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Marketing & Investment Sales

# AUSTIN NEWS UPDATE



September 17, 2017

## Apple, Dell Could Join Forces To Buy Valuable Toshiba Chip Unit

ABJ – 9/14/2017

Apple Inc. is throwing its considerable weight, and \$3 billion in cash, behind Bain Capital's multibillion-dollar bid for the unit of Toshiba making flash-memory chips, Bloomberg reports, citing unnamed sources.

If true, it would mark Apple's biggest acquisition since its 2014 purchase of Beats Electronics for \$3 billion. Round Rock-based Dell Technologies Inc., Seagate Technology Plc and SK Hynix Inc. are also backing the deal, per Bloomberg.

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## Texas Private-Sector Hiring Accelerated; Harvey Effects Yet To Be Seen

Recon – 9/15/2017

Private-sector employers accelerated hiring in August, adding 30,500 jobs, according to new data from payroll processor Automatic Data Processing Inc. That accounted for 12.9% of the U.S. private-sector job increase. More broadly, the services sector added 22,400 jobs, while the goods-producing sector added 8,100 jobs.

The August report does not reflect the effects of Hurricane Harvey.

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## UT's Mcombs School Of Business Earns High Rank Among Nation's Elite

ABJ – 9/12/2017

## 2 New Buildings Will Add 1 Million Square Feet To Capitol Complex

Austin American Statesman – 9/12/2017

Construction is set to get under way later this month on a decades-in-the-making project to build new state office buildings, parking garages and a pedestrian-friendly green space along Congress Avenue north of the Capitol between 15th Street and Martin Luther King Jr. Boulevard.

The first phase, expected to be completed by late 2021, includes two new state buildings and three blocks of the so-called "Texas Mall" promenade, as well as utilities and above- and below-ground parking. A commemorative groundbreaking for the \$580 million initial phase of the state complex has tentatively been scheduled for 8:30 a.m. on Sept. 28, according to the Texas Facilities Commission, which is overseeing the work.

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## NAI Austin Industrial Snapshot: August 2017

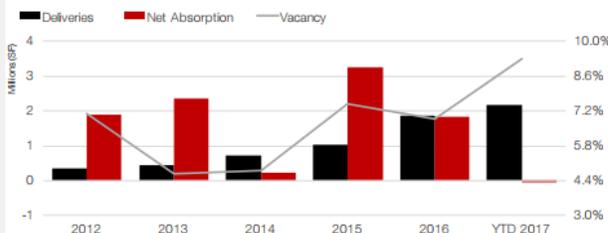
Recon – 9/12/2017

### Market Activity

(includes industrial and flex properties)

	YTD 2017
Vacancy Direct	6.9%
Vacancy w/Sublease	7.1%
Available Direct	9.6%
Available w/Sublease	10.1%
Net Absorption (SF)	-34,410
Leasing Activity (SF)	2,238,823
Deliveries (SF)	2,162,340
Under Construction (SF)	1,109,044
Avg Asking NNN Rent (PSF)	\$10.73

### Supply & Demand



Much needed supply has been, and is being, delivered to market. However, almost 50 percent of this new supply is large Class A tilt-wall facilities. Overall, new supply delivered during 2017 stands at 2.1 million sf, with net absorption dipping into the red, pushing vacancy up to 7.1 percent year-to-date.

The current amount of space under construction is 1.1 million sf, with 70 percent of space available for lease. Sales of all major industrial properties

advanced 26 percent on a yearly basis during the first half 2017, totaling \$201.9 million, signaling strong investor interest, based on Real Capital Analytics data. In addition, industrial properties traded for an average of \$109 per sf, on the

The McCombs School of Business at the University of Texas at Austin remains one of the top undergraduate business educations in the country and is No. 5 in the latest U.S. News & World Report ranking of the nation's best colleges.

The accounting program at McCombs received the No. 1 national ranking for that speciality, and the school's finance, management information systems and marketing programs were also highly rated.

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## Semiconductor Sales Growth Highest In Three Years

**Austin American Statesman – 9/12/2017**

Sales from the semiconductor revenue reached \$101.4 billion in the second quarter, up over 6 percent over the year before, according to IHS Markit research. These figures were first reported by industry publication Digitimes. This is the highest growth for the industry since the second quarter of 2014.

This is good news for Austin because the city is home to myriad semiconductor companies that either manufacture or design chips, such as AMD, NXP Semiconductors, Samsung, Cypress Semiconductors, Silicon Labs and Cirrus Logic.

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## Michael Dell's Private Investment Firm To Buy Plastics Manufacturer

**ABJ – 9/14/2017**

MSD Partners LP, the investment firm controlled by billionaire technology CEO Michael Dell, is buying Ring Container Technologies, a Tennessee-based manufacturer of plastics for restaurants and other food businesses.

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## Wanted: 100 Companies For New Austin Accelerator Backed By USAA, Southwest Airlines

**ABJ – 9/14/2017**

MassChallenge, a Boston-based startup accelerator, is launching a second U.S. program in Austin with plans to accept up

high end they posted at \$141, and they ended at \$92 on the low side.

