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REAL ESTATE

## Richland finds San Antonio ripe for real estate expansion

Houston Business Journal - by [Tricia Lynn Silva](#)

A Houston-based investment firm is looking to expand property holdings in San Antonio over the next several years.

**Richland Investments Inc.**'s Alamo City portfolio spans just over 500,000 square feet spread out over a mix of retail, flex-office buildings and even a free-standing restaurant.

The goal: Double this existing portfolio over the next three years.

"Over the last three years, San Antonio has become an aggressive, dynamic, really exploding market," says Edna Meyer-Nelson, CEO of Richland.

The hard part is finding investment-worthy buildings. Owners of the better properties are holding fast to their asking prices — prompting a standstill in negotiations between potential buyers and sellers.

As for what's currently available for purchase, those properties "have a lot of hair on them, so to speak," says Meyer-Nelson.

Richland has shown a preference for flex-office assets — properties built to accommodate both office and warehouse functions.

That product helps Richland hedge bets during the downtime in real estate cycles.

When firms start looking at ways to bulk up their bottom line, Meyer-Nelson explains, that process often means putting sales and production staff under one roof.

"It's wonderful to have the sales force in the ivory tower, but when times get tough, you pull out of those (spaces with) \$28 to \$30 a month (rents) and into the spaces that are about \$7.20," she says.

Kim Gatley, director of research for NAI REOC San Antonio, observes that clustering operations is a common trend.

She notes that in a softer office market, the efficiencies that can be gained by putting production and sales in the same building outweigh the amenities, and the status, that comes with a Class A building.

“I’m not reinventing the wheel here,” Meyer-Nelson says. “Real estate is a cycle. We are hedging our bets against what we see every 10 to 15 years.”

Even as Richland begins the search for new acquisitions, the firm is carrying out what Meyer-Nelson calls a “hard press” to lease up existing properties.

And once the leasing is firmed up, some of these properties will be sold to capitalize future acquisitions.

Richland’s CEO likens the process to a game of poker.

Says Meyer-Nelson: “You got to know when to hold ’em and when to fold ’em.”

*Tricia Lynn Silva is a reporter with San Antonio Business Journal, an affiliated publication.*