

## Park Lane changes ownership

Original developer retains stake, will continue management

BY BILL HETHCOCK AND CHAD ERIC WATT / STAFF WRITERS

A New York City real estate investment firm has acquired the Park Lane mixed-use center along North Central Expressway, but its original Dallas-based developers will continue to operate and have a stake in the high-profile project.

Northwood Investors, through an entity called Northwood PL Holdings, bought the property May 4 from Harvest/NPE LP, an affiliate of Harvest Partners, according to a transfer deed filed in the Dallas County Clerk's Office.

The purchase price was not disclosed. The deed indicates Northwood is assuming \$237.5 million in loans tied to the Park Lane project made by a syndicate led by Bank of America.

What Northwood paid for the loans, and how much remains on those notes isn't clear. Northwood didn't answer questions about the deal.

Harvest Partners will continue to have an ownership stake in the project, said Eliot Barnett, managing partner of the firm that's been master developer since the project's inception seven years ago. Barnett declined to say how much ownership Harvest maintains.

"We're thrilled that we are going to continue to be the operating partner for the project and continue to have an economic interest in the project," he said. "We look forward to the long-term viability and huge success that the project deserves."

Northwood Investors is a private real estate investment and advisory firm founded in 2006 by John Z. Kukral, the former president and CEO of Blackstone Real Estate Advisors, according to the company's Web site.

It typically is a long-term real estate holder, Barnett said.

"They expect to own this asset for a long time," he said. "They're very knowledgeable and seasoned real estate people."

Barnett said Park Lane was purchased for all cash. He declined to discuss other details about the deal, other than to say the transaction was "very involved."

### Big project, bad timing

Park Lane is the \$750 million, 33-acre project east of Central Expressway, directly across from NorthPark Center shopping mall. At full buildout, the project will have 700,000 square feet of retail, restaurant and entertainment space, about 700,000 square



**IN DEVELOPMENT:** About 80 percent of the mixed-use development on North Central Expressway is complete.

feet of office space, and 600 luxury apartments in the equivalent of five city blocks. In all, about 80 percent of Park Lane has been developed, Barnett said. A planned boutique hotel has been put on hold and 100,000 square feet of retail, a 450,000-square-foot office building and an additional phase of apartments remain to be developed, he said.

Park Lane opened in March 2009. One signed tenant, Circuit City, went out of business before the opening. A few others, including restaurants Daily Grill and Uptown Sushi, signed leases but backed out.

Both Barnett and Michelle Davis, director of marketing for Harvest Partners, declined to release the occupancy for Park Lane's retail space, but both emphasized that they expect to make significant tenant announcements soon.

The March opening of a 64,000-square-foot Whole Foods Market store has boosted traffic in Park Lane, Davis said.

Other existing tenants include Dick's Sporting Goods, Nordstrom Rack, Bailey's Prime Plus, Gordon Biersch, Saks Off 5th, Aveda Institute of Dallas, Children's Place, Lane Bryant and FreshBerry Frozen Yogurt Cafe.

Clothing retailer Old Navy is set to soon open a two-story location in the development, Barnett said.

He said the acquisition by Northwood will help Park Lane's ability to attract tenants. "Because of the strength of our new owner, we now have the ability to move forward in our leasing efforts to stabilize the property," Barnett said.

### Apartments excluded

The Northwood acquisition involves Park Lane's retail, restaurant, entertainment and

office components, but not its residential towers. The project has 42 lofts, 218 mid-rise and 62 high-rise apartments developed by PM Realty. Those units are about 75 percent leased, Davis said.

UCR Urban, which has handled retail leasing at Park Lane, will continue in that role under the new ownership, and Peloton Real Estate Partners will continue to take care of office leasing, Barnett said.

Bob Young, managing director of Dallas-based retail real estate firm The Weitzman Group, said the Northwood purchase will buy Park Lane time to mature. Park Lane will succeed once consumers get more comfortable with access to the center, the parking and the lineup of stores, restaurants and other venues, but that takes time, he said.

"It takes a strong capital sponsorship to maximize a project like this and get it going," Young said. "The new capital through (Northwood) will be a shot in the arm."

Jennifer Pierson, a retail investment specialist in the Dallas office of commercial real estate firm CB Richard Ellis, said Northwood is smart to keep Harvest Partners involved.

"They're really, really good developers," she said. "They're some of the best out there. That would have been a great project, but the timing just could not have been worse. Despite the circumstances they were in, they did a great job with that asset and getting it leased."

Pierson, senior vice president in CBRE's retail investment properties group, said in general, commercial real estate values are down 30 percent across the board.

"I think that transaction, if I knew what the price was, would underscore (the decline in values) and the emotional acceptance that we've all had to go through," she said. "I think it's the new normal."



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