

PRICE EDWARDS HANDLES SALE OF LEADERSHIP SQUARE

Price Edwards & Company represented Dorchester Capital in its acquisition of the Leadership Square office building in downtown Oklahoma City. Dorchester purchased the property for \$45 million from Metropolitan Life Insurance Company, which had owned the property since its completion in 1984.

Leadership Square is considered the finest Class "A" office property in Oklahoma City. It is located at the intersection of Park Avenue and Robinson in the heart of downtown. The property contains approximately 735,000 square feet. It was 78% leased at the time of sale.

Major tenants include Bank of America; the law firms McAfee & Taft, and Phillips, McFall, McCaffrey, McVay & Murrah; a variety of securities



Downtown OKC's Leadership Square

firms including Merrill Lynch, Smith Barney and Paine Webber; as well as other well-known companies such as Massachusetts Mutual Life Insurance Co., the accounting firm of Grant Thornton and interim staffing firm Robert Half International.

Prior to the Leadership Square acquisition, Dorchester Capital acquired the 600,000 square foot Oklahoma Tower office building in January, 1999. These transactions reflect the heightened interest in downtown properties by the real estate investment community, which is looking to capitalize on the renaissance of the area due to the injection of capital from MAPS.

Tim Austin and Ron Stromberg will oversee property management responsibilities while Chip Dudley will serve as director of marketing and leasing.

PEC To Manage Market Place Shopping Center

Price Edwards & Company has been named exclusive management and leasing agent for the Market Place Shopping Center located at 5501 Northwest Expressway in Oklahoma City. The new owner of the property is an entity known

as Windward Partners VI, LLC which is led by Henry Horowitz and Michael Horowitz.

Windward Partners VI, LLC acquired 58,854 square feet of space. The center has two large shadow tenants, Service Merchandise and Hobby Lobby which occupy 50,000 and 70,000 square feet, respectively. There is also a freestanding Chili's restaurant that is part of the shopping center. Overall, this property provides over 180,000 square feet of retail shopping space, making it one of the major shopping centers in the northwest submarket of the City.

In addition to the retailers previously mentioned, major tenants are David's Bridal, Crafter's Mall, Donna's Hallmark and State Beauty Supply. The center is 95% occupied. Only two



spaces containing less than 1,500 square feet each are presently available.

Price Edwards property manager Kathi Risk oversees the property's operation, and Susan Brinkley handles the leasing.



Left and Above: Market Place Shopping Center, 5501 NW Expressway

Price Edwards & Company to Lease Charlestonian Apartments

Price Edwards & Company has been selected for the leasing and management of the Charlestonian Apartment Community at 1531 Country Club Road in Lake Charles, Louisiana.

PEC had worked closely with the developer since the on-set of construction, and celebrated the Grand Opening of the luxury apartment community in February. This new community offers one, two and three bedroom apartment homes. The project offers an extensive list of amenities including garden tubs, 9-foot ceilings in each



home, a state of the art fitness center, a business center, meeting rooms, internet-thru-satellite television, intrusion alarms, and 2 resort-style pools. This 228-unit gated community is scheduled for completion in mid-August. Leasing activity has been under way since February, with 84 units completed. 52 are leased or occupied. Ann Johnson, Vice President of the Multi-Family division, oversees the operation of the property.

The February 17th Grand Opening of the Charlestonian Apartment Community

Addison Circle One Added to Dallas Portfolio

Champion Partners has awarded the property management assignment for Addison Circle One to Price Edwards & Company. The property is a 300,000 square foot Class A building located in the new 80-acre urban district known as Addison Circle.

The building was recently selected by the Dallas Business Journal as the winner of the prestigious award "Best New Office Development of 1999". The newly developed property is 100% leased, despite intense market competition in the North Dallas office market. Champion Partners, CapRock Communications and The Staubach Company have selected Addison Circle One for their corporate headquarters, and J.D. Edwards and Morgan Stanley Dean Witter have established regional offices in the building. Other tenants include SystemWare, Countrywide Mortgage, Dalcors and Rizzuti, Beckman & Lyman.

Office amenities include Class A lobby finishes, state-of-the-art HVAC and mechanical systems, enhanced electrical load capacities, garage parking and Dallas North Tollway frontage.

Addison Circle One is part of the Addison Circle master planned development which includes office, retail, restaurant and multifamily projects in a park-like setting lined with shops and cafes. The multifamily housing is also 100% occupied and has a waiting list. The development will eventually include 3,500 multifamily units, 50,000 square feet of retail space and 2 million square feet of office space.



