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Developer to Start Speculative Office Tower in Austin, Texas

Stonelake Capital Plans Office, High-Rise Apartments in North Austin



The 318,000-square-foot office tower is expected to get underway in October.
(Stonelake Capital Partners)

After completing construction on the Domain Tower, which was [leased entirely](#) to search firm Indeed.com, Stonelake Capital Partners has decided to begin work speculatively on Domain III, a proposed 24-story office tower in Austin, Texas, by this fall.

The Domain is entirely leased to companies such as Facebook, Amazon and Indeed.com, so there is pent-up demand in this part of Austin for quality office space, said Kenneth Aboussie, managing partner of Stonelake Capital.

"The Domain is an incredible urban environment and it also happens to be more affordable than downtown Austin," Aboussie said in an interview. "For a large company, like Indeed.com, it makes a lot of sense when leasing a lot of space. It also gives companies the ability to upgrade their space to attract and retain talent."

The North Austin area surrounding The Domain, a high-density office, residential and retail center about 12 miles north of downtown Austin, lures companies seeking major operations in a pedestrian-friendly environment. That ability to land large office leases has created a go-to destination for office developers, with [even more projects](#) on the books.

The average rental rate for office space in The Domain is about \$35 per square foot triple net, which is [a slight discount](#) to downtown Austin's average rental rate of about \$40 per square foot triple net, according to CoStar data. The rents in this part of Austin have risen 50% since 2012 as tech companies are putting big operations hubs in the Domain, according to CoStar data.

Along with the office tower at [10721 Domain Drive](#) in Austin, which Aboussie said his team recently decided to begin on a speculative basis, Stonelake Capital also plans to begin construction on The Domain's first high-rise apartment tower at The Domain, called The Bowen, a 20-story, 340-unit apartment tower. According to CoStar's definitions, a high-rise apartment tower is at least 15 stories.



The 20-story apartment tower will be the first tower of its kind in The Domain in North Austin. (Stonelake Capital Partners)

Both the office tower and the apartment building in The Domain are expected to get underway in October. Aboussie declined to disclose the development costs of the two towers.

The apartment tower, which will site on the last parcel of land earmarked for apartments, will be located at the "front door," of The Domain, Aboussie said, helping set the tone for the neighborhood.

"The two buildings will be across from each other and this will be the first high-rise residential building at The Domain," he said. "As the Austin market continues to mature, we'll continue to see these denser projects."

In Houston, Stonelake Capital started construction on a speculative basis earlier this year on a 15-story, 210,000-square-

foot office tower. That building called [Park Place Tower](#) at 4200 Westheimer Road in the Galleria area has 42,939 square feet leased.
