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Retail boost in San Marcos

Project will be located near outlet malls

Austin Business Journal - March 30, 2007 by [A.J. Mistretta](#) ABJ Staff

A massive retail center about the size of Highland Mall is slated to be built near the outlet malls in San Marcos.

The Austin office of Dallas-based Direct Development is planning to break ground this summer on at least 900,000 square feet at StoneCreek Crossing on the northwest corner of I-35 and McCarty Lane. According to a preliminary site plan, the development will include anchors JC Penney and Target, along with junior anchors such as Bealls and PETCO in a heavily-landscaped, upscale setting.

StoneCreek's size would rival the roughly 1 million square feet already on the ground at Southpark Meadows in South Austin and the 1.1 million square feet in play at The Forum at Olympia Parkway just north of San Antonio. Those two developments bookend about 60 miles along I-35, a stretch largely lacking in large-scale regional retail. Officials with Direct Development declined to comment on the project, and a total investment figure is unknown. Bobby Dillard and Krista Dabney in the Austin office are leasing space at StoneCreek, according to Direct's Web site.

San Marcos Economic Development Director Kim Moore says both Target and JC Penney have agreed to move to the new development from other nearby locations, allowing each to expand. Target would occupy a 136,000-square-foot space -- one of its larger models -- while JC Penney will take about 104,000 square feet for a full-scale store instead of the scaled-back version it currently operates. Spokespeople for Target and JC Penney did not immediately return calls for comment.

Carol Barrett, director of planning for San Marcos, says the city has already granted most of the permits and approved plats for StoneCreek. She says the project is actually approved for up to 1.25 million square feet of space. Direct is expected to complete the purchase of the property from the Texas General Land Office in April.

StoneCreek would further build upon San Marcos' reputation as a retail destination. Two major outlet malls, Prime Outlets and Tanger Outlet Center, have already made the city the third-largest tourism destination in Texas.

Moore says the outlets -- which draw 11 million visitors a year from as far away as Mexico -- are a boon for the city, and one that should be capitalized on with additional retail. She says a project like StoneCreek would significantly bolster spending among locals and out-of-towners alike.

"I definitely see that there is a need that we can fill here in San Marcos," she says, adding that San Marcos' location will help it draw shoppers from Kyle to Seguin who do not have ready access to major retailers. There are about 3 million residents within a 50-mile radius of San Marcos.

Moore says Direct Development has "added a ton of amenities to their development: brick crosswalks, landscaping, the extension of a road through the property to McCarty [Lane] that will

give us a parallel to the frontage road...a nice water feature that will add to a creek that's already there...It will be a very high-end power center."

StoneCreek would come on the heels of another, smaller regional retail project nearby. Just down the road, stores are opening gradually at the roughly 311,000-square-foot Red Oak Village. Dallas-based Lincoln Property Group is developing that project off I-35 just south of Wonder World Drive. Tenants there include Marshalls, Bed Bath & Beyond, Sam's Club and PetSmart among others. Plans for another project, the 800,000-square-foot Blanco Riverwalk that would have brought high-end retail, condos and other development, have been scrapped in part because of a lack of interest, but Barrett says a new plan for that site is in the works.

Direct Development already has two other projects under way in Central Texas. Work has begun on the \$28 million 5th Street Commons, which will rise on the south side of Fifth Street just west of downtown Austin. And in February, Direct broke ground on the \$80 million Market Heights project just east of Killeen.

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