

T. Stacy puts downtown buildings on the market

Unsolicited interest prompts reluctant investor to entertain thought of selling historic holdings

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Two historic Congress Avenue buildings are for sale.

Tom Stacy of T. Stacy & Associates and partner Highgate Holdings have listed the Littlefield and Scarbrough buildings for sale with Mark McAllister of CB Richard Ellis. The move is in response to increased interest and inquiries from potential buyers, the sellers say.

Stacy says his partnership bought the 135,000-square-foot Littlefield Building at 106 E. Sixth St., and the 105,000-square-foot Scarbrough Building at 522 Congress, to hold and operate long term.

"That was our intent," Stacy says. "But because of the interest that we've had — unsolicited — and because there's other things we want to do in Austin, we think it might be appropriate to sell the buildings."

Stacy and Highgate acquired both buildings — built at the turn of the century — in December 1997, buying the Littlefield from CarrAmerica Realty Corp. and the Scarbrough from a group of investors associated with the Scarbrough family.

Stacy says he will be happy to keep the buildings if a satisfactory sale fails to materialize, but is ready to sell for the right offer. The properties are being marketed without an asking price.

"We'll just see what the market says they're worth,"

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Stacy says.

"It's taken us a lot of thought to even come to the conclusion that we will take them to market," he says. "It's really been a labor of love to devote the capital and the time and the energy into bringing these landmark properties back to their full vitality."

Stacy attributes the increased interest in the buildings to the improvements his group has made and to a strong tenant mix of office and retail users. In projects with Highgate, Stacy says he's tried to acquire undervalued and underutilized properties and bring them up to more productive levels.

"I suspect that they will sell," Stacy says. "The properties are doing so much better than when we bought them, and that's what we like to do."

The current owners brought in additional

power, parking and other services to make the buildings more attractive to high tech companies as well as more traditional downtown users. Tenants have added to the attraction, with firms like Systems and Processes Engineering Corp. proving that buildings like the Scarborough can compete with much newer spaces for high tech users.

Ruth's Chris Steakhouse, a recent addition to the Scarborough, adds to the variety of art, entertainment and restaurants within walking distance of the buildings. Stacy says the arrival of Ruth's Chris generated leasing activity "we never dreamed of."

Apartments in Littlefield Mall also have undergone complete renovations. The Littlefield is really two buildings. The nine-story building on the north side of Sixth Street was completed in 1911, and comes with a parking garage on the south side of the street and retail and apartment space in

Littlefield Mall, integrated with the garage.

The Scarborough is an eight-story structure at the southwest corner of Sixth and Congress. The building was built in 1910, and includes original metal ornamentation, such as brass flag poles over the sidewalk. The owners have renovated the exterior.

Popular lore says the buildings were built at the same time, and when word got out that the Scarborough would be eight stories, builders of the Littlefield scrapped plans for a rooftop garden and instead added two more stories to make their building taller.

"We really are very proud to have had an impact in the redevelopment of downtown," Stacy says. "It's been more of an honor than an economic investment."

Juggling parking between buildings enabled the owners to make the Scarborough more competitive in the ever-

tightening office leasing market. After hovering at half occupancy for years, the Scarborough's office space is nearly full and retail space is catching up.

According to a market study by Colliers Oxford Commercial, office vacancy downtown dropped from 5.3 percent at the end of last year to 5.2 percent at the close of the first quarter of 1989. For Class B buildings, like the two historic buildings just listed for sale, vacancy dropped more than a percentage point in the same period, from 5.5 percent to 4.4 percent.

Average lease rates for Class B space downtown were \$21.40 per square foot, Colliers Oxford found, compared with a Class A annual average of \$25.63 and a Class C average of \$17.96.

Stacy and Highgate Holdings also own the Perry-Brooks Building and the former Stephen F. Austin Hotel downtown.