



Monthly Economic Digest

September 2007



Regional Economic News

Houston Area Apartment Occupancy and Rental Rates Up

Houston area apartment occupancy increased 0.1 percentage points in July to 88.5% compared to last month, but decreased by 1.7 percentage points since this time last year. Average rent per unit increased by \$1.3 in July (\$781.9) compared to last month and by \$16.4 over the past 12 months (*O'Connor & Associates, 07/07*).

Houston Retail Market Down

Overall occupancy of Houston's retail market for the 2nd quarter of 2007 is down 0.4 percentage points to 85.4% compared with the previous quarter. The rental rates did not change significantly during the second quarter and remained around \$1.6 per sf (*O'Connor & Associates, 2nd Q07*).

Houston Area Home Prices Down

The median price of single-family homes fell less than 1% to \$155,100 compared with the same month a year ago. Houston realtors sold 6,856 homes in July, a 1.6 % increase compared with a year earlier, according to the Houston Association of Realtors. However, the number of single-family homes sold at the entry-level price (\$80,000-\$150,000) range dropped by 6.6 % compared with a year earlier, while number of higher priced homes (\$500,000 or more) sold went up by 15.3 % during the same period (*HC², 08/16/07*).

Houston Area Jobs Down

Nonagricultural wage and salary employment in the Houston-Sugar Land-Baytown area dropped by 4,500 jobs in July due to seasonal activities in state and local education, according to the Texas Workforce Commission. The unemployment rate in the area rose to 4.6 % in July from 4.4 % in June. However, it is 0.8 percentage points lower than the 5.4 % figure for the same month in 2006 (*HBJ¹, 08/17/07*).

Houston CBD Hits New High in Building Sale and Rent

Novati Group and General Electric Pension Trust paid \$370 million (\$295 per sf) to Houston-based Hines for the 56-story Bank of America Center building in downtown (*HBJ¹, 08/23/07*). Hines also sold the 25-story office building at 919 Milam for just over \$100 million to Chicago-based Transwestern Investment Company LLC (*HBJ¹, 08/30/07*). In another development, Houston

CBD hits new high for Class 'A' rent with 5 Houston Center setting the new benchmark of \$30 per sf rental rate (*GlobeSt.com, 08/06/07*).

Waller County Newest Majority-Minority County

Among counties with population in 2006 of 10,000 or more, Waller County has become one of the latest counties where most of the population is composed of minorities, according to the U.S. Census Bureau. Harris County led the nation in number of minority residents added (121,400) between 2005 and 2006. It ranks third nationally, in terms of minority population (2.5 million), just under Cook County. Los Angeles County had the largest minority population (7.1 million) in 2006. Harris County also recorded the second-largest increase in Hispanic population (63,000) between 2005 and 2006, just under Maricopa County, AZ (71,000) (*HBJ¹, 08/23/07*).

Port of Houston Develops Security District

Gov. Rick Perry signed House Bill 3011 into law on Aug. 14 that will create Houston Ship Channel Security District, which will assist in local operations and maintenance of security infrastructure (*HBJ¹, 08/13/07*).

Houston City Council Committee Draft Ordinance Regarding Parks

The city is considering a parks dedication ordinance that would entail home developers who built 100 houses to provide 2.6 acres for parks space or pay an \$80,000 fee. The ordinance may come in place by Oct. 1st (*HC², 08/24/07*).

Texas City Commissioners Grant Tax Abatement for Ship Repair Company

Texas City's City commissioners granted \$15 million tax abatement for Bollinger Texas City LLC, a local ship repair company. According to Texas City Mayor Matthew T. Doyle, the abatement is expected to create 25 permanent jobs (*The Daily News, 08/02/07*).

Waste-Oil Facility to be Converted to a Biodiesel Plant

GreenHunter Energy Inc. is spending \$50 million to retool a 13-year-old waste-oil refining facility along the Houston Ship Channel into renewable energy plant to produce 105 million gallons a year of biodiesel from various feedstocks (*HBJ¹, 08/10/07*).

Power Plant Expands in Oak Ridge North

A gas turbine is being added to Oak Ridge North's biodiesel-fueled power plant. This will increase the plant's capacity of generating electricity from 7 to 12 megawatts (*Conroe News*, 08/07/07).

