



## STRONG ECONOMY IGNITES BOOM IN TEXAS RETAIL CENTER VALUATIONS

HOUSTON – Exceptional job growth, population gains and improved retail fundamentals have significantly elevated the sales prices for shopping centers in Texas over the last year, according to Deal Sikes & Associates, a Houston-based real estate valuation firm.

Some retail properties have increased in value more than 20 percent in 2013, compared to last year, said Matthew Deal, principal at Deal Sikes & Associates.

“The residential market has improved significantly in recent years and that has increased the demand for shopping center space to serve the growing population,” Deal said. “Construction of new retail space has been very modest over the last three or four years. This imbalance in supply and demand has been pushing up the values of existing retail-oriented real estate.”

Houston’s overall retail center vacancy rate dropped to 7.4 percent in the third quarter, the lowest vacancy rate in more than four years, according to CBRE . During the economic downturn, the city’s retail vacancy was around 15 percent at the end of 2009.

Houston has added a significant number of jobs in the last couple of years and energy firms, such as Exxon Mobil have relocated employees to the city. Residential construction has increased and retailers have responded by adding new stores.

Three new grocers, Fresh Market, Aldi and Sprouts have entered the market and other grocers are expanding, as well.

Over the last year, rental rates have gone up significantly. Average lease rates for available properties increased to \$21.81 per sf in the third quarter, up from \$19.04 per sf in the third quarter of 2012., CBRE reported. Rents have increased in Houston shopping centers for eight consecutive quarters.