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## DEVELOPMENT - OWNERSHIP

# New Life for Obsolete Structures The Campus, Stamford, Conn.

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Chelsea Piers Connecticut (CPCT), the first tenant at The Campus, was developed and is managed by the same team that built and manages the acclaimed Chelsea Piers Sports and Entertainment complex in New York City.

Aging industrial and office structures throughout the U.S. — particularly in the mature markets of the Northeast — offer unique opportunities for owners and developers to think creatively about adapting and reusing obsolete buildings and properties. Rather than demolishing these structures, many developers are transforming them into places that meet the needs of today's commercial real estate markets. The Campus on Interstate 95 in Stamford, Conn., a former Clairol headquarters and manufacturing facility, is a case in point.

In 1968, Clairol, a women's hair care brand that began on Long Island in the 1950s, built a 711,000-square-foot corporate headquarters with research and production facilities in Stamford, one hour east of New York City. For 42 years, it owned and occupied the buildings, manufacturing hair care products such as Herbal Essences shampoo there. Clairol eventually sold the business to Bristol-Myers Squibb, which in turn sold it to Proctor & Gamble (P&G) in 2001. Like many other 21st-century American companies, P&G then decided to move its manufacturing operations to Mexico and relocate its executives to P&G's home office in Cincinnati. Seeking to lower production costs and shed excess corporate real estate, P&G hired Cushman & Wakefield (C&W) to market the facility in late 2007. Although the package received widespread interest and bids from potential buyers, none were able to execute the transaction because of the 2008 capital markets meltdown.



The property's location near downtown Stamford and I-95 and only about 40 minutes east of New York City made it an excellent prospect for redevelopment.

## Acquisition Strategy

By the end of 2009, P&G wanted “certainty” on a sale, so C&W went back to a select group of first-round bidders. This group included a joint venture of Spinnaker Real Estate Partners, Steven Wise Associates and Connecticut Film Center, all local players with experience in adaptive reuse projects. The companies had teamed up once before to convert a Stamford manufacturing building into a sound stage and studio. The joint venture, known as Stamford Exit 9 LLC, made P&G a compelling, all-cash offer with a short due diligence period and a quick close, which P&G accepted. The seller’s original asking price had collapsed during the recession; Stamford Exit 9 acquired the property for \$17,450,000 (about \$25/square foot), less than half the price offered in the original bids in 2008. The transaction closed in March 2010.

The Stamford Exit 9 team mitigated the significant market risk of such a large speculative purchase by relying on its local market knowledge and deep history with the building. (One of the principal partners had actually worked on the facility for his father’s construction company in the 1970s.) The partners understood that the building was a best-in-class industrial asset, and that with a low basis, it could offer highly competitive rents for warehouse and industrial space.

Stamford Exit 9 also acquired the property without a zoning contingency, a risky plan given the asset’s large size. That risk, however, was calculated; the property’s zoning (as an “M-D-Designed Industrial District”) permitted a wide latitude of uses, which gave the new owners plenty of flexibility.



When Stamford Exit 9 LLC acquired the

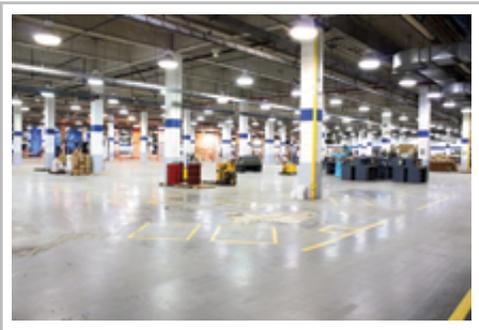
former Clairol headquarters in 2010, it realized that the property's best-in-class condition was the result of Clairol's regulation by the U.S. Food and Drug Administration.

## Adaptive Reuse Strategy

When Stamford Exit 9 acquired the 33-acre property, it was vacant and the market was still suffering the results of the 2008 financial meltdown. The building had no identity in the market because it had been a corporate facility since its 1968 completion. Therefore, the marketing and leasing direction for the large facility was not clear cut.

The team had several alternatives for marketing the property. One was to focus on the film and television industry that was clustering in Stamford because of the Connecticut State Film Tax Credit and its proximity to New York City. The other was to mount a traditional re-leasing effort for industrial and office users.

Both strategies presented challenges and opportunities. The film route was an uncertain one; the market for large users was limited, since many potential users were startups and not well capitalized. The traditional industrial warehouse market also was limited, and the building's site access, loading and circulation were not ideal. The project's 90,000 square feet of office space were early 1990s, Class B space, which was hardly compelling in a 20 percent-plus office vacancy rate environment and a location outside the Stamford CBD.



More than 20 steel columns had to be removed in order to build the Chelsea Piers ice rinks and swimming pool.