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## The Austin Source: REOC Office 2Q 2017

**Recon – 9/11/2017**

The Austin office market continued its growth trend into second quarter 2017, according to The Austin Source by REOC.

New leases and expansions brought in more than a million sf of positive net absorption heading to mid-year. The abnormally high absorption total is partly due to 500 West 2nd St. (500,511 sf) coming online nearly fully occupied and anchored by Google. In addition, Domain 8 (290,983 sf) was delivered with Amazon and Facebook pre-leasing a combined 239,022 sf.

In all, new completions added more than 1,040,000 sf of new office space to the citywide inventory in 2Q 2017. Demand remains strong and new supply is on a fast pace to keep up.

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## Texas Home Sales Activity Grows In First Half 2017

**Recon – 9/12/2017**

Texas home sales volume, home prices, and listings activity had strong gains in the first half of the year, according to the 2017 Texas Real Estate Midyear Report released by the Texas Association of Realtors.

Texas home sales jumped 5.5 percent compared with the first six months of 2017, with 166,256 homes sold throughout Texas between January and June 2017. Texas home prices also continued to rise steadily in the first half of the year. The median sales price increased 7.7 percent from the prior year to \$221,800.

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## Perardi Development to Build 42,000 SF Medical Office Asset in Metro Austin

**REBusiness – 9/7/2017**



December 2018.

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## Historic Austin Homesite With Hip Location, Unique Downtown Views Heads To Auction

**ABJ – 9/11/2017**

A rare infill real estate opportunity has surfaced at the southeast corner of Barton Springs Road and Barton Boulevard. The property that provides

to 100 nascent companies.

The nonprofit organization says the Austin program will dole out up to \$500,000 in prize money to startups.

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## Austin's FloSports Races Ahead With Expansion Plans

Austin American Statesman – 9/14/2017

Austin-based FloSports is racing ahead with expansion plans. The company, which provides digital coverage of sports that don't typically get network coverage, is launching FloBikes.com, a site dedicated to in-depth coverage of competitive cycling.

Now plans are underway for a new 60,000-sq. ft. headquarters in East Austin. The new space on East Fifth Street adjacent to Plaza Saltillo will more than double the company's current square footage on East Cesar Chavez Street.

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## Is Major Funding Landing On Your Tarmac?

Recon – 9/12/2017

The Federal Aviation Administration (FAA) has been busy this year approving grants through their Airport Improvement Program (AIP). Airports are entitled to a certain amount of AIP funding each year, based on passenger volume. Here are a few of the grant disbursements from Texas:

- **Austin:** Austin-Bergstrom International Airport—\$10.8 million to provide additional space for aircraft parking;
- **Fort Worth:** Fort Worth Alliance Airport—\$10 million to extend runways;
- **San Antonio:** San Antonio International Airport—\$6 million to sound insulate homes near the airport;

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## Baseball Legend Nolan Ryan Moves Beef Company To Austin Suburbs

ABJ – 9/6/2017

Nolan Ryan, a former Major League Baseball star and mythic name in Texas sports, has relocated his food company

panoramic views of downtown sits on a bluff just east of Zilker Park and the Umlauf Sculpture Garden, overlooking a string of iconic Austin restaurants such as Chuy's, Baby Acapulco and Shady Grove.

The parcel, a little larger than 2 acres, will be auctioned to the highest bidder Oct. 26. The highest bid of more than \$1 million will be selected. If no bids are submitted for \$1 million or more, then it's up to the seller whether to accept the lesser bid.

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## Another Aspiring Tech Disruptor Hits Austin; Big, But Secret, Space Leased North Of Town

ABJ – 9/15/2017

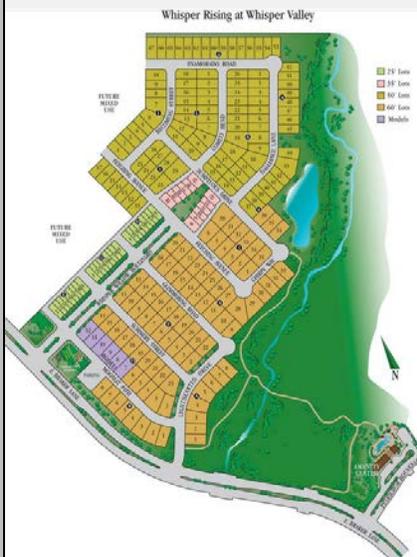
A North Texas company with a disruptive take on storage is expanding to Austin with a 40,000-square-foot lease of warehouse space. Callbox Storage LLC recently signed for the undisclosed space in Pflugerville, off Howard Lane east of I-35.

Callbox provides on-demand storage, picking up customers' items — from holiday decorations to extra furniture — and moving them to a centralized location for safekeeping. They plan to be up and running in the Austin area by mid-October, serving areas as far north as Georgetown and as far south as the junction of State Highway 45 toll road and I-35 near Manchaca.

