

## City's vision beginning to bloom for 2nd Street District

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Just over a decade ago, six blocks along West Second Street sat largely fallow on downtown Austin's southwestern side, home to dilapidated warehouses, a couple of parking lots and vagrants.

Today, the same area buzzes with activity as people dine at restaurants, browse in shops, take in a movie or stroll with friends along the pedestrian-friendly sidewalks.

Soon, seven new merchants are expected to open in the 2nd Street District as the area continues to gain momentum as a bustling shopping, dining and entertainment destination. Many of the 50 specialty stores, restaurants and other establishments are seeing increased sales, which are generating sales tax revenue for the city's coffers.

In 2010, the district generated \$4.55 million in property tax and \$2.29 million in sales tax for the city, said Fred Evins, project manager in the city's Economic Growth and Redevelopment Services Office.

That was part of the vision city officials and developers had for the district when it was conceived in 1999 — a catalyst for redeveloping a distressed area and reviving downtown as a retail destination.

"We are very pleased with how the vision of downtown has unfolded to date — it has re-established downtown as a place to eat, shop, live and work," said Kevin Johns, director of the Economic Growth and Redevelopment Services Office. "Overall, the initiative has strengthened downtown's vitality."

The 2nd Street District was recognized as a global model for a public-private partnership with an award in September from the International Economic Development Council.

Bounded by Cesar Chavez, Third, Colorado and San Antonio streets, the district was the brainchild of AMLI Residential and the city, both of which teamed up to try to transform the six mostly vacant blocks.

The city owned five of the six blocks and wanted to return that underused land to the tax base. It also wanted to stimulate public and private investment, re-establish downtown as a retail destination, add new housing and enhance downtown's overall vitality.

Today, all six blocks have been redeveloped in partnership with six private entities, Evins said. "The city's goals have all been realized," Evins said. "The success of the district, in spite of the recent economic downturn, has regenerated investment in residential and retail projects throughout downtown Austin. It's maturing and hitting its stride."

This year, merchants in the district generated \$32.5 million in sales through October, a 44 percent increase over the same 10 months in 2010, said Carrie Holt, AMLI's general manager of retail in Austin. Sales could top \$40 million by year's end compared with \$28 million in 2010, she said.

Craig Brockman, AMLI's development manager in Austin, said the district has had a ripple effect, helping lure retailers to other parts of downtown.

Molly Alexander, associate director of the Downtown Austin Alliance, which represents downtown business and property owners, said the 2nd Street District "is finding its niche as an area focused on small local boutiques and restaurants."

"Five years ago, when the (alliance) began recruiting retail to downtown and Second Street was just coming online, many in the real estate world thought we were crazy," Alexander said, noting that today there are 131 retail stores in the downtown area.

Although not without its challenges since the first tenants opened for business in May 2005, the district's progress has been steady.

AMLI brought the first new rooftops, with two buildings creating a combined 451 apartments. Within the past three years, more residences have been added in the vicinity, with the opening of the Ashton apartment tower and the 56-story Austonian.

The new housing — coupled with the December 2010 opening of the trendy W Hotel and Residences, the state-of-the-art venue ACL Live and new tenants, including Urban Outfitters — has amped up the district's energy level.

"It has become a very dynamic urban environment, and people are really getting used to that, and I think all the businesses are seeing a dramatic uptick in business," said Jesse Herman, who, along with Delfo Trombetta, owns La Condesa, a restaurant in the district. "It's starting to really take on a life of its own as an energetic part of the downtown Austin environment."

La Condesa, which opened in February 2009, has seen such a boost in traffic this year that it might expand its kitchen operations, Herman said.

Craig Staley, who co-owns Royal Blue Grocery with George Scariano, said the W Hotel's opening "was the last piece of the puzzle for us." He said sales are up 20 percent since construction wrapped up on the hotel.

After the challenges of the recession and six tenant departures in 2011, the district is regaining its traction, the developers and merchants say. That is reflected in the new leases and 44 percent sales bump, which Holt said is probably due to increased consumer confidence "combined with the continued growth and excitement that downtown Austin continues to experience."

The newcomers are expected to include Nosh, a Dallas-based bistro and bar whose acclaimed chef is Avner Samuel; three boutiques for women, Déjà vu, Hemline and Luxe Apothetique; Strut, a men and women's clothing store; and Daily Juice, a locally owned smoothie and juice bar/cafe.

Royal Blue Grocery will open a new concept in spring 2012 that sells higher-end wines and spirits, gourmet meats and cheeses, and kitchen items and housewares. Also, Milk + Honey spa is considering consolidating its two locations into one larger spot.

The area's successes are a source of pride for AMLI's Brockman, who has been involved with the district since its inception. Brockman said he's especially proud that the district has exceeded the city's goal to have 30 percent of its retailers be local; the figure is now 67 percent.

"It's got a lot of mojo," Brockman said, and merchants realize the district "is a place where they need to be, not only for visibility and brand recognition," but also for the sales they can expect to achieve.

"It really taps into what Austin is, not any other city," Brockman said. "It's a true, livable destination for Austin."

La Condesa's Herman said he sees the district's story as one "of perseverance, of people working together to create what organically is a new neighborhood for Austin."

"This is not the old Austin, but it's certainly the new Austin," Herman said. "The world is a dynamic and changing place, and Austin and different cities reflect that in their own different ways."

## Changes in store for 2nd Street District

- 1 Nosh:** Opening fall 2012
- 2 Milk + Honey:** Potential consolidation into bigger space at Guadalupe and Cesar Chavez
- 3 La Condesa:** Potentially expanding kitchen operations
- 4 Strut:** Opening before end of year
- 5 Royal Blue Grocery:** Opening new concept, a spirits and gourmet store, in spring 2012
- 6 Daily Juice:** Opening late spring 2012
- 7 Déjà vu:** Lease pending
- 8 Hemline:** Opening early 2012
- 9 Luxe Apothetique:** Opening in January



Source: [www.2ndStreetDistrict.com](http://www.2ndStreetDistrict.com)

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