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Domain retail projects delayed a year

Whole Foods, Saks, Nordstrom on hold till 2012.

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AMERICAN-STATESMAN STAFF

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In another casualty of the recession, three retail projects at the Domain in North Austin have been pushed back for a year.

A Nordstrom and a Saks Fifth Avenue, along with 450,000 square feet of additional retail space, 490 apartments and 125,000 square feet of office space, won't open until fall 2012, said Kirk Rudy, managing principal with the project's developer, Austin-based Endeavor Real Estate Group LLC.

The delay will push the opening of a Whole Foods Market to May 2012, also about a year later than planned, Rudy said.

Given the state of the economy, the sluggish retail climate and the lockdown in the capital markets, Rudy said it was wiser to delay the openings. He said Endeavor had not yet started to seek financing.

"Though Austin is faring relatively well in the economic downturn, we're mindful of the uncertain climate," Rudy said. "We feel a revised timeline for the retail district is appropriate given today's economic environment."

He said all three retailers agreed to the revised schedule in Endeavor's talks with them in the past two weeks.

"We decided together that it was the smart thing to do," Rudy said, noting that "a lot of retailers are cautious about their expansion plans, given the economy."

Saks, Nordstrom and Whole Foods are to be anchors in the retail section of Endeavor's Domain. The project also will include condominiums, apartments, offices and hotels.

Rudy said the anchors remain "supportive and committed to the project."

"We were willing to accommodate the developer, if that's what they need to do given the economy," said Brooke White, a spokeswoman for Nordstrom Inc., whose Domain store would be its second in Austin.

"There's no question these are some of the toughest times we've seen, but we're very financially secure, and we'll make it through this period," White said.

Mark Dixon, Southwest regional president of Whole Foods, said the company was pleased with the revised timetable, "given the current strain on the economy as a whole."

In 10 to 12 years, Endeavor plans to build more than 2 million feet of retail, dining and entertainment space, three hotels, 2.5 million square feet of office space and 4,500 residential units at the Domain, which spans 176 acres east of the Simon Property Group's upscale shopping center of the same name.

Endeavor is partners in the Domain with RREEF Real Estate.

Already under construction at Endeavor's Domain are a 174,000-square-foot office building and a 140-room Aloft hotel, a Starwood brand.

The office building is to open in March, and the hotel in late 2009, Rudy said.

In Simon's project, work has started on a Westin Hotel and a Dick's Sporting Goods.

Dick's is expected to open in late 2009, along with a Dillard's store and a movie theater, said Lauren Harris, area director of marketing for Simon.

The credit crunch, sluggish economy and retail climate have halted projects nationwide, including a planned 1,000-room Marriott hotel on Congress Avenue.

Local retail broker Jill Rowe said the Domain postponement isn't surprising given current conditions.

"It won't be the only phased development that gets put on hold," said Rowe, president of Rowe Investments. "That said, it has a great location and should be one of the first projects to resume when the financial market turns. Austin will feel the effects of the shrinking sales tax rebates as new construction slows."

Rudy said Central Texas hasn't been spared from the national economic downturn, noting that job growth has slowed, as has Austin's sales tax revenue.

The sales tax decline, he said, "is more of an indication than ever of consumer-driven economic activity in this community. We're definitely feeling it."

But Rudy said the Domain retailers "are still very excited about (the project), and so are we."

Courtesy of JB Goodwin