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Alexandria Real Estate Equities was buyer of Texas Retirement System HQ in Austin, county records show



Teachers Retirement System Building Austin, Texas. Arnold Wells/ABJ



By Paul Thompson – Assistant Managing Editor, Austin Business Journal - Oct 7, 2022

Alexandria Real Estate Equities Inc. looks to be making a big splash in Austin.

The Pasadena, California-based real estate investment trust is the buyer that paid \$108 million for the downtown Austin headquarters of the Teacher Retirement System of Texas, according to Travis County real estate records.

The site encompasses 3.8 acres and currently has about 198,972 square feet of space. It's located at 1000 Red River St., in the heart of an increasingly hot corridor sandwiched between central downtown, the University of Texas' Dell Medical School and I-35.

TRS did not reveal the buyer in its Oct. 4 announcement of the deal, referring to it as a "subsidiary of a publicly traded real estate investment trust." The buyer is listed in property records as Austin Real Estate Acquisitions LLC. A deed filed Oct. 4 in Travis County connects the entity to an address in Pasadena, in care of Alexandria Real Estate Equities.

Founded in 1994, Alexandria Real Estate Equities (NYSE: ARE) operates primarily in the life sciences and technology sectors. The company has a market cap of \$22.7 billion; its website boasts having "liquidity of \$5.5 billion and no debt maturities before 2025," along with a portfolio featuring more than 1,000 tenants.

In the first quarter of 2022, Alexandria spent \$1.8 billion to acquire 29 properties, according to a July filing with the U.S. Securities and Exchange Commission.

That included spending \$400 million in February on an Austin-market site dubbed "Intersection Campus." In the securities filing, Alexandria reported that Intersection Campus is 998,099 square feet.

It's not clear what campus the company is referring to. No deal of that kind for Alexandria Real Estate Equities has been reported in the Austin area. Alexandria has not disclosed additional details and the company did not respond to requests for comment.

But Joel Marcus, executive chairman and founder of Alexandria, said during a July earnings call that the company has a "cohort of important lab tenants" who want to be in the Austin market — a new market for the Alexandria. Marcus added that Texas is a ripe landing spot for the "intersection of biology and technology."

Marcus noted that the company has "a pretty strategic plan to work with tenants who want to move" to Texas.

John Boyd Jr., principal at prominent Florida-based site selection firm The Boyd Company Inc., told Austin Business Journal that there is "incredible demand in the life sciences industry," and that Austin is moving up the hierarchy of life sciences strongholds to earn comparisons to stalwarts such as the Research Triangle in North Carolina, central New Jersey, Boston and the Washington, D.C. area.

"There's a lot of hyperbole that happens in the development business," Boyd said. "It is not hyperbole to tell you that the future is happening now in Austin when it comes to intelligent infrastructure."

As for TRS, the organization will remain at its downtown headquarters for two years as it prepares to move into a new HQ in the Mueller community. The first new building is supposed to be ready in mid-2023 and employees should move into the second in late 2024.