

COMMERCIAL REAL ESTATE

# WTC to get leasing agent

*Move seen as big step in making the Inner Harbor landmark profitable*

BY ANDY ROSEN

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The state could hire a private company this week to help lease the Baltimore World Trade Center, a move aimed at upping occupancy at the publicly owned Inner Harbor office building.

The Board of Public Works is due on Wednesday to consider a contract with Florida-based Meridian Management Corp., which says it will hire a local real estate firm to handle leasing. The contract, which would begin in June, would be worth \$23 million over five years but could be extended for another six.

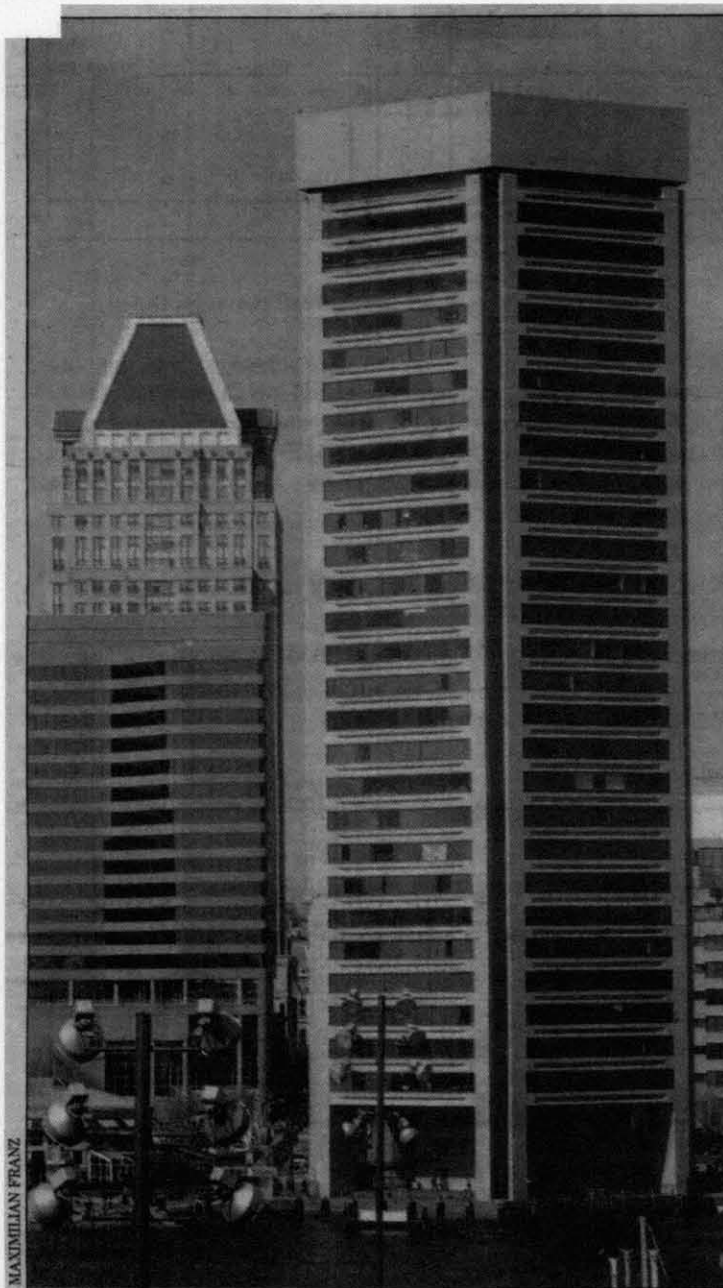
The contract will cover leasing, cleaning and security. Meridian will continue to handle operations and maintenance, as it has for the past decade.

David Leedy, business development manager at Meridian, said the company intends to hire MacKenzie Commercial Real Estate Services LLC of Baltimore to handle the leasing. Meridian manages the leasing for conference space on the World Trade Center's 21st floor, but the bulk of the building has long been run by the Maryland Port Administration. Meridian's existing contract is worth \$6.5 million over five years.

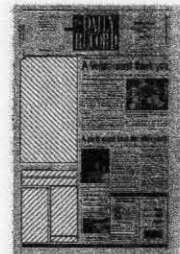
An official with MacKenzie said the company had bid with Meridian for the contract, but could not discuss any details of it because it is still being considered by the state.

The hiring of a leasing company is seen by some as an important step in making the build-

ing profitable for Maryland. Gov. Martin O'Malley declared last year  
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that the state would keep the World Trade Center, reversing former Gov. Robert L. Ehrlich Jr.'s plans to sell it.

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"I think the bottom line is that this has been a change in the philosophy in the fact that Gov. O'Malley and his administration have made clear they want to keep the World Trade Center as a state property and re-lease it to capacity," said Donald C. Fry, president and CEO of the **Greater Baltimore Committee**. Fry also voted in favor of the contract as a member of the **Maryland Port Commission**, a seven-member panel that oversees the MPA.

He said the state of the building has been in flux for several years because of the uncertainty over future ownership. It makes sense to bring in a private leasing company with expertise in commercial real estate, he said.

Maryland built the World Trade Center in the 1970s to house port-related businesses. The **Department of Business and Economic Development** is moving its offices to the building this year, bringing its occupancy to about 70 percent.

The state has made changes over the past year to streamline the building's leasing process. In December, the Board of Public Works approved a change that empowered MDOT Secretary John D. Porcari to approve many leases for the building.

The board formerly had to sign off on all leases for the building, but now will only review deals that are for less than \$22 per square foot. The average rate at the World Trade Center in December was \$18.75, according to the Maryland Department of

#### Transportation.

Sen. George W. Della Jr., D-Baltimore City, said he is glad the state is keeping the World Trade Center, which is in his district. He said he agrees with many of the changes of the past year, including bringing in a private leasing company.

"Put people in there that are in the business of leasing out space in offices," he said. "All these changes give them the flexibility that an ordinary property owner would have."

Lease rates at the World Trade Center also include services and utilities, though additional costs have given the state problems in the past. The state was sued in 2006 by a previous tenant who complained about security costs following the terrorist attacks of Sept. 11, 2001. That case is due for trial June 16, and has been pending for more than two years.

The tenant, law firm **Gebhardt & Smith LLP**, is suing the MPA, challenging \$260,000 in added charges to the firm's rent, many of which were related to additional security costs after Sept. 11. Gebhardt & Smith had also complained that the administration was inflating other costs to make the building's leasing activity more profitable.

Many landlords pass on extra building operating costs to clients at the end of a year, but the firm has argued that these rates were too much. Gebhardt & Smith has since moved out of the building.

Richard Scher, spokesman for the MPA, said by e-mail that the new management company will not be able to pass on any extra operating costs to clients without the administration's approval. He said it is too early to tell whether the new contract would increase overall operating costs at the building. Even if costs went up, he said it would affect each tenant differently.

