



Upscale development planned north of Buda

Dallas firm buys 599 acres of Heep Ranch.

By [Shonda Novak](#)

AMERICAN-STATESMAN STAFF

Friday, December 21, 2007

A Dallas-based land investment company has purchased 599 acres of the sprawling Heep Ranch in southern Travis County for what is eventually to be an upscale development of offices, shops, hotels and possibly housing.

The Stratford Co. will create a master plan for the prime property near the future intersection of Interstate 35 South and the Texas 45 Southeast toll road that's under construction, said Kevin Watson, Stratford's director of investment for Texas.

The land is in the City of Austin's jurisdiction and is one of the few remaining large developable sites along I-35 between Austin and the fast-growing communities of Buda and Kyle, local real estate experts say.

Stratford closed on the sale Wednesday, purchasing the land through a Stratford entity, SLF III-Onion Creek LP.

Neither Watson nor the sellers, Harriet "Hatsy" Heep Shaffer and her husband, David Shaffer, revealed the purchase price. When the Shaffers put it on the market, they sought \$55 million in cash.

Watson said Stratford envisions "an extremely high-quality, attractive office/retail development," along the lines of the Legacy business park in suburban North Dallas that includes a corporate campus, plus other office buildings, hotels and high-end shopping.

"We see that property obviously as the gateway to Austin from the south," Watson said.

The site is away from environmentally sensitive aquifer territory and in one of the City of Austin's preferred growth paths, local experts say.

Stratford plans to obtain the entitlements needed to build a project there and then sell the site in several years in all or in part to a developer or developers who would build the project mapped out by Stratford. Stratford plans to collaborate with the City of Austin in determining how the land should be developed and what kind of uses are best suited for it, Watson said.

"We envision it being a mutually cooperative effort," Watson said. "It is our absolute goal and intention to work closely with the city to make sure what we do is what they want us to do and that we're both happy with the end result."

Watson said it could be several months before Stratford is in a position to sit down with city officials to discuss plans.

Stratford is a land fund that holds several thousand acres in Texas, Arizona, Georgia and the Carolinas, Watson said.

Land part of ranch

Stratford bought two parcels from the Shaffers, one 418 acres and the other 181 acres, part of the 1,345-acre Heep Ranch. The ranch, originally 10,000 acres, was run by Herman Heep, a sixth-generation Texan who operated a dairy and raised Hereford cattle.

After he died in 1960, a protracted legal battle by his three granddaughters ensued. The ranching operations ceased in the 1970s. Harriet Heep Shaffer, Herman Heep's oldest granddaughter, and her husband own additional Heep Ranch acreage that is not part of the sale.

With gently sloping terrain to the west and northwest and steep slopes along the bluffs of Onion Creek, the tract has Hill Country views to the west and south, and it has views of Austin to the north.

Last year, ABG Development had the 600 acres, plus additional adjacent land, under contract for a proposed 950-acre commercial and residential project. But the San Antonio-based firm bowed out, mainly citing the cost and difficulty of getting utilities to the site.

Though the site lacks water and wastewater services, Watson said, Stratford plans to have discussions with the "appropriate jurisdictions" to resolve those issues.

Susan Harris, president of Site Solutions Inc., a commercial real estate brokerage that represented the Shaffers in the sale, calls the Heep Ranch area "the next emerging market." As such, she said she expects the city eventually to extend utilities to the area.

Utilities are already stretching south, including to the 425-acre Southpark Meadows retail and residential development at I-35 and Slaughter Lane, as far as Onion Creek, Harris said.

Through the years, many developers "have recognized the strategic significance of this property and have attempted to acquire or develop it," she said, including Gary Bradley, who developed Circle C Ranch in Southwest Austin.

But no deals materialized.

"It's not really been a failure on anyone's part; it's been a matter of timing and availability of utilities, and those stars have not aligned until now," Harris said. "The utilities are very close, and they are transforming that entire sector of the market. And that is what makes it attractive for a buyer today."

Growing demand

Demographics and transportation access are driving growth in the area, said Brian Kelsey, economic development director for the Capital Area Council of Governments.

"Proximity to drive-by traffic on I-35 and relatively high-income households have attracted a significant number of retailers," he said. "There are now more than 250 retail establishments within five miles of the Heep Ranch, plus nearly 100 food service and drinking establishments. Total household demand for retail in the area is estimated at more than \$1 billion, which draws a lot of attention."

The area also has a huge amount of potential from an economic development standpoint, Kelsey said, citing a "well-educated work force of more than 40,000 people within five miles of the site."

Those views are echoed by Steve Sanders, a vice president in Austin with the Staubach Co., a real estate consultant, which represented Stratford.

"Employers are absolutely going to love this location," Sanders said.

Corridor developing

Because of the growth in employment and retail services, many developers are looking at the I-35 South corridor for new projects, said Charles Heimsath, a local real estate consultant.

"Generally, housing prices are lower and the commute times are less, traveling into the city from the south and east, than they are from the north and west," Heimsath said.

The population in the area grew about 3.5 percent a year from 1990 to 2000, to 62,004, Kelsey said.

"Since 2000, it's slowed down a bit, but not by much," he said, adding that it's averaging just under 3 percent a year.

The estimated 2007 population is 79,498, and it is expected to top 90,000 by 2012 if current demographic trends hold up, Kelsey said.

Household incomes are significantly higher in this area compared to the city of Austin as a whole.

The median household income in the five-mile area is about \$74,000, more than 30 percent higher than Austin's citywide median of about \$56,000.



Courtesy of JBG Goodwin