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# Museum Tower will be a gem

**F**or the last 10 years, John Sughrue and Dan Boeckman have been parking lot operators — and only marginally profitable ones at that.

Now these urban pioneers are about to transform the Dallas skyline by finally turning their 67,000 square feet of parking-lined asphalt in the Dallas Arts District into 125 luxury condominiums called Museum Tower.

The site for the \$185 million tower overlooks the planned Woodall Rodgers Park and is next to the Nasher Sculpture Center. Construction should begin in the summer and be completed in the fall of 2010.

And if the vase-shaped “architectural sculpture” of layered glass comes off anything like the model, Museum Tower promises to be another structural gem in the Art District collection.

At 42 stories, it will be the tallest building to go up downtown since the heydays of the 1980s.

Its residences will come at equally ethereal sums. The smallest, 1,500-square-foot units, cost \$1.1 million. You’ll have to fork over \$20 million for the grand penthouse that will take up the entire top floor, Mr. Sughrue says.

Is Dallas ready for such downtown residential grandeur?

“One of our buyers is a hedge fund guy out of New York who does a lot of business in South America,” Mr. Sughrue says. “He calls Dallas ‘the city of the next decade.’”

“The Arts District has matured around our site,” Mr. Boeckman adds. “The Woodall Rodgers Park is going to be built. The whole Uptown phenomenon has brought in people living close to downtown in a dramatic number. People believe in the inner city again. Downtown housing is starting to work.”

These 47-year-olds aren’t babes in Dallas’ concrete woods. They’ve been urban real estate players here for most of their adult lives.

Mr. Boeckman, a Dallas native, was a partner in redeveloping the former Joske’s department store at 1901 Main St. downtown into apartments in the early 1990s.

Mr. Sughrue was “one of those carpetbaggers” from Boston who came here in 1990 to buy distressed property for an Italian firm. He invested in the Joske’s conversion.

Since then, Mr. Boeckman and Mr. Sughrue have worked on a dozen projects together in and around downtown — but none close to the size and significance of this one.

Museum Tower LLC is a 50-50 partnership of Turtle Creek Holdings Inc., owned by Mr. Boeckman and Greg Greene, and Brook Partners Inc., owned by Mr. Sughrue and Lyle Burgin.

Mr. Boeckman and Mr. Sughrue are the marketing guys,

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# Museum Tower planned for Arts District

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while Mr. Greene handles financial and legal work and Mr. Burgin, an architect, focuses on design and construction.

When the two firms joined forces to buy the property in 1997, Ray Nasher predicted that it would take 10 years to get the project off the ground.

"I was 37 and figured, what the heck did he know? Turns out, he knew a lot more than we did," Mr. Boeckman says.

## Development restrictions

Mr. Nasher didn't make it easy on the young developers. The partners bought the parking lot from an insurance company, but Mr. Nasher, who was planning his Nasher Sculpture Center at the time, used his "invisible glove of influence" to make sure the property surrounding it wouldn't interfere with his project.

The sales contract included covenants that prohibit reflecting light, casting shadows into the sculpture garden or invading its nighttime solitude.

"We really didn't want to burn holes in Ray's sculptures anyway," Mr. Sughrue says. "Many of those restrictions come off this year, but we have no intention of removing them."

Their first plan was to build offices, but the downtown office market refused to pick up. Then they considered condos, but downtown residential development was still mostly apartments.

By 2003, they worried that the land they bought for \$70 a square foot would forever remain a \$4.7 million parking lot.

"We had investors who definitely wanted out," Mr. Boeckman says. "We were losing patience and confidence but, thankfully, not a ton of money."

Then in 2004, when presales went well for the residences at the W in Victory, the developers decided it was time to move on their luxury condo concept.

To get the project started, they landed a \$20 million investment commitment from the \$3.3 billion Dallas Police and Fire Pension System.