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## Why A \$2 Billion Austin Eco-Friendly Development With 7,500 Homes Was Years In The Making

ABJ – 9/15/2017



It's been nearly 10 years since the Austin City Council approved it, but finally Whisper Valley — a 2,062-acre master-planned community — is more than a whisper.

The first homes are under construction and eventually the property near State Highway 130 and FM 973, a few miles south of downtown Manor, will comprise 7,500 single-family homes, along with apartments, stores, restaurants and other commercial spaces. Click the link below to read more about the development and why there was such a long delay.

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## Austin Unveils CodeNext 2.0; Top City Officials Say It Still Needs Work

Community Impact – 9/15/2017

CodeNEXT 2.0, the second draft of the rewrite of Austin's land development code, was released on Friday, and top city officials say although the new version is improved there is still work to be done. Mayor Steve Adler at a press conference on Friday said staff has undoubtedly listened to the "unprecedented" amount of community input on the first draft. He said "It is better, but the work

from the Houston suburbs to a site in Round Rock, on U.S. Highway 79 near Dell Diamond, just north of Austin.

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## HAAM Benefit Day Raises Loads Of Cash To Help Austin Musicians Pay Medical Bills

ABJ – 9/15/2017

The Health Alliance for Austin Musicians brought in more than half a million dollars during its annual Benefit Day to help pay for the health care costs of local artists. HAAM expects that total will rise as final donations are tallied.

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## Austin Alcohol Sales Jump 10 Percent In July

Austin American Statesman – 9/14/2017

Alcohol sales at Austin bars, restaurants and hotels jumped 10 percent in July, according to an American-Statesman analysis of state data.

Bartenders citywide poured \$62.5 million worth of booze, up from \$56.9 million in July 2016. Austin's top seller was, once again, the JW Marriott hotel, 110 E. Second St., where patrons downed \$993,470 worth of drinks.

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## In The Money Sept. 11: Two Tech-Powered Startups Flush With New Cash

ABJ – 9/11/2017

Two Austin ventures obtained \$27.5 million in funding last week: a food-delivery company and an online portal for reviews of software and other tech products.

- On-demand food delivery startup Favor closed a \$22 million series B round of funding.
- T-Radius Holdings Inc., the company behind the TrustRadius website for tech product and services reviews, raised \$5.5 million in equity funding from two investors.

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is not done.”

City staff and planning consultants said the new draft would boost the city's housing capacity from 148,000 units to nearly 180,000. The consultants also predicted that more missing-middle housing—townhomes, duplexes, triplexes—will be available through standards in the new draft. The other major change the city can expect to see in the second draft is the new categorization of the zones.

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## Current Status of The Austin Area Housing Market

### Neal Spelce Austin Letter

[www.AustinLetter.com](http://www.AustinLetter.com)<<http://www.AustinLetter.com>>, 9/14/2017

Check the newly-released Texas Association of Realtors (TAR) January–June 2017 report covering the major markets in Texas - overall, it points out the housing market in Texas is healthy. But, here's the rub: the Austin metro housing market is the most expensive in Texas.

For in-state comparison purposes, the **Austin area had the most homes priced at \$1 million or more during the first six months of this year.** Houston was second, Dallas-Fort Worth third and San Antonio fourth. Another example: **the Austin metro led in more homes priced at \$300,000 and above.** Dallas-Fort Worth was second, Houston third, San Antonio fourth. And, for now, Austin's rising, state-leading housing trend shows no signs of slowing.

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## Austin's Future Hyperloop: Texas Route Among 10 Finalists In Global Challenge For Revolutionary Tech

ABJ – 9/14/2017

With a full-scale hyperloop system testing in the Nevada desert, Los Angeles-based Hyperloop One is moving forward with plans to build Elon Musk's vision for high-speed tubular transportation.

One of the key questions is where the futuristic project would be constructed, and on Thursday, some answers took shape. Hyperloop One has narrowed the field from hundreds of applicants to 10 candidates from five countries — including the 640-mile Texas Triangle route that would connect Dallas-Fort Worth, Austin, Houston, San Antonio and Laredo.

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## Austin Passes Record \$3.9 Billion Budget, Increases Tax Rate

Community Impact – 9/13/2017

Austin will operate on a \$3.9 billion budget following City Council's passage of the fiscal year 2017-18 spending plan on Wednesday night, a record-high budget for the rapidly growing city.

The passage comes after three days of lengthy budget discussions and negotiations. The \$3.9 billion budget—which includes revenues and expenditures through the city's taxes, airport, convention center and water and electric utility—is the largest in Austin's history. The council voted 8-3 to set the tax rate at 44.48 cents per \$100 of a home's assessed value, an increase over last year's rate of 44.18 cents.

*Did You Know?*

- ❖ *In Austin, the industry adding the most jobs is leisure and hospitality which grew by 5,800 jobs, or 4.7%, over the last 12 months.*
- ❖ *There are more than 200 restaurants in downtown Austin.*
- ❖ *On September 17, 1787 the Constitution of the United States is signed by 38 of 41 delegates present at the conclusion of the Constitutional Convention in Philadelphia.*

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