Addison Circle One, Dallas, TX

The on-site staff includes Chandra Sanders (manager) David Irving (chief engineer) and James Grant (building engineer). Project supervision is the responsibility of John Myers, CPM[®], Senior Vice President.

2nd Microsoft Building Nearing Completion

Sierra VI is nearing completion for Microsoft. The shell structure is complete and tenant construction commenced early in April.

The building is a four-story, 220,925 square foot facility. The creative design includes a full-height atrium, open stairwells and state of the art mechanical systems. The electrical system provides 16 watts per square foot and has backup generators. The HVAC system provides 20 cfm outside air per person based on an occupancy load of 1 person per 175 sf. Separate HVAC units provide cooling to the technical laboratories, IDF and IT rooms. The building will also house



Microsoft's Sierra VI Building

a full service deli and cafeteria for Microsoft employees.

Building I of the multi-building complex was completed in June 1999. The combined size of the two-building complex is approximately 450,000 square feet. The Chief Engineer is Joe Garcia. Property management responsibilities are handled by John Myers, CPM[®], Senior Vice President.

The buildings will house corporate technical support teams for North and South America. The second building

has a projected completion date of July 2000.

PEC To Manage Bricktown Building

Price Edwards and Company has been awarded the property management contract for the Oklahoma Hardware office and retail building in Bricktown. The new owners of the building recently completed a comprehensive renovation of the property which included installation of new elevators, mechanical systems and floors. The building is listed on the National Register of Historic Places.

The five-story building contains approximately



Bricktown's Oklahoma Hardware Building

65,000 square feet. The largest tenant is the surveying and engineering firm of Smith-Roberts & Associates which relocated in March to approximately 22,000 square feet on the 3rd and 4th floors. Other tenants include The Gallery at Bricktown, KWTV, Bricktown Studio and Maker's Cigar Lounge & Piano Bar.

Julie Gray will serve as Property Manager. Monte Choate will handle on-site engineering duties.

Alameda Square Shopping Center Sells

Alameda Square Shopping Center, located in one of Norman's busiest retail corridors, has sold. The partnership of Alameda Plaza L.L.C. purchased the 85,420 sf center for \$4,500,000. Alameda Square Shopping Center was approximately 93% occupied at the time of sale. Anchor tenants consist of Wright's IGA (Fleming Foods), Eckerd Drugs and recently added Blockbuster Video. Separately owned pad sites are occupied by McDonald's, Mazzio's, and Long John Silver.

Paul Ravencraft, Investment Division, handled the transaction.



Alameda Square Shopping Center, Norman, OK

Report Shows Increases in Office Market

1999 proved to be a transitional year for the Oklahoma City office market in many ways. For the first time since 1993 the suburban markets had negative net absorption and for only the second time in the past ten years, the Central Business District had positive net absorption. The market, as a whole, experienced negative net absorption of 48,000 square feet. The market's overall vacancy rate stood at 18.14%, which is basically unchanged from last year's 18.1%.

It would be natural to assume that the negative net absorption in the office market is an indicator of a struggling economy, but that is actually not true. In fact, there is currently more occupied office space in Oklahoma City than ever. For years, Oklahoma City served tenants with a static supply of office space. That supply is now increasing through the construction of traditional office buildings and the conversion to office space of old non-traditional buildings.

Many underlying factors don't appear in this report's data that still affect the overall market. One is the increasing number of tenants who have become owners over the past few years. With rental rates continuing their steady climb in the suburbs, many suburban users have found their overall occupancy costs to be less by purchasing or building their own small office building. Also, many tenants are relocating to non-traditional office areas such as Automobile Alley and Bricktown. These areas have many mixed-use buildings offering retail, restaurant and office space, but none are large enough to be included in this report. Additionally, many call center users locate in non-traditional office spaces such as converted WalMarts and vacated Food Lion grocery stores. Despite the negative net absorption in the suburbs, tenants in those markets actually occupy 225,000 square feet more than they

did in the previous year. The addition of 270,000 square feet of new suburban space had more to do with the suburban results than any other factor. The suburbs will be tested further during 2000 as another 270,000 square feet of additional new construction is scheduled for completion and

at year-end as opposed to Class A rates of \$12.33 per square foot downtown.

