

New office buildings planned in Ballantyne

By Steven Norton
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Bissell Development made another big bet on Ballantyne on Thursday - a \$100 million speculative office project, among the largest under way in the nation.

It's a risky move given the economy and high office space vacancies nationwide, but Bissell Companies President Ned Curran said he is confident the company can fill 550,000 square feet at Ballantyne Corporate Park.

The development is one of only six in the Southeast planning to deliver in 2012, according CoStar Group, which collects and analyzes commercial real estate data.

The office vacancy rate in the market area of southern Mecklenburg that includes the corporate park was at its lowest rate since the third quarter of 2008, according to the latest report from Karnes Research. It sits at 17.6 percent, just above the Charlotte average of 17.5 percent.

Over the last two years, Bissell, which is self-financing the project, has signed leases for more than 850,000 square feet of office space in the 535-acre corporate park, much of which has been speculative.

The two planned 10-story office buildings and parking decks will fill in the northwest corner of North Community House Road and Ballantyne Commons Parkway. It could bring up to 2,200 jobs, Curran said.

Still, with no signed lease agreements or letters of intent, Curran said he sees the risk inherent in such a large-scale speculative project. That risk could become reality after construction is finished, as developers search for tenants.

"There's a lot of uncertainty. A lot of things can happen," Curran said.

City and county officials characterized the move as a calculated risk that asserts confidence Charlotte business markets will continue to grow. Attendees at Thursday's ground breaking included Mayor Anthony Foxx and Mecklenburg Board of County Commissioners Chair Jennifer Roberts.

"They walk that fine balance of being out there, being willing to take a risk and a chance, but also know the right risk and chance to take," said Pat Rodgers, chairwoman of the Charlotte Chamber.

From a vacant fourth-floor office space overlooking the planned project, Bissell executives and Charlotte officials also said they hoped the development will strengthen Charlotte's profile as a growing national and international business hub.

High-growth suburban area

The developers are counting on Ballantyne's position as a desirable, high-growth suburban region.

New or announced companies in Ballantyne in recent years include Babcock & Wilcox Nuclear Energy, Akima, HVM and Mitsubishi Nuclear Energy Systems.

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The office park's proximity to the airport, schools, churches and other neighborhood needs are strong selling points, Curran said.

Ballantyne's population has grown by an estimated 115 percent since 2000, to more than 57,000 residents, according to census data.

Another factor spurring Ballantyne's growth is Bissell's ownership of multiple buildings within the corporate park, which allows tenants to expand within the park.

The southern Mecklenburg area is the second-largest suburban submarket in Charlotte, and filled 274,690 square feet of space the first quarter of this year.

The jump comes primarily from health care company Premier Inc.'s relocation of its corporate headquarters from San Diego to Ballantyne.

The uptown submarket gained 86,000 square feet in the same quarter, while the SouthPark region lost almost 29,000 square feet, the report said.

Likely to draw global clients

The newest plans are the latest in a series of speculative projects Bissell has developed in the corporate park. While some office space remains vacant, the company says the park holds a 93 percent occupancy rate for space that has been completed for more than 12 months.

Real estate analyst Frank Warren, president of Warren & Associates in Charlotte, said there is little cross-shopping between Ballantyne and uptown due to differing tenant bases, but noted the Ballantyne area is likely to draw more global clients with its proximity to Interstate 485, Charlotte/Douglas International Airport and a large, campus-like environment.

While the competition might not be direct, Jeff Edge, senior vice president for economic development at the Charlotte Chamber said some developments in the city might need to spruce up to keep up.

"I think it'll probably up the ante a little bit," Edge said. "They are going to be competing with this nice, shiny, brand-new stuff down here."

Road improvements planned

The new buildings meet current zoning entitlements, which allow for almost 2 million more square feet.

Meanwhile, Bissell is seeking a separate rezoning to allow for up to an additional 1 million square feet for other expansion. The company also is hoping to be reimbursed from tax revenue for the \$11 million the company could spend to improve roads around Ballantyne Corporate Park.

The road improvement project includes building a bridge over I-485 to connect the northern and southern parts of Community House Road.



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