



JOURNAL PROFILE:
Local attorney Laura Fowler keeps blazing trails.

PAGE 12



BAG THAT NAME:
Trader Joe's says 'no' to the name of HEB's new brand.

PAGE 5



ALAMO TO CAPITOL:
Where to meet, play and stay between Austin and San Antonio.

INSIDE

Lockhart poised for boom

Developers plan \$120M, 271-acre project southeast of Austin

FRANCISCO VARA-ORTA

FVARA-ORTA@BIZJOURNALS.COM | (512) 494-2523

Two local developers are planning a \$120 million, 271-acre mixed-use project along State Highway 130 in Lockhart.

Plans for the development, named Centerpoint at Lockhart, feature roughly 1.75 million square feet for housing, retail and industrial development blanketing a major intersection on the toll road's extension under construction there.

Developers John Trube, the former mayor of Buda, and J.P. Newman, president of Principals Capital Funding Inc., have partnered to buy 271 acres covering all four corners of the SH 130 and SH 142 intersection. Trube, who helped lure commercial development such as Cabela's to Buda, and Newman plan to break ground in summer 2011 with a buildout over the next five years or more, depending on market conditions.

The developers' timeline is intentionally vague as they view the area with caution. In the last decade, the opening of the SH 130 toll road east of Austin was expected to be a catalyst for development of thousands of homes and millions of square feet of commercial space. But the economic downturn has stymied much of that anticipated growth.

Nevertheless, Trube and Newman expect Centerpoint at Lockhart, named to reflect its position between Austin and San Antonio, to grow organically as demands along the toll road increase.

For example, Newman said the project will first

target retail development geared toward travelers and truckers, such as gas stations, a truck stop, a quick-service restaurant and a hotel. Such an approach runs counter to conventional thought, which would be to build homes first because residential spurs retail.

Besides dedicating 75 acres with 750,000 square feet of space to retail, Centerpoint at Lockhart will eventually offer 94 acres for industrial businesses — with about 1 million square feet for uses such as distribution centers and manufacturing — and 102 acres for about 500 single- and multifamily homes.

"The thing that makes the Centerpoint property particularly attractive is that very few entrance and exit ramps and frontage roads were designed as part of SH 130," Newman said. "This area features an entrance and exit ramp accessible from both sides of the property, non-tolled frontage roads and driveway cuts, and sits adjacent to Union Pacific Railroad's lines."

Another factor favoring the site, the developer duo said, is the growing number of Lockhart residents who drive to Austin or San Antonio to shop. Residents in Lockhart spend more than \$37 million a year on retail purchases outside their city, according to a study conducted by the city of Lockhart in 2008.

"Centerpoint will help Lockhart capture 'leaked' retail dollars and generate new ones as additional vehicular traffic makes its way through that area," said David Simmonds, principal with Austin-based Retail Solutions, who has been tapped to market the



Newman



Trube



SUBMITTED RENDERING

One of Houston-based Aqualand's first Central Texas developments will be this off-campus student housing near Texas State University.

Aqualand wants big splash

Houston builder gears up for local projects

SANDRA ZARAGOZA

SZARAGOZA@BIZJOURNALS.COM | (512) 494-2522

Aqualand Development LLC plans to build a \$17 million upscale student apartment complex in walking distance from Texas State University in San Marcos, where there's a high demand for student housing.

The off-campus project is one of two major projects — the second is a medical office project in Lakeway — marking Aqualand's entrance into the Central Texas real estate scene. In addition to starting several new Central Texas projects, the Houston-based company has

established a downtown Austin office and has been scooping up developable land between Austin and San Antonio, Aqualand Managing Partner Mark Smith said.

The Austin office, which offers development, land brokerage and real estate services, will focus on medical offices and student housing. It has hired two real estate brokers, Matt Kenyon and Neil Francois, to staff Aqualand Real Estate Services.

