



### August 2017

In This Issue

Commercial Markets

- Retail
- Office
- Industrial
- Multifamily

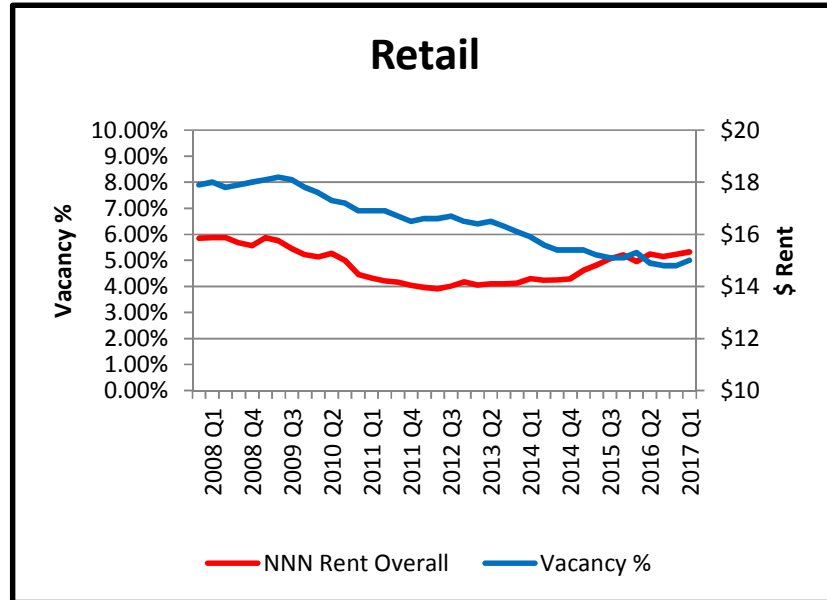
Housing Trends

- Single Family Housing
- Lot Supply & New Home Data

National Cap Rate

Unemployment Rates

## COMMERCIAL TRENDS

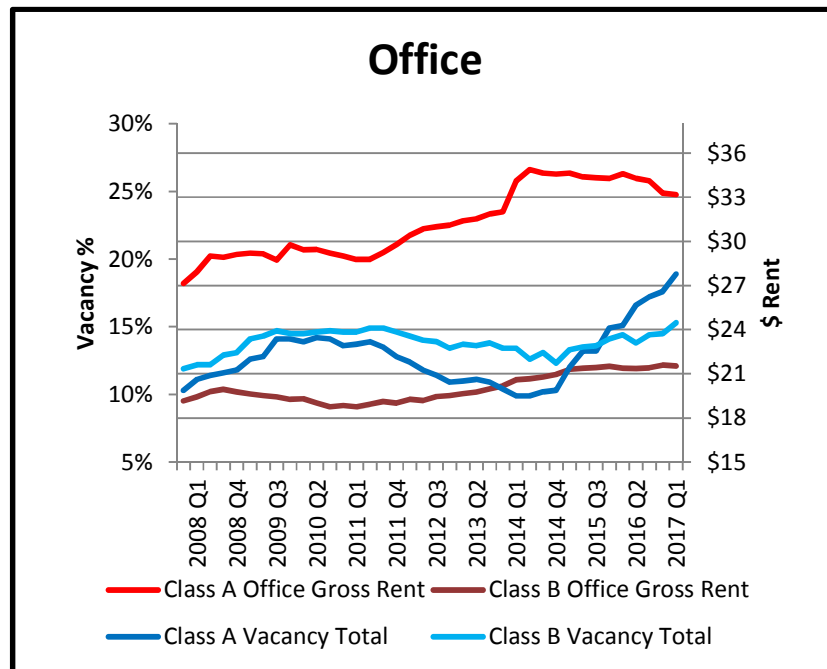


**Summary**

Vacancy remains under 6% and stable, however it has ticked up by 0.2% for 2017.

**Notable Activity**

Fidelis will deliver 450,000 sf of retail space at Beltway 8 and W. Lake Houston at the Summerwood community. Anchors include Kroger, Dicks, Burlington, and Ross. Multiple pad sites will front the Beltway.



**Summary**

The Class A office market continues to see the greatest increase in vacancy. For 2017 Class A rent per square foot has decreased 0.3% since 2016.

