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COMMERCIAL REAL ESTATE

After 25 Years, Bart Koontz Has Become A Master Of Adaptation

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Over the last 25 years, it's been difficult to pin Bart Koontz down to any one type of development. He's dipped his toes into apartments, offices, industrial and anything else under the sun. His view is, if you're not constantly learning from what the market is telling you, you're at risk of losing out.

"I found out a long time ago in San Antonio, that if you were just one of these things – because our market is not that deep – you could be sitting on the sidelines for a good while if your food group wasn't in favor," he said.

Given that philosophy, he's taken part in a wide variety of projects, citing the The Broadway condo tower at the intersection of Broadway and East Hildebrand Avenue, which just had a penthouse sell for \$10 million. He's also fond of the McCombs Plaza office building, home to McCombs Enterprises.

After such a long time in the business, he's learned that no matter how bad the market could be, there's always something to learn from it. He cites the savings and loan crisis of the 1980s, where the government formed the Resolution Trust Corporation to liquidate troubled assets so as not to further weaken the real estate market.

"Some of these young guys have never seen or even heard of what the RTC was back in the old days," he said. "People would give you the land if you would just pay the taxes on it. They'd just give it to you, it was that bad."

So if something doesn't go exactly to pro forma, he's not ruffled by it.

"You learn so much from it," he said. "As people have said, you realize that these are not your biggest failures, but your biggest challenges that were learning experiences."

His penchant for adaptation doesn't mean he'll sit out on the office market or the hospitality market forever. For Koontz, he's been in the business long enough to know a good opportunity when he sees one.

"If you have a really good piece of land, a lot of times it can tell you what it wants to be," he said.

The industrial market is a large part of his current focus, announcing the Frontera Logistics Supersite earlier this year. The 188-acre land can accommodate up to 2.8 million square feet of industrial development. The firm is still evaluating the market and fielding inquiries



CEO Bart Koontz of Koontz Corporation on Tuesday, Oct. 31, 2023, in San Antonio

from industrial players, but the tightening in the market means a shrinking of new starts in what's been a booming asset class recently.

"I think we'll be more cautious before we go vertical on buildings," he said. "We'll have the opportunity now because we control a large piece of land that we'll be able to do more build-to-suit. It'll take the risk out of building speculatively by having tenants in tow that might need a different type of building, different dimension or different size."

Koontz thinks the site will take off when the time is right, but he doesn't want to deliver product that isn't going to sell, citing a slowdown in investment sales.

"It's like if nobody's buying your apples, I don't want a whole lot more apples," he said. "Let's wait until apples are being bought at the price we want them to be."

For his next move, he's currently studying the build-to-rent market, but doesn't want to jump in too quickly until he sees how existing product performs.

"I don't know enough about that arena," he said. "We're studying it, but I really want to see some more of that product get built and to see the history of it. ... So, I am being more cautious to jump in on a new trick until we feel like it's proven itself a little bit more."

For the next generation of developers, Koontz says they

should have an ability to learn the marketplace and the major players and be patient because, "Time is key."

"Get in the game and give it some time," he said. "It's really kind of like your own, hands-on MBA. In the field, there's nothing better than time learning this business. That's it: Be patient. Don't rush yourself. And start at the bottom."

Thinking about San Antonio's economic future, he argues that the area has enough strength to weather any economic headwinds that may hurt other parts of the country.

"We continue to grow," he said. "When we create jobs, jobs are what create apartments, for instance. ... So when you have job growth and in-migration growth, population growth, those are the things that stir and spur development."

He puts a lot of that down to simple supply and demand.

"All of us are hitting this speed bump now that's going on with financing," he said. "But we've got maybe a little oversupply in certain areas, which because of lack of new starts should get absorbed, which then is going to bode well for future rent growth. So, it's kind of like we've blown the foam off the beer, but we've still got the beer, San Antonio!"