

REAL ESTATE

Jamaica Beach hits 50 years

■ Houstonians invested in idea of second homes

Welcome Wilson Sr. was 30 when he and a group of future prominent Houstonians acquired the land that would eventually become Jamaica Beach on the west side of Galveston Island.

The property was seen as being so far from civilization that Galveston plumbers, electricians and roofers refused to do work there, Wilson said last week as the development marked its 50th anniversary.

"This was the beginning of the second-home trend," said Wilson, now 80. "Fifty years ago there was no market for second homes."

Some of the first lots in Jamaica Beach sold for \$625.

Today, the west beach town has about 1,000 homes, some with million-dollar price tags.

Wilson, who went on to develop subdivisions, apartments, shopping centers and industrial and office buildings, initially had his sights set on the oil business.

"We were a bunch of kids trying to get rich," said Wilson, whose partners in Jamaica Beach included his brother Jack, Federal Reserve Board Gov. Bill Sherrill, local politico Johnny Goyen and the late Jack Valenti, who ran the Motion Picture Association of America for nearly four decades.

But at the time, Wilson's best friend and major Harris County landowner R.E. "Bob" Smith said drilling oil wells cost too much and independent producers would fail.

"He said, 'You need to get in the real estate business,'" Wilson recalled.

The Texas-born real estate veteran Wilson is now chairman of GSL Welcome Group, a group of companies that owns and leases single-tenant industrial facilities.

Office market leveling out

Leasing activity is down. Availability rates are up. And there's an increase in large blocks of space to lease.

Houston's hardy office market of the past few years is showing signs of leveling out, according to a second-quarter report from the Houston office of Studley, a national real estate firm specializing in representing tenants.

While demand for office space is off slightly from its historical average, it's not reflective of a slowdown in the local economy, said Steven Biegel, an executive vice president at Studley.

Over the past couple of years, many companies with plans for expansion renewed their expiring leases or signed bigger ones, anticipating a tighter market and higher rental rates.

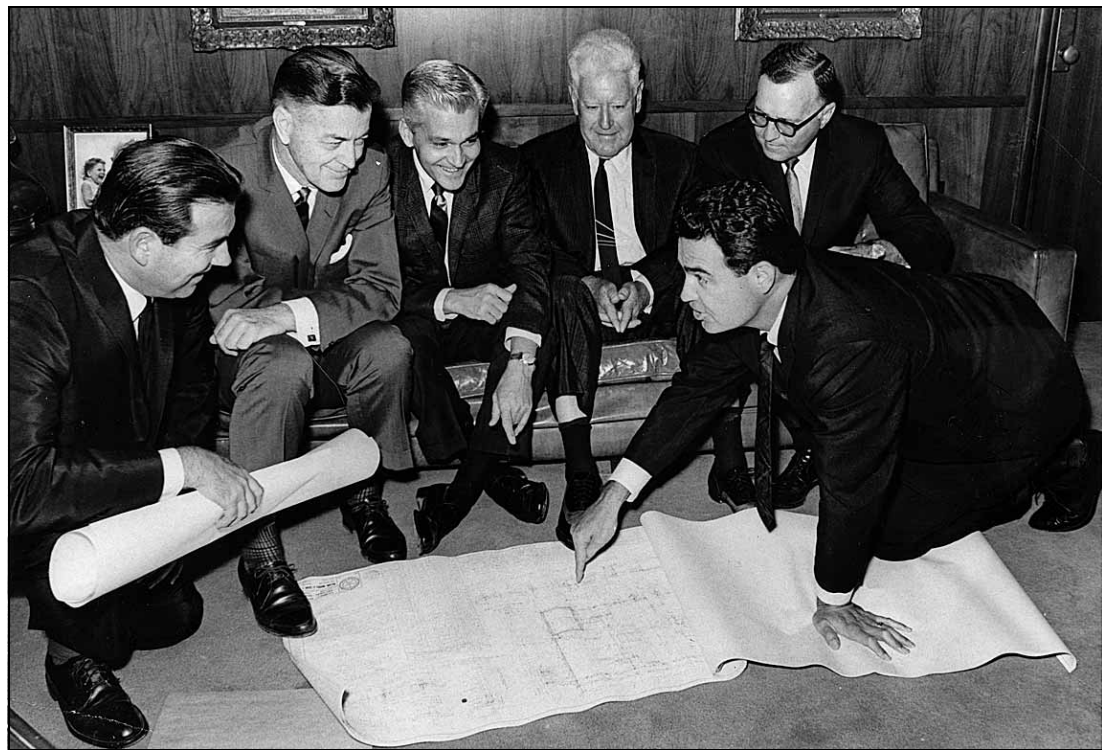
"They don't need space now because they took it last year," Biegel said. "It's kind of pre-purchased inventory."

