

DALLAS BUSINESS JOURNAL

COVER STORY

WEST END

anchored by history, infused with innovation

BILL HETHCOCK, 12-17

JAKE DEAN

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COVER STORY

SOMETHING OLD, SOMETHING NEW

The West End's brick-and-timber attracts attention — and innovation

BY BILL HETHCOCK

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John Zogg, a lifelong Dallas resident and managing director of Crescent Real Estate, has seen the West End through many incarnations. But this tranformation, he says, is different.

"Today, you see highly capitalized owners coming in and buying the assets. What they've done over the last three to five years is pour millions upon millions of dollars into those assets," Zogg said.

"Over the last three years, there has been more capital spent in the West End than in the previous 30 years combined."

There are new buildings, including The Luminary office building by Crescent Real Estate; and Factory Six03, the former West End Marketplace that Granite Properties reworked and reopened to tenants.

In addition, the West End is now home to the Dallas Holocaust and Human Rights Museum, Uber's Dallas office, the Dallas Innovation Alliance, Dallas Entrepreneur Center, Blue Cross Blue Shield of Texas' Innovation Lab, Sam's Club's technology division, and numerous tech and other startups. All are relatively new additions to the district.

The West End also is the site of the Dallas Innovation District, a nonprofit public-private partnership among the city of Dallas, local cor-

Home to history

Granite Properties renovated the West End's most iconic structure, Factory Six03, preserving a key piece of Dallas history. Below, a postcard from the early 1900s shows what building looked like when it was home to the Brown Cracker and Candy Co. and later Sunshine Biscuit Factory. Originally built in 1903, the building was expanded with two other additions in 1906 and 1923.

porations and startups founded in 2015.

The Innovation District is run by the Dallas Innovation Alliance, which has been a primary driving force behind the latest West End developments as the alliance pushes for initiatives and provides resources and leadership to increase efficiencies with new technologies.

In 2016, the alliance established the Living Lab, a section of the Innovation District where Smart Cities technology is being tested.

"We believed we needed to mark a spot and call it the Innovation District so that we can point people to a place when they ask about innovation in this area," said Trey Bowles, co-founder of Dallas Innovation Alliance.

"The great thing about Dallas is there's not just one hub for innovation. There are lots. But the West End made a really good fit when you're connecting the historic nature of what's going on to the future and then bridging that."

The Dallas Business Journal sat down with a group of business and civic stakeholders for the West End, which included Zogg and Bowles, to discuss the historic district's past, present and promising future as the city's vital connector between downtown and Victory Park:

