

## Changing Spaces in Montgomery County

According to recent Census Bureau estimates, Montgomery County is the 36<sup>th</sup> fastest growing county in the US. With ample land for development, access to a large and diverse workforce, a well-developed infrastructure, and a critical mass of large employers and residential communities already located here, Montgomery County is firmly on the radar of companies looking to expand or relocate.

Exploring the four corners of the county reveals different commercial opportunities for different types of businesses. Companies who supply goods and services to large, global companies are moving to The Woodlands and surrounding communities for proximity to key customers. Other companies, looking for cheaper land to build distribution or light manufacturing facilities are finding great value in places like Porter and New Caney, and to the north in Conroe.

No matter what type of commercial development best suits your business needs, you'll find it in Montgomery County.

### **Location, Location, Location**

It's eight o'clock in the morning. The red brake-lights on the fly-way leading to Woodlands Parkway are a clear sign of how times have changed for the community of The Woodlands. Originally conceived by George Mitchell in 1974, the growth of The Woodlands over the past 30 years has been carefully managed through a master plan, resulting in the economic center it is today.

The master plan has protected the community's careful balance of residential properties, commercial space, retail shops, entertainment venues, and recreational opportunities, allowing all to co-exist within a natural, beautiful setting.

Dan Leverett, Vice President of Commercial for the The Woodlands Development Company claims this area has the highest rate of occupancy of any business area in Houston, with 99% occupancy in Class A office space. The area is so desirable that a high rate of occupancy can still be maintained, despite also being the most expensive office space anywhere in Houston. Class A office space in the The Woodlands commands \$8-10 per square foot more than any other area in the region.

Why do they come? Companies who locate in The Woodlands are drawn from downtown Houston, as well as from outside the region. They are willing to pay higher comparable space rents because of the location, and the recognized amenities the area provides that are not duplicated elsewhere.

“What we offer businesses is a complete package,” Leverett explains. “We have created an environment where people can live, work, and play.”

According to Leverett, the success of The Woodlands community boils down to:

- Tremendous foresight
- Over 30 years of planning
- Discipline to do the right projects at the right time

The goal has always been to create the highest quality product, without compromise. To achieve this high objective, The Woodlands Development Company enlists the help of companies representing the “Who’s Who” of the architectural community. They invest countless hours traveling to locations to explore renowned “Best in Class” urban mixed-use properties across the country, and work to implement the best concepts for this community.

The beauty of the waterway, the numerous parks and green spaces, existing roads and infrastructure, and abundance of retail have been keys to drawing new growth to the area.

According to Leverett, with the strong demand for occupancy, they are currently developing new Class A office space in Town Center, an area that will eventually support an additional three million square feet over the next ten years.

The early hour brake-lights of a workforce benefiting from a counter-commute in the fourth largest city in America is positive proof that businesses who have located in The Woodlands no longer simply sustain employment for those living in the area. They have, in fact created an economic reach, extending well beyond the immediate area.

### **Shenandoah Smiles**

Chip Van Steenburg, City Manager for the City of Shenandoah has seen his city benefit from the growth of The Woodlands community. “Since The Woodlands covers portions of Shenandoah, Oakridge, and Conroe, we all benefit from this growth.”

The city of Shenandoah claims Memorial Hermann Hospital, and borders property where St. Luke's Hospital resides. The close proximity of these two, large medical facilities has resulted in the growth of ancillary healthcare facilities, such as the Cancer Treatment Center, Nexus Specialty Hospital, and numerous office buildings filled to capacity with healthcare professionals.

"Access to quality healthcare is an important factor for residential development and retaining property values," Van Steenburg said.

Shenandoah is in the enviable position of having a desirable business location that brings business to them. They don't need to go out looking for it. A recent example is the new Sam Moon Center, a 158,000 square-foot retail location, currently under construction along I-45 in Shenandoah.

Van Steenburg explained, "The Sam Moon Company found the land in Shenandoah that met their needs, before they ever contacted our office. My understanding is that they will be bringing four retailers with them to occupy about four retail spaces, with remaining space available for other tenants."

With its highly visible location and access to so many attractive features, you can be sure the smiles you see on the faces of Shenandoah business owners and residents alike is genuine.

### **Welcome to Conroe**

In the city of Conroe, the welcome mat for commercial development is definitely out. The city is riding a wave of new interest by business owners in downtown Houston to move further north. Many businesses who have maintained occupancy in the downtown commercial district for years, are now finding themselves land-locked, unable to grow with their business needs.

For businesses involved with light industrial or warehousing operations, the city of Conroe provides a much needed answer. Tom Stinson, Director of the Greater Conroe Economic Development Council explains, "We have a great relationship with the Houston Partnership. The goal we share is to keep businesses that have outgrown their downtown locations from leaving the region. By working together to find the right answer for these businesses, we are able to retain them in our area, and all of Houston benefits."

