



## Fort Bend County adding over 600,000 square feet to Industrial Market By Lang Motes, Senior Vice President

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What a year 2005 developed into and the Fort Bend industrial real estate market was no exception, lets take a brief five year look back at the events that played into shaping the industrial market to bring everything into perspective.

**Over the last five years the U.S, Texas and local economy have worked diligently to pick up economic steam but we have been hit with several blows taking the wind out of our sails.** Five short years ago 9/11 resulted in a huge gut check launching drastic changes in security awareness. Security related planning and implementation topped the list in 2002 from the government level to every business in America. The overall economy started recovering in mid-2003 to early 2004 but the year 2004 ended rather somber.

The world was shocked and introduced to a term largely unknown by most outside the weather community on December 24, 2004 – tsunami. Aghast by the sheer magnitude of the tragedy, the world responded in early 2005 and then hurricane season started. Mid-year 2005 one of the strongest and longest hurricane seasons in recent history cranked up and the month of September will not be forgotten soon by the residents of Louisiana and Texas.

Katrina and Rita packed an enormous punch in reshaping the large majority of Gulf Coast residents view on natural disasters. Most people were brought to their knees and many lives were changed forever. So how has our five year history shaped the industrial market?

Enron, outsourcing, security changes, spending reluctance, and natural disasters have been challenging to the economy, but we are now coming back stronger albeit at a slower rate. **The housing, construction, medical and electronics sectors have all been growing for the last several years as well as an increase in overall retail sales.** This growth has also spilled over into commercial real estate via new retail developments, increased absorption, strong investment sales, and seemingly non-stop land acquisitions for new home developments.

The net result for businesses located in Fort Bend is simple. **Fort Bend County's industrial real estate market remains strong but continued increases in construction costs are still pressuring rental rates upward.** Even with steel and concrete prices at all time highs we are still seeing real growth in the industrial side of the market. Current new construction is reflective of this strength with over 600,000 square feet under construction in Fort Bend County alone. This translates to 41% of all 1.5 million square feet of buildings under construction in the entire greater Houston, Texas market.

Fort Bend County's new construction starts are reflective of three key factors:

- 1) expanding local businesses taking advantage of **low interest rates** and **constructing free standing buildings;**
- 2) creative landlords are working with tenants on **build-to-suit projects;** and
- 3) **county and local incentives.**

Often untapped county and local incentives have played a tremendous role in breaking the tie between Fort Bend County and other competing alternatives in recent years. Every year more and more businesses are choosing to relocate to Fort Bend County from both inside and outside Texas. Here is our quarterly Fort Bend County statistics summary.

### **Fort Bend: Industrial: 4th Quarter 2005**

Total Square Footage 19.3 million



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Available SF 1.9 million  
Vacancy 10.0%  
New Construction 1.3 million sf  
Under Construction 620,000 sf

On a related note Fort Bend partnered with area communities and played as big a role in hurricane response efforts so **hats off and huge thanks go out to Fort Bend and surrounding communities** for stepping up when it mattered most to help out our neighbors to the east.

If you are interested in learning more about office/warehouse, distribution space, service centers or manufacturing facilities please contact Lang at Indermuehle & Company.

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