

SIMMONS VEDDER PLANS FIRST RESIDENTIAL HIGH-RISE

Simmons Vedder & Co. makes the move into residential high-rise development with the purchase of a site in Houston. Since its inception in 1992, the firm has focused mostly on development of suburban offices in Orlando, Atlanta, northern Virginia, Houston and Austin. Vice President **John McKinnerney** wants to tap apartment markets across the county that need and can support new development projects. Besides Houston, the developer also is pursuing development projects in northern Virginia and Austin.

The Houston project will be a redevelopment of the **Gulf Publishing Co.** building. Simmons Vedder closed on the two-acre acquisition site late last year. The seller was Gulf Publishing, which is leasing the building back from the developer until mid-year. Simmons Vedder will start on the conversion when the seller vacates the building. The developer expects to attract luxury renters who want to live near downtown but outside the CBD. Renters likely will be corporate executives who want to avoid a long commute. The project is near the prestigious **River Oaks** neighborhood, which offers executive homes.

The high-rise may be as tall as 34 stories. Simmons Vedder hasn't determined how many units it will be develop, but is considering around 250. It figures development costs will run about \$45 per s.f. Construction financing hasn't been secured yet. Rents haven't been finalized, but could be in the neighborhood of \$1.20 to \$1.30 per s.f. The developer expects the project will attract a wide range of renters. These would include single men and women who work in the downtown area and some empty nesters who are seeking a living experience closer to downtown. Amenities may include a swimming pool, exercise facility, club room and a dining facility that could be used to hold an event. The architect is **The Steinberg Collaborative**.

Simmons Vedder has two other projects under review. One is an urban mid-rise in Dulles, Va. The other likely will be a suburban office complex in Austin, Texas. These projects reflect the type of work on which Simmons Vedder will focus. It seeks opportunities to develop garden-style and mid- and high-rise projects in the suburbs and in urban locations. The developer seeks projects in Houston, Austin, northern Virginia, south Florida and possibly Denver. The developer figures to develop at least three projects per year.

The developer has created a residential division as part of its expansion efforts, which will be led by partner **Rick Craig**, previously a development partner with Atlanta-based **Gables Residential Trust**. Craig will be responsible for selecting development sites around the county. Simmons Vedder's residential division will operate out of its Houston and Austin offices.

CarrAmerica prepares first development for JV (continued) ...

CarrAmerica also recently acquired 21 acres in Irving, Texas, for an office park project it will do on its own as build-to-suit or multi-tenant space. It's likely to market the land to high-tech companies, insurance firms and financial service companies. The parcel, which can support 300,000 s.f. to 400,000 s.f., is near the REIT's 71-acre **Royal Ridge** office park, which has four buildings totaling 500,000 s.f. The developer doesn't have immediate plans to develop the newly acquired 21 acres, but it doesn't sit long on its land holdings.

The developer plans to meet demand for newer space. Full-service rents in the Irving market, where office vacancy is 14%, range from \$21 to \$22 per s.f. plus electric, which adds another \$1.50 per s.f. CarrAmerica, however, feels these figures are deceiving since much of the vacant space was constructed in the mid-1980s, and as a result doesn't have the wiring and parking needs that today's tenants require. Vacancy for newer space is in the single digits.