

# Houston Continues to Boom with Development

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HOUSTON—In preparation for the upcoming session at RealShare Houston on March 29, two of the panelists share insights about the current industrial market, and how the port expansion and booming petrochemical developments are resulting in deals closing.



*The Cedar Port Industrial Park is the largest master planned rail and barge-served industrial park in the country.*

HOUSTON—The Houston region is one of the most important industrial bases in the world and was recently ranked number one among the top US manufacturing cities. With the Port of Houston expanding, booming petrochemical developments, the Panama Canal doubling its capacity and the Eastern seaboard almost complete, deals are closing in the industrial segment, according to [RealShare Houston](#) experts. Later

this month, RealShare Houston will delve into some of these issues, with expert panelists providing an in-depth look into the sector's latest trends, critical issues and what to expect in the near future.

In preparation for the upcoming RealShare on March 29, moderator on the industrial real estate trends, projects and projections panel, **C. Mark Murrah**, partner, **Murrah & Killough PLLC**, tells GlobeSt.com: "Traditionally, oil busts have devastated the Houston economy. The current dip of low oil and natural gas prices has been driving industrial construction such as petrochemical plants, LNG export facilities, and expansions at ports (such as the Port of Houston). This building boom is different than in years past and is helping to mitigate the oil-price downturn."

Fellow panelist, **Curtis Spencer**, president, **IMS Worldwide Inc.**, agrees, telling GlobeSt.com: "The market is fully aware that in financial and development circles outside of Texas, \$30/barrel oil looks like Houston's industrial market would be in disarray. Nothing could be further from the truth, especially the whole East Side industrial, from 610 East to the Port and including Chambers County. Rents are up and availability is scarce. Everyone is expecting a huge surge in demand with the Plastics Resin plants coming on-line in 2017-2022."

An example of this building boom that Murrah mentions is the **TGS Cedar Port Industrial Park**, the largest master planned rail and barge-served industrial park in the country, located in Chambers County near Baytown, TX. It comprises 15,000 prime acres including the existing industries and warehouses valued at more than \$1 billion, according to **NAI Partners**. The park is served by heavy utilities, industrial and commercial transportation infrastructure and a public inland barge dock with heavy haul capability. The Grand Parkway passes through more than 4,000 acres of the industrial park. The project is rail served by both the Union Pacific and the Burlington Northern Santa Fe Railroads. Approximately 600 acres in the Phase II area is available for immediate development.

TGS Cedar Port Industrial Park gained significant marketing traction in 2015 and sold rail served acreage to several new developments in the park. **John Ferruzzo**, SIOR, **John Simons** and **Joel Michael**, SIOR, all partners with NAI Partners represented the seller, **TGS Cedar Port Partners**, during negotiations of the transactions.

According to Ferruzzo, “the demand for rail-served sites with access in the park to both the UP and BNSF railroads is very strong and we expect the activity to only get better. The southeast Houston submarket is the strongest in the city for industrial transactions and we anticipate it to stay that way throughout the year.”

TGS Cedar Port Partners sold approximately 68 acres and an existing 312,000-square-foot warehouse to a plastics packaging company, Venezuela-based **PBP Inc.** An undisclosed transportation company acquired 33.4 acres, expanding exposure and growth in the Southeast region of the country. This group has committed to build a 300,000+ square foot warehouse. **Oasis Travel Center**, a full-service truck stop, headquartered in Sugar Land, TX recently acquired 6.12 acres and will soon break ground at the intersection of SH 1405 and the Grand Parkway.

Near year end 2015, TGS Cedar Port Partners sold Houston-based **Clay Development and Construction Company** 79.57 acres on Borusan Road and FM 1405. Clay will build a 1,500,000-square-foot rail-served, dock-high distribution complex. Construction on the first building, at 4830 Borusan Rd., will begin immediately and is expected to be complete in August 2016. Clay has also acquired an additional 23.35 acres for development of single-tenant spec manufacturing facilities located on Cedar Boulevard in the business park portion of the industrial park.

TGS Cedar Port recently announced a series of new projects which will create the capacity for Cedar Port to store additional rail cars. These projects will be backed by commercial guarantees for railcar storage and handling. The completion of the Panama Canal expansion and the continued growth within the plastics and petrochemical market coupled with the growth in container shipments through the Port of Houston create an ideal setting for TGS Cedar Port to capture railcar storage, packaging and distribution expansion in the greater Houston market.