

Office Leasing Advisory

Published by Office Leasing Advisors
www.leasingadvisors.com

Volume 1, Issue 1

1st Quarter - 2000

Austin Market Update

What's Happening in the Austin Office Market

Continued high demand for office space has led to the forecast that Austin will be “underbuilt” through the year 2000, meaning demand will continue to exceed supply despite several buildings under construction. Rental rates are expected to hold steady downtown and northwest, while rising in the high-demand, close-in S.Mopac/360 area.

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Downtown Class A occupancy remained strong with most buildings above the 95% occupancy level and with rents as high as \$35 per square foot. However, because of parking issues, several large downtown tenants re-located to new suburban buildings. Work began on the much-anticipated CSC buildings (along the 1st/2nd street corridor west of Congress), as the sites were cleared and

In the southwest area, Mopac and 360 continued very strong. Two Barton Skyway (Mopac and Barton Skyway) achieved a 100% pre-leasing in advance of its October 2000 opening. Further south on Mopac, the Terrace II reached 100% occupancy while the next buildings in the project (Terrace III & IV) broke ground for a spring 2001 completion. Space in existing Class A buildings was virtually unavailable. Rates approached \$30 per square foot in some of the new buildings, up from \$27 in mid-1999.

In the northwest market, construction was completed on Stonecreek Two (Mopac at Duval) while plans were to be announced soon for the groundbreaking of Stonebridge Plaza II (Mopac north of 183). Three new buildings were announced for the intersection of Braker and Mopac, although one is 100% pre-leased. Virtually all-northwest buildings that were built in 1999 achieved 100% occupancy, some with high-tech tenants relocating from the downtown area. Rates remained in the mid-to-upper \$20's.

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Moving Your Company

Here is a sample checklist, which can help you avoid those "last-minute" emergencies!

- 1.) Form a Move Committee.
- 2.) Find out if any licenses or permits are required at your new facilities.
- 3.) Develop an action plan for the move.
- 4.) Make sure the Telephone Company will install a recording on your old phone number that gives out your new number. Ask for that recording to be in place for at least 6 months.
- 5.) Arrange with the building manager to have the air conditioning in operation during the move-in and move-out at both locations.
- 6.) Make sure all employees know what to do, when and where to report to their new workstations when the new office opens for business.
- 7.) Back up the computer systems. Hand carry the backup to the new facility.
- 8.) Inventory all furniture, equipment and contents.
- 9.) All keys to desks, file cabinets and computers should be wire tagged, labeled and put in a safe place.
- 10.) File change of address forms with post office for every person who receives mail at the office. The post office will forward your mail for one year.

FEATURED BUILDING



Las Cimas Phase II/III,
under construction on S. 360

- Quick Fact -

The completion of 2.9 million square feet by the end of 1999 raised the size of Austin's office market to more than 25 million square feet. The Northwest sector now has the highest concentration of space with 7.55 million square feet, bypassing the Central Business District for the first time in Austin's history.

Office Leasing Advisors Success Story

A key item in any office lease is to verify the square footage. In reviewing a downtown building for an internet/media company, Office Leasing Advisors requested an independent confirmation of the size of a space under consideration.

This verification process revealed that the actual square footage was 15% less than originally calculated, thus resulting in a savings of \$125,000 over the life of the lease!

Another example of the benefits of Office Leasing Advisors – looking out for the interests of the tenant!

Are You Wired?



In February 1999, Yahoo! Internet Life named Austin as the second most wired city in the U.S., behind San Francisco. According to the study, Austin has the highest percentage of computer use from home.

Source: The Austin Study, 1999

It's also amazing how many Austinites are computer literate. 68 % of households have computers; 61% of households have access to the Internet; and 77% of computer households use email.

Source: The Benchmark Co., 1999

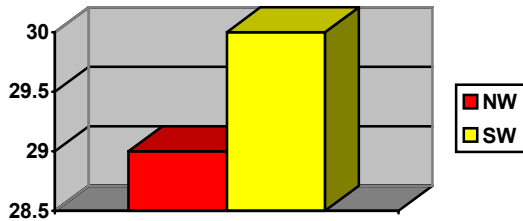
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Austin Building Rental Rates First Quarter 2000

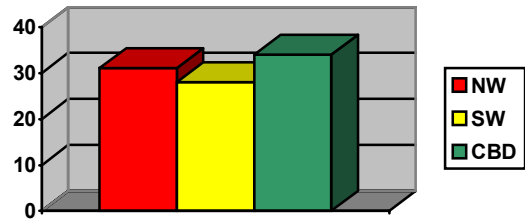
(Class A, per sq.ft, gross)

NEW BUILDINGS



Northwest -- \$28-29
Southwest -- \$28-30
Downtown -- No New Buildings

EXISTING BUILDINGS



Northwest -- \$27-31
Southwest -- \$26-28
Downtown -- \$30-34

Need to Renew your Lease?

OLA can help get the best possible terms when it's time for your company to take on more space or renew an existing lease.

Many of the same issues that were negotiated in the master lease must be dealt with on a renewal or an expansion. Things like rental rate, finish-out allowance, operating expense structure, parking, and signage may all need to be addressed during renewal negotiations.

An expansion/renewal is also a good time to negotiate future expansion and renewal options, something that is critical to ensuring your future growth can be accommodated. Make sure you receive the best possible terms on your office space when you renew or expand.

Call Office Leasing Advisors for the latest information on your building, including rental rates and future available space.

The A B C's of Office Space

What exactly are the differences between Class A, Class B, and Class C office space? The answer is somewhat subjective, but the general classes are determined as follows:

- **Class A**—the nicest buildings in the best locations with the most amenities. Garage parking, on-site management, advanced telecommunications and life safety systems, security, healthclub, deli, etc.
- **Class B**—slightly older buildings (may however be located near Class A buildings), but without most Class A amenities
- **Class C**—older or outdated buildings, less desirable locations and with limited amenities.

While certainly suitable for the needs of many companies, Class B and C buildings provide a distinct disadvantage to technology companies when it comes to attracting and retaining employees. When recruiting new employees, many companies use the quality of their office space as a “perk”.

Office Leasing Advisors Celebrates 11 Years of Exclusively Representing Tenants

Office Leasing Advisors, now in its 12th year, continues its mission of helping companies negotiate the best possible terms on office space. The company's 1999 efforts helped over 50 companies solve their space needs. The dynamic Austin office market is poised for major changes in 2000, changes which will require tenants to have the best possible representation services. Office Leasing Advisors' goal is to get the best possible lease terms for tenants by defining the tenant's needs to analyzing the market to comparing financial terms to lease negotiation.

The OLA team brings over 50 years of real estate experience. The brokers share a passion for client service while always acting in the best interests of the tenant. Strong business ethics, attention to detail, enthusiasm, service "after-the-lease", business referrals, and on-going updated market reports are all part of the OLA package.

"Brokers historically go back and forth between representing tenants, buildings and land, basically whatever is hot at the time," company President Bill Wendlandt says. "But tenants deserve someone to look after their interests. We do only tenant representation and we are committed to it."

Call us for more information today: 472-1234 ext.21

Office Leasing Advisors
515 Congress, Suite 2500
Austin, TX 78701

ADDRESS CORRECTION REQUESTED

Be the
First Company
to call with the correct
percentage of
households that have
computers in the
Austin area and win a
**FREE COFFEE
BASKET!**
472-1234 ext. 21

IDEAS to fill newsletter:

Mission Statement

Bio of clients

Existing clients / recent transactions

Web-site information

A, B & Cs of Office Space