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DEAL OF THE WEEK / Cameron buys Galleria-area building

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CAMERON Management has purchased a "classic" building from the Coca-Cola Co. as part of a strategy to buy well-located offices and manage them to top standards.

The Houston-based real estate group bought the Minute Maid building at 2000 St. James Place. The acquisition was financed by Cameron Management and Wachovia Bank in conjunction with a group of private investors.

"We have the largest chunk of contiguous office space today in the Galleria area," said Dougal Cameron, chief executive officer of Cameron Management.

Of the 350,899 square feet, 150,000 square feet of the building will continue to be occupied by Minute Maid until late 2008. Built in 1978, the 12-story, brick-and-reinforced-concrete building sits on 6.2 acres between Westheimer and San Felipe. Cameron Management will provide high-level security, cleaning services and on-site management, on par with those found at the best offices, Cameron said.

Minute Maid will relocate to a new 120,000-square-foot facility that likely will be in Sugar Land in 18 to 24 months, an executive said. An exact location has not been announced.

"We did a lot of analysis and determined that selling the building and moving to a new leased location is the right move for our business," said Ray Crockett of Coca-Cola North America.

The firm's Minute Maid business unit is based in Houston where marketing, finance and legal functions are handled by a staff of about 400.

The building includes a cafeteria and workout facility, which likely will be converted to office space unless a single tenant is found to occupy the entire space.

With room to accommodate up to 1,000 employees, the building will appeal to a growing engineering, oil or technology firm, Cameron said.

The sales price was not disclosed, but Cameron pegged the cost of the building and any improvements the company might make at less than half of what it would cost to replace the structure. At an estimated \$250 per square foot, the cost to replace the building would be close to \$88 million, including the land.

Cameron expects to spend more than \$10 million in the next few years, if it modifies the building for multiple tenants. Last year, more than \$11.8 million was spent on upgrades.

The transaction was brokered for Coca-Cola by R. Conrad Bernard and Michael Boyd of Boyd Commercial along with Don Catalano of Corporate Realty Consultants. The deal is Cameron Management's second building purchase from an owner that occupied a large portion of the space. Earlier this year, it purchased the Houston Club Building at 811 Rusk from JPMorgan Chase. It is converting the downtown building to use for multiple tenants and has signed the Houston Symphony as one.

Other properties include 3000 Richmond Ave. in the Greenway Plaza area and the 1 Park Ten complex in San Antonio.

Cameron Management's strategy is usually to buy a building and hold it for the long term. However, it recently sold the historic downtown Esperson building, which it had owned with an institutional partner for two years.

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