



*In the News*

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## Health of medical-office market lures Capital City investor

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An Austin-based real-estate investment and development firm is making a play in San Antonio's medical office market.

Onair Development LLC has closed on the purchase of a 26,000-square-foot office building now under construction. The property, known as Shavano Oaks III, is the third building in a master-planned community called Shavano Oaks Park.

The seller of Shavano Oaks III is locally based MH Commercial Properties, which is also the developer of the office park. To date, the park consists of two other three-story buildings of 34,000 square feet each.

The purchase price for Shavano Oaks III was not disclosed.

Shavano Oaks III, upon completion, will mirror its predecessors in terms of high-end office touches. It will include covered parking, a two-story glass atrium lobby and cut-stone tile and granite in the common areas. The skin of the building will feature glass and Cordova cream limestone.

The office park is located at Loop 1604 and Paesanos Parkway on the city's far North Side.

Kerry Angus, chief executive officer and president of Onair, says the building should be ready for tenants during the first quarter of 2010. Work to pre-lease the property is already underway, and there are some deals pending, he adds.



*Rendering of Shavano Oaks III.*

### FAMILIAR TERRITORY

Onair itself is a fairly new name in the medical-office game. It opened for business earlier this year. Its partners, however, are no strangers to the market — nor are they unfamiliar with San Antonio's medical-office landscape. All three partners — Angus, Eric Perardi and Rick Benson — were formerly with Cary, N.C.-based Oaks Development Group, which has been active in the Alamo City since 2007. Its local assets include Shavano Oaks II.

It was Oaks Development that initially brought Angus to the Lone Star State. He moved to Austin when Oaks turned its attention to Texas.

Along the way, Angus says he discovered that to truly tackle the Texas market, one needs to be based in Texas. And thus Onair was born.

"We are thrilled to be selling Shavano Oaks III to Onair for one specific reason: Our past experience with their team," says Jason Herbert, vice president of marketing and development for MH Commercial and MH Real Estate Investments. "The same individuals involved with Onair are the same individuals that brought Shavano II to fruition. Herbert continues: "While their company name is new, the people involved (in Onair) have a positive, proven track record in this market and with our company."

The name is a take on the Scottish Gaelic word for "honor," says Angus, who hails from that ancestry.

"It's how we strive to treat our partners," he adds.

With its headquarters in Austin, Onair is ideally situated to capitalize on the opportunities that exist in both the Capital and the Alamo cities — and along the stretch of interstate highway in between the two markets, says Angus' partner Perardi.

"The Austin/San Antonio corridor is our number one target market," he adds.

### OWNERSHIP PATH

Angus brings to Onair a model of property ownership similar to the Oaks Development structure. It is a design that calls for a limited liability company (LLC) to be set up for each property. A material ownership stake in each LLC is allocated to the property's tenants, based on the size of their respective lease. The remaining ownership in the LLC is split between Onair and a pool of investors.

The strategy ensures that Onair has a long-term stake in an asset. The firm handles the responsibilities inherent with being a landlord.

The tenants get to share in the revenues derived from ownership — while still being free to concentrate on their business.

"We become their partner ... bring them a solid real estate investment ... and free them up to practice medicine," Angus says.

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