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## GTx takes option on office space

Biotech firm to add 21,500 square feet

Memphis Business Journal - by [Andy Ashby](#)

**GTx, Inc.**, has exercised a lease option for the fourth floor of **Toyota Center** to accommodate future growth, a move which brings the pharmaceutical company's total occupancy to more than 50,000 square feet in the Downtown Class A property.

Earlier in the year, GTx signed a lease for the entire seventh floor and half of the eighth floor, both of which overlook AutoZone Park.

A floor plate at Toyota Center is 21,500 square feet.

"We have no (immediate) plans to build out and occupy the fourth floor," says McDavid Stillwell, manager of corporate communications. "We will use the space in the future to support our planned growth. We're not going to occupy that space until we need it."

The company still has its research and development operations in Midtown.

GTx is subleasing Extra Space Storage's space in Toyota Center.

Larry Jensen, president and CEO of **Commercial Advisors** LLC, represents GTx locally in real estate transactions. Mark Jenkins, senior vice president at **Commercial Alliance Management** LLC, represents Extra Space Storage, Inc.'s subleasing interests.

**Parkway Properties, Inc.**, owns the 175,000-square-foot building, which was renovated in 1999.

"This expansion is great news for the Toyota Center and the Downtown market as a whole," says Connie Kjellin, regional property manager with **Parkway Realty Service** LLC. "It is encouraging to see leasing activity continue with the current economic atmosphere."

Josh West is Parkway's property manager at Toyota Center.

Toyota Center is currently 88% leased, with an 80% physical occupancy.

The Memphis Redbirds have 10,000 square feet of sublease space available on the first floor. The entire second floor, which is 21,500 square feet, is vacant.

Extra Space Storage still has about half of the third floor, or 13,345 square feet, available for sublease.

When Jenkins took over listing Extra Space Storage's sublease space in 2006, there was 77,845 square feet available.

"Anytime you see a quality company like GTx expanding and continuing their growth in Downtown, that's positive for the overall market," says Tracy Speake, managing partner of **Paradigm Realty Advisors LLC**.

Some other Class A properties, such as the 334,668-square-foot Morgan Keegan Tower and Belz Enterprises, Inc.'s 161,242-square-foot office tower at Peabody Place, are completely leased.

These properties have been successful because the owners have spent money to maintain them in a Class A manner, according to Speake.

"There are some buildings Downtown where landlords need to invest their dollars to upgrade common areas and comply with existing building codes, especially the ADA (Americans with Disabilities Act), as this has become a major issue for tenants," Speake says. "If they are unwilling or unable to do so, market forces will cause their building to be downgraded in class and the rates tenants are willing pay. With the downturn in the economy, they have to be careful."

The Downtown Class A office market consists of 1.7 million square feet of space, with a 20.1% vacancy rate, according to **CB Richard Ellis** Memphis' MarketView report for the second quarter. There was 10,082 square feet of Class A absorption for the quarter as well.

With GTx taking another 21,500 square feet of sublease space, it tightens up the Downtown market, according to Chris Brown, vice president at CB Richard Ellis Memphis.

It also shows the submarket's strengths for a new type of potential tenant.

"This is a strong indication that Downtown will be the submarket of choice for Memphis biotech companies going forward," Brown says.

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