

Downtown gains needed tenant

GTx leases multifloor office space at Toyota Center

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Friday, January 25, 2008

Memphis pharmaceutical company GTx Inc. plans to lease more than a floor of space at the Toyota Center Downtown, a step that reflects the company's growth and is a boost to officials trying to lure office workers to the center city.

GTx spokesman McDavid Stilwell said the firm plans to keep its headquarters in the Van Vleet building in the Medical Center area, but needs room for new employees. The company has grown from 90 workers in September 2006 to 115.

Stilwell said the company hasn't decided which employees will move to the Toyota Center, a renovated warehouse near AutoZone Park.

GTx has attracted much attention because it's a leading example of local efforts to use science to spawn new firms and high-paying jobs. The company was spun off in 1997 from Dr. Mitchell Steiner's research at the University of Tennessee Health Science Center and continues to rent space from the university.

The company's plans to rent additional space Downtown are "great," said Steve Bares, head of the Memphis Bioworks Foundation, a group that promotes science-based businesses.

"It shows once again that here's an example of how a technology comes from the University of Tennessee, goes into the community and is now growing and expanding," he said. "Not only are they present here (in the Medical Center), but they've reached so much critical mass that they've got to go Downtown and take some space."

GTx's lease at Toyota Center is good for Downtown too, said Don Drinkard of commercial real estate firm CB Richard Ellis Memphis.

"This is by far and away the biggest new-to-Downtown tenant and a significant 'get' for the Downtown market," Drinkard said. Though the Medical Center is close to Downtown, it's typically not considered part of the neighborhood.

The Toyota Center has about 3 1/2 floors of vacant space, said Connie Kjellin, property manager with Parkway Realty Services. The building lost a major tenant when Storage USA

was bought by Extra Space Storage and Prudential Real Estate Investors in 2005.

"We haven't had a lot of activity in the building since they moved out, so this will bring some life back," Kjellin said.

GTx has never made a profit and posted a net loss of \$27.6 million in the first nine months of 2007.

But many investors have snapped up its stock in the hopes that its experimental drugs will win federal approval and become international sales hits.

The company's prospects should become clearer later this year when it receives results for advanced clinical trials of its leading drug candidates: Ostarine, meant to fight bone and muscle wasting, and Acapodene, meant to prevent prostate cancer in high-risk men at a 20 milligram dose and to combat side effects from a cancer treatment at an 80 milligram dose.

Promising results from earlier drug trials have led big companies to invest in GTx.

French pharmaceutical company Ipsen signed a multimillion-dollar deal with GTx in September 2006 to develop and market Acapodene throughout most of Europe and the former Soviet Union.

In November, New Jersey-based drug giant Merck & Co. Inc. signed a deal to help GTx develop Ostarine and similar drugs. The agreement brought an immediate \$40 million payment to GTx and is potentially worth more than a half-billion dollars. Merck also bought about 1.3 million shares of GTx stock at a premium over the trading price.

Leases like this are important for Downtown, where there is concern about the area's struggling office market. That concern has prompted the creation of Downtown Works, a partnership between the Center City Commission, Memphis Regional Chamber and three big commercial real estate firms: Belz Enterprises Inc., Parkway Realty Services Inc. and CB Richard Ellis Memphis. Its goal is to bring office workers back to the area.

There are promising signs that the campaign is working.

Pinnacle Airlines Corp. is eyeing the landmark One Commerce Square tower Downtown for its headquarters.

Memphis-based Pinnacle, whose workers are scattered among multiple office buildings at Nonconnah Corporate Park near Memphis International Airport, is considering leasing about 150,000 square feet at One Commerce Square, a 31-story, 411,852-square foot building at Main and Monroe.

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Toyota Center

Eight-story building at Third and Monroe

Built in 1913 and served as a dry goods warehouse.

Formerly known as the William R. Moore building

After a \$20 million renovation related to the AutoZone Park, it reopened as Toyota Center in 2000 after the car maker bought naming rights.

It has a Toyota showroom on the ground floor.



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