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# New office building on tap in Towson

By **EZRA K. FIESER**

*Daily Record Business Writer*

During the past two years, **Heritage Properties Inc.** officials talked to dozens of companies that wanted top-tier office space in the Towson area.

The developer of suburban office space, also based in Towson, just had one problem: Nowhere to put them.

"In the last 18 to 24 months we have seen a lot of activity and we've talked to a lot of folks and we weren't able to meet their needs," Jim Railey, vice president of asset management, said. "We missed some opportunities."

Predicting the demand will continue, Heritage plans to break ground Wednesday on the first new Class A office space to be built in Towson since Towson Commons, an office-and-retail development, was constructed in 1992.

"We've seen a rising demand for new space by companies that have outgrown their current offices," Heritage Chief Executive Michael J. Batza Jr. said. Other "development in Towson and plans for future revitalization make the area very attractive to prospective tenants."

Heritage executives are so confident in the Towson market that they will begin construction on Fairmount Place III, a four-story, 88,000-square-foot office building, without a tenant signed. The building, located at the corner of Joppa Road and Fairmount Avenue, is expected to cost \$12 million and become available by fall 2005.

Heritage has a stake in Towson, most recently developing a 22-acre former **Bendix Corp.** radio manufacturing



A rendering shows the planned Fairmount Place III office building, scheduled to begin construction Wednesday at Joppa Road and Fairmount Avenue. It is the first new Class A office building in Towson in more than a decade.

plant into an office park known as Radio Park.

But the third building at its Fairmount office park is slightly more risky. The Baltimore County office market has yet to fully recover from the commercial real estate slowdown that nearly brought new speculative development to a standstill.

According to a midyear report by Baltimore-based real estate firm **Colliers Pinkard**, the suburban north office market, which includes Towson and the Interstate 83 corridor, was struggling with a near 20 percent vacancy rate, although top tier, or Class A, space was only 16 percent vacant.

But Heritage officials said their mix of large floor plates, at 22,000 square feet, free parking and proximity to

Towson's retail amenities will win out. The company plans to market space for around \$23.50 per square foot, slightly less than rates for top-tier space in downtown Baltimore.

They are also beginning construction as the commercial real estate market appears to be picking up, said David Iannucci, executive director of the .

"Since the turn of the calendar year I've seen a sizable increase or inquiries as well as new prospects," he said. "We're seeing a surge of interest in the Greater Towson area."

Iannucci said the interest is evidenced by a host of new retail tenants that have been moving into the area, including restaurants and car dealerships.

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