



**TRIAD**  
COMMERCIAL  
PROPERTIES

## R E L A T E D   N E W S   A R T I C L E

### \$15M TO \$20M OFFICE COMPLEX PLANNED FOR W-S

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Lloyd Whittington The Business Journal

WINSTON-SALEM -- A Salisbury family partnership plans to develop a \$15 million to \$20 million office complex over the next two to five years on a site facing Business Interstate 40 in Winston-Salem's bustling Stratford Road corridor.

ARL Family Limited Partnership, a development group led by Salisbury's William "Benny" Lawson, has acquired the former Sara Lee Data Center and 12 surrounding acres to develop 173,000 square feet of office space, said Hap Royster, a broker at Triad Commercial Properties who is representing the owners.

Tri-West Center, accessible from Ricks Drive, Shepherd Street and Charlois Boulevard, will have 1,500 feet of frontage along Business I-40 between Westview and Stratford Executive Park.

Planned are three buildings, including: renovation of the 43,000-square-foot data center; construction of a three-story, 30,000-square-foot building that will be divided for sale or lease; and, construction of a four-story, 100,000-square-foot building with a parking deck that would likely accommodate a corporate headquarters tenant. The buildings will be situated as a campus, with an outside meeting and picnic area along a stream on the property.

By rethinking the site's possibilities, the owners are repositioning a site they bought for \$1.45 million that had generated minimal interest as an industrial property, Royster said.

"It's an office location, but an industrial-type building, so it's been really functionally obsolete for either office or industrial," Royster said. "Most who had looked at it looked for the land only. But Benny Lawson was able to achieve more value by seeing how it could be converted into a park."

#### Redevelopment projects attractive

Such redevelopment is especially important for ongoing economic development in Forsyth County due to a shorter supply of land for new development than in many Triad communities, said Bob Leak, president of Winston-Salem Business Inc.

"The advantage is a lot of services are in place," Leak said. "There's no cost to run roads or water or sewer and there are typically already business uses. And it adds value to the

community as it's redeveloped into something better."

Such redevelopment is happening throughout the city and county, from Magnolia Partners' new office tower to the Nissen building's conversion to apartments and the repositioning of the massive AT&T, Flakt and Stroh's buildings into multitenant buildings, Leak said.

Triad Commercial Properties has marketed several of them, including leasing some 50 percent of the 1-million-square-foot Stroh's Brewery in the last 90 days. Royster has other transactions pending that would take that building to 75 percent leased.

"They can be real difficult to market, particularly in the redevelopment stage," he said. "It takes a tenant or buyer with some vision, but the end result is often property as nice or better than new product, but at more economical rates."

Such projects probably get a harder look in Forsyth County than they would in other markets with more land area, Leak said.

"I think it makes them more viable for our economic development prospects because we don't have as many choices for new product as some communities," he said. "A good, quality redevelopment will be considered equal to something new in this market."

#### Project's plan: target marketing

At Tri-West Center, the first phase will renovate the former Sara Lee Data Center into 43,000 square feet of offices, including replacing the exterior with brick and glass and masonry accents. Sara Lee moved from the building some 18 months ago to Madison Park because modern data center equipment is much smaller and it no longer needed a building that large, Royster said.

The data center building will likely be available within six months and the 30,000-square-foot building likely following within 18 months. The largest building won't be started without a substantial portion committed, likely 30 to 40 percent, Royster said.

Each component is targeted at different market segments. The data center building, because of its prior use, is heavily equipped with electrical wiring and heating and air conditioning equipment. As such, it's well suited for a call center, technology company or tenants needing large areas of contiguous space. It is being marketed at \$16 per square foot, which is \$4 to \$5 less than new, top-grade space planned in Winston-Salem. It can be divided down to segments of 10,000 square feet, but Royster said

he has significant interest from two tenants interested in taking the entire building.

The 30,000-square-foot building is dividable into 5,000-square-foot units available for sale for \$90 to \$100 per square foot or for lease at rates not yet determined, Royster said. Because of proximity to the hospital, the building is targeted at medical and professional office users and is generating significant interest already, Royster said.

"We think that market is underserved," he said. "People have not had the opportunity to enjoy this type of product in this type of location."

#### Ready to wait on the market

The largest building, accompanied by a two-level parking deck, will be available for lease and will need a significant anchor before it gets started, Royster said. John Schultz, a broker with Carter and Associates Oncor who tracks the local markets, said Class A vacancy has been very limited in recent years along the Stratford corridor, but he estimates that 1 million square feet of office space is either just built, under construction or on the way in Winston-Salem in the next 18 months.

Tri-West Center's first building -- and possibly the second -- will have an advantage in coming on line relatively early compared to others on the drawing board.

"I think it's a great site," Schultz said. "The fact that they're dealing, especially on the first one, with an existing building, that will keep their costs down and attract those value-driven tenants that want the good location."

The biggest building, expected anywhere from two and five years from now, could compete head to head with several other office buildings in a market that typically captures one to two headquarters projects a year.

Recognizing that, the owner is going to be particularly patient on introducing the biggest building, Royster said.

"We have as good a site as anyone, but the owners won't participate in flooding the market," Royster said. "That's why we've made this a three-phase project. We've designed this project to serve the market while still being fiscally responsible for the owners."

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