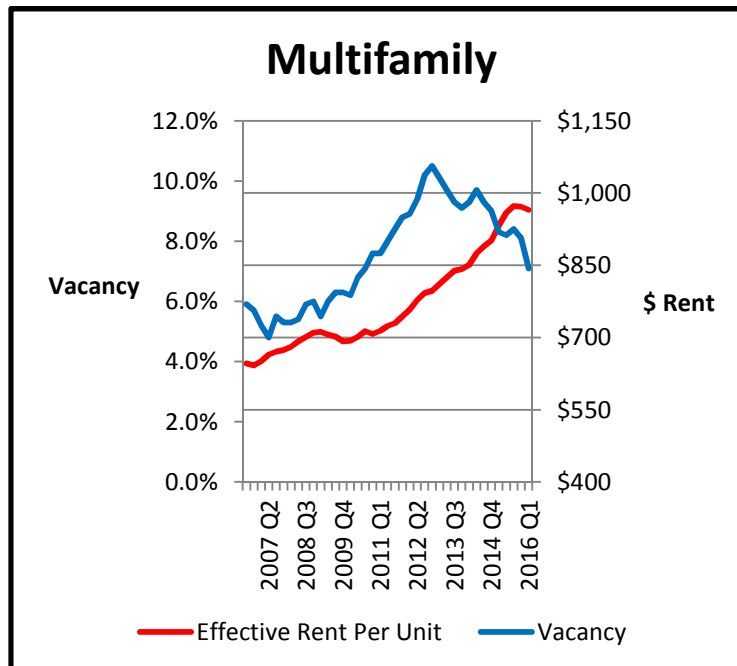


**Summary**

The industrial market had another decline in vacancy continuing since Q3 2014. When looking at the flex market it has continued to decline in rent since Q2 2015. However, the warehouse market continued to be stable with consecutive quarters of the same rent price. Looking at the recent trends flex space is more volatile with changes in the economy affecting its vacancy and rents.

**2016 Q1 Statistics**

Inventory: 447,565 SF  
Flex Vacancy: 5.06%  
Flex Rate: \$8.00-\$10.00  
Warehouse Vacancy: 5.72%  
Warehouse Rate: \$6.31



**Summary**

Multifamily saw an increase in effective rent per unit from 2007 until 2015. Effective rents from 2015 to Q1 2016 flattened out or slightly decreased. Recent statistical growth is primarily due to introduction of new product and not same store rent increases. A substantial amount of product has been added with more still under construction. This will test the depth of the market in 2016. However, vacancy continued its decline since Q2 2015.

**2016 Q1 Statistics**

Occupancy: 91.50%  
Effective Rent: \$990  
Effective Avg. Rent/SF: \$1.12  
Average Sq. Ft.: 882

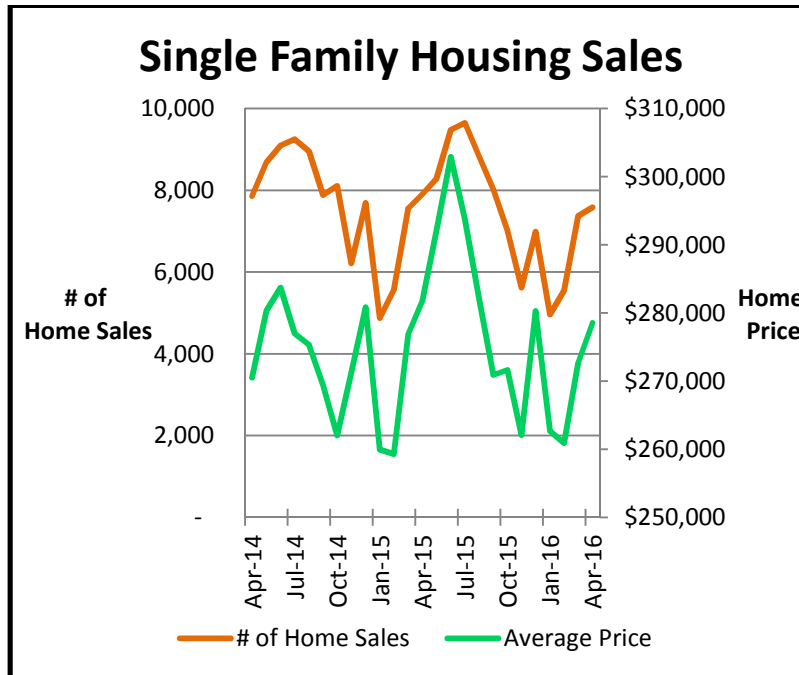
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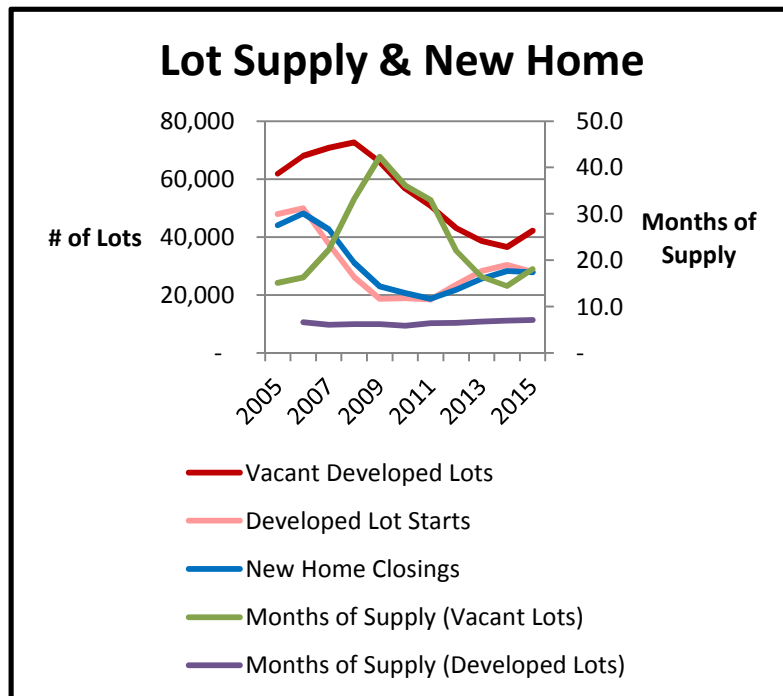
**Valbridge Property Advisors | Houston** provides appraisals, consulting, market studies and feasibility analyses within the Houston MSA.

