

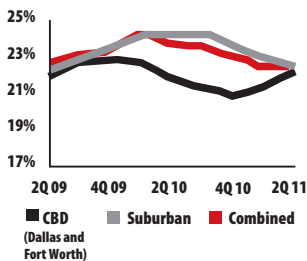
OFFICE SPACE STILL FILLING UP

Despite sluggish office leasing momentum in the second quarter in North Texas, nearly 2.4 million square feet of space was absorbed in the past four quarters, according to a Grubb & Ellis report.

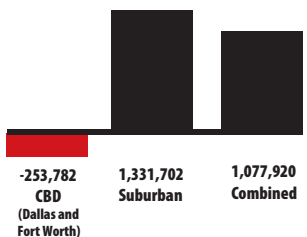
The bulk of the leasing activity occurred in the Class A sector, which had nearly 1.8 million square feet of positive net absorption, according to the report.

Some of those major leases that were recently signed include Ericsson expanding its space by 260,000 square feet in Richardson and Union Standard Insurance Group planning to occupy 56,000 square feet in Las Colinas.

OFFICE VACANCY RATES

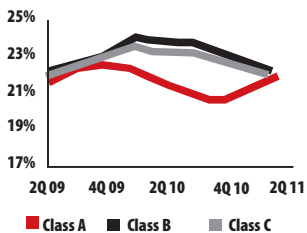


NET ABSORPTION (YEAR-TO-DATE)



Pent-up demand and minimal speculative construction will equate to increased occupancy rates and more stable rents through 2011, according to the report. Overall asking rents declined in the second quarter by 50.10.

VACANCY RATE BY CLASS



The Dallas-Fort Worth office construction pipeline contained two build-to-suit projects under way at the close of the second quarter, according to the report. The 281,600-square-foot Encana Oil & Gas building in Plano is slated for completion in 2012. Traxxas' 100,000-square-foot office building is a portion of its three-building corporate campus at Craig Ranch.

Source: Grubb & Ellis' Office Trends Report for the second quarter of 2011.

Infill is in for retail property

BY CANDACE CARLISLE | STAFF WRITER

CVS Pharmacy Inc. — like many other retailers — is planning its next generation store in urban infill locations in Dallas-Fort Worth.

“Developers are looking at opportunities in urban areas and places with more density,” said Bryan Cornelius, one of the partners at Dallas-based Venture Commercial Real Estate. “It’s a growing trend as the market grows and matures. For typical retailers, there is a limited supply of space.”

The pharmacy wanted to construct a 13,000-square-foot freestanding building at the northwest corner of West Seminary Drive and Hemphill Street in Fort Worth — but there was a problem.

That area had 10 commercial and residential properties on the site.

It took a year and a half for Cornelius and Venture’s Ken Reimer and Don Miller to negotiate with nine owners and overcome common obstacles of infill development, such as environmental and rezoning issues.

Venture Commercial represented Armstrong Development Properties Inc., the group developing the project.

The challenges in securing the south Fort Worth property were unprecedented, said Steve Bielewicz, vice president of real estate at Armstrong Development, a preferred developer for CVS.

Construction is under way, and the store is expected to open in early 2012. The new site will replace an existing store inside La Gran Plaza mall at East Seminary Drive and Interstate 35W.

Other retailers — such as auto parts and grocery stores — are eyeing urban infill locations, Cornelius said.

The trend will likely continue as retailers see urban markets as the next wave of consumer growth, he said. Those deals will likely take longer and brokers will put more work into them, Cornelius said.

