

Office tower under construction near MoPac already maxed out

Compass Bank to expand, consolidate

Austin Business Journal - by [Jean Kwon](#) ABJ Staff

Compass Bank plans to expand its new regional headquarters in Austin in an increasingly vibrant southwestern fringe of downtown.



Submitted Rendering

When it's finished in about a year, Capstar at Compass Plaza will be eight stories tall. The building is essentially fully leased.

[View Larger](#)

Last year the Birmingham, Ala.-based financial institution announced it would relocate from the building it owns on North MoPac Expressway and its offices at downtown's Hartland Plaza to be the lead tenant at Class A office complex Capstar at Compass Plaza. The 115,000-square-foot, eight-story building developed by Austin-based Capital City Partners LLC and Sage Land Co. broke ground in July and is expected to be complete in a year.

Compass initially preleased 20,000 square feet but has decided to expand its footprint to 33,065 square feet, which includes 28,965 square feet of office space and 4,100 square feet of ground-floor retail space. The bank will occupy the entire fifth floor of the building, located on the southeast side of MoPac Expressway and West Fifth Street across from Hartland Plaza.

Three companies affiliated with Austin-based Capstar Partners LLC have preleased about 82,000 square feet, essentially filling up the building before it opens. The three companies are Capstar Investment Partners LP, Harden Healthcare Texas LP and digital music provider DMX Inc. All three lessees are owned by R. Steven Hicks, founder of Capstar Partners LLC.

Aquila Commercial's Jay Lamy and Sloan Spaeth are the tenant representatives for Compass Bank. Capstar at Compass Plaza's landlords were represented by Bart Matheny, Mike Murphy and Chad Barrett, also with Aquila Commercial.

Compass operates 584 branches in Alabama, Arizona, Colorado, Florida, New Mexico and Texas.

Last year, Compass Bank's parent company, Bancshares Inc., was acquired by Spain's Banco Bilbao Vizcaya Argentaria for \$9.6 billion. Compass Bank, which will be rebranded as BBVA Compass next year, ranks as the fourth largest bank in Texas and among the top 25 largest banks in the U.S., based on deposit market share. It employs about 300 in Central Texas.

"Once we really got into the analysis and due diligence based on growth plans for Austin the next five to 10 years, we really felt like we were not leasing enough space," says John Jett, president of Compass Bank's Austin region. Despite the recent turmoil in the banking industry, Jett says Compass remains "very bullish" on Austin and Central Texas. "We are confident we will get through the temporarily challenging times and will be back to more normal growth as this region continues to grow."

Jett would not comment on specific growth plans. Several new branches that were on hold pending BBVA's acquisition are expected to open by next year.

Compass Bank's current building on North MoPac, which it has owned for about 10 years, will be redeployed as a retail, meeting and training facility. All corporate and wealth management operations will be moved to Capstar at Compass Plaza.

To be almost fully preleased before completion of a multitenant office building is uncommon, says Ford Alexander, a principal with Oxford Commercial.

"Most tenants want to see it, touch it and feel it before they make a decision to sign a lease," Alexander says.

Austin historically hasn't been a "build to suit," or customized building market, which is more common in larger cities with more corporate tenants having long-term plans.

Robust occupancy at Capstar is also an indicator of an "extremely healthy" Class A office market in the downtown area resulting from more employers following a growing number of residents downtown, says Jay Lamy, a principal with Aquila Commercial, which is marketing the space. Class A office space is limited because "there has been cannibalization of office sites [due to] all of the residential and condo growth," Lamy says.

Capstar at Compass Plaza is part of a mixed-use development boom along West Fifth Street, the southwest gateway to downtown from MoPac. Gables Residential and the Austin office of Direct Development are working on 5th Street Commons, which will include 138 apartments and 38,000 square feet of retail and restaurant space, between West Lynn and Campbell streets. Gables and a group of local investors represented by Capital City Partners are building Pressler, which will bring 165 apartment units and 26,000 square feet of ground-floor retail to the northeast corner of Fifth and Pressler streets. And Sablosky Development Corp. is working on a seven-story garage on the southeast corner of Fifth and Lamar that will bring about