

Blighted to Brilliant

The Revitalization of Cities Across Texas and the Lasting Community Impact.

BY ANDREA SLAYDON

Abandoned buildings, decaying properties and vacant spaces bring about all sorts of problems for communities. From an increase in crime to plummeting property values, it's really something that impacts us all across the board. Luckily, some see these blighted areas as a chance to create a win for everyone. From Houston to Dallas and Austin to Fort Worth... once neglected areas are now thriving places for the community. It's not just changing the landscape of these cities, but it's bringing in money for businesses, investors and real estate companies.

"By changing the landscape of an area you are giving people a place to live, a place to work, a place to go shopping," said Mark Greiner, Senior Managing Director of Cushman and Wakefield Real Estate in Austin. "It's a win / win / win for everyone involved. Transforming old dinosaurs into cool, new, mixed-use properties unleashes the value of development in that area."

Across the state of Texas most big cities have areas that were once under-utilized and are now thriving segments of the community.



The East End of Houston has come a long way in the past 15 years. Since 2000, the area east of downtown also known as "EaDO" has seen significant growth. Patrick Ezzell, Director of Economic Development for the Greater East End Management District says they expect the total new residents will have exceeded 10,000 in the next few years. More people moving to the area means more businesses moving in as well.

"In addition to the construction of new

residential, hundreds of older homes have been purchased and renovated," said Ezzell. "We have experienced several new retail starts as a result of this."

Several new retail centers are opening up and are under construction in Houston's East End. Various commercial development projects underway include: Hunington Properties, Inc with 3,667 square feet of space for lease at The Shops at Navigation, CBRE with 18,000 square feet of retail at the Lockwood Center, Wulfe & Co with 25,216 square feet of retail at the Gulfgate Center and New Hyde Park Inc. has 10, 327 square feet of retail at the Heron Center off Navigation Boulevard.

The current Houston Metro light rail construction is also bringing new development to the area.

"Currently Lovett commercial is planning a significant transit oriented development near the Lockwood station," said Ezzell.

Lovett Commercial will have 349,000 square feet available for redevelopment at the Harrisburg/Lockwood Center. That's in addition to another retail development across the street with 18,200 square feet for retail available.

"The East End has experienced significant increases in land prices as a result of the new development, but it is still a bargain when compared with most neighborhoods surrounding the down-town area," said Ezzell.



Discovery Green is a 12 acre park in the heart of downtown Houston that was acquired by the City in 2002. Hargreaves Associates, a San Francisco landscape architecture firm, was responsible for the design. Since opening in 2008, the park has served as a catalyst for 625 million dollars in downtown development. The changes helped set records. In 2011 the office development Hess Tower sold for \$442.5

million dollars, the highest price per square foot for commercial space at the time in Houston. The 844,763 square foot building is fully leased through June 2026 to Hess Corp.

The revitalization of the space in Downtown Houston has been a big win for developers and the city. Barry Mandel, President of Discovery Green Conservancy says the focus is attracting people to downtown Houston.

"Each year, we offer hundreds of free events catered to all interests and we are home to beautiful, interactive art installations for visitors to enjoy," said Mandel. "With so many upcoming developments in Downtown Houston as well as the Super Bowl, we are certainly expecting to welcome more visitors to the park."

There is an estimated one billion dollars in future office, hotels and housing projects in the pipeline in the area around Discovery Green. More than one million people are expected to visit Discovery Green for the 2017 Super Bowl Fan fest. The free festival runs from January 27 - February 5th leading up to the Super Bowl at NRG stadium.



The Pearl Brewery complex in San Antonio is a great example of turning something old and run-down into something more. In 2001, the long running brewery closed down leaving behind a deteriorating 22 acre complex. Spokesperson for the Pearl, Elizabeth Fauerso, says when the project started everyone was telling them it would fail.

"There was conventional wisdom saying it would not be a successful project because of lack of disposable income in the neighborhood. This was a very dilapidated neighborhood but it's adjacent to downtown, Fort Sam, parts of the river," said Fauerso. "San Antonio is an odd real estate market because of both high value and low value real estate so if you use

a typical evaluation model to predict how new development will do, it just doesn't do it justice."

The private equity firm Silver Ventures bought the property in 2002 and turned the space into a successful mixed-use development with a focus on food.