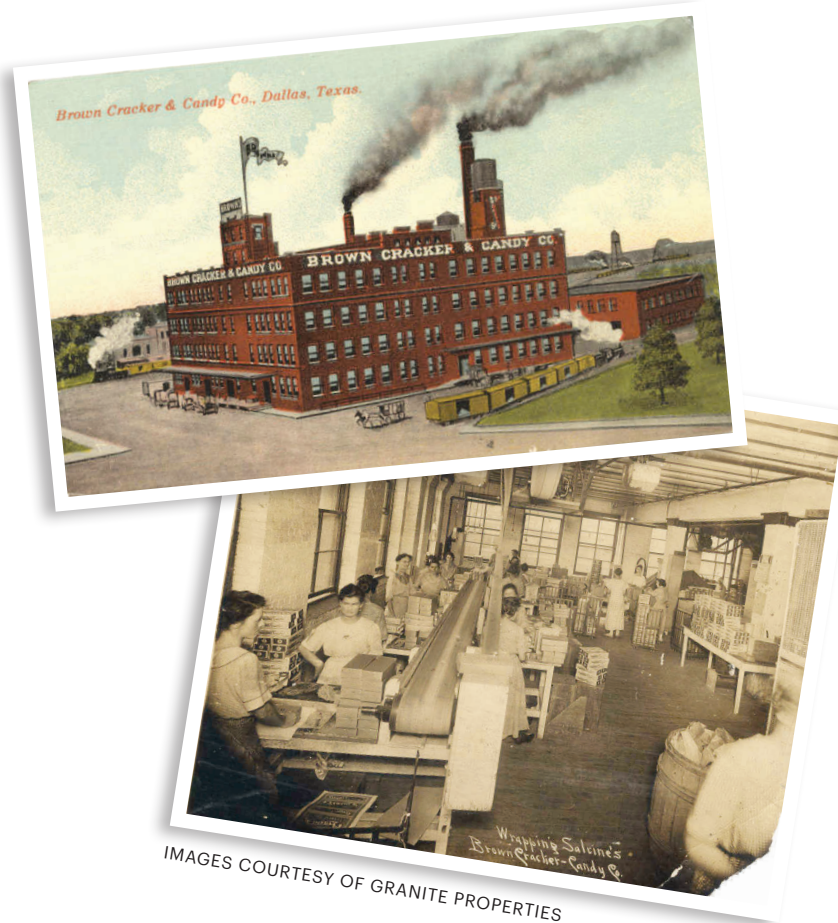
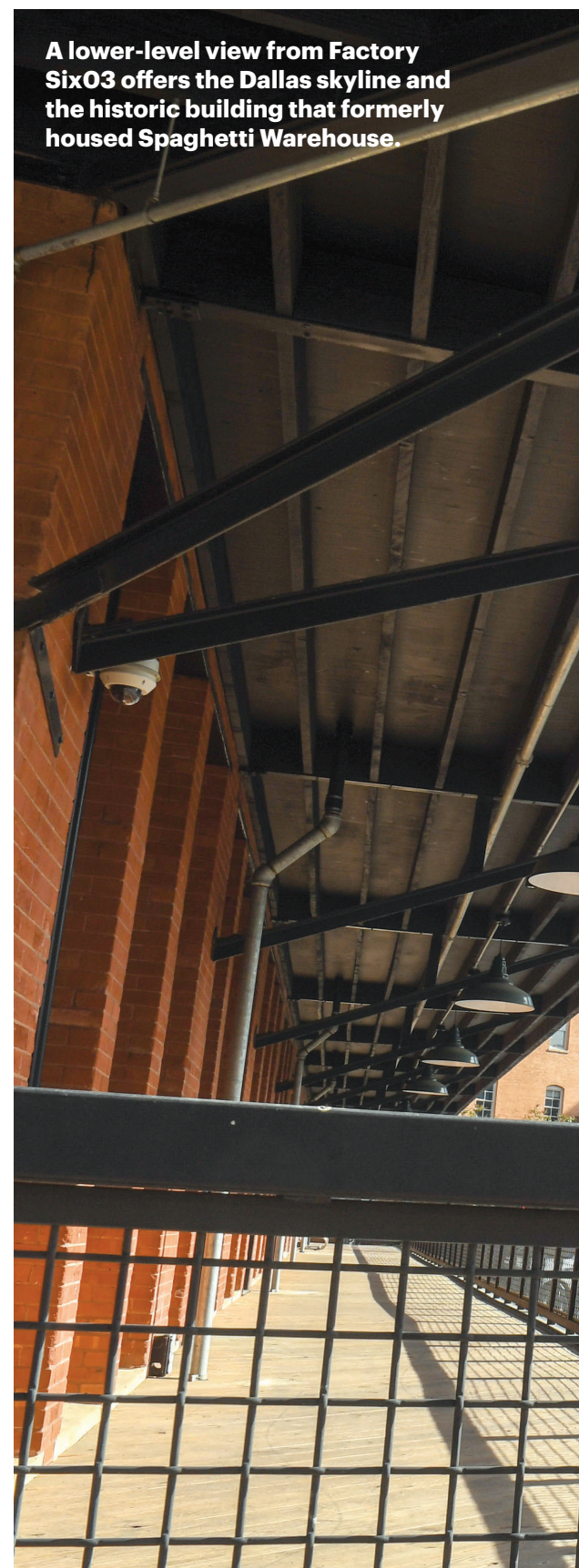
A few decades ago, the West End had a bit of a carnival atmosphere. Then the district started to suffer gradual decay before the Great Recession hit it hard. Now it has rebounded in a format that positions it to thrive for years to come with its focus on innovation. Why does the West End have value now as a destination for innovation?