**Notable Activity**

In May, Hines delivered 609 Main at Texas, a 48 story, 1,050 west street office tower in the Houston CBD. Opening occupancy was around 60%.



## Houston Office

*Sr. Managing Director*  
Gerald Teel, MAI, CRE, SGA  
(832) 369-2555  
[gteel@valbridge.com](mailto:gteel@valbridge.com)

*Sr. Managing Director*  
Chris Lantz, MAI  
(832) 369 - 2559  
[clantz@valbridge.com](mailto:clantz@valbridge.com)

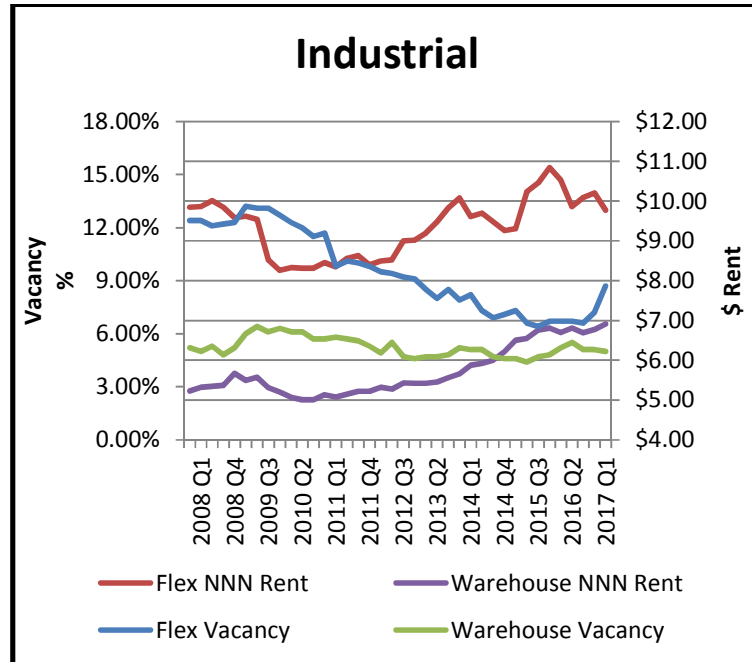
*Sr. Managing Director - Multifamily*  
Tim Treadway, MAI, CCIM  
(832) 369 - 2556  
[ttreadway@valbridge.com](mailto:ttreadway@valbridge.com)

*Managing Director - Golf/ Subdivision*  
Jack Taylor, MAI, CCIM  
(832) 369 - 2560  
[jtaylor@valbridge.com](mailto:jtaylor@valbridge.com)

*Director - Right of Way*  
Jason Mushinski, MAI  
(832) 369 - 2554  
[jmushinski@valbridge.com](mailto:jmushinski@valbridge.com)

*Director - Litigation*  
Joshua Wood, MAI  
(832) 369 - 2543  
[jwood@valbridge.com](mailto:jwood@valbridge.com)

*Director - Office*  
Paul Gilliam, MAI  
(512) 270 - 4780  
[pgilliam@valbridge.com](mailto:pgilliam@valbridge.com)



### Summary

The industrial market has seen a 2% increase in vacancy since 2015, however the industrial sector still remains to have the lowest vacancies in the commercial marketplace.

### Notable Activity

Daikin Industries opened the 4.1 million square foot air conditioning manufacturing facility in far Northwest Harris County. The facility will eventually employ 4,000 and cost over \$400 million to construct.

### Hospitality Spotlight

Hotel ZaZa is drawing closer to its year-end 2017 opening in Memorial City. The property will feature 159 hotel rooms, coupled with 133 apartment units, being developed by Metro National.

Not to be outdone, Midway is partnering again with Valencia to develop the 223-room Hotel Alessandra in downtown Houston, at Green Street. The hotel is scheduled for a fall 2017 launch.



