

Edmond needs more big speculative office buildings, developer says

Edmond needs additional large office buildings with flex space into which growing companies can grow, built on a speculative basis, according to the commercial manager for Edmond development firm Turner & Co. Inc.

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EDMOND — Edmond's love affair with suburban office buildings that look like houses hasn't cooled.

Demand for residential-style offices and office parks is still strong, but the best opportunities for growth are coming in bigger Class A buildings with bigger spaces, said Josh Moore, commercial manager at Edmond developer Turner & Co. Inc.

North Edmond is still best suited for the smaller spaces, although Turner once thought its Village Center at Coffee Creek, north of Covell Road and east of Kelly Avenue, would be attractive to big office users, Moore said Tuesday at the annual Edmond Economic Preview at the University of Central Oklahoma.

The thinking was that “decision makers and executives” living in the adjacent Coffee Creek neighborhood “might bring their companies out there,” Moore said.

It didn't happen, he said, noting the biggest office space at Coffee Creek is 13,000 square feet.

Bigger is better

That might sound big, but Moore said companies of some size that are growing want more — just in case. Turner & Co. calls it “office flex space” because a growing company that signs a lease for 10,000 square feet wants it in a building with at least another 10,000 square feet for eventual expansion without having to relocate.

Edmond needs more speculative Class A office buildings with that kind of size, he said, crediting developer Clay Farha of B.D. Eddie Enterprises for kicking off the move toward bigger Class-A properties 10 years ago with Kelley Pointe Plaza, a 20,500-square-foot building at 33rd and Kelly Avenue.

Since then, Turner & Co. and development partners have done their part with Fisher Hall Corporate Park, east of Boulevard and south of 33rd Street.

First came the flagship, Fisher Hall itself, a three-story, 64,000-square-foot building completed in 2006. It's the biggest office building in town. It's been followed by a mix of multitenant and owner-occupied buildings.

The office park includes two 5,000-square-foot buildings; a Citizen's Bank location; two two-story, 22,000-square-foot buildings with tenants; another two-story, 22,000-square-foot building owned and occupied by Oklahoma Municipal Assurance Group; and an 8,000-square-foot building owned and occupied by Oklahoma Attorneys Mutual Insurance Co.

Other office space is under construction, as well. Moore said the city of Edmond issued six permits for office buildings last year with an estimated cost of \$6.5 million — or \$140 per square foot, for a total of about 46,000 square feet.

Office building sales came to \$18.6 million in 2011, with 19 properties changing hands for an average of \$121 per square foot. The high price was \$213 per square foot and the low was \$77, Moore said.

Integrus Health Edmond, a \$94-million, 200,000-square-foot project north of 15th Street and east of Interstate 35, was the largest single construction project in Edmond history, he noted.

Using local market data, Moore said the market in Edmond will tighten.

“Look for a return to balance between landlords and tenants at the negotiating table as the recession-driven lease incentives dry up due to the lack of vacancy in Class A properties. Expect rental rates to continue to climb as vacancy rates drop,” he said.

“The Class A suburban submarket ended 2011 with a vacancy rate of 11.2 percent. Class A space delivery in 2012 will be driven primarily by owner-occupied projects or build-to-suit projects due to the restrictive lending climate for speculative office buildings.”



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