The suburban vacancy rate increased from 9.0% to 12.2% during 1999. Although all classes of space were affected negatively, Class A space saw the largest vacancy increase, from 6.3% to 11.7%. Despite the increase in vacancy, the suburban rental rates continued to climb from an average of \$13.00 per square foot a year ago to \$13.70 per square foot at year-end. We fully expect suburban rental rates to remain at current levels or even drop slightly due to market pressure provided by an increased supply of space.

As noted earlier, the Central Business District experienced significant improvement during 1999. The CBD's year-end vacancy stood at 28.3%, which is down from 32%. While it is hard to quantify just how much space was absorbed by the surrounding areas of Bricktown and Automobile Alley, it is readily apparent that Oklahoma City's MAPS projects are luring users back downtown. Of the buildings in the downtown periphery, those along the canal in Bricktown should see the most activity during 2000. Leases totaling approximately 100,000 square feet of office space have already been executed for occupancy during 2000. As with downtown itself, a critical issue affecting the ongoing success of these peripheral CBD areas will be the availability of parking.

Overall, Price Edwards & Company anticipates 2000 to be another dynamic year for the Oklahoma City market, with more new projects coming on line, prominent projects changing ownership and tenants relocating in an effort to lessen the burden of increased rental rate



Oklahoma City's Central Business District

147,000 square feet of existing space is vacated by Fleming Foods at its Waterford corporate headquarters. Another component of the market affecting the suburbs is the widening gap between suburban and CBD rental rates pushing users to move downtown, which is clearly evident by the CBD's positive net absorption of approximately 220,000 square feet. Suburban Class A rental rates averaged \$18.34 per square foot

PEC Handles Sale of Two Apartment Complexes

Two apartment sales were recently completed by Gary Gregory, CCIM with the Investment Division. For the past few years, Gregory consulted with both property owners regularly through difficult renovations, refinances and lease up periods.

Chestnut Hills, LLC purchased the 112-unit Chestnut Hills Apartments at 7228 NW 10th in Oklahoma City for \$1,624,000. The previous owner, OK Residential Associates, had completed major interior and exterior renovations. Chestnut was approximately 94% leased at sale. Price Edwards & Company was selected to manage the property for the new owner.

In a separate transaction, JTC Assets, LLC purchased the 74-unit Calico Corners Apartments at 2212 Felix Place in Midwest City for \$1,190,000. The previous owner, Thomas Smith, had successfully completed improvements and upgrades during his ownership, including a conversion from a chiller system to individual heat pumps in 1994. Occupancy at the time of sale was approximately 96%.



PEC Member of ChainLinks

ChainLinks Retail Advisors is a for-profit company that is the country's largest retail-only real estate services provider. It is based in Washington, D.C. with offices in 46 cities throughout North America. During 1999, the company completed over \$10 billion in retail transaction value, comprising over 8,000 transactions covering over 80 million square feet. There are almost 300 professionals exclusively providing retail services from 49 offices.

also offers Price Edwards the opportunity to work with the best retail leasing personnel in cities all over the country. When a retail client of Price Edwards & Company desires to move to other markets, the firm refers them to its ChainLinks representative in that market. ChainLinks provides in-depth market information for clients and creates a measurable advantage over other tenants moving into the market.

Price Edwards & Company joined ChainLinks in 1995 and is the exclusive shareholder for the State of Oklahoma. The company has worked with ChainLinks on a number of transactions for retail tenants moving into the Oklahoma market place. By providing a national retail leasing team that is second to none in the industry, ChainLinks

Carl Edwards serves as the principal involved with ChainLinks and Price Edwards & Company's retail leasing team of Karleen Krywucki, Pat Barnes, and Susan Brinkley provide the marketing and leasing skills to meet the needs of clients referred into Oklahoma by other ChainLinks members.

Calico Corners (top right) and Chestnut Hills (below)



Oklahoma Tower Adds Tenants

Oklahoma Tower, located at 210 Park Avenue in downtown Oklahoma City, has closed several notable lease transactions. This leasing activity has increased the 31-story, Class "A" building's occupancy to 84.1%, one of the highest occupancies in the downtown office market.

In terms of square feet leased, the most significant recent transactions were those with TEPPCO Crude Oil, LLC (a member of the Duke Energy family of related companies), which leased 18,600 square feet on the 16th floor of the building; Halliburton Energy Services, Inc., which extended and expanded its lease of 24,000 square feet on the 19th and 20th floors; Cross Timbers Operating Company, which extended and expanded its lease of 18,900 square feet

on the 19th and 23rd floors; BroadBand Wireless International Corporation, which leased 9,940 square feet on the 21st floor; and Dorchester Capital, L.L.C., which leased 4,500 square feet on the 31st floor.