Two Land Developers Relocate to Cinco Ranch

Kerry R. Gilbert & Associates Inc. and KGA/DeForest Design LLC have leased 14,000 sft of Class 'A' office space in LaCenterra at Cinco Ranch. The sister companies are relocating from Park Ten Office Park in Houston (*HBJ*¹, 08/17/07).

Cedar Bayou Power Plant Increasing Capacity

NRG Energy Inc. and EnergyCo are building an electricity generating plant fueled by natural gas at NRG's Cedar Bayou generation station in Chambers County. The plant is expected to be ready by summer 2009 and generate 550 megawatt-hours of electricity (*HBJ*¹ 08/03/2007).

Two New H-E-B Stores in Northwest Houston

H-E-B is planning to open two new stores, one in Cypress Market at 24224 Northwest Freeway and the other in Vintage Park at US 249 and Louetta. The stores are scheduled to open in 2-3 months and are expected bring 1,000 jobs to Northwest Houston area (*HCB*², 8/8/07).

New Mixed-Use Development in Galleria

OliverMcMillian LLC, a California based development company is planning to develop 'River Oaks District' a \$600 million mixed-use project in the upscale Galleria area. The 15-acre site is currently occupied by 655 units of the Westcreek Apartments. River Oaks District will include two luxury hotels, 300 luxury apartment units, a 10-story office building, and 350,000 sft of ground level retail space. Construction is expected to begin by the end of year 2008 and take 2 years to complete (*HBJ*¹, 08/10/2007).

New Theater Complex to Open in Tomball

The 100,000-sf Silverado Station Theatre complex developed by Santikos Theatres and Santikos Development is set to open on Nov. 1. The theatre plans to hire 100-150 people locally. Another 100,000-sf is set for retail and restaurant space, but developer has not set a groundbreaking date on that part of the project (*HC*², 08/07/07).

1,250 acres of Undeveloped Land Purchased in Chambers County

Hakeem Olajuwon, the former Houston Rockets basketball player has purchased 1,250 acres of undeveloped land in Chambers County near Baytown, along both sides of I-10 East. Olajuwon in turn plans to sell the property to home builders and commercial developers (*HC*², 08/10/07).

1,200 acres of Land in Jacintoport Industrial Park Sold

Houston-based Pinto realty Partners and New York-based ING Clarion purchased 1200 acres of deep water property on the Houston Ship Channel. The property located at the intersection of Beltway 8 and I-10 is suitable for large scale development such as deepwater terminal, container terminal, and oil and chemical terminal (*HBJ*¹, 08/24/07).

2,795 acres of Beachfront Property on Bolivar Peninsula Purchased

A group of Dallas based companies purchased 2,795 acres of beachfront property on Bolivar Peninsula for residential development. The Bolivar area is undergoing building boom with 90 new building permits each year (*HC*², 08/28/07).

