

# CATALYST

QUARTERLY NEWSLETTER



Other articles in this issue

Properties- 2  
Client Highlight - 3  
Catalyst Call - 4

## Orr Partners with Zalat Pizza

*Orr Supports Zalat Growth in Texas*

"My experience with Orr Commercial has been nothing short of spectacular. Within a week of first contacting Orr Commercial - Campbell Anderson forwarded me a detailed market analysis based on our concept. Then within the first month we were able to identify and begin signing six (6) deals. Our goal was to have at least four to six stores open by Q2 2022, based on Campbell's teams' efforts we are going to beat that goal by an entire quarter. He was also helpful with market-based knowledge of rent and NNN that really helped us breeze through the deals."

*Dennis Minchella, Chief Development Officer,  
Zalat*



# Available Now

## Featured Property!

20745 US 59 N, Humble, TX 77338  
3588 SF Building  
1.35 Acres

Former Freestanding Taco Cabana with drive-thru.  
Shadow anchored by Target and Kohl's stores.

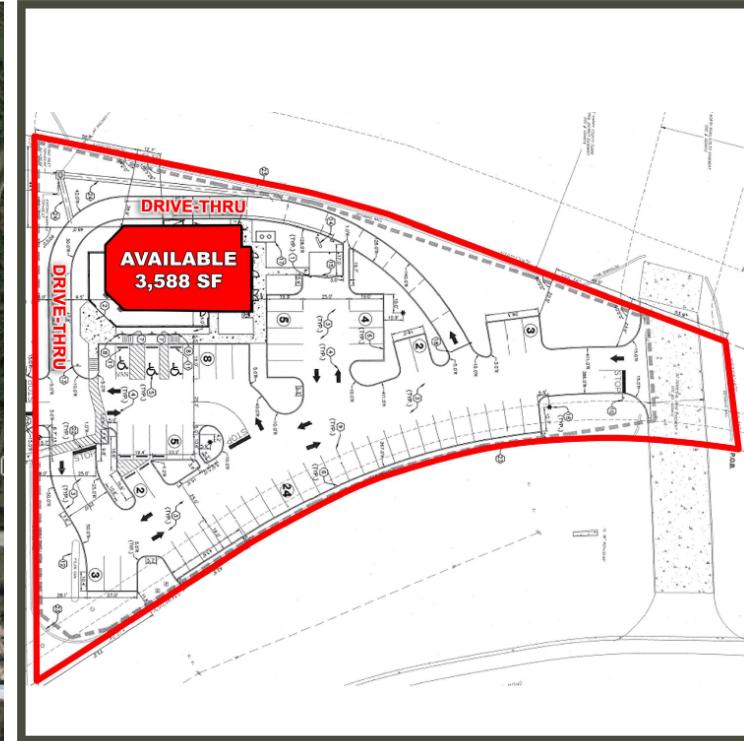
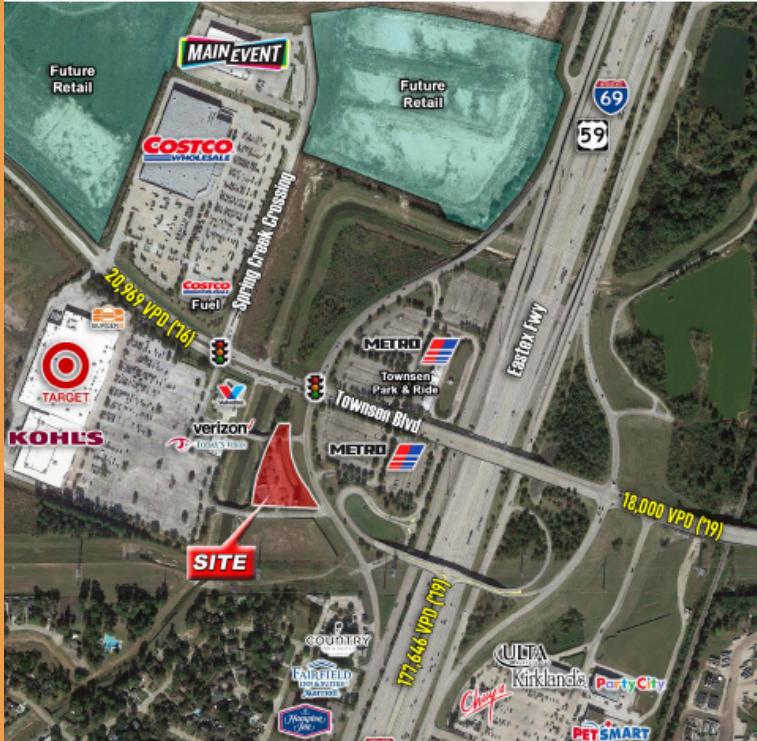
### Highlights:

