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Morgan Keegan & Co. expands again

Office tower, other Parkway Properties buildings seeing gains

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

Morgan Keegan & Co., Inc., has expanded its lease by 28,349 square feet in Morgan Keegan Tower, bringing the 334,668-square-foot building to 98% occupancy, another positive for Parkway Properties, Inc.'s Downtown portfolio.

This is the latest office expansion for Morgan Keegan; the brokerage firm expanded by 7,241 square feet in 2007. Other businesses also filled in space in the building last year, as Skouteris & Magee LLC expanded by 1,800 square feet, KPMG LLP grew by 1,300 square feet, dentist Kelli Dumas added 500 square feet, and Godwin, Morris, Laurenzi & Bloomfield PC expanded by 750 square feet. All of these leases are long term, with the earliest expiring by 2012.

Parkway purchased Morgan Keegan Tower 10 years ago, when it was about 90% occupied. Last year, it was 93% leased.

"The building has never been 100% leased, so this is very exciting for Parkway," says Connie Kjellin, regional property manager at **Parkway Realty Services LLC**.

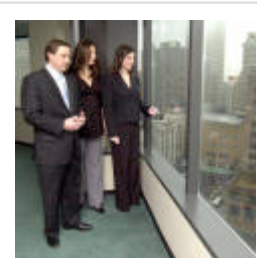
Parkway Properties also owns the Falls Building and Toyota Center Downtown.

Commercial Alliance Management helped Parkway come up with leasing strategies and improvement ideas for these properties.

"What we needed to do was come up with a strategy that repositioned that building," says Kemp Conrad, president of Commercial Alliance Management. "The key to any business endeavor is figuring out what makes you different, what your competitive advantage is, and building on that."

One thing that sets the 150,098-square-foot Falls Building apart is its tenant mix, which includes nonprofits such as the Memphis Regional Chamber, **Riverfront Development Corp.**, MPACT Memphis, **Leadership Academy**, Seedco and Memphis Tomorrow. The Chamber recently expanded by 5,000 square feet with a two-year extension.

The Falls Building is currently 68% occupied, although Parkway is working with seven tenants



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Bentley Pembroke, Heather Murchison and Connie Kjellin look Downtown from a floor in Morgan Keegan Tower.

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on expansions.

Parkway is planning several improvements for the Falls Building, including additional parking options, a community conference center, new digital displays, new lighting, and a two-story media wall in the lobby.

The Falls Building will have master leases on 75 parking spaces in a garage being renovated next door on Front Street.

"It's tremendous because there's been such a negative cloud that we don't have parking, even though we have parking at 99 Towers and surface parking," Heather Murchison, Parkway's property manager for Falls Building, says. "Our customers have been able to park, it's just unfortunately been thrown out there that we do not have parking."

The 2,000-square-foot community conference center designed by **Looney Ricks Kiss** will be another nonprofit friendly feature at the Falls Building.

"We want them to be able to have a place to meet, where maybe they don't have to lease quite as much square footage," Murchison says. "A lot of these nonprofits do have board meetings where they need more space. So they don't have to lease that space for one meeting a month; we can provide that as an amenity at the building."

Commercial Alliance Management leasing associates Bentley Pembroke and Conner Walker are handling new leasing at the 174,700-square-foot Toyota Center.

Mark Jenkins, executive vice president of Commercial Alliance, represents Extra Space Storage, Inc., formerly Storage USA, Inc., on subleasing that company's 78,000 square feet in the building.

In 2007, Spicer, Flynn & Rudstrom PLLC took over 10,775 square feet of the sublease space, while GTx, Inc., recently signed a 30,750-square-foot sublease for its administrative offices.

"With these two companies, you have marquee tenants committed to long-term leases," Jenkins says. "GTx, they could have moved somewhere else, they could have stayed where they were. The fact they chose Downtown is huge."

The Downtown submarket currently has an 18.3% vacancy rate, according to the fourth quarter CB Richard Ellis Memphis Office MarketView report. However, that number could change with the GTx signing and Pinnacle Airlines Corp. considering 150,000 square feet of office space at One Commerce Square.

"There has been a lot of talk in the past about how it's a sluggish market," Pembroke says. "If you look at the activity we've had at Parkway's buildings, you'd really be impressed with what's going on Downtown."

Parkway Properties, Inc.

Real estate investment trust

HQ: Jackson, Miss.

President, CEO: Steven G. Rogers

NYSE: PKY

Local address: 50 North Front, Suite 110

Local phone: (901) 575-0500

Web site: **www.pky.com**

aashby@bizjournals.com | 259-1732

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