For the trailing four quarters, leasing reached 13.8 million square feet, a 21 percent decline from the year-ago period. The overall availability rate of 15.8 percent, which includes sublease space, posted an annual increase of 1 percentage point, the report said.

The number of large blocks of available space grew, as well. In the second quarter, there were 40 chunks of at least 50,000 square feet of contiguous Class A space, up from 27 last year.

Biegel suspects another reason demand could be tapering off is because of individual perceptions about the economy.

"Everything you read says the economy is in the tank," he



CURTIS MCGEE : CHRONICLE FILE
BIG PLANS: Welcome Wilson Sr. kneels on a set of blueprints as he explains a project to Jamaica Corp. executives in 1966. From left are Wilson's brother Jack, Eugene Maier, Johnny Goyen, R.E. "Bob" Smith and Sherwood Crane. Eight years earlier, Wilson and others began what became the Jamaica Beach development.



NANCY SARNOFF

said. "That's having an effect on people's psychology." And new construction has also changed conditions. The Houston area has 9.7 million square feet under development, and less than 25 percent of it is released.

Most of that space is along the Katy Freeway, downtown and the northwest part of town.

"The region will have to sustain above-average demand over the next few years to absorb the new space in the pipeline," the report said.

Still, rental rates are gaining, posting a 3 percent increase in the second quarter to an average of \$24.09 per square foot. Rates for the nicest spaces available were up 3 percent to \$30.39.

Hotel for the art crowd

A local developer and the owner of Austin's perpetually booked San Jose, a stucco-walled bungalow-style hotel on South Congress, are planning a Houston concept along the cafe- and boutique-lined stretch of lower Westheimer.

The proposal: a 75-room hotel and restaurant catering to the city's art crowd and culture-starved business traveler. The multilevel project is slated for a vacant parcel at 1634 Westheimer, just east of Dunlavy.

"I had a vision for a boutique hotel in Houston that was intertwined with the community versus something you just built off the freeway," said Chris Ferguson, a custom home builder, land developer and real estate speculator who originally bought the 34,200-square-foot Montrose property.

The land, he said, is now in the hands of the investors of Bunkhouse Management.

The Austin-based group creates avant-garde hospitality concepts that, in addition to the Hotel San Jose, include an outdoor coffeehouse called Jo's and El Cosmico, a lodge of renovated vintage trailers in the West Texas ranch and art community of Marfa.

Ferguson will serve as the local developer of the Bunkhouse hotel.

He was part of a group that bought the property a couple of years ago, after a midrise proposed on the site fell through, and began talking to hotel groups, most of which didn't believe a hotel would work at the site because there aren't any major office buildings around.

"San Jose is anti-corporate

culture," Ferguson said. "They got the idea."

So did museum groups and other area businesses that in meetings to discuss the hotel said there would be enough demand to fill it.

Austin-based Dick Clark Architecture has done the initial design work on the project, but other firms are being interviewed.

Construction could begin as

early as next summer, but the slowing economy and constricted credit markets could push back the start date.

"It's a much different lending environment than it was a year ago," Ferguson said. "But we're all dedicated, and we're highly vested in the project. We're intent on getting it done."

nancy.sarnoff@chron.com

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■ **Vicki Raynold** has been admitted to Weinstein Spira & Co. as a shareholder of the firm.

