

## Braker buildings deal tops \$25M

Sale the latest example of growth in commercial real estate market

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An industrial portfolio in North Austin with nearly 500,000 square feet is about to change hands.

Six Braker Center buildings, along with two other nearby buildings, are under contract to real estate investment management company RREEF Funds LLC for upwards of \$25 million, real estate sources say.

RREEF is being represented locally by Austin-based Endeavor Real Estate Group LLC, which is expected to manage and lease the properties on RREEF's behalf. Endeavor Principal Chad Marsh declines to comment.

San Francisco-based RREEF is a division of DB Real Estate, an investment management group of Deutsche Bank's Deutsche Asset Management.

The 495,963-square-foot portfolio comprises eight buildings, six of which are known as Braker Center.

All of the properties are in the Braker Lane/Metric Boulevard area. Dell Inc. occupies all of the 150,092-square-foot Braker K; the other properties range from empty to 84 percent occupied.

The seller is said to be the real estate arm of New York-based financial services giant Morgan Stanley, which has the properties listed for sale on its Web site.

Morgan Stanley is being represented locally by Mark McAllister of CB Richard Ellis Inc. McAllister couldn't be reached for comment.

The portfolio is "fundamentally great real estate that's well located with good access," says Gail O'Connor, a principal and industrial specialist at CRESA Partners LLC in Austin.

"I'm sure they'll be very successful, especially as the market continues to improve and leasing absorption continues to pick up," she says. "Those buildings will always find tenants."

Although O'Connor remains optimistic, another local expert says it might take a few years for substantial financial improvement in the real estate portfolio.

Thanks to excess office space, tenants remain in a "flight to quality" mode, says Greg Johnson, vice president at Transwestern Commercial Services in Austin. Transwestern handles leasing for Braker K and Braker One.

"In general, it's going to continue to be a very tough leasing assignment," Johnson says.

As long as office rental rates remain reasonable, tenants will continue to choose the nicest properties they can afford, he says.

The pending sale will mark the second large industrial portfolio to change hands recently.

Crow Holdings gained possession of 40 buildings with roughly 2.5 million of local industrial space in late October as part of an acquisition of another company.

Crow Holdings bought Irving-based Industrial Properties Corp. as one of its real estate investment funds.

Crow Holdings is an investment company established by the family of real estate power broker Trammell Crow and investment partners.

The acquisition includes Industrial Properties' portfolio of about 70 buildings, 186 acres and 30 ground leases in Austin, San Antonio and Dallas totaling more than 8 million square feet.

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