

What's in a name?

Younan Properties to turn One Dallas Centre into Patriot Tower

BY BILL HETHCOCK | STAFF WRITER

A downtown Dallas office tower with a high vacancy rate and a generic name will get a face-lift and a new identity under a \$20 million renovation plan proposed by its buyer.

One Dallas Centre will be renamed Patriot Tower and a war memorial museum will be built in its lobby, said Zaya Younan, chairman and CEO of Los Angeles-based Younan Properties Inc.

Younan Properties, which already is Dallas' biggest office landlord, is scheduled to close May 24 on the 28-year-old, 30-story St. Paul Street tower and a 10-story parking structure next to it. The price tag is about \$23 million, the CEO said.

Younan, a U.S. citizen who emigrated from Iran when he was 13, said he chose the new building name to remind people of the sacrifices of America's military men and women. It's appropriate for the building to be in Texas, he said, because the state has more active-duty military than any other.

He rejected the idea that naming the building Patriot Tower might make it a target for terrorists.

"We Americans will not alter the way we live because of the fear of terrorism," he said. "If we do that, we lose the identity that has made this nation great. I am absolutely not concerned about terrorism. Cowardice is not in our dictionary."

The 10,000-sf museum will contain exhibits on every war the nation has fought, from the American Revolution to the war in Iraq, Younan said. He plans to hire Dallas-area history professors to write items accompanying the exhibits.



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Renaming the building, adding the museum and fixing up the place are all good ideas, said T.D. Briggs of Peloton Real Estate Partners, which leases space for landlords downtown. The building needs to be rebranded and renovated, he said.

"Sometimes an owner can get stale looking at the same project day in and day out," Briggs said. "Anytime you get new owners, you get new ideas, a new vision, fresh energy and fresh capital. A new perspective can really benefit a property."

The 615,000-sf, diamond-shaped One Dallas Centre was designed by I.M. Pei & Partners. Pei also designed Fountain Place, Energy Plaza and the Dallas City Hall.

Greyhound Lines Inc. is the tower's main tenant. Space in the building leases

for about \$15 a square foot. The building is owned by an affiliate of New York-based Taylor Simpson Group.

The overall occupancy rate for office space downtown is about 78%. One Dallas Centre is only 40% leased, but Younan said he is confident his company can turn it around.

"It has beautiful structure, beautiful bones," he said. "We will bring it to the level of Class A building that it should be. We are going to give it a face lift that, frankly, it should have had six years ago."

Common areas will be renovated, mechanical systems and elevators will be upgraded, landscaping will be improved and restrooms will be redone, he said. The building also will get new furniture.

YOUNAN: Revamped office tower to include a war museum in its lobby

"We take the best and make it better," Younan said. "When better doesn't exist, we invent it. That's the Younan touch."

Downtown optimism

Daryl Mullin, senior director at Cushman & Wakefield of Texas Inc., said the feedback he gets from tenants shopping for downtown space is that One Dallas Centre is a well-designed building in a good location, but that it needs updating. Younan's willingness to fix it up is encouraging, Mullin said.

This purchase and others by Younan show renewed optimism about downtown Dallas, he said.

"When somebody makes a big investment in the downtown market, people ought to look at that and say, 'Those guys are optimistic about the Dallas Central Business District,'" Mullin said. "They're making a big bet on Dallas."