## Housing Trends



### Summary

According to the Houston Association of Realtors, the numbers of home sales and housing prices have seen an increase since the beginning of 2016. For April 2016, we have an average housing price of \$278,544 and a total of 7,583 homes sold.



### Summary

Houston continues to see growth in the number of vacant developed lots and months of supply (vacant lots and developed lots). The market appears to have stabilized for the time being with starts declining by 2.3% but sales increasing by 1% through 1Q 2016.

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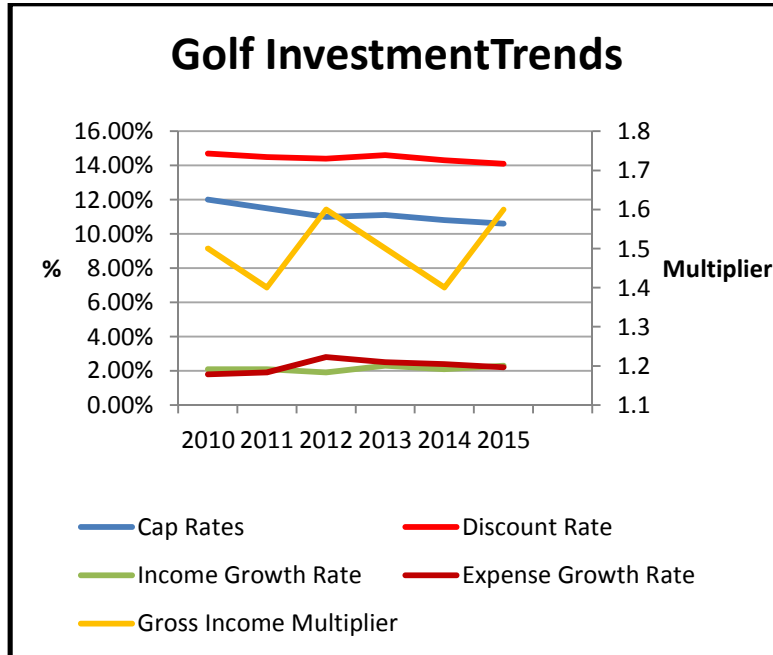