Several other recent transactions are significant because of the vitality they add to the building. The first of these was a ground floor lease to Freelance Reporters, Inc., a court reporting firm which provides services to many downtown law firms. Next came a second floor expansion of Teena Hicks Company, one of Oklahoma City's finest men's clothing stores, and following that, more ground floor space was leased to Richey's Grill,

a casual dining restaurant which offers a varied menu of homemade soups, speciality salads, hamburgers and other sandwiches, daily specials and a full breakfast offering, as well as gourmet coffees, homemade cinnamon rolls, and various convenience and newsstand items. In the last retail lease of the year, second floor space was leased to the new downtown branch of Arvest Bank which, in addition to its usual banking services, including an on-site ATM and night depository, will also have a ticker tape with stock quotes and an Internet investment bar. Both Arvest Bank and Richey's Grill are open for business and are very pleased with the initial response to their new locations.

Oklahoma Tower, located at 210 Park Avenue in downtown OKC



Oklahoma Tower's re-furnished lobby

Chip Dudley, director of leasing for Oklahoma Tower said, "We are happy with the results we were able to achieve in 1999 and the first quarter of 2000, which by all accounts has been a challenging period in the Oklahoma City office market and downtown in particular. In addition to our new office and retail tenants, we have also added some striking new furnishings to our already elegant lobby—with more to come, which we believe will help us build on our recent success during the coming months. We are also fortunate to have new building ownership, which consists of various local partners, including Dorchester Capital, that is committed to providing the finest office building environment in Oklahoma City, and has already proven itself to be most responsive and entrepreneurial in aggressively making deals and other critical decisions."



Dallas Office To Manage ConVergence Technology Campus

Price Edwards & Company has been selected to provide property management services for ConVergence Technology Campus, the redevelopment of the former Raytheon campus in Lewisville. The campus is located just five miles north of D/FW International Airport on State Highway 121. The property offers 1.4 million square feet on 185 acres of land.

Lone Star U.S. Acquisitions and Champion Partners have teamed together to redevelop the campus into one of the most technologically advanced office/tech/R&D sites in North Texas. Because the facilities were originally designed and built for Texas Instruments, they are equipped with advanced building systems, including fiber optic lines, redundant power sources and high level security systems. The existing configuration allows for portions of the building to be sectioned off to accommodate tenant needs from 60,000 to 1,000,000 square feet. Future development will allow for up to 2.5 million square feet.

Redevelopment plans include refurbishing both the interior and exterior of the property's



The Expressways Office Building Sells

The Expressways office building, located at 2525 NW Expressway in Oklahoma City, was sold for \$3.2 million. Cordell C. Brown, CCIM, Vice-President of Price Edwards & Company's Investment Division handled the transaction.



The building contained approximately 66,500 square feet and was 95% leased. It was built in 1974. Seller of the property was the James & Joyce Harlan Charitable Remainder Trust. The buyer was Mr. Sam Hemani, a local real estate investor who owns a number of commercial properties in the Oklahoma City area.

2525 NW Expressway

Mr. Hemani plans to renovate the exterior of the building, upgrade lighting and mechanical systems, install ADA restrooms and add landscaping.

15 main buildings connected by central atrium corridors. The site will meet the needs of a variety of space users by offering maximum flexibility in the sheer amount of space and the type of facilities available. The property features a full cafeteria, fitness center with basketball and racquetball courts, courtyards, jogging trails, picnic areas and auditoriums.

Lone Star has created

**ConVergence
Technology Campus,
Lewisville, Texas.**

a \$1.2 billion private equity real estate investment fund formed to invest in international mortgage and real estate related assets and companies. The funds are organized to provide financing for a wide variety of real estate related situations requiring creative capital unrestrained by structure, asset class, public markets or geography.

Champion Partners, Inc. is a Dallas-based real estate development company specializing in the design and development of office and industrial projects that meet the needs of large corporate users such as Microsoft, General Electric, Nestle, True North, PacificUSA, CompUSA and others.

John Myers, CPM, Senior Vice President and Vic Nickel, Vice President and Director of Engineering will supervise the management team assigned to the property.