

Developers' Bet on East Austin Pays Off With H-E-B Lease

EverWest and George Oliver Companies' transformation of a recycling facility into a unique office project attracted a lot of interest.

By **Mary Ann Azevedo** | September 25, 2018

AUSTIN, TX
—East Austin is one of the hottest markets in the country as evidenced by the demand in leasing the UpCycle



(https://images.globest.com/contrib/content/uploads/sites/304/2018/09/Upcycle_5.jpg) UpCycle renovation project

renovation project, according to **George Oliver Cos. managing partner Curt Kremer.**

On Sept. 20, Denver-based EverWest, in partnership with Chicago's WHI Real Estate Partners LP, and co-developer George Oliver Companies out of Scottsdale, AZ, announced it had landed grocery giant H-E-B as the sole tenant of its Upcycle office project.

H-E-B is scheduled to take occupancy of the approximately 82,000-square-foot UpCycle project located at 2416 E. Sixth St. during the first quarter of 2019.

When co-developers EverWest and George Oliver Companies made the decision to repurpose the former recycling facility—the structure of which was first constructed in 1972, they faced some skepticism, Kremer tells GlobeSt.com.

"We were called crazy by many people when we said we didn't want to tear down the metal warehouse that was there and start over," he says. "But we knew it was the right decision to make, and we ended up with a product that could really speak to East Austin."

The co-developers kept the building's footprint and steel structure, and even re-used some of the materials. It took about one year to complete the renovations, according to Kremer.

In the beginning, he acknowledges that it was tough for prospective tenants to see the vision of what the building "was to become."

"Interest was relatively light in the beginning," Kremer says. "But as we got further down the road, and people could see what we were creating, activity went through the roof. When we started negotiations with H-E-B, there were multiple groups giving us proposals and back-up positions. But once we knew H-E-B was serious about moving in their Favor group, we thought putting a big Texas-based operating company in that building was a perfect end."

The co-developers ability to deliver the product relatively quickly was also an advantage in a hot area, Kremer adds.

"We were really able to adapt to the existing conditions on the project," he says. "We think the sky's the limit in East Austin, especially with the amount of multifamily in place. It's easier to take risks in a market where there is so much demand. I don't think

there is a hotter micromarket than what you see going on in East Austin right now. If you look at the undelivered product there, everything is getting preleased—and to large, quality tenants.”

“UpCycle represents hundreds of hours focused solely on making this development a very ‘Austin’ creation,” said Cadie Crean, director of asset management for EverWest, in a written statement. “We couldn’t be happier that those efforts caught the eye of a true born-and-bred Texas company, and that this project will be the next chapter in their impressive growth story.”

The project totals two stories and 81,606 square feet and is peppered with ‘Austin’ features like artistic graffiti pillars and the retention of several original project elements, including areas that feature the building’s original corrugated metal exterior and incorporate artwork by local artists from the building’s prior use, according to Kremer.

Amenities at UpCycle include a common area lobby with collaborative meeting spaces, a coffee bar, outdoor patios, showers and a vintage boxcar incorporated into the façade of the building as an outdoor meeting space. As part of the project’s improvements, the development team also installed entirely new building systems.

Edvin Beasley, Brad Philp and Scott Deskins of Stream Realty Partners represented EverWest and WHIREP in the UpCycle lease. Cortland Lowe and Case McCoy of HPI Corporate Services represented H-E-B.

Gensler was the architect for UpCycle. Austin-based Burt Group is the general contractor.

In addition to UpCycle, EverWest has developed LINQ in Redondo Beach, CA, Junction 23 in Denver, The Quad in Scottsdale, AZ and The Circuit in Tempe, AZ.