



BALTIMORE BUSINESS JOURNAL

BUSINESS PULSE SURVEY:

Should the state take over under-performing Baltimore City schools? Heritage Properties moves forward on Class A Towson office project

Baltimore Business Journal - August 27, 2004

by **Heather Harlan**, Staff

Heritage Properties Inc. is jump-starting construction on a new four-story, speculative office building in Towson, about six years after the company put the breaks on the project and let the land sit idle.

The Towson-based development and commercial real estate firm is expected to break ground Sept. 15 on an 88,000-square-foot complex at 501 Fairmount Ave. in Baltimore County.

Michael J. Batza Jr., CEO of Heritage, said he believes the project represents Towson's first Class A office building in about a decade -- a sign the market is improving.

Office vacancy in Towson, including sublet space, fell from 16.9 percent during second quarter 2003 to 15.65 percent this year, according to the most recent report from MacKenzie Commercial Real Estate Services LLC of Lutherville.

During the same time, rents dropped slightly from \$17.83 a square foot to \$17.78.

But even more telling about the state of the market is Heritage's commitment to pour \$12 million into a building without a lead tenant.

"We're seeing a lot of activity," Batza said. "And we're missing a lot of deals because we don't have the space."

Batza said his company is seeing tremendous interest from tenants, especially those in the financial and service sectors, in need of 10,000-square-foot to 15,000-square-foot of space.

The project, called Fairmount III, stalled in 1998 when the economy soured and a lead tenant backed out of the deal.