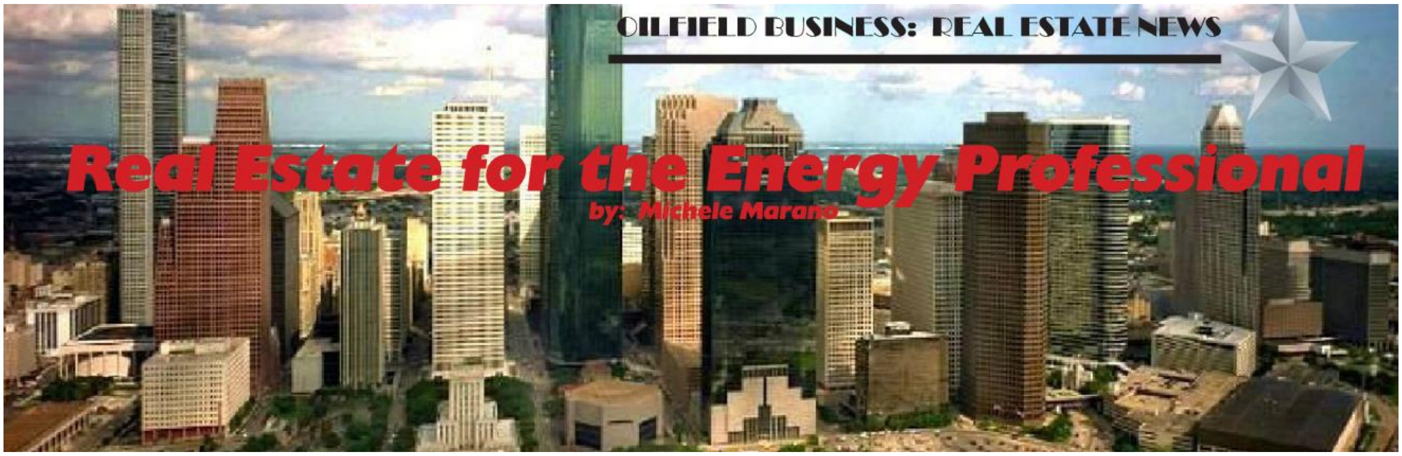



# Real Estate for the Energy Professional

by: Michele Marano

As I am on my way to the Formula One Race in Austin, which is where the U.S. leg of the International F-1 series takes place, I marvel over the development that has been created by the U.S. Shale boom in the last several years. I have lived in Houston since 1990, with relocations back and forth from the East Coast and I have seen the consistent development of a city as it survived different economic turbulences. When you hear the words oil boomtown, there is something nostalgic that comes to mind, like visions of Williston, N.D., but with Houston, it reinforces an already established global presence, echoing the vibrations of oil and energy markets.

Unlike Williston, N.D., whose history has been rewritten by the U.S. Shale boom, Houston expanded this year alone by 35,000 new residences, while over 100,000 new homes have been added and 119,000 plus job created. For every job lost since 2010, three jobs have been replaced. The designing of my entity, Real Estate for the Energy Professional was not created by accident either. Having worked for over a decade in energy commodity markets and then Houston's real estate, I realized the need for a dedicated service to a city that obtained title to "Energy Capital of the World."

Houston's housing market skyrocketed over the past several years, after the initial breaks on development were placed, following a recession that seemingly had no end in sight. The city had an overwhelming economic expansion in all energy sectors, as well as additional industries that drives Houston's economy, however, housing supply was short. Low inventory levels resulted in an increase in home prices due to people having to bid over and above listing prices, which resulted in higher prices across the city. This helped many neighborhoods in Houston that would not have likely seen price hikes, but did. The idea of buying brand new construction feet away from railroads tracks would not have been a first inkling for an out-of-towner, but there were requests for that too.

With people moving here from all parts of the world, different parts of Houston have been developed to serve different lifestyles. Most of my clients have come from everywhere but Texas, and many are from abroad, all vying for a home to which they feel familiar. Over a half dozen new luxury high-rises were added to the Galleria and Inner Loop locations. For $3,000.00, you can lease a 950 sq. ft. unit overlooking Post Oak Blvd. or for $2,000/month you can get a 624 sq. ft. place at City Centre and a 3 bedroom for $7,500/month. Last year at this time I showed the Penthouses at Hotel Sorella to an energy executive and it cost $5,000/month for a 2 bedroom, 2 baths, with all the samea menities as the hotel. This year, the prices have increased to $10,000/month and now they have a new 1 bedroom for lease for $7,500/month.

The beauty of Houston is that as oil prices increase, so does its real estate and development. The only real difference in watching oil price change versus real estate is that oil changes instantly and real estate is the after-effect of it. Not everyone correlates the two markets, but having worked in both energy commodities and Houston real estate, I have witnessed the relationship of how it directly affects the Houston market. Now, as oil prices are dropping, and real estate supply has caught up with demand, prices will likely flatten to soften and a shift from a sellers market to a buyers will most likely be theafter-affect.

As for the Formula-One race in Austin, the world-class track draws attraction from drivers and fans from all over the world. The Austin Circuit of Americas event is as symbolic to the venue as oil is to the state; Texas sized and growing.

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