

# Now's the time to invest in Texas

BY BRANDI SMITH

4958 Stout Drive, a 102,000-square-foot industrial space just east of downtown San Antonio.



Alfredo Gutierrez, founder of SparrowHawk Real Estate Strategists, didn't mince words. His firm specializes in the industrial market and the Lone Star State, he thinks, is the place to be.

"With everything that's happening with e-commerce right now, it's ready to go," Gutierrez said.

Look to Central Texas for proof. When the pandemic hit, online retail quickly became an essential part of everyday life.

"We have seen major e-commerce tenants and last mile distributors scramble to secure quality infill warehouse space and expand into developing parts

**"With everything that's happening with e-commerce right now, it's ready to go."**

"Many companies have decided to outsource their distribution/final mile operations to 3PL providers in the near term."

"I call them near-collar workers. They're not blue-collar or white-collar, they're somewhere in between. With the oil industry cutting back, you have educated people who are in a position to make a move to industrial."

He also expected an influx of auto-related distribution and light manufacturing requirements in San Antonio in the next few months after Tesla announced it would open its Gigafactory in Austin, what Cosgrove called "a huge win for the region."

Today's market may have been what CRE insiders hoped for, but few could have predicted the rollercoaster that was the first half of 2020.

"We experienced record positive absorption in 2019 and steady rent growth in our core submarkets, but understood that we could be facing a downturn after a decade of economic growth," Cosgrove said, explaining why Stream was cautiously optimistic heading into this year.

Just in the past month, he listed 4958 Stout Drive, a 102,000-square-foot industrial space just east of downtown San Antonio. In addition to its prime location near the I-10 and Loop 410 interchange, the building is 100 percent climate controlled and offers tenants the ability to utilize an adjacent 2.5-acre fenced yard.

The industrial market is slightly cooler in Houston, according to Robert Wheless, Logistics Property Company's (LPC) senior vice president for the south region.

"Corporate tenant prospects have extended their timelines for committing to leases," he said. "These prospects are not cancelling their property searches or evaluations, just extending the date for making a commitment to lease."

LPC is charging forward and can boast tenant prospects for all of the approximately 900,000 square feet of industrial space it plans to deliver to the Houston market. The projects are underway in two industrial parks, CityPark Logistics Center and HITC Logistics Park, located in the Southwest and North submarkets, respectively.

The lone challenge Wheless said he's observed is an abundance of 650,000-square-foot facilities. By his count, there are seven in the market.

"These buildings were constructed to attract e-commerce users," said Wheless. "Thus far, only a few e-commerce-related users have appeared in the market. Amazon is by far the largest, with five buildings of various sizes."

While distribution for e-commerce, such as Amazon, is certainly a driving force in the industrial market at the moment, Wheless said healthcare, residential building products and commodities are as well.

That variety is part of the reason Gutierrez is all in on Texas. He says Dallas has an advantage as a regional hub, while Houston is well-suited to attract a qualified industrial workforce.

"I call them near-collar workers. They're not blue-collar or white-collar, they're somewhere in between," Gutierrez explained. "With the oil industry cutting back, you have educated people who are in a position to make a move to industrial."

He also pointed to border cities, such as Laredo, as nearshoring intensifies.

"There's just so much going on here," said Gutierrez. "That's why I think now's the time to invest in Texas."

**VIRTUAL / IN-PERSON**

**1031 EXCHANGE**  
**7-HOUR CLASS**

**OCT 26**  
8:00 A.M. - 4:30 P.M.  
*(Breakfast: 8:00 A.M. - 9:00 A.M.  
Class I: 9:00 A.M. - 1:00 P.M.  
Lunch: 1:00 P.M. - 1:30 P.M.  
Class II: 1:30 P.M. - 4:30 P.M.)*

**IN-PERSON COST**  
Both Classes: \$75.00  
Individual Classes: \$37.50  
*(Breakfast & Lunch Included)*

**VIRTUAL COST**  
Both Classes: \$50.00  
Individual Classes: \$25.00  
*\*Required for Zoom Classes. For added audit protection, please scan and email driver's license, which will be added proof of attending Zoom classes to info@stcar.org.*

*An additional service fee will be applied at checkout*

For more information contact Christy Preston at [info@stcar.org](mailto:info@stcar.org) or [christyp@sabor.com](mailto:christyp@sabor.com)

**Guest Speaker:**  
**Wai-Yew Lam** -  
TREC Instructor/License #34906,  
Real Estate School of Texas

**Courses**

**Putting Together a 1031 Exchange**  
Course #: 34875 | 4 Hours CE

**Advance 1031 Exchange**  
Course #: 38500 | 3 Hours CE

**Reshaping South Texas Commercial Real Estate**

South Texas Commercial Association of REALTORS®  
© SoTxCommercial  
Since 1965