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## CHASE MERRITT ENTERS HOUSTON MARKET, ACQUIRES WEST LOOP OFFICE PROPERTY IN JOINT-VENTURE WITH PACIFIC COAST CAPITAL PARTNERS

- Investment Firm Continues Texas Expansion Totaling 2.4 Million SF Over 16 Months
- Houston Transaction Follows Recent Austin, San Antonio Acquisitions
- Negotiations Underway for Additional Houston Properties

HOUSTON, Nov. 2, 2007 -- In a move that reflects its continued confident view of Texas and an investment strategy acutely focused on high growth markets, Chase Merritt completed its first investment transaction in the Houston market in a joint-venture partnership with Pacific Coast Capital Partners (PCCP). Chase Merritt, a rapidly-growing Newport Beach, Calif.-based real estate investment and asset management firm, acquired West Loop I and II, a 313,873-square-foot, Class A office property located in the Bellaire submarket, one of the region's most desirable communities. The value of the transaction was not disclosed.

Chase Merritt's recent Texas investment activity during the past 16 months includes the acquisition of more than 2.4 million square feet of office space, involving key portfolio additions in the Austin and San Antonio markets. Company executives indicate the firm has additional acquisition targets in sight in the Houston market, and expects its Texas portfolio to grow by another two million square feet in 2008.

"The acquisition of West Loop I and II reflects Chase Merritt's investment strategy of acquiring properties that are strategically located in growth markets such as Houston," said Chad Horning, president and CEO of Chase Merritt. "We've experienced success in key Texas markets already and are confident Houston will continue to be one of the nation's preferred business locations."

Real estate experts note that the Houston market continues to experience strong job growth and the combination of historically low office vacancies and spiking rental rates bode well for continued strong absorption of office space. Strong economic and real estate fundamentals have helped the region emerge as a prime national investment market.

"This investment is our second partnership with Chase Merritt, a group that has successfully invested in value-added properties in growth markets throughout the United States," said Ryan Parkin with Pacific Coast Capital Partners, a California-based full-service real estate investment firm and lender. "We felt this was an attractive opportunity to capitalize on the strong fundamentals and favorable outlook of the Houston office market. With rising global energy demand driving the region's economy, Houston is anticipated to outperform other major markets."

The Houston-based seller of West Loop I and II, Lionstone Group, was represented in the investment transaction by Robert Williamson of Holliday Fenoglio Fowler. Financing for Chase Merritt was provided by GE Capital Corp. Subsequent to the

transaction's completion, Chase Merritt selected Houston-based Transwestern Property Company's David Baker as West Loop I and II's exclusive leasing and management representative.

The West Loop I and II property is an institutionally maintained asset built in the early 1980's. The exterior curtain walls of the two office structures, one eight and the other seven stories, are finished in black-tinted glass and reflective spandrels. The lobbies of the buildings feature gray marble flooring, multi-colored slate elevator lobby walls and coffered ceilings. Currently, the property is 87.6-percent leased to a mix of medical and professional service companies.

Located on a prime 5.6-acre site fronting the 610 West Loop freeway in Bellaire, West Loop I and II offers a close-in, suburban, infill location near Houston's Central Business District, the Galleria and Texas Medical Center, Houston's largest employment center outside the Central Business District. Additionally, the West Loop South site is strategically situated within one of the most accessible office markets in Houston and offers immediate interchanges onto the 610 West Loop, connecting to the Southwest Freeway, Westpark Tollway, Katy Freeway and Fort Bend Parkway. These transportation connections provide access to new, large master-planned residential communities that have emerged on Houston's western edge over the past several years.

Chase Merritt's national portfolio has expanded by \$500 million in acquisition activity over the past 18 months, and now encompasses more than three million square feet with another \$1 billion in acquisitions expected in the next 12 to 24 months. Recent Texas acquisitions include a 12-building, 720,000-square-foot office property portfolio in San Antonio, and Plaza 35, a 185,485-square-foot office building in Austin. The firm is opening up a new Southwest office to handle its burgeoning Texas portfolio.

#### **About Chase Merritt**

Chase Merritt is a leading national commercial real estate investment and asset management company headquartered in Newport Beach, Calif. that specializes in the acquisition, development, and repositioning of value-add and core plus real estate opportunities in all product types throughout the United States. In the last two years, Chase Merritt has acquired, developed and disposed of more than \$650 million of real estate assets. Chase Merritt's current office portfolio is valued at more than \$400 million and its executive management team is experienced in a wide variety of asset types including office, industrial, retail, resort, hospitality and land. A notable project of Chase Merritt's principal, Chad Horning was the acquisition of the Telluride Ski Resort in Colorado. For more information about Chase Merritt please visit [www.chasemerritt.com](http://www.chasemerritt.com).

#### **About Pacific Coast Capital Partners, LLC**

Pacific Coast Capital Partners, LLC, ("PCCP") is one of the premier providers of opportunistic debt and equity capital for real estate in the western United States. With offices in El Segundo, San Francisco and Sacramento, California as well as Portland, Oregon, PCCP is known for its ability to quote fast and close fast. From ground up development to high leverage senior secured financing for existing buildings, PCCP provides capital to the entire spectrum of real estate projects and capital structures. PCCP has invested more than \$4.8 billion in the Western United States and continues to seek value-added investment opportunities with proven operators seeking creative, fast and reliable capital. Visit Pacific Coast Capital Partners online at [www.pccpllc.com](http://www.pccpllc.com).

#### **About HFF**

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