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Sun-Sentinel explores new HQ options

By: Oscar Pedro Musibay and Kevin Gale

South Florida Sun-Sentinel is shopping for new space in downtown Fort Lauderdale, and may consider moving to the suburbs, according to several sources.

The company has toured a few buildings, including 110 Tower and Broward Financial Centre, and has distributed a request for proposal to prospective landlords, according to sources.

The bottom of the range could be as low as 45,000 square feet, according to one source who asked not to be named.

Jim Morris, the engineering facilities manager in the paper's Deerfield Beach office, said the project was being handled out of Chicago. He could not provide more details about the search, but did say the paper has more than 57,000 square feet at the New River Center, 200 E. Las Olas Blvd., including space for storage, studio and equipment rooms.

The building also is home to WSFL Channel 39, which is owned by Chicago-based Tribune Co., parent of the Sun-Sentinel.

Jim Cahlin, senior director at Cushman & Wakefield, is working with the paper. He declined to comment.

Unless modified, the Sun-Sentinel's lease expires at the end of next year. The 279,000-square-foot building has about 46,000 square feet available, according to LoopNet.

Jarred Goodstein, the CB Richard Ellis broker who handles leasing at New River Center, also declined to comment.

The Sun-Sentinel needs less space after repeated layoffs, which have been common among daily newspapers in recent years. Some operations also have relocated to a Deerfield Beach building that houses the newspaper's printing plant.

The Sun-Sentinel moved into its current headquarters in New River Center in October 1990 after previously having its office and printing plant nearby, at 101 N. New River Drive, which is now the site of the Las Olas River House condominiums.

According to a 1990 Miami Herald article, the 252,000-square-foot building cost \$44 million and the newspaper would occupy about 70,000 square feet.

In 1997, Tribune Co. sold the building to Invesco Realty Advisors, but signed a lease to keep the Sun-Sentinel's headquarters there.

Broward Financial Centre, which is in foreclosure, is losing Franklin Templeton Investments, which occupies 138,000 square feet, in July.

Recent data by Cushman & Wakefield shows downtown Fort Lauderdale has an 18.9 percent vacancy rate, and the Sun-Sentinel would be a big-name catch as a tenant.

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A source with knowledge of the Sun-Sentinel's operations said the newspaper is undoubtedly exploring its options, even if it would like to stay put.

"Since the staff has been downsized, clearly there is additional room in the existing space," the source said.

The newspaper started out with three floors in the building, expanded to four, but subsequently cut back to three, the source noted.

The newspaper also has closed offices in Weston, West Palm Beach and Delray Beach in recent years.

In general, given current market conditions, even tenants that want to keep all or part of their existing space will at least explore options and conduct initial space planning to extract the best possible deal from existing landlords.

One wild card is that Tribune Co. has been involved in a messy, 22-month-long Chapter 11 bankruptcy case that followed an ill-fated, highly leveraged buyout led by Chicago real estate mogul Sam Zell. It's not uncommon for companies in Chapter 11 to seek court approval to reject leases, as is happening with Blockbuster.

The Chicago Tribune reported Wednesday that mediation talks between Tribune creditors had broken down, which could result in the submission of competing restructuring plans.

The Tribune said sources on all sides of the case said matters haven't been helped by a New York Times front-page article Wednesday that was highly critical of Tribune CEO Randy Michaels and the culture his team created.