



Reg. Dir. – Marketing & Investment Sales

Helen Jobs, CCIM, specializes in the sale and leasing of office, retail, and industrial property as well as investment sales in Central Texas, San Antonio, Houston and the Rio Grande Valley.

During her 28-year career, Jobs has leased over 800,000 square feet of office space and sold more than 3.1 million square feet of commercial real estate including office/warehouse, office, retail centers, apartments and land.

Jobs served as the investment sales broker at Trammell Crow (now CBRE) and for the past ten years, was the principal and founder of Gold Eagle Investments.

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. She is also a member of the Urban Land Institute and the Cent. Tex. Commercial Association of Realtors.

Austin Office Investment Market – Continued Recovery

MARKET OVERVIEW

Recovery is continuing into 2011 with modest increases in occupancy, very slight increases in rental rates and encouraging increases in office sales. The flood of distressed properties that was forecast never materialized and buyers are becoming more aggressive in the realization that the bottom has come and gone. While Austin has fared better than almost any city in the US, the national economic situation is making buyers cautious and properties are being evaluated on current NOI with moderate rent growth. An air of uncertainty continues due to the fiscal actions of the federal government and will continue for some time, certainly until after the November 2012 elections.

Austin has continued to lure new companies and other companies are expanding; ArthroCare, OpenText, Altera, Google, Bazaarvoice, Polycom, Facebook and Apple. These forces coupled with no new construction are giving the office investment market a very positive outlook for the next few years.

BUILDING SALES/VALUES

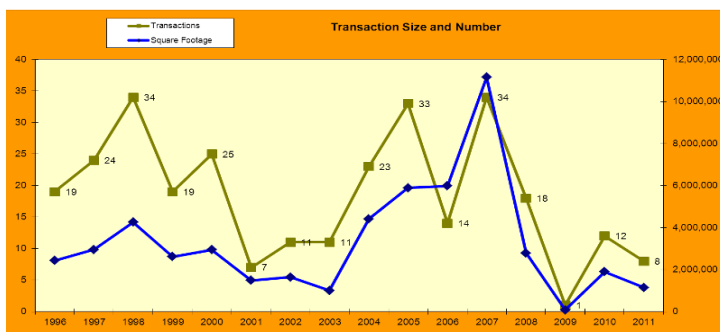
Out of the eight sales closed through June, 2011, three buildings were vacant and purchased from lenders—Aspen on the Lake was purchased by USAA from Wells Fargo Bank, Plaza 35 was purchased by Stream Realty from Nomura Credit & Capital, and Frontera Vista was purchased by Emerson Electric from US Bank to be owner occupied.

Two other projects were purchased from lenders, Austin Oaks, 81% leased, purchased by Riverside Resources from LNR (a special servicer) and University Park, which was only partially occupied, was purchased by Spear Street Capital from Texas Capital Bank and US Bank. There were two other sales, the Jefferson Building, which is located in the Seton medical area was purchased by the Valeo Fund (now Velosis Partners) and their first acquisition in Austin. Also Southpark One was purchased by City Public Service of San Antonio, Texas.

The cap rates ranged from 8% to 9.5% depending on occupancy, future development possibilities and tenancy.

	1996	1997	1998	1999	2000	2001	2002	2003
Transactions	19	24	34	19	25	7	11	11
Consideration	\$194,958,949	\$285,797,820	\$499,110,702	\$335,446,539	\$424,275,494	\$170,498,500	\$193,933,250	\$100,368,670
Square Feet	2,427,736	2,952,538	4,252,702	2,615,460	2,940,539	1,485,613	1,632,884	999,789
Avg. Price/SF	\$65	\$88	\$117	\$128	\$144	\$115	\$118	\$100

	2004	2005	2006	2007	2008	2009	2010	Mid-Year 2011
Transactions	23	33	14	33	18	1	12	8
Consideration	\$533,357,318	\$1,021,550,163	\$1,029,712,000	\$2,737,480,000	\$555,495,000	\$7,500,000	\$280,992,000	\$178,736,897
Square Feet	4,410,413	5,886,328	5,982,971	11,000,870	2,789,994	75,000	1,890,185	1,142,176
Avg. Price/SF	\$121	\$174	\$172	\$249	\$199	\$100	\$142	\$142



FINANCING AVAILABILITY

Texas Realty Capital, based in Austin, Texas reports that permanent lenders are more active than at any time since 2007 and there is no shortage of funding for well leased commercial projects. Funds for property acquisitions or refinance are still limited to 70% in most cases with some 75-80% loans for unique properties and multi-family loans. Currently rates are in the range of 4.75% to 5.50% for most 10 year fixed rates, non recourse transactions.

Recent government negotiations to fix the debt ceiling have led to severe declines in the US Treasury rate with the benchmark 10 year rate now below 2.50%. We continue to see a slow and steady trend of declining cap rates and there is no shortage of fresh equity in the private sector for quality deals. The CMBS market while attempting a comeback the past year is focused on transactions over \$10 million and for now is not quoting deals due to the lack of a secondary market and acceptable ratings from Moody's, S & P or Fitch. Austin, Texas remains a most favored market by our 18 correspondent lenders looking for loans of \$1,000,000 to \$50,000 per transaction.

AUSTIN IN THE NEWS

Fortune Magazine, in its 7.25.11 issue, focuses on this *Fortune* Global 500, it lists 15 markets worldwide to "put on the map" in its Best New Cities for Business category. Austin was one of two US cities that made the list (there was no ranking). Ahmedabad, India...Austin, U.S....Bogota, Columbia...Chengou, China...Chongqing, China,...Doha, Qatar...Gurgaon, India...Lagos, Nigeria...Melbourne, Australia...San Jose, Costa Rica...Santiago, Chile...Salt Lake Citv. U.S....Stockholm. Sweden...Vancouver.

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MARKET FORECAST

The combination of 11,700 new jobs and no new construction in the first six months of 2011 will produce positive absorption and declining vacancy for the balance of 2011. The Travis County population, which was at 1,024,266 in December, is expected to increase by 2.5% during 2011 as well 2012 and 2013. The unemployment rate of 6.7% is lower than the state and national rates of 7.9% and 8.7% respectively.

Forbes recently rated Austin #1 out of 52 metro areas to grow and prosper in the coming decade. Austin also rated #1 out of 100 in *Relocate America's* "Best Places to Live". Again Austin was rated #1 by *The Fiscal Times* as the "Hottest Spot to Start a Small Business". In June, *Real Estate Forum* named Austin a Top Ten Emerging Real Estate Market.

Our local and state's favorable business climate is attracting new companies, many of which are escaping California's high taxes and fiscal challenges. With vacancy at 19.4%, NOW is the time to buy to maximize appreciation as there is still room for considerable upside.

PROPERTIES FOR SALE/LEASE



Bee Creek Center (20,400 sf)

5004 Bee Creek

This Center sits on a beautiful site with sloping topography allowing magnificent views of the lush surroundings. The project is 70% Warehouse/30% Office. **\$1,750,000 For Sale**



The Shops at Howard Lane (29,508 sf)

1200 W. Howard Lane

Fully bricked shopping center with architectural cast stone and Austin stone accents and standing seam metal roof on corners. Largest tenant signage on I-35 access road. **\$18.00/sf/yr. NNN Rental Rate**



1207 Lohman's Crossing (2.66 Acres)

Austin, Texas 78731

Approximately 2.659 acres, site Plan for 16,000 square feet, office, medical office, nursing-assisted care. **\$495,000 For Sale**

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

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