"Early on, real estate experts were saying you could only support three restaurants. We now have 19 food and beverage establishments that are all very successful," said Fauerso.

Besides restaurants there are also 324 apartments, 13 retailers and 18 resident businesses.

"The success of Pearl has acted as a blueprint of a lot of things that are happening around us to indicate that yes, people want to live in a place that has a distinct and true character," said Fauerso. "It has helped the real estate surrounding the project. What was once the lowest property values are now some of the highest in the city. You see all types of developments like multi-family, mixed-use, corporation relocating, small businesses sprouting up. The school world has improved."

A new wine bar called High Street Wine Co. is the newest addition to the Pearl, opening up in October 2017.

MUELLER

The **Mueller** project is just three miles from downtown Austin and is on the way to becoming an energetic new hub for central Austin. The 700-acre Mueller site was vacated when Austin's airport relocated in 1999. In the place of the airport now sits 5,700 homes and 4 million square feet of office and retail.

"Texas Mutual Insurance Company is moving its headquarters, bringing 700 employees to Mueller by 2018," said Ken Blaker, Senior Vice President of Development, Catellus Development Corp. "In retail we've announced seven new restaurant concepts joining Alamo Drafthouse in the developing Aldrich Street town center."

For Mueller, the secret to renovation success has been working together with the surrounding community.

"It all started with the former airport's citizens who passionately worked so hard with the City of Austin to establish a set of goals and create a concept that's the basis of all things Mueller," said Blaker. "Many of them remain engaged in how Mueller is

implemented. By so many measures, Mueller is a resounding success: affordable housing, sustainability, the public-private partnership, open space uses, land and building design, neighborhood compatibility and more."

B.D. Riley's Irish Pub, Lick Ice Creams, Halcyon Coffee + Bar + Lounge, Stella Public House and J.T. Youngblood's will each debut at Aldrich Street in Mueller by early 2017. B.D. Riley's Irish Pub at Mueller's town center is being constructed just outside of Dublin, Ireland and will later be disassembled, packed and transported to Austin to be reassembled there.

Seaholm Residences

The **Seaholm Project** in Austin is transforming a long-dormant power plant on the edge of downtown Austin into a unique multi-use area. The development team for Seaholm Power LLC includes Southwest Strategies Group, Inc., Centro Development LLC, State Street Properties, La Corsha Hospitality Group and Capital Project Management.

Once complete, the 5 acre site on the shores of Lady Bird Lake will include 143,151 square feet of office space, 280 high-rise condos, 48,363 square feet of retail shops and restaurants and meeting spaces. The project is expected to create more than 200 jobs and produce two million dollars a year in tax revenue alone.

Fort Worth STOCKYARDS

The **Fort Worth Stockyards** is a historic district that is located in Fort Worth, north of the central business district. The area is a former livestock market which has been around since the 1800s. The stockyard now consists of dozens of shopping and entertainment venues. The famous Billy Bob's Texas is one of many night clubs and concert locations.

Development updates include the makeover of the historic Mule Barns, which is currently underway. Fort Worth Heritage Development is working together with Majestic Realty of California and the Hickman family, longtime owners of the property. The project is already attracting potential tenants.

The **Dallas Design District**, located in

DALLAS DESIGN DISTRICT

downtown Dallas, was once just a warehouse district with places for interior design professionals. In recent years it has evolved into an eclectic community with more than 370 shops and design showrooms, boutiques and bistros.

The Design District is also expanding to the west in the next few years, into the new and old Trinity Districts. Recently, a bowling alley has been added and there are plans for a large outdoor entertainment facility on Irving Boulevard.

In September 2017, Dallas based Gatehouse Capital Corp was selected to build a new 18-story Virgin Hotels Dallas in the city's Design District. The 240 room luxury hotel will include meeting spaces, a roof top terrace, spa and pool. Construction is set to begin in March 2017. ●

Secret to Success?

How do developers know which areas will be good for revitalization and profit? Greiner says there is no true rule, but it's often about location and need.

"It comes down to supply and demand," said Greiner. "Development and revitalization happens because there is a demand for places to put restaurants, cool bars and maybe concert venues. People want to be where there are unique and interesting things to do."

One project at a time, improvements to the biggest and best areas of the Lone Star State are making a real difference for the real estate industry and beyond. ●