The reason this collaboration is so crucial is that many companies have the ability to explore a wide range of options before choosing a site to locate. These

companies compare the value they receive in the Houston area to alternatives in places like Oklahoma, Mexico, and overseas. The city of Conroe is meeting this challenge by offering businesses attractive incentives to locate here.

The city of Conroe collects a half-cent sales tax for economic development within the city. What's on the table for prospective businesses to consider include:

- City and County tax abatement programs
- Freeport exemption
- Foreign Trade Zone
- Performance-based cash incentives

Late last year, the city of Conroe was approved as a Foreign Trade Zone, allowing other cities in the area to register for sub-zone status. This allows area businesses a competitive advantage by supporting their need to more easily import lower cost raw materials for use in their manufacturing processes.

The city of Conroe currently has commercial opportunities within a 470 acre industrial park, with the necessary infrastructure to bring up a new facility quickly. Many companies have already seized this opportunity, with over \$400 million in capital investments made in the area in less than three years.

Reed Hycalog, a division of Grant Prideco, manufactures down-hole drill bits. They have recently committed to bringing their manufacturing and worldwide headquarters to Conroe. They are now in the process of building a 350,000 square-foot facility that will employ around 300 employees.

McKesson Corporation, a pharmaceutical distributor that resides in a 160,000 square-foot facility in Conroe, uses this location to supply customers in the region, from Southern Texas to the Louisiana border.

According to Stinson, Conroe represents a great opportunity for expansion because all of the ingredients for successful business are here. The cost of land is attractive, with tracts obtainable from 5 – 40 acres, complete with all roads, water, sewer, power, and natural gas necessary for immediate build. Availability of a strong workforce exists, with over 600,000 potential workers within a 30 mile radius. The city's location supports efficient transportation, with highway access North, South, East, and West of Conroe.

The city is courting businesses to the area that will generate gross payroll and inventory dollars, providing a positive impact to the local economy. Conroe is well-positioned to provide the right incentives to make this happen.

### **Discovering East Montgomery County**

In the same way companies are pushing north along I-45 into places like The Woodlands and Conroe, businesses are also learning about the great value to be found in East Montgomery County. Conveniently located North of Houston along the US Highway 59 corridor, the eastern part of the county includes the communities of Splendora, New Caney, and Porter.

With a close proximity to Houston, area residents have easy access to all of the benefits that a city the size of Houston provides, such as museums, theater, and Minute Maid Park. Andy Dill, President of the Community Chamber of East Montgomery County said, "From my doorstep on Community Drive in New Caney, it's just a thirty minute drive to the heart of downtown Houston."

The area offers residents the combined appeal of a small town atmosphere with top-rated public and private schools in New Caney ISD and Splendora ISD. With a strong commitment to higher education, these school districts offer every child living within their boundaries, a \$1,000 scholarship to attend any accredited college in the US upon graduation from a public or private high school, home school, or with GED certification.

Kingwood College, part of the North Harris Montgomery Community College system, is located in East Montgomery County, providing needed secondary education and re-training opportunities to the area.

East Montgomery County is attracting new business because of its lower cost land in close proximity to major transportation networks, such as Houston's International Airport, the Port of Houston, railways, and major freeway access fanning out in all directions.

Just ask Wal-Mart. The major retailer recently chose property in East Montgomery County's Industrial Park to build a regional distribution center that will cover 144 acres, bringing jobs and an increased tax base to the area. In the same industrial park, an additional 100 acres is available for sale.

Dill said, "I believe Wal-Mart's primary reason for choosing to locate their distribution center in East Montgomery County is because our location will save

them about one-million dollars per year in transportation costs by being able to more efficiently stock stores around Houston, Brenham, and along the Louisiana border.”

Plans are already underway to strategically link I-45 with US Highway 59 through improvements to State Highway 242. Over 500 tracts of land, ranging in size from two to ten acres along Highway 242 have already been sold and are awaiting development.

Most of the land is unincorporated, which gives developers maximum flexibility to create environments that best meet their clients’ needs. The region collects a one-cent sales tax to support economic development efforts in recruiting new businesses and working with developers to bring-in new projects.

The result of their efforts have been more retail and commercial developments, including restaurants, motels, facilities like Wal-Mart’s distribution center, and others for light manufacturing operations.

East Montgomery County is gaining momentum, and there are still great deals to be had for those looking to relocate.

### **Magnolia – The Secret’s Out**

The western portion of Montgomery County, primarily in the area of Magnolia is also seeing new development pushing into their area. A bond measure was recently passed that will add millions of dollars to strategically link I-45 to US Highway 290 and Grimes County through improvements to FM 1488.

