

TEXAS REAL ESTATE BUSINESS™

Texas Snapshots p. 22

Industrial Roundup p. 32

The Middle is Just Right p. 34

Legal Resource Directory p. 36

VOLUME 4, ISSUE 9

NOVEMBER 2008

WWW.TEXASREBUSINESS.COM

ABILENE • AMARILLO • AUSTIN • BEAUMONT • BROWNSVILLE • CORPUS CHRISTI • DALLAS • EL PASO • FORT WORTH • GALVESTON • HOUSTON • KILLEEN
LUBBOCK • LUFKIN • MCALEN • MIDLAND • NEW BRAUNFELS • ODESSA • SAN ANGELO • SAN ANTONIO • TEXARKANA • TYLER • WACO • WICHITA FALLS

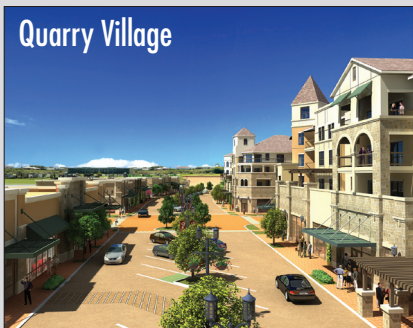
**ADDITIONAL MIXED-USE
PROJECTS FEATURED IN
THIS ISSUE:**



Vitruvian Park

UDR Inc., is developing Vitruvian Park, a \$1 billion redevelopment project, in Addison, Texas.

