

## IT'S IN THE BAG:

Retail investor/owner Alan Hassenflu amasses lofty portfolio while planning for future shopping sprees

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## Retail investor keeps adding to his shopping bag

Alan Hassenflu of Fidelis Realty is holding on tightly to the pieces of his growing real estate portfolio

BY JENNIFER DAWSON  
HOUSTON BUSINESS JOURNAL

Alan Hassenflu's goal is to buy and build shopping centers and hold on to them for the long-haul. And not only does the real estate developer want to own property well into the future, he wants to own a whole lot of it.

Hassenflu and partner Lynn Davis have amassed roughly 3 million square feet of retail centers, 600 acres of land for future development and another 2 million

square feet that is in development or pre-development since they co-founded Fidelis Realty Partners Ltd. along with a third partner three years ago this week.

By 2010, Hassenflu hopes to double those holdings.

"I'm kind of a deal junkie," acknowledges Hassenflu, majority owner and general partner of Fidelis.

And he's been getting his fix from some pretty high-profile deals lately.

Fidelis and Canyon-Johnson Urban Fund LP last month bought the 360,000-square-foot Marq\*E Entertainment Center on the Katy Freeway near Silber. The outdoor mall is anchored by an Edwards movie theater.

Hassenflu's involvement in that deal was overshadowed by that of basketball legend Magic Johnson, who is the "Johnson" in Canyon-Johnson. But it was the Beverly Hills, Calif.-based firm that brought Fidelis in as a minority partner that will manage and lease the facility.

Hassenflu describes Canyon-John-

son's investment as just shy of eight figures, which is equal to 90 percent of the purchase price. Fidelis invested an undisclosed seven-figure amount, for a 10 percent stake in the property.

However, if certain operational milestones are met by Fidelis, Hassenflu says, the firm will wind up being a 50-50 owner of the 90 percent occupied site.

The Marq\*E is tailor-made for Hassenflu, who prefers to buy real estate projects with challenges and turn them around. The Marq\*E's problem is that it's filled with entertainment tenants that generate primarily weekend traffic. Fidelis will work to add a variety of retailers to the 35,000 square feet of available space in order to attract weekday shoppers.

Another of Fidelis' latest deals marks the firm's entry into the multifamily arena.

Fidelis has struck a joint venture with Simmons Vedder & Co. to build a five-story, 300-unit apartment building with 17,000 square feet of first-floor retail space. Construction on the property near Reliant Stadium is not expected to start until the first quarter of 2007.

The eight-acre tract on Old Spanish Trail — formerly occupied by Target and Garden Ridge stores — was acquired by Fidelis last year.

Meanwhile, a project that Fidelis managed for one of its equity partners has been grabbing headlines lately. The company arranged a unique master lease of Shepherd Plaza to H-E-B Grocery Co. last year that ultimately positioned the retail center for sale. (See related story on page 10A.)

H-E-B may also end up being a player in another Fidelis deal that has been in the works in west Houston for a couple of years.

### ALAN HASSENFLU

AGE: 45.

HOMETOWN: Van Horn, Texas — Population 2,435.

MEANING OF THE NAME HASSENFLU: It's German for rabbit plow.

EDUCATION: Bachelor's of business administration in accounting from Texas Tech University in 1983; master's of business administration from The University of Texas in 1987.

WORK EXPERIENCE: Three years at the former Price Waterhouse in Dallas; 15 years at Trammell Crow Co. in Houston; this week celebrated three-year anniversary with Fidelis Realty Partners Ltd.

AFFILIATIONS: Member of the International Council of Shopping Centers; full member of the Urban Land Institute.

The firm is redeveloping a 37-acre industrial tract at the Katy Freeway and Bunker Hill that was once owned by Daniel Measurement and Control Inc. Plans call for development of as much as 400,000 square feet of retail space at the intersection. No retailers have been signed yet, but Hassenflu says San Antonio-based H-E-B is very interested in putting a store there.

The land, which was purchased in partnership with BayNorth Capital LLC, has been cleared, but development won't start until the Texas Department of Transportation completes the process of purchasing right-of-way land from property owners as part of the expansion of Interstate 10.

Houston-based developers MetroNational Corp. and Midway Cos. also have big development plans nearby, but Hassenflu believes the retail pie in the area is big enough for everyone.

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## HASSENFLU AT HOME

What goes on in Alan Hassenflu's office gets him noticed. What goes on in the developer's home gets his wife noticed.

Cherie Hassenflu's decorating of the couple's Southside Place home landed their abode on the cover of this month's *Houston Lifestyles & Homes* magazine. A collection of photos shows off the house's Italian and French interiors, as well as one of the family's standard pools, Mozart.

