

Partners form mixed-use real estate triangle

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With developable land in the Galleria area becoming increasingly scarce, an enterprising partnership has acquired an aging office building in the Uptown District with plans to cluster new developments around the 11-story structure.

An affiliate of Houston-based [AmREIT](#) purchased the [Prosperity Bank](#) building at 5433 Westheimer with the intention of eventually surrounding it with a mixed-use development possibly including retail, residential and hotel elements. Parts of the office building itself -- which sits on a three-acre, triangular tract -- could also be redeveloped.

An affiliate of AmREIT's asset advisory business bought the 134,000-square-foot structure and 3.29 acres of land two months ago for an undisclosed sum from a partnership including Boston-based AEW Capital Management LP and Houston-based McCord Development Inc.

AmREIT's asset advisory business is separate from the real estate investment trust portfolio that owns a host of high-profile retail properties, including the Uptown Park shopping center in the Galleria area. This is the first office building investment for the asset advisory business.

An AmREIT spokeswoman says the initial interest in this property was the high-profile location rather than the office building itself. Final development plans could be ready within a couple of months.

Following the acquisition, AmREIT entered into a joint venture to redevelop the property with Atlanta-based Songy Partners Ltd., which also took an equity stake in the property. The venture was formed with the intent of combining AmREIT's retail and development expertise with Songy Partners' experience in office, hotel and residential development.

Songy Partners used to own the 147,000-square-foot building at 15150 Memorial Drive and the 177,000-square-foot building at 777 Post Oak, but sold the offices after renovating them. The 5433 Westheimer building is now the firm's only local presence.

David Songy, CEO of Songy Partners, says he was attracted to the building because of its location, two blocks west of the Galleria mall. The unusual triangle-shaped property also has frontage on Westheimer, West Alabama and Yorktown.

Songy says this is the type of project his firm specializes in -- urban infill locations with the potential for a mixed-use development.

The Prosperity Bank building takes up about 15,000 square feet of land, while two levels of parking spaces cover the rest of the property. The parking will likely be reconfigured to make room for new buildings. It's even possible -- but not probable -- that the office building itself would be torn down, Songy says.

The Class B facility, constructed in 1965, is 75 percent occupied by such tenants as Prosperity Bank, [WT.net](#), Models Network Inc. and Park Stone Estate Homes, according to Commercial Gateway.

This is Songy Partners' first venture with AmREIT, but the two entities will be looking for additional opportunities to work together.

AmREIT's asset advisory business manages more than \$140 million in assets for affiliated entities. The limited partnerships acquire properties throughout the country, AmREIT takes an equity position in those deals and then acts as general partner.

AmREIT also has a \$327 million portfolio of retail properties that are held as long-term investments. In addition, the local firm operates a real estate development and operating business with more than 1 million square feet in development projects.

Songy Partners has offices and projects in a variety of markets, including Atlanta, Dallas, Mexico City and Boca Raton, Fla. The firm focuses on the office, hotel and residential sectors, and acquires sites in selected markets for ground-up development projects.

[Songy Partners Realty Ltd.](#), a wholly owned subsidiary, provides management, leasing and brokerage services for buildings owned by Songy Partners and others. Songy took over leasing and management of the Prosperity Bank building two months ago from Navisys Group.