



# City of Austin

## Recommendation for Action

**File #:** 25-1083, **Agenda Item #:** 58.

6/5/2025

### **Posting Language**

Authorize negotiation and execution of an amendment to the lease agreement with East Holly, LLC, a Texas limited liability company, for 3,580 square feet of retail space in the Austin Convention Center parking garage located at 417 Red River Street, Austin, Texas 78701, for an additional three-year term with an estimated rental revenue of \$260,087 during the term. Funding: A projected a revenue generation of \$260,087 for Fiscal Year 2025 to Fiscal Year 2028 for the Operating Budget of the Austin Convention Center Department.

### **Lead Department**

Financial Services Department

### **Fiscal Note**

This item is projected to result in a revenue of approximately \$260,087 for Fiscal Year 2025 to Fiscal Year 2028 for the Operating Budget of the Austin Convention Center Department.

### **Prior Council Action:**

August 3, 2017 - Council approved a lease with East Holly, LLC, a Texas Limited Liability Company.

August 27, 2020 - Council approved Resolution 20210610-095, for the reduction or abatement of rent for market-rate lessees in City-owned buildings.

June 9, 2022 - Council approved a lease with East Holly, LLC, a Texas Limited Liability Company.

### **For More Information:**

Brandon Williamson, Financial Services Department, 512-974-5666; Michael Gates, Financial Services Department, 512-974-5639; Lydell Samples, Austin Convention Center Department, 512-404-4067.

### **Additional Backup Information:**

This proposed lease amendment will extend the lease agreement between The Austin Convention Center Department (ACCD) and East Holly, LLC, a Texas limited liability company, a privately held and member-managed company that specializes in brewing premium craft beer for sale from its tasting rooms under a marketing slogan, "crafting durable friendships downtown."

East Holly has operated Central District Brewing in the 3,580 square feet of retail/flex space on the ground floor of the ACCD parking garage since April 1, 2019. The brewery offers an inclusive experience, welcoming conventioners, tourists, and local visitors to test local premium craft beer and meet the artisans who have crafted the products.

East Holly is aware of the temporary closure of the convention center until 2029. They are confident that with a lease renewal that reflects the impact of the renovation project on the business and with the implementation of targeted initiatives such as a daytime coffee program, expanded distribution, and local-focused programming, they cannot only weather this period but also emerge stronger. The current lease expires May 31, 2025, is now month-to-month. A new authorization is needed to extend the lease agreement to allow Central District

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Brewing to continue in the space.

The proposed base rent is \$23.50 per square foot annually. Utilities will be sub-metered and billed separately. The base rent is projected to increase by 3% annually.

An independent, third-party appraisal was procured to establish the fair market rental rate. The appraisal report considered the impact of the convention center renovation. The appraisal supports the proposed lease terms. The following table summarizes the proposed rent.

Term	Base Rent (\$/SF)	Annual Base Rent	Monthly Base Rent
Months 1-12	\$23.50	\$84,130	\$7,011
Months 13-24	\$24.21	\$86,672	\$7,223
Months 25-36	\$24.94	\$89,285	\$7,440
Total:		\$260,087	

The Strategic Facilities Governance Team has reviewed and approved the proposed lease amendment.