“Typical retail deals take three months, but this one took five times as long,” he said. “There were a lot of moving parts.”

carlisle@bizjournals.com | 214-706-7121



CORNELIUS



OTHER NOTABLE DEALS

- Dallas-based Rosebriar Properties acquired a 30.04-acre tract of land at the northwest corner of U.S. 380 and north Custer Road in Prosper for \$6.25 million from Hillcrest Bank. Rosebriar plans to hold the property for future retail development. Pat Patman of Patman Realty Co. represented Rosebriar Properties in the purchase. The Prosper Plaza acquisition was represented by Bill Hanks and Adam Sumrall.
- Ohio-based Jayna Inc. has bought the Trinity Square Business Park — a 32,480-square-foot office and warehouse property — at 2555 Tarpley Road on nearly 1.9 acres of land in Carrollton. Cushman & Wakefield’s Jean Russo represented the firm in the transaction. Bradford Commercial Real Estate Services’ Brian Pafford and Kevin Santaularia of Dallas-based Bradford Commercial represented Cleveland-based seller, PAI Dallas.
- ZeOmega LLC has expanded its lease at 3010 Gaylord Pkwy. at Hall Office Park in Frisco to 7,411 square feet of office space. The firm expanded its space by 2,294 square feet. Kim Butler, Tammy Lomonaco and Brad Gibson represented Hall Financial Group, the landlord of the office park. ZeOmega represented itself.
- Brian Rathe purchased a 16,500-square-foot building at 3403 John Carpenter Frwy. in Irving. Mercer Co. represented Rathe. Transwestern’s Greg Cannon represented the seller, Legacy Texas Bank.
- Tampa-based Carter Validus Mission Critical REIT Inc. purchased a 20,000-square-foot data center in Richardson for \$28.9 million. The property is on 1.52 acres in Richardson’s Telecom Corridor. It is 100 percent leased by a Standard & Poor’s AA rated national health organization, which operates in 19 states and includes 72 hospitals, among other facilities. The tenant wished to remain anonymous for security reasons.
- Net.Orange Inc. signed a lease for 15,371 square feet of office space at 5000 Quorum Drive in Addison. The health care technology company will move its corporate headquarters from Irving. Kyle Jacobs and John Pope with Stream Realty Partners LP represented the tenant in the transaction. Stream’s Ramsey March and Ryan Evanich represented the building owner, Harbert.
- American Concrete Pipe Association leased 3,809 square feet of office space at Parkway Tower at 8445 Freeport Pkwy., from SMA Equities. Sean Dalton and Chris Wright of Grubb & Ellis represented the landlord in the transaction. American Concrete represented itself.

Source: Individual company reports.

Q&A: Eliza Solender, Solender/Hall Inc.



It’s not the rush of the deal but marathon-like patience that somehow drives Eliza Solender to spend anywhere from a year to five years on a commercial real estate transaction. And who’s the high-maintenance client?

Most of Solender’s clients are nonprofits that take their time to make a deal and have specific needs that can be difficult to fill in the real estate market, even for the president of Solender/Hall Inc., who serves on several nonprofit boards. As nonprofit real estate continues to evolve, with expanding and contracting organizations, the key for nonprofits is getting creative with available space to meet tight budgets that have gotten tighter in the past few years.

Q. How long have you helped nonprofits with commercial real estate?

A. I began working with them when we started our company in 1991. Our first client was Texas Scottish Rite Hospital for Children, which needed to buy a property. I became hooked on nonprofits based on that transaction. There needs to be a specialty in people helping nonprofits. They are more challenging to work with because there’s a lot more people involved in the decisionmaking, they have a different financial structure with most of their income coming from fundraisers and grants that may not be renewed. They also have special real estate needs.

Q. What trends are you seeing in this niche?

A. Nonprofits continue to look at real estate creatively. They look at buildings in nontraditional ways and will look at a church

and turn it into a school, or a bank building and turn it into a school. They use volunteer help frequently for construction. Nonprofits are extremely cost-conscious. They have always been cost-conscious, but now they are really cost-conscious. They are taking a long time before they make a decision.

Q. Are you seeing nonprofits right-size like their for-profit counterparts?

A. Yes. They are purchasing larger buildings and leasing the extra space to other nonprofits that they collaborate with. The collaborative opportunities save on occupancy costs. There’s not much money in leasing the space, but the groups want to break even and have collaborative partners nearby. It gives them the opportunity to grow and meet the needs of their clients better.

— Candace Carlisle