

Tower deal under way

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Dallas-based real estate firm Cousins Stone is negotiating a deal in which it would buy and develop a 495,000-square-foot office project on Congress Avenue in downtown Austin.

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Tom Stacy, president of T. Stacy & Associates, and Will Wynn, president of CIVITAS Investments Inc., announced plans for the 27-story Congress at Fourth project last summer. At that time, Wynn was thought to control about three-quarters of a city block on the east side of Congress between Fourth and Fifth streets.

Wynn is now an Austin City Council member.

Real estate sources say Stacy is now entertaining proposals from major developers with deep pockets to buy the project. Cousins Stone is said to be the latest developer to investigate the deal, although an agreement hasn't been reached.

Tim Hendricks, senior vice president of Cousins Stone and director of the firm's Austin office, declined to comment.

Stacy couldn't be reached for comment.

Before Cousins Stone entered the picture, sources say, a partnership of Equity Office and Miller Global negotiated with Congress at Fourth principals for several weeks before deciding to pass on the building.

Equity already owns three buildings downtown with a total of more than 1.4 million square feet.

Cousins Stone has been one of the most active developers in the Austin area. Among its holdings and development projects are The Avallon, under expansion for BMC Software Inc.; Research Park Plaza, which is being expanded for Charles Schwab & Co. Inc., and a campus still under development on Parmer Lane for Motorola Inc.

Some real estate players point out that most of the large users interested in moving downtown have already committed to specific spaces, like Intel Corp.'s Museum Park project, Computer Sciences Corp.'s complex under construction on three blocks along Cesar Chavez, and law firms Akin Gump and Clark Thomas & Winters PC going to CarrAmerica Realty Corp.'s building under construction at 300 W. Sixth St.

Others, however, say more tenants are lining up to take space as it becomes available.

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John McKinnerney, vice president at the Austin office of Simmons, Vedder & Co., says demand is sufficient to warrant new construction. Even if several downtown law firms decide to move to the suburbs, he says, high tech firms and other users are anxious to take that space and more.

"There's still a lot of momentum behind this whole high tech move downtown," McKinnerney says.

Simmons, Vedder & Co. is currently considering at least two downtown sites for new office construction of its own, and while McKinnerney says the firm hasn't considered a bid on Congress at Fourth in its development plans, he believes the half-million or so square feet that project entails would be welcomed by companies looking for downtown offices.

"A building that size still makes sense," McKinnerney says. "As long as you can park it correctly and be in a location people like, I think it works well."

Sources familiar with Cousins Stone's ongoing feasibility study say providing sufficient parking for Congress at Fourth may require a reduced square footage of offices. Size estimates for the final product could vary by several hundred thousand square feet, depending on parking strategies.

Downtown office vacancy is at an all-time low. A second quarter study by Colliers Oxford Commercial Inc. found a 2.3 percent vacancy rate downtown, even lower than the 3.3 percent calculated at the close of the first quarter this year.