

A model of the Radisson Hotel & Suites shows its planned expansion on the left, above the parking garage.

Radisson to make more room

■ Downtown hotel plans to expand, renovate

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In a week when downtown hotels are filled to capacity, the Radisson Hotel on Thursday unveiled a \$10 million expansion and renovation plan that will add 135 suites and rooms.

The project will make the Radisson the area's third-largest hotel with 415 rooms, behind the 478-room Renaissance Austin

Hotel and the 446-room Hyatt Regency Austin.

It will be the first major downtown hotel construction project since the Omni Austin Hotel was built in 1986 at 700 San Jacinto Blvd. At the time, it was a Radisson hotel.

As the Radisson prepares to add rooms, an investment group is studying the possible renovation of the Stephen F. Austin Hotel at Congress Avenue and Seventh Street into a full-service hotel that would add 190 rooms to downtown's inventory.

The eight-story Radisson expansion will take place on the hotel's east end, above the park-

ing garage. In addition to new rooms, the project will include a \$750,000 renovation of the meeting rooms and lobby area.

"We want to bring the hotel into the 20th century," said Philip Breland, senior vice president of the hotel's owner, Lumbermen's Investment Corp.

The hotel's new name will be the Radisson Hotel & Suites. The suites will feature separate bedroom and living areas as well as expanded bath and dressing areas. The suites will cost 25 percent more than the regular hotel rooms, which average \$125 a

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Construction will begin by July and should be completed by next summer, Breland said.

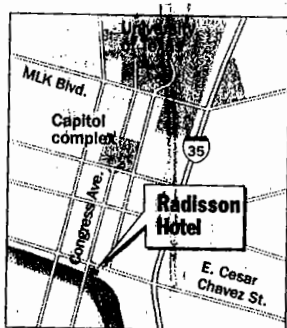
The Radisson building, constructed in 1965 as the Wilbur Clark Crest hotel, is Austin's second-oldest downtown hotel. Over the years it has been the Sheraton Crest and the Crest. It became a Radisson in 1992 and underwent a \$4 million renovation, which included the addition of a T.G.I. Friday's restaurant.

Downtown Austin could get additional hotel rooms a few blocks to the north if a group of local and national investors is successful in buying the historic Stephen F. Austin Hotel. The group, led by Austin commercial real estate broker Tom Stacy, hopes to close on the building in mid-April. If all goes as planned, the hotel could open by the summer of 1998.

The group is studying the feasibility of spending more than \$15 million to renovate the long-vacant hotel, returning it to its former splendor. The roof is gone, and water has seeped through the entire building.

Stacy, who first made an offer in 1994 to buy the hotel from Raleigh Enterprises, said he knows of at least four other deals that have fallen through in the past five years. These included a plan to reopen the hotel as a low-rent apartment complex, an idea that was dropped when a \$4 million federal grant was denied.

Stacy and his investment group are willing to take a lower return



than usual on the hotel because of its history and importance to downtown Austin, said Stacy, president of T. Stacy & Associates. But if the numbers don't support it, the building might be developed for another use, such as apartments or condominiums.

"Economically, it's a tough deal," Stacy said. "A lot of good people have tried to make it work. Obviously, if it was easy, it already would have been done."

Stacy and other hotel developers believe the timing has never been better for hotel development because of high occupancy and room rates.

The citywide occupancy rate hovered around 70 percent for most of last year. During certain peak periods, such as during South by Southwest, hotel rooms are only available on the edges of the Austin area.

The citywide room rate rose

from \$70.82 in January 1996 to \$73.29 in January of this year, a 3.5 percent increase. Downtown rates jumped 6.5 percent from \$88.13 to \$93.82. In 1990, the citywide average room rate was \$56.23.

These factors have sparked a hotel-motel boom, with 20 new projects built in the past three years and a dozen in the pipeline. Planned projects would add more than 1,400 rooms to the city's 13,800 rooms.

Most development is taking place in three areas: along Interstate 35 and U.S. 290 in North Austin, at I-35 and Ben White Boulevard in South Austin, and in the so-called Golden Triangle near MoPac Boulevard and U.S. 183 in Northwest Austin.

The only other project being built near downtown is the Doubletree Club Hotel, which is rising east of Interstate 35 and Martin Luther King Boulevard. The \$10.5 million hotel has 152 rooms.

"We really need more downtown rooms," said Gwen Spain, spokeswoman for the Austin Convention and Visitors Bureau. "More people would book meetings if we have more rooms."

Spain said Austin lost out on nearly 100,000 room nights last year because of the lack of hotel rooms. Microsoft, the Church of the Nazarene and the Associated Milk Producers are among the groups that opted to go elsewhere because they couldn't find big enough blocks of rooms for their members. Other groups didn't consider Austin at all because of the hotel situation, Spain said.