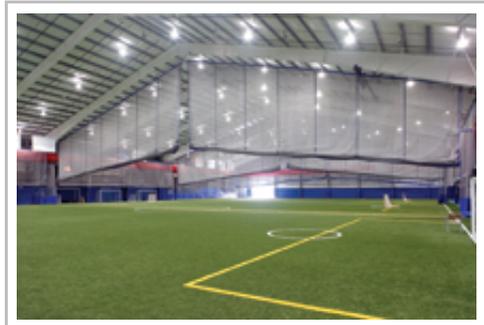
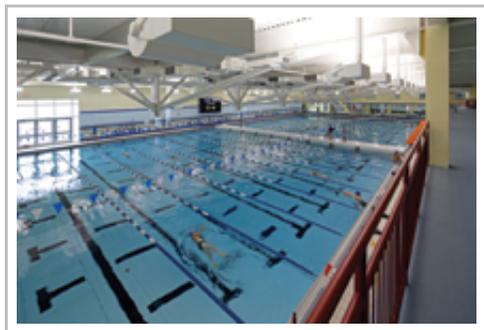
The joint venture retained Cushman & Wakefield as leasing broker because of its familiarity with the property and its strong industrial brokerage presence. The team began a one-on-one marketing campaign, inviting the area's commercial brokers to breakfasts, presentations and site tours. In addition, the new owners contacted another company that had bid on the property, a sports facility operator known as Chelsea Piers.

## The First Tenant: Chelsea Piers Connecticut

Chelsea Piers' original success on the Hudson River in Manhattan's Chelsea neighborhood (the 28-acre Chelsea Piers Sports & Entertainment Complex opened in 1995) inspired the operator to seek another venue, and Stamford's location and strong demographics met its criteria. Having gone through the bid process, Chelsea Piers principals knew the building well and believed it

would accommodate the full portfolio of activities they envisioned. (They actually had bid higher than Stamford Exit 9 in the second round, but had included closing contingencies because of concerns about securing permits and approvals.)

The important fact for Stamford Exit 9 was that Chelsea Piers still wanted to come to the building and was willing to be a tenant. The location and building were compelling for Chelsea Piers; it was a large, well-maintained facility near a major highway exit in a dense and affluent demographic area, where the demand for youth and league sports facilities far exceeded what was available. Lease negotiations progressed quickly and were finalized at the end of September 2010, about six months after closing.



Chelsea Piers features an Olympic-size swimming pool, two NHL-size ice hockey rinks, and a field house that can accommodate football, soccer, lacrosse, field hockey and baseball games.

Chelsea Piers Connecticut (CPCT) leased an approximately 160,000-square-foot (400-by-400 feet) former warehouse building that had been designed to accommodate a second floor. CPCT removed the roofing, added a new concrete slab and constructed two field house buildings totaling 140,000 square feet to accommodate an indoor tennis court facility and a large multisport, column-free playing field. The warehouse building also had enough floor-to-floor height to accommodate new mezzanine space, which CPCT built as additional viewing and program areas.

Overall, CPCT's program combines first-class indoor athletic facilities with high-level professional instruction in a wide array of individual and team sports. The facility was an instant success. It includes the following:

- Two ice rinks;
- An Olympic-size swimming pool;
- Seven indoor tennis courts;
- Twelve squash courts;
- A trampoline center;
- A 15,000-square-foot gymnastics center;
- A baseball/softball training center;
- A climbing wall;
- Child care for preschool children;
- A pro shop; and
- Food service, catering and areas for parties and special events.

In addition, at the end of 2013, the owner and CPCT agreed to a 65,000-square-foot expansion for a fitness, wellness and spa component, which makes the entire premises more than 400,000 square feet. CPCT has become, in short, a unique sports and recreation facility.

## The Second Tenant: NBCUniversal Sports Group

After Chelsea Piers committed to the building, the marketing direction became more defined. With a variety of tenant prospects ranging from sports, film, entertainment, education and medical uses, the marketing team decided that the property's branding should attempt to communicate those elements. "The Campus" seemed to capture the multithemed aspects of the tenant prospect pool.



The new NBC Sports Group headquarters houses more than 450 employees and includes state-of-the-art broadcast studios.

The film and media industry had been an important part of this multithemed concept from the beginning. As part of securing the Chelsea Piers approvals, the ownership team included 81,000 square feet of studio space as part of the site plan application. Although they did not yet have a tenant for this space, the partners were well aware of the heightened interest in Stamford from the film, TV and

related industries created by Connecticut's film tax credit legislation. They knew that some large users were in the market and wanted to reserve space for them.

This proved to be a smart move when a technology-oriented individual toured the building, displaying a keen interest in its infrastructure. Although he initially did not divulge who he was representing, over the course of several months and numerous site visits it became clear that the prospective user was NBCUniversal Sports Group (NBC). At the time, NBC was in the middle of a joint venture merger with Com-cast, which also was negotiating a 10-year broadcast deal with the National Hockey League. During the lease negotiation, the company's space requirement grew from less than 100,000 to more than 250,000 square feet.

