

Austin Business Journal - June 16, 2008

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Friday, June 13, 2008

Target, J.C. Penney kick-start San Marcos project

Regional retail center to measure 550,000 sf

Austin Business Journal - by [A.J. Mistretta](#) ABJ Staff

When it comes to new retail, the softening economy is no match for a fast-growing university and the thriving I-35 corridor.

Direct Development is forging ahead with its 550,000-square-foot regional retail center in San Marcos. Earlier this month **Target Corp.** and **J.C. Penney Co. Inc.** each took possession of their respective anchor sites to begin construction at StoneCreek Crossing. Direct meanwhile has completed the early-stage site work, from parking lots to lighting installation, on the project at I-35 and McCarty Lane. The company is investing approximately \$100 million in StoneCreek Crossing.

San Marcos "is obviously a growing market with clear drivers including the outlet malls less than a half mile south of our site and a thriving [Texas State] University," says David Neher, managing partner in Direct's Austin office. "With a lot of other developments nationally having trouble right now, the fact that we're able to make this project a reality speaks to the health of the market."

Target will build a 132,000-square-foot SuperTarget at StoneCreek while J.C. Penney has committed to a 104,000-square-foot store. Direct will build the in-line retail and pads surrounding the two anchors, totaling about 315,000 square feet. Department store Bealls has also signed on.

Neher says Dallas-based Direct is negotiating with a number of soft goods retailers for junior anchor spaces. But he says the goal is to draw a cross-section of retailers and restaurants, both national and local.

"We really want to brand the shopping, and give it a more local feel -- that's important," he says.

Though Direct is beginning StoneCreek with 550,000 square feet, the project's site plan allows for up to 850,000 square feet of space. Neher says additional development is possible depending on market demand.

Direct is targeting a March 2009 opening for the bulk of StoneCreek Crossing.

San Marcos Economic Development Director Amy Madison says StoneCreek Crossing allows San Marcos to become more of a shopping hub for residents along Central Texas' I-35 corridor.

"This isn't just an asset for San Marcos, but for the whole region," she says. "This is the piece that we didn't already have in that general area, and it complements what we already have going on in San Marcos."

For Direct Development, the San Marcos project represents about half of the more than 1 million square feet the company's Austin office is constructing in Central Texas. Stores will begin opening

soon at the Direct's 600,000-square-foot Market Heights project near Killeen. That Target-anchored project is 65 percent pre-leased.

Additionally, the company has named Krista Dabney director of brokerage services for Austin. Through its Direct Property Services brokerage arm, Direct Development is looking to grow its third-party brokerage business. Dabney recently hired brokerage associates Tyler Buckler and Megan Kneipp to complete her team.

"Krista has demonstrated a tremendous amount of ability as a broker, but also a tremendous amount of leadership and the ability to create meaningful relationships and mentor the people who work with her," says Neher. "We felt this was a great opportunity to let her do what she does best."

In addition to overseeing leasing at StoneCreek Crossing and Market Heights, Dabney's group is handling leasing on two other developments: the 25-acre Hill Country Corners in Southwest Austin and the 150,000-square-foot Village at Central Park in Bee Cave. Austin-based Walters Southwest is steering Hill Country Corners, which will be a service-oriented retail site at MoPac Expressway and State Highway 45. A joint venture of Dallas developers Brytar Cos. and Worth Williams Properties are building the Village at Central Park across from Hill Country Galleria in Bee Cave.

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