¹HBJ: Houston Business Journal

²HC: Houston Chronicle

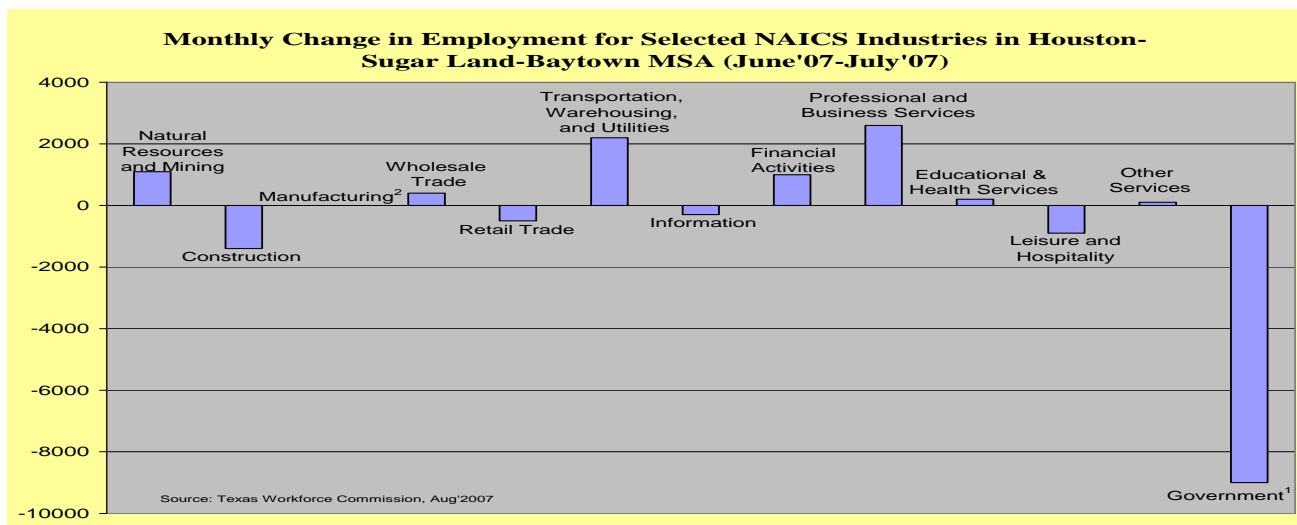
³HCB: Houston Community Newspapers

Regional Economic Trends

Change in Employment and Unemployment Rate										
Area Title	Employment (in thousands)					Unemployment Rate				
	July'07	June'07	July'06	Monthly Change	Yearly Change	July'07	June'07	July'06	Monthly Change	Yearly Change
Austin	13.1	13.0	12.8	0.1	0.3	4.1	4.0	4.7	0.1	↓ -0.6
Brazoria	134.8	134.3	131.7	↑ 0.5	↑ 3.1	4.9	4.7	5.5	0.2	↓ -0.6
Chambers	14.1	14.0	13.7	0.1	0.3	5.0	4.7	5.7	0.3	↓ -0.7
Colorado	10.7	10.8	10.9	0.0	-0.1	4.1	4.1	4.9	0.0	↓ -0.8
Fort Bend	238.5	237.6	233.0	↑ 0.9	↑ 5.4	4.4	4.4	5.1	0.0	↓ -0.7
Galveston	139.0	138.5	135.9	↑ 0.5	↑ 3.2	5.1	4.8	5.7	0.3	↓ -0.6
Harris	1,841.9	1,834.9	1,800.0	↑ 7.0	↑ 41.9	4.6	4.4	5.4	0.2	↓ -0.8
Liberty	31.2	31.1	30.5	0.1	↑ 0.7	5.6	5.3	6.4	0.3	↓ -0.8
Matagorda	14.6	14.9	15.3	-0.2	↓ -0.7	7.5	7.0	8.2	↑ 0.5	↓ -0.7
Montgomery	192.9	192.1	188.5	↑ 0.7	↑ 4.4	4.3	4.1	4.8	0.2	↓ -0.5
Walker	24.6	24.9	24.8	-0.3	-0.1	5.5	5.6	6.3	-0.1	↓ -0.8
Waller	16.0	16.0	15.7	0.1	0.4	5.0	5.1	6.0	-0.1	↓ -1.0
Wharton	19.5	19.8	20.2	-0.2	↓ -0.7	5.1	4.8	5.4	0.3	-0.3

↑ indicates employment and unemployment rate change of 0.5 and above;
 ↓ indicates employment and unemployment rate change of -0.5 and below;

