

Optimism Reigns



Larry Vickers
Tarantino
Houston



Sunny Bathija
Satya, Inc.
Houston



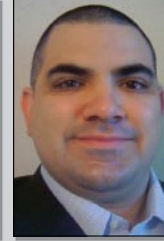
Crista Bromley
City of Burnet
Burnet



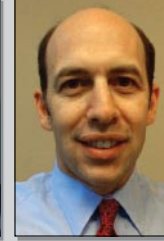
Vince Dimare
Equity Secured Capital
Austin



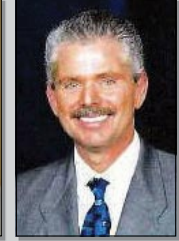
Jerry Goldstein
Marcus & Millichap
Houston



Gene Garcia
GARAN Commercial
Houston



Randy Wile
Wile Development
Houston



David Greenberg
Greenberg & Company
Houston

REDNews: Are you seeing more buyers, sellers or tenants this quarter than you did at the beginning of the year?

Vickers: Sellers: Seeing some lending institutions lower their prices on troubled assets.

Leasing: There are some concessions going to tenants – more in the retail market than in office and industrial. However, it's not as widespread as you would think. More isolated in soft markets. Some tenants are surprised that landlords are not offering substantial discounts – at least not here in Houston. There has been more of a downturn in the Mom & Pop type retail shops.

Bathija: We are gradually seeing more activities from people who have been on the fence. The buyers are still facing the uphill task of meeting more stringent terms from the banks. The sellers are willing to make a deal but no one is discounting as the bargain hunters are expecting. There is definitely more activity from the tenant side. Retail sales are to end users such as automotive & fast food. Previously we had a lot of California buyers in Texas; however, their market is so soft now that they are finding more opportunities there than they are in Texas. About 90% of the Texas market is holding steady – no one in Houston is hurting that much. Most are waiting for the turnaround. However, I purchased an \$18 million portfolio of 9 centers last November and sold four of them. I'm also looking for opportunities to buy quality properties.

Bromley: Generally, we have not seen more buyers, sellers or tenants year to date. However, a Walgreens was recently completed and we have begun to see some interest in the downtown business district.

Dimare: There seems to be more activity from buyers with cash and some sellers who are reducing their asking prices.

Goldstein: There have been progressively less buyers because there are fewer properties that fit the buyers' expectations. There are some motivated sellers but they are in the minority. There are a lot of buyers out there. The issue is still financing. Lack of financing, less leverage and a higher perceived risk means the buyers are looking for a greater return. Lenders are typically refinancing and extending loans as opposed to foreclosing.

Garcia: I handle investment properties. Funding is still the issue. Cash buyers are finding opportunities and I think there will be a lot more in the coming months. I haven't seen a lot of price reduction; however, I am hearing from more owners who want to put their properties on the market at aggressive pricing.

Wile: Yes. The free fall has abated. Consumer confidence seems to have stabilized. On the leasing side, the pendulum has swung to the tenant side in the retail. Some of the national retailers are on the fence while others are looking for opportunities. There is still some uncertainty about the credit worthiness of tenants. Real estate, like any other investment, is impaired by the ability to get reasonably priced financing. Our local economy is being affected by what has happened outside Texas. When they turned off the credit spigot, then commercial real estate became part of the problem itself. We have some structural problems in the US but its gravity didn't warrant turning off credit altogether. The Feds are talking about "stress testing" the banks' real estate portfolios, but shutting off credit has unto itself contributed to some of the "stress". Moreover, we understand that many of the local lenders have been conducting "stress tests" all along.

Greenberg: About the same. There are very few buyers for the secondary product that is available right now. Primary properties are not in abundance and there is a big gap between buyer/seller expectations in this market area. The biggest activity is in "new food" buyers. I'm seeing some people buying real estate today thinking it is a bargain because the price is substantially lower than it was a year ago. I am interested in buying in today's market; however, utilizing common sense and the experience of the 80s means primary locations at below replacement value and there aren't a lot of those out there right now.

Berry: Our industrial division has stayed strong throughout this year. The office market started showing strength again in May.

Turner: January was a pretty good month for us as usual. February and March were dead. In April and May we had a surprising number of showings and made a couple of deals. There is not a lot of activity from national companies. Typically our lease prospects are +/-5000 SF users and that seems to be picking up slightly again. Tenants are shopping hard and it takes quite a few showings per lease.

Bath: Yes, we are in all categories. We are a full service company and we promote our services through advertising and client referral. Professional customer service and value is what our clients receive and as a result we have not seen a downturn.

Rubenstein: We have had more leasing activity in the second quarter than in the first. However, it depends upon location. Office medical has remained strong as well as "primary" retail locations. Rental rates have dropped a little and we're giving more concessions, but we're seeing a dip in expenses to offset this somewhat.

Opatmy: I don't see a lot of change. I have 30 listings, mostly land, and there is not a lot of activity, although there have been more buyers making inquiries the past month vs. the beginning of the year.

Dilick: There is not a substantial amount of more activity than at the first of the year but the market continues to change and if you land a credible user then your goal has been achieved.

Beard: There are more industrial buyers and more industrial & office tenants. Also more land for sale.

Crosswell: The smaller user type operation - fast food, the smaller retail pad site type operations are still moving; we're still making progress; we're still doing a deal a month there. We're still doing business on sale of sites to apartment developers. The Medical center, Pearland area, Conroe area, west Houston and the area where the Grand Parkway will connect I-10 and 290 and are the most active areas. But for the most part there's no speculation as far as land is concerned.

There will be a substantial change in outlook: first quarter 2010, second quarter. Some people say that's when we'll go from feeling hopeless to hopeful.

REDNews: Where are the opportunities in today's market?

Vickers: Reasonable buy/sell opportunities exist, but in smaller quantities, especially if financing is being offered.

Bathija: It seems that for every good opportunity there is definitely an opportunity for those with cash in today's market. These opportunities are short term and once the economy rebounds, they will not be there. There are opportunities in land and buying portfolios as they require a more qualified buyer in these markets. If you have cash and an ability to close soon, there are willing sellers. Many big real estate companies are trying to clear their balance sheet by cashing in on inventory, especially on non-income producing assets, mainly land or un-stabilized centers. They will make a deal if you can close before the end of the year. We are doing some of those deals and buying land which was not on the market and has now become available at reasonable pricing.

Bromley: There are a lot here. We're 45 minutes from Austin so consider ourselves to be a suburb of Austin. We're seeing a lot of people leave urban areas to move here for a quieter lifestyle. Our growth rate has typically been 4% a year and we're anticipating 3% this year, plus we have a few land opportunities in terms of