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FOR FURTHER INFORMATION CONTACT:

Ed Wulfe
(713) 621-1700
(713) 627-3073 (Fax)
ewulfe@wulfe.com
HOUSTON, TEXAS

56% INCREASE IN RETAIL DEVELOPMENT PROJECTED

Wulfe & Co.'s 22nd Annual Retail Survey projects 3.71 million square feet of new retail shopping center space will be built and opened in the greater Houston area in 2015, representing an increase of an impressive 56% over the previous years' 2.37 million square feet, according to Ed Wulfe, Chairman & CEO, of Wulfe & Co., a Houston-based retail real estate brokerage, development and property management firm.

Supermarkets will dominate new retail construction and represent 43% of 2015's growth with 32 new stores planned. HEB will open seven, Kroger will open four plus expand two, Walmart will open four of their neighborhood market stores, Whole Foods and Sprouts will each add two, Fiesta and Trader Joe's will each open one, and relative newcomer ALDI will add eleven of their smaller 18,000 sf stores to our market.

According to supermarket share figures from The Shelby Report's East Texas/La. Division, Walmart with its 92 stores has 25.5% of the grocery market; HEB with its 87 stores has 25.1% and Kroger with its 111 stores has 23.8%.

Most importantly, because the majority of new retail space is either owned or leased by the individual stores, like many supermarkets, discount stores and power retailers, it is in their best financial interest to own and operate their stores, leaving only 15-20% of speculative space to be leased in the coming year.

Wulfe & Co.'s Annual Survey also indicated in addition to the substantial amount of new supermarket space to be added in 2015 there will be one new 180,000 sf Walmart Superstore; a new 165,000 sf Gallery Furniture store; one new Lowe's home Improvement center; five new theaters; three new Academy stores and two new Ross stores when combined with the supermarket space will altogether make up the total of 3.71 million square feet, the highest amount since 2008.

"With this high activity of new retail growth we project that higher retail occupancy rates will exceed a seldom achieved rate of 92 % this year. Retail rental rates will also continue to increase driven by limited availability of shopping center space, higher land costs and higher construction costs for materials and labor to build or remodel new retail facilities," Wulfe stated.

The recent financial cutbacks in the energy markets are proving somewhat beneficial to the retail market. The lower cost of fuel has increased spendable funds for consumers and is reflected in increased sales among retailers and a reduction in consumer debt. Additionally, the projected slowdown in construction of multifamily and office developments will improve on the availability of construction materials and workforce for retail projects and will expedite construction schedules in a more competitive environment.

Another characteristic of the retail growth we are experiencing across Houston's expanding markets is the growth of new national, regional and local restaurant operations of all types and sizes. From casual dining to upscale specialty dining, from fast food to gourmet cuisine, they generate traffic, energy and entertainment for a project. Restaurants play an ever-increasing role in the success and vitality of retail properties, including financial. In the past few years Houston has gained national and international recognition for its many new, innovative and creative restaurant concepts and chefs.

An emerging trend also gaining momentum is the expansion of the healthcare industry to more convenient and accessible shopping center locations for emergency care centers, clinics, outpatient facilities and professional offices. This activity is further supplemented by the on-going addition of smaller hospitals in suburban locations in an effort to take healthcare to the consumer.

With all of the growth in the retail marketplace the competition is vigorous for available space of all types and sizes, even at the ever-increasing higher rates for well located, well tenanted and highly desirable retail developments throughout the greater Houston area, Wulfe added.

This aggressive development illustrates the broad based depth and diversified strength that Houston's economy experienced last year with the addition of approximately 120,000 new jobs during the past twelve months and the new projections for an estimated 63,000 new jobs in 2015.

With a metro Houston area population of 6.3 million today and projections for continued growth to 7.4 million by 2020, we have seen our multi-dimensional economy achieve one of the nation's lowest unemployment rates at 4.5%. Houston's well known and highly appealing lower costs of living warrants further acknowledgement as one of the strongest and leading growth markets in the United States and further supports continued expansion of its retail marketplace.

The impressive growth has fueled new home sales to record levels and resulted in reducing residential inventory to a few months' supply. Homebuilders started 30,000 new single family homes last year and an aggressive 25,000 new single family homes are projected to be started in 2015, with many in master planned communities, according to Mark Dotzour, Chief Economist from Texas A & M Real Estate Center.