Hotel Alessandra

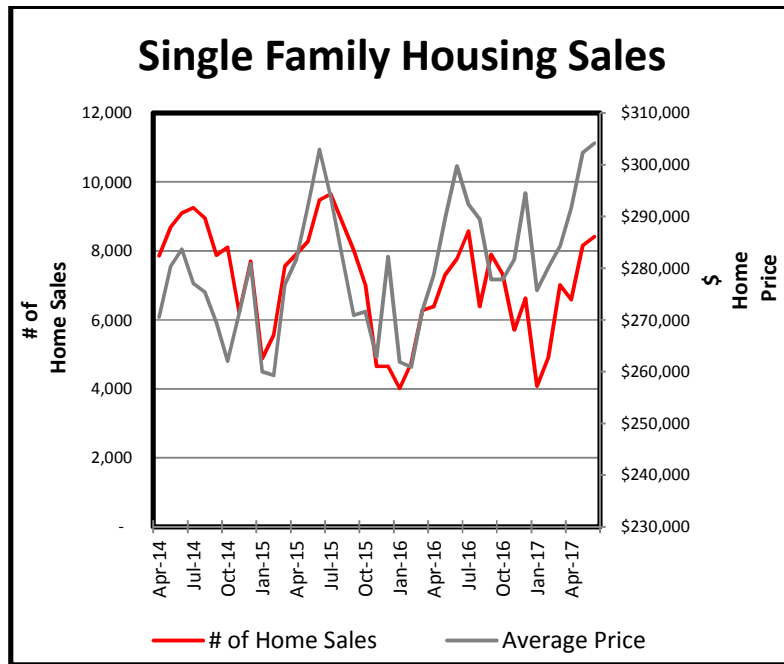
**Valbridge Property Advisors** is one of the largest commercial property valuation and advisory services firms in the U.S.

**Valbridge** has 200 MAIs, 68 office locations and 650+ staff across the nation. Each Valbridge office is led by an appraiser who holds the MAI designation of the Appraisal Institute.

**Valbridge Property Advisors | Houston** is led by 10 MAI designated members of the Appraisal Institute representing more than 180 years of combined real estate experience.

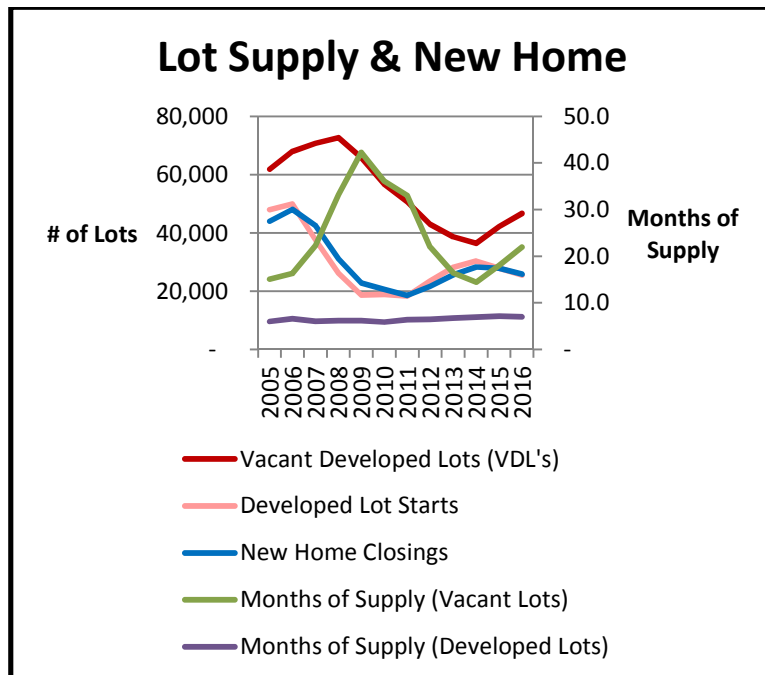
**Valbridge Property Advisors | Houston** provides appraisals, consulting, market studies and feasibility analyses within the Houston MSA.

## Housing Trends



### Summary

According to the Houston Association of Realtors, the number of home sales and housing prices have seen an increase since the beginning of 2017. For June, the average housing price was \$304,155 with a total of 8,414 homes sold. HAR reported that the 8.3% increase of single family homes sold also set the bar for the largest one-month sales volume of all time.



### 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 annualized starts at 25,789 and annualized new home sales at 25,809 through 1Q2017.



