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Mountain West, Vantage Close 772,500-SF Deal

By [Connie Gore](#)



4035 Underwood Rd.

HOUSTON-Drawing a close to a yearlong wait, Mountain West Industrial Properties and American National Insurance Co. have gained control of a 772,500-sf foothold just six miles from two terminals at the Port of Houston. The buyer has been holding a contract for the class A core and shell of Bayport North Distribution Center II since construction began.

The Greenwood Village, CO-based Mountain West acquired the two-building complex on 42 acres at 4035 Underwood Rd. from the Vantage Cos., which will continue to manage and lease it. The first lease was inked in the past month: 129,375 sf by St. George Trucking & Warehousing of Texas Inc., which signed a 10-year lease for the project's 172,500-sf cross-dock warehouse.

Mountain West's acquisitions director T.J. Tarbell says the team looked at land near the port to develop, but opted to court Vantage with an off-market deal to shave time for getting some space in the market. "We felt this was a great opportunity for us to get a significant amount of sf near the port and get product out in the market in mid-2008," he says. "The timing fit really well with the demand side of the equation for the Port of Houston." The complex is close to Bayport and Barbour's Cut terminals.



Bayport North

Tarbell says Vantage principals Steve Jaggard, Jim Black and Stephen Dunn are courting several prospects for the 600,000-sf distribution center and 43,125-sf balance of St. George's new operating address, which is being finished out right now. To sweeten deal-making, Tarbell says two 2,000-sf spec office suites are going to be completed as part of the marketing package for the 40,000-sf to 600,000-sf spaces. The quoted rate is 35 cents per sf, triple net.

"We think we're hitting the market at the right time," Tarbell says. "There is sufficient demand for us to have the balance of the space leased up in nine months."

Tarbell says the Mountain West and Galveston, TX-based American National Insurance are positioned for a five- to 10-year hold on the Bayport building. Since 2003, the JV has bought 10 properties together, including the 129,568-sf Cedar Crossing Distribution Center at 10605 Cedar Crossing in Baytown, also acquired from Vantage. The [October 2007 buy](#) started out with an empty building and it's now 100% leased. The cost of Bayport North is being kept under wraps, but comparable projects, if fully leased, would command \$55 per sf to \$60 per sf in the port submarket.

The Houston buy falls in step with a Mountain West sale in Phoenix. The investment group has sold a 458,936-sf, multi-tenant distribution center at 7375 Buckeye Rd. to Dallas-based Lincoln Property Co. for \$35.1 million.

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