



By R. Scott Martin
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Granite Properties

Niche-Player Granite Properties Builds on Rock Solid Principles

In a market that spans nine counties and boasts 5.4 million people, a niche can be a big place. And succeeding in a niche can bring both fame and fortune.

Just ask Granite Properties.

Granite, which celebrated its 15th anniversary in 2006, has grown carefully, but rapidly, since purchasing its first property, a 15-story office building in Dallas. After gaining attention as one of the Metroplex's fastest-growing companies, Granite entered the Houston market with the purchase of an 11-building, 817,000-square-foot development in 1995.

Recognition has followed from *Inc.* magazine, NAIOP and others, but the most gratifying rewards of the first 15 years have come in the form of tenant satisfaction and enduring relationships.

Relationships are what Granite is all about. Relationships provide the foundation on which Granite has built everything – relationships with investors, architects, landscape designers, builders, brokers, extraordinary employees and tenants. They have made Granite what it is, and they illuminate its future as well.

So important are these relationships that Granite weighs and measures them regularly through research. A recent study in Houston revealed that Granite tenants are happy tenants, and that they particularly appreciate that Granite rarely treats them “like a business,” but chooses instead to esteem them as “valued customers.”

The same research informed Granite of subtle changes in the priorities and perceptions of today's Houston brokers. Eight years ago brokers saw Granite differently, had different priorities for Class

A properties, and preferred that the marketing communication be in person – not over the Internet or email. That has all changed now.

Equally notable, the 2006 market study divined that brokers perceive Granite's greatest strength to be the devotion to integrity manifested by its Houston staff.

That is particularly gratifying for Granite because consistency in our principles matters a lot to us.

Newest Granite project is 40 percent leased before groundbreaking

Good business principles alone have not produced Granite's successes. It has taken deep pockets and clear vision – and Granite is known for both.

The company's most recent announcement exemplifies how the two attributes work in concert.

In early November 2006, Granite announced plans to develop a companion office tower to its 14-story, 310,000-square-foot building at 10370 Richmond, in the heart of Houston's Westchase District.

The new commercial property, a 318,000-square-foot, LEED®-certified office building to be known as Granite Westchase II, is slated for completion in the spring of 2008. The project's formal ground-breaking occurred in January 2007.

A speculative development being



Granite Westchase II rendering

designed by Kirksey, this newest Granite project is already 40 percent leased.

“We're gratified by the demand being shown for space in this new building,” says Steve West, director of leasing for Granite in Houston. “But we're not totally surprised. When you combine a superior location with an exceptional work environment, you can expect a lot of interest.”

Two leases, an aggregate of 117,000 square feet, have already been signed.

Houston-based Petrobras America Inc., a subsidiary of Rio de Janeiro-based Petróleo Brasileiro S.A.-Petrobras, the world's 12th-largest oil company,



3 Granite Park Belt 8

has leased 70,464 square feet of space. Malone & Bailey, PC, a certified public accounting firm based in Houston and specializing in audits of small public companies, has leased 46,976 square feet.

Both companies are currently tenants in other Granite buildings.

City's first spec office building to be LEED-Certified

To qualify for certification according to the Leadership in Energy and Environmental (LEED) Green Building Rating System™, Granite Westchase II is being designed, inside and out, to meet stringent performance characteristics in five key areas of human and environmental health: sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality. The resulting building will offer reduced operating costs, provide a healthy and productive workplace, and exemplify good stewardship of natural resources.



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By aiming high, Granite will create much more than another office-space option in a highly desirable location in Houston. Granite can demonstrate that even in speculative development, a company can – and indeed ought to – design to the highest standards of operating efficiency, environmental sustainability and workplace quality.

Granite Westchase II, a Class A office building, is being developed on property acquired by Granite in 2004.

“Our mission has been to complement rather than copy Granite Westchase I, the other office building on the property,” says Jim Dietzmann, senior vice president at Kirksey. “So in this new building we are upgrading everything. Inside and out it’s more

refined and finely detailed. And we’re aiming for LEED certification as another building distinction.”

In seeking the LEED certification, designers have used a lengthy checklist that has included considerations as different as air conditioning and landscaping. One of the more interesting differentiators for the building will be a storm-water collection system, positioned under the building’s parking garage, which will pre-treat runoff and remove pollutants prior to the storm water’s flowing into the municipal system.

The LEED system of the U.S. Green Building Council is the national benchmark for the design, construction and operation of high-performance green buildings.




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Company enjoys going “toe to toe” with the biggest players

Granite treats every project, from start to finish, as if it owned it totally – which it often does – and as if it were going to be officing there. And this is true not only for its commercial office buildings, but for its industrial and retail properties, too.

Granite is strategically diversified now, with investments in all three commercial categories and offices in Atlanta, Dallas, Denver and Houston. The company owns, manages and leases more than 8.6 million square feet of property. In Houston, Granite’s portfolio includes 21 properties that span an area from Sugar Land to the Port of Houston.

Granite’s niche really is superior-quality properties – the type you would typically find in and around a central business district – located in suburban areas of Greater Houston, and in this niche Granite is a moderately sized company that goes “toe to toe” with older and larger real estate companies and enjoys every day of competition. 



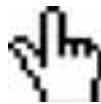
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Scott Martin is the managing director in Houston for Granite Properties. Martin oversees the day-to-day operations of the Houston office and focuses on growth initiatives. Before Martin joined Granite Properties, he was the managing director for the Paragon Group, subsequently purchased by Insignia/ESG. At Paragon, he managed the central region of the United States, which included over 12 million square feet of commercial space and approximately 120 employees.

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