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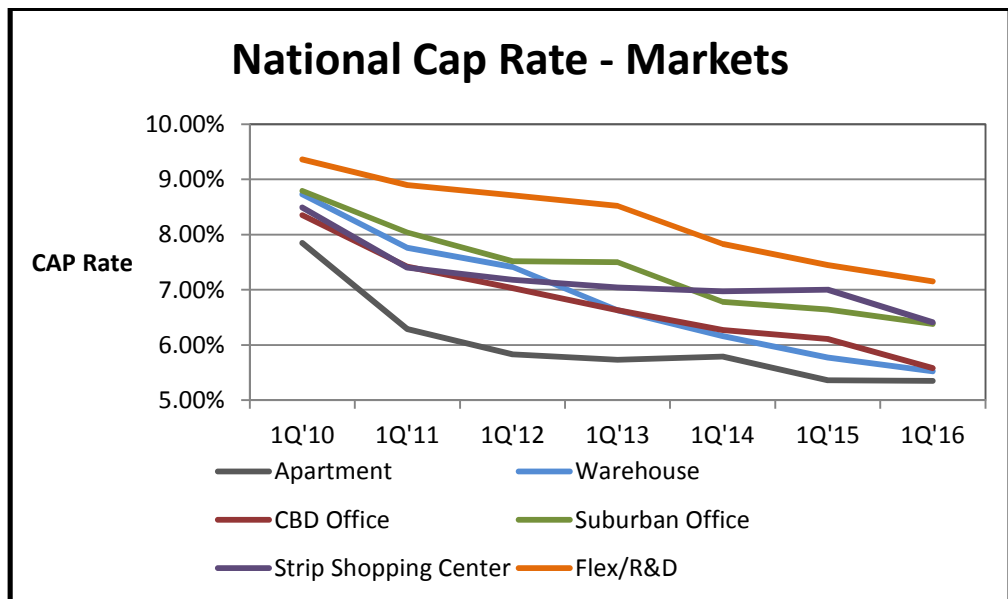
**Golf Investment Trends**



**Summary**

Golf courses have seen declining cap rates since 2010 and have an indicated current average cap rate of 10.60%. Over this period there has been an increase in the income growth rate and expense growth rate, despite the recent decline in values. Over the last 5 years the golf course supply has declined by an average of 150 courses per year as the market continues a correction to the oversupply created by over building in the early 2000's.

**Cap Rates – National**



## Data Sources

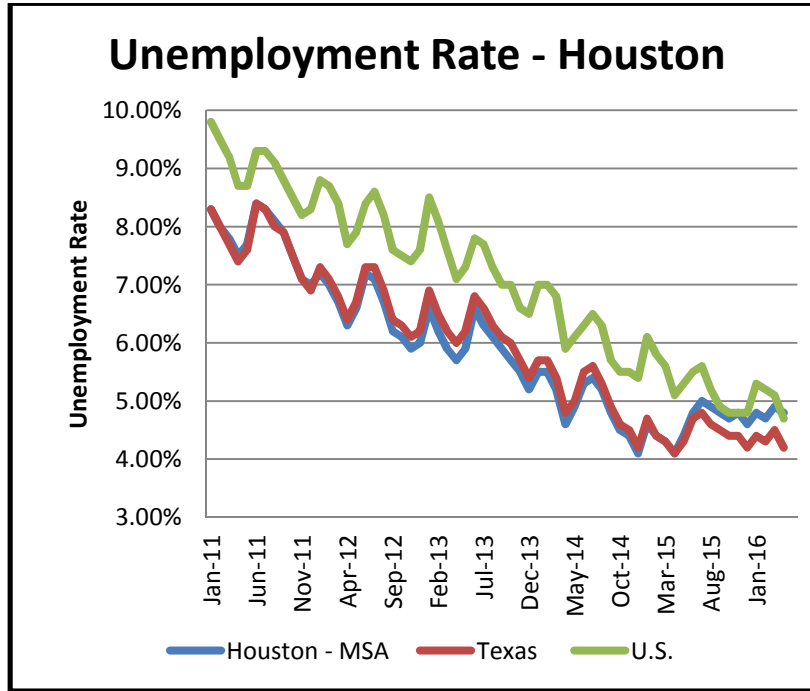
- Colliers
- CoStar Group, Inc.
- Cushman & Wakefield
- Houston Association of Realtors
- IH45 North and More
- JLL
- Marcus & Millichap
- Newmark Grubb Knight Frank
- PMRG
- PWC
- Situs Real Estate Research Corporation
- The Society of Golf Appraisers
- Transwestern
- Texas Department of Transportation
- Texas Labor Market Information
- Texas Workforce Commission
- Valbridge Property Advisors

*Some figures are interpolated and estimated due to variances between the reports.*

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## Unemployment Rates



### Summary

According to the Texas Workforce Commission, the April 2016 unemployment rate for the Houston MSA was at 4.8%. This percentage is currently higher than the U.S. average (4.7%) and Texas average (4.2%). This is primarily attributed to the downturn in the energy sector and decline in construction for the Houston MSA.

## Right of Way: I-45 Pierce Elevated



### Summary

Redesign of I-45 around Downtown Houston

Removal of Pierce elevated

Project is estimated at \$6 Billion

28-Lanes at I-10 segment north of downtown

The construction **start date** has not been set by TXDOT and there is **no current funding** at this time, the project is in a very preliminary phase.