

# City Center Square owners seek Port KC incentives for redevelopment

By [Miranda Davis](#) – Staff Writer, Kansas City Business Journal  
Feb 11, 2019, 3:07pm CST **Updated** Feb 11, 2019, 3:10pm CST

Developers are asking for a 95 percent tax exemption for the redevelopment of City Center Square.

The efforts to update the downtown structure, which will be rebranded the Lightwell Building, will include significant renovations to the 30-story, 663,656-square-foot office tower at 1100 Main St.

A development partnership between the new owner, Somera Road Inc., and JE Dunn Construction won an early round of approval for incentives on the project from the Port Authority of Kansas City at its Monday meeting. They declined to put a dollar value on the incentives.

Those incentives include a 95 percent, 10-year property tax exemption for improvements. Because the exemption would cover only improvements, the property still would be paying previous property and other taxes. Port KC said the 95 percent exemption on improvements would be folded into those other taxes, for a total exemption on the property of about 42 percent.

The development partnership later will request a Port Improvement District that would collect as much as 1 cent in sales tax for every dollar spent within the building's retail portion. That money can be reinvested only in the building, according to Port KC.

[Michael Collins](#), vice president of real estate and investment for JE Dunn and former CEO of Port KC, spoke on behalf of the project and said it would help alleviate immediate shortages of class A office space within the Central Business District. He said that as of March 1, City Center Square will be able to offer 270,000 square feet of continuous office space to one tenant but wouldn't discuss updated leasing rates once the redevelopment is complete.

Port KC CEO [Jon Stephens](#) said incentives are necessary because the project helps solve two problems: It brings more class A office space into the market, and the improvements will help slowly raise lease rates in Downtown. He said the project won't compete directly with new office construction, such as Copaken Brooks' proposed Strata office building at 1300 Main St., which also is receiving incentives from Port KC.

"We have lagging lease rates due to subpar office space," Stephens said. "So our lease rates are lower than our peer cities, which then really hinders the growth of class A office space because the financials just don't work. Having the unique ability, like with Lightwell, to bring an older, dated building up to modern class A amenities allows those

lease rates to naturally rise. We believe, and the market believes, that that will then compel new construction, which is vitally needed."

[Somera Road bought City Center Square for an undisclosed amount](#) from NG City Square LLC, an investment group, in a deal that closed on Jan. 8.

According to a statement sent to the *Kansas City Business Journal*, the renovation will include an update to food offerings, a coworking space, reactivation of the lower roof terraces, an updated lobby and elevators, along with conference, hospitality and fitness centers. Somera Road also plans to replace the current skylight with a "lightwell" system that would run through the lobby.

"Kansas City is going through a downtown renaissance; it already has the food, nightlife, retail, entertainment, multifamily and hotels to support the growth," [Basel Bataineh](#), Somera Road senior associate, said in the statement. "The only thing missing is a modern, forward-thinking office space to attract new economy jobs. That's the gap we're looking to fill. There is so much upside to the location, including access to the streetcar, proximity to the Power & Light District, ample opportunities for outdoor space and plenty of room for state-of-the-art amenities."

Bataineh said the building will emphasize wellness, fitness and food.

The building's market value in 2018 was \$17.37 million, according to Jackson County property records.

City Center Square includes tenants such as the *Kansas City Business Journal*, Alight Analytics, Pinsight Media and Cooling & Herbers PC. The lower levels include a fitness center, post office and a variety of restaurants on the first floor. The occupancy rate is 50 percent.

In late January, Dallas-based Holliday Fenoglio Fowler LP announced that the company [secured \\$60.2 million in acquisition bridge financing](#) on behalf of Somera Road.

HFF said Somera will use proceeds from the loan "to renovate, rebrand and reposition the property as the premier downtown office tower in Kansas City."

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