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City's largest landlord busy

Thomas Properties leased 300K sf in Q2

Austin Business Journal - by [Jean Kwon](#) ABJ Staff

Since becoming the biggest local office landlord overnight last June, **Thomas Properties Group** has had a banner year.

This month Los Angeles-based Thomas Properties (Nasdaq: TPGI) will bring 200,000 square feet of Class A commercial space online when it opens the Four Points Centre in Northwest Austin, catapulting its local portfolio to just under 4 million square feet.

And since May Thomas Properties has leased or renewed more than 300,000 square feet in its portfolio in 20 transactions. Since January, about 700,000 square feet — among major office properties — has been leased, according to NAI Austin.

New Thomas Properties leases include:

- JMI Realty leased 7,763 square feet at One Congress Plaza, 111 Congress Avenue. Jamil Alam of Endeavor Real Estate Group represented the tenant.
- Ford Nassen & Baldwin PC leased 6,612 square feet at One Congress Plaza, 111 Congress Avenue. The law firm is relocating from San Jacinto Center, 98 San Jacinto Boulevard. Mike Quint of Jackson & Cooksey represented the tenant.
- Volusion leased 14,867 square feet at Westech 360, 8911 North Capital of Texas Highway. Dan Price of [Keller Williams Realty](#) represented the tenant.
- Baker Botts LLP leased an additional 6,861 square feet at San Jacinto Center, 98 San Jacinto Boulevard, and now leases a total of 69,417 square feet in the building. Steve Montgomery of Transwestern represented the tenant.
- KPMG leased 4,321 square feet at One Congress Plaza, 111 Congress Avenue. Keith Zimmerman of Equis represented the tenant.
- Dechert LLP leased 11,898 square feet at 300 West Sixth Street. Carl Condon of Commercial Texas represented the tenant.
- Texas American Resources Company relocated from a 16,977-square-foot space at San Jacinto Center, 98 San Jacinto Boulevard, to a 26,977-square-foot office at Frost Bank Tower, 401 Congress Ave. Bob Ehrlich represented the tenant.

Those deals follow an expansion earlier this year of **Charles Schwab Corp.**'s offices at Research Park Plaza, a Thomas Properties asset. San Francisco-based Schwab (Nasdaq: SCHW) added 50,000 square feet to its existing 115,000 square feet in a 10-year lease term. The recent activity brings the company's

overall occupancy to 87.5 percent, a jump of 2.6 percent since the acquisition. With the recent deals Thomas Properties absorbed 2.4 percent of its portfolio downtown and 7 percent in the suburbs.

Thomas Properties began construction on the Four Points Centre shortly after its \$1.5 billion acquisition of the former Equity Office portfolio of Austin properties from The Blackstone Group last year. The properties include most of the premium buildings in downtown Austin, including One American Center, One Congress Plaza and San Jacinto Center.

Four Points Centre, which is entitled to over a million square feet of office, research and development, and retail will be developed in phases depending on market conditions, says Andy Smith, managing director of leasing at Thomas Properties.

“In Northwest Austin, there is still a demand,” he says. “But since you’ve got all this supply hitting all at once, it’s more of a timing variance, not necessarily a market downturn.”

Historically the former Equity Office portfolio has averaged total leases of 275,000 to 400,000 square feet annually; Smith estimates it will be 475,000 square feet by the end of the third quarter this year.

Mark Dotzour, chief economist at the Real Estate Center at **Texas A&M University**, says generally the local office market has seen no net absorption since the beginning of the year. Recent job growth didn’t translate into more office tenants, and many existing ones are taking a wait-and-see approach, he says.

Courtesy of JB Goodwin