

## Razing the standard

### Larger, taller tower to go next to Capitol

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Construction will begin next month on a \$20 million office building near the Capitol that will serve as the headquarters for two statewide associations.

Development 2000 Inc. is developing the nine-story building at the southwest corner of 12th and Lavaca streets with two tenant partners: the Texas Automobile Dealers Association and the Texas Hospital Association.

The building will include 68,000 square feet of office space, with the two associations together occupying roughly 48,000 square feet. The remaining space will be marketed to groups that need to be close to the Capitol, such as lawyers and lobbyists, says Jerry Reed, president of Development 2000.

The four-story office building currently on the site, which has been the home of the automobile dealers' association, will be demolished next month. Construction on the new building is expected to take 14 months.

Parking and ground-level retail space will comprise the first four floors. The next three floors will have about 20,000 square feet of space, and the top two floors will be significantly smaller so that views of the Capitol are not obstructed.

A rooftop garden is planned to make use of the extra space.

The architectural design was a joint effort between Graeber Simmons and Cowan Inc. of Austin and Bundy Young Sims and Potter Inc. of Wichita Falls, Texas. Austin-based White Construction Co. is the general contractor.

Reed says the finished building will be a

premier property in downtown Austin.

"This is one block from the Capitol with fabulous views of the Capitol building," he says. "To do anything less than a Class A project would be sinful."

The vacancy rate across the Central Business District currently hovers around 20 percent, but the area immediately surrounding the Capitol is a different story, says Reed.

"If you drew an eighth-of-a-mile circle around the Capitol, you'd find that office space is 95 percent occupied. There are no vacancies around the Capitol itself, and that's the niche market that we're after," he says.

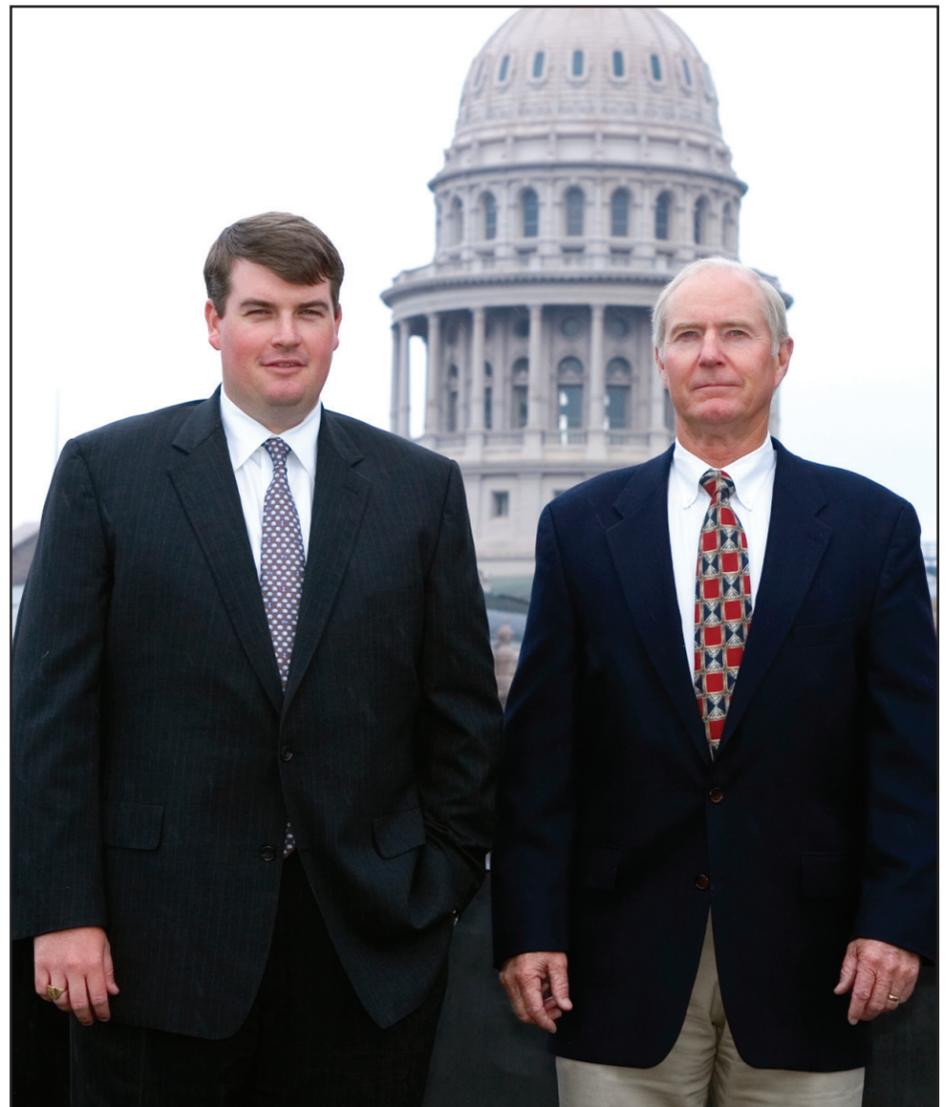
The Texas Automobile Dealers Association has temporarily relocated its offices to the 816 Congress building. The Texas Hospital Association currently works out of 35,000 square feet at 6225 U.S. Hwy. 290 and has a small amount of space in the Texas Trial Lawyers Association building at 1220 Colorado St., which it uses during legislative sessions.

"It's very appropriate and overdue for our association, being one of the largest in Austin, to have a permanent and complete Capitol presence," says Joe DeSilva, senior vice president of the hospital association, which will occupy about 40,000 square feet of the new building.

DeSilva says running two separate offices during legislative sessions is taxing on the association's resources. The new digs will consolidate operations and provide an additional 5,000 square feet for growth.

DeSilva says the retail component will add to an area of downtown that doesn't have many shops.

"We're hoping that the retail we're putting into the project will help bring more people into the Capitol area," he says. "Because of its location, this is going to be a landmark-looking building," DeSilva



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**John Bundy (left) and Jerry Reed plan to raze a building near the Capitol for something bigger and better.**

says.

This isn't Development 2000's first Capitol-area office project. In 2004, the company completed the four-story, 29,000-square-foot Trinity Center building at the corner of 12th and Trinity streets.

Development 2000 is also spearheading the ABC Bank headquarters project at the corner of Fifth Street and Rio Grande Avenue. That project, which includes about 40,000 square feet of office space, is nearing completion.