

Commercial real estate group wants to turn renters into buyers

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When it comes to owning their own offices, many professionals remain unaware of their options or simply don't know where to begin.

Consequently, small business owners in fields from medicine to accounting who might benefit from ownership continue to lease space, staying subject to the sometimes volatile trends of the marketplace.

But the newly formed Business Real Estate Ownership Council hopes to change that. This month, the group launched BREOCouncil.org, a comprehensive Web site designed as a one-stop shop for those interested in owner-occupied real estate -- from available locations to financing and legal advice.

The benefits of owning an office can be extensive, says Scott Morledge, president of Land Creek Development and the president of BREO. Not only are the costs of housing one's business fixed, he says, but the business owner is also building equity and creating an asset.

According to an industry report, roughly 1.3 million square feet of space in 35 different office condo projects is now in the planning, construction or initial sale stages in the Austin area. That's up from about 300,000 square feet in the works five years ago.

Industry experts say that not only have the number of projects increased, so too have the type of products and the geographic area. At one time, only premium developments were hitting the market, but today developers are creating office condos with a wide range of price points. At the same time, office condos are coming online in every Austin submarket and spreading into surrounding communities from Leander to Round Rock.

Morledge says his company has been building office condos in the area since 1993. And, while the owner-occupied market has grown, the biggest obstacle remains tenants' lack of understanding that it's an option.

"They've leased for so long that often they don't know this is out there," he says. In turn, those who do recognize the benefits of owner occupancy have few resources for learning the ins and outs of the process. "There really hasn't been a centralized resource."

The office condo trend has become a vehicle to allow people to get into the real estate market and share the overall cost, says Kyle Spears, an affiliate member of BREO and local vice president of Scottsdale, Ariz.-based Ironstone Bank. In Austin, Ironstone is a major provider of financing for owner-occupied commercial real estate.

Spears says there hasn't been a great deal of speculative office condo building in Austin compared with other markets.

"Here in Austin, the office condos have developed as the need has developed," he says, adding that growth has been strongest around medical centers that create nodes of medical office needs.

Morledge says the biggest benefit BREO offers to commercial brokers is a centralized database of available properties.

Typically, brokers might know of only a handful of such projects from news reports or developer relationships, making it hard to compare and contrast options. By putting all of the projects in one place, the organization hopes to make it easier for brokers and their clients to weigh options.