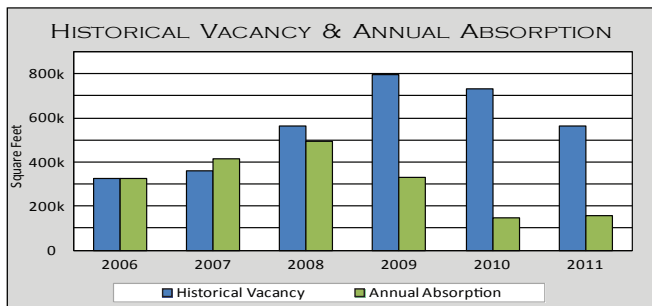
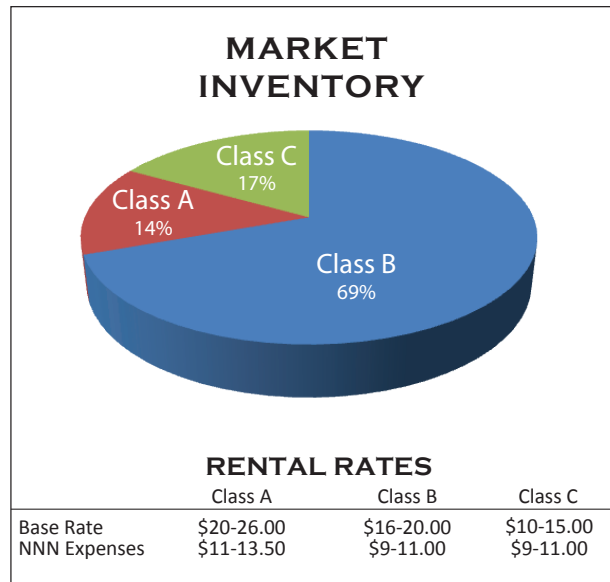


OVERVIEW

Central Texas continues to grow its healthcare hub with new construction and new goals for the area. Most important to the area's future, are the initiatives of State Senator Kirk Watson and his 10-year, 10-step plan to finally bring a medical school and teaching hospital to Austin. Uncertainty continues among local physicians regarding the economic impact of the 2010 US Health Reform Bill. Because of this, we are seeing some groups merging and smaller practices being acquired by hospitals, which then relocate those doctors into their medical office buildings (MOB) as their leases expire. Rental rates are firm with the highest rates in the midtown medical area which is seeing new construction and redevelopment of older buildings. The greater Austin area closed the year with a vacancy rate of 10.8%, which is improved over the mid-year vacancy rate of 12%.

MARKET ACTIVITY

Tenant	Building	Size
Quest Diagnostics	Jefferson Building	3,700
Seton Oncology Group	Medical Park Tower	6,600
Glaucoma Institute of Austin (Renewal)	901 West 38th Street	6,500
Dr. Eric Tiblier (Renewal)	901 West 38th Street	2,600
Central Endodontic Specialists (Renewal)	901 West 38th Street	2,000



OFFICE SPACE SUMMARY

Total Market Size	6,306,071 sf
Vacancy Rate	10.8%
Under Construction (non-hospital)	92,500 sf

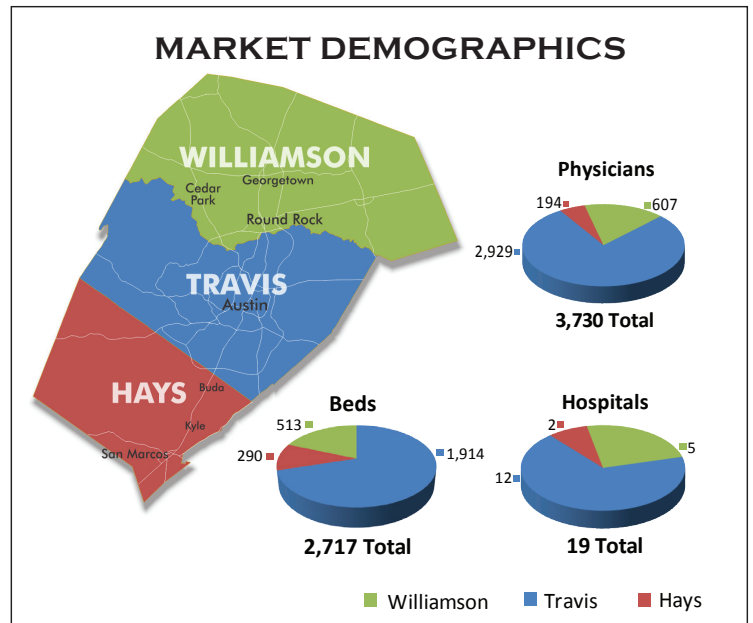
SELECT BUILDING SALES

- Cedar Park Regional Medical Center - Cedar Park, Texas - 83,383 sf

Medical office buildings/condominiums are selling in the range of \$125 to \$285 per square foot. Price depends on age, location and level of finish-out.

NEW CONSTRUCTION

- HTH Capital started construction on a 4-story, 62,000 SF MOB on the former Bank of America site at 38th Street and Lamar Blvd.
- LiveOak-Gottesman started construction on 720 34th Street with a Class A, 22,500 SF MOB scheduled for completion in September 2012. This site is a redevelopment of a smaller medical office building.
- Seton Southwest broke ground on an \$8.2 million expansion for the maternity and emergency departments.
- Reliant Hospital Partners started construction in South Austin on a 65,000 SF rehabilitation hospital that will have 60-beds.
- LiveOak-Gottesman started construction on Cedar Bend Professional Center, located on North MoPac. Tenants will include Capital Otolaryngology, Head & Neck Surgeons, Nasal & Sinus Center of Austin, Renu Austin and Snoring Austin.



Gail O'Connor is a Senior VP specializing in health care. She has 28 years of experience and understands that healthcare organizations have unique real estate needs. Gail can help you purchase, sell, or lease your medical space. Call for your real estate check-up today.

