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AUSTIN NEWS UPDATE

May 6, 2018

Charles Schwab Picks Austin, San Francisco For Digital Hubs To Fix 'Mundane' Aspects Of Banking

ABJ – 5/4/2018

Charles Schwab Corp. is already building a large regional campus in North Austin that will have room for thousands of employees. Now it's been revealed that some of those employees will focus on pumping up the bank's digital muscle. The financial services company announced Thursday it would locate one of two national tech hubs in the Texas capital, placing the other in San Francisco.

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AMD On A Roll, Hopes To Stay There

Austin American Statesman – 5/4/2018

Advanced Micro Devices is in the middle of one of its best runs in recent memory. During the past year, the company — known for gaming-focused computer processors — has rebounded from a low period and gained ground on its much larger foe Intel. AMD's new series of computer chips has pushed the company to multiple positive earning reports, the latest coming on April 25, when AMD posted a 40% increase in year-over-year revenue. Since then, AMD's stock has risen by more than 10%, eclipsing \$11 per share as of mid-morning trading Friday.

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Boys & Girls Clubs Of Austin Break Ground On New 10-Acre East Austin Campus

Austin Joins The Likes Of NYC, Seattle As A Top 10 Market To Invest In Real Estate, CBRE Says

Austin American Statesman – 5/3/2018

Austin's red-hot growth has caught the eyes of global real estate investors: For the first time, the Texas capital broke into the top 10 cities to invest in the Americas in a recent survey from CBRE Group Inc.

Austin tied with Toronto, Canada, as the 10th-most desirable place to invest this year. Three Texas metros made the list, with Dallas-Fort Worth ranking No. 2 and Houston ranking No. 4, up from seventh the year before. The annual survey polls 300 real estate investors on their future intentions. Rising rents and property prices, robust job growth — unemployment was 3.1 percent in March — and a growing population have spurred an influx of investors to the Texas capital.

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Project Kicks Off To Remake RBJ Center For Seniors

Austin American Statesman – 4/30/2018



A redevelopment project that will double the amount of affordable senior housing at the Rebekah Baines Johnson Center just east of Interstate 35 is set to break ground Tuesday.

The nonprofit Austin Geriatric Center founded and operates the 16-story RBJ Center, an independent living facility for seniors and people with disabilities that is named for the mother of late President Lyndon B. Johnson. The redevelopment project, to be carried out in phases over the next five years, will bring to 500 the number of affordable senior housing apartments on the 17.8-acre site just north of Lady Bird Lake.

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Austin Is No. 2 On Best Places To Start A Business Ranking Of Over 180 U.S. Cities for 2018

WalletHub – 4/30/2018

Community Impact – 4/30/2018

Boys & Girls Clubs of the Austin Area broke ground April 17 on a new \$17.74 million, 10-acre campus in East Austin located near the intersection of Ed Bluestein Boulevard and Manor Road.

When it opens in early 2019, the Sheth Family Campus will include a STEM learning center, library, teen center and more. The new campus will allow the organization to serve more than 1,000 additional economically disadvantaged youth who lack a place to go after school.

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Austin City Limits Music Fest Pumps Millions Of Dollars Into Economy, On Par With Hosting Final Four

ABJ – 4/30/2018

Last year's Austin City Limits Music Festival generated an economic impact of \$255.3 million for the city. That's according to a study, released Monday and paid for by festival organizer C3 Presents LLC. AngelouEconomics, the Austin-based consulting firm that performed the research, also found that \$210 million of that economic impact was from attendee spending at the 2017 event.

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American-Statesman Owner Reports 'Strong' First Quarter

Austin American Statesman – 5/3/2018

New Media Investment Group, parent company of the American-Statesman's new owner GateHouse Media, reported a "strong" first quarter Thursday. Total revenue for the quarter was \$340.8 million, up nearly 11 percent compared with 2017. Acquisitions, events and digital initiatives drove much of the company's growth, CEO Mike Reed said in a call Thursday. The year, he said, is "off to a great start."

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Startup Partners With HEB To Offer Free Home Deliveries From Pharmacy

ABJ – 5/4/2018

In order to help aspiring entrepreneurs maximize their chances for long-term prosperity, WalletHub compared more than 180 U.S. cities across 19 key indicators of startup viability. The data set ranges from five-year business-survival rate to office-space affordability. Austin came in at No. 2 overall and No. 1 in Business Environment ranking. Click on the link below to see all the cities' rankings.

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Block 36 Coming to Downtown Austin

ConnectMedia – 5/3/2018

Transwestern Development Co. bought 1.6 acres in downtown Austin on which to develop Block 36, a 263-unit micro-apartment complex. The development will also include a 3,000-square-foot restaurant on the ground floor.

