

# Wynn, Stacy plan tower

The 27-story Congress at 4th will house Mexico-Arte

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Two leading downtown boosters are joining forces to develop a 495,000-square-foot office tower on Congress Avenue.

Will Wynn, president of CIVITAS Investments, has formed a partnership with Tom Stacy, president of T. Stacy & Associates, and Highgate Holdings to put a 27-story office building on three quarters of a city block that Wynn has under contract on the east side of Congress Avenue between Fourth and Fifth streets.

The mixed-use project would absorb all of the block's frontage on Congress and Fourth Street, covering most of the city block, excluding the northeast quadrant. Retail would be included in the structure's lower floors.

Wynn says the tower is one option for developing the property that has already plagued the interest of some major potential tenants.

Parking for the project would be primarily at the corner of Fourth and Brazos streets. The final count of parking spaces will depend on the arrangement and extent of retail uses along Congress.

Wynn envisions the project as "a linchpin in the burgeoning arts and technology district downtown."

"Our location at Fifth and Congress, we think, is just superb," Stacy says. "To be able to build a high rise on Congress Avenue, to give people a great Congress Avenue address right in the heart of downtown, is an excellent opportunity."

The land under contract belongs to three separate owners,

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## TOWER: Wynn, Stacy plan 27-story office building on Congress at 4th

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but Wynn says all of the purchases are scheduled to close this month.

The proposed building, Congress at 4th, would be built around an existing, historic building Wynn has under contract at 419 Congress, where Mexico-Arte Museum leases space from the current property owner.

Wynn has offered that building for sale to the City of Austin for \$2 million as a permanent home for Mexico-Arte. City Council members June 3 deferred action on the measure until a later meeting.

Wynn says he has been working with Mexico-Arte's board of directors for several months and hopes to make an announcement soon describing plans for the museum.

"Mayor [Kirk] Watson and the current council have shown bold leadership with a number of initiatives regarding the arts and technology downtown, culminating with the recent CSC transaction," Wynn says. "It's time now for the private sector to literally build on that momentum and further what should be the most vibrant district in our entire region."

In addition to chairing the Downtown Austin Alliance this year, Wynn serves on the board of the Heritage Society of Austin.

Stacy served as DAA chairman in 1997 and, together with Highgate Holdings, has purchased and renovated several historic and near-historic downtown buildings. Two examples are the Littlefield and Scarbrough buildings, which have been rehabilitated, leased up and put back on the market for sale.

Further north on Congress, Stacy and Highgate are currently renovating the former Stephen F. Austin Hotel.

Wynn describes Stacy and Highgate as "dream partners for a project like this on Congress Avenue."

Their commitment both to downtown Austin and quality projects is already quite evident," Wynn says. "When they reopen the Stephen F. Austin Hotel later this year, it will knock people's socks off."

Stacy says he and Wynn share a similar view of downtown and what it will become. He says Congress at 4th and other new developments planned downtown represent a turning point in the development of the Central Business District.

"We need some new product to maintain the momentum that we have in the leasing of downtown and the intensity that we have downtown," he says.

Stacy says many downtown tenants settled there by default when they were unable to find space in the suburbs. They

have since discovered unexpected benefits of being in the CBD, he says.

"Over the last few years they've said, 'Wow, this is great, this is where I want to be forever,'" he says. "There's entertainment, arts, dining — everything within walking distance."

High tech tenants already downtown are pulling others into the district, but new space is necessary to handle the growth of existing tenants and the new arrivals, the proponents say. Otherwise, the cycle could reverse, with downtown tenants fleeing for the suburbs looking for space to grow.

"Without having some new product for some expansion and for some more people moving downtown, we could actually see the reverse of what we saw in the early '90s," Stacy says.

Stacy says adding new space is healthy for the market. He believes downtown can

absorb the new building and others planned.

The partners also hope to capitalize on the prospect of light rail on Fourth Street. Wynn says they would "jump at the chance" to incorporate a light rail station in the project.

"That structure can also serve to set the tone for a pedestrian-oriented streetscape along Congress Avenue," Wynn says. "We are excited by the potential of delivering a significant amount of retail space in the first three or four floors in the block along Congress Avenue."

Other office projects in the pipeline for downtown include Museum Park, a project of Scott Young Properties at Fifth and San Antonio streets; Austin Tower, a Carr/America project planned for Sixth at Guadalupe; and 101 Colorado, under design for development by Met Life.

Brokers say whichever office building goes up first will have the best crack at major tenants willing for downtown space, though some, like Stacy, believe demand will continue to grow and absorb space beyond a single new building.

Office vacancies downtown are at a record low: CB Richard Ellis calculates the current average at 5.4 percent vacancy, compared with a 5.2 percent reported by Colliers Oxford Inc.

Both CB and Colliers say the full market downtown is driving lease rates skyward. Colliers found an average annual lease rate of \$21.26 per square foot downtown, compared with \$20.94 in the suburbs. The same study showed Class A rent averaging \$25.90 in the CBD.

Casey Beasley and Tim Jarvis of T. Stacy & Associates are marketing Congress at 4th for lease.