**Follow Us  
On Social Media**

Follow Us on Twitter



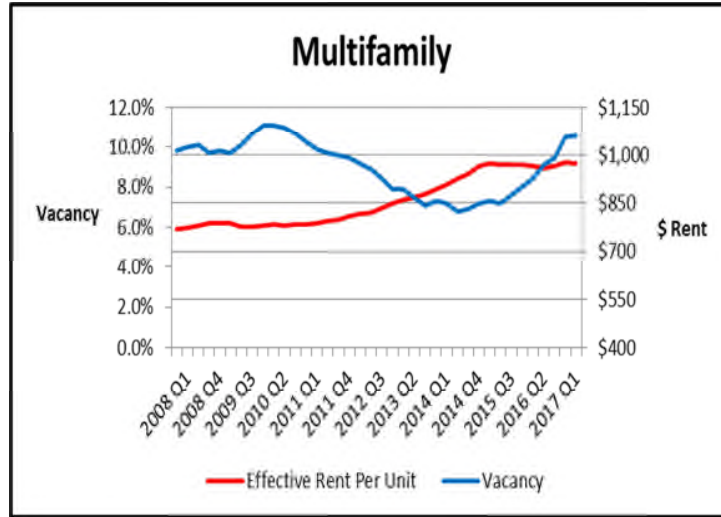
Like Us on Facebook



Follow Us on LinkedIn



Learn more about  
Our Office  
&  
Request a Consultation  
[Valbridge.com/Houston](http://Valbridge.com/Houston)



**2017 Q1 Statistics**

Inventory: 685,534 units  
Occupancy: 89.4 %  
Effective Market Rent: \$966

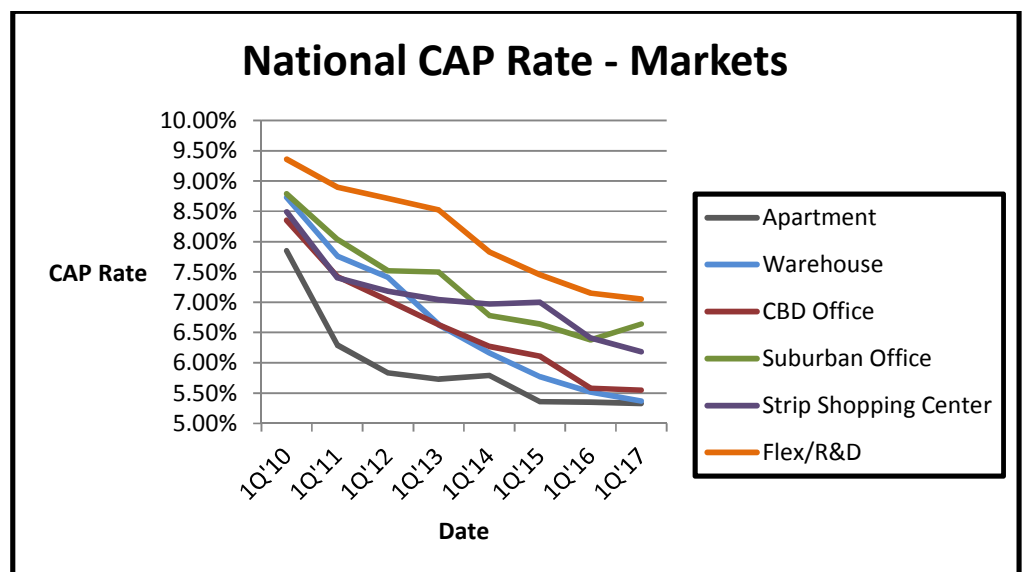
**Summary**

The multifamily market has experienced a decline in rents and occupancies due to a high level of additions

and a slowdown in the economy. While conditions are stabilizing currently, some micro-markets are still offering significant concessions to entice absorption. Since 2016, effective market rents and occupancy have fallen by 0.6% and 2.2% respectively.

Per HAR, the average price of housing has increased 1.5% over the prior 12 months. Could say, "For June the average housing price was \$304,155, or 1.5% above the prior June, with a total of 8,414 homes sold. Per HAR, this set the all-time record for the highest one month sales volume."

