

A Reprint from *Tierra Grande*

By Harold D. Hunt

Nestled on the shore of Galveston Bay, the greater Clear Lake area has long been one of Houston's best-kept secrets. Ten cities and a slice of south Houston make up this diverse region, which boasts a population of 400,000. Often linked inextricably to NASA and the space program, Clear Lake is indeed about space — and more.

"More" is the concept behind the greater Clear Lake area's upcoming name change. "Our region now extends well beyond the shores of Clear Lake," says Jim Reinhartsen, president and CEO of the Clear Lake Area Economic Development Foundation. "We decided to change the name to Bay Area Houston, which gives a clearer image of our territory."

Lying within both Harris and Galveston counties, Bay Area Houston includes part of Houston along with the cities of Friendswood, Kemah, League City, Nassau Bay, Seabrook, Webster, Clear Lake Shores, El Lago, Taylor Lake Village and Pasadena.

Array of Economic Drivers

A recent report by Angelou Economics indicates that aerospace, technology and specialty chemicals have been

the strongest contributors to Bay Area Houston's economy. However, tourism, recreational boating and biotechnology are broadening the region's economic base.

Since the Johnson Space Center opened more than 40 years ago, the aerospace industry has maintained a commanding presence in Bay Area Houston. NASA and more than 70 aerospace and defense firms currently employ more than 15,000 in the region. Bay Area Houston is home to 92 percent of Houston's aerospace jobs and 4.5 percent of Houston's total employment.

Technology employment in Bay Area Houston goes well beyond the aerospace industry. More than 9,000 employees in the region work in software development and computer services firms.

The specialty chemical industry is an effective counterbalance to the area's aerospace and technology industries. Pasadena's oil refineries and the world-class Bayport Industrial



AEROSPACE is the backbone of area business. United Space Alliance, a partnership between Boeing and Lockheed Martin, manufactures equipment for NASA's space shuttle program. (Right) Flight suits and helmet made for the next shuttle mission, on hold pending results of the Columbia accident investigation.

Complex employ 8,000. Specialty chemical companies have invested more than \$2.5 billion and have an annual economic impact of more than \$1 billion on the region.

Tourism is expanding rapidly, with more than two million tourists visiting the Bay Area annually. The \$68 million Space Center Houston, launched in 1992, attracts nearly one million tourists per year. The Kemah Boardwalk, a \$25 million development, is rapidly becoming one of the state's premiere restaurant and entertainment destinations.

Recreational boating accounts for about 10 percent of all gross sales in the Bay Area — more than \$200 million annually. Bay Area Houston's 19 marinas have more than 7,000 boat slips with the third largest concentration of pleasure boats in the United States.

Biotechnology is a steadily growing niche industry in Bay Area Houston. Located squarely between Houston's Texas Medical Center and Galveston's medical research facilities, the region employs more than 2,900 in biotech-related firms. Some biotech companies, such as Wylie Laboratories, are conducting space-related research projects they hope will lead to advancements in cancer treatment and drug development. One such

project involves studying the effect of weightlessness on cell tissue.

Healthy Commercial Market

Bay Area Houston's office market is relatively small in terms of total inventory compared with other Houston submarkets. The region's 80-plus office buildings, totaling 5.7 million square feet of space, represent a mere 3 percent of the Houston metro's total office space.

According to Coy Davidson, vice president of Colliers International, "The Bay Area office market is somewhat independent of the greater Houston market, which is affected more directly by national economic factors as well as business cycles in the energy and specialty chemical industry. The Bay Area's office market has remained relatively stable by comparison because of its ties to the aerospace industry." Davidson says aerospace-related tenants account for about 35 percent of the occupied office space in Bay Area Houston.

The region's warehouse and distribution properties are minimal. Excluding owner-occupied space, Bay Area industrial inventory is about 1.3 million square feet. However, Davidson reports that specialty chemical companies continue to move into the area and expand white collar engineering and management functions related to area manufacturing operations.

Vendors to the major specialty chemical firms are also relocating to the area to service their clients more conveniently. Demand for flex and light industrial space in Bay Area Houston should continue to grow.

Bay Area Houston residents earn some of the highest incomes in the Houston area, with 18.3 percent of households bringing home more than \$100,000 per year. As a result, the region's retail market has performed well. Baybrook Mall is



DIVERSE COMMUNITIES with shared economic goals make up the area. (Top) A high-end community in Seabrook. (Above) Scientists consult inside the mock-up of the International Space Station at the Johnson Space Center. (Right) Map of Bay Area Houston.



the number one suburban Houston mall with annual sales per square foot at \$490.

Variety of Residential Options

Several Bay Area cities including Friendswood, Kemah, League City, Pasadena, Seabrook and Webster were founded in the late 1800s. Some, such as Nassau Bay and Taylor Lake Village, developed as the Johnson Space Center grew.

