

Industrial News



Industrial economic drivers are doing very well, which means the sector may continue its stellar trajectory. We found some enthusiastic experts at O'Connor & Associates' industrial luncheon: Newmark Grubb Knight Frank SVP **Rob Stillwell**, O'Connor & Associates prez **Pat O'Connor**, and Trammell Crow SVP **Jeremy Garner** (aka: the brave man who rejects the hypnotic power of the red tie). Rob says petrochemical companies are growing with numerous major plant expansions under way, and port general cargo is **up 8%** from '11. It's forecasted to grow 5% in '13, a very conservative bet. He says the development sweet spot is **25k to 50k SF** on three to five acres, but building size is jumping. There are **69 buildings** proposed for 2013 totaling 11.6M SF. That averages **168k SF** per building.



Jeremy says Houston is already at **historical low vacancy** (5.2%) and absorption is outpacing construction (**5M SF** net absorption last year versus 4.2M SF in the ground). And unusually for Houston, lots of projects under development are pre-leased; only **2.3M SF is available** for future demand. He thinks the hot crane-ready and crane-served sector will soften in '13, while demand for **distribution space** will continue to increase. Most spec space has been crane-ready product, so we may see a particular **shortage** of distribution facilities.

Houston Apartment Association's Run for '13



Houston Apartment Association (HAA) EVP **Jeff Hall** (seen here with daughter Karyn) says the marathon run of events continues this year. First: the Installation Gala, not for President Obama but for **Greystar's Mack Armstrong**, who will be serving as the HAA president. The event is Western-themed with a touch of high society (just like Houston itself): **boots, baubles and black tie**. The first big industry information session for the year is **HAA's state of the industry program on Jan. 29**. Orion Real Estate Services principal **Kirk Tate** moderates, with local experts talking still-hot multifamily. Another huge 2013 happening: the meeting of the **Texas legislature**, which only happens every other year. The HAA is keeping a close eye focused on the session, to ensure that Texas

remains a **friendly climate for multifamily development** and operations. Also, some teeth will be sunk into legislation that **helps prevent arbitrary tax appraisals** and increases. For more info on our sponsor, click [here](#).