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HOUSTON MORTGAGE MONITOR

INDIVIDUAL LENDER RATES

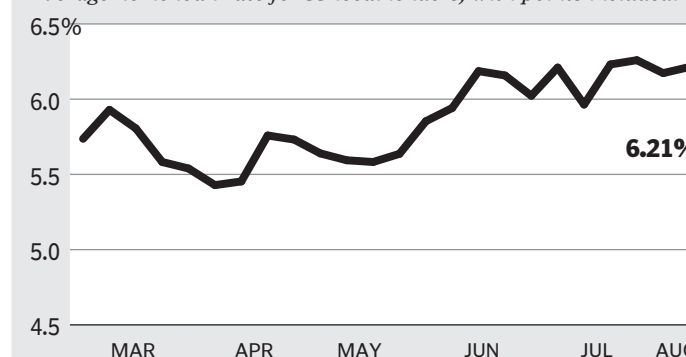
The mortgage interest rate list represents a sampling of rates as quoted by lenders in the Houston market on Friday. Rates, which may change on Monday, are for 90 percent loans and do not include origination fees. The numbers in parentheses after the rates are discount points. A point is equal to 1 percent of the loan amount.

Lender	15-year loans to \$417,000	30-year loans to \$417,000	15-year loans over \$417,000	30-year loans over \$417,000	Days Locked	30-year ARM
Action Mortgage	5½(0)	6½(0)	7¼(0)	8(0)	45	N/A
Advance Mortgage	5¾(0)	6½(¼)	7¾(0)	8¾(0)	30	5½(0)
Asset Mortgage Corp.	5¾(0)	6¼(0)	7(0)	7¾(0)	30	6¼(0)
EMC Mortgage	5¾(0)	6¼(0)	6¾(0)	7¾(0)	21	6½(0)
Fidelity One Mortgage	5¾(0)	6¼(0)	6.35(0)	7(0)	30	5¾(0)
Holland Mortgage	5¾(0)	6¼(0)	6¾(0)	7(0)	30	5¾(0)
Homeline Mortgage	5½(1)	6(1)	6¾(0)	7¾(0)	30	N/A
Hometown America	5¾(0)	6¼(0)	7¼(0)	8¼(0)	30	5¾(0)
Infinity Mortgage	5¾(0)	6¼(0)	7(0)	7¾(0)	30	5¾(0)
Mortgage Associates	5¾(0)	6¼(0)	7(0)	7¾(0)	30	N/A
Optima Mortgage	5¾(0)	6¼(0)	8¼(0)	8¾(0)	45	5¾(0)
Petrie Mortgage	5¾(0)	6¼(0)	6¾(0)	7¾(0)	30	5¾(0)
Preferred Bank	5¾(0)	6¼(0)	6¾(0)	7(0)	30	5(0)
PrimeLoan.com	5¾(0)	6¼(0)	7¼(0)	7¾(0)	25	5½(0)
Residential Finance	5¾(1)	6½(1)	6¾(1)	7¾(1)	30	N/A
Silver Leaf Financial	6(0)	6¾(0)	7(0)	7¾(0)	30	5¾(0)
Texas Mortgage Link	6(0)	6¾(0)	7(0)	7¾(0)	30	5¾(0)
Trenton Mortgage	5¾(1½)	5¾(2)	6¾(¾)	6¾(1½)	30	N/A
WebMortgageLink.com	6(0)	6¾(0)	7(0)	7¾(0)	30	5¾(0)
Westminster Mortgage	5¾(0)	6¼(0)	8(0)	8(0)	30	5½(0)

Source: The Mortgage Index

WEEKLY AVERAGE RATE

Average home loan rate for 55 local lenders, with points included:



Source: The Mortgage Index

PEOPLE IN BUSINESS



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Tuesday

■ **Association of Certified Fraud Examiners, Houston Chapter** — Luncheon meeting. 11:30 a.m.-1:30 p.m., Sheraton Houston Brookhollow Hotel, 3000 North Loop West. Speaker: Brent McDaniel, KPMG, Forensic Practice. Topic: Market manipulation in the energy industry. Cost: \$30-\$40. Information: Pay in advance at www.cfehouston.org or by cash or check on-site. Information: 281-754-4749.

Wednesday

■ **The Houston Chapter of Worldwide Employee Benefit Network** — Monthly meeting. 11:30 a.m. networking and registration, noon-1:30 p.m. speaker and lunch, Doubletree Guest Suites, 5353 Westheimer. Speaker: Mary Smith, president of Insurance Management Administrators. Topic: Future of employer-sponsored health care. Cost: \$40-\$45. Registration: Online at webnetwork.org/chapters/Houston or contact Nancy Gilbert at ngilbert@sarofim.com.

