



OPPORTUNITY/CHALLENGE

In 2009, Transwestern's Houston Agency Leasing team was awarded the leasing and marketing of the architecturally acclaimed 1.4 million square foot Pennzoil Place, designed by Philip Johnson. The project's largest tenant, a 465,000 square foot international major oil company announced it would vacate the building in 2013 to consolidate operations elsewhere in the Central Business District. The team was tasked with the challenge of successfully negotiating numerous partial lease terminations in conjunction with releasing the large block of space to offset the substantial expiration risk. To date, Transwestern has released in excess of 160,000 square feet or 35% of the space in question.

SOLUTION

Transwestern successfully negotiated a standing partial release formula with the energy company to afford a timely, predictable solution for the numerous tenants interested in backfilling the space well prior to the expiration date of the energy company lease. This has enabled ownership to significantly diminish expiration risk while adding industry diversity throughout the releasing process.

Transwestern worked closely with the city's leading brokerage professionals to establish a sense of confidence that the large block of space could be delivered with surety and confidence well prior to the actual lease expiration, thus creating a dynamic source of releasing opportunities for building ownership.

VALUE ADDED BY TRANSWESTERN

Transwestern accurately assessed the challenges associated with a major tenant with the stated intention of exiting the project and developed a win-win solution for the tenant and ownership through a mutually beneficial early release formula that could be successfully be sold to the brokerage community and the numerous tenants interested in relocating to the building. This solution has dramatically mitigated the typical leasing downtime associated with a major vacancy.