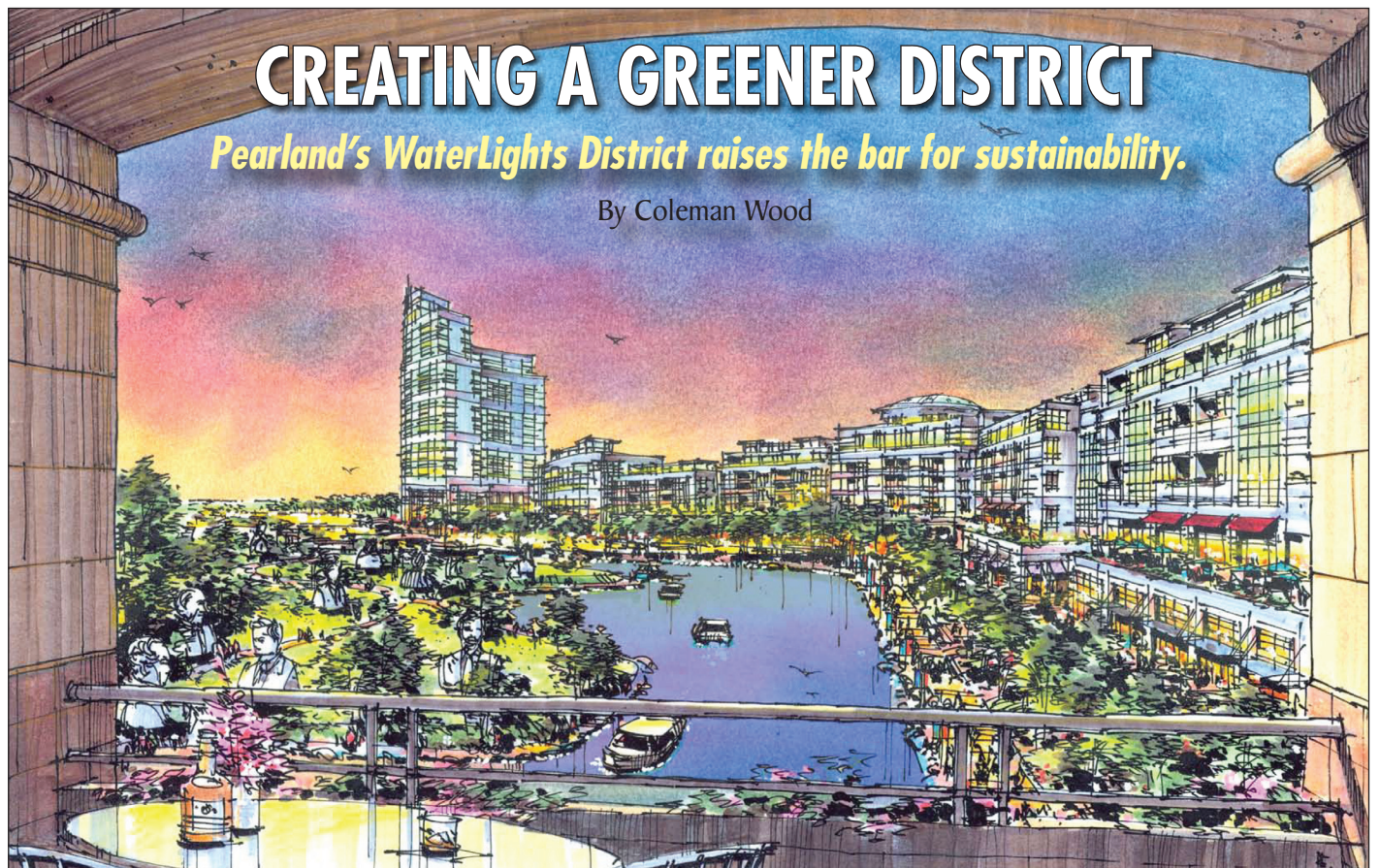
SEE PAGE 31



Quarry Village

Embrey Partners is developing its first vertical mixed-use project, Quarry Village, in San Antonio.

SEE PAGE 30



CREATING A GREENER DISTRICT

Pearland's WaterLights District raises the bar for sustainability.

By Coleman Wood

With all of the new projects in Texas registering for LEED certification, it is easy to get “green fatigue” when talking about the newest developments. At first glance, Historic Real Estate Inc.’s newest mixed-use project in Pearland, Texas, known as WaterLights District, seems like much of the same. But a look just below the surface shows that Historic has taken its commitment to sustainability to new heights.

“Our goal is not to achieve a LEED level,” says David Goswick, executive director of Houston-based Historic Real Estate. “Our target of LEED-Gold is important, but our true objective is to produce a place that raises the bar from a technological standpoint; [a place] that conserves

energy, that does not require much energy, and that produces its own energy.”

It is that last point that separates WaterLights District from the rest of the LEED-certified projects going up in Texas right now. The \$700 million project, which is located on 150 acres along Highway 288 south of Sam Houston Parkway, is seeking to produce a portion of its own energy through green methods. Goswick notes that the hurricanes that recently struck Texas highlight the importance of the project being able to produce and store power separate from the grid. When others lose power, WaterLights will keep running.

SEE GREENER, PAGE 28

PRESRT STD
U.S. POSTAGE PAID
Lebanon Junction, KY
Permit No. 140

PLUS...

***A Special Report on Hurricane Ike's Impact on
Texas Commercial Real Estate:***

How the lodging industry has been on hand to help Texas' cities
rebuild in the aftermath of the storm.

SEE PAGE 38

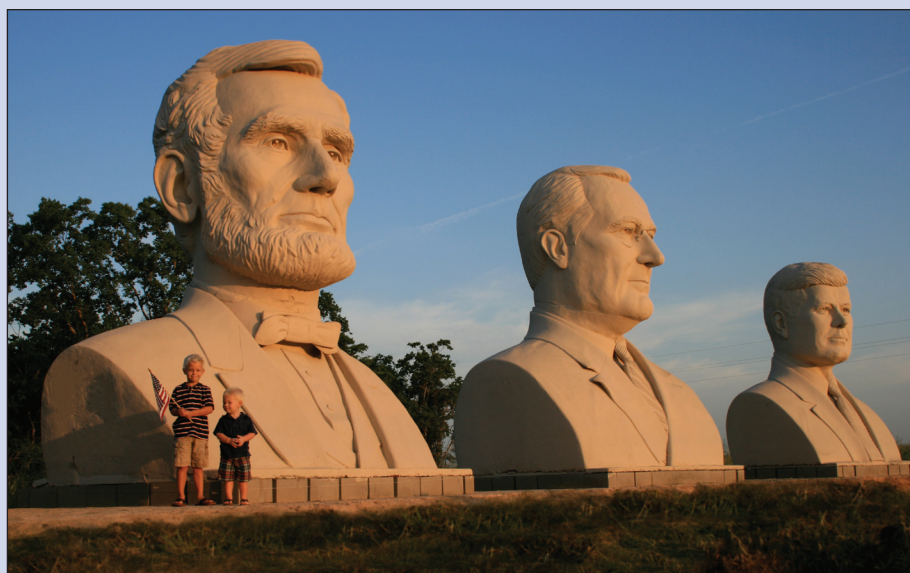
CREATING A GREENER DISTRICT

GREENER from page 1

WATERLIGHTS DISTRICT: A CLOSER LOOK:

