

# Stephen F. Austin Hotel bought for redevelopment

*Local investors eye converting site to another hotel*

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After several aborted attempts by others, a group of local investors has purchased Austin's landmark Stephen F. Austin Hotel for redevelopment as a hotel or residences.

"Our No. 1 goal is to bring it back as a full-service hotel," says Tom Stacy of T. Stacy and Associates. "It is better if it's a hotel, but certainly a good use would be residential."

Stacy assembled Brazos Austin Center Ltd., the investment group that purchased the building earlier this month. The principal investor is the Khimji family of Dallas and Vancouver, British Columbia, owner of Highgate Hotels. Purchase price was not disclosed.

"They have a great amount of confidence in the Austin market," Stacy says of the Khimji family.

"Now the Stephen F. Austin Hotel is in local control that is

very interested in bringing it back as a vibrant property," Stacy says. "It will be great for Austin, and we just hope in the process that we can make it (profitable). It's always been a hotel, and people can remember having a great time at the Stephen F. Austin Hotel at Seventh and Congress."

The next 30 days will involve renovation analyses to determine the relative economy of restoring the building as hotel space or apartment units.

Closing the sale is a two-fold cause for celebration for Stacy, who has been a vocal supporter of economic development as chairman of the Downtown Austin Alliance.

"I'm very thankful that this investment group has this much confidence in Austin to make this much up-front investment before we really know what we're going to do with the property," he says.

An attempt by a group of California investors to purchase the property fell through in February.

The Dallas office of Grubb & Ellis mar-

keted the property and earlier told the *Austin Business Journal* that uncertainty over renovation costs killed three previous attempts to buy the hotel.

The sale spells good news for the Downtown Austin Alliance, Communications Manager Anne Gilliam says.

"For several years, different investors have tried to make that work, and it seems like the time is ripe now," Gilliam says.

Whether the building reopens as a hotel or is converted to apartments makes little difference because either option will bring large numbers of people to feed area development, Gilliam says.

"It's going to bring a lot more people and a lot more vitality to the central core of downtown," she says. "It's got a lot of Austin history to it. A lot of important happenings have gone on at Stephen F. Austin, and it brings a lot of the past back to life."

Gilliam says the combination of a hotel and nearby

Paramount Theatre for the Performing Arts would combine to form a strong draw downtown.

"It's such a beautiful location. It's going to be a very important center," she says.

A restored Stephen F. Austin Hotel would be a welcome addition downtown, where hotel space is desperately needed, Gilliam says, but converting the building to apartments would provide a boost to the area as well.

"The more you can build residential, the more demand that creates for retail and services on the street level," she says.

Hotel or apartment house, she says, putting the Stephen F. Austin back in business will help fill vacancies downtown.

Stacy says cost studies will be a key factor in deciding whether the building ends up a hotel or apartment block.

"Many groups have discussed with us the possibility of converting the Stephen F. Austin Hotel to residential," he says. "The conversion costs, the renovation costs, are so great it makes both scenarios marginal."

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