■ **The Houston Inventors Association** — Special inventors meeting. 5-9 p.m., Bayland Park Community Center Building, 6400 Bissonnet. Cost: free. Information: Otto Glaser, 713-896-9935. Online: www.inventors.org.

■ **Ladies of Richmond-Rosenberg Express Network** — Luncheon. 11:30 a.m.-1 p.m., Pecan Grove Country Club, 3000 Plantation Drive, Richmond. Speaker: Marco Ruiz, business consultant. Topic: Find out how the UH Small Business Development Center can help you and your business. Cost: \$20-\$25. Information: Alicia

CALENDAR

Casias, 281-341-5069, or casiasal@nationwide.com. Online: www.abwalorren.org.

■ **Desk and Derrick Club of Houston** — Meeting. 5:30 p.m., Doubletree Guest Suites, 5353 Westheimer. Speaker: Sandra Mourton, executive director, Offshore Energy Center. Cost: \$25. Reservations: Angela Hicks, 713-621-6785, or angelah@isramco-jay.com.

■ **Services Cooperative Association Houston CrossRoads Business Building Breakfast** — Meeting. 7:15-8:30 a.m., Lakeside Country Club, 100 Wilcrest. Speaker: Ann Carr, Find Trucking.Com. Topic: How transportation can enhance your business. Cost: \$22. Reservations: 713-932-7495, ext. 48, or www.servicesca.org/crossroads.htm.

Thursday

■ **Houston Chapter of the American Payroll Association** — August membership meeting. 11 a.m.-1:15 p.m., Petroleum Club, 800 Bell. Speaker: Judy Vasek Sitton of PacoTech. Topic: The right to know versus the right to privacy. Cost: \$30-\$45. Registration: http://HoustonChapter.APA.org.

■ **Rotary Club of Houston** — Luncheon meeting. Noon, Junior League of Houston, 1811 Briar Oaks. Speaker: Michael Skelly, founder of Horizon Wind Energy Co. Topic: Wind power. Cost: \$24. Information: Geraldine Mullins, 713-973-9936, www.rotaryhouston.org.

Friday

■ **IMC-Houston (Institute of Management Consultants)** —

Meeting. 10-11 a.m., Communications Style roundtable facilitated by Linda Bonnet, 11 a.m.-1 p.m., lunch, and The Magic of Change with author Tom Britton, H.E.S.S. Club, 5430 Westheimer. Cost: \$30-\$35. Information: Kathy Fediw, 281-687-6966. Online: www.IMC-Houston.org.

■ **Rotary Club-Pasadena** — Luncheon meeting. Noon, First Methodist Church, 1062 Fairmont Parkway, Pasadena. Speakers: Justice Laura Carter Higley and Justice Adele Hedges. Topic: Appellate system and restoration of 1910 courthouse. Cost: \$10. Information: Pam, 281-991-9242.

The Chronicle lists business events on a space-available basis. Send a description of the event, date, time, address, cost and phone number to: Katherine Feser, Business Calendar Editor, Houston Chronicle, P.O. Box 4260, Houston, TX 77210. E-mail to katherine.feser@chron.com, two weeks before publication.

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Author knows subprime crisis well

ASSOCIATED PRESS

Richard Bitner used to brag about his job — that is, before subprime lenders were viewed less favorably amid the credit crisis and mortgage meltdown.

Bitner, author of the recently published *Confessions of a Subprime Lender: An Insider's Tale of Greed, Fraud and Ignorance*, has chronicled the rise and fall of the industry and says that three out of every four subprime mortgages originated by brokers were misleading or fraudulent.

"I was one of those guys who

actually felt good about being a subprime lender because I could see that we managed the risk relatively effectively," said Bitner, who did business with mortgage brokers from 2000 to 2005.

Bitner said once he began to question the risk associated with loans he and his partners were funding, he decided he wanted out of the business.

"The industry has always been largely unregulated, and the government still hasn't done everything that needs to be done to fix it," he said.