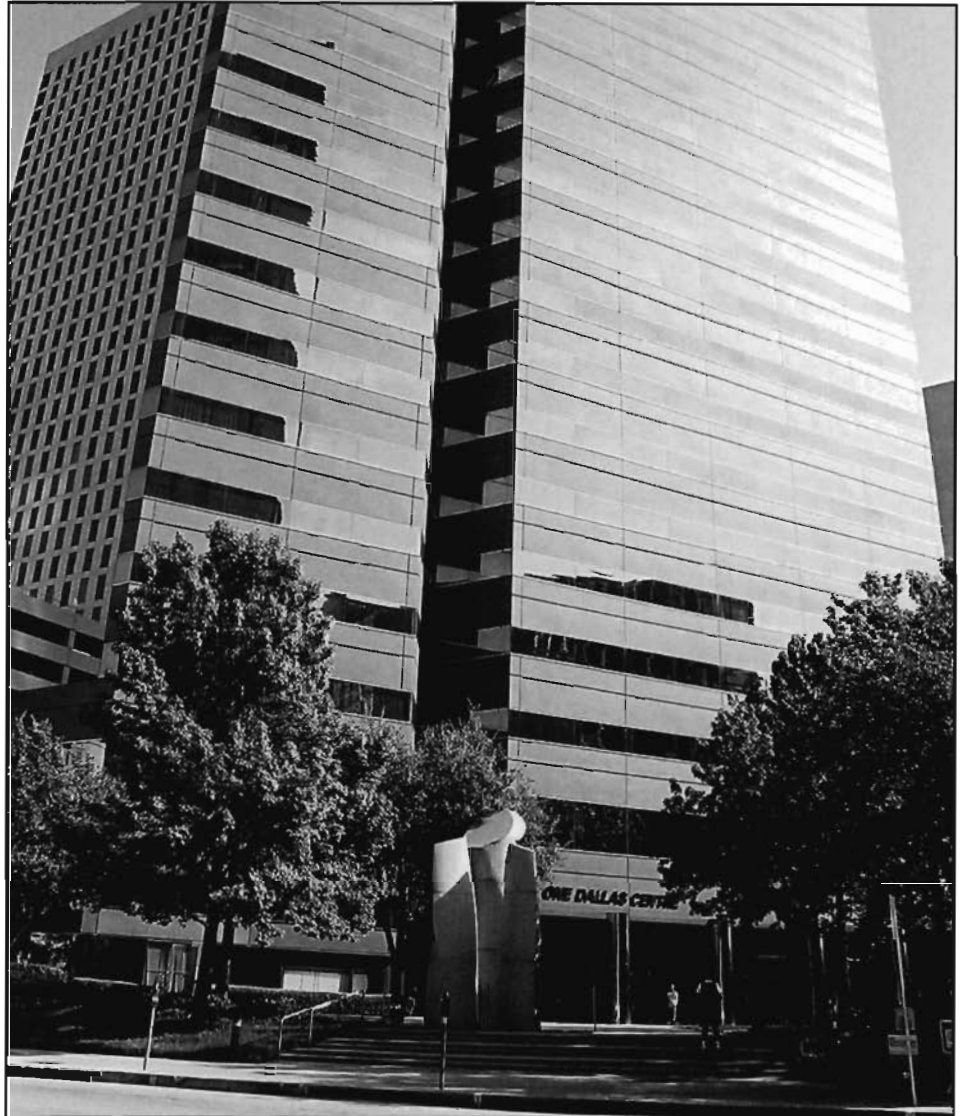
Younan Properties is one of the fastest-growing, privately held real estate investment groups in the country, with a \$1.5 billion, nationwide portfolio of 27 properties totaling 9 million square feet.

Average occupancy in Younan Properties buildings nationwide rose from 75% to 91% in 2006 because the company upgraded its portfolio and focused heavily on operational efficiencies and tenant satisfaction, Younan said. The real estate group bought 12 U.S. buildings and sold four in 2006.

The company will continue to strengthen its position in high-growth markets with strong fundamentals and demographics such as Dallas and Houston, the CEO said. The One Dallas Centre purchase will bring Younan's Dallas portfolio to 14 office buildings and 7 million square feet.

Dallas' strengths include an educated work force, low cost of living, low cost of doing business, a central location and a diversified economy, while Houston is attractive because of the oil and gas recovery, he said.

Younan predicted Dallas' real growth lies ahead. "Dallas is a forgotten city," he said, "but it won't be for long."



ONE DALLAS CENTRE

COURTESY PHOTO

In February, Younan Properties purchased the 50-story Thanksgiving Tower at 1601 Elm St. downtown for about \$107 million. The building is about 60% occupied. In Dallas, Younan Properties also owns Energy Square I, II and III along North Central Expressway, which are 94%, 81% and 84% occupied, respectively.

The Dallas portfolio also includes the 34-story KPMG Centre on North Harwood Street downtown, which is 87% leased, and Galleria Plaza at 4851 LBJ Frwy., which is 74% leased. Younan Properties also owns North Central Plaza III building, near the

High Five intersection, where the *Dallas Business Journal* is a tenant.

Younan's Houston portfolio includes Norfolk Tower, which is 75% occupied. Younan Properties also has a contract to buy North Belt Corporate Center at 2350 N. Sam Houston Pkwy. East and another building at 6464 Savoy Drive, which will bring the Houston portfolio to about 1 million square feet, Younan said. He declined to disclose the price for the Houston properties under contract.

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