

# Lee's Summit center's sale tops \$150M

Deal is 'grand slam' for office market

BY JIM DAVIS | STAFF WRITER

Summit Technology Center in Lee's Summit sold to a well-heeled out-of-town buyer for more than \$150 million, one of the highest prices ever paid for metro-area commercial real estate.

Jim Devine, CEO of the Lee's Summit Economic Development Council, called the Aug. 9 sale "a grand slam" that validates the legitimacy of Lee's Summit among investors.

At more than \$150 a square foot, the price equates to amounts paid for newer office buildings in Southern Johnson County.

The buyer, The Sovereign Group, is "very sophisticated, very talented," said the buyer's broker, Charles Carrow Sr., CEO of Carrow Real Estate Services LLC in Albany, N.Y. New York-based Sovereign's other interests include the Sears Tower in Chicago.

David Townsend, president of seller Townsend Capital LLC, said financial markets' recent turmoil threatened to topple the deal.

Sovereign "faced a lot of challenges with lenders," Townsend said.

"These guys, given their national experience with lenders, were able to keep it together and close," he said.



Devine

Townsend said the suburban Baltimore-based seller spent almost \$100 million to buy the former AT&T Microelectronics plant in 1997 and reposition it. Tenants have invested more than \$65 million, Townsend said. The million-square-foot property opened in 1962 to make silicon wafers.

The sale offering came early this year. Cushman & Wakefield Inc.'s Chicago office and Waterford Property Co. LLC in Overland Park handled the listing.

Sovereign makes long-term investments in assets whose income has stabilized, Townsend said, in contrast to his company, which he

described as a value-added investor that takes more risks to generate higher returns.



Townsend

The center's occupancy is 93 percent. More than 5,000 people work for tenants that include American Century Investments and Cerner Corp.

Townsend Capital initially tried using the plant's clean rooms to attract semiconductor manufacturers. That effort stalled after landing FabTech Inc., a semiconductor manufacturer now owned by Diodes Inc. of Westlake Village, Calif. More than 230 people work for FabTech in Lee's Summit.

Unable to snare similar tenants, Townsend Capital recast the plant's image.

"We needed to create an environment that tenants wouldn't be shying away from," Townsend said. "Everyone knew about the old AT&T plant. It looked like an old manufacturing facility."

So Townsend Capital removed a center section containing about 300,000 square feet and replaced a central power house with separate heating, ventilation and air-conditioning systems for each of the remaining two buildings. The owner also played up the single-story buildings' giant floor plates, as well as abundant and redundant power supplies and plentiful parking to attract data and call centers.

Townsend Capital will continue leasing the center and owns more than 225 acres around the center.

Some of this property is under contract to RED Development LLC, which already bought adjacent ground for the Summit Fair shopping center.

"We look to expand our relationship with RED," Townsend said, adding that Summit Fair will bring more business to the area, where RED also owns SummitWoods Crossing shopping center.

RED also has talked with Townsend Capital about developing nearly 1 million square feet of offices on about 100 vacant acres that Townsend owns. RED had wanted to include

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this project in a tax increment financing district anchored by a Legoland theme park. But RED pulled its TIF request after failing to get state financing from the General Assembly in May.

"I don't see a high probability of (Legoland) moving forward," Townsend said.

RED spokesman Dave Clafin said the idea isn't dead.

Regardless, Townsend said he's confident that Lee's Summit is ready for new offices. He said Townsend Capital could erect multistory buildings, each with 50,000 to 100,000 square feet, or sell ground to other developers for this construction. New hospitals in Eastern Jackson County are building demand for medical office space, he said.

But Jerry Campbell, a principal with CEAH Commercial Realtors in Lee's Summit, said Eastern Jackson County hasn't shown much appetite for multistory offices.

Devine of the Lee's Summit EDC predicted that rising gas prices and lengthening commutes will bring more offices to Lee's Summit as companies seek to tap the city's growing population of knowledge-based workers. About two-thirds of these people now work in other cities.

"It used to be that people followed jobs," he said. "Now, jobs follow people."

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