



EXCLUSIVE REPORTS

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TechSpace gets space

New York incubator company's Austin site to house as many as 35 high tech startups

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New York developers are converting Austin warehouse space into a 25,000-square-foot incubator to house as many as 35 high tech startups.

TechSpace LLC executives expect to complete a lease shortly for two buildings at 301 San Jacinto St. When the deal is signed, the firm will set to work refinishing the space into a prewired, prefibered habitat to nurture small but promising technology firms.

"Austin has been on our wish list since the day we started in New York," says Debra Larsen, founder, president and CEO of TechSpace.

"We've been looking for a while to find something that suited us as well as this property does," Larsen says. "It's going to allow us to build something that's true to our brand of building cutting-edge, interesting, high tech space."

Larsen says her company was attracted to the downtown location, high ceilings and unique features of the buildings.

"It's hard for us to build TechSpace on a traditional office floor," she says.

Christopher Wittmann, executive vice president of TechSpace, says the company brings certain design elements to its projects to add appeal for high tech startups.

"When we were doing our research on Austin, there was an incredible need and a lack of hip office space," he says. "That's what brought us to this building, and that is what we are going to be creating."

"It's really about projecting a certain type of image for entrepreneurs, creating a space that is dramatic, the way we use some of our industrial, tech designs."

The warehouse also is in a good spot for high tech companies, Wittmann says, in the heart of Austin's "Digital Downtown."

In addition to providing space, the incubator group plans to place money with some Austin companies through its own investment firm. TechSpace Xchange recently raised \$15 million for venture capital investments.

Wittmann says the firm won't ask tenants to give up part of their companies in exchange for space.

"We're looking to place investments in some of the companies that are in our facility, but we don't trade rent for equity," he says.

TechSpace recently received an equity investment from Safeguard Scientifics Inc. Based in Wayne, Pa., Safeguard is a \$2 billion holding company that was a significant initial investor in TL Ventures.

TechSpace representatives came to Austin in February to scout for 25,000 to 40,000 square feet, enough room to house 35 to 50 startups at a time.

The firm is deliberating how to combine the 20,000-square-foot warehouse and a smaller building on the site into a single project, and might or might not link the structures physically. Whatever the design, the finished product will amount to about 25,000 square feet.

A similarly sized TechSpace center in New York houses about 35 companies, Wittmann says, so the TechSpace here is expected to handle a similar number of startups.

Chris Engle, research director for Austin's Angelou Economic Advisors Inc., says Austin needs incubators such as TechSpace to help the venture capital pouring into the city produce successful companies.

"TechSpace is going to be offering early stage startup companies the opportunity to work in an environment with fellow entrepreneurs, [with] financial and administrative support," Engle says. "This bodes well for the Austin venture capital community, as money invested doubles every year."

He adds: "As we see more and more venture capital money entering the Austin area, we need to see an equal amount of space opening itself for these companies. ..."

TechSpace already has incubators in New York, San Francisco and Boston, with more being developed in New York and Toronto. Next year, TechSpace wants to open incubators in Atlanta, Chicago, Los Angeles, Seattle and London.

Wittmann says construction to refinish the Austin buildings could begin within 30 days, with tenants able to start occupying the space in January.

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