**Cap Rates – National**





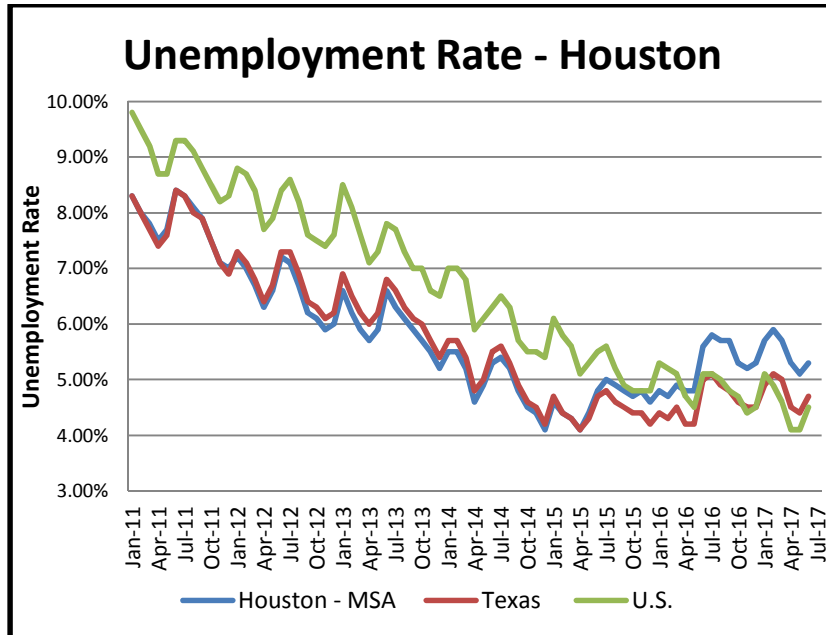
## Data Sources

- Colliers
- CoStar Group, Inc.
- Cushman & Wakefield
- Houston Association of Realtors
- Houston Business Journal
- JLL
- Marcus & Millichap
- Transwestern
- Newmark Grubb Knight Frank
- PMRG
- PWC
- Situs Real Estate Research Corporation
- Texas Labor Market Information
- Texas Workforce Commission
- Valbridge Property Advisors

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

**Prepared by:**  
Val Cadena

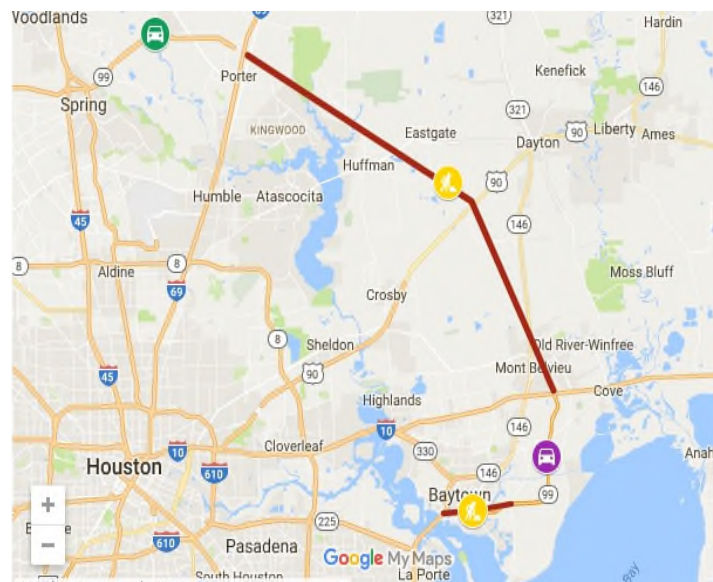
## Unemployment Rates



### Summary

According to the Texas Workforce Commission, the June 2017 unemployment rate for the Houston MSA was at 5.3%. This percentage is currently higher than the U.S. average (4.5%) and Texas average (4.7%). This is primarily attributed to the downturn in the energy sector and decline in construction for the Houston MSA.

## Grand Parkway segments break ground in 2018



### Summary

The Texas Department of Transportation has awarded a design-build contract to Grand Parkway Infrastructure for construction of Grand Parkway segments H, I-1, and I-2.

Construction of the 44 mile stretch of tollway is slated to begin in early 2018, with lanes opening in 2022.

Segments H through I-2 will pass through Chambers, Harris, Liberty and Montgomery counties when completed, connecting HWY 59 in New Caney to HWY 146 in Baytown.