



In the business world, the rearview mirror is always clearer than the windshield

By Jim Shaw, Vice President

This quote from Warren Buffet is certainly true as it relates to a description of the land market as it relates to Fort Bend County and projections for sales, development and absorption in 2006.

I am asked regularly what the land market, (everything else related to real estate as well), will do price and absorption wise in the next several years. I can assure that if I knew the absolute answer I would not have to write about it. If I did write about it, this would be sent from some isolated island with my feet up. The sales of land in Fort Bend County in 2005 have been at a relentless pace. The sizes of the transactions and the prices attained have been at or near record levels for this suburban market.

The 2005 land market in Fort Bend County has been nothing short of amazing. Golf courses, Old Orchard as an example, have been sold for residential development. We have seen 2000 acres between FM 1464 and Grand Parkway sold by the Land Office of the State of Texas for \$47,000,000 dollars and 110 acres of commercial property on Highway 6 and 90A, in Telfair, marketed, (and we are told under contract), at more than \$5.00 per sq. foot or nearly \$24,000,000.

The absorption of office and commercial sites in Sugar Land and Missouri City has exceeded expectations and at prices thought unattainable a very short time ago. The "Lake Point" development, a project that wraps the Fluor buildings, has quoted prices for highway frontage of more than one million dollars per acre.

"Telfair" is coming to life, on the land between New Territory, Hwy 6 and Hwy 59 and "Riverstone" is developing into Sugar Land out of the Missouri City portion of its Master Planned Community.

With these projects the realization is that Sugar Land has little left for any further major large land acquisitions and developments. The exception is the slowly evolving "Imperial Sugar Factory" redevelopment and its adjoining State of Texas owned property. It will however, be years yet before those projects experience the build-out that First Colony has attained.

As with Sugar Land, Lake Olympia's final expansion near the Fort Bend Toll Road and Sienna Plantation represent the final push for the large land developers in Missouri City.

The desire for the Hwy 6 and Hwy 59 locations by major institutional buyers has pushed land pricing to levels very difficult for some small businesses to afford. This is especially true for smaller lots in either Missouri City or Sugar Land.

The next most telling of the development occurring is in Richmond/Rosenberg.

What has been the future for substantial residential development west of the Brazos is no longer the future but the present. Ground has been broken and construction is progressing on what will be literally thousands of homes for the new families coming to Rosenberg/Richmond and Needville and beyond.

All the new residential development is finally providing the catalyst for the commercial projects that have been waiting for roof tops. Work has begun on the construction of the Town Center of Rosenberg which will have not only significant residential but also 600,000 sq ft of retail. Several of the new subdivisions such as Summer Lakes with nearly 1200 homes and Wind Meadows with nearly 700 homes will have commercial activity at their entrances.



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All the new development has raised awareness of the opportunity for developers to provide services far outside the local development community. Investors/Developers are marching down and purchasing Hwy 59 frontage to Beasley and beyond. What this *future* acquisition for development is doing is to provide upward pressure on the expectations of land owners for the value of their land.

Not to be negative but as a caution I note that we sold a property this fall on Hwy 90 in East Harris County for less than it was purchased in 1986.

All the forecasts are driven by expected growth. As Fort Bend Economic Development Council notes, that while the state of Texas grew 7.9% from 2000 through 2004, the U.S. Bureau of Census concluded that Fort Bend County grew 24.9% from 2000 through 2004 averaging over 6% annually. That growth is predicted to continue - Woods and Poole Economics ranks **Fort Bend as 2nd in growth for all U.S. counties** for the years 2005 - 2030.

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