

# HOUSTON CHRONICLE

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## Business

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### REAL ESTATE



Mayra Beltrán / Houston Chronicle

Builders, such as David Weekley Homes, above, are trying to keep up with a growing demand from buyers relocating here for jobs.

## Local market carries itself with confidence

**HC** A year ago, the mood in the local real estate industry could be described in one word: cautious.

Leasing brokers, real estate agents and developers were grateful the Houston area was outperforming other markets, but they were careful about seeming overly confident, what with a presidential election around the corner and the uncertainty about the global economy.

Today the concerns of those who work in both residential and commercial sectors are quite a bit different.

First, take the housing market. Inventory of homes for sale has fallen to a level not seen in more than a decade. Builders are trying to keep up with a growing demand from buyers relocating here for jobs. Realtors are going to new lengths to find properties for their buyer clients.

A letter from one realty firm that recently landed in a colleague's mailbox at home read: "If you currently own a home and are considering selling, now is the time to act!" It wasn't the first letter like that he had gotten. "Inventory of all

*Housing continues on D2*



NANCY SARNOFF



Brett Coomer / Houston Chronicle

Dawna Branum works at David Weekley Homes, which is benefiting from the bustling local home market.

## Housing supply short in Houston area

### Housing from page D1

kinds of housing inventory is in short supply," said David Jarvis, the Houston division president of Metrostudy, a consulting and research firm for the home building industry.

Online real estate firm Trulia recently named Houston as the top healthiest housing market going into 2013.

The ranking singled out large metros with strong job growth, low vacancy rates and low foreclosure inventory.

Mortgage rates are expected to remain low in 2013. Even though the torrid pace of job growth is slowing, the housing market will continue to do well because of recent increases in local employment and population, economist Barton Smith said.

### 'Playing catch-up'

"We're playing catch-up in terms of providing housing for these people," said Smith, professor

emeritus of economics at the University of Houston.

Apartment development was one of the biggest real estate stories in 2012 with developers announcing a raft of new projects, many inside the 610 Loop.

Many of these complexes have already broken ground, and others will get started in the coming year.

High-rise cranes are multiplying, too. At 40 stories, the city's tallest apartment building should be well under way next year at the corner of Wesleyan and West Alabama.

More office towers are on the rise, and some predict a big increase in development in 2013.

### 20 new buildings?

Some 20 new buildings could get started next year, with much of the space leased in advance, said Tim Relyea, executive vice chairman of brokerage for Cushman & Wakefield in Houston. He

expects two buildings to be announced downtown.

A number of office properties traded hands in recent months for big dollars, a trend expected to continue into 2013.

"Occupancy and rental rates are rising, which supports more optimistic expectations of rising valuations of Houston office properties," said Matthew Deal, co-founder of Houston-based Deal Sikes & Associates, a commercial real estate valuation and consulting firm.

### Energy sector

The growing energy sector is driving demand.

Examples of the growth:

▶▶ A Phillips 66 headquarters is planned for 14 acres in the Westchase District.

▶▶ A second office tower is under construction for Anadarko Petroleum Corp. in The Woodlands.

▶▶ A 385-acre campus at Interstate 45 and the Hardy Toll Road is

coming for Exxon Mobil Corp., which will have 10,000 workers there.

### The retail picture

Retail development will also have a solid year.

Ed Wulfe of retail firm Wulfe & Co. forecasts 2.27 million square feet of new retail for 2013, a 5 percent increase over 2012.

Several mixed-use developments could kick off next year, too.

Developers seem to be making up for the lack of construction during the downturn.

And that leaves another concern: overbuilding.

"Everybody would be wise to monitor how much we are building against the demand," Smith said. "If we are, in fact, building way too much, then everybody needs to hunker down and be careful."

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