

Defunct office complex to be redone

Medical tenants already on the hook for redeveloped office park in Cedar Park

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A doctor and medical office developer plan to revamp a vacant office building bought out of foreclosure in Cedar Park to house a new outpatient surgery center and other medical tenants early next year.

Dr. Robert Wills and Onair Development will jointly redevelop a 35,169-square-foot property at 351 Cypress Creek Road just west of U.S. Highway 183. It has been renamed Cypress Creek Medical Plaza. The project is designed by Polk-Ingorn Group Architects, and construction is anticipated to start in early September. The renovated building is projected to open in early 2011.



Wills

Austin-based Arise Healthcare has been selected to manage Cedar Park Surgery Center, a 10,000-square-foot ambulatory surgery center, while Austin Pain Associates will be a lead tenant occupying 4,400 square feet. Wills is an anesthesiologist and pain management specialist at Austin Pain Associates.

An imaging center and a pharmacy, which have yet to be named, will also be in the new center. The remaining 40 percent of the property is neither leased nor under contract.

"We're thrilled to be able to serve our patients with the utmost convenience of-



SUBMITTED RENDERING

Cypress Creek Medical Plaza will house the Cedar Park Surgery Center, Austin Pain Associates and other medical-oriented tenants when it opens in early 2011.

fered by being in the community, and also being able to perform procedures in the same location as our practice," Wills said.

Wills said he sought the property for two years but had to work out the finances, adding that Onair provided "the right combination of real estate development and medical expertise."

The property, formerly called Cypress Creek Village, was bought from the lender, IBC Bank, by Wills and an investor group in late July for an undisclosed amount.

Cypress Creek Village was hampered by a poor layout and water leaks that left puddles to greet potential tenants, said brokers who showed the property.

Getting in the zone

A zoning change to permit a new ambu-

surgery centers, adding that the hospital already leases space to Hill Country Surgery Center, which performs outpatient surgery.

Nevertheless, the city council approved the zoning change May 14 by a 6-1 vote, with most members expressing unwillingness to stifle competition through city codes.

Demand is there

While construction has been frozen in most real estate sectors during the down economy, medical office space continues to outperform traditional office space in Austin, real estate experts said.

The medical office market's midyear vacancy rate was 13.3 percent, according to the midyear Medical MarketScope, a report produced by Austin-based real estate company Site Solutions Inc. While that's up 2 percent from midyear 2009 and 1 percent from year-end 2009, it's well below the midyear vacancy rate for nonmedical office properties of 24.1 percent, according to CB Richard Ellis' midyear report.

Medical industry experts say advances in technology have enabled more outpatient procedures to be performed without having to stay overnight in a hospital or clinic, furthering demand for ambulatory surgery centers. There are about 5,150 Medicare-certified surgery centers in the nation, with about 350 in Texas and 24 in the Austin area, according to the Texas Department of State Health Services.

The Cedar Park concept is similar to Austin Pain Associates' complex in South Austin, Stonegate Surgery Center, which is also managed by Arise.

latory surgery center and pharmacy was needed before the redevelopment could begin.

Officials from Cedar Park Regional Medical Center opposed the change, telling the city council in May that competition from Wills' project would impede its profitability.

Triad Hospitals Inc., which partnered with Seton Family of Hospitals to build Cedar Park Regional, agreed to do the \$125 million project if the city created zoning that would designate a hospital district to shield the new hospital from competition. But no timeline was set for how long the city would prevent competition.

Cedar Park Regional CEO Tim Adams told the council the change in zoning will encourage construction of more