In San Marcos, Aqualand is developing a 70-plus unit apartment complex on 1.4 acres at 817

SEE AQUA, P25

Austin Convention Center strapped for cash

Expenses skyrocket, revenue dips and reserves dwindle

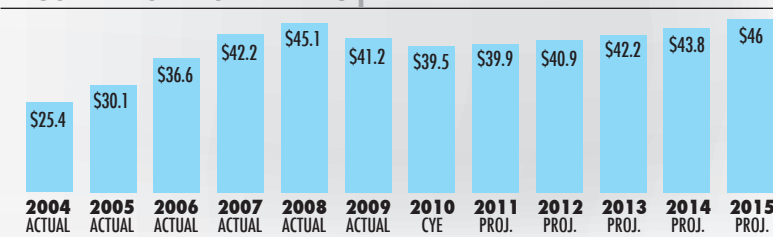
DEPARTMENT'S FINANCIAL PROJECTIONS

\$ in millions

	FY'11	FY'12	FY'13	FY'14	FY'15
REVENUE	\$48.5	\$50	\$51.8	\$54.2	\$57
EXPENSES	\$54.7	\$55.6	\$57.1	\$56.3	\$58
EXCESS/DEFICIT	(\$6.2)	(\$5.6)	(\$5.3)	(\$2.2)	(\$0.9)
ENDING BALANCE	\$15.5	\$9.9	\$4.5	\$2.4	\$1.4

INCOME FROM HOTEL TAXES

\$ in millions



Source: City of Austin

JACOB DIRR

JDIRR@BIZJOURNALS.COM | (512) 494-2528

The Austin Convention Center Department is projected to burn through a \$21.7 million cash reserve in the next five fiscal cycles, losing \$17.1 million in the next three years alone.

Convention Center Director Mark Tester downplayed the projections, presented in late April to the City Council at a budget hearing. He said the projections are conservative and he is "very comfortable" the center will out-

perform the estimates.

Austin's Convention Center Department runs the convention center on Cesar Chavez Street downtown and the nearby Palmer Events Center. It is not responsible for marketing the city or attracting conventions. Those duties lay with the Convention and Visitors Bureau, which is funded by the city.

Hotel occupancy taxes, which account for 60 percent of the department's revenue, dropped 8.7 percent from an all-time high of \$45.1 million in 2008 to \$41.2 mil-

lion in 2009. The tax revenue and a need for a new mega hotel nearby are often referenced whenever the convention center is discussed publicly, but tax revenue is only part of the financial story.

In recent years, overhead costs increased while revenue and client satisfaction fell.

The end balance for the convention center dipped from \$20.6 million in fiscal 2007 to \$2.9 million in fiscal 2009. During that three-year period, the hotel tax

SEE FINANCE, P26



CAPITAL GAINS	2	PEOPLE SECTION	12
COMPANY/PEOPLE INDEX	2	ENTREPRENEUR SECTION	15
REGIONAL ROUNDUP	4	LEADS/CALENDAR	18
TALKING POINTS	11	OPINION	27

PICK YOUR PLEASURE The many ways to connect with the ABJ



TWITTER



FACEBOOK



PRINT EDITION



DAILY EMAIL



RSS FEEDS



IPHONE



WWW WEB SITE

LOCKHART: Many have planned big SH 130 projects but few come to fruition

FROM PAGE 1

retail portion of the project.

The property has been annexed by the city of Lockhart, which will provide utilities to the site.

Waiting for the boom

While state officials have been vague about the month that the new SH 130 extension will be finished, Newman anticipates it will open in summer 2012.

"So we want to get started by next summer for sure to have everything open" by the following summer, he said.

Meanwhile, there are several projects along SH 130 still hoping to break ground

or stalled altogether:

■ The nearly 2,000-acre Wildhorse Ranch development, located northeast of Austin and Southwestern Railroad tracks that run north of Walter E. Long Lake, is a master-planned community with mixed uses. It includes 3,900 lots for single-family homes; 3,000 multifamily units; a corporate campus for a major employer; retail space; and a network of parks and trails. Parts of the tract are for sale, and a minor portion in Manor has been developed, but most of the project hasn't started construction.

■ Endeavor Real Estate Group LLC is no longer pursuing a mixed-use project that would have spanned 2.3 million square feet and been similar to its Southpark Meadows development in South Austin. Endeavor had

acquired 600 acres northeast and northwest of SH 130 and U.S. Highway 290 with the project in mind. It has said it would be open to looking at the corridor again when the economy stabilizes.

■ Across U.S. 290 from that Endeavor site, Williamsville, N.Y.-based Eastbourne Investments Ltd. announced plans in late 2007 for a 1 million-square-foot retail development. Eastbourne also has plans for Eastbourne Crossing, a 390-acre mixed-use development at the intersection of SH 130 and State Highway 71. Eastbourne President Frank Egan said both those projects will move forward, although likely closer to 2011 than the originally projected 2009 start dates — and perhaps in a different configuration.

■ Farther north, at the intersection of

U.S. Highway 79 and SH 130, a 466-acre mixed-use development in Hutto named The Crossings of Carmel Creek has undergone changes in ownership but is still in the works, according to a spokesman for its new owner, Hutto Option Holdings LLC.

