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Why the Canadians behind a Rainey skyscraper are bullish about building even more in Austin

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Austin reminds Joe Houssian a lot of Vancouver 20 years ago — but "with a much better music scene."

He's the owner of Intracorp Projects Ltd., the Canada-based urban home developer that wants to build a 50-story condo tower in downtown Austin's Rainey Street Historic District.

Houssian launched Intracorp in the 1970s to develop urban housing and helped Vancouver grow into a mature condo market. The company moved on to developing in Seattle in the early '80s and in California beginning in the early '90s.

"Austin is the next frontier," said Tony Kaleel, Intracorp's executive vice president for business development.

The Rainey skyscraper is dubbed 44 East Avenue because of its address, at the south end of the district about 200 yards from Lady Bird Lake. Plans were announced in October for 51 stories and 330 for-sale condominiums, but Intracorp executives said this week they now envision just 50 stories and that the number of condos will change.

The tower will include a mix of one-, two- and three-bedroom residences as well as penthouses. Prices will range from just under \$400,000 to \$3 million, according to Intracorp. About 3,000 square feet on the ground floor will also be available for retail and restaurant space. A 500-space parking structure will serve residents and the public.

Construction could be complete by fall 2022.



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A 2018 rendering of 44 East Avenue. The Rainey Street condo tower is now planned to rise 50 stories.



Intracorp has a growing team of four people on the ground in the Texas capital led by Brad Stein, senior vice president and Austin managing director. Stein previously worked as vice president for real estate investment and development for Forestar Group Inc., which D.R. Horton Inc. purchased a majority stake in 2017.

"We are here for the long-term," Kaleel said. "We see a lot of runway ahead for this town, and we want to make sure we have a local team to help us grow with the city."

Austin-based firms were hired to design and get the high-rise off the ground. Architecture firm Page Southerland Page Inc. is handling overall design of the skyscraper, overseen by Senior Principal Larry Speck, as well as interior design of the individual homes. Michael Hsu Office of Architecture will handle the interior design for common areas and amenity floors. Flintco LLC is providing pre-construction services, Big Red Dog is the civil engineer and Dwg is the landscape architect. Urbanspace Real Estate + Interiors will market and sell the condos. Giant Noise is helping with public relations.

Intracorp's tower is notable for how most units will be priced lower than the majority of new condos being built downtown.

Stein said more than 70 percent of the units will be listed for less than \$1 million.

Intracorp will open a 5,000-square-foot sales office at 401 W. Third St. this summer and units will be on sale by the fall.

Potential buyers will be able to walk through an actual model of one of 44 East's 800-square-foot, two-bedroom, two-bathroom units.

"It's really important for people to be able to see the efficiency and livability of that home," Stein said.

These smaller two-bed, two-bath units will list for around \$500,000.

That's roughly \$625 per square foot and much lower than what units are selling for in the nearly complete 70 Rainey, Independent and Austin Proper condo towers.

Lower-level one-bedroom units, which start on the 12th floor, have sold from around \$750 to \$850 a square foot at the Austin Proper.

Condos at the W Hotel & Residences that sold on the local multiple listing service in the past year ranged in price from \$716 a square foot for a 1,423-square-foot unit to \$1,021.51 a square foot for a 1,923 square-foot unit. Sale prices at the Austonian were similar, according to MLS data from the past year. A 1,225-square-foot unit in the building sold for \$865,000 or about \$706 a square foot. A 1,969-square-foot unit on the 43rd floor of the Austonian sold for \$2.35 million, or \$1,193.50 a square foot.

Kaleel said Intracorp has identified a gap in the market by offering some smaller units that can be sold at a lower price point.

"We are really trying to be inclusive in our offering here," he said. "It's not luxury and it's not just for a certain type of buyer. We think we are being true to what Austin is and how inclusive it is by offering a range of homes ... and we are excited about the different types of buyers that are going to be able to buy and be attracted by the offering."

