



Retail Market Update

By Tawnya Dornak, Vice President

The Houston market and the Fort Bend submarket have been doing well so far this year, holding true the 2006 projections for retail development in 2007.

O'Conner & Associates reports Fort Bend's retail currently has 13,587,217 square feet on the ground with another 3,347,483 under construction. Economists feel retail development will remain consistent in 2007, with a possible slow down in 2008.

According to the Bureau of Labor Statistics, companies either moving into the area or expanding their current facilities are causing the Sugar Land area to see increasing employment. Although new housing development has slowed down, retail thus far has continued to grow.

Overbuilding and the slowing economy that plagued the rest of the country the past 12 months have not impacted Fort Bend County. If new retail property developments decrease as projected for 2008, vacancy rates will not increase severely and rental rates will hold steady.

Currently, local rental rates are on the rise due to increased land and construction costs. The average rental rate is just over \$18.00 per square foot, with the more upscale properties in the mid to high \$20's.

In and around Fort Bend County, we are still seeing large projects evolve, in addition to the small strip and neighborhood centers. We are also experiencing the new "mixed-use centers", which are becoming very popular nationwide. This type of development is community oriented, where one can live, work, and play. Sugar Land Town Center and Lake Pointe are examples of blended retail and residential communities. In Lake Pointe you can live in your Brownstone, shop at Whole Foods, visit your doctor and eat at its wide variety of restaurants. In the future, we will continue to see this concept increase across the United States.

In summary, Fort Bend's overall economic outlook remains strong and consistent through 2007. The cool down in new housing deliveries will have little effect on our local economy and our position is positive compared to other parts of the country.

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

Tawnya Dornak is a licensed Texas Real Estate Agent and vice president of Indermuehle & Co., 2333 Town Center Drive, Suite 300, Sugar Land, Texas 77478. Tawnya can be reached at 281-207-3702 or tdornak@icotexas.com.

For more information please contact:

Tawnya Dornak
Vice President
Indermuehle & Co.
2333 Town Center Drive, Suite 300
Sugar Land, TX 77478
tdornak@icotexas.com