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New owners close on One Commerce Square

Memphis Business Journal - by Andy Ashby , Staff writer

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The sale of One Commerce Square is official, with Memphis Commerce Square Partners LLC claiming its prize for \$7.6 million.

The purchase includes the 29-story office tower and a three-story annex building previously occupied by SunTrust Bank.

Memphis Commerce Square Partners consists of J.R. 'Pitt' Hyde, **John Pontius, Robert Worthington, Terry Lynch, Karl Schledwitz, Gail Schledwitz** and Gary Prosterman.

The group purchased the 471,395-square-foot building from US Bancorp, which acquired it through an FDIC transaction in late 2009 and initially listed it for \$12 million.

"We're excited to have the opportunity to reposition this property and get it back into Memphians' hands after a couple of years of absentee ownership," Lynch says. "It's also been exciting to see the public and private sectors come together in this effort."

The group took advantage of several city and county incentives to make the deal happen.

Earlier this month, **Pinnacle Airlines Corp.** signed a 13-year lease for 170,000 square feet for its corporate headquarters. The Memphis-based airline holding company will occupy the bottom 13 floors of One Commerce Square with more than 650 employees. Its lease was contingent on the property changing hands.

CB Richard Ellis Memphis president **Kelly Truitt** represented Pinnacle in lease negotiations.

The group plans on spending more than \$20 million renovating the property, selecting **Looney Ricks Kiss Architects** to design it and Grinder Taber & Grinder Inc. as the general contractor.

"We're planning on putting the property into A class position in the marketplace to attract other corporate tenants," Lynch says.

Commercial Alliance Management LLC will continue to manage and lease the building, as well as advising on the property's repositioning. The Memphis-based company also worked with **Cushman & Wakefield's** capital markets group in Atlanta in representing the seller on the sale.

The Pinnacle lease brings the property to 70 percent occupied, up from as low as 25 percent.

"We're obviously excited about being part of the team and implementing a lot of the ideas we've had since we've come on," **Kemp Conrad**, president of Commercial Alliance, says.

The building has a robust pipeline of tenant prospects, according to Conrad.

"This local, well-capitalized ownership group is a competitive advantage in this current economy," he says. "One Commerce Square is going to be the place to do business in Downtown Memphis."

Conrad says One Commerce Square is one of the few Class A properties Downtown and one of the only ones with significant space to lease.

"We want people who want to be in the CBD (Central Business District) and want the best views of the river," he says. "Downtown is also where a lot of young, talented workers want to live and work."

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