

RECENT CLIENT SUCCESS

PROTECTING RELATIONSHIPS BY DEVELOPING A QUIET MARKET

CHALLENGE

With a long-time reputation for being one of the most respected developers in the Memphis market, Clark & Clark developed most of the office market in this premier city block in an affluent East Memphis area. The multi-generational family business decided to exit office investment as a strategic decision for long-term wealth planning. Clark Centre, two identical buildings totaling 82,361 SF with a 92% occupancy rate, was the last remaining office asset they needed to exit for capital redeployment elsewhere. The asset had long-term tenancy from staple Memphis businesses with local credit. Clark & Clark had no debt on the asset, but the major pressure came from the question of: When is the best time to sell to maximize proceeds? The economic cycle had been on an eight-year run of growth which paralleled appreciation in the office investment market. Clark Centre's largest and most tenured tenant recently renewed their lease. The tenant's space was set to be completely renovated.

ACTION

Clark & Clark consulted with Landon Williams and his investment team to better understand the data surrounding the decision of timing for the disposition. Landon's team produced market data to help understand timing based on the capital markets. The indication was the time to sell was immediate. Due to the strength of Clark & Clark's long-term relationships with the tenants, the family's desire for the next owner was to treat the tenants with the same level of respect and care they had for decades. Landon handpicked a shortlist of investors who would be aggressive in pricing and, equally important, high-quality landlords in the future. Through that process, a quiet but competitive market helped drive the value for the disposition and allowed the Clark family to exit the investment before the completion of the major tenant's space renovation. Landon's team provided Clark & Clark with confidence on disposition timing, valuation, and process.

RESULT

- Expedited disposition date by 8 months to capitalize on height of the market
- Limited the market to only 3 potential buyers to keep the deal quiet per Seller's desire
- Selected a Buyer who shared the same camaraderie with the tenants and passion for the location and property as the Seller
- Achieved a cap rate of 7.57%, approximately 45-50 bps below market at that time
- After multiple rounds of competitive bidding, a contract was executed at \$11.0 million and closed prior to the completion of the major tenant's space renovation



TESTIMONIAL

"My family developed Clark Centre and held it for over 35 years. We also maintained our family's office in Clark Centre and became friends with the tenants over the years. Clark Centre was near and dear to my heart due to the relationships associated with the assets. Consequently, when it came time to sell, Landon Williams was my only consideration due in large part because of his integrity and that I knew he would treat all stakeholders involved with the

same care as I would. Additionally, I knew he would have the unique ability to navigate a creative process to protect my friendships and ultimately result in an optimal outcome from an investment perspective. Three years later, we know that we received the highest and best offer and look forward to renewing our office lease."

- Nick Clark, Clark & Clark