



## **Future Planning for Land Developers**

**By Jennifer Raymond, Vice President – Brokerage Services**

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National headlines of a mortgage crisis, home foreclosures, high oil prices, high gas prices, and a falling stock market are leading American's perspective of our economy as recessionary. So the question is...are we all focused on how bad we have it or is anyone looking into the future to assess the direction we might be headed?

The basic law of economics of supply and demand still applies and should help us all plan for the upcoming years. Strong fundamentals continue to exist; therefore the doom and gloom of today can be overcome.

Today there is approximately six months of housing inventory on the ground. In the Houston region, our population of over 4 million continues to grow annually on average 2.2%. Therefore as 120,000 people move to the region each year, developers will need to continue to increase their inventory by delivering new homes to the market to keep up with this growth.

According to MetroStudy and Ted Jones, economist with Stewart Title, the Houston region is still a strong market making up 17-18% of all net new jobs to the U.S. adding 70,000-80,000 new jobs in the past 12 months. These jobs contributed to Texas' strong position of creating 43-48% of the net new jobs in the U.S. These local growing businesses are hiring need a place to go. The fundamentals are sound and development will inevitably continue, but with caution.

There are still areas of unpredictability and exactly how these areas will affect the market short term, including further announcements of financial institutions mortgage collapse, the presidential election, inflation, and the future of the capital gains tax are yet unknown. For these reasons, the National Association of Realtors projects that commercial real estate investment this year will be 40% below 2007 levels.

The consensus among investors and developers alike is that the fundamentals are sound and the Houston commercial real estate market is very attractive. They are standing by to see how things shake out in the next few months and will proceed with caution but feel their money will be invested in the Houston region.

As the Houston market continues to grow and new factors such as an aging population, rising energy costs, and economic and political climate changes come into play it is essential that the leadership in this region come together to plan for its future with infrastructure being at the forefront. Comprehensive transportation plans, light rail, regional water and sewage plants, surface water, and improvements in education will drive the quality of these new developments and the stability of our future. The Houston region is a great place to invest and the largest beneficiaries of tomorrow's gains will come from those investors and developers who can take today's challenges, work through these issues and stage themselves for the economic turnaround.

If you are interested in learning more about how Indermuehle & Co. can help you or your company with commercial real estate decisions, please contact Jennifer Raymond at 281-207-



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