

AUSTIN LUXURY PROPERTIES

Special Advertising Section

A Downtown Residential Renaissance



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By Meta L. Levin

From the window of his first-floor office at Bridges on the Park, a six-story condominium in Austin, developer Bobby Nail can watch the University of Texas rowing team practicing on Lady Bird Johnson Lake and even keep tabs on the personal-training “boot camps” his son runs on the trail that winds around the lake and through the adjacent park.

Mr. Nail is on both sides of a residential resurgence in downtown Austin — both as developer, he is a partner in the Austin office of development company CLB Partners Ltd., and resident. Ten years ago, fewer than 500 people lived in the downtown area (excluding University of Texas students); today, estimates from the mayor’s office put that number at 6,000 — with housing for another 4,000 under construction or in the planning stages. A good portion of that is composed of high-end luxury condominiums. “Four years ago when I gave my State of the Downtown address, I suggested that by 2015 we were going to have 25,000 people living downtown,” says Mayor Will Wynn. He is cheerfully leading by example.

In 2003, Mayor Wynn moved into a 2,476-square-foot, two-bedroom condominium apartment in one of the new generation of luxury residential towers — Austin City Lofts, 14 stories high, with prices ranging from \$250,000 for an 870-square-foot, one-bedroom apartment to \$1.5 million for a 3,100-square-foot, two-story loft home. From his seventh-floor apartment, the mayor can see the Capitol Building dome, the outskirts of Texas Hill Country and Austin’s growing downtown skyline. A strong proponent of sustainable archi-

tecture and energy conservation, he is more than pleased that his office is walking distance — about six blocks — from his home.

Downtown Austin is a great place to live, work and play, says Mr. Nail, noting that there are expected to be 24,000 new jobs created in the Austin area this year. The city has a population of 1.6 million, with an average employment level of 554,529. Within a two-mile radius of Sixth and Congress Streets — the heart of downtown — the average annual household income is \$100,000. Those statistics and more are fueling the residential boom in downtown Austin.

“People are choosing to live downtown, because it is a cool place to live,” says Charles Heimsath, president of Capitol Market Research, an Austin-based corporation that provides research and market analysis to the real estate industry. When Mr. Heimsath looked at three luxury developments under construction and selling units, he found that 70% of the people who had bought in the Bridges on the Park, The Four Seasons Residences and the W Hotel and Residences did not work downtown, shattering his assumption that the primary buyer would be working downtown, he says.

Ten years ago when Mayor Wynn was chairman of the Downtown Austin Alliance (DAA), the group struggled to promote the downtown area as a place to live. Its proximity to the University of Texas had meant that Austin’s downtown has long had clubs geared toward university students, but to attract more adults to the area the retail and entertainment offerings had to mature. In another study, this time of five luxury condominium buildings, Mr. Heimsath found that of the new buyers, 38% are aged 45 and older, and 35% are aged between 30 and 44. “Austin is consistently ranked one of the top 10 places for empty-nesters and singles,” says Kevin Burns, a broker with Austin-based Urban Space Realtors.

As more residential units came online, the city and the DAA took steps to make that happen. “We saw tremendous potential there,” says David Levine

of Dallas-based Urban Partners, hired by the city to develop the Second Street District on the north side of Lady Bird Johnson Lake, now home to more than 50 locally and regionally owned retail businesses and restaurants. Working with local groups, Mr. Levine and his company enticed an eclectic group of high-quality tenants to the district.

The Second Street District is close to the W Hotel and Residences, a \$260 million mixed-use project now under construction and scheduled for completion in 2010, developed by Austin-based Stratus Properties and Starwood Hotels and Resorts, headquartered in White Plains, N.Y. The 37-story building will house shops, restaurants and entertainment, and include 252 hotel rooms and 217 condominiums. Prices range from \$400,000 for a 644-square-foot, one-bedroom unit to more than \$4 million for a 4,254-square-foot penthouse.

The Four Seasons Hotel has been a fixture in downtown Austin since 1986. “It’s been an enormous success,” says Arthur Carpenter, a principal with Austin-based Ardent Residential, which is developing the new \$125 million, 168-unit Four Seasons Residences along with Atlanta, Ga.-based Post Properties Inc. It is expected to be ready in early 2010. Prices range from \$400,000 for an 806-square-foot, one-bedroom apartment to more than \$4 million for a 5,500-square-foot penthouse.

Mr. Nail’s CLB Partners was one of the early players in the new luxury high-rise condominium market, with Austin City Lofts, which was started in 2002, at the height of the dot.com bust. Now CLB Partners has Bridges on the Park, the 104-unit building facing the lake. Prices range from \$328,000 for an 800-square-foot unit to \$800,000 for 1,600 square feet. CLB’s new 34-story 7 Rio, now in the design phase, is expected to feature 800-square-foot, one-bedroom units for about \$300,000, ranging to a 4,000-square-foot, three-bedroom unit with three parking spots for \$2.5 million.

“We’re seeing a more balanced total community developing downtown,” says Charlie Betts, the DAA’s executive director.