

## EXCLUSIVE: 11 LEASES KICK OFF 267,248-SF REPOSITIONING

By Connie Gore

DALLAS-The New Jersey-based Diversified Capital Inc. has secured new commitments from its top five tenants in the 267,248-sf 1111 W. Mockingbird Lane in less than three months of ownership with an aggressive campaign to retain what it has and find new names to erase a 32% vacancy. A lease-up strategy and million-dollar makeover were unveiled at a party last night in the class B-plus high-rise.

Bruce Stern, vice president of business development for the Lakewood, NJ-based Diversified Capital, is courting brokers with full-floor clients, offering a trip to Las Ventanas in Los Cabos, Mexico, to the first one who can fill a 17,310-sf floor plate for the next five years. The offer is good for six months at the Stemmons Freeway building, which Diversified bought in partnership with locally based JTL/Chancellor, led by David Lane and Eric Chancellor. The owners also are offering 100% commission at the signing.

"We're going to get deals done," Stern vows to GlobeSt.com. "Every deal we've engaged on in the past three months, we've closed." There have been six new names come through the door and all leases through 2005 have been locked down beyond 2008, he confides. The grand total is 97,131 sf since it was bought.

The five retentions, including three expansions, brought extensions of two to five years. "It doesn't make occupancy that much more," Stern says, "but my priority was to solidify the foundation. I am very pleased with the progress that we've made...Now, we're opening up the building to bring in new tenants," he says of the find-and-sign campaign being waged by Grubb & Ellis Co.'s Kathy Permenter. The office space is on the market for \$14 per sf to \$14.50 per sf, full service.

Stern's goal is to reach 80% occupancy by the end of 2005. "That's just two extra floors," he explains. "There's been a fair amount of activity already." The owners bought the holding in late July from GMAC Commercial Mortgage Corp., the servicing agent for LaSalle Bank of San Francisco, which foreclosed on the asset in December 2002.

Stern fanned the flames to fill the building with an invitation-only party last night on the structure's sixth floor. The invited brokers, each with a tenant looking for a full floor or more, picked up \$500 apiece just for walking through the door. The building has three full floors open, but shifts could be made to accommodate a 100,000-sf tenant on six floors, the crowd was told.

The Omaha-based HDR Architecture Inc.'s Dallas office has been hired to craft a two-phase makeover with a \$1-million price tag for a 30-year-old building in a submarket with a 31.4% vacancy at the third-quarter close. Stern, who's taking advice from tenants about building upgrades, says the first project begins in two weeks, bringing a covered walkway from the parking garage to



1111 W. Mockingbird Lane

the back door. Upcoming work will include a floor-to-ceiling makeover of the lobby along with installation of a curved security desk, which will be outfitted with a state-of-the-art camera system, and carving out a "transition zone" for a first-floor waiting area with a coffee bar and comfortable seats. By the end of next year, the elevator cabs will be upgraded as will common areas on all 15 floors. The project will finished off with a new look for the main entrance. Barnett Interests Inc. is the property manager.

Stern acknowledges the building, the largest in Diversified's five-state portfolio, will never be a class A. "But, it's still a beautiful building," he says, "and timing wise, we're coming on line at just the right time with a product that's aggressively priced."

As the lease-up drive heats up, Stern confides he's still shopping the metroplex. His docket includes possible acquisitions in Fort Worth and one near the Dallas/Fort Worth International Airport.