

Downtown Austin landmarks resold

By JOHN PLETZ
American-Statesman Staff

Two downtown Austin landmarks — the Littlefield and Scarbrough buildings — are changing hands for the second time in two years for an undisclosed price.

Merit Texas Properties, headed by Dallas businessman Dennis McDaniel, plans to purchase the pair of buildings Wednesday from Dallas-based Highgate Holdings and T. Stacy & Associates of Austin.

The Highgate-Stacy partnership bought the two buildings, which are on opposite corners of Congress Avenue and Sixth Street, in December 1997.

Tom Stacy, whose company is the minority owner, said the partnership

■ Dallas investor buying Littlefield and Scarbrough buildings on Congress Avenue for undisclosed price

had intended to hold the properties longer. Dallas with McDaniel.

"We had several unsolicited offers," he said. "Our intentions were to be long-term holders. But the offers prompted us to market the properties. We thought it would be a smart thing to do."

McDaniel said he has been shopping for commercial property in Austin for a while and recently bought a house here. "To have these two corners, we're really happy," he said.

Schlotsky's Inc. Chief Executive John Wooley, who has a restaurant in the Littlefield Building, said he has

done previous restaurant deals in Dallas with McDaniel.

"You're looking for someone who is going to be a good steward of buildings like that. You could hardly do better than Dennis."

Stacy declined to discuss the selling price for the two buildings, but the downtown area has become among the most popular and pricey in the commercial real estate market.

Only a few years ago, downtown space was plentiful and could be leased for a bargain compared with the northwest part of Austin, where high-tech companies have mushroomed.

More recently, downtown has acquired a cachet as more upscale dining, entertainment and housing have developed.

The Littlefield was Austin's first skyscraper when it was built in 1910. The Scarbrough, also built in 1910, housed the department store of the same name until 1983. In the 1980s it became the first air-conditioned retail space west of the Mississippi River.

"They had spectacular timing on these acquisitions," said Jeff Pace, managing director of CarrAmerica Realty Inc., a real estate investment trust that sold the Littlefield Building and nearby Littlefield Mall to the partnership.

See Littlefield, G6

Littlefield, Scarbrough buildings resold

Continued from G1

"Everything right just happened. The market has spiked up twice since then, and downtown has become the place to be" for many businesses.

Highgate has enjoyed good fortune since entering the Austin market in April 1996 with the acquisition of the 990,000-square-foot Austin Centre at 701 Brazos St. The company bought the property for \$62.7 million and sold it for \$97 million in January 1998.

Stacy said the proceeds from the Littlefield and Scarbrough

buildings will allow the partnership to complete the \$15 million renovation of the 75-year-old Stephen F. Austin Hotel a block north at Congress Avenue and Seventh Street.

Highgate and Stacy also are partnering with Will Wynn, president of Civitas Investments Inc., on a 27-story retail and office project at Congress Avenue and Fourth Street.

Stacy said his company will continue to manage and lease the Scarbrough and Littlefield properties. Scarbrough is 100 percent leased, and Littlefield is 96 percent

leased. Both buildings are Class B space, which fetches an average rent of \$21.40 per square foot downtown.

Littlefield tenants include insurance and financial-services companies, law firms and technology companies, such as Lucent and Windingroad.com, and Louie's 106 restaurant.

Among those calling Scarbrough home are American Bank of Commerce, Charles Schwab and Ruth's Chris Steak House.

You may contact John Pletz at jpletz@statesman.com or 445-3601.

Saturday,
December 11,
1999