WATERLIGHTS' PRESIDENTIAL PARK & GARDENS TO ADD ENTERTAINMENT, EDUCATION TO DISTRICT

When Historic Real Estate started looking at the topography of some of the development areas around WaterLights District, the company felt a park was very, very important, says David Goswick, executive director of Historic Real Estate, the developer of WaterLights District. "We felt like we needed something that would be an entertainment attraction, but also educational," he says.



After a meeting with renowned sculptor David Adickes, Goswick found what he was seeking. At the time, the artist was working on 20-foot tall stone busts of each of the U.S. Presidents, and the idea interested Goswick so much that he acquired all 43 of them to place in WaterLights District's newly christened Presidential Park & Gardens, located on the southern edge of the project along Clear Creek.

Dirt is moving at the 12-acre site right now, with Historic planning to relocate the statues to the park in late November. It is also at this time that Adickes will begin work on the 44th statue of the newly elected president.

Once the park is completed and WaterLights District opens, the city of Pearland estimates that the park will attract up to 2 million visitors annually. On top of this number, there are the scores of people that will be attracted to the miles of walking trails that meander through the park and connect with the city of Pearland's existing trail system. With a sizeable portion of the project devoted to green space, Goswick believes that he is providing a component that is missing in many of today's mixed-use projects, and that the park will be just one more factor that will ensure the project's success.

— Coleman Wood

THE PRESIDENTIAL PARK & GARDENS WILL FEATURE 20-FOOT TALL STONE BUSTS OF EACH OF THE U.S. PRESIDENTS. THE PARK WILL SIT ON THE SOUTHERN EDGE OF THE PROJECT, ALONG CLEAR CREEK.

The project's energy production methods begin with the use of photovoltaic cells (also known as solar panels), which will be placed on south-facing rooftops and garages, as well as within the Presidential Park & Gardens. And with 1.9 million square feet of space currently planned, there will be no shortage of rooftops. Some would balk at this idea, though, bringing up memories of the expensive, inefficient solar panels of the 1970s.

"Efficiency in photovoltaics has improved a lot in the past 30 years," says Steve Biegel, CEO of Matrix Spencer Architects, which is overseeing the master-planning of the project. "Whereas, they used to be 30 to 35 percent efficient, there are now PV cells that are 85 to 90 percent efficient."

Another key to the project is its water usage, which is both for aesthetics and for energy production. WaterLights is located on the banks of Clear Creek, adjacent to a wetland that Historic is preserving. Part of the project's design will consist of the Grand Canal, a man-made canal system that will wind through the project, ultimately connecting to a 40-acre lake. Historic is also incorporating elevated water containers into the project, which will both retain water and generate hydro-

electric power via falling water over a turbine. Steps are also being taken to conserve water, including the reclamation of stormwater for landscape irrigation and the use of porous sidewalks and roads to help with the absorption and filtration of stormwater.

Overlooking the Grand Canal will be 14 to 16 restaurants and bars to serve visitors and residents of the project, as well as contribute to energy production in WaterLights District through the recycling of food grease into biodiesel. To make this and other green energy production methods possible, Historic has sought the help of nearby Rice University. The college has also been instrumental in securing a deal for Nano World Headquarters, a nanotechnology research campus to be located within WaterLights District.

"The strategic relationship with Rice is a natural one," says Goswick. "There are so many companies that are started up from discoveries made at Rice, but these companies tend to end up in San Diego, Boston, Germany and other areas. By being in close proximity to Texas Medical Center and Rice, we feel confident that many of these companies will be born and grow within WaterLights District."