Frank Parker, Chairman of the Economic Development Council explains, “We envision FM 1488 becoming the next FM 1960, with a lot of retail opportunities. I would encourage any business that is looking for this type of visibility to buy their land now.”

The town of Magnolia has already been discovered by many as a great bedroom community. Residents can enjoy the small town appeal, with an easy commute to companies like Hewlett-Packard, South of Magnolia near Tomball, and to other companies in the heart of Houston’s commercial business district.

Available amenities and quality of life factors have supported moves by professional organizations to the area. Access to quality education through Magnolia ISD, easy access to the Tomball campus of North Harris Montgomery

College District, and reasonable commuting distance to Texas A&M campuses, make primary and continuing education readily available.

According to Parker, the city of Magnolia is seeing growth from people moving out of The Woodlands to a more rural environment, and from retirees and young families. All find great appeal in the easier paced lifestyle that still has access to key amenities.

The rise in residential growth has in turn spurred development of supporting service industries. Restaurants, retail strip centers, and major drugstore chains are already lining up for prime real estate along FM 1488.

The city of Magnolia is actively working to put in place all of infrastructure improvements necessary to support future commercial development in the area. They are working closely with TxDOT on road projects and investing in water and sewer systems. At the same time, they are offering tax abatement programs to court new business to the area.

If you are looking for the next, great emerging business opportunity, Magnolia more than fits that bill.

### **Commercial Business Resources (heading)**

With the many choices available for commercial development in Montgomery County, making the best overall decision to meet a particular business need can be time-consuming. Fortunately, there are resources available to help navigate the options.

### **Tenant Representation (sub-head)**

Bill Ingram has seen it all in his forty years of commercial development in the Houston area. His firm, Coldwell Banker Commercial, Ingram Group is located in The Woodlands. One of the services they offer is Tenant Representation, which helps clients moving to the area locate the best property to fit their needs.

Bill explains, "A good example of the value I bring is to make sure clients are comparing advertised properties in an 'apples to apples' fashion. They need to understand what's included in the space rent, or what could be added tenant responsibilities. I make sure clients know what they're getting into before they sign on the dotted line."

The Ingram Group can help a business moving to the area find the best location, faster. Moving to a new area creates a lot of factors to consider. Two properties advertised as Class A office space may not be equal. Space rent can vary, and the higher price can sometimes be the better value. For someone unfamiliar with the area it's a difficult challenge. In these situations, partnering with an area expert is the best defense.

In a city the size of Houston, it's also important to find a more efficient way to evaluate property options. The Ingram Group has access to ten different databases that show available properties. They have access to listings of every commercial agent in the city and surrounding areas to inquire about potential properties that are not currently advertised. By working with the client to create their selection criteria, the Ingram Group can quickly locate and generate a short-list of properties that meet those needs.

Once a property is selected and a contract is drafted by the property owner, Bill Ingram will insist on reading every line before his client signs. "I find most people never read their contracts. I think that's a big mistake and can cause real problems down the road. I want to read the contract and red-line conditions that are not favorable to tenants. That's how I can best look-out for my client's interests." Bill said.

### **Tenant Build-outs (subhead)**

Even before a property location is finalized, business owners need to be thinking about the total cost of business start-up. With a new property build, access to utilities or strict city building requirements can add cost to the project. For an existing tenant occupied building, improvements are needed to make the space functional for the business. How can this all of this be accomplished on-time and on-budget? That's where GradCo Construction comes to the rescue.

Sergio Grado, President of GradCo Construction explains, "For a new construction project I'm able to help prospective buyers evaluate different pieces of land and present different building styles to help them choose a site and design that best meets their needs."

GradCo Construction also works with tenant build-outs of existing structures to help businesses operate most efficiently. "I can point out for clients concerned with budgets how to get the most for their dollar. I know how to create office treatments that are rich in appeal, but low in cost."

Grado recently worked with a chiropractor who had acquired space in a new retail strip center. The doctor was unsure of how to design the interior space for maximum use. Grado worked within his budget to develop details for design and outfitting of the space to gain the look, atmosphere, and functionality the doctor was looking for. He also provided the doctor with cost details that he was able to take directly to the bank and obtain necessary funding.

GradCo Construction gets involved with projects all across Montgomery County. The company is working on a project in Porter, as well-as tenant build-outs of new retail developments along FM 1488 near Magnolia.

Grado was recently appointed to the South Montgomery County's Economic Development Partnership. He feels he can offer a fresh perspective to the group and is excited for the opportunity to take a more active role in courting new business and helping to shape the business environment and growth in The Woodlands.

Grado explains, "My dad was one of the original builders in The Woodlands, and I have watched The Woodlands grow and prosper my whole life. I'm just tickled now to have a hand in future growth of this area."

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