

HOUSTON BUSINESS JOURNAL

Optimism could also apply in the latest Employment Outlook Survey from Manpower Inc.

Only about 21 percent of Houston-area employers will hire at an active pace during the third quarter of 2010. The majority — about 70 percent — plan to maintain their current payroll levels, while 6 percent expect payroll reductions during the quarter. Some 21 percent expect to hire in the third quarter, about the same as in the second quarter. A year ago,

Anticipated changes to the tax code and an abundance of capital from the private equity market are setting up a spike in local and national mergers and acquisitions later this year, industry insiders say.

Barring any intervention from Congress, which observers say is unlikely, the cuts to the capital gains tax created by President Bush's 2003 tax package will expire at the end of the year.

Under the new tax environment, taxes on capital gains will increase from 15 percent to 23.8 percent, a 58 percent gain, according to a report by Houston-based investment bank GulfStar Group Inc.

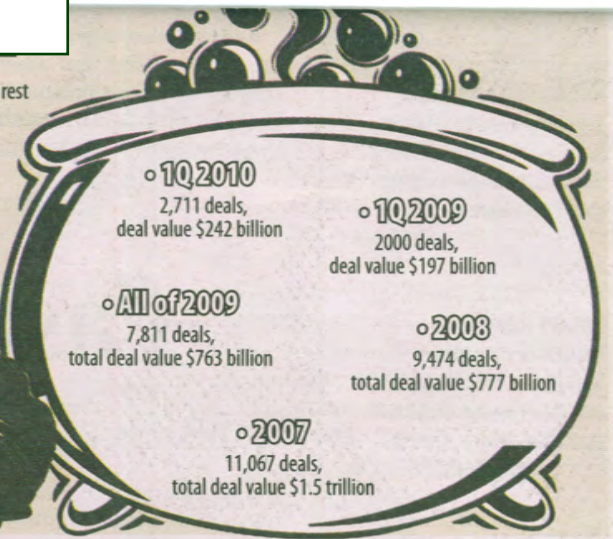
"That has a significant impact in the net

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More M&A dealmakers expect a rise in U.S. deal volume for the rest of 2010, according to the most recent ACG-Thompson Reuters DealMakers Survey, released in May.

In the past three surveys, an average of 80 percent of respondents reported a "fair to poor" M&A environment. The most recent survey found that 85 percent of respondents expected an increase of M&A activity in the next six months, up from 56 percent a year ago. A sharp majority, 97 percent, identified the current environment as a "buyer's market."

Here's a recent comparative quarterly and year-end look at U.S. M&A activity:



# Canadian firm stakes local real estate claim

## PRINCIPAL PLAYERS FOR AVISON YOUNG

BY JENNIFER DAWSON  
 HOUSTON BUSINESS JOURNAL



**Josh LaRocca**

- Led Rice University Owls football team to Southwest Conference Co-Championship as starting quarterback.
- Played two seasons in Europe for the National Football League.
- Joined InSite Realty Partners in 1996.
- Co-founded Blackstone Partners in 2003.
- Managing director for Studley Inc. from 2004-2006.
- Co-managing partner at Mohr Partners Houston 2006-2010.



**Rand Stephens**

- Joined Trammell Crow Co. in 1987.
- Co-founded InSite Realty Partners in 1994.
- Senior managing director for Studley Inc. from 2004-2006.
- Co-managing partner at Mohr Partners Houston 2006-2010.
- Former president, Gulf Coast Chapter of the Society of Industrial and Office Realtors (SIOR).
- Former board member, Houston Office Leasing Brokers Association.

A major Canadian real estate firm on the road to U.S. expansion has opened a Houston office.

Avison Young (Canada) Inc. started operating on June 1 with two seasoned principals who plan to hire as many as 40 professionals over the next year.

Rand Stephens and Josh LaRocca have worked together as a team for the past 15 years, most recently as co-managing principals of Mohr Partners Houston.

Toronto-based Avison Young entered the United States early last year with an office in Chicago, followed by sites in Washington, D.C., and Atlanta. Houston is the independently owned firm's fourth U.S. office.

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only 12 percent of companies surveyed were in hiring mode.

Houston continues to fare better than other regions of the country. Among the 18,000 U.S. employers surveyed, 18 percent expect to increase their staff levels during the third quarter, while 8 percent expect to reduce payrolls.



estimates.

