



INVESTMENT REALTY CO. L.C.

## THE RAUB REPORT

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No question that our marketplace is under a lot of stress right now. Occupancies are down in every sector – office, retail, industrial and multifamily. So, Texas and San Antonio, which were holding up pretty well this time last year, compared to the rest of the nation is now sliding into the vortex too. However, we still seem to be positioned to come out sooner and with less damage than other areas of the country.

I recently attended a presentation by one of the most successful real estate operators in the U.S., Bill Saunders of Verde Enterprises. My take-away - we are going to see incredible growth going forward in the NEW manufacturing zone of the U.S. – a belt running from Houston on the east to San Diego on the west, and spanning both sides of the U.S.–Mexico Border. Port San Antonio, Toyota, Holt and Union Pacific's Intermodal Terminal will all be links in this chain.

Job creation is the fuel that feeds the growth of our economy, especially commercial real estate and recessions are about job losses. Commercial real estate is a lagging industry, being late to decline and late in the business cycle to recover. It's the good fortune of San Antonio to have a solid pipeline of growth already in place even though some elements are still a year or two from being filled. Here's a summary:

**San Antonio Military Medical Center** – 11,000 new jobs

**Holt Caterpillar Engine Plant in Seguin** – 500, plus more jobs from suppliers

**National Security Agency** – 1,500 to 3,000, plus more from outside contractors

**Union Pacific Intermodal Terminal** – several hundred initially with potential for more

**Jobs coming right now include -**

**What-a-Burger** is relocating its HQ to the former Tesoro HQ on U.S. 281 this summer, 500 jobs.

**USAA** is relocating 240 employees to San Antonio from other areas of the country.

**Medtronics**, a medical devices manufacturer has taken the brand new 148,500 square foot Transwestern-developed office building in The Overlook at the Rim on IH-10. This will become the call center location for its diabetes unit. Full ramp up will be around 1,400 jobs.

**ACS**, a computer related call center is adding 500 jobs; **West Telemarketing** - adding 300 jobs

The **Air Force Cyber Command** has just announced it will locate at Lackland AFB. This will add about 300 military jobs. S.A. is a world leader in computer and internet security, with a large number of firms already located here and a premier program in Cyber Defense & Security at U.T.S.A.

These are the headline announcements of the larger job additions; and sure there are layoffs too in banking, finance, housing, retailers and restaurants. But for every one of the primary jobs mentioned above, economists tell us two additional jobs are created in other parts of our economy in many other service providers such as HEB grocery, CPS Energy and others.

Apartments.com has named San Antonio in the Top 10 Places for a new college grad to settle based on Cost of Living and job availability.

We all acknowledge that very few of these new jobs are high paying professional, executive or scientific positions. San Antonio just doesn't attract those types of jobs. If we want better opportunities, we will have to create them from within our own community--growing our own new companies. That requires bright, entrepreneurial minds and great educational facilities. These are the elements that will lift everyone's standard of living in San Antonio.

*Stephen A. Raub, CCIM*

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Commercial Brokerage, Consulting & Investment Real Estate Since 1975

16350 Blanco Road, Suite 114 ★ San Antonio, Texas 78232 ★ Phone: 210.828.9261 ★ Fax: 210.828.8797

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