

Memphis Business Journal - May 3, 2010
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Memphis Business Journal

Friday, April 30, 2010

Technicolor expands, will add 150 jobs

Leading third-party distributor adds 1.36 million square feet

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

Technicolor SA, formerly known as **Thomson Multimedia**, is expanding its Memphis operations by 1.36 million square feet at Summit Distribution Center and plans to create 150 new jobs.

This leasing activity continues Memphis' march toward new industrial development and solidifies the Paris-based company's claim as one of the largest third-party logistics operators in Memphis.

Technicolor is leasing 580,131 square feet at Summit I at 5155 Lamar and all 789,291 square feet at Summit II at 5215 Lamar.

Technicolor officials were not available for comment.

Wyatt Aiken, executive vice president of **Commercial Advisors** LLC, has been representing Technicolor locally. He could not comment on Technicolor operations inside these properties.

"From a real estate perspective, these two leases by Technicolor are giving a huge boost to the local industrial market," Aiken says.

As of November 2009, Technicolor's local footprint was 3.43 million square feet, with leases at 4155 Holmes, 4010 Holmes and 4926 Southridge, according to **Memphis Business Journal** research.

The Summit leases will bring its presence to 4.79 million square feet in Memphis.

In February, Technicolor entered into a long-term contract with **Warner Bros.** to replicate and distribute its DVD and Blu-ray discs. **Cinram International Inc.**, formerly handled those operations for Warner Bros. out of Nashville.

The company approached the Memphis and Shelby County Industrial Development Board in February, seeking to amend its existing 15-year payment-in-lieu-of-taxes incentive, started in 2002, to include potential new warehouse space and personal property.

The board approved these amendments for three potential properties: 5155 Lamar, 5215 Lamar and 5200 Tradeport.

The project could create 150 jobs with a median wage of \$25,000, according to IDB documents.

"The business-friendly attitude we've seen at the (Memphis and Shelby County) Industrial Development Board went a long way to making this happen," Aiken says. "Two years ago, companies like Technicolor were wary of expanding in Memphis because of the signals local government was sending."

B&B Specialty Contractors Inc. has already pulled permits to do \$3 million in tenant improvements to 5215 Lamar.

Tommy Jackson, vice president at **CB Richard Ellis Memphis**, represented the landlord, Teachers Insurance and Annuity Association, in the leasing of Summit I. The building still has 128,401 square feet vacant after the Technicolor lease.

"I think we'll have enough activity in the market to get that leased in short order," Jackson says.

Commercial Alliance Management LLC senior vice president Mark Jenkins and senior leasing associate Phil Dagastino represented the landlord, **USAA**, in the leasing at Summit II.

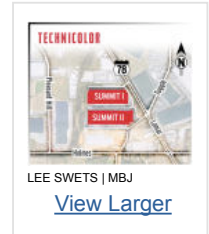
"It's a huge deal for both our owners as well as Memphis," Jenkins says. "It's not taking business from across town or across the street — it's new business and jobs for our city and our market."

Hewlett-Packard Co. had occupied both Summit I and II until vacating in mid-2009.

Technicolor did sign a 500,000-square-foot lease at Summit I for six months.

Jenkins says companies have been reluctant to pull the trigger on industrial space because of uncertainties about the financial and job markets.

"The fact we're coming out of this with this kind of transaction, which could have gone to another city, is good," he says.



In 2009, the overall Memphis market, which includes DeSoto County, experienced its first negative absorption in more than a decade, giving back 516,704 square feet, according to a year-end Commercial Advisors report.

That was caused by Hewlett-Packard vacating nearly 3 million square feet and **Williams-Sonoma Inc.** reducing its area operations by 1.7 million square feet. Also, **Orgill Inc.** reduced its distribution operations by 617,000 square feet.

This year has been helped by an uptick in industrial leasing activity, with **Ozburn-Hessey Logistics LLC** inking a 238,000-square-foot lease at Summit III, **GE Capital Aviation** signing a 225,000-square-foot lease at Memphis Oaks Distribution Center III and Munich, Germany-based **Siemens AG** signing a 619,000-square-foot lease at Airways Distribution Center.

“All of this absorption is very positive for Memphis and the industrial real estate market,” Jackson says. “Other markets are starting to see more activity, but we’re still outpacing them.”

In addition to these leases, Jenkins says there is a healthy pipeline.

“We’re climbing out of this perceived recession we’ve been in,” he says. “We’ve had excessive inventory the last 18 months and we’re seeing good momentum. Inventory is being absorbed and Memphis is getting a lot of good looks.”

Jenkins points to Memphis’ advantages, such as low real estate costs, logistics capabilities and infrastructure, as reasons companies are considering the Bluff City during challenging economic times.

“All of these things attest to why Memphis is a major logistics and distribution center, not only in the country, but in the world,” he says.

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