WILL HENDRICKSON: The reason Granite became so interested in the West End is because the creative office trend was growing across the country. One of the things that technology- and creatively-savvy tenants are looking for is authenticity. When we traveled to other markets across the country — Denver, San Francisco and Boston — you would see these historic brick-and-timber buildings that were some of the most desired space in those cities. We were thinking, "How can we bring that creative energy to Dallas?"

Are tenants also interested because that sort of environment gives them an opportunity to recruit top-line talent and retain it?

HENDRICKSON: That is the driver, and it's proof enough if you look at our customers in the building. We have Blue Cross Blue Shield's

A lower-level view from Factory Six03 offers the Dallas skyline and the historic building that formerly housed Spaghetti Warehouse.



IMAGES COURTESY OF GRANITE PROPERTIES

customer innovation lab. We have Common Desk and Sam's Club's technology division. The real estate is a huge part of how employers attract the technology-driven worker.

STEVE HULSEY: At Corgan, we've been in West End since 1984. We were attracted to the district because of the heavy timber construction, the historic nature and the access it offered. Around 2004, we started looking at options because our lease had run out. We looked around the city of Dallas, considered all of the options and came to one conclusion: "We need to stay in the West End. We love the West End." You can get to any highway from any direction in about two minutes from down here.

In 2014, we did the exercise again because we were going to outgrow our building, so we decided again look around.

We scouted places all around downtown again and still came back to the West End. This is the place where we want to be. This is Corgan's home.

We have 470 people here in the downtown office right now in The Luminary. I also personally have been officing down here since 1989.



JAKE DEAN

What has it been like to not only see the West End's transition, but to actually be driving some of it?

HULSEY: We have seen a lot of change since 1989. All this stuff that's come in lately has improved us, improved Corgan and our people, because now they have places to live here. In our office, our average age is 36. We have a lot of millennials in our group. About 30 percent of our staff rides the train every day: They live downtown, they live here, they live on the other side of downtown, so they want that access.

JOHN ZOGG: I'm a lifelong Dallas native and I remember Factory Six03 was very much an entertainment venue. I remember coming to the West End: there were movie theaters and a lot of touristy entertainment and food places. Then the West End went through a period of decay, or lack of focus. This lack of strategy lasted for about 20 years or so. What attracted Crescent to this district is that we own historic products elsewhere as part of our portfolio in Denver, Boulder and Colorado Springs – and those are the most attractive assets in those markets.

HULSEY: What's really exciting about where we're heading is that the ownership group of the West End has come together as a group. We are working together, not as competitors, to improve the neighborhood. That's the next big thing we need to consider. We've all improved our assets and those assets are doing great and they look good. The next big deal is figuring out what can we do to improve the neighborhood: the storefronts, landscaping, streetscape, lighting and security. This is the ultimate spot in Dallas where you can find creative historic space.

In a perfect world, what would the neighborhood mix look like for the West End?

ZOGG: I think some people miss the incredible foundation of great restaurants and operators who are here today. If you're a foodie in Dallas, there are some really good spots to go today. Family Thais Asian Bistro opened recently and there are more announcements coming all of the time that are eliminating the West End's vacant storefronts.

HENDRICKSON: We have a great base right now; a great place to start from. I think

we have the right ownership in the West End that's well-capitalized, locally focused, like-minded and proactive. I think we're just going to build on what we already have in place today.

MARY PAT HIGGINS: In terms of safety, that's important. The addition of the residential offerings makes it feel more like a neighborhood – and that makes it feel safer at any time during the day.

At the Dallas Holocaust and Human Rights Museum, we're hoping to have well over 200,000 visitors each year. Of those, 100,000 ideally will be school children, from 6th to 12th grade.

I would love to see a wider variety of restaurant offerings so our visitors would have a lot of choices if they wanted to eat lunch and have that a true urban experience before going back to school.

I think that that would be a plus, and I'm hoping that the volume of visitors that the museum is bringing in will help some of those businesses in the West End.

