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\$50M project planned near ABIA

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Yet another real estate project will look to capitalize on the underdeveloped submarket around Austin-Bergstrom International Airport — this one bringing a mix of retail, industrial and hotel uses to a 58-acre tract on State Highway 71.

St. Croix Capital Corp. will begin work this fall on a \$50 million project called Airport Gateway set to go up on the south side of the highway near the Met Center

campus. About 17 acres in the project is earmarked for a hotel and 30,000 square feet of speculative retail. The remaining 34 acres is set aside for industrial use. Plans call for construction of a roughly 225,000-square-foot speculative industrial building. The rest of the industrial tract will be developed into 1-acre lots that can accommodate buildings of up to 25,000 square feet for build-to-suits or user projects. With the smaller lots the company hopes to attract companies that want to own their own space but don't

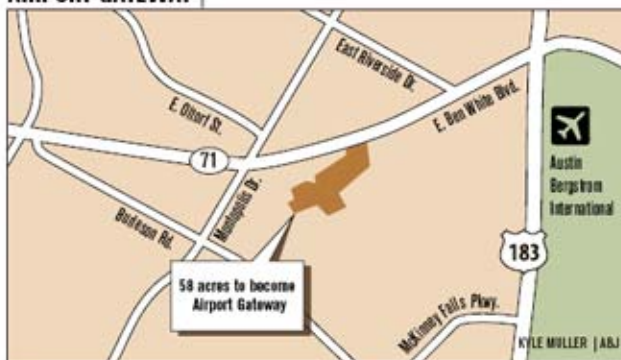
want the overhead of a larger industrial property.

"With excellent visibility, outstanding access to major roadways and close proximity to the airport, the location is a slam dunk," says Bill Ballard, chief financial officer and executive vice president of St. Croix.

Until recently, the southeastern part of Austin around the airport was largely viewed as difficult to access, and therefore shunned by developers. But much of the available land along SH 71

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AIRPORT GATEWAY



AIRPORT: St Croix's project near Austin-Bergstrom will spawn hotel, industrial lots

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has been snatched up in the last year as the completed improvements along the stretch between I-35 and ABIA have made the area more attractive. Developers have announced a number of projects, mostly industrial, to take advantage of the proximity to the airport and major arteries like U.S. Highway 183 and the State Highway 130 toll road coming online in stages. Airport Gateway is St. Croix's second industrial play in the vicinity.

St. Croix CEO Ken Satterlee says Austin is one of the largest cities he's encountered with an underdeveloped airport submarket.

"This is great real estate close to a grow-

ing airport in a submarket that's going to flourish," he says.

The 30,000 square feet of retail will likely include a gas station/convenience store, coffee shop, full-service restaurant and other tenants attractive to those coming or going to the airport. Satterlee says St. Croix is leaning towards an extended stay-type hotel and is in talks with one company in particular. The hotel site would likely be sold off to the selected group for development.

Since hitting the local market in 2005, San Diego-based St. Croix has quickly built a strong development portfolio with more than \$270 million invested in a roughly 2 million-square-foot project pipeline. The

company's other endeavors include:

- The \$150 million Lakes @ Tech Ridge that will bring 1.1 million square feet of commercial product and up to 1,000 multi-family units to I-35 and Parmer Lane

- The \$21 million Austin Commons that includes 90,000 square feet of mixed-use space at Burnet Road and Kramer Lane

- Centerpoint @ Colorado Crossing set on 60 acres west of the airport, purchased by St. Croix sister firm Kelly Trade Ventures LLC, to be a 500,000-square-foot industrial campus

- And Spectrum @ Crystal Park in Round Rock, also picked up by Kelly Trade Ventures, that will feature about 83,000 square feet of office space

With Airport Gateway, the company hopes to further broaden its base of customers by offering yet another type of product in for-sale industrial space.

"This project fits in nicely with the company's overall strategy for Austin, which is to provide various types of product demanded by the region's rapidly expanding employment base," says Ballard.

PBS&J is handling the civil engineering on Airport Gateway and St. Croix has tapped Greg Marberry with CB Richard Ellis Inc. to market the project.

Austin-based Torreon Capital LP, which works in retail, industrial, office and multi-family, is St. Croix's equity partner on this and other deals in the market.