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Lenox Park provides office space gateway to burgeoning 385 submarket, suburbs

Memphis Business Journal - by [Andy Ashby](#) Staff writer

Lenox Office Park stands at the gateway of the 385 submarket and the border of the city and the suburbs.

Not much has changed since **Triple Net Properties** LLC purchased the 683,000-square-foot office park from Clark & Clark for \$90.5 million in January 2007 and that's the way many like it.

Tracy Speake, a managing partner with **Paradigm Realty Services**, has not only helped clients such as Kimley-Horn and Associates, Inc., **Mutual of Omaha Insurance Co.**, and **Pickering, Inc.**, find space in Lenox, he also has his office there.

He moved his office onto the property when its developer, Clark & Clark, still owned it. He was there when Triple Net acquired it and then when that company merged with **Grubb & Ellis Co.** in late 2007.

"I think the positive for the tenants, myself included, is that Triple Net has maintained that level of management and maintenance," Speake says.

The 72-acre, seven-building property is 81% occupied, with major tenants including **FedEx Corp.**, **Pfizer, Inc.**, Montgomery Martin Contractors, Clark & Clark, **Axiom Corp.**, **Varsity Brands, Inc.**, Siemens, **Unisys Corp.**, **BearingPoint, Inc.**, **Commercial Alliance Management** LLC and Commercial Advisors LLC.

Commercial Alliance senior leasing associate Bentley Pembroke and leasing associate Conner Walker lease Lenox Park.

In the past year or so, Lenox's leasing activity has been mostly renewals and expansions, although Inland Intermodal Logistics signed a new lease for 10,560 square feet in building C. Its office will be located next door to sister company, **Intermodal Cartage Co.**, which recently renewed its current lease.

In the last six months, Pembroke and Walker have seen a lot of activity and are actively negotiating 104,000 square feet of office transactions for Lenox Park.

"We have other deals in the pipeline and we think we're going to see some big deals here in 2008," Pembroke says.

One of the main features for office real estate brokers is the property is almost columnless.

"What that means for me as a leasing guy is that I've got maximum flexibility for my floor plans," Pembroke says. "I don't have to work around a column in the middle of the space."

That also means the park has some large, contiguous blocks of space for flexibility.

Every building is four stories and the average floor plate is 25,000 square feet.

However, location is the key in real estate and Lenox's location was part of its design.

"It really goes back to how Memphis has developed itself over the decades," says Nick Clark, a partner with Clark & Clark.

Downtown Memphis was the city's first generation of office space.

In the mid-1960s, the push began into East Memphis, now the dominant submarket for office space in the city.

Ben Clark oversaw the construction of Lenox's first building in 1996, realizing the development of the 385 corridor.

"They built it at the head of that so that they can capture that market," Dan Chancey, general manager of **Grubb & Ellis Management Services, Inc.**, says.

Looney Ricks Kiss designed Lenox Park and Montgomery Martin built it.

Nick Clark managed that first building, his first involvement in Lenox Park.

"He (Ben) realized Memphis would be shifting its focus from being Poplar Avenue-centric to ultimately being loop-centric in its main transportation artery in decades to come, just as it has in Atlanta and Dallas and places like that," Nick Clark says.

Lenox is well positioned because it's along a transportation artery, Tennessee 385, which gives it access to Interstate 240 and the executive suburbs of Germantown and Collierville, according to Clark.

"As Memphis grows and people get spread out, it's those transportation arteries where you have easy access which end up being a positive attribute for any project," Clark says.

The office park is also within two miles of 90 restaurants.

On-site, there is a Courtyard by Marriot and a fitness center with locker rooms.

The base rental rates of \$22 per square foot annually are also a big factor.

"The draw of Lenox has been that it's Class A space with off-Poplar rates," Speake says.

The property has about 500 card-key access doors throughout its seven buildings.

Chancey takes care of the park's management, including overseeing a staff of 14 who maintain the property.

Lenox's property management staff won Building Owners and Managers Association's **Southeastern U.S. Suburban Office Park** of the Year in 2006.

"I've heard Lenox described as an office park they took out of Atlanta," Chancey says.

Chancey also watched over the property when the Clark & Clark owned it.

Operationally, there have not been a lot of changes, but there has been a learning curve when changing from a local owner to a national one.

For one thing, Lenox now has a different mix of investments.

One building is owned by a real estate investment trust, four buildings are part of a joint venture and two buildings are a tenant-in-common with 35 owners.

"The diversity of the types of ownership in this park is very interesting," Chancey says.

This investment mix offers a variety of challenges. For example, tenant-in-common owners often work on a cash basis, whereas a joint venture works on an accrual basis.

Also, REITs have public oversight, while other investment entities don't.

"You end up having to be good at record-keeping," Chancey says. "But what really matters is that this all happens as a background for the tenant, you don't have to change anything for the tenant."

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