



Helen Jobs, CCIM is the owner and founder of Gold Eagle Investments, specializing in the sale and leasing of office, retail, and industrial property as well as investment sales in Central Texas, San Antonio, Rio Grande Valley and Pennsylvania.

During her 28-year career, Jobs has leased and sold all types of commercial real estate, including office/warehouse, office, retail centers, apartments and land.

Prior to founding Gold Eagle Investments in 2001, Jobs served as the investment sales broker at Trammell Crow (now CBRE).

During her career, Helen has leased over 800,000 SF of space and sold over 3 million square feet of commercial real estate. She is a member and served 11 years on the board of the Real Estate Council of Austin and is a past president and member of the Austin Commercial Real Estate Society.

Austin Office Investment Market – Remarkable Recovery

MARKET OVERVIEW

While 2009 was the year of amassing huge funds and “wait and see”, 2010 became the year of “now I’m ready to buy, where is the distressed product?” Then “where is ANY product?” At least for Austin, the torrent of distressed properties that was forecast, never materialized. Austin has fared better than almost any city in the US and buyers have not seen the bargains they were expecting. While three new and empty office projects were foreclosed in 2010, one passed into the private sector before the end of the year and the other two are under contract. With pent up demand, all are projected to sign leases immediately.

The November elections provided an expectancy of conservative fiscal actions within the federal government translating into some certainty in the financial arena, most importantly continuation of the capital gains tax and current income tax rates. This, along with positive absorption of over 600,000 sf, is closing the gap between buyers and sellers.

BUILDING SALES/VALUES

Out of the twelve sales for 2010, three projects were vacant—5508 Parkcrest, purchased in February, was almost 100% leased by October and Ladera Bend I, II and III had a significant amount of leases waiting to be signed upon closing in December. The Hill Country Galleria Office was only 9% leased when purchased in January and by year end was 80% occupied. Travis County purchased 700 Lavaca, 315,000 sf, to be owner occupied. 1300 S. Mopac, (45% occupied) 389,000 sf, was purchased by Intel for expansion of their engineering operations.

Keller Williams Realty bought Spyglass Point, 58,576 sf where they are a major tenant. Amplify Credit Union acquired 3600 Parmer, 55,475 sf and plan to occupy a small portion for their administrative offices.

The four sales that were pure multi tenant investor deals were all over 90% occupied and sold for an average of \$171 psf.

FINANCING AVAILABILITY

According to Texas Realty Capital, the life insurance lenders who were out of the market are back in and those who stayed in have more money to lend as part of their 2011 allocation. Currently spreads are 150-200 which are back to normal levels, and has helped overall interest rates remain steady even though the Treasury Yield indexes have increased significantly over the past 2-3 months.

Cap rates appear to be linked again with the loan constant and we do not expect to see them drop below the loan constant. Also, the CMBS market is coming back for loans +\$10 mm and while pricing is not as good as life insurance companies, they do offer higher leverage which is important in refinancing where more dollars are owed.

MARKET FORECAST

Two key ingredients to the recovery of the office market are the addition of new jobs and lack of new product. Angelos Angelou is forecasting a two year total job growth of 43,900 (2.8% annualized) and there is currently no new construction. Austin’s population is expected to

increase by 60,000 and 65,000 respectively for 2011 and 2012. Unemployment is expected to continue to decline to 6.7%, and there is projected to be \$344.4 mm invested by venture capitalists.

Twenty-eight new companies relocated to Austin in 2010, six were headquarters. Newsweek magazine named Austin among America’s top recovery cities and Forbes named Austin one of the top ten of the nation’s most affordable places to live (it was noted to be one of the nation’s hottest cities for high-tech jobs.) Austin ranks #6 nationwide for job growth and is soon to be home to the only Formula One race track in the US.

Rental rates, at a 2010 average of \$23.24 psf and occupancy, at 79.9% are both expected to increase during 2011.

As values trend upward, more product will be added to the market and 2011 will be a very active office investment market.

Office Building Sales History (Buildings over 30,000 sq.ft.)

	2003	2004	2005	2006	2007	2008	2009	2010
Transactions	12	23	33	14	33	18	1	12
Consideration	\$229,742,000	\$533,357,318	\$1,021,550,163	\$1,029,712,000	\$2,737,480,000	\$555,495,000	\$7,500,000	\$280,992,000
Square Feet	1,572,971	4,410,413	5,886,328	5,982,971	11,000,870	2,789,994	75,000	1,890,185
Avg. Price/SF	\$146	\$121	\$174	\$172	\$249	\$199	\$100	\$154



NOTEWORTHY NEWS

At the invitation of Madam Nie, President of the China Real Estate Chamber of Commerce (CRECC), Helen Jobs, principal of Gold Eagle Investments, made a presentation titled “Senior Housing in the US” to a group of 200 Chinese investors at the 2010 International Forum on Investment and Development of Green and Low-Carbon 50+ Communities.



The seminar was held in Sanya, in the Hainan Province, a small resort island off the southern coast of China called the “Chinese Hawaii”. Madam Nie’s son served as Ms. Jobs interpreter.

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PROPERTIES SOLD



Parkcrest Office Building (42,719 sf)
Austin, Texas
Two-story atrium and marble tile lobby behind a reflective glass and brick exterior - vacant
\$3,900,000



3800 South Lamar (2.231 ac)
Austin, Texas
Lot located on South Lamar with a direct view of the Barton Springs greenbelt area and upscale office developments located at Barton Skyway.
\$1,300,000

INVESTOR ADDED



Tuscan Hills Lakeside (1,996 sf)
Lakeway, Texas
Located west of US Highway 183 along the south side of Ranch Road 620 and Flamingo Drive on 1.79 acres of land. Investor added for cash infusion.

PROPERTIES FOR SALE



Camp Craft Office Building (9,214 sf)
Westlake, Texas
This two story stucco office building is located in Westlake Hills. Ideal for any professional office user, for lease or to purchase.
\$2,200,000



East Manchester Village Centre (124,628 sf)
Manchester, Pennsylvania
A grocery anchored shopping center located in East Manchester, Pennsylvania. Tenants include Giant Food Store, Dollar Tree, Fastenal, Subway, Dunkin’ Donuts.
\$16,800,000



1500 W. 38th St. (42,767 sf)
Austin, Texas
This medical office building is located in the primary central medical area of Austin, 98% occupied with long term tenants, 96% medical tenants, no rollover in 2011 (8.6% cap rate).
\$6,800,000

For detailed information on the contents of this report or information on commercial real estate investment contact me today!

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