- Large Patio
- Freeway Frontage
- 2nd Generation Restaurant

### Traffic Counts:

- Eastex Fwy/US 59: 177,646 VPD (TXDOT 2019)
- Townsen Blvd west of US 59: 20,969 VPD (TXDOT 2016)
- Townsen Blvd east of US 59: 18,000 VPD (TXDOT 2019)

Check out all our available properties on our interactive map at [www.orrinc.com](http://www.orrinc.com).



## Lease Signed! Speedy Express @ 1463 & Crossover

Orr Commercial proudly represented the Landlord in a build-to-suit with Speedy Express on the corner of FM 1463 & Crossover Rd in Katy, Texas. Speedy Express signed a ground lease for 1.27 acres, their 50th location across the state of Texas.



# Catalyst: Her Velvet Hand

A Vision for Growth & Beauty

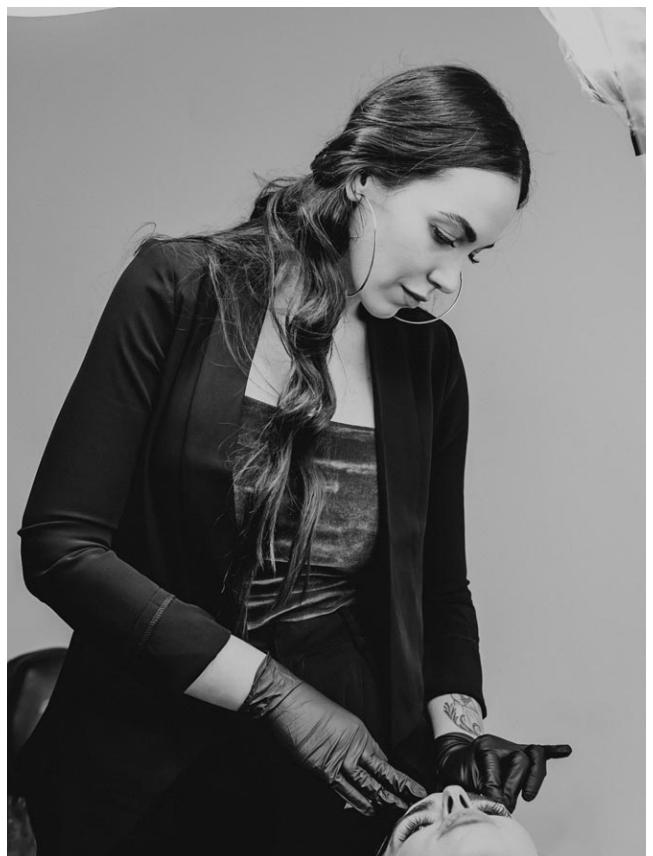
*Her Velvet Hand* is owned and led by renowned esthetician Courtney Maguire. Extensively trained among industry pioneers around the world and one of the few artists in the U.S. offering Nano digital tattooing, Courtney is meticulous about tailoring her work to appear natural for each of her clients, and uses luxury practices to maintain the integrity of the skin. The result of her careful craftsmanship is naturally appearing, face-framing brows and lips that highlight her clients' facial characteristics, and leave them feeling confident in their inherent beauty.

"I began searching for my studio space in the midst of the lockdown, only to be overwhelmed with decisions I didn't feel entirely comfortable making. I am a brand new small business owner with little-to-no experience in commercial real estate. When I started the process, I was intimidated by larger companies like ORR Commercial because I assumed they were used to corporate businesses and not a boutique space like me. I dealt firsthand with Campbell Anderson, and I was immediately treated like a respected business owner. I did not feel the pressure of being rushed into a contract and the communication was clear and efficient from the beginning. From making the decision to move forward with Orr Commercial to today - I have no regrets.

