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REAL ESTATE

New highrise to combine hotel/condos with art museum

Developers plan 44-story tower based on Kentucky project, but tailored to Austin

By **Shonda Novak**
AMERICAN-STATESMAN STAFF

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Another dramatic change could be on the horizon for Austin's skyline, as plans take shape for a 44-story tower that would combine luxury condos and a hotel that doubles as a modern art museum.

Developers today will announce a \$200 million project at Third and Brazos streets that is to include a 21c Museum Hotel, the second such project following the successful opening of one last year in Louisville, Ky.

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Plans for the 44-story Austin 21c Museum Hotel include an art gallery, a restaurant and a rooftop pool.

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The project would have 209 guest rooms and 200 condos as well as a world-class contemporary art museum that would offer free admission year-round to allow the public to experience original art in a nontraditional setting.

Plans also call for a "fun, casual" restaurant with a menu to be created by acclaimed restaurateur and author Michael Bonadies. He is a founding partner of the New York-based group that owns and operates such famous restaurants as Tribeca Grill, Nobu and Rubicon. Bonadies helped develop the 21c concept in Louisville, which includes the vaunted Proof on Main restaurant.

The proposed condo tower would rank among the tallest planned for Austin, behind the 55-story Austonian and a 47-story tower planned by local developer Tom Stacy. Unit prices and sizes haven't been finalized, but they are expected to start in the \$300,000 range and top \$2 million. A five-story underground garage would hold 300 vehicles.

In keeping with the project's arts theme, about a dozen units would be available for rent at below-market rates to artists and musicians.

Condo residents would have access to hotel amenities, including a spa, a fitness center and an outdoor rooftop pool.

The building would have nine floors of hotel rooms on one side and condos on the other. The hotel would include a bar, board rooms, a ballroom, an outdoor sculpture garden and museum galleries. Rotating exhibits would showcase works from emerging and internationally known artists, from whimsical pieces to interactive displays and video installations.

The lobby of the Louisville 21c hotel features paintings, video art, photography and sculptures. One of the hotel's most popular attractions is a one-way mirror looking out from the men's urinals.

Pending city approvals, including a variance to build a structure with 779,000 square feet, the project could break ground in early 2008 and open in 2010. The site is now home to Whitley Printing Co., which will move. The existing facility could be demolished in January.

The project is a joint venture that includes Louisville-based Poe Cos. and its Austin partner, Ironwood Real Estate. Austin-based Urbanspace Realtors would be the exclusive listing agent for the condominiums.

Poe Cos. has developed and sold two hotel properties in Austin and is developing a 318-unit apartment and commercial project in the Teravista community in Round Rock. Members of the 21c Austin team have collaborated on other projects, including the high-profile Museum Plaza, a \$480 million, 62-story mixed-use project that is scheduled to break ground on Louisville's waterfront in September.

The Austin hotel wouldn't replicate the award-winning Louisville one but would have its own local

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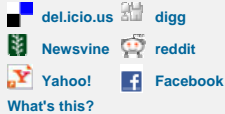
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flavor and distinctive artwork. The art would include works by area artists and borrowed works from local collectors, as well as pieces from the private collection of Steve Wilson and his wife, Laura Lee Brown, which Wilson values in the \$10 million range.

Wilson and Brown, both native Kentuckians, are arts aficionados and philanthropists who developed the 21c Museum Hotel and are the majority backers of the neighboring Museum Plaza. The couple was at the Venice Biennale, an international art exhibition in Italy, last week in part to look for pieces for the Austin hotel.

Wilson and Steve Poe, chief executive of the Poe Cos., said they expect the 21c concept to be well received by what they say is Austin's youthful, creative population. Noting the city's "Keep Austin Weird" slogan, Poe said, "Austin's the perfect spot. It's the anti-chain."

The project started coming together last year when Poe approached Ironwood, which has been accumulating downtown real estate for a number of years and had the Whitley site under contract. Poe, a fan of Austin, said he had been looking for another development opportunity here for some time.

Those talks led to a visit by Ironwood principals Matt Hooks and Scot Krieger to Louisville, ultimately leading to the formation of the 21c Austin development team.

Hooks' mother-in-law, Melba Whatley, is active in local arts and civic affairs and is helping Wilson and Brown with introductions to members of Austin's arts community.

The 21c Austin announcement comes amid a downtown building boom that has thousands of new residential units in the pipeline. They include three other planned luxury condo projects aimed at the same upscale market as 21c Austin and scheduled to open in the 2009-10 time frame: the W hotel and condos on the block north of City Hall, plus the Four Seasons residences and the Austonian.

The W would have 200 residential units, the Four Seasons 166 and the Austonian 195.

Some observers question whether downtown might end up with a glut of high-end condos, as has happened in some other major cities. But Poe and some local real estate developers and consultants insist demand remains strong locally as baby boomers, young professionals, empty-nesters and others seek an urban lifestyle.

"I think your market is pretty deep," Poe said. He noted that developers would have three years to sell units before the building opens, adding that selling 65 units a year is "not an unreasonable goal."

Charles Heimsath, president of an Austin-based real estate consulting firm that advised developers on the project, said strong pre-sales and reservations at both the Austonian and the Four Seasons suggest a solid demand.

"While prices at these projects are very high by historical Austin standards, they are comparable to similar product that has been selling well in Dallas and Houston," he said.

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Who's behind condo?

Who: ACE (Art Commerce Entertainment) Unlimited, a company formed to expand the 21c Museum Hotel brand launched in Louisville, Ky., to other cities; Poe Cos., a real estate investment, development and management firm based in Louisville; Austin-based Ironwood Real Estate; Austin-based Urbanspace Realtors; and Indiana-based REI Real Estate Investment Partnerships.

Architects: New York-based Deborah Berke & Partners Architects LLP, Boston-based Goody Clancy Architecture, Austin-based Susman Tisdale Gayle.

What: 21c Museum Hotel, a 44-story high-rise condo tower with about 200 condominiums, 209 hotel rooms, an art museum and a restaurant.

Where: Third Street between Brazos Street and San Jacinto Boulevard.

When: Groundbreaking expected early 2008; opening planned for 2010.

Cost: \$200 million

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