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## Zynga, Google, Whaleshark growing here

### Farmville maker one of many eager for more Central Texas soil

*Premium content from Austin Business Journal - by Cody Lyon , ABJ Staff*

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**Dozens of technology companies, including the darlings of the industry, are quietly growing their presence here, an analysis of recent real estate activity shows.**

Zynga Inc., a maker of online games such as Farmville, is looking for 30,000 square feet in North Austin, brokers representing the company said.

A Zynga spokesman had no comment on expansion or growth plans, but Zynga's website indicates it is hiring 11 people, including an Austin general manager.

In July, the San Francisco-based company filed for an initial public offering that could raise \$1 billion. Zynga got a foothold in the Austin market last year when it bought Challenge Games. Challenge Games already occupied 30,000 square feet here, and it's unknown whether the space sought now would replace that or be an addition.

Austin-based WhaleShark Media, which runs Deals.com, last month took 20,000 square feet — or an entire floor — at 301 Congress Ave. CEO **Cotter Cunningham** said he employs a young workforce that wanted to be downtown. WhaleShark has raised around \$29 million in funding from Austin Ventures and a number of angel investors, according to TechCrunch.

"For a growing company, real estate can be a real pain," Cunningham said. "A lot of people don't realize how important your core space can be to your company culture."

Austin-based Cache IQ Inc. just leased more than 9,000 square feet at BridgePoint Square off Capital of Texas Highway. The deal, finalized June 27, will provide the data storage company 40 percent more space than it had at its former Great Hills Trail location so it can hire about 20 people in the next year. The 2-year-old company has 20 employees.

Such activity from tech startups have kept Austin's office market relatively solid. Overall in Central Texas, office vacancy stands at 19.08 percent, compared with 21.45 percent a year earlier. For Class A space, the vacancy rate is 18 percent, compared with 19 percent a year earlier.

Real estate experts said space will get tighter in the foreseeable future, putting a squeeze on many of today's tech companies that intend to grow fast and eat up nearby real estate.

“The main thing for us was the option for expansion,” Cache IQ co-founder **Greg Dahl** said about lease negotiations. “I think we’re pretty typical of most startups. We’re going to keep growing.”

For companies that intend to grow fast, there aren’t many options, brokers said. There are only 11 buildings citywide with contiguous blocks of space greater than 20,000 square feet; four of those are in the Central Business District, according to a quarterly report from CB Richard Ellis Inc.

“Just look at the growth of the social media industry, and then look at their growth forecasts,” said **Nate Stricklen**, vice president at CB Richard Ellis’ Austin office.

Stricklen said many of these companies may spend months looking for space under a veil of secrecy so as to not upset employees with the prospect of a move.

Meanwhile, there are about 2.5 million square feet of space being looked at right now, said **Greg Johnston**, partner at Oxford Commercial Real Estate.

“What we’re seeing are a lot of recognizable companies that are expanding,” Johnston said.

**Since about this time last year, the list of expanding companies has grown:**

- **PayPal Inc. grew to 200,000 square feet.**
- **Samsung’s local business units took an additional 125,000 square feet.**
- **Host Gator LLC snapped up 100,000 square feet.**
- **Rackspace Inc. grew from 75,000 to 100,000 square feet.**
- **Google Inc. took an undisclosed amount of space known to be smaller than 16,000 square feet.**
- **Facebook Inc. expanded slightly to fulfill its goal of adding 200 jobs here in the coming years.**
- **And Austin-based Bazaarvoice Inc. grew by 17,000 square feet and will need more soon, brokers said.**

Those names and more were part of a list from Oxford Commercial Real Estate, a Cushman & Wakefield Inc. affiliate, that illustrates how the overall vacancy rate slipped slightly during the last year.

The fact that new construction has been almost nonexistent is a major factor to consider, too, experts said.

**Courtesy of JB Goodwin**