

A boom looms in the Energy Corridor

By Nancy Sarnoff

Updated 11:40 p.m., Sunday, July 8, 2012



Construction shown at Granite Briarpark Green, 3141 Briarpark Drive, Thursday, July 5, 2012, in Houston. (Melissa Phillip / Houston Chronicle) Photo: Melissa Phillip / © 2012 Houston Chronicle

3

0

2

[Tweet](#)
[Like](#)
[+1](#)
[Share](#)

[Comments \(1\)](#)
[Email This](#)

[Larger](#)
[Smaller](#)
[Font](#)

[Printable Version](#)

More Information

[Click here](#) to get the details on 17 projects, including status and number of buildings, and a slideshow of renderings of some of the projects.

West Houston is on the verge of a building boom.

Developers are planning at least 17 office projects up and down the West Belt and along the stretch of Interstate 10 known as the Energy Corridor. Some have plans for multiple properties. A few of the buildings are under construction.

In the coming years, more than 6 million square feet of office space could be added to this part of Houston. That's roughly the equivalent of four Williams Towers.

"If they all come to fruition, there's going to be a lot of competition," said [R. Scott Martin](#), executive managing director of Granite Properties, which recently broke

ground on a building in Westchase.

The burst of activity is a stark contrast from a few years ago, when construction was largely dormant and developers were hunkered down. During the recession, demand for space plummeted and financing dried up for new building projects.

Granite doesn't have a tenant yet for its building. But as one of the first to break ground, the company is confident the property will fill up.

"Generally, the first people in win," Martin said.

Other developers, too, say they will go forward without any commitments from tenants.

"We feel like the timing is right to go ahead with it," said car dealer and real estate developer [Mac Haik](#), who is planning a 17-story tower at I-10 and Kirkwood.

Those starting so-called speculative construction, building without tenants in hand, are betting on the continued strength of the energy sector.

Recent leasing activity in the Energy Corridor has pushed vacancies down to 7 percent, according to Jones Lang LaSalle, a real estate firm. Rents in prime office buildings are \$31.50 per square foot, 26 percent higher than they were at the end of 2008.

Lincoln Property Co. was willing to go forward with a speculative building, but it didn't have to when it found Atwood Oceanics, an oil and gas drilling company, to lease 35 percent of the building.

"We expect the majority of the demand to come from energy-related tenants," said the company's [Charlie Giammalva](#), senior vice president for the southwest regional office.

Not all of the projects will be built. While some developers have the backing to start, lenders generally require a significant amount of pre-leasing before providing a loan.

"Given the limitations from financing on developing on a spec basis, it's actually serving as a good governor out west on development," Haik said.