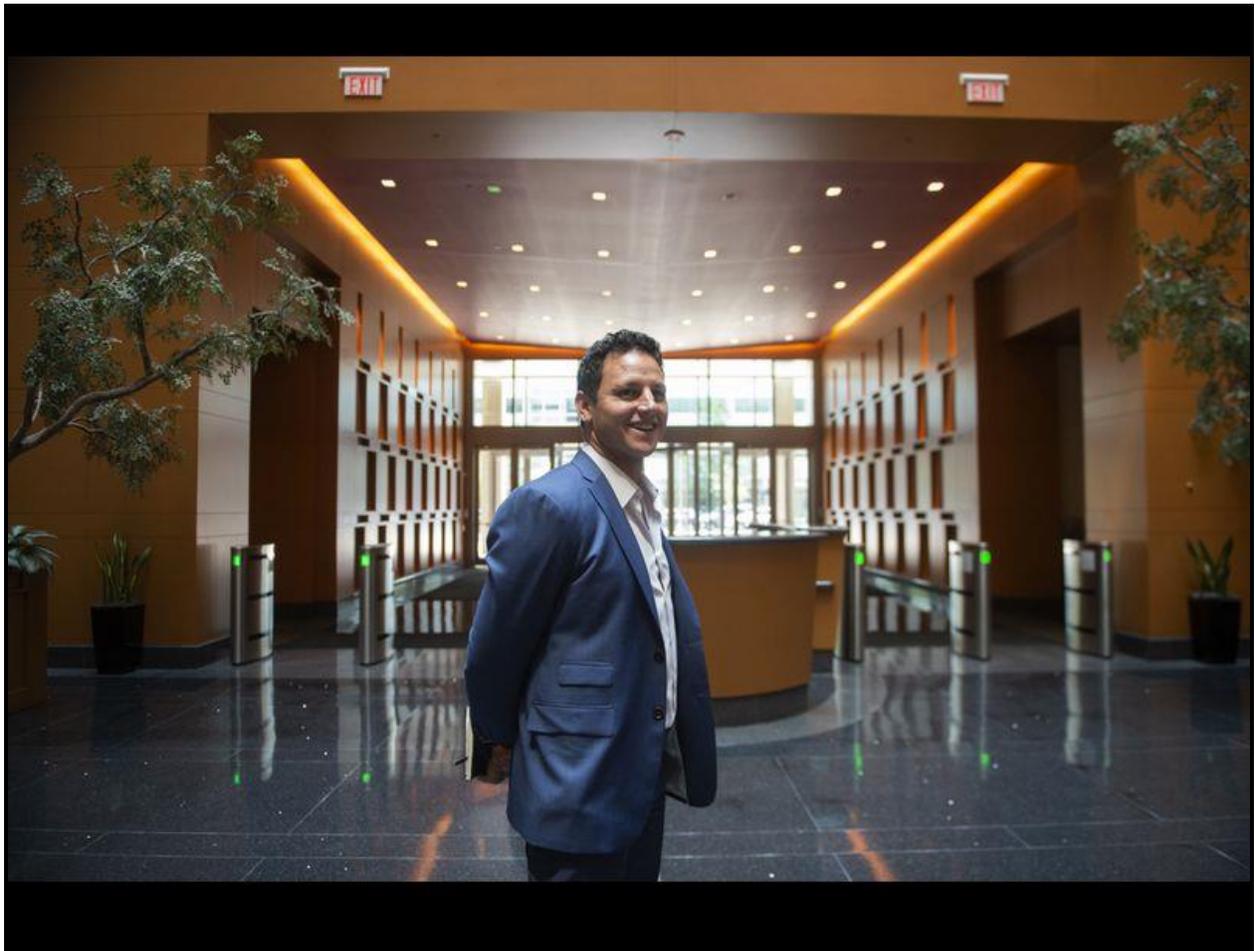


# THE MORNING CALL

## Inside PPL Plaza



**PICTURES: Inside PPL Plaza**

Managing Principal of Somera Road Ian Ross gives a tour of the PPL Plaza on Wednesday, May 29. The company is now hoping to make minor changes and find new tenants. (Kristen Harrison/The Morning Call)

Somera Road, the New York commercial real estate investment firm that recently acquired the PPL Plaza in April, gave a tour of the building on

Wednesday, May 29. The company is now hoping to make minor changes and find new tenants.