## Campus Project Summary

<b>Location</b>	1 Blachley Road, Stamford, Conn.
<b>Type of Site</b>	Suburban
<b>Type of Project</b>	Mixed Use
<b>Development Type</b>	Adaptive reuse of former headquarters and manufacturing facility
<b>Transportation Modes</b>	Car, transit (shuttle bus to train station and city bus)
<b>Mix of Uses (sq. ft.)</b>	
Office	90,000 (NBC)
Recreational	400,000 (Chelsea Piers)
TV Studio and Production Facilities	150,000 (approx.)
Number of Levels	2 floors + mezzanine
<b>Parking Spaces</b>	
Surface	1,100 (approx.)
<b>Site Dimensions</b>	
Total Acreage	32.68 acres
Total Sq. Ft.	900,000 (approx.)
<b>Development Team</b>	
Developer	Joint venture of Spinnaker Real Estate Partners LLC, Steven Wise Associates LLC and Connecticut Film Center
Project Architect	Design Development, White Plains, N.Y.
Interiors Architects	James G. Rogers Architects (Chelsea Piers) and Mancini & Duffy (NBC)
General Contractors	A. P. Construction Company (Chelsea Piers) and Pavarini Construction Co. (NBC)

Leasing Agents	Cushman & Wakefield, Stamford office
<b>Financial Partners</b>	
Co-owners	Spinnaker, Steven Wise Associates, Connecticut Film Center
Construction Loan And Long-Term Debt	RBS Citizens Bank
<b>Timeline</b>	
Land Acquisition	March 2010
Submitted Initial Plans	November 2010
Phase I Completed	July 2012
Project Completed	2014 (Projected)

The leasing deal gained momentum as the NBC/Comcast merger gelled, and NBC signed a lease for 263,000 square feet in October 2011. All NBC sports venues — from the Olympics to the NFL, NHL, NASCAR and the entire NBC Sports Group portfolio — now are managed through this headquarters facility, which contains five broadcast studios.

## Innovative Building Alterations

CPCT's construction program required some creative problem solving and design innovation. Architect James G. Rogers and structural engineer WSP Cantor Seinuk came up with a design that required the removal of 23 steel columns in order to build the ice rinks and swimming pool. The design team used king post trusses to create the clear spans, a plan that received the American Institute of Steel Construction's 2013 Presidential Award of Excellence in Engineering. These and other creative, economical and sustainable design solutions resulted in the reuse of most of the building structure and a significant portion of the electrical and mechanical systems.

NBC was attracted to the property because of its industrial-strength physical plant, high clear span ceiling heights of 22 to 24 feet, multiple fiber providers and redundant power feeds, one of which is fully dedicated. The NBC improvements cost more than \$100 million and included all new, fully redundant electrical infrastructure. The NBC-Universal Sports Group headquarters is now regarded as one of the finest broadcast facilities on the world.

The owners also renovated and reorganized the parking lot for greater efficiency and upgraded the stormwater management system to include on-site retention and new landscaped islands for expanded planting and a reduction in the amount of impervious surface.

## Looking Ahead

By considering a wide range of prospective uses for this property, including traditional office and industrial uses as well as a unique set of industries (film, entertainment, sports), Stamford Exit 9 made the most of its opportunities, and succeeded in landing two major tenants that set a new direction for this once obsolete structure. The Campus provides a model for how similar properties can be redeveloped and reused throughout North America, in ways that will meet the needs of many suburban communities for additional sports facilities as well as other types of spaces.

## Related Links



### **Sneak Peek at Atlanta's Ponce City Market, by Atlanta Business Chronicle**

Jamestown Properties is in the process of redeveloping Atlanta's former Sears Roebuck & Co. building into Ponce City Market, a mixed-use center of offices, shops, restaurants and loft apartments. An April 18 Atlanta Business Chronicle article and slide show offer a sneak peak at this \$200 million project.



### **Storm Protection for NYC and NJ, by HUD**

A massive berm along Manhattan's Lower East Side, a system of dikes around the tip of Lower Manhattan, a living breakwater along Staten Island's South Shore and a wetlands restoration project in the New Jersey Meadowlands are among six winning entries named in the "Rebuild by Design" competition last week. The projects will receive a total of almost \$1 billion in federal funding, according to a HUD press release.

## **From the Archives: Development Ownership Articles from the Previous Issue**



### **U Square @ The Loop: Public-Private Collaboration Revitalizes Cincinnati**

Development magazine Winter 2013

Situated just across the street from the University of Cincinnati campus, U Square @ the Loop buzzes with activity. The two city blocks of LEED-certified, mid-rise, mixed-use development house students and young professionals; provide a welcome array of restaurants, shops and gathering spaces; and are home to several university offices.



## **Water Tower Shoppes Retail Rebirth**

Development magazine Winter 2013

Water Tower Shoppes in Celebration, Fla., was not always the destination retail center that it is today. Just three years ago, Walt Disney Company (developer of Celebration) executives and most locals detested the “black eye” they drove past every day.