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Duke: 'We can do transactions others can't'

Business Courier of Cincinnati - by [Dan Monk](#) Senior Staff Reporter

Cincinnati's largest landlord feels pretty good about the road ahead, now that it's driving away from the train wreck that was the recession.

"We couldn't be positioned any better," said Jon Burger, senior vice president of **Duke Realty Corp.**'s Cincinnati operations, with 18.5 million square feet of office and industrial assets. "The amount of capital we've been able to generate in the last year has put us in a very strong position."

Burger said the Indianapolis-based real estate company raised more than \$1.6 billion from equity, debt and other financing transactions. That has enabled Duke to be more selective in evaluating lease transactions and purchase offers on its local properties.

"Some of the other guys out there are struggling. We can do transactions that others can't," he said. "We're not chasing the stupid deals. But if a deal makes sense, we're going to chase it."

In the first four months of 2010, Duke has signed leases totaling 1.2 million square feet. The largest is a five-year, 598,000-square-foot lease at the Hebron Industrial Park. The tenant, **HK Systems**, a provider of material handling and logistics solutions, did not return calls seeking comment.

Other new leases include Sunny Delight's new headquarters at Pfeiffer Place in Blue Ash and a 7,300-square-foot lease signed by **Carepoint Partners LLC** at 8280 Kenwood Commons.

"The net rents have compressed a little bit, but tenants are still paying a bit of a premium to be in better assets and in some of the better submarkets," Burger said.

Duke sold three Governor's Pointe retail properties for \$27.5 million in February. It sold a 400,000-square-foot industrial building in the Monroe Business Center in April. Data provided by **CoStar Group** indicates Duke fetched a price of \$17.52 per square foot for the industrial property and \$75.12 for the retail space.

"We're doing just fine," Burger said of the deals. "We're selling them for more than what our basis is."

Duke Realty has dropped plans to sell three downtown office buildings. It had a deal to sell them in February, only to find that the buyer was unable to obtain financing. Duke has two office buildings totaling 130,000 square feet for sale at the moment. The properties – Kenwood Executive Center and 8800 Governors Hill – already have attracted purchase offers, said listing agent Tom Powers.

"We're seeing a lot better activity than we saw nine months ago," said Powers, executive vice president at **Cassidy Turley Commercial Real Estate Services**. "There's a lot of money that's looking to invest in the right kind of real estate."

Apart from being Cincinnati's largest property owner, Duke's local office is among the largest in its national network. It ranks in the top three among 22 cities in total square footage, net asset value and net operating income. The local head count of 80 is down about a dozen from its peak.

dmonk@bizjournals.com | (513) 337-9438

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