

Repsol Services fills own need for space in The Woodlands

Lack of space in The Woodlands prompts new project

Premium content from Houston Business Journal by Jennifer Dawson, Reporter

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James Warmack of Warmack Investments LP



Repsol's new building is expected to be completed in 2014.



[Jennifer Dawson](#) Reporter - *Houston Business Journal*

Repsol Services Co. found out the hard way that Class A office space is so tight in The Woodlands that companies looking to expand in that fast-growing part of the region have to work with a developer to build it.

The global energy company needed a big block of space and had no choice but to strike a prelease deal with an affiliate of Warmack Investments LP to build an eight-story, 200,000-square-foot facility in Research Forest Lakeside, a 77-acre office campus on the west side of Lake Woodlands between Lake Woodlands Drive and Research Forest Drive.

Due to rapid job growth, only 1 percent of Class A space in The Woodlands is vacant, so Repsol did not have many alternatives, said [Jeff Beard](#) of J. Beard Co., a real estate firm based in The Woodlands.

Beard is currently trying to find 25,000 square feet for one of his clients, and is having trouble.

“We had two choices in The Woodlands,” he said. “A year ago we would have had three to four choices. Two years ago we would have had five to six choices.”

The Woodlands had 49,960 jobs at the end of 2011, according to data released in February by [The Woodlands Development Co.](#), compared to just over 45,000 jobs at the end of 2009 — with projections of 62,300 jobs by the end of 2016.

Repsol's local oil and gas operation is growing so fast it had to lease temporary space while it waits for the new building to be finished.

The company already occupies 90,000 square feet in 2001 Timberloch Place. It leased an additional 50,000 square feet in 8401 New Trails, and will begin moving employees during March, said [Jan Sieving](#), Repsol's vice president of public affairs in The Woodlands.

"We're out of space," she said.

Warmack Investments will begin construction on Repsol's new building in March 2013, with completion scheduled for the fourth quarter of 2014.

Houston-based [Ziegler Cooper Architects](#) is the architect of record, while [Roger Soto](#) of Charlotte, N.C.-based [Odell Associates Inc.](#) is the designer. Houston-based D.E. Harvey Builders Inc. is the project's general contractor.

[James Warmack](#) of Warmack Investments, who splits his time between The Woodlands and the company's Colorado Springs, Colo., headquarters, would not disclose the building's development cost or rental rates.

The core and shell could cost \$18 million to \$20 million, based on a 2011 survey of local general contractors conducted by the Kirksey architecture firm. Another \$7 million to \$8.6 million would likely be allocated for tenant improvements, though the figures do not include the price of land.

Warmack Investments created Research Forest Lakeside on acreage it bought in 2005 that included two buildings with 420,000 square feet occupied by Aon Hewitt, formerly [Hewitt Associates](#).

Repsol's building at 2455 Technology Forest Blvd. will be the fifth building on the campus, which could ultimately have 1.8 million square feet of office and retail space.

First up in Research Forest Lakeside will be construction of building No. 4 — a 300,000-square-foot structure that will break ground in a couple of weeks at 2445 Technology Forest Blvd. [Half of the building has been preleased](#) by [Talisman Energy USA Inc.](#)

Building No. 4 will be finished in spring or summer of 2013. The same construction crew will then shift next door to build Repsol's headquarters.

Repsol USA Holdings corp.

U.S. HQ: The Woodlands

local Employees: 277

2011 Adjusted net profit: \$2.56 billion

Top local exec: Ramon Hernan, managing director, North America and Brazil

ownership: Public company based in Madrid

Founded in Spain: 1927

Industry: Global energy company involved in oil exploration and production; natural gas; new energy; and refining and marketing.

WEB: repsol.com/es_en

Repsol Services Co. is a wholly owned subsidiary of Repsol USA Holdings Corp., a unit of Spanish parent company Repsol YPF SA.

The Woodlands is headquarters for Repsol's North American and Brazilian operations, including the liquid natural gas business, trading operation and exploration for North and South America.

The company's North American business is expanding rapidly as it begins to operate its own U.S. assets for the

first time, said Jan Sieving, a Repsol spokeswoman.

Repsol is involved in joint ventures with other energy companies, which act as operators in those partnerships. But now Repsol is taking the reins on exploration plays in Alaska and the Gulf of Mexico. In December, the company acquired more than 363,000 oil- and gas-producing acres from U.S. oil company SandRidge Energy Inc. (NYSE: SD). Repsol will invest \$1 billion over the next three years, drill more than 200 horizontal wells in 2012 and boost that number to 1,000 wells in 2014.

Jennifer Dawson covers commercial and residential real estate and construction.