But the original plan, which called for Museum Tower to be a \$100 million, 20-story, fairly perfunctory building, wasn't what the police and firefighters had in mind. The pension board told the developers to go higher, build better quality and think world-class architecture.

In return, the pension fund increased



John Sughrue (left) and Dan Boeckman plan 125 luxury condos in the Museum Tower in the Arts District.

its commitment to \$32 million.

"That'll never happen again in my lifetime," Mr. Boeckman says.

Jerry Brown, chairman of the pension fund board of trustees and a lieutenant in the Dallas Fire Department, says it's a matter of pride.

"When that building is up, our members are going to tell people: 'That's ours. This is what we've done for you.'"

Impressive is one thing, but the fund has to believe it's going to make money.

"Oh sure," Lt. Brown says. "It has a prime location in terms of downtown redevelopment. It's going to be a place where a lot of people want to live."

## Robust presales

Mr. Sughrue says robust presales should put Museum Tower in good position for financing construction.

The first 20 units, worth \$40 million, went on sale a month ago, he says. So far, 12 buyers have put down 15 percent nonrefundable payments, and the rest are expected to close by the end of the month.

An oil-and-gas family from Oklahoma paid \$4 million for one of two junior penthouses.

Other early takers include a doctor couple who work at UT Southwestern, empty-nesters from Southlake, three out-of-town hedge fund managers who want to use Dallas as a central U.S. base, a resident of Paris and a number of couples from the Park Cities and Preston Hollow.

Mary and Jamey Rhoades, who own a Dallas-based helicopter charter company, bought a \$2 million-plus 34th-floor condo that will give them a clear view of Love Field's flight path.

The couple, who currently live in Preston Hollow, thought they'd downsize after all three of their teenagers left home. But the kids said, why wait that long?

The family was drawn to Museum Tower by its Scott Johnson design, which has a layered glass exterior that looks like fish scales.

"If we're going to participate in this new era of downtown, we want to live in an environment that's cutting-edge," says Ms. Rhoades, a native Dallasite. "Every great city has a personality. The Arts District is the real expression of what Dallas is. The opportunity to live within it is mind-blowing."

But can Dallas handle all of the

residential projects coming on the market?

Mr. Boeckman says most are apartments. "Unlike Florida, Nevada and parts of Arizona, there's really a dearth of high-end condominiums in Dallas."

## Ultra-luxury

Mr. Sughrue estimates that there are fewer than 1,700 luxury units built or in the pipeline in the downtown, Uptown, Oak Lawn and Turtle Creek areas. Less than 100 units are on the market right now to compete with Museum Tower in the "ultra-luxury" category of \$1 million-plus, he says. And so far, expensive housing here hasn't taken a hit from the real estate shakeout.

What if the stock market tanks, terrorists strike and/or the economy craters? Mr. Sughrue answers that one. "We're not naive. We think we have a compelling business plan and a strong local economy, particularly on the high end. But nevertheless, nobody's bulletproof."

He's heard naysayers before. "Well-heeled friends" used to tell Mr. Sughrue that downtown Dallas was the



Museum Tower

## ABOUT MUSEUM TOWER

**Address:** 1900 Olive St. (at Flora)

**Developers:** Museum Tower LLC, a 50-50 partnership of Turtle Creek Holdings and Brook Partners

**Architect:** Scott Johnson, design partner, Johnson Fain of Los Angeles

**Expected groundbreaking:** June

**Expected completion:** Fall 2010

**Height:** 42 stories

**Number of units:** 125

**Price range:** \$1.1 million to \$20 million

**Amenities:** Spa and fitness center, outdoor pool, gallery, private gardens, concierge and wellness services

**Web site:** [www.museumtowerdallas.com](http://www.museumtowerdallas.com)

SOURCE: Museum Tower

next downtown Detroit and that Preston Center would be the next core of activity.

"If I'd believed that the best Dallas had to offer was Preston Center, I would have checked out of here a long time ago."