"The demand itself is pretty significant," says David Wallace, company president and former mayor of Sugar Land.

### MEMORY CARE UNITS

Wallace Bajjali expects to start construction within 30 days on Hampton Pointe Manor, a 78-unit assisted living facility that will include 20 beds for memory care. The facility is being developed in a partnership with Outer Marker Properties LLC, an Atlanta-based developer and operator of senior facilities.

Hampton Pointe Manor, located at 3505 Murphy Rd., is the first component of a larger development geared entirely toward

Brenda Brantley, LaSalle's vice president of finance, says Houston has appealing demographics so the company intends to establish 10 to 12 facilities in the area over the next few years. LaSalle's first local facility is slated to open this summer in The Woodlands.

"Based on statistics, the demand will far exceed supply for some time to come," Brantley says.

### PENT-UP DEMAND

Two affordable housing apartment communities are also in the works.

Construction is expected to begin this month on Greenhouse Place, a 160-unit apartment complex to be built by San An-

ton, a formula that allows the occupant to spend no more than 30 percent of monthly gross income on housing.

Another complex in Alvin, is scheduled to have 110 units on 7.3 acres in a gated community.

LDG Development LLC of Louisville, Ky. broke ground in May on the \$16 million Melbourne Senior at 3075 Mustang Road.

Rounding out the flurry of projects is an oft-delayed master planned community for seniors.

Also in Fort Bend County, Del Webb announced earlier this month that it will resume development of the 1,500-home project on hold for almost three years because of economic conditions.

veloping the property in a partnership with Houston-based Caldwell Cos.

Construction will start later this year on a sales pavilion expected to open in February 2011.

Residents could begin moving into the neighborhood as early as summer 2011, though it could take 10 years to complete the project.

Valerie Dolenga, a Pulte spokeswoman, says the project is being jump-started now because she expects market conditions will be ideal by the time the sales center opens.

"There's some pent-up demand here in Houston," Dolenga says. ■

[jdawson@bizjournals.com](mailto:jdawson@bizjournals.com) • 713-395-9631

## CANADA: Energy makes Houston prime target for expanding Toronto real estate firm

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Mark Rose, CEO of Avison Young, says the fast-growing firm has increased from 300 to 700 professionals in the past 18 months.

The 32-year-old firm is No. 3 in market share in Canada in terms of number of professionals, number of brokers and revenue.

"It's been all about taking market share right now," Rose says. "We're one of the dominant companies."

Earl Webb, president of U.S. operations for Avison Young, says the energy industry helped Houston fit right into the firm's expansion plans.

Webb, who offices in Chicago, notes Avison Young does a lot of business in Western Canada, the hub of the Canadian oil industry. Many of the same energy compa-

nies do business in Houston and Western Canada, he says, and many investors who acquire oil-related real estate are interested in both markets.

"There's a real cross-pollination that takes place," says Webb. "There's a lot of synergy there."

### MODEL ATTRACTION

The typical Avison Young office is staffed by 40 to 50 professionals, mostly brokers.

Webb says alloting an ownership stake to the principals in each office gives them a vested interest in Avison Young's success.

"We just think it's a very strong business model," he says.

The model was a major factor in drawing the veteran duo of local brokers to Avison Young.

Webb says Stephens called him out of

the blue after hearing about the firm's new Atlanta office. That initial phone conversation lasted an hour.

"It became clear that these guys were our kind of people," says Webb. "I'm very glad he made that call."

The fact that Avison Young is well-capitalized was another inducement for Stephens and LaRocca.

Stephens, managing director of the Houston office, says such strong financial support will spur recruiting and growth efforts, and also help the firm expand into the Southwest.

"It's a great company," says Stephens.

The Houston office will offer a full range of real estate services, such as brokerage, tenant representation, investment sales, leasing, property management and mortgage brokerage.

Stephens and LaRocca have a history

of representing office and industrial tenants needing 2,500 square feet to 500,000 square feet of space. Together they have completed more than 1,000 deals with a volume of more than \$500 million.

The team will bring all of their clients to Avison Young, but would not release any company names.

LaRocca says having a customer base already in place will jump-start Avison Young's local business.

"It's not like we're starting from square one," he says.

Avison Young's new executives realize it will take hard work to build on that client base, especially by identifying companies that don't already have representation.

Says LaRocca: "It's not an easy process. You've got to roll up your sleeves a little bit." ■

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