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Plan revealed for tallest tower at The Domain



BECK GROUP

At 24 stories, Domain Tower 2 from developer Stonelake Capital Partners will be the tallest tower at The Domain. It is slated for completion in 2021.

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Construction has started on the next tallest tower at The Domain.

When completed in fall 2021, Domain Tower 2 from developer Stonelake Capital Partners will be 24 stories and have 330,000 square feet of office space, according to the developer. JPMorgan Chase & Co., Citizens Bank and Frost Bank provided construction financing.

Domain Tower 2 on Alterra Parkway will be the fourth building from Stonelake at the south end of The Do-

main, the massive mixed-use development that's known as Austin's second downtown.

At the opposite end of The Domain, numerous office towers are in various stages of construction from developers Endeavor Real Estate Group LLC and Cousins Properties, which bought TIER REIT Inc. earlier this year. These companies are meeting the demand from major technology employers such as Indeed, Amazon and Facebook for an employment and entertainment hub on the north side of Austin.

Will Jenkins, who is leading Domain

Tower 2 development as principal in Stonelake's Austin office, said in a statement the building will be 308 feet tall.

"Domain Tower 2 will offer companies an unmatched opportunity to promote their corporate brand and attract employee talent in an Austin market which is extremely competitive to attract talent," Jenkins said.

No leases have been signed at Domain Tower 2 yet. The tower is 100% owned by Stonelake.

Indeed leases 100% of the 11-story, 310,000-square-foot Domain Tower,

Stonelake's first office building at the site. Flatiron, a mid-rise apartment building with 364 units, is 60% leased and will be complete in December. The five-story, 40,000-square-foot Domain Place office building is 91% leased to four tenants: Aftershokz, Cognite, Zilker Technology and Stonelake, which will move its Austin operations there. Domain Place will be delivered for tenant buildout next month.

The next project at The Domain for Stonelake will be the multifamily tower The Bowen, according to the firm. No construction timeline has been released yet.

Other towers planned for the site include 20-story, 345,000-square-foot Domain Tower 3. That tower is fully permitted by the city of Austin, according to Stonelake. The firm is still seeking permits for the proposed 22-story Domain Tower 4.

No timeline for when construction could commence on these two towers has been released yet.

Stonelake's master plan for the south end of The Domain includes about 15 phases and a mix of uses including 3 million square feet of class A office space, 2,500 multifamily units, 50,000-square feet of restaurants and a hotel. Stonelake assembled the site for the development in 2011.

Beck Group designed Domain Tower 2. The curtain wall glass building will be LEED certified and include best-in-class lobby finishes, building management technology and a 14th-floor tenant amenity terrace, according to Stonelake. The tower will have 29,000-square-foot floor plates.

The general contractor for Domain Tower 2 is a joint venture of Zapalac/Reed Construction Co. LP and E.E. Reed Construction LP. Sam Houston, Richard Paddock and JD Lewis with HPI Real Estate Services are handling leasing.

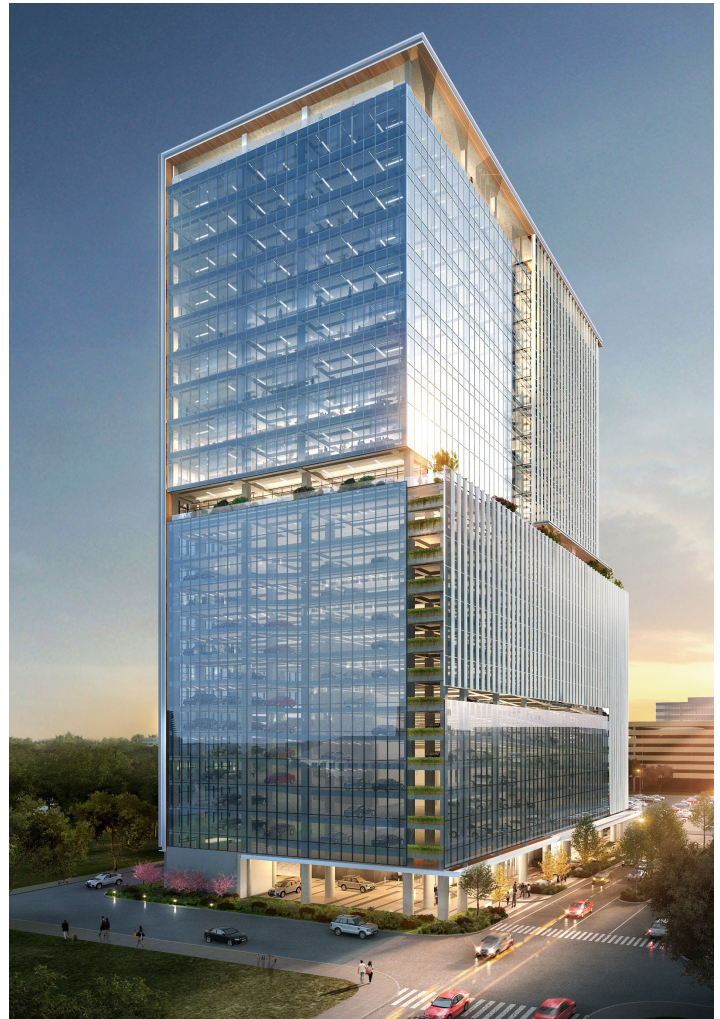
Demand for office buildings in North Austin around The Domain is strong and is driving new construction. Most of the new buildings there are 100% leased by tech giants before construction is completed.

The office vacancy rate in the North Austin submarket is 8.2%, according to a third-quarter report from CBRE Group Inc. The average full-service gross rent in the submarket is \$46.65 a square foot, the second highest in the city. The average full-service gross rent in the Central Business District is the highest in the city, at \$52.49 a square foot.

Vacancies at The Domain are basically non-existent.

The Domain as a whole is about 300 acres. Stonelake is developing about 33 of those acres at the northeast corner of Domain Drive and Braker Lane into a mixed-use development dubbed Domain | South End.

"The Domain office market is currently 99% leased and has absorbed 2 million square feet of office space over the last three years," Stonelake managing partner Kenneth Aboussie said in a statement. "Domain Tower 2 is an opportunity for Stonelake to deliver a technology-driven, class-AA office building in the highest job growth market in the country (Austin), in a sub-market (The Domain) where there happens to be no office vacancy. That opportunity does not present itself very often."



BECK GROUP

Another rendering of the 24-story Domain Tower 2 at Stonelake Capital Partners' Domain | South End.

Elsewhere in the Domain

On the opposite side of The Domain, in a section known as Domain Northside, construction is nearly complete at the 17-story Domain 12, which is 320,000 square feet and 100% leased by Facebook.

Amazon.com Inc. has leased about 245,000 square feet at Domain 10, which is slated for completion in the second quarter of 2020. Citizens Inc., an Austin-based insurance holding company, is the only other tenant of the building. It leased 35,000 square feet.

Cousins Properties hasn't said when construction is slated to start on its next tower, Domain 9. The tower is set to be 18 stories with 333,000 square feet of office space.

Stonelake Capital Partners is a real estate private equity firm with office in Austin, Dallas and Houston. It acquires and develops industrial, multifamily and office properties and owns over \$3 billion in commercial real estate across the state.