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AUSTIN NEWS UPDATE

COURTESY OF

GOLD EAGLE INVESTMENTS

3619 Bull Creek Road Austin, Texas 78731



March 5, 2010

Q1 Pulse Poll: Have We Hit Bottom Yet?

(Loopnet-02/10/2010)

As the commercial real estate industry slowly churns along the bottom of the current cycle, LoopNet members offer mixed perspectives on the market's near-term future. According to the results of our latest LoopNet Pulse Poll, completed by 1500 LoopNet members in January, just under half of LoopNet members expect a recovery in transaction volumes in 2010, while a substantial number are expecting to wait until 2012. Prices are expected to continue falling, while access to capital continues to be cited as the most important barrier to a recovery. Running slightly counter to these overall trends, 60% of investors are personally expecting to make at least one purchase within six months.

Timing

The survey revealed divergent opinions regarding the timing of a recovery in transaction volumes. While just over 45% believe that year-over-year growth will resume by the end of 2010 (including a small number that believe it has already begun), a substantial 20% are expecting it to be delayed until 2012 or later. With 35% predicting a 2011 recovery, this nets out to a majority of 55% who are not expecting a recovery this year.

When cut by role, investors are slightly more pessimistic, with a median expectation of year-over-year recovery timing that is approximately one quarter later than that of brokers or owners.

Obstacles

Consistent with our Q4 2009 Pulse Poll, access to debt financing remains the most significant obstacle to completing transactions, chosen by half (49%) as the #1 reason, followed by high asking prices (25%) and insufficient equity capital among buyers (18%).

Austin construction activity to climb 30%

(Austin Business Journal-02/12/2010)

Texas' construction activity is expected to improve this year with Austin fairing the best, according to a McGraw-Hill Construction report Thursday.

The 2010 Texas Construction Outlook shows construction starts value increasing 16 percent this year to \$52.5 billion statewide. Austin is expected to experience the largest growth, rising 30 percent in value, followed by Houston, growing 17 percent. Dallas is projected to increase 16 percent and El Paso should add 8 percent value this year. San Antonio is expected to see 6 percent growth.

The report said housing starts are expected to grow 31 percent to \$21.8 billion, while commercial construction starts will slip 1 percent to \$17.6 billion. Federal stimulus funding will boost public works and utilities construction, according to the report.

McGraw-Hill has compiled project and product information, plans and specifications and industry news and forecasts for more than a century. The publication is owned by The McGraw-Hill Cos. (NYSE: MHP) in New York.

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Gov. Perry: Texas top exporter in U.S.

(Austin Business Journal-02/11/2010)

For the eighth consecutive year, Texas ranks No. 1 nationally in exports, according to a statement from Gov. Rick Perry. Texas exports totaled \$163 billion in 2009.

The top recipients of those exports included Mexico, Canada, China, the Netherlands and Korea.

Perry reiterated in a statement that low taxes, a predictable regulatory climate and the Texas work force continue to drive the state's export business.

Texas' unemployment rate is still faring better than the rest of the nation, he said.

The unemployment rate in the United States dropped from 10 percent to 9.7 percent in January, according to the U.S. Department of Labor.

While the unemployment rate fell, the the economy still shed 20,000 jobs in January, the report said.

The latest available data on the Austin metropolitan area showed an 6.9 percent unemployment rate in December, which was unchanged from November, according to the Texas Workforce Commission. January numbers from the Workforce Commission are due early next month.

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St. Jude Medical expanding its Austin operations

(Austin American Statesman-02/11/2010)

While debt financing was the top choice for all 3 groups, the relative weighting varied by role. For Brokers and Owners, lack of access to debt financing was over twice as important as asking prices in explaining the dearth of transactions, while Investors rated pricing as almost equally important.

Pricing

While the three groups may differ on the importance of pricing as an obstacle to a recovery, all agree that prices will continue to fall, and by a similar amount. Investors are predicting the largest decline, with an average of 13%, but they are not much more bearish than owners, who are forecasting around 10%.

It is true, however, that there is a far larger segment of owners (21%) who believe prices have already reached their lows, as compared to investors (9%) and brokers (8%).

Pricing vs. Transaction Volumes

With future declines in pricing likely to help restart transactions, it stands to reason that survey respondents believe the recovery in the number of completed deals will lag the low point in pricing. Over 60% believe that prices will hit bottom in 2010, compared to 45% who expect to see increases in transaction volume during this year. At the same time, 11% expect prices to hit their lows in 2012, whereas 20% expect volumes to remain depressed until then.

Personal Deal Activity

Perhaps signaling a healthy renewal of appetite among interested principals, nearly half of respondents are expecting to complete at least one sale and one purchase of a commercial property in the next six months. Investors bias heavily in favor of purchasing properties, with nearly 60% expecting to buy and only 20% expecting to sell. Owners anticipate less activity, and are more evenly balanced between buying and selling. Brokers, who were asked about activity on behalf of clients, are predicting more sales than purchases.

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Minneapolis-based St. Jude Medical Inc. has signed an 85,000-sf lease in Palisades West at Bee Cave Rd. and Loop 360 in preparation for its headquarters expansion.



The seven-year lease will provide an extra 15,000 sf compared with its current home in the Las Cimas office complex, where St. Jude's U.S. sales division is headquartered, along with facilities and classrooms where employees and physicians are trained to use the technologies developed by the company.

St. Jude plans to move late this year to Palisades West, where it will occupy the first three floors of the five-story building, allowing the company to expand its training capabilities.

Jones Lang LaSalle's Austin office represented St. Jude in the negotiations.

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Dell buys California software company

(Austin American Statesman-02/12/2010)

Dell Inc. said Thursday it will buy a Silicon Valley software company in a bid to bolster its product offerings to small- to mid-sized businesses and government customers.

Dell will buy Mountain View, Calif.-based Kace Networks Inc. for an undisclosed price. The company, which employs about 125 workers, creates software to help mid-sized companies manage computer assets, deploy software, provide security and manage service desks.

The software is designed for small- to mid-sized businesses as well as government, education and health institutions. Its primary software product family is called Kbox, and it supports systems that run Windows, Mac-intosh and Linux software.

"We talk directly to thousands of these customers, and they tell us they need systems management tools geared for their environment," said Steve Felice, president of Dell's business segment tied to consumers and small- to mid-sized businesses. "The Kbox family of appliances is highly capable, quick to deploy, simple to use and provides a rapid return on investment — exactly the sort of best-value solutions we've delivering to customers."

Analyst Jayson Noland with R.W. Baird & Co. said the acquisition will support Dell's family of business and government software but is unlikely to have a substantial impact on the company's near-term performance.

Although Dell expects to see a rebound in corporate computer spending in 2010, it is also making more investments aimed at public sector and mid-sized businesses customers.

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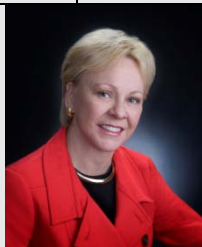
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