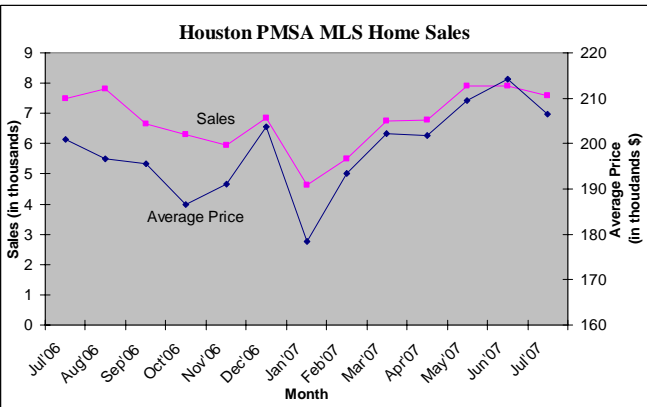
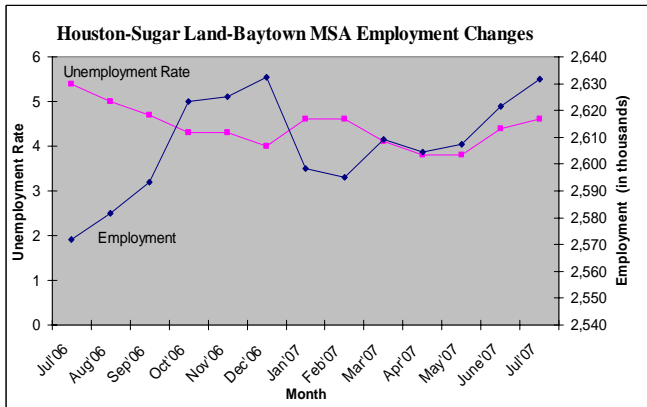
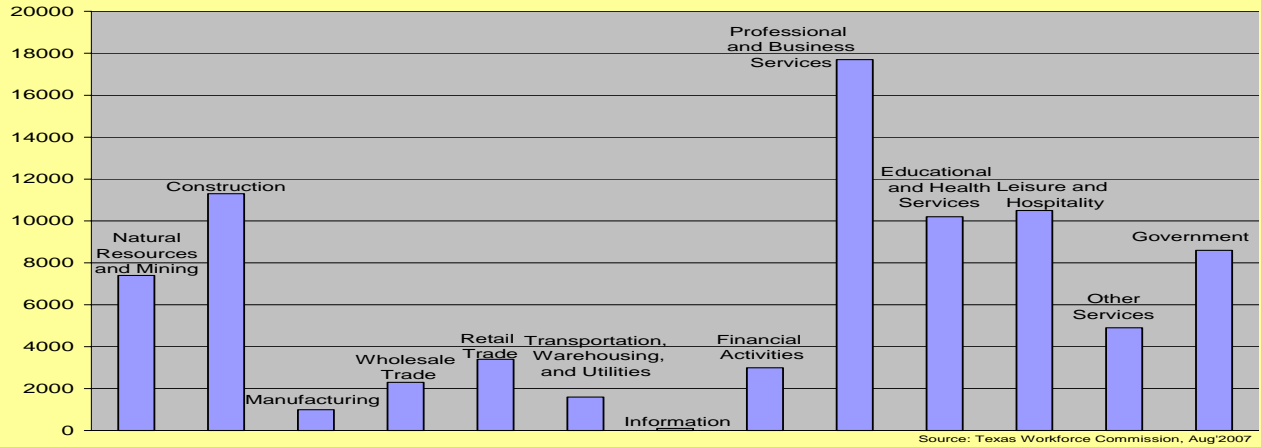
Source: Texas Workforce Commission, August 2007.



Note: ¹ Drop in Government employment is 'due to seasonal activity in Local Government as areas schools released staff for the summer holiday' (Texas Labor Market Review, August 2007).

² There was no change in employment for manufacturing industry.

Yearly Change in Employment for Selected NAICS Industries in Houston-Sugar Land-Baytown MSA (July'06-July'07)

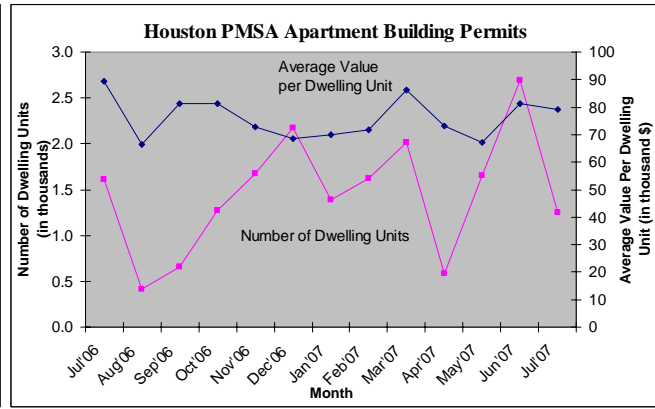
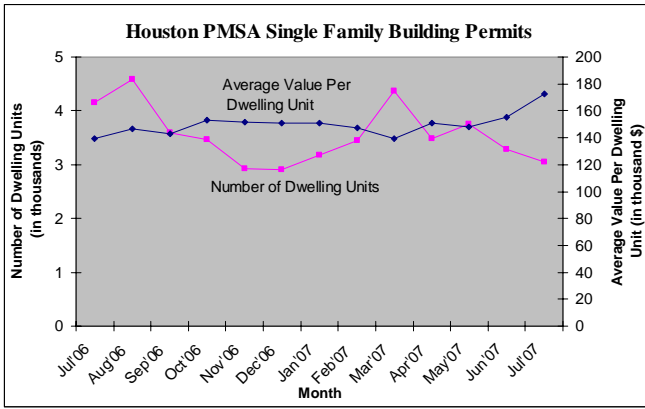