Rainey's upheaval picks up speed

Intracorp's proposed tower is one of a handful of projects under construction or in the pipeline for Rainey Street. Stein said he's never seen anything like the rapid transformation of Rainey Street. He said that area will be redeveloped multiple times in just 10 to 15 years.

Other projects include:

- Burns, of UrbanSpace, is developing his own 51-story high-rise with 290 apartments and a 293-room hotel at 90-92 Rainey St. The project is just beginning the entitlement process with the city of Austin.
- Construction has started on The Quincy, Endeavor Real Estate Group LLC 's 30-story apartment tower at 91-93 Red River St. MetLife Investment Management, MetLife Inc.'s (NYSE: MET) institutional asset management business, recently signed on as an equity partner. It is expected to deliver in the third quarter of 2020. The tower will contain 72,997 square feet of office space, 10,545 square feet of retail space and 347 apartment units. It's under construction now.

- Pearlstone Partners, formerly Lee Development, [plans a tower](#) with 215 condos at 48 East Ave.
- Genesis Real Estate Group is developing a [45-story apartment tower](#) overlooking Lady Bird Lake in the spot of the old Villas on Town Lake property.
- The 164-unit condo tower 70 Rainey is nearing completion by Sackman Enterprises.
- WeWork Companies Inc. [bought 4.7 acres](#) at Red River and East Cesar Chavez streets for a potential high-rise.

While in Austin this week for South by Southwest, Kaleel and Stein sat down with the Austin Business Journal to discuss Intracorp's plans.

Why enter the Austin real estate market?

Kaleel: We discovered Austin when we came here about three years ago for a senior management retreat. We'd been doing that for quite some time, and we would alternate between the West Coast and the East Coast. We ran out of interesting cities on each coast, so it was time to figure out something else. I had been reading about Austin, and the sheer volume of growth it had been experiencing, so I suggested Austin. We ended up here, and (Urbanspace CEO) Kevin Burns actually gave us a real estate tour. I remember walking through downtown looking at parking lot sites, looking at these high-rises going up, and there's a sense of excitement. The more questions we asked the more we were intrigued by what's happening here. (Later back in Vancouver) I got a mandate to find a growth city in America. We looked at everything from job growth, population growth, what makes a city desirable and why people want to move there. By every measure Austin was at the top or near the top of every list.

We are well known for (building residential) high-rises, and it was already happening here, which is great. People want to be here, and we build homes for people. That's really the long and short of it.

Is Intracorp actively looking for property to do other projects in Austin?

Kaleel: Yes, absolutely.

Stein: We want to have multiple projects in the pipeline at a time. We are working on several right now, but we are not at a point with sellers where we can make an announcement. Hopefully soon.

What's the most interesting thing you learned about Austin and its residents through your due diligence?

Kaleel: The culture drives the economy here. I'm not sure right now that I can point to another city and say that. I think that's very special. To my eyes looking from the outside, it seems like this is a city that started out as alternative, different, hip. And now that's kind of mainstream. There are a lot of people that want this authentic way of doing things, of interacting. There's a sense of community here. There's a spirit of altruism. Music obviously anchors all of that. And, it's so easy to go up and talk to people whether they are local or not. I felt that from the first time I was here.

What are the challenges on a project like this?

Stein: The biggest challenge facing the project right now is making sure that when you are planning a project of this size that you have a handle on construction costs. There is so much construction activity going on in the city right now, which is a good thing, but it creates somewhat of a scarcity for labor. You wonder also what state and federal policies may impact the cost of goods and tariffs.

What's your favorite thing about Austin? And, what are your favorite restaurants here?

Kaleel: In a word, authenticity. There are a number (of favorite restaurants). This is another thing I am super impressed by in Austin. The culinary scene holds its own, and I do a quite a bit of traveling. This city is no slouch when it comes to options and quality food. I love Loro (on South Lamar Boulevard) and El Naranjo (on Rainey Street).

CRANE WATCH: MAPPING AUSTIN'S CONSTRUCTION BOOM

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