The disparity in the ages of communities, combined with the area's range of landscapes, has produced a surprising difference in character and feel among Bay Area Houston cities. Homebuyers can find new waterfront homes, older ranchettes and everything in between. Once they purchase a home, they can be duck hunting, sailing or at work in downtown Houston in half an hour.

Home sales prices vary widely in the region. More than 32 percent of the homes sold in 2002 through the Bay Area multiple listing service (MLS) were priced at more than \$160,000.

However, more affordable housing is also available. Almost 30 percent of MLS homes sold last year were priced less than \$100,000.

Educational Opportunities

Bay Area Houston is served by three independent school districts (ISDs) — Clear Creek, Pasadena and Friendswood. San Jacinto College and the University of Houston both have campuses in the Bay Area.

The University of Houston–Clear Lake, with an average student age of 32, is a major educational resource for working adults. Computer science and teacher education are popular fields of study, with the master of business administration and master of health care administration degrees among the most favored. A master's level bioscience program is under consideration.

San Jacinto College has teamed with the Clear Creek, Friendswood and Pasadena ISDs to create the Aerospace Academy for Engineering and Teacher Education. The program aids students and teachers working in math and sciences through educational partnerships with businesses and government entities.

Many local firms steer employees toward continuing education programs as well. Scholarships, tuition reimbursement and release time to attend college classes are not uncommon.

Houston, We Have a Solution

The Space Alliance Technology Outreach Program (SATOP), a groundbreaking initiative started in 1998, offers free technical assistance to small business owners, entrepreneurs or inventors facing technical challenges, large and small. Directed out of the Clear Lake Area Economic Development Foundation office, the program was created to help save or create local jobs. SATOP is now a statewide initiative.

The program enlists engineers and scientists from area universities, NASA centers and NASA



LIVING LARGE on land and sea. (Above) Recreational boats in the marina at South Shore Harbour Resort. (Right) Housing prices in the area vary from high-end to affordable. (Bottom) Private piers stretch toward the horizon near the Kemah Boardwalk.



SOFTWARE AND COMPUTER services, biotechnology, and chemicals and plastics are all major players in the area. (Right) The Bayport Industrial Complex is home to American Acryl, an acrylic manufacturing plant. (Below) A robotic transfer system for fragile frozen protein crystals, engineered by Oceaneering International, Inc.



problems in a dance studio, increasing the energy efficiency of storm windows and developing an air filtration system for ceiling fan blades.

Bob Mitchell, SATOP's Texas executive director, says, "The program's goal is to speed transfer of space technology to the private sector. Small businesses are just a click away from tapping into the power of the space program." For more information or to request technical assistance, visit www.spacetechsolutions.com.

Bay Area Houston has evolved into a diverse, dynamic component of the greater Houston metropolitan area. With abundant business opportunities and a sought-after quality of life, the region that owes so much to space is clearly on solid ground. 📌

subcontractors who volunteer up to 40 hours of their time per request for help. These volunteers exercise their technical skills in solving down-to-earth problems faced by small business owners. SATOP's success stories include eliminating acoustical

Dr. Hunt (hhunt@recenter.tamu.edu) is an assistant research scientist with the Real Estate Center at Texas A&M University.



MAYS BUSINESS SCHOOL

Texas A&M University
2115 TAMU
College Station, TX 77843-2115

<http://recenter.tamu.edu>
979-845-2031
800-244-2144 orders only

Director, Dr. R. Malcolm Richards; **Associate Director**, Gary Maler; **Chief Economist**, Dr. Mark G. Dotzour; **Communications Director**, David S. Jones; **Associate Editor**, Nancy McQuiston; **Assistant Editor**, Kammy Baumann; **Assistant Editor**, Ellissa Brewster; **Art Director**, Robert P. Beals II; **Graphic Designer**, J.P. Beato; **Circulation Manager**, Mark W. Baumann; **Typography**, Real Estate Center; **Lithography**, Wetmore & Company, Houston.

Advisory Committee

Celia Goode-Haddock, College Station, chairman; Nick Nicholas, Dallas, vice chairman; Joseph A. Adame, Corpus Christi; David E. Dalzell, Abilene; Tom H. Gann, Lufkin; Joe Bob McCartt, Amarillo; Catherine Miller, Fort Worth; Jerry L. Schaffner, Dallas; Douglas A. Schwartz, El Paso; and Larry Jokl, Brownsville, ex-officio representing the Texas Real Estate Commission.

Tierra Grande (ISSN 1070-0234), formerly *Real Estate Center Journal*, is published quarterly by the Real Estate Center at Texas A&M University, College Station, Texas 77843-2115. Subscriptions are free to Texas real estate licensees. Other subscribers, \$20 per year.

Views expressed are those of the authors and do not imply endorsement by the Real Estate Center, Mays Business School or Texas A&M University.