

## REAL ESTATE

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### Investors still liking Houston office properties

By Katherine Feser | September 2, 2015



The Richland Cos. has purchased 550 Post Oak and is planning a renovation. The company will occupy 6,000 square feet on the fourth floor of the 53,872-square-foot building for its headquarters. The property is one of 14 owned by The Richland Cos. in the Houston area.

Oil may be trading at less than half it did a year ago, but that hasn't stopped investors from getting into the Houston office game.

In fact, they've run through so many trophy buildings in past few years - including downtown's Heritage Plaza, Williams Tower, and Greenway Plaza - there's not much for sale.

"There's not lack of interest in Houston office properties," said H. Dan Miller, a broker with Holliday Fenoglio Fowler. "The biggest problem in office sales is the lack of inventory."

Mark Taylor, who leads investor services for the Houston market at commercial real estate firm CBRE, also cited a shortage of buildings for sale at a press luncheon in July.

Typically, most buildings in Houston are well-leased and performing well, Taylor said.

Through August, investors had funneled nearly \$1.9 billion into Houston office buildings, according to real estate information firm Real Capital Analytics. That compares with \$1.8 billion during the same period in 2014 and \$2.3 billion in 2013.

In the biggest deal yet in 2015, German realty fund Union Investment paid \$440 million for 1000 Main, a 36-story downtown building. The 836,000-square-foot building was purchased from Invesco Real Estate earlier this year.

Here are highlights of eight other recent deals:

**September:** Equus Capital Partners announced the acquisition of the One Sugar Creek Center – Comerica Bank Building, a 194,000 square foot building at U.S. 59 and South Dairy Ashford in Sugar Land on behalf of its Equus Investment Partnership IX fund. Built in 1983, the 11-story building is 89 percent occupied. Orlando, Fla.-based Parkway Properties reported a deal to sell the building for \$31.4 million in its latest earnings report. Jared Chua and Bernard Branca of CBRE represented the seller.

**August:** An affiliate of Lincoln Property Co. purchased the Galleria Place office campus from a venture of Songy Highroads and the Carlyle Group. The property includes Galleria Place I, an 11-story building at 5251 Westheimer at Sage; and Galleria Place II, a 10-story building at 5333 Westheimer; and a building occupied by Regions Bank. Songy is developing two hotels, Hyatt Regency Galleria and Hyatt Place Galleria nearby.

**August:** Hartman Short Term Income Properties XX acquired the Ashford Crossing II building through its Hartman Ashford Crossing affiliate from Kennedy Wilson. The 158,451-square-foot, six story building is at Dairy Ashford Road and Whittington Drive in the Energy Corridor. H. Dan Miller and Marty Hogan of Holliday Fenoglio Fowler represented the seller. Dave Wheeler, Julian Kwok and Russell Turman represented the buyer.

**July:** The Richland Cos. purchased a six-story office building at 550 Post Oak Blvd. at Post Oak Park. The building was purchased from Sinopec USA, an arm of Chinese oil and gas giant Sinopec, which had owned it since 2011. The Richland Cos., a Houston-based commercial real estate firm, will renovate the 53,872-square-foot building and use a portion for its headquarters.

**June:** HCP Inc. purchased 11 medical office buildings totaling 1.2 million square feet in campuses across the Houston area from Memorial Hermann Health System. The hospital system continues to occupy and operate the buildings under a lease arrangement. Michael Bennett, Colby Mueck, Phil Mahler, Evan Kovac and Jack Dudick of Holliday Fenoglio Fowler represented the seller.

**June:** Affiliates of Los Angeles-based Griffin Capital Corp. purchased two recently completed office buildings in the Park 10 Regional Business Center in the Energy Corridor. The buildings are leased to Wood Group Mustang. Griffin Capital Essential Asset REIT II has acquired Westgate II, a four-story, 186,288-square-foot building at 17320 Katy Freeway. Griffin Capital Essential Asset REIT has acquired the Westgate III, a five-story, 225,518-square-foot building at 17325 Park Row Road. The seller, a partnership between Miller Global Properties and Transwestern, was represented by Robert Williamson and H. Dan Miller of Holliday Fenoglio Fowler.

**June:** Nicola Crosby Real Estate, a Canadian investor, purchased Mason Creek I, a 135,716-square-foot building at 21420 Merchants Way at Interstate 10. Developed by Myers Crow & Saviers in 2013, Mason Creek I is fully leased to Geico for a regional claims processing center. Robert Williamson, Jeff Hollinden, H. Dan Miller and Rusty Tamlyn of Holliday Fenoglio Fowler marketed the property on behalf of the seller, a Boston-based institutional real estate adviser.

**May:** An affiliate of Hartman Short Term Income Properties XX purchased the 400 North Belt building in Greenspoint. The 230,872-square-foot building was acquired from Parkway Properties for nearly \$10.2 million, according to filings by both firms. H. Dan Miller and Trent Agnew of Holliday Fenoglio Fowler marketed the building for the seller.

**April:** 6671 SW Frwy LLC purchased One Southwest Center, an eight-story, 153,158-square-foot building at 6671 Southwest Freeway from Fugro. Doug Pack with NAI Partners and Logan Brown of Logan Brown Investment Real Estate negotiated the sale.