The project will break ground in January 2019 between East Third and East Fourth Streets on Waller Creek, with delivery slated for the first half of 2020. Block 36 will consist mostly of studios, with 14% of the complex dedicated to two-bedroom units. The apartments will average 443 square feet. "As one of the most expensive zip codes in Texas, downtown Austin has few options for those who want to live alone for less than \$1,500 a month," said Transwestern Development's Ty Puckett. "Block 36 will fill that supply gap."

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Austin's Affordability Crisis Fuels New Home Construction Boom In Manor, Del Valle

ABJ – 5/3/2018

Developers are racing to keep up with demand for new vacant lots as homebuilders respond to growing demand from buyers flocking east for affordability. In at least one neighborhood, a developer actually ran out of supply of new lots in 2016 and has been playing catch up ever since.

Annual housing starts — a measure of new home construction — have steadily climbed in both Del Valle and Manor since 2014. Yet the market really started heating up in the past of couple years, Metrostudy data shows. In Del Valle, construction has started on 1,020 new homes in the 12-month period ending in the first quarter of 2018, compared to only 279 home starts in the same period ending in the first quarter of 2014. In Manor, housing starts over 12 months hit 1,210 homes in the first quarter, up from 502 four years earlier.

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Sixth Street Hub To Combine Sushi, Japanese BBQ, Cocktails & Bowling

ABJ – 4/29/2018



West Sixth Street is already a nightlife destination — but a new development towers over the bars and hangouts that dot the heavily trafficked thoroughfare. Construction is nearing completion on the Blueprint building, a four-story, 36,000-sq. ft. food and entertainment hub at 501 W. Sixth St., on the site of a former commercial real estate design business.

FetchMD Inc. has made another move to bolster its aggressive expansion efforts. The San Antonio-based company, which provides on-demand health services via private house calls, is partnering with HEB Pharmacy to boost its offerings. Under the arrangement, FetchMD clients in San Antonio and Austin will now have access to free delivery of prescriptions through the pharmacy division of HEB Grocery Co.

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Average Home Values Increase By 7% In Hays County

Austin American Statesman – 5/4/2018

Home values in Hays County saw about a 7 percent increase on average, not quite as much of a boost as last year's jump of nearly 9 percent, but still a sign of a thriving real estate market, Hays Chief Appraiser David Valle said Monday.

The average market value for homes increased from \$229,548 last year to \$245,787 this year, Valle said. Accounting for exemptions, the value increased about 8 percent, to \$230,014 from \$212,992 last year.

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One Of Texas' Most Historic BBQ Eateries To Expand To Hutto

ABJ – 5/2/2018

The largest mixed-use project in the history of suburban Hutto has landed a tenant with plenty of Texas history and statewide recognition. Barbecue restaurant Southside Market announced Wednesday it will open its third location at The Co-Op District, under development by MA Partners on U.S. Route 79 a little west of FM 1660. The 35-acre project is on the site of a circa 1937 cotton gin and agricultural co-op; four large grain elevators have been preserved.

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Startup That Can Detect Fake News Gets Larger East Austin Digs

ABJ – 5/3/2018

In the span of a few months, New Knowledge has relocated its headquarters, closed its first funding round and grown to about 20 employees — with

TenTen, a Japanese restaurant on the ground floor, plans to open in July. The second Austin-area location of The Goodnight, a combination bar-and-bowling hangout, is planned for the second floor. An upscale cocktail lounge called Mayfair is set to open on the third floor later this year. The fourth floor will be an event venue.

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Real Estate Roundup: Big Apartments Sales, New Restaurants Among 30-Plus Recent Austin-Area Deals

ABJ – 4/30/2018

It's been a while since we've rounded up recent real estate transactions around the Austin area, so here are about 30 deals from the past month or so. Get a jump on who's hiring, who's expanding and who could be a new competitor, customer or business partner.

- ◆ Sterling Real Estate Partners, a joint venture between Barker Pacific Group (BPG) and Pacific Real Estate Partners (PREP), has acquired Spring Valley Apartments at 2302 E William Cannon Dr.
- ◆ Dallas-based Wellington Realty has sold an 180-unit student apartment complex called West Campus Lofts at 805 South Eighth St. in Waco.
- ◆ Valor Capital Partners (VCP) has acquired The Overlook at Rob Roy, a 100,000-square-foot, Class A medical/office project in Southwest Austin.
- ◆ After opening last July, the 84-room Holiday Inn Express & Suites in Dripping Springs recently sold for an undisclosed price.
- ◆ IDEA Public schools purchased 13 acres of land at 1438 East Yager Lane in Austin.
- ◆ The State of Texas General Land Office leased 19,707 square feet at Lavaca Plaza, located at 504 Lavaca St.
- ◆ Three leases were signed at 823 Congress Ave. in Austin: IBM leased 6,259 sq. ft.; DLR Group leased 2,412 sq. ft.; and Impero Solution leased 1,727 sq. ft.

