

From the Austin Business Journal:

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Developer buys West Sixth Street site for apartment tower

CEO: 'Austin has been tough to bet against. ... It's a pretty magical place.'

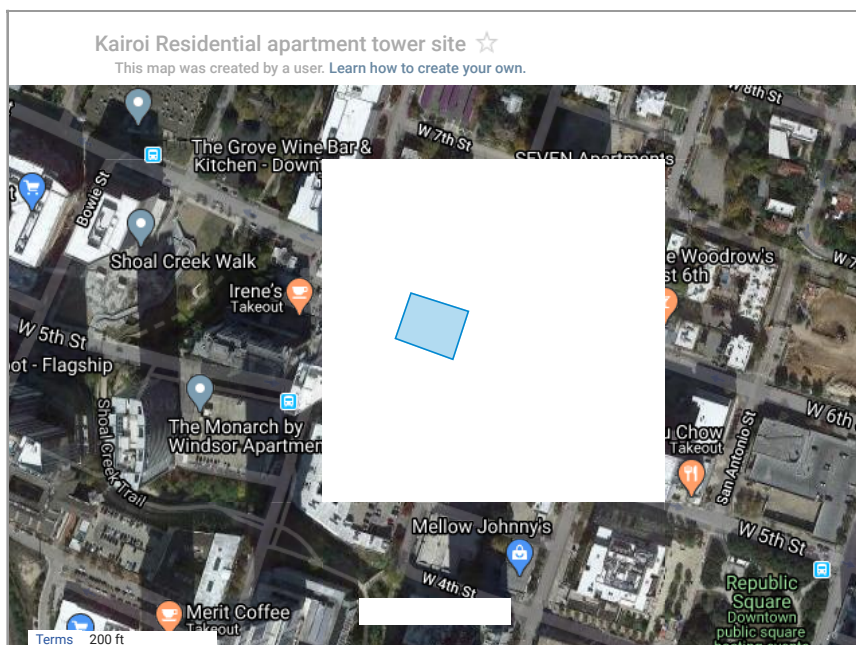
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More high-rise apartments may soon be built on the west side of downtown Austin by a developer already building Austin's next tallest tower.

San Antonio-based multifamily developer [Kairoi Residential](#) on March 9 purchased a quarter-block along West Sixth and Rio Grande streets, CEO Michael Lynd said.

The financial terms of the deal weren't disclosed. The owner is listed as 701 West 6th Owner LP, an entity connected to Kairoi, according to a special warranty deed filed March 10 in Travis County. This is the first time the deal has been reported.

The quarter-block is home to the Whiskey Tango Foxtrot Icehouse bar — which [opened in 2018](#) in a former Gatti's Pizza — as well as a parking lot immediately to the west and a building to the rear of the bar.



“That opportunity popped up on our radar quickly,” Lynd said. “We are huge believers in Austin in general and its continued velocity and its ability to produce really great jobs, and the living environment that continues to evolve in downtown Austin is one of the best in the country.”

This site is a prime one for residential development because of its proximity to bars, dining and jobs, he said.

Travis Central Appraisal District values the properties at a combined \$4.6 million for tax purposes. The sellers were [Shabawn Espili](#) and [Kahran Espili](#), according to the special warranty deed.

Because of a shortage of undeveloped land in and around downtown Austin, low-slung buildings — many of which are occupied by bars, restaurants and retail stores — are in jeopardy of being torn down to make way for new towers.

It appears more bars west of Whiskey Tango Foxtrot along Sixth Street could soon change hands, as well. A different company has the sites occupied by Concrete Cowboy and The Dogwood under contract, multiple sources said. It's unclear if that sale will close. The developer could not immediately be reached for comment.

Prior to the Covid-19 pandemic, Austin's booming economy had pushed development beyond the core of downtown as demand for apartments and office space was off the charts. Big real estate deals have slowed during the pandemic but most local experts expect that Austin's commercial real estate market won't be affected by a coronavirus-related slowdown for long and will rebound quickly.

Lynd said he anticipates a recession following the pandemic, but he's hopeful it won't affect this project. The first lease on apartments in the new tower won't be signed for another three years, so there's time for the market to rebound.

"Austin has been tough to bet against," Lynd said. "It has generated a growth pattern that is tough to replicate. People love it. It's a pretty magical place."

It's unclear how much Kairoi's future project would change the bar-lined section of West Sixth Street. Lynd said it's possible a bar could locate on the ground floor of a future tower.

Kairoi doesn't have a conceptual design for its apartment tower just yet. It is seeking proposals from architects.

It's unclear how tall Kairoi's new tower might be. The current zoning of the property allows for a tower with a 15:1 floor-to-area ratio. For a nearly 19,300-square-foot site, the tower could be about 292,000 square feet or about half the size of the Frost Bank Tower.

Lynd said he isn't sure if the company will seek a rezoning to allow for greater density. A site plan will likely be filed with the city in about six months, he said.



A view of the WTF Icehouse site in May 2018, via Google Street View.

Kairoi is the co-developer of the 6 X Guadalupe tower with Lincoln Property Company. The 66-story building — which will be Austin's tallest tower — is under construction at the corner of West Sixth and Guadalupe streets. Plans call for a mixed-use tower with 349 apartments, 589,661 square feet of offices and 11,675 square feet of retail space.

Lynd said it will be another three and a half years before the apartments in that tower will open.

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