

## FedEx Logistics, The Clipper are variations on a Downtown theme of live-work-play

By **Wayne Risher** Updated: February 13, 2019 6:56 AM CT | Published: February 12, 2019 6:26 PM CT



Developers who announced big new plans for Downtown Memphis on Tuesday, Feb. 12, said their bottom line is a stronger live-work-play environment in the center city.

Somera Road Inc. of New York and Orgel Family LP of Memphis are at the center of a new FedEx Logistics headquarters in the Gibson Guitar building and an adjoining, \$250 million office tower, hotel and retail center across the street at B.B. King and Dr. Martin Luther King Jr. boulevards.

The FedEx Logistics headquarters will repurpose the guitar factory and bring as many as 700 new workers Downtown, while a mixed-use project dubbed The Clipper will meet needs for new Class A office space, a full-service hotel, restaurants and perhaps a grocery store, said Somera Road founder and principal Ian Ross.

Ross, along with Benjamin Orgel, a partner with his father, Billy Orgel, in Orgel Family LP, spoke with The Daily Memphian about the FedEx project, announced Tuesday morning, and The Clipper, announced two hours later.

And giving a preview of coming attractions, Ross said Somera Road is working with its local partners on a future project on the north end of Downtown, the former Conwood Co. property dubbed the Snuff District.

he Clipper, planned for Gibson's surface parking lot, would include 200,000 square feet of office space on top of 50,000 square feet of ground-floor retail, and a 250-room hotel of a brand not yet disclosed, plus parking levels with a public parking component.

The Clipper is a FedEx reference, to company founder Frederick W. Smith's observation that FedEx is the clipper ship of the computer age. A statue of a clipper ship will be placed prominently as part of the FedEx Logistics development.

A transcript of the conversation, edited for clarity and brevity, follows:

**Ross:** We're really excited about what we're going to do over at The Clipper. We think the market needs a modern, Class A, creative office building that speaks to the needs of office users today, and when we looked around the Memphis market, we certainly believed there was a dearth of Class A space for both companies within Memphis and companies outside of Memphis that are looking at the market.

So we're excited about building that office building, about putting it right in the epicenter of Downtown, right across from FedEx Logistics headquarters, a block from Beale Street, a block from the FedExForum. It's really going to enliven that area and create that live-work-play environment connecting to South Main and the residences there, connecting north to Downtown, just really a tremendous location for that.

We're also excited about the retail we're going to put in there. It's about 50,000 square feet of retail, fast-casual restaurant, full-service restaurant, convenience, potentially grocery. We're really excited about stuff that fits into that live-work-play mix.

And when we start looking at the hotel market, there's obviously been a plethora of limited-service boxes coming up, and I say boxes because I mean boxes, there hasn't really been high-quality, full-service products built in Memphis since the Westin was built. It's a tremendous hotel that's doing very well and we got to know the Senate Hospitality team early on in our work here and in Nashville, and they explained to us why they do so well and what their faults are.

They realize they need more conferencing space, so we'll be building a best-in-class hotel that's full-service, with food and beverage outlets, with pool, rooftop bar, and with tremendous conferencing facilities for corporate users and conference users. Senate knows exactly what's needed. They've had a ton of success here at the Westin, and we'll be looking to build on that with the delivery of our hotel on that site.

**The Daily Memphian:** Will the new hotel represent competition for The Westin?

**Ross:** They view it and we view it as additive.

**TDM:** What will be the phasing of construction?

**Ross:** The entire site will be developed simultaneously. It will happen from a sequencing perspective, the work there (The Clipper) will be going on at the same time as the former Gibson building. The FedEx Logistics/Gibson building will deliver first, and The Clipper project should follow probably 12 months behind.

**TDM:** Will FedEx Logistics use The Clipper as an expansion area to handle future growth?

**Ross:** I think it's certainly a possibility. We spent a lot of time with the state of Tennessee, with the Department of Economic and Community Development and the Downtown Memphis Commission and the (Greater Memphis) chamber and Mayor Strickland and his team.

I think it's very clear Memphis needs Class A office space for a few reasons. To attract companies from the suburbs that want to take part in the live-work-play environment Downtown. To stimulate further growth within the market from existing users. To replace some of the existing and potentially decaying office product or office stock in the market today. Lastly, to attract tenants from outside the market that are looking at Tennessee as a place for growth or relocation, and who may be apprehensive to Nashville at this point because of the compression in that market. I think Memphis is ripe to attract a national user or corporate headquarters. I think one thing the market needs here is office space that speaks to the revival that we're seeing Downtown.

I think it could both be expansion space for FedEx, although there's no deal there at this time. It could be space for existing users Downtown. It could be for suburban users that are looking to be in the urban core. I think what would be most exciting for the city and the state is finding new users from outside of Tennessee.