With almost 19,000 new multi-family residential units delivered in 2014 and with the Apartment Data Services projecting 20,000 units to be delivered in 2015 multifamily development exceeds annual production in any of the past several years as Houston continues to densify with many mid-rise and high-rise projects within the urban core.

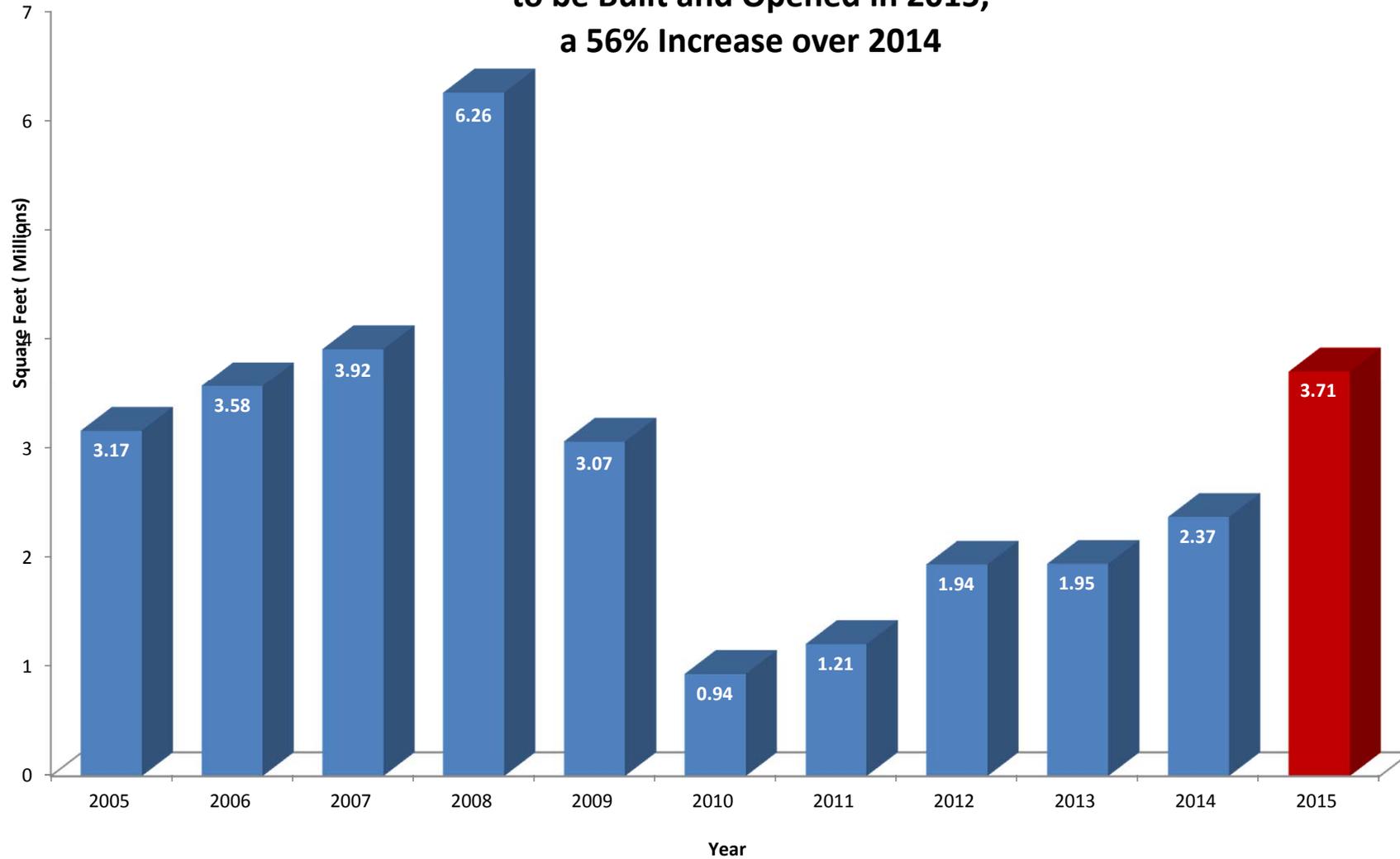
This population and housing growth supports and justifies the additional retail to serve the ever-increasing need of the consumer for goods and services. People are continuing to move to Houston from other areas of the country with or without jobs, because of the potential for employment and opportunity. Although in Houston's overall development environment there is projected to be a slowdown in new office building and multifamily construction this year it should not have an effect on retail growth this year.

