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**March 5, 2010**

## **Economist: Washington's Fixes Have Become the Problem**

**(National Real Estate Investor – 02/24/2010)**

Uncertainties over taxes and access to credit are driving U.S. businesses to hoard cash rather than lead the economy into recovery by spending and hiring, according to a prominent real estate researcher.

The private sector has squirreled away trillions of dollars that could revitalize the economy, but businesses are reluctant to part with cash they may need for operating capital in the absence of credit, and to pay higher tax bills at all levels of government, according to Dr. Mark Dotzour, chief economist at the Real Estate Center at Texas A&M University.

"We are used to thinking of the federal government as the solution to these problems for economic growth and they have rapidly become the source of the problem because of the uncertainty that they have created for business people," says Dotzour, who was one of several presenters at a symposium hosted by the CCIM Central Texas chapter on Feb. 23 in Austin.

What uncertainty? Taxes, for one. Early proposals to raise the capital gains tax from the current 15% to 24% have been scaled back to 20%, but even that hike would reduce initial returns on investments in commercial real estate, Dotzour says. That threat of a bigger tax hit will influence many potential buyers to postpone acquisitions until a definite rate is set and can be factored into purchase prices.

Similar worries about higher income tax rates, increasing energy costs as a result of cap and trade legislation, and health-care reform proposals that leave members of the medical and insurance industries guessing as to what their incomes will be next year are collectively weighing on the minds of business owners and would-be entrepreneurs.

Just as tight credit and tax hikes by President Herbert Hoover's administration exacerbated a recession to create the Great Depression in the 1930s, which Dotzour dubs "the Hoover maneuver," a lack of credit and potential tax hikes will stifle business growth as the nation

## **Sale of 5508 Parkcrest Drive**

*(Gold Eagle Investments – Helen jobs)*



Gold Eagle Investments is pleased to announce the sale of 5508 Parkcrest Drive. A three story, 42,719 SF building located in northwest Austin. The building has first floor structural parking, downtown views, and floor to ceiling glass throughout. The building was vacated and sold by United Teachers Association and the Buyer was a local partnership.

## **The Domain Phase II opens Friday**

*(Austin Business Journal – 02/24/2010)*

The second phase of the closely-watched Domain retail, office and residential project opens Friday, with some retailers coming on line in April.

Majority owner of Simon Property Group (NYSE:SPG) said the newest phase covers 136,000 square feet of retail and restaurant space anchored by Dick's Sporting Goods, Dillard's and Gold Class Cinema. Other shops and eateries include American Eagle Outfitters, Aeropostale, Bath & Body Works, Buckle, Bui-yah-kah, Charming Charlie, Coffee Bean & Tea Leaf, Express, Finish Line, The Limited, Maggiano's, Payless Shoes, Shasa Collections, Stride Rite, Sushi Zushi, VANS, Yogurt Planet and Zumiez.

The 600,000-square-foot Northwest Austin site also houses 438 apartments, which opened October last year, and 78,000 square feet of office space. Simon has also partnered with White Lodging to construct a Westin at The Domain, which is accepting reservations beginning March 11. It includes 340 rooms and about 14,000 square feet of meeting space.

The company will host a series of events to celebrate the opening, including a "Simon Fashion Now" runway show and event March 26-27 and a Domain II showcase and Easter egg hunt April 3.

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## **Austin City Council hosting special Yingli, Facebook meeting**

*(Austin business Journal – 03/01/2010)*

Austin City Council has scheduled a special meeting March 3 to discuss economic development proposals for Yingli Green Energy Americas Inc. and Facebook Inc.

The Wednesday meeting will begin at 10 a.m. in city hall chambers. The council will hear staff presentations and accept public comments on proposed incentive agreements. Members will also decide whether to set public hearings on the proposals March 11.

The city has offered the Chinese solar giant \$354,000 to invest about \$19.8 million and create 300 jobs by 2013. Officials have also proposed giving the social networking veteran \$200,000 to create 200 jobs and invest about \$3.1 million.

The agenda for the meeting is available [here](#).

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struggles to climb out of the current downturn.

Washington's response to the recession with stimulus dollars has served to prop up ailing financial institutions and state governments without doing enough to correct underlying problems that brought on the credit crunch and banking crisis, Dotzour contends.

By allowing banks to extend loans that are covering their debt service payments but that are underwater, meaning the value of the asset has fallen below the remaining loan balance, the federal government is postponing the inevitable write-downs — and bank failures — that must occur in order for surviving banks with healthy balance sheets to resume lending to small businesses.

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## Austin Ventures teams with MySpace founders to acquire gaming platform

*(Austin Business Journal – 03/03/2010)*

Austin Ventures has teamed with the three founders of MySpace to acquire a California-based online social gaming platform.

Austin Ventures invested a reported \$20 million in the deal to buy San Francisco-based MindJolt with MySpace founders Chris DeWolfe, Colin Digiario and Aber Whitcomb. As part of the deal, Austin Ventures partners Chris Pacitti and Tom Ball become board members of the company.

MindJolt claims more than 20 million monthly active users on the Web. More than 1,000 game developers use the company's application, officials said.

The deal is the latest in a string of non-Texas investments Austin Ventures has made in recent years. The firm, which started in the late 1970s, has been posting fewer early-stage venture capital deals compared with larger growth equity or roll-up deals.

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