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Pride One Omni selling sites for premium prices; Developer cashing in on out-of-towners' willingness to pay top dollar for properties

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In life, there is a time to sow and a time to reap. For fast-growing Pride One Omni Cos. of Medina, it's harvest time in Northeast Ohio's commercial real estate market.

The real estate developer recently sold two office buildings, one in Solon and one in Westlake, plus an office park in outer Akron. Five of its other office properties throughout the region are up for sale.

Pat Finley, managing director of Pride One Omni, puts it succinctly as to why.

``At these prices, I'm a seller," he said.

Consider the 42,000-square-foot SS&G Building at 32125 Solon Road that is fully leased by the SS&G Financial Services accounting and advisory firm. A limited liability company controlled by Pride One Omni principals sold the building Feb. 1 for \$7.35 million, or \$175 a square foot.

``That passes the acid test," Mr. Finley said.

The price not only exceeds the development cost of the building five years ago and provides a profit, but Mr. Finley said it's also enough to cover the cost of paying capital gains taxes. The buyer was the Wolf Family Trust of San Diego, according to land records.

While the SS&G Building is a pleasant, utilitarian building in an affluent suburb, it is not a monumental piece of real estate. For example, ORG Holdings Ltd. of Beachwood last August paid \$145 a square foot for the one-building Lakepoint Office Park in Beachwood. Many insiders considered what ORG paid a premium price for a much larger property that is of institutional-quality design and materials and boasts its own lake.

Steve Egar, the broker at Egar Steiger Associates in Beachwood, said he was shocked when he heard the price Pride One Omni garnered for the SS&G Building.

``Only an out-of-state buyer would be willing to pay prices like that," Mr. Egar said. ``But then, how can you afford not to sell your buildings when someone is paying that?"

Pride One Omni's other recent sales were an office building in Westlake that was bought for \$2.25 million by a local company, and the White Pond Office Park in Akron, which was bought for \$5.7 million by an Idaho-based developer.

The other properties Pride One Omni is offering for sale total 100,000 square feet and, though listed singly, carry an asking cost totaling \$160 million. They are Omni Chagrin in Pepper Pike, Omni Emery Pointe in Warrensville Heights and Summit Plaza in Fairlawn. In Medina County, the company has for sale the Milk Marketing building in Brunswick and the Normandy Park Building in Medina.

Kowabunga!

David Browning, managing director of CB Richard Ellis's Cleveland office, said Pride One Omni got a ``great price" for the SS&G building. With buyers from higher-priced coastal markets, particularly California, surging into the Midwest, Mr. Browning said his regional CB counterparts call it ``catching the wave."

Outsiders, he said, are willing to pay higher prices than local investors for the same rent roll.

Mr. Finley said Pride One Omni is plowing some proceeds into new real estate developments its 50-person staff can undertake and manage, either here or in Raleigh, N.C. Mr. Finley insisted the sales aren't due to lender problems or his split two years ago with longtime partner Vic Cohn.

The properties Pride One Omni is selling, Mr. Finley said, have high occupancies and the company can't add much value to them. They're all recently developed properties in suburban locations.

"It's got to look good in the pictures and the tenancy has to be there" for out-of-town investors to prize a property, Mr. Finley said. For example, among the many assets Omni plans to retain is Independence Tower, a 10-story building at 5755 Granger Road in Independence that has a dowdy, 1970s-style exterior.

"We like that building," Mr. Finley said. "Outside investors won't put a premium on it."

James Webb, a Cleveland State University finance professor and director of the CSU Center for Real Estate and Markets, said the risk Mr. Finley and his partners face is that they may think "the price was high, but in a year or two, it might be higher."

Mr. Finley acknowledged he has never seen the investment-sale market so strong, but noted, "I'm very glad to see it continue."

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