WEST END Q&A

These key stakeholders sat down with the DBJ to discuss the district's future:



JOHN ZOGG,
managing director
of Crescent Real
Estate



WILL HENDRICKSON,
senior managing
director of the
Dallas office of
Granite Properties,
which owns the
West End property
Factory Six03



MARY PAT HIGGINS,
president and CEO
of the Dallas
Holocaust and
Human Rights
Museum



STEVE HULSEY,
president and
executive managing
principal of Corgan
architecture and
design firm



TREY BOWLES,
chairman of the
board at Dallas
Entrepreneur Center
and co-founder of
Dallas Innovation
Alliance

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WEST END REBOOT: DENSITY BY DESIGN

The historic district is being renovated with a focus on innovation designed to attract companies and residents alike. But it's not all about work: A new smart park, known as West End Square, will replace a parking lot. The planned design includes an outdoor workroom, prairie gardens and more. Park construction should begin in the first quarter of 2020.

--- Historic West End ● Residential areas ● Museum & education ● Professional services ● Innovation ● Retail & restaurants ● Available leases



SOURCE: MAPS4NEWS | GRAPHIC: KYLEE GILKESON

Restaurants and retail

- ▶ 3Eleven Kitchen & Cocktails
- ▶ BurgerIM (Expected to open this fall)
- ▶ Corner Bakery Café
- ▶ Ellen's
- ▶ Family Thais Asian Bistro (New 2019)
- ▶ Gator's
- ▶ Kokopelli Sweets
- ▶ McDonalds
- ▶ RJ Mexican Cuisine
- ▶ Sonny Bryan's Smokehouse
- ▶ TGI Fridays
- ▶ Tutta's Pizza
- ▶ Wild Bill's Western Store
- ▶ YO Ranch Steakhouse

Museum and education

- ▶ Dallas Holocaust and Human Rights Museum (Recently relocated/expanded)
- ▶ El Centro College
- ▶ Museum of Illusions (Opening late fall)
- ▶ Old Red Museum of Dallas County History & Culture
- ▶ Sixth Floor Museum
- ▶ Uplift Luna Preparatory

Innovation

- ▶ BCBS C1 Innovation Lab
- ▶ Dallas Entrepreneur Center
- ▶ Sam's Club Technology Center
- ▶ Vision2 Systems

Professional services and other businesses

- ▶ Accenture Digital Studio
- ▶ Big D Creative (Located in Landmark Center)
- ▶ Broadjump
- ▶ Common Desk (Recently relocated its headquarters to Factory Six03)
- ▶ Corgan
- ▶ E4H
- ▶ Hall, Render, Killian, Heath & Lyman
- ▶ HumanScale
- ▶ Johnson & Sekin
- ▶ LPA Design Studios in Dallas
- ▶ MESA Design Group
- ▶ Norris Design
- ▶ PLS Logistics Services
- ▶ Raymond Harris & Associates
- ▶ SlingShot
- ▶ Treanor HL
- ▶ Uber Greenlight



JAKE DEAN

1

Factory Six03, 603 Munger Ave.
Granite purchased July 2015 and completed renovation October 2017.

Factory Six03 is Granite Property's award-winning repositioning of a 1903 historic warehouse in the West End. The eight-story building with 215,000 rentable square feet was modernized from the ground up to attract innovative companies. It has been through many incarnations in the past century-plus, including Brown Cracker and Candy Co. in 1903, Sunshine Biscuit Co. in 1926 and West End Marketplace in 1985.

SUITE	SQUARE FEET
Suite 130	4,172
Suite 150 A	5,000 (Restaurant)
Suite 150 B	5,000 (Restaurant)
Suite 200	35,077
Suite 300	25,104
Suite 500	34,070

108,423

AVAILABLE SQ. FEET
LEFT TO LEASE



JAKE DEAN

3

Market-Ross Place, 1701 N. Market St.
Renovated in 2019

This historic property at Market Street and Ross Avenue consists of three buildings connected by a four-story atrium. Built in 1905, the property underwent a major renovation by Lincoln Property Co. in 2018. The roughly 141,600-square-foot property consists primarily of creative office space, plus 33,000 square feet of shops and restaurants, an on-site fitness center, conference center and on-site management by Lincoln.