PPL Plaza in downtown Allentown has posed something of a conundrum for its new owner, Somera Road.

The New York commercial real estate firm typically acquires distressed properties in need of some obvious renovations. While the PPL Plaza (or, its previous ownership group) has certainly faced financial distress, the 16-year-old LEED Gold-certified structure is already "hands-down the architectural gem" of Somera Road's portfolio, founder and managing principal Ian Ross says.

"We've banged our heads against the wall trying to figure out how to make it a better space," Ross said in the atrium of the building prior to a tour Wednesday.

He later said it might be the "nicest vacant office building in the country."

Ross reiterated his conviction that the more than 200,000 square feet of office space is of superior quality to any other office building in the city, and he promised to lease it at cheaper rates than anywhere else downtown.

Prospective tenants like that value proposition, he said. A half dozen are actively looking at the seven full floors of office space, he said, and three are interested in the retail space on the southeastern corner of the ground floor. Somera Road hopes to begin announcing tenants in the next three to four months and have its first tenants move in this fall.

"The interest has been astounding," Ross said. "We've barely gotten started."

Somera Road, which owns 55 buildings with about 11 million square feet of space across nearly 40 cities, has hired original building architect Robert A.M. Stern to consult on some modest upgrades.

That includes a redesign of the lobby, including new furniture and removing security turnstiles; fresh foliage in "winter gardens" on the third and fifth floors; and some demo work on the top two floors to create more open spaces attractive to today's tenants.

It also wants to bring food trucks to the outdoor plaza, as well as more events and seating, Ross said. (It will feature the main stage of the city's Blues, Brews & Barbecue festival June 8).

"We want it to again be the focal point of downtown," he said.

Somera Road officially added the office building and accompanying parking garage at 940 Linden St. to its portfolio after submitting the top bid of \$16 million at a [sheriff's sale last month](#).

Liberty Property Trust built the \$60 million project in 2003 for PPL Energy Supply, which later became Talen Energy after the parent company headquartered next door spun it off.

A firm led by investor Joshua Safrin bought the property for more than \$90 million in 2006, taking out a \$83 million mortgage. The debt proved too much, and it's been mired in foreclosure proceedings the past two years following a mortgage default in late 2016.

The previous ownership group argued the financial distress was a result of an unfair playing field created by the city's Neighborhood Improvement Zone, where developers can tap into certain state and local taxes to pay the debt service on their construction loans.

It filed numerous lawsuits against the city and the Allentown Neighborhood Improvement Zone Development Authority, including a claim that the tax subsidies offered competitors constitute a "de facto taking of the property for which just compensation must be paid." Talen moved three blocks last year into City Center Investment Corp.'s Tower 6, where rent per square foot was up to 30 percent cheaper.

In April, Lehigh County Judge Doug Reichley ruled against the former owners.

Somera Road, the new owner, claims it too has been unfairly hurt by the NIZ. On May 9, it filed a notice of appeal before Commonwealth Court.

According to Lehigh County Court records, Somera Road also took on Wells Fargo's obligations in the mortgage foreclosure judgment. That amounts to about \$56

million, Ross said. Somera Road bought Wells Fargo's interests in the mortgage last year for roughly \$18.4 million, according to Trepp, a New York firm that monitors commercial property mortgages that have been bundled into bonds.

Somera Road also was one of the investors that sustained a considerable loss on the JP Morgan Chase mortgage-backed security that included the PPL Plaza loan, Ross said.

"We think we have a viable claim," Ross said. "There was an artificial supply created in this market that unjustly burdened this building."

City spokesman Mike Moore declined to comment Wednesday on Somera Road's claim.

The building still has a few tenants: PPL Gold Credit Union, a restaurant and a BB&T bank branch on the first floor, along with some PPL Electric Utilities employees on the third floor. Somera Road said the third floor will again be vacant in a few months.

While the firm is open to leasing all the office space to a single tenant, Ross said it's leaning toward multiple tenants, with most taking one floor and a marquee player taking the top two floors, which features an outdoor garden.

*Morning Call reporter Andrew Wagaman can be reached at [610-820-6764](tel:610-820-6764) or [awagaman@mcall.com](mailto:awagaman@mcall.com)*