

# KEEPING PACE WITH PARKSIDE:

## Why the equity firm is banking on West Houston



DAN MOODY

BY BRANDI SMITH

When Parkside Capital started up ten years ago, its team began assessing where and how to invest some of its \$35 million in capital. It set its sights on West Houston, where acres of opportunity waited for the right buyer.

"The I-10 corridor has been a remarkable growth corridor," says Dan Moody, the company's vice president. "It may be the most predictable growth corridor you could find, not only in Houston, but in the country."

In 2011, Parkside acquired 110 acres at the northeast corner of Mason Road and I-10, developing it into Mason Creek Corporate, a first-class business park.

"We quickly sold about 35 acres to Transwestern, which built a series of five industrial buildings," Moody explains. "Then we sold a couple tracts to Myers & Crow Co."

The office developer built spec, leasing one of its buildings to Geico. The other is still available.

Mason Creek also includes a nucleus of medical offices with services that range from dermatology to eye care.

"The combination of office, medical and some retail really creates a kind of corporate mix-use project," says Moody.

Of the 110 acres Parkside initially bought, only 15 acres remains.

"I think that it will be office or medical," Moody says. "Based on the nature of what's already in place and the

interest we get, it seems like the traffic that's generated is geared more toward corporate or medical users."

He knows that bit of property left will go quickly, as everything seems to these days.

"With the extension of the energy corridor, coupled with single-family development such as Cinco Ranch and the various subdivisions between I-10 and the Grand Parkway, you could almost set your watch to it," adds Moody.

In early 2014, Parkside capitalized on that demand, grabbing up 120 acres from Simon Property Group. Situated at the northeast corner of I-10 and the Grand Parkway, the equity firm initially planned for the property to become a corporate office development.

"When the oil market crashed later that year, the Houston office market went with it, so we were left with a different asset type and had to really reformulate our approach," Moody explains.

Parkside started discussions with the University of Houston in 2016. UH went on to buy 45 acres to build a new campus serving the Katy area. The project broke ground this May and, when completed in Fall 2019, will feature an 80,000-square-foot building. Students there will be able to study nursing and engineering, as well as arts & sciences, business administration and education.

"That deal was the catalyst for the entire development," he says. "As soon as that deal closed, we



University Center

sold 11 adjacent acres to a multi-family developer."

University Center now also includes a NewQuest retail development, an H-Mart-anchored retail development, a retail development anchored by Newmark Homes and restaurants Whiskey Cake Kitchen & Bar and Slim Chickens. By the time this article goes to print, Parkside will have commenced construction on all the monument signs and landscaping. All the streets and utility have already been developed.

"By March, it will be a fully built-out park. We've only got about 10 acres left to sell," says Moody.

He attributes part of the property's success to the extension of the Grand Parkway from U.S. 290 down to U.S. 59.

"That infrastructure was a game changer. There's been kind of a gold rush of development. We felt we were kind of in a pretty safe spot at the corner of I-10 and the Grand Parkway. It's been a good project for us," Moody says.

Years after Parkside pinpointed the I-10 West corridor as a hotspot, almost all its available property is gone.

"It's getting a little more challenging now because people are running out of land and the growth has now pushed out pretty far west of Katy. A lot of the industrial guys are buying it up," says Moody. "We're starting to look in other places."

Now Parkside is eyeing the next challenge, the next opportunity corridor in Houston. We'll see if the rest of the CRE community can keep up!



Mason Creek