

# Griffin Partners Acquires 3-Building Houston Office Complex

TIER REIT sold Loop Central, a Class A property totaling 574,944 square feet. The buildings are 86.9 percent leased to 24 tenants.

by Gail Kalinoski | Apr 06, 2018

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Loop Central, a three-building Class A office complex totaling 574,944 square feet in Houston, has been sold to Griffin Partners through its Griffin Partners Office Fund III, its fifth investment since it was formed in June 2016.

HFF represented the seller, TIER REIT, and procured the buyer. The HFF team also worked on behalf of Griffin to secure a five-year, floating-rate acquisition loan through Global Atlantic Financial Group and source their equity partner, Wheelock Street Capital.

The Griffin the acquisition was funded by a \$62.32 million loan held by Global Atlantic Financial Group, according to Yardi Matrix data. TIER REIT had owned the portfolio since November 2011, when it paid \$66 million for the assets to previous owner Lincoln Property Co., Yardi Matrix reported.

HFF's investment advisory and debt and equity placement teams included Senior Managing Directors Jeff Hollinden and Wally Reid and Senior Director Cameron Cureton.

*"This is the latest example of an informed investor recognizing the inherent value represented by the Houston office market. Sales activity in the office sector has picked up dramatically over the past 12 months, signaling a return to healthy liquidity in the Houston market,"* Hollinden said in a prepared statement.

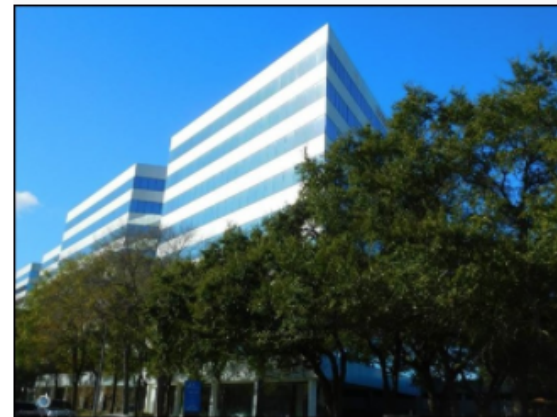


Image courtesy of HFF.

Loop Central is located at 4848 Loop Central Drive in the Bellaire/Medical Center submarket. The property is comprised of Loop Central 1, built in 1980 and 178,130 square feet; Loop Central 2, built in 1981 and 197,868 square feet, and Loop Center 3, built in 1983 and 198,946 square feet, and three parking garages. The buildings are 86.9 percent leased to 24 tenants.

Griffin Partners and Wheelock will update the property including adding a new conference and fitness facility, new food options and more outdoor seating and amenities.

*"We think Loop Central is a unique and timely investment considering Houston's office and capital market environment. Houston's overall resiliency and recent bounce highlighted by the latest job performance numbers is a lead indicator and an early preview for continued momentum in the Houston office market,"* Andrew Montgomery, executive vice president and head of acquisitions at Griffin Partners, said in a prepared statement.

Griffin Partners, a Houston-based development, management and leasing company, recently sold [Pin Oak Park medical and office campus](#), a 505,000-square-foot property in Bellaire, Texas, that it co-owned with Investcorp. HFF helped the buyer, Norvin Healthcare Properties, secure financing for the February acquisition.

## **TIER REIT MOVES**

The Dallas-based TIER REIT has been fine tuning its portfolio, exiting Baltimore with the February disposition of [500 East Pratt](#), a 280,000-square-foot office property it sold to Morning Calm Management for \$60 million. Also in February, the REIT sold [Centreport Office Center](#), a 133,246-square-foot office property with two office buildings in Fort Worth, Texas, for approximately \$12.7 million. The sales come as the REIT is increasing its ownership of buildings in The Domain, a master-planned, mixed-use development in Austin, Texas. TIER announced this week it acquired the remaining partnership interest in Domain 8, a 291,000-square-foot office building. TIER was the co-developer and 50 percent owner of Domain 8, which was completed last year and fully leased, primarily to Amazon and Facebook.

*"With these strategic transactions, we are not only refining our presence in Houston, but further increasing our control of the office space at The Domain. Our office ownership at the Domain now totals approximately 1.2 million square feet, representing over 75 percent of the competitive office space in this premier micro-market,"* Scott Fordham, TIER REIT CEO, said in a prepared statement.

Fordham said the company would be continuing to grow organically within The Domain, including delivery of Domain 11, a 324,000-square-foot project, at the end of the year.

*“Our Domain 9, Domain 10 and Domain 12 proposed developments are fully designed and permitted, which would add another 900,000 square feet to Austin’s ‘second downtown.’ Tenant demand throughout the project remains strong with no competitive projects planned at The Domain. As a result, we anticipate commencing construction on one additional new building at The Domain this year,”* Fordham added.

The REIT entered The Domain, in 2015, when it purchased two Class A buildings along with a partnership interest in two other properties and 24 acres for future development.

In addition to Austin and Houston, TIER REIT owns office properties in Dallas; Charlotte, N.C.; Nashville, Tenn.; and Cherry Hill, N.J.

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