

Projects slated for N. Austin

The Domain to add housing; more for Austin Commons?

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Austin Commons is only half-built, but now that a new owner flush with funds is on the scene there's talk of finishing the project.

As developers of The Domain in North Austin gear up for another phase of residential building, a nearby shopping center with room to expand is getting energized by a new landowner.

San Diego-based St. Croix Capital Corp. recently sold Austin Commons, an 8-acre mixed-use development at 1630 Rutland Drive, to Houston-based Black Forest Ventures LLC, a debt-free developer. Black Forest has also paid off the loans used to build a 30,000-square-foot retail center completed there in 2009 on half the site.

Black Forest Ventures is evaluating options for developing the remaining 4 acres there, company representatives said.

Meanwhile, at the popular Domain development about a mile and a half to the northwest, a partnership group filed site plans in late February for a 315-unit, 265,000-square-foot apartment complex known as Domain III. The plan is to start construction on that in August.

Robert Shaw, a Dallas real estate developer and president of Columbus Realty Partners, said the partnership is "spending a lot of money," and that lending is opening back up for "special and unique projects."

Those involved in the Austin Commons and Domain projects decline to disclose financial details of their plans.

Austin Commons shifting gears

The idea for Austin Commons was launched in 2006. Originally, it was planned to be a \$21 million project, according to past reports. But only half of the plan materialized. After the economic slump, partner Fortress Capital divested itself of real estate.

St. Croix Capital President **Ken Satterlee** said he initially planned to sell the undeveloped 4 acres to a residential developer, and only engaged with Black Forest Ventures to sell off the developed — and 80 percent occupied — commercial space.

But loan conditions with Bank of America dictated that it would be better if Black Forest Ventures acquired the whole project.

Satterlee said that while he had “plenty of takers,” all of which were from out of town, only Black Forest Ventures could write a check and pay off the Bank of America loan.

Satterlee declined to release specifics about the loan or the acquisition, but said the 8 acres could be worth more than \$30 million when they are developed.

St. Croix Capital no longer has a financial stake in the property, but will consult with Black Forest Ventures.

St. Croix still retains a \$65 million portfolio, mostly of industrial flex space, in the Austin market.

Black Forest Ventures, which has no timeline or definite plan for developing the rest of Austin Commons, is leaning towards multifamily, said **Sean Quinn**, senior asset manager. Satterlee said the site could house as many as 250 units.

Quinn said Black Forest Ventures’ strategy is to acquire property and vertically integrate its other business components into it, such as the Black Walnut Group of Restaurants, which operate in the Houston area.

Black Forest Ventures has more than \$500 million in assets, with more than 1 million square feet of commercial real estate in the Houston area. The firm “wants to invest thoroughly and aggressively” in the Austin market, Quinn said.

In 2010, it bought the Cornerstone Market on Bee Caves Road in Westlake south of Austin.

“We looked at 100 deals to buy one,” Quinn said. “We like to control a building with our products in it, and we take a contrarian approach: If everybody moves into the Austin market, we move elsewhere.”

Quinn indicated the company is open to partnering with local architects and engineers.

Domain activity in the pipeline

Residential site plans filed at City Hall are the second recent sign of life at The Domain, the massive Endeavor Real Estate Group mixed-use plan whose next phase was put on hold in late 2008 due to the recession.

In December, Whole Foods Market restarted plans for a 50,000-square-foot store at the upscale development that features stores such as Tiffany & Co. and Apple.

Chad Marsh, a principal with Endeavor, said more residential had always been planned there, but these will be the first residential units not built on Simon Property Group’s land.

The apartment complex will be a joint venture between Endeavor and Columbus Realty, from Dallas, along with Austin-based Centro Partners LLC and RREEF Management.

Shaw, from Columbus Realty, said rental property development is becoming attractive again, because fewer people are keen to buy houses, adding that over the “last 10 years, we got killed” by apartment users who became homebuyers.

“The story here is not that Austin is having growth, which it is, but equally you are having people elect not to buy homes,” Shaw said.

Courtesy of JB Goodwin