

Hilton takes floor in Clark Tower

IT department to move into 17,000-square-foot space

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by [John Scruggs](#)

Running out of room at Audubon Woods, **Hilton Hotels Corp.** has leased 17,000 square feet in Clark Tower to house its growing information technology department.

The lease adds to a year-to-date absorption of 80,000 square feet at the landmark East Memphis office tower. Occupancy at Clark Tower is currently 92%.

Hilton's lease of Clark Tower's 23rd floor resulted from growth and the absence of available space at its Audubon Woods campus, according to Mark Younger, director of facilities administration with Hilton in Memphis.

Hilton currently has a large corporate presence at the 357,000-square-foot Audubon Woods Business Campus in East Memphis.

Of the four Audubon Woods campus buildings, Hilton fully occupies three buildings totaling 270,000 square feet. Hilton also operates a 35,000-square-foot data center at Southwind.

"We chose Clark Tower because of its proximity to the Audubon Woods campus," Younger says.

"We've had growth from the acquisition of Hilton International last year and general growth within the hotel industry."

Of the 1,200 Hilton employees in Memphis, Younger says 400-500 work for the company's IT division.

Finding a 17,000-square-foot space is becoming more difficult in the East Memphis submarket.

East Memphis' overall office vacancy is estimated at 10.2%, according to a first quarter 2007 CB Richard Ellis Memphis Office MarketView, and Class A product in that submarket has a vacancy rate around 2%.

Clark Tower was about 64% occupied in 2005, following the departures of Gate Gourmet, Inc., Nationwide Insurance and Nahon, Saharovch & Trotz PLC, says Frazier Baker, director of leasing for tower owner In-Rel Management, Inc.

As the East Memphis office market has tightened, In-Rel has positioned Clark Tower to reap the benefits of increased Class A rates and shrinking vacancy rates along Poplar.

In-Rel Management, based in Lake Worth, Fla., has invested more than \$2 million in the 34-story tower since purchasing it in 2003 for \$40.1 million.

Rents at Clark Tower are currently in the \$19 per square foot range.

Baker says In-Rel likely will increase rates as the market dictates.

"For a tenant looking at true Class A space leasing in the mid to high \$20s (per square foot), Clark is probably not going to be an option," Baker says. "But when a tenant is looking up and down Poplar, comparing amenities point by point, Clark Tower's will outweigh every time."

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