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## Downtown buildings may change hands

Quick re-entry for Chase, 823 Congress

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Two downtown Austin office buildings that sold in the last 18 months are poised to trade again.

The 16-story 823 Congress building, bought last January by a partnership between Denver-based **Amstar Group LLC** and Austin's **T. Stacy & Associates**, is being marketed for sale by **CB Richard Ellis Inc.**

The 181,000-square-foot building was built in 1970 and has undergone a series of upgrades through the years. The asking price is unknown; the building is valued at \$14.7 million, according to the Travis Central Appraisal District.

The off-market deal announced a year ago -- reportedly valued at \$18 million -- brought Amstar into the Austin market after three years of searching. At the time, the partner companies said they planned to spend more than \$2.5 million on exterior and common-space upgrades. While some external upgrades are visible, it's unclear how much of the improvement plan has been executed.

Dan Cohen, a senior associate with Amstar, declined to comment on any details concerning 823 Congress and Tom Stacy of T. Stacy & Associates did not immediately return calls for comment.

At the time of the purchase, the partnership said it hoped to raise occupancy at 823 Congress from 80 percent to 95 percent by the end of 2007. But according to marketing materials, the building is only 67 percent leased through the first quarter of this year. The Austin Museum of Art and **Amerigroup Corp.** remain two of the property's largest tenants.

A short distance away, the 21-story Chase Tower building at 221 W. Sixth St. is also likely to hit the market soon. Sources say a deal is in the works to have **Cushman & Wakefield** market that tower, which **Triple Net Properties LLC** of Santa Ana, Calif. and Austin's **Endeavor Real Estate Group** purchased in June 2006.

Travis Dunaway, a senior vice president with Endeavor, would only say that the partnership is "close to being ready to sell" the building, but added that no commitments had been made at press time.

Built in 1974, Chase Tower is valued at \$71 million, according to TCAD.

Roughly \$1 million has been spent on improvements at Chase Tower since the current owners took over 18 months ago, says a spokesperson for Triple Net. Those improvements have helped fill the building, taking occupancy from 72 percent in 2006 to 97 percent today. The largest Central Business District office lease of last year occurred at Chase Tower when Bury+Partners moved into about 55,000 square feet. Another deal in December put investment management firm RGM Advisors LLC into 33,000 square feet.

The two possible sales are coming at a time when institutional investment activity nationwide is on the decline. Tightening credit conditions and recession fears have led to fewer sales in most major markets. But experts say Austin's economic outlook may help the city continue to drive interest.

"Nationwide, there's still big interest in Austin," says Chris Gamel, vice president in the Austin office of **Grubb & Ellis Realty Advisors Inc.** **"A lot of different areas are experiencing downturns, and Austin is still seen as a healthy market. People are just dying to get their hands on Austin" properties.**

**The value of commercial real estate transactions in Austin reached an all-time high in 2007 of \$5.6 billion, up from \$3.9 billion in 2006, according to New York-based Real Capital Analytics.** That figure put Austin ahead of markets like Portland, Ore., Miami and Philadelphia in terms of activity. But 72 percent of the city's sales happened in the first six months of 2007, an indication that the environment has gotten somewhat more restrictive.

While some smaller players are having trouble lining up financing, Gamel says the large institutional players aren't facing nearly as tough a time. "There's still a lot of money on the sidelines looking for investments."

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