The evolution of ecommerce continues to mature and grow, and is approaching about ten percent of total retail sales. Online capability is often used to locate and select merchandise and for comparison shopping, but in many cases the merchandise is actually purchased or picked up in the stores and complements the stores' sales and traffic. Today almost all sophisticated retailers have implemented their own online capabilities as part of their merchandising strategy and capitalize on the inherent features and advantages of each.

Wulfe & Co. is a commercial real estate firm specializing in the retail real estate marketplace, and has produced this annual retail survey of Houston's retail market for twenty two years. The firm is active in shopping center leasing, sales, development property management and consulting and has well-established relationships with local, regional and national retailers and shopping center developers and owners.



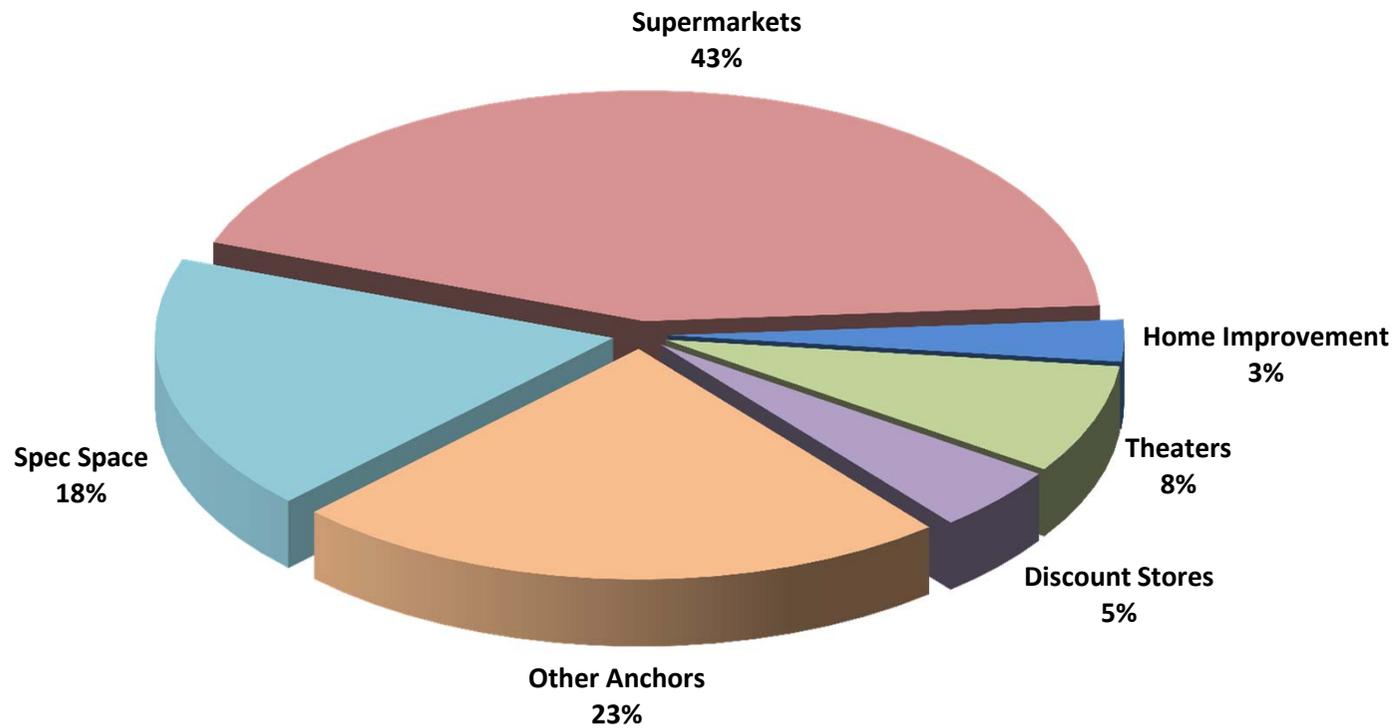
Greater Houston Retail Forecast
3.7 Million Square Feet of Retail Space
to be Built and Opened in 2015,
a 56% Increase over 2014



 Wulfe & Co. 2015 Projection
56.4% increase over 2014



Greater Houston Retail Forecast By Category
3.7 Million Square Feet of Retail Space
to be Built and Opened in 2015



Prepared By:



Research Department