

Next addition to University Park: space for doctors

Old Concordia site to have medical offices

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An Austin-based medical office developer plans to build the next component in the University Park development and tap into a growing demand for medical offices.

Onair Development, a boutique real estate investment firm focused on the development, acquisition and management of health care real estate, will buy the southwestern tract from University Park — formerly known as East Avenue — to build the 120,000-square-foot medical office building. University Park is being built on the recently vacated Concordia University Texas campus.

Onair executives declined to say how much the company is paying for the Central Austin land or the cost of the development. They said construction is anticipated to go vertical in September and last about



SUBMITTED RENDERING

Onair's 120,000-square-foot medical office building is expected by its developers to be a hit due to its proximity to major hospitals.

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WHAT'S PLANNED FOR UNIVERSITY PARK?

- An office building with retail, where *Texas Monthly* and the Aveda Institute will be housed. That building is scheduled to open August 2009 and is 70 percent preleased.
- A Hyatt-brand Andaz hotel and residential units
- An AMLI apartment building and retail space by AMLI and Alexandrina (formerly known as East Avenue IG LP)
- Onair's 120,000-square-foot medical office building

MEDICAL: Large office building latest addition to ambitious University Park project

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12 months.

Andy Sarwal, the lead developer of University Park, said medical office space has always been a crucial component to the overall vision for the development. With St. David's Medical Center adjacent to the University Park campus, Sarwal said there's built-in demand for the space.

"Tenants in the [medical office building] will create the kind of foot traffic retailers will enjoy, and patrons will likewise enjoy University Park's shopping and dining options," Sarwal said. "Add Onair's specialized expertise and unique business model, and it should be some of the most in-demand [medical office building] space in the Austin area."

Onair's business model should also help

attract tenants, said Gail O'Connor, a senior vice president with Site Solutions. Onair tenants are also equity partners in the buildings, something O'Connor said is very attractive to many physicians.

"One thing doctors want is ownership," she said. "When you're building a practice and you're putting so many dollars into a building, you want more than a lease."

Onair team members were lead developers on four joint venture projects in San Antonio and Austin, including the Post Oak Center North building near St. David's north Austin campus, said Kerry Angus, president and CEO

of Onair. The company also has a number of other projects along the I-35 corridor under consideration, Angus said, as well as several in the Dallas area.

Angus said Onair chose the University Park site because of the presence of St. David's and a dearth of nearby medical office space.

According to a first-quarter report on medical office space from Site Solutions, that sector remains healthy in Austin, and will likely remain in demand thanks to medical training programs and at least one medical school ramping up in Central Texas.

For University Park, the medical building is the latest in a series of new developments. The 23-acre project just north of downtown also landed an Aveda Institute recently. The salon industry heavyweight

signed a 27,000-square-foot lease to operate an institute with the capacity to train 150 students at a time. That space will take the entire second floor of the project's first building and a ground-floor retail shop.

"Aveda thoroughly examined the Austin market before deciding on the right spot for our new institute," said Terry Blackwell, president of Beauty Basics Inc., which will own and operate the Austin Aveda Institute. "The unparalleled location, access and environmentally friendly design of University Park were the key factors that lured us here. We believe those key attributes will be critical components of our future success in the Austin market."

Sarwal said the new name, University Park, pays tribute to the site's former occupant, Concordia University, and nearby University of Texas.



Sarwal



O'Connor