Eric DeJernett, a senior vice president with CB Richard Ellis' Austin office, said development is certain to pick up along SH 130, as the economy is already starting to heal. He said residential building likely will lead the charge.

Newman said SH 130 differs from the stretch of I-35 between Austin and San Antonio. While land along I-35 has been developed fairly contiguously, SH 130's projects will likely be scattered around limited off-ramps. Also, land is cheaper, he added.

AQUA: Houston developer owns seven sites between Austin and San Antonio

FROM PAGE 1

Chestnut St., which will boast granite countertops, flat-screen TVs and private bathrooms. Aqualand is partnering with Columbus, Ohio-based Celmark Development Group Inc. on the project because of its experience in developing high-density, off-campus housing, Smith said.

Texas State, which wants to develop its own supply of on-campus housing to meet strong demand from students, is moving forward on a 612-bed, \$50 million north campus student housing project, which is expected to open in 2013. The Aqualand project, which is not tied to the university, is slated to be ready for occupancy in fall 2012. Dirt will turn on the site in a year.

Aqualand is also turning dirt for the

planned Lakeway Regional Medical Center, a \$250 million, 55-acre medical center project that will include a hospital, and medical office and retail space. Aqualand is selling the land, and the hospital is being developed by a separate entity, but the firm will build out the area around the hospital. The first phase of the retail component will consist of two 90,000-square-foot medical office building and about 70,000 square feet of retail space targeting restaurants, a pharmacy and other medical-type users.

Site work is under way, and Aqualand plans to break ground on the medical office and retail buildings this month. The hospital is set to break ground within the next few months, and will take two years to complete.

Originally from Austin, Smith said he

has been land banking in Central Texas for several years, and now has seven sites from Austin to New Braunfels that are ripe for development. Along with the Lakeway and San Marcos site, Aqualand owns a 16-acre site near Gruene Hall on Hunter Road in Gruene.

Although a regional player, Smith believes his sites put the company "in a position to work with the big boys."

"We are heading into this market to do deals, and we can react with our full-service" model, Smith said.

Smith said Aqualand is looking to get involved in other off-campus housing projects between San Antonio and Austin.

Andy Albin, director of marketing and business development for Barnes Gromatzky Kosarek Architects, said universities

and colleges typically prefer owning and managing student housing themselves, but the high costs involved has made it difficult for many higher-education institutions to start such projects. It's not uncommon to see a third-party developer, such as Aqualand, build off-campus housing that the university has no involvement in, Albin said. Much of Austin-based American Campus Communities' (NYSE: ACC) portfolio consists of off-campus housing, and executives there have said it can be a very lucrative business.

In San Marcos, American Campus Communities owns and manages The Outpost, an off-campus complex about a mile northeast of Texas State at 1647 Post Road, which offers a pool, hot tub, air hockey, billiards and a volleyball court.

profiles in power

16TH ANNUAL CENTRAL TEXAS WOMEN OF INFLUENCE

Introducing our Guest Speaker Michelle Andrews Smith

Michelle Andrews Smith is Assistant to the Board of Governors of the U.S. Federal Reserve System. In this position, to which she was appointed 2001, she serves as a spokesperson and communications director for the Board, working closely with Chairman Ben Bernanke. She currently serves as Chief of Staff for the Fed Chairman, manages Board communications, responds to inquiries from the news media, and coordinates special events, such as Chairman Bernanke's 2009 appearance on the CBS News program, "60 Minutes." A native of Dallas, Smith holds a Masters of International Journalism and a B.A. in business and journalism from Baylor University.



Featured here are 5 of the 25 winners of 2009

nominations coming soon

Recognizing women in the top of their industry and women of influence throughout all of Central Texas. Nominations will be accepted **May 10th - June 4th** at 5pm CST. Access the nomination form online at www.austinbusinessjournal.com.

sponsor

BAYLOR
UNIVERSITY

associate sponsors

AMERICAN WOMEN IN RADIO AND TELEVISION, AUSTIN TECHNOLOGY COUNCIL, COMMERCIAL REAL ESTATE WOMEN, EWOMEN NETWORK, NATIONAL ASSOCIATION OF WOMEN BUSINESS OWNERS, WOMEN'S CHAMBER OF COMMERCE, YOUNG WOMEN'S ALLIANCE

media sponsor

KLBJ
NEWS RADIO
590AM

Awards luncheon FRIDAY, JULY 23

Contact **Christy Eilers**
ceilers@bizjournals.com | 512.494.2548