

Florida Investor Teams Up To Buy Office Tower, Marking Its Foray Into Texas

New Owners Plan Upgrades for Dallas-Area Purchase



The 22-story, 512,269-square-foot office tower in Las Colinas Urban Center in Irving, Texas, has sold to a new investment partnership. (Newmark)

By **Candace Carlisle**
CoStar News

August 31, 2021 | 7:20 A.M.

A Florida investment group with a history of banking on its home state has made its foray into Texas by forming a partnership with an investment group to buy an office tower in the Dallas area.

Tampa-based Convergent Capital Partners and Third Lake Partners, also of Florida, and Dominus Commercial, a Dallas-based real estate investment and management firm,

bought a 22-story, 512,269-square-foot office tower at [600 E. Las Colinas Blvd.](#) in Irving, Texas. The seller was a partnership affiliated with the Phillips family office.

In a filing with the Securities and Exchange Commission, an affiliate of the selling entity revealed the sales price of the office tower, called 600 Las Colinas, of \$74.5 million. Transcontinental Realty Investors, with its subsidiary Southern Properties Capital, told investors the deal resulted in a gain of \$32.3 million. The entities said in the filing they had to disclose the deal because Southern Properties Capital has bonds trading on the Tel Aviv Stock Exchange.

The new owners plan to spend upward of \$20 million on upgrading the building's amenities with an open-to-the-public restaurant and speakeasy bar, as well as adding a new conference center and meeting space, and revamping the building's heating and air-conditioning system.

"The building has great bones with a classic look that could've been built yesterday," Stephen LaMure, president of Dominus Commercial, who has spent his 25-year career in Irving, told CoStar News. "We have disposed of nearly all the properties we had and, when COVID hit, it felt like a good time to get back in the market when everyone was fearful. This was a great acquisition for us."

LaMure was introduced to executives at Convergent Capital and Third Lake Partners through a mutual acquaintance out of Austin, Texas. He said the partnership plans to work on more value-add real estate deals in the Lone Star State. Convergent Capital has a history of investing in Florida, near its corporate headquarters in Tampa, with this being the first Texas property in its portfolio, according to the firm's [website](#).

The investors began working on the acquisition of the tower prior to the COVID-19 pandemic, in October 2019, but the deal, even though under contract, was delayed up until it closed last week. The seller had already selected the partnership as the winning buyer before the pandemic, and with the help of funds securing and extending the closing date, the deal came together, albeit a bit delayed.

Gary Carr, a vice chairman with Newmark who represented the seller in the deal, said there's still a lot of uncertainty as it relates to value-add properties. At the time of the deal, the Irving office tower was 77% occupied with apartment developer JPI Cos. being one of its largest tenants.

"This is an iconic, high-quality property that needs to be repositioned," Carr told CoStar News in a phone interview. "We are seeing a pretty significant uptick in investors from outside of Texas coming and looking for high-quality value-add opportunities in the state."

Carr said investors in the market can often afford to be choosy with the type of property they want to acquire or what part of the region they want to buy in. Leasing activity has picked up in North Texas, leading to increased investor interest, he said. Dallas-Fort Worth areas such as Uptown, Preston Center and West Plano that were attractive to investors prior to COVID have retained their allure, Carr said.

Dallas-Fort Worth, which includes Irving, has [hit the radar of institutional investors](#) looking for returns beyond the coastal U.S. markets.

Irving, a city about 13 miles from downtown Dallas, has the most Fortune 500 corporate headquarters per capita in the United States compared to similarly sized cities with at least 200,000 residents, according to a report from Business Facilities, an economic development organization. Those Fortune 500 companies with a corporate headquarters in Irving include McKesson at No. 7, Exxon Mobil at No. 10, Kimberly-Clark at No. 158, Fluor at No. 196, Vistra at No. 274, Pioneer Natural Resources at No. 328, and Celanese at No. 477.

LaMure said the newly purchased 1980s-era office building is leasing "well under market," or roughly 35% under market. He said the new ownership group plans to push rents up with the planned renovations.

For the Record

Newmark's Carr, Robert Hill, Chris Murphy, John Alvarado and Chase Tagen represented the seller, a partnership tied to the Phillips family office.