SUITE	SQUARE FEET
Suite 200	14,466
Suite 220	14,089
Suite 500	9,683
Suite 410	3,837
Suite 405	4,062
Suite 318	5,479
Suite 325	2,313
Suite 320	2,012
Suite 450	3,159

59,100

AVAILABLE SQ. FEET
LEFT TO LEASE



JAKE DEAN

2

Landmark Center, 1801 Lamar St.
Renovated in 2016 (common areas), 2019 (full mechanical renovation)

The six-story, 133,700-square-foot red brick commercial building built in 1913 was purchased in late 2015 by San Francisco-based Spear Street Capital, a national landlord known for owning and operating tech-related real estate. The building features exposed brick, open ceilings, exposed duct work, and original hardwood floors next to polished concrete.

SUITE	SQUARE FEET
Suite 300	27,147 (Available 12/1)
Suite 250	4,443
Suite 100	3,606
Suite 325	4,571
Suite 460	749
Suite 475	1,615

42,131

AVAILABLE SQ. FEET
LEFT TO LEASE



JAKE DEAN

4

Luminary, 401 N. Houston St.

This contemporary office midrise, developed by Crescent Real Estate LLC and designed by Corgan, offers dramatic views of the West End, downtown and Uptown Dallas and the landmark bridges over the Trinity River. At seven stories, it is the tallest building in the West End. It is 162,710 square feet, and includes Corgan, the largest building's largest tenant, which has seen its workforce grow to 367 employees at the location.

SUITE	SQUARE FEET
5th floor	27,237
6th floor	27,237
7th floor	27,237

81,711

AVAILABLE SQ. FEET
LEFT TO LEASE

5

501 Elm St.
Renovated in 2019

SUITE	SQUARE FEET
Lower level	9,471
Suite 350	1,634
Suite 450	7,367
Suite 550	3,023
Suite 605	752
Suite 650	2,702
Loft 3	11,815
Loft 4	8,267
Loft 5	5,012

49,363

AVAILABLE SQ. FEET
LEFT TO LEASE

6

211 N. Record St.

SUITE	SQUARE FEET
Suite 100	6,404 (Available 12/1)
Suite 109	1,453
Suite 300	8,078
Suite 410	519
Suite 500	4,868 (Available 12/1)
Suite 550	2,190

25,702

AVAILABLE SQ. FEET
LEFT TO LEASE

7

800 Jackson St.

SUITE	SQUARE FEET
Lower level	8,569
Suite 150	628
Suite 200	4,072
Suite 300	4,388
Suite 400	3,535
Suite 425	913

22,105

AVAILABLE SQ. FEET
LEFT TO LEASE

8

208 N. Market St.
Renovated in 2019

SUITE	SQUARE FEET
Lower level	1,965 - 2,179
Suite 200	2,830
Suite 300	8,998
Suite 420	4,129

18,136

AVAILABLE SQ. FEET
LEFT TO LEASE

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By nature, museums preserve and obviously appreciate history. How important was it to you to be in a neighborhood that was eclectic and had a high walkability factor? **HIGGINS:** We have been in the West End since 2005 and I've been with the museum since 2013. We intended to build our permanent home here since we moved in 2005. We're a history museum, so it makes sense to be in the historic district. It's the one district that really does have a sense of history and we like that. We like the connection to the other museums that create a vibrant tourist environment: The Sixth Floor Museum, Old Red. When the Perot Museum opened at the end of 2012, my first year, that really caused an increase in our visitorship.

What is next for the West End in terms of innovation and what's the strategy? **BOWLES:** We have a hypothesis that Dallas is one of the top five or six most innovation and entrepreneurial cities in the country. We also believed that most people outside of Dallas didn't know or care.

The question was, "How do we bring the eyes of the world on Dallas?" We wanted to use the pieces we have to build something big and innovative, the likes of which few cities in the country are doing. But we realized that if the goal was to bring the eyes on Dallas to highlight innovation and entrepreneurship and we don't know where the innovators and entrepreneurs are, whatever we build will be a flash in the pan.

