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Hines-sponsored REIT acquires tower housing JLL's Houston office for \$145M



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A real estate investment trust sponsored by Houston-based Hines has acquired 200 Park Place, a prominent office tower between the River Oaks District and Highland Village.

Hines Global Income Trust paid \$145 million for the 206,000-square-foot tower at 4200 Westheimer Road, which is home to Chicago-based JLL's (NYSE: JLL) Houston office. The acquisition of 200 Park Place adds to Hines Global Income Trust's \$3.4 billion portfolio, which is roughly two-thirds weighted toward the industrial and living sectors.

JLL represented Austin-based Stonelake Capital Partners, the developer behind 200 Park Place, in the sale of the building.

The building went under contract in May but only closed last week, said William Peeples, principal at Stonelake Capital Partners.

"We couldn't be more honored to be selling 200 Park Place to Hines," Peeples said. "This was our baby, and we worked really hard on it. To have a firm like Hines, which builds some of

the best office buildings out there, want to buy a building in their own backyard is a real stamp of approval on the project."

The 15-story building is 100% leased by seven tenants, with JLL and Houston-based mid-stream company Buckeye Partners serving as anchor tenants.

200 Park Place was completed in 2020 after topping out in 2019. It was designed by Dallas-based Beck Architecture, with Houston's Harvey Builders serving as general contractor for the project.

200 Park Place is the latest addition to Stonelake's Park Place River Oaks development, an 11.5-acre mixed-use development at the intersection of Westheimer Road and Mid Lane.

Phase one of the development, an eight-story, 344-unit multifamily building dubbed The James, was completed in 2016. Phase two, a 17-story, 297-unit multifamily tower known as The Ivy, opened in 2017.

The office tower is surrounded by retail shops, restaurants and green space, which Hines highlighted as some of its key selling points.

"As high-profile companies continue to look to Houston for best-in-class, well-amenitized buildings, and Houston continues to lead the U.S. on return-to-office rates, our acquisition of 200 Park Place allows us to strategically capitalize on these trends and the ongoing evolution of commercial real estate," Janice Walker, COO of Hines Global Income Trust, said in a statement. "200 Park Place is a high-quality asset with an environmentally sustainable approach making it an attractive addition to the portfolio especially when factoring in its basis, which is below current replacement cost."

John Mooz, senior managing director at Hines, added that being located near the River Oaks neighborhood gives 200 Park Place a central location that is attractive to prospective tenants.

"200 Park Place's modern design and walkable amenities differentiate it from other office

and retail opportunities along Westheimer Road, making it a strategic location for investment in this key submarket," Mooz said.

JLL Houston President Dan Bellow cited many of those features when he spoke with the Houston Business Journal last year about moving the firm's offices into 200 Park Place over Labor Day weekend.

JLL's 82,000-square-foot space spans three floors of the office building and marked the first time JLL has had all of its Houston employees in the same location. Previously, JLL's 20-plus business lines were based in three separate offices.

JLL began planning the move back in April 2020. But it took until November 2020 for the firm to sign a lease for space in 200 Park Place.

"Like a lot of people, we hit the pause button when the pandemic hit," Bellow said. "We thought about what we wanted in an office, some of which changed in the wake of Covid."

Meanwhile, Stonelake Capital Partners is already planning the next phase of its Park Place River Oaks development.

Peeples told the HBJ that Stonelake is in the process of designing 100 Park Place, which will be a sister tower to 200 Park Place located on an adjacent property in the development.

100 Park Place is expected to be taller than the existing office tower and will encompass about 260,000 square feet of leasable space.

Peeples said Stonelake is also in negotiations with a restaurant tenant interested in occupying a 4,000-square-foot, standalone building that is in the design phase.

"As this deal shows, despite some of the turmoil that has been in the Houston office market lately, institutional capital still wants to be in Houston for all the right reasons," Peeples said. "If you have the right design and the right tenant mix, the building will always be attractive to sophisticated investors. That should be a positive sign to all the players here in Houston."