Houston-Sugar Land-Baytown Civilian Labor Force		
Change	Monthly	Yearly
Employment (in thousands)	↑ 10.0	↑ 60.0
Unemployment Rate	↑ 0.2	↓ -0.8

Source: U.S. Census Bureau and Real Estate Center at Texas A&M University, 2007.

Houston MLS Residential Housing Activity		
Change	Monthly	Yearly
Home Sales (in thousands)	↓ -0.3	↑ 0.1
Avg. Price (in thousand \$)	↓ -7.6	↑ 5.7

Source: Real Estate Center at Texas A&M University, 2007.



Houston PMSA Single Family Residential Building Permits		
Change	Monthly	Yearly
Number of Dwelling Units (in thousands)	↓ -0.2	↓ -1.1
Average Value Per Dwelling Unit (in thousand \$)	↑ 17.9	↑ 33.3

Source: U.S. Bureau of Census and Real Estate Center, Texas A&M University, 2007.

Houston PMSA Apartment Building Permits		
Change	Monthly	Yearly
Number of Dwelling Units (in thousands)	↓ -1.4	↓ -0.4
Average Value Per Dwelling Unit (in thousand \$)	↓ -2.1	↓ -10.4

Gulf Coast Economic Development District

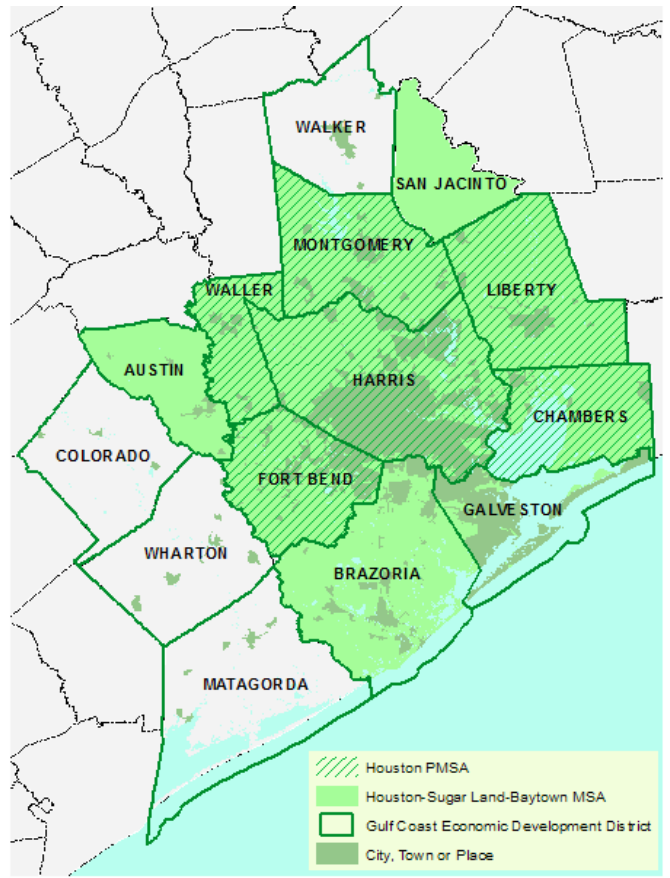
Website: www.gcedd.org

Houston-Galveston Area Council

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For comments and suggestions, please contact: psambidi@h-gac.com. Please share your thoughts with us, if you think you have some information that can be included in the Economic Digest, please do not hesitate to contact us.

Thank you.