Cherie does residential and commercial interior design work through her company, Savant Design Group. She also oversaw the building of the couple's house.

The Hassenflu home, which the couple shares with their 13 and 15-year-old sons, will be part of the West University Home Tour on April 30.

Jennifer Dawson

### CALCULATED RISK-TAKER

Part of what makes Hassenflu tick has made him a successful real estate player. Those closest to him say he is ambitious, daring, entrepreneurial, personable and intelligent.

His adventurous nature can be seen on the ski slopes, where he likes to take on the more difficult black runs, says equity partner Andrew Heine, president of Camden Securities Co.

"In everything he does in life, he's up on the blacks," Heine says.

Hassenflu spends a lot of time considering his projects, Heine says, and he's able to foresee the potential pitfalls of any deal. Heine says Hassenflu is a risk-taker but has the expertise to back up his gut instincts.

"He is aggressive in his thinking," Heine says. "He's not afraid to take chances."

Hassenflu's equity partners say he has a rare combination of traits that allow him to find good deals, execute them and bring the right retailers into the mix. Industry experts say that many times development firms have some of those skill sets, but it's rare to find the whole package.

Fidelis is able to offer that complete package because Hassenflu and partner Davis focus on different aspects of the business. Hassenflu concentrates on deal flow and financing, while Davis works with retailers and brokers.

A third Fidelis co-founding partner, Liz Jacob, is no longer with the firm.

Frank Egan, Fidelis' equity partner on the redevelopment of Northline Mall, says that at this point in Hassenflu's career, his development capabilities are limited only by his time.

"Alan's biggest challenge right now is there is only one Alan and there is only one Lynn," says Egan, president of East-

bourne Investments Ltd. "He's probably got more activity than he can handle."

Land broker Dennis Johnston says that kind of devotion is one of the keys to Hassenflu's success.

"He has very good financial partners who believe in him and trust him because he's been very successful," says Johnston, president of McDade Smith Gould Johnston Mason + Co. "If Alan says, 'This is where we want to go,' they say, 'Okay,' and they follow him."

### OWNING IT

Before going out on his own three years ago, Hassenflu, who turned 45 last month, spent his entire real estate career at Trammell Crow Co., a full-service firm based in Dallas.

The West Texas native started with Trammell Crow as an intern in Austin while attending college there. He made his move to Houston in 1988.

During his 15 years at Trammell Crow, Hassenflu worked his way up from leasing agent to marketing director, to principal, to managing director of retail, to senior managing director.

The firm focused on the ownership and development of real estate until the early 1990s, when it began a shift into the service business as a reaction to the downturn of the 1980s.

Hassenflu, however, was interested in retail development, so he continued to concentrate his efforts in that area. He had an ownership stake in the properties he acquired for Trammell Crow once he became a partner in the firm. And he was allowed to put his own money into two or three Trammell Crow deals.

"It was very rare," he says of those deals. "It had to be approved by the board."

It was the lure of ownership and in-

vestment deals that prompted Hassenflu to strike out on his own. Plus, there were tax advantages to the move. Hassenflu pays 15 percent to 20 percent in taxes on his gains in deals now, versus 35 percent he paid while at Trammell Crow.

Hassenflu and Davis, a former Trammell Crow colleague, started their business in a friend's conference room using their cell phones.

Matt Khourie, Hassenflu's boss at

Trammell Crow, was surprised when Hassenflu left the firm, but says there were no hard feelings. Khourie describes Hassenflu as a sharp, ethical person who has done very well as a developer.

"He's got a good nose for deals," says Khourie, president of development and investment for central operations at Trammell Crow. "People like Alan, and they like working with Alan."

Ed Wulfe of Wulfe & Co., which devel-

ops and redevelops retail centers, says a successful real estate deal starts with a relationship. Hassenflu knows the importance of that, Wulfe says. Plus he understands the whole scope of a projection, including the economics, construction, financing and retailing.

"He's an especially good dealmaker," Wulfe says.

Hassenflu has been called a visionary who can accurately ascertain retail opportunities and doesn't like to spend a lot of time bogged down by details or haggling at the negotiating table. He also doesn't like to be trapped behind a desk. The extrovert would rather be out looking at real estate, meeting face-to-face with people and getting one step closer to his next deal.

Speaking in a deep voice that could have landed him a career in radio broadcasting, Hassenflu explains that he's very bullish on Houston. Fidelis is hiring its 15th and 15th employees to help the wide-eyed partners reach their 10 million square feet goal within the next four years. ■