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Richland Cos. Acquires 104,000-SF Bay Plaza Office Complex

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Richland Cos. now owns the 104,000-SF Bay Plaza Office Complex.

WEBSTER, TX-The **Richland Cos.** acquired the 104,091-square-foot Bay Plaza Office Complex from its long-time owner, **Capital Commercial Investments Inc.** of Austin. The Houston-based buyer added the class B office building to its portfolio through a direct **commercial real estate** transaction with the seller.

The **Harris Central Appraisal District**, which appraises the asset at 711 W. Bay Area Blvd. for approximately \$5.58 million, notes that Capital Commercial Investments' entity **CCI-711 Bay Area Ltd.** acquired the office building in April 1998. The office building was developed in the early 1980s and renovated in 2009 following damage sustained by Hurricane Ike. Richland Cos.' President and CEO **Edna Meyer-Nelson** would not disclose the price paid for the asset, though did say it was acquired at a significant discount to replacement costs. **Derek R. Stokes** with San Antonio-based **Trinity Real Estate Finance Inc.** secured funding for the CRE transaction from **American Family Insurance** of Madison, WI.

Meyer-Nelson explains there were many benefits with this **office building**, not the least of which is that it's located in a fast-growing area of Houston. "**NASA** is booming, and a lot of developers are building down there," she says. "The ship channel is also growing by leaps and bounds."

Adding to the building's appeal is that it's a high-rise office asset in a supply constrained submarket. "It's tough to build right there," Meyer-Nelson explains. "The land along the Gulf Freeway (Interstate 45) and close by is on 100-year leases."

Bay Plaza Office Complex is 94% occupied, with tenants including **BP, San Jacinto College, Blue Moon Detective Agency, Hometrust Mortgage, Broadpoint, Texan Bank, Evergreen Tank Soutlion, MeCor** and **Select Medical**. Meyer-Nelson says roll will be small this year and next year, but in about two years, approximately 30% of the building is anticipated to roll. "Our strategy is to maintain the building, take good care of it, get it leased up, then handle that 30% to 35% roll we're anticipating in 2.5 years," she tells GlobeSt.com. "Then we'll sell it, leaving some meat on the bone for someone else."

With the market improving, Richland Cos. is becoming more active. The company sold three assets this year, acquired another property through a joint venture and is looking for more. "One of the markets I'm in right now, that hopefully will have earnest money and a contract in the next two to three weeks is Dallas," Meyer-Nelson says. Another asset in Richland Cos.' sight is an industrial park in Oklahoma City.

"We anticipate having four more transactions this year," Meyer-Nelson says. "If we can sell one or two more assets and buy another three or so, that'll be a good year for us."