Houston-based Blue Marble Part-

Quantum First Capital

A Real Estate Finance and Advisory Firm

Selected Transactions

\$17,830,000 West Texas Portfolio 552 units Abilene, Texas Fannie Mae DUS	\$14,000,000 Stoneleigh Apts. 228 units Corpus Christi, Texas Fannie Mae DUS	\$11,000,000 Wedgwood Tower 299 units Dallas, Texas Structured
\$7,612,000 Woodbridge Crossing 176 units Temple, Texas Fannie Mae DUS	\$7,500,000 Northlake Center 99,920 sf retail Dallas, Texas Bridge	\$5,800,000 Go Store It 872 unit self-storage Pasadena, Texas Bridge
\$5,750,000 Hilo Shopping Center 62,351 sf retail Hilo, Hawaii Permanent	\$3,310,000 Lakeview Center 19,160 sf retail Rowlett, Texas Acquisition	\$1,680,000 French Road Apts. 200 units Beaumont, Texas Second Lien

Innovating Real Estate Finance

For more information please contact:

Stuart Wernick Jason Rice Eli Gershenson
Hunter McGrath Brady Meyer Corey Freedman

8235 Douglas Avenue • Suite 910 • Dallas, Texas 75225
214-346-0200 • 214-346-0244 fax
www.qfclp.com

A member of the Strategic Alliance Mortgage, LLC (SAM)

ners, a clean technology consultant to Rice University and board member for the National Corrosion Center, sees WaterLights as a “watershed” for Houston-area land development. “WaterLights is leading by example,” says Todd Colpron with Blue Marble. “Renewable power, distributed generation and gray water recirculation, combined with advanced architecture and a drive to proactively address its carbon footprint, sets the bar for environmental stewardship.”

The nearby Texas Medical Center, known as the largest medical district in the world, is doubling in size between now and 2016. Historic is using the nanotech campus and WaterLights’ 600,000 square feet of Class A office space to draw hi-tech users to the area.

“Our growth and business plan is totally centered around the growth of the Texas Medical Center,” Goswick says.

In addition to the offices, the project will contain 1,400 residences, consisting of luxury apartments, brownstones, condominiums and lofts. The project’s 100,000 square feet of retail space will serve residents and visitors, along with 700 hotel rooms in three luxury hotels, conference facilities and a 7,500-seat enclosed arena. The 12-acre Presidential Park & Gardens will contain miles of walking trails that connect to Pearl-and’s trails system, as well as statues of all of the U.S. presidents.

The name WaterLights District comes from one of Matrix Spencer’s design elements, the creative use of water and light as a replacement for physical objects. For example, the project will not have lampposts on the sidewalks, opting instead for columns of water powered by natural water pressure that are lit from below. During daylight, the columns disappear and reappear at night when sidewalk lighting is needed. In addition, water is being used as a divider, instead of physical walls between restaurants, retail and other public spaces. Details such as this are what Biegel thinks will ultimately make the project a destination for people across the Houston metro area.

“The key to success in a project like this is that people come here, stay here, enjoy being here and don’t want to leave here,” Biegel says. “And if they do leave, they want to come right back.”

Construction is under way for Phase I of the project, which consists of 300,000 square feet of office space, the entire retail component, 12 of the restaurants, two of the three hotels, approximately

500 residential units, Presidential Park and the canal system. The site will be ready for Phase I construction to begin in the first quarter of 2009, with the buildings ready for occupancy by the first quarter of 2010. The rest of the project will be constructed in two

more phases, which will take approximately 5 years to complete. With its strategic location along the Highway 288 corridor, and its proximity to the Texas Medical Center and the Shadow Creek Ranch master-planned development, Goswick believes that Water-

Lights District is positioned perfectly for success.

He says, “We believe that we have the most strategic physical location, probably in the state of Texas.” □

SEE PAGE 30 for more MIXED-USE

GOLDEN OPPORTUNITIES



LEAD GENERATOR is a lead sourcing tool allowing commercial real estate lenders, brokers and investors to search Realpoint’s CMBS loan and property database for refinance leads, distressed debt and defeasance opportunities.

IDENTIFY LOANS BY:

- > Loan Terms
- > Property Criteria
- > Call Protection Status
- > Delinquency Status
- > Geographic Area
- > Financial Performance

Realpoint LLC

Realpoint™

www.realpoint.com
800.299.1665