So we launched the Dallas Entrepreneurship Center first. We were over in the Design District for the first year because somebody gave us a free building, but then intentionally moved into the West End because we thought, "What better way to reenergize a historic area than by bringing a bunch of creative, innovative people and throwing them into a space and seeing what happened?"

We picked the West End for the start of the Smart Cities Living Lab project specifically because it was a microcosm of the city: It had bars, restaurants, multifamily housing, businesses, transportation.

We also picked the area because we knew that with the growth happening in downtown, it was just a matter of time until it began to bleed over into the West End. Because of its geographic location, being so centrally connected to what we used to call seemingly disparate parts of the city, gives the West End a huge advantage.

In an area like the West End, where you're trying to create this critical mass, how important is it that you balance the needs of visitors against residents and workers? **ZOGG:** We have the most walkable neighborhood in the city, with the most amenities of any other neighborhood as well. There are so many options; there's so much transit, there's so much accessibility, there's so many places to eat. You have a great nucleus of things that are here and that help recruit and retain employees. Our job is to enhance that.

HIGGINS: I think we will be a part of bringing more life to the West End because we're open seven days a week. We have a robust offering of programs, so not only are we open from 9:30 to 5, but we have (evening events) and a movie theater, so we'll show mission-relevant films.

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HULSEY: For our employees, we're going through an internal study about what the future holds for Corgan and what our people want. Across the board, at all of our offices, when we are talking to millennials, it's about flexibility, options and the workspace environment – and that's what we've built into our building: the roof deck, plus our fourth floor space is an open, collaborative space.

What our staff's probably most excited about now is the park that's going to come to the West End very soon. It's a high-tech park and that'll give them another option to go get a cup of coffee, sit outside in the shade when the weather is nice, and go out there on a break, or take their laptops and be able to work outside. We think that's a game changer for the West End because it's a green space.

ZOGG: That's pretty cool. I'm a huge park guy. The public gathering area, the park, is going to be very significant.

Are there other ways the West End has impacted the ability of businesses to recruit and retain employees?

HULSEY: Since I've been at Corgan, we've grown from about 60 people to 470 here in the West End. In talking to employees and in the recruiting process, they come down and see our great space, but they also know that there is an ease of parking, there is the DART station a block away and you can walk to lunch. Our retention rate of staff is very high because of the great environment we've created as a workplace, but also the place that we have to work here in the West End.

HENDRICKSON: When you have companies such as Blue Cross Blue Shield and Sam's Club choosing the West End as their home, those companies know a thing or two about recruiting talent. I think that speaks to the West End's ability to be a top draw.

HIGGINS: I think the building restrictions make this area feel more intimate. You have the urban vibe without being full of skyscrapers. People are looking for that, to feel like it's a community, and it very much operates that way.

What are some of the challenges that could prevent the West End from realizing its full potential as a neighborhood?

HIGGINS: I think we're on the right track. For me, it's really delivering the number of visitors that we projected, but we have every reason to feel confident about that.

The Sixth Floor Museum still has about 350,000 visitors. We're not nervous, but we're anxiously waiting to see that our visitorship is what we projected. I think the development of buildings, the opening of more storefronts, having more coffee shops, places where people can extend their experience from the museum, will help make us more successful.

ZOGG: I would say my worry is that we lose our core group focus. This is the first time in 30 years that the ownership of the entire West End is coming together with a common focus. We can't lose that.

There are some big initiatives that we are working on, and it's going to take all of us staying together. It's going to take working with the city and other people and organizations to accomplish what we want to see for the West End.



MAJOR EMPLOYERS

367

Corgan

160

Sam's Club
Innovation
Center

60

Blue Cross
Blue Shield
of Texas C1
Innovation
Lab

49

Common
Desk

HIGGINS: We thought long and hard about parking: Were people from the suburbs afraid to come downtown? And that's part of the reason we decided to build our garage. We wanted people to know that there is safe and secure parking right across the street from the museum, so that won't be a deterrent. I think having some of the surface lots go away is healthy for the West End.

BOWLES: The data we found from the parking pilots that we did showed that there is not a shortage of parking. It's just that people don't know where it is. DART is releasing an updated app where you can integrate parking information and tie that to transportation information. Then it's a different ballgame.

