

# US Bank office tower's sale for \$27M is latest low-price deal, which has pluses and minuses

By [Marla Matzer Rose](#)

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A major Downtown office building sold this week for about half the price it fetched a dozen years ago.

Although that might be a sign of a weak economy and softness in the Downtown office market, real-estate experts say it could have a silver lining: Lower sales prices could give the new

owner the flexibility to renovate the building or pass along the lower costs to tenants in the form of cheaper rent, possibly luring more companies Downtown.



THE COLUMBUS DISPATCH

The One Columbus office tower on the northwest corner of Broad and High streets, known as the US Bank building, was sold this week to a unit of True North Management Group for about \$27 million. That's 47 percent less than VV USA, an investment fund based in Germany, paid for the building in 1999.

The building is the latest in the Downtown core to sell at a steep discount.

Other Downtown commercial buildings that sold this year at what some consider bargain prices include the historic Leveque Tower, for just more than \$4 million; the 106-year-old Atlas Building, for about \$3 million; and the Hyatt on Capitol Square, which was reflagged last month as a Sheraton, for \$19.5 million.

Lower sale prices make "central business-district buildings very competitive with the suburbs," said Rob Click of CB Richard Ellis, whose firm served as broker in the US Bank building sale. The downside of low prices for the foreseeable future, he said, is that no office buildings will be built Downtown anytime soon.

"No one can afford to build a new office building Downtown for those costs and with the rents they would get," Click said.

Downtown offices have a vacancy rate of 18.9 percent, according to CBRE's report for the third quarter of 2011. That's an improvement from the high of 20 percent in 2009. Still, Click said the vacancy rate should be half that to be considered healthy.

Mike Simpson of NAI Ohio Equities said Downtown is still a tough sell to many executives, who like the convenience of free parking and the short

commute from their suburban homes. But he sees positive trends Downtown and said he hopes that lower rents will be a draw.

Simpson said what's happening in Columbus is also being seen in similar Midwestern cities such as Indianapolis and Cincinnati, even as top-tier markets such as New York and Chicago have seen downtown properties' prices and rents recover.

Lower sales prices also are allowing new owners to make multimillion-dollar renovation plans that could breathe new life into languishing buildings.

For example, Schiff Capital Group, working with Lifestyle Communities, plans to renovate the vacant upper floors of the Atlas Building into more than 100 apartments while keeping ground-floor retail space.

"The fact that buildings are changing hands to people who are motivated to make these things successful is a good sign," said Mike Schiff, head of Schiff Capital. "I think Downtown is getting better every day."

mrose@dispatch.com

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