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Streetlights Residential Breaks Ground On New Northwest Austin Apartment Project

Community Impact – 5/4/2018



StreetLights Residential, the developer behind several apartment communities in Northwest Austin, has started building a new project near Cedar Park. The developer announced May 1 that construction is underway on the 373-unit The Elizabeth at Presidio, which will have one-, two- and three-bedroom apartments ranging in size from 504-1,938 square feet.

The project is one of at least eight apartment complexes that are under construction in the Northwest Austin area. The Elizabeth will be located at the northeast corner of SH 45 N and Lake Creek Parkway in the Presidio planned development that also includes another StreetLights project, The Michael at

more on the way. The Austin startup defends brands and countries from social media disinformation. Its software can identify fake news, fake accounts and propaganda campaigns online that can negatively impact businesses. New Knowledge has subleased 1,810 sq. ft. at 2610 Manor Road.

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German Lighting Manufacturer To Purchase Austin's Fluence Bioengineering

Austin American Statesman – 5/4/2018

Austin-based smart farming company Fluence Bioengineering is being acquired by German lighting manufacturer OSRAM, the two companies announced this week. Chief Technology Officer Stefan Kampmann said the buyout will also help OSRAM expand its capabilities within the horticulture market, or farming that uses intelligent lighting, sensors and smart software.

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Malibu Poke Coming To Austin's Seaholm District This Fall

Community Impact – 5/3/2018

Dallas restaurant Malibu Poke will add an Austin location this fall at 211 Walter Seaholm Drive. Jon Alexis, owner of TJ's Seafood Market & Grill, and Matt McCallister, a James Beard Award-nominated chef at FT33, designed the Malibu Poke menu, which combines classic poke bowls, quick service and fine dining ingredients.

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Delta Adds New Nonstop Flight From Austin's Airport

Austin American Statesman – 5/4/2018

Add another city to the list of nonstop destinations from Austin's airport. Delta Air Lines this week began flying from Austin-Bergstrom International Airport to Cincinnati, Ohio. The flight runs six days a week, Sunday through Friday.

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Austin Alcohol Sales Increase 7

Presidio, which opened in 2016.

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Former Irish Pub To Transform Into Downtown Spot For Tacos, Margaritas

ABJ – 5/1/2018

The downtown space that formerly housed Fado Irish Pub will be converted into Chispas, a restaurant serving up tacos and margaritas at 214 W. Fourth St. At the helm is Jason Dady, the restaurateur/chef behind acclaimed San Antonio eateries such as Range, Tre Enoteca and Two Bros BBQ Market. Dady told Eater that Chispas will open in September or October with a focus on "casual tacos;" it will include a salsa bar and margaritas on the rocks.

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Push Is On To Convince N. Austin That MLS Stadium Is A Good Idea

ABJ – 5/4/2018

Austin's soccer saga is poised to ramp up this month as public meetings try to get a feel for whether residents want a Major League Soccer stadium near The Domain neighborhood in North Austin.



Precourt Sports Ventures, led by chairman and CEO Anthony Precourt and President Dave Greeley, is considering moving the Columbus Crew SC team from the Ohio capital to the Texas capital next year. PSV has zeroed in on McKalla Place, a 24-acre city-owned tract near Burnet Road and West

Braker Lane. A temporary facility for the 2019 season is on the back burner while PSV tries to find the team's permanent home.

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Creation Of Jobs By Austin Businesses Continues

Neal Spelce Austin Letter

www.AustinLetter.com<<http://www.AustinLetter.com>>, 5/4/2018

Buckle your seatbelts, put your trays in the upright and locked positions, and get ready for a continuation of this high-flying ride. It should be pointed out that the tech-oriented workforce already here, and those attracted to Austin, play an important part – even for companies that, on the surface appear to be all about normal retail operations. Home Depot, for example.

The big box home improvement giant is saying it could hire up to 500 people to work in its Austin corporate office in the Tech Ridge area. So, why is Austin's tech-oriented culture attractive to the Atlanta-based company? It's all about using tech to make Home Depot a more successful retailer. It claims it is developing some of the most advanced software anywhere to help customers shop whenever, wherever and however they want. It also wants to use the latest technology to coordinate its supply chain and delivery capabilities. You get the picture, tech is vital to selling nuts, bolts, lumber, light bulbs, etc. on a

Percent In March

Austin American Statesman – 5/3/2018

Sales of beer, wine and mixed drinks in Austin rose by 7 percent in March, a month that's traditionally lucrative for the city's hospitality industry due to the South by Southwest festival.

