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Property Rounds: Some office buildings make comebacks in tough times

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Photo: Michael Cummo / Hearst Connecticut Media

RHYS Executive VP Christian Bangert discusses the amenities and spaces available inside the redesigned office building 9 West Broad St. in Stamford, Conn. on Thursday, April 6, 2017.

In early 2013, 9 W. Broad St. on the edge of downtown Stamford languished as an empty and neglected property. Today, it hums with activity as some 400 workers stream in and out of a refurbished nine-story structure.

Stamford and other communities in southwestern Connecticut still grapple with office vacancy rates hovering above 20 percent. But the revitalization of 9 W. Broad St. and the turnaround of similar buildings show how property owners' capital investments and the draw of central locations can make corporate hubs attractive to tenants in a challenging market.

"There is a little reticence in the market to being that first tenant in, so the owner has to prove themselves," said **John Hannigan**, principal of **Choyce Peterson** in Norwalk, a firm that represents tenants in commercial real estate transactions. "And they do that by ... tenants having the comfort of seeing that renovations are going on or recently completed."

Selling a vision

Forstone Capital and **Westport Capital** bought 9 W. Broad St. for \$14.5 million in March 2013. Built in the early 1980s for the Nine West shoe company, the occupancy rate in the approximately 202,000-square-foot building declined as major tenants, including Nine West, relocated. A lack of upgrades hindered the recruitment of newcomers.

The new owners quickly brought in commercial real estate firm Rhys as their broker to lease and market the building. Sensing the property's potential, Rhys then moved its own offices to the building.

"You really have to paint pictures at first on paper," said **Christian Bangert**, executive vice president and principal of RHYS. "We were bringing in tenants and saying this is what it's going to look like. Then the leases started coming quicker (after renovations started) just because tenants weren't as concerned whether this would happen."

To make the building competitive again, Forstone Capital and Westport Capital have invested more than \$20 million in exterior and interior improvements, including office buildouts, according to Bangert. The improvements have encompassed roofing, elevator and mechanical systems, the creation of a front plaza and cul-de-sac and "skinning" work that gave the building exterior its distinctive tan-brown hue. In addition, the owners installed amenities including a cafeteria, gym, conference center and private boardroom.

The building's overhaul has spurred a cascade of leasing deals. To date, Rhys has brokered 25 leases at 9 West Broad, which stands across the street from Mill River Park. Tenants now take up about 80 percent of the building, with the list of occupants including technology, health, energy, real estate and finance firms.

Improved outlook

In Norwalk, the i.Park Norwalk complex at 761 Main Ave., on the Wilton line, stands out as another revived property.

In redeveloping the historic **Perkin Elmer** headquarters, Greenwich-based **National Resources** drew L.A. Fitness into a new auxiliary building at i.Park Norwalk to provide a major amenity for tenants, while populating the main headquarters building with a number of health clinics affiliated with **Norwalk Hospital**.

And in 2013, the developer claimed the figurative yellow jersey after the Cannondale Sports subsidiary of Dorel Industries chose i.Park Norwalk for its own headquarters, relocating from Bethel to occupy both the main building and a smaller outbuilding in the rear.

In Greenwich, Greenwich Office Park has also seen its outlook improve in recent years. Built in the 1970s as the headquarters for UPS and later a campus-style office option for a number of companies, it fell victim in recent years to its aged look and an "end-zone" location in western Greenwich.

High vacancy rates plagued the office park, so the property's managers **Clarion Partners** and **CBRE Group** opted to invest millions in renovating the buildings' interiors and landscaping.

The renovations culminated in a sale last fall to Greenwich-based **Fareri Associates** at about \$344 per square foot. The deal ranked as the largest Greenwich office sale in five years, according to CBRE.

In Milford, the former **Smiles Amusement Center** property on the Boston Post Road, near the **Connecticut Post** mall, sat vacant for roughly four years after the entertainment center closed in 2011. The old teen hangout was demolished in 2015 and last year was replaced with a brand-new plaza with tenants including REI Co-op, a

Verizon store and Panera Bread.

In Danbury, the Lee Farm Corporate Park has flourished since Southport-based **Summit Development** purchased the 215,000-square-foot building in 2013. Lee Farm was about 70 percent leased when Summit purchased the building for about \$17 million.

The building has hit 100 percent tenancy, even after withstanding the departure of GE Capital, which was spun off by its corporate parent in 2015. Wells Fargo acquired some

of GE Capital's assets and promptly leased 71,000 square feet in Lee Farm. It recently completed building out its space at Lee Farm.

Sustaining momentum

RHYS executives said they plan to bring in a number of new tenants this year at 9 West Broad St. Another 7,000 square feet to 10,000 square feet could be leased in the next couple of months, according to Bangert.

The asking annual rate for 9 West Broad's tenants is \$34 per square foot. For a firm with 5,000 square feet, the annual outlay would come to \$170,000, not including electrical costs.

"We've created something that didn't exist here in the Stamford market, in the sense of its uniqueness and style," Bangert said. "For the younger, modern tenant that's coming into the marketplace, it's definitely something of interest to them."

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