What spurred the ownership group of the West End to work together to collectively improve the neighborhood?

ZOGG: Capitalized owners who could afford to, truthfully, made it possible. It was very similar to what we were trying to do in Main Street to change downtown 20 years ago. Now you have well-capitalized owners, all with a common mission to improve their

assets. Having Factory Six03 completed was a big deal for the West End. All of us have put big dollars into improving the insides of our buildings. The West End is a great neighborhood, but I think there are some things that we can do to enhance the experience of our visitors and tenants and employees and all of the West End.

Is there starting to be a buzz about the West End beyond just Dallas?

BOWLES: I think the continued demand for creative office, or creative space, across the country has shined a light on the West End. I think that will continue.

HENDRICKSON: A lot of what we're doing is just awareness. It truly is. I don't think some brokers understand the West End very well. They haven't been down here very much. I think you'll see more Sam's Club and Blue Cross-type groups that are coming to this market. We're already talking to a bunch of them.

BOWLES: Over the next five years, what we'd hope for is just continued awareness of the West End, and growing the vibrancy of this area, and I think that's what's going to hap-



JAKE DEAN

pen. I think our retail face is going to continue to improve. You're going to see more large office users come to this area. I can't say enough how having the right ownership group in this neighborhood is critical.

What type of office users are you talking to right now: professional services, technology or a mix?

HENDRICKSON: It's across the board. I would say the creative office space resonates most with technology or technology-minded companies, but we have a law firm in the building, too.

HULSEY: Relocations are looking here, too. But five years from now, I wouldn't be surprised if we get another office development in the West End ... new development.

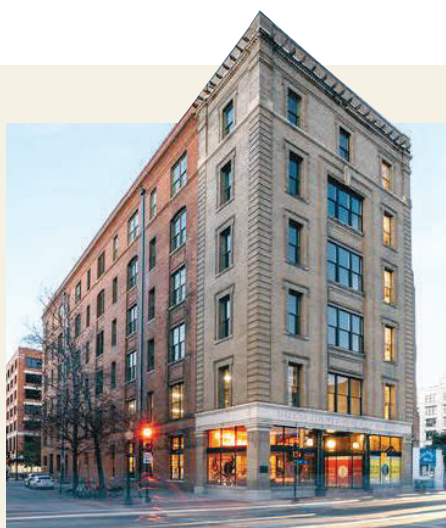
ZOGG: We can handle a larger relocation right now as a neighborhood, as well. Two of the biggest would be obviously Factory Six03, with about 100,000 square feet. We have the top three floors of The Luminary, the building we built for Corgan, and that's for about 82,000 square feet. That's your two biggest blocks.

1. Renovated in 2017, Factory Six03 is the signature historic building in the West End.

2. The Central National Road of the Republic of Texas is noted on a historic marker in the West End.

3. Luxury apartments at 555 Ross are part of the West End's residential offerings.

4. The five-story Oilwell Supply Building helps to anchor the district.



WILDCAT MANAGEMENT

ON THE WEB: REDEVELOPING THE PURSE BUILDING

Built in 1905, the Purse Building was the longtime home of a furniture company, but sat vacant for several decades. Dallas-based Wildcat Management purchased 601 Elm Street five years ago and is redeveloping it for multi-tenant use. Each one of the historic West End building's six floors, some of which are ready for tenants, features large windows, high ceilings and wood floors. To read more about Wildcat President Tanya Ragan's vision and what it takes to redevelop a historic property, go to DallasBusinessJournal.com.

BOWLES: I want to stress that the branding piece is important. The launch of the Dallas Innovation District a few years ago and tying everything that these groups are doing back into that reiterates that the West End is a hub for innovation – and innovation takes a lot of different forms.

HIGGINS: We're a history museum, but we are innovative in that we are the only muse-

um in the country that is Holocaust, human rights and American ideals. The way we look at the evolution of human and civil rights in the United States and the use of technology to convey our content and our permanent exhibition is revolutionary: We very much feel like we're part of that innovative fabric. ■

This interview was edited for brevity and clarity.