Bars, restaurants and hotels citywide served \$80.3 million worth of booze, an increase from \$75.1 million during the same month in 2017. Austin's No. 1-ranked business was, as usual, the JW Marriott hotel, 110 E. Second St., coming in at \$1,010,792.

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In The Money April 30: \$117M Raised By Austin-Area Companies, Led By Two Major Funding Rounds

ABJ – 4/30/2018

An e-commerce company and a retail-technology business combined to account for the lion's share of funding in the past week: they collected \$108 million of the \$116.9 raised by Austin-area businesses

- Big Commerce Holdings Inc., which does business as BigCommerce, collected about \$64 million in equity funding from six investors.
- Dosh Inc. obtained \$44 million of capital from investors including Goodwater Capital LLC and PayPal Inc.
- InKind Cards Inc., which develops a restaurant-loyalty app, received about \$5.3 million in equity and debt funding from 22 investors.
- Zeep Inc., the Austin company "develops and owns chemical-grade methanol plants", collected \$3 million in equity funding from one investor.
- GitLinks Inc., who develops cybersecurity and automated legal compliance products, collected roughly \$555,000 in equity and other types of funding from 10 investors.
- Launch After School LLC obtained \$100,000, reporting that three investors have an "option, warrant or other right to acquire another security".

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Did You Know?

- ❖ *Austin has the 2nd highest share of millennials among the 100 largest U.S. metros.*

large scale. And Austin is in the middle of this effort.

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Millions Of Dollars Dropped On Austin Real Estate: 3 New Financing Deals To Know

ABJ – 4/30/2018

Here's a quick look at three noteworthy real estate financing deals that were recently completed around the Central Texas region:

1. *EverWest Real Estate Partners, the developers behind UpCycle, a creative office space coming soon to East Sixth Street, secured a three-year, floating-rate \$19.19 million loan for the project and expect to finish construction by next month. The loan is through an entity affiliated with the commercial real estate lending platform of Marathon Asset Management LP.*
2. *Owners of The Triangle, a mixed-use development in North Central Austin, recently scored a \$78 million refinancing deal. The seven-year floating-rate loan from Freddie Mac has a three-year, interest-only feature.*
3. *JLL's Capital Markets team recently secured financing for Rock 35, a 112,952 square foot, 144-unit multifamily community, located at 1500 S. I-35 in Round Rock, about 20 miles north of Austin. Freddie Mac provided the loan for Frontline Holdings.*

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Despite Staff Objection, Slaughter Zoning OK'd

Austin Monitor – 5/3/2018

City Council voted 9-1 at last week's meeting to approve the rezoning request for 1109 W. Slaughter Lane from SF-2 to LO-MU on first reading. The change Council approved includes a conditional overlay mandating access on Slaughter Lane and prohibiting access through the adjacent residential street, Chisholm Trail. Neighbors who live on Chisholm Trail testified in support of the conditional overlay, and Council Member Ann Kitchen, who represents the area, made sure that the conditional overlay was part of her motion to approve the zoning change.

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Values and Building Costs Continue to Increase

GlobeSt.com – 4/18/2018

The Triangle, a mixed-use multifamily and retail complex, features 529 units. In addition, there are more than 35 on-site retailers, a city park, three pools with hot tubs, a 24-hour fitness zone, theater room and resident lounge located at 4600 West Guadalupe St. "Since Dinerstein closed the acquisition last year, they have legally separated the retail and residential portions of the property, creating tremendous value," said CBRE's Brian Eisendrath.

The Triangle benefits from its location in a high-growth market. Austin has recorded continued apartment demand, with its 12th consecutive quarter of positive net absorption, according to CBRE research. "Austin is continuing to see strong apartment demand from investors. This has led to less available developable land and when land is available, a more expensive overall process," CBRE's Brandon Smith tells GlobeSt.com. "By splitting the retail and multifamily portions of The Triangle, each piece can be valued separately leading to more diversified investment opportunities for the company." This kind of deal creativity is increasingly necessary in markets such as Austin,

- ❖ *On May 5, 1862, Mexican general and Texas native Ignacio Zaragoza defeated French expeditionary forces at Puebla, Mexico. This event is celebrated annually as El Cinco de Mayo.*
- ❖ *Austin's 3.6% growth makes it the best performing among the 50 largest metro areas.*

where real estate values and building costs continue to increase, Smith observes.

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