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**BUSINESS**

# Major Austin-area shopping center sells to New York firm

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Another Central Texas shopping center has a new owner.

La Frontera Village in Round Rock has been sold to New York-based DLC Management for an undisclosed price.

The 534,566-square-foot La Frontera Village — whose anchor stores include Kohl's, Hobby Lobby and World Market — is valued at \$83.6 million, according to the Williamson Central Appraisal District.

The sale was announced by Institutional Property Advisors, which represented the seller and procured the buyer. Institutional Property Advisors did not name the seller, but described it as a private real estate investment company based in the Midwest.

“We received a variety of competitive offers from institutions and private clients,” said Erin Patton of IPA. “The sale of La Frontera Village is another example of how investor demand for shopping centers with strong fundamentals has pushed pricing to pre-pandemic levels.”

DLC, which owns, operates and manages shopping centers nationwide, lists La Frontera Village on its online directory of properties and notes the deal on its LinkedIn page.

Built in 1980 on 62 acres and renovated in 2000 and 2001, La Frontera Village receives more than 6 million customer visits every year, according to Andrew Margulies, senior vice president investments with Marcus & Millichap, the parent company of Institutional Property Advisors.

La Frontera Village is at Texas 45 and Interstate 35, across from Dell Technologies' U.S. headquarters. In addition to Dell, major employers in the area include Emerson Automation Solutions and Trellis Co. About 385,000 people live in a 7-mile area around La Frontera Village, according to Institutional Property Advisors.

La Frontera Village is part of La Frontera, a 330-acre, master-planned development that includes retail, residential, office and hotel properties.

At the time of the sale, La Frontera Village was 92% leased by tenants, including Burlington Coat Factory, Marshalls and Barnes & Noble. Two ground-leased restaurant outparcels, and a 0.78-acre parcel were included in the sale, Marcus & Millichap said.

DLC said on its LinkedIn page that it has now leased the final empty anchor space at the center with a 20,800-square-foot Boot Barn store.

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## **Austin area has thriving retail market**

The La Frontera Village acquisition is a reflection of greater Austin's thriving retail market, said Danny Khalil, senior market analyst for Central Texas at CoStar Group, a commercial real estate company.

"The Central Texas retail market is hot, and for a lot of out-of-state investors, it's an incredible opportunity for them to get a piece of this high-growth market," Khalil said.

Investment activity is being driven by the region's employment growth and robust economy as well as strong demand for limited space.

"It's a pretty tight retail market for tenants — we're just not building as much retail space as used to build as far as brick and mortar," Khalil said.

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## **Latest in a string of sales of Austin-area retail properties**

The La Frontera sale continues a recent trend in the Austin metro area. In February, InvenTrust Properties Corp. of Illinois said it had acquired two retail centers in Austin for \$189.3 million.

The deal included the Shops at Arbor Trails, a 357,000-square-foot center anchored by Costco Wholesale and Whole Foods Market stores, and Escarpment Village, a 168,000-square-foot shopping center anchored by an H-E-B store.

In September 2021, the H-E-B-anchored Springdale Shopping Center in Northeast Austin was purchased by Edens, a national retail real estate owner, operator and developer based in Washington, D.C.

During the worst of the coronavirus pandemic in 2020, a spate of retail closures resulted in a roughly 1.5% drop in the local occupancy rate, or about 770,000 square feet of newly vacant space, according to commercial real estate firm Weitzman.

But the retail market at the end of 2021 showed a recovery in leasing demand that backfilled many of the existing vacancies and helped return the overall occupancy rate to 96%, said Matt Epple, partner at Weitzman.

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The current occupancy rate for the five-county Central Texas area represents a return to the pre-pandemic rate at the end of 2019. Austin's occupancy rate has now bounced back to being the strongest among Texas' major metro area retail markets, Weitzman said.

"It looked apocalyptic in 2020," Epple told the American-Statesman earlier this year. "But once the vaccine was rolled out and people gained confidence that it wasn't going to be forever, built-up demand was finally realized, and retailers are expanding."