*"...I was immediately treated like a respected business owner. I did not feel the pressure of being rushed into a contract and the communication was clear and efficient from the beginning."*

Even with all of my hiccups with the city and permitting, they have supported me this entire way. I am incredibly grateful to have Orr as the stomping grounds for my first ever small business. They have shown they believe in my business and want me to succeed. Thank you Orr for this experience. I hope to remain a tenant for years to come!

Courtney MacGuire, Owner





# Catalyst Call

*Industry Insights with  
Campbell Anderson*

After a year of uncertainty and doubt, I think professionals in retail real estate would say without a doubt, 2021 has been one of the busiest years in recent memory. Properties are selling at all time highs with cap rates at all-time lows. Vacancy is on the decline and absorption is on the rise. New concepts are coming to Houston rapidly and their choices are being narrowed by availability for desirable space. According to a report put out by NAI Partners Houston office, "Retail vacancies have tightened to 5.8%, levels not seen since the start of the pandemic in Q1 2020. Vacancy is tightening, leasing activity has picked up, and rent growth is improving."

Although the positive signs in the market have brought relief to many, they have also caused a plethora of new issues. Construction and land prices have caused constraints in development and in the delivery of spaces to tenants. Contractor and sub-contractor availability is becoming more scarce while pricing for their services is rising. Colliers Houston office published an article earlier this year alluding to these current concerns, stating: "The recent surge in construction costs is a concern to anyone in the middle of or about to start a commercial or residential construction project. Increased construction activity and COVID-19 induced supply chain impacts have put a strain on the availability of a variety of resources including steel, lumber, precast concrete, fire protection piping, and underground piping and conduit. This has impacted both the price of materials and lead times dramatically." Permitting departments are backlogged past their full capacity and permit delay times are some of the worst we've ever seen.

Many of the active tenants in the market are looking for the same space profile: small end-cap spaces, drive-thru capability, and large TI packages. In addition to constraints due to real estate availability, the labor market has been unreliable at best. When speaking with our clients it seems they are always having to re-staff or forge ahead short staffed.

Which begs the question, is the current pace we're on sustainable? I would hope so; but we have to be cautiously optimistic. Now more than ever I think proactive involvement in the process is essential.

Here are some tips we think are vital to the success of real estate brokerage and development teams in the state of our current market:

- Strong rapport with contractors and subcontractors.
- Using permit expeditors.
- Voicing concerns with local government about the delays in the permitting process.
- Expiration of the current benefits programs to help assist the labor market.
- Assisting tenants in the buildout process and allowing them to leverage all resources available to them.
- Coming to agreement on realistic expectations of timelines with tenants and vendors due to logistical conditions in the current supply chain climate.

While there are areas of concern, we have been very optimistic with changes implemented by companies big and small coming out of the pandemic. The use of technology via online ordering, third party delivery apps, and various other methods has allowed many retailers to capture markets they weren't currently exposed to. Many have their doubts on retail after pandemic, but I would ask them to look around at some of the driving factors behind moves in the market.

Restaurant reservations are booked out weeks in advance. Airports are jampacked. Retail in-store sales are on the rise in most categories. The New York Times put out a study recently stating "for the second straight month in 2021 we are seeing gains in sales. Sales climbed 0.7 percent in September, following a 0.9 percent gain in August. The increase in spending was broad-based, with sales at restaurants and bars, clothing stores and home goods stores climbing." People are seeking positive experiences and the memories that come along with them. These examples should serve as a reminder to all of us as customers to continue to be kind to all in-store retail workers. They acutely feel the effects of being short staffed and over-burdened. Let's help to be a reason why people want to get back to work not a deterrent. In our minds there is no doubt retail is here to stay and we are bullish on it! While 2021 winds down we are encouraged in our outlook for 2022. It's been a great year at Orr Commercial and we look forward to building on our momentum with all our clients, vendors, family, and friends.