**TDM:** Are there plans to connect the FedEx Logistics headquarters with The Clipper?

**Ross:** Way too early at this point to tell. I think skybridges have their pros and cons. It allows for connectivity. ... It's something we've thought about. We also like to see vibrant streetscapes, and skybridges can hurt that. It's something we'll certainly consider and look at the feasibility of.

**TDM:** Who's involved from a construction and professional services perspective?

**Ross:** LRK (Looney Ricks Kiss) of Memphis, architects on FedEx Logistics; ESA (Earl Swensson Associates Inc.) of Nashville, architects on office tower; Danny Bounds of Bounds & Gillespie Architects of Memphis on the hotel; Grinder, Taber & Grinder of Memphis, contractor on FedEx Logistics, with J.E. Dunn of Kansas City as an investor; J.E. Dunn, contractor on The Clipper; Kimley-Horn, engineers; and Cushman & Wakefield/Commercial Advisors, real estate services.

**TDM:** Will The Clipper be comparable to The Gulch in Nashville (where Somera Road owns property)?

**Ross:** When we look at some of the design that's happened in Nashville, the Nashville community has done an incredible job of bringing best-in-class, modern, architecturally significant new office and hotel product to the market. We admire what they've done and would like to see some of that in Memphis, but we're not creating The Gulch here.

**TDM:** How will parking be handled, considering Gibson's surface parking lot will be the site of The Clipper?

**Ross:** The parking that Somera and the Orgels and our team has to offer at The Clipper project can't be matched anywhere in Downtown Memphis. We spent a ton of time doing thorough parking studies across

the market and making sure – when you look nationally at our portfolio, parking today is such an important component of making projects work, and we don't take that lightly.

We've amassed parking in the immediate area, including at Lee's Landing, next to the Westin, including FedExForum, and including the parking we're planning on building as part of this project. Not only will we be able to park the Gibson building, we'll be able to offer at least three (spaces) per 1,000 square feet at The Clipper office building, which we believe is really unmatched in this market.

The total spaces are TBD right now.

The Grizzlies have been incredible partners, working with us to make sure the parking at their facility is well utilized, creating a vibrant Downtown. They have a lot of parking that can be offered for shared uses. It's obviously needed for game night, but allowing that parking to be freed up for 9-to-5 workers, I think is very important in encouraging lots like our parking lot to be developed. We'll be extraordinarily well-parked for the entire project.

**TDM:** Will The Clipper include public parking?

**Ross:** There will likely be a public component as we work with the city with regard to public incentives on parking. And there will certainly be a public component.

**TDM:** What public incentives are you seeking through the Downtown Memphis Commission and affiliates?

**Ross:** I'd rather not go into incentives at this time. We certainly are going to need a lot of public support, which I believe Mayor Strickland and (DMC president) Jennifer Oswalt and their teams are eager to help us provide. A project of this magnitude won't work without public support and public incentives. With regards to specifics, we're really not there yet, and we're still kind of compiling our research and our work.

**TDM:** What else can you tell us?

**Ross:** I don't think there's any market we've worked in quite like Memphis where everyone is so welcoming and encouraging.

I'm just in awe of the civic-minded community here in Memphis. In all avenues we've explored here, in all the stakeholders we've gotten the opportunity to meet, there's just a real civic-minded approach, notably as seen from Benjamin and his father, Billy (Orgel). Everybody's eager to succeed and to see this city grow. It's truly been special to watch and learn and become part of it.

**TDM:** What else is Somera Road developing in Memphis?

**Ross:** In Memphis, we've been pursuing a variety of other projects. We're partnering with the Orgels on what we're calling the Snuff District (the former Conwood tobacco property in Uptown), almost 55 acres just north of the Pinch District, which we believe will continue to benefit from the compression we're seeing Downtown. As the market moves south for residential development, we believe it will also start shifting north as well. And we're excited to be partnering with the Orgels on that project as well.

**TDM:** What's the perspective of Somera Road's local partner on these projects?

**Benjamin Orgel:** I think it's amazing and it shows – and not to steal the trademark of our Mayor Jim Strickland – how much momentum we have in Memphis that sharp, sophisticated real estate investors that are in over 40 markets and that are out of New York City, they took a chance on Memphis.

Ian is one of the smarter investors, because he noticed Memphis has legs and momentum, just like our mayor said. And they come down here, and I give it to them, he partnered with someone who knows the market and does development in Downtown Memphis, and I commend Ian and his team for being a big out-of-town investor. I think this just opens the door for other investors from other cities around the country to come in and make Memphis even better. We're definitely on an upward trend.