

St. Croix buys 3 renovated buildings in Braker Center

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After 18 months, 15 leases, a series of capital improvements and significant increases in occupancy, Dallas-based Westmount Realty Capital has turned three buildings at Braker Center over to St. Croix Capital Corp. of San Diego.

Westmount bought the 216,522-square-foot flex complex in September 2006 and took occupancy from just 28 percent to 93 percent before selling it to St. Croix Capital. Westmount Principal Steve Kanoff says the properties also achieved rents "well in excess of pro forma" during the ownership period.

Kanoff says the company saw the unrealized potential of Braker Center when it purchased the portfolio.

"The location at the corner of Metric Boulevard and Braker Lane ... is in the heart of Austin's northward growth pattern," he says. "From a real estate perspective, it's exciting to see so many positive aspects in one location."

Westmount's renovation of the buildings included new signage, painting, landscaping, facade enhancements and HVAC replacement. Those upgrades helped win the property 15 leases accounting for 157,000 square feet of space, says David Alsmeyer, principal of TIG Real Estate Services, which leased the buildings and marketed them for sale. The larger tenants include Buffalo Technology Inc., BMC West (NYSE: BLG), SAIC Inc. (NYSE: SAI) and Fastenal Co. (Nasdaq: FAST).

For its part, St. Croix Capital says it was interested in the buildings because of what it believes will be continued strong demand for flex space in North Central Austin.

"The leasing velocity from the time we were introduced to this property to the time of close has been exceptional," says Mark Emerick, president of Kelly Trade Ventures, who along with Alex Brown Realty Inc. is the general partner for Braker-Metric Austin LP, the St. Croix entity that purchased the property.

St. Croix plans to hold the property in the near term with longer-range plans that could involve a redevelopment of the site, which lies within the North Burnet Gateway Redevelopment District.

The purchase is significant for St. Croix because it brings its Central Texas portfolio beyond 3 million square feet in commercial space, spread between existing properties, those under construction and those in the design phase. That represents a cumulative investment of more than \$330 million that St. Croix has made since entering the local market in 2006.

Ken Satterlee, president and CEO of St. Croix, says his company has methodically increased its presence in Austin, specifically in the North and Southeast sectors.

"This transaction is another example of that, and we will continue to invest in properties with healthy upside potential," he says.

The flex market has fared well, despite a drop in performance in other commercial real estate sectors. In the last half of 2007, tenants absorbed about 245,654 square feet of flex and research and development space, according to a year-end report from NAI Austin. Industry insiders say flex buildings should be a hot commodity in coming years as new light manufacturing companies and others move into or expand in the area.

Holliday Fenoglio Fowler LP's Jud Clements and Robby Rieke handled the sale transaction. St. Croix's Austin office will manage the buildings.



Satterlee