

In-Rel enters Nashville market with retail, office space purchases

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by [John Scruggs](#)

Weeks after buying the Lipscomb & Pitts building in Memphis, **In-Rel Management** is now establishing its presence in the Nashville market with \$15.35 million in purchases of office and retail properties.

Florida-based In-Rel closed this week on the 150,000-square-foot Airways Plaza office building and 180,000-square-foot Donelson Plaza shopping center and office space in Nashville.

In-Rel already owns the Two Rivers shopping center in Clarksville, Tenn., 40 miles northwest of Nashville.

Increasing its regional acquisitions, In-Rel's north portfolio now includes 2 million square feet of office and retail property in Birmingham, Memphis, Clarksville and Nashville.

The Airways Plaza property consists of two five-story Class B office buildings that were built in 1972 and renovated in 1996. The buildings are currently 86% leased with rental rates of \$14.50 per square foot. In-Rel purchased the property from Teachers Credit Union for \$9.35 million.

A 2006 Davidson County property assessment of the Airways Plaza office listed its value at \$7.4 million.

In-Rel bought the Donelson Plaza shopping center and office space for \$6 million from a private seller.

County records list Chillicothe Properties as the previous owner.

Ron Riley, managing director of In-Rel Management, says the acquisitions are in line with the company's model to acquire office and retail property in the region.

"It helps us to level out the playing field if one market or segment isn't performing as strong as another," Riley says.

Future purchases of retail properties in Birmingham and Memphis are likely, but Riley says the right properties are hard to find in those markets.

"With retail we want to go into a market that's a good, stable housing environment with a stable quality of life and that can be a challenge in Memphis," he says.

That said, Riley is quick to mention that Memphis will remain the hub of the wheel for In-Rel's north portfolio.

He says the Lake Worth, Fla.-based company will continue to increase holdings in Birmingham, Memphis and Nashville, also possibly expanding into Little Rock.

In-Rel's move into Nashville seems to reinforce what other real estate companies and investors see as a strong market in Middle Tennessee.

Curt Grantham, Southeast regional director for Trammell Crow, says In-Rel's acquisitions are timely with the value advantage in Nashville disappearing fast.

"It's a strong market because of corporate relocations and the demographic trends like job growth and population growth," Grantham says. He says the extreme price run-ups in many major markets like Florida and Atlanta have increased interest in value markets like Memphis and Birmingham.

"But the two cities that are suddenly awakening in terms of real estate investment are Charlotte and Nashville," Grantham says.

Memphis-based **Boyle Investment Co.** opened its Nashville office in 2001 to establish a long-term presence in Middle Tennessee through office, mixed-use and residential development.

Jeffrey Haynes, chief manager of Boyle's Nashville office, says In-Rel's interest in the area is no different from what real estate investment trust and pension fund managers are looking for -- good yields and quality investments.

"They are a regional acquisition firm that saw attractive products available in a strong market," Haynes says.

Riley says In-Rel's interest in Nashville is similar to its interests elsewhere.

"When we get into these markets, our goal is to reach critical mass," he says.

In the Nashville office market, proximity to the airport is a major factor for investors in the area.

Boyle has a 15-acre, office-zoned property for build-to-suit projects at Briley Parkway and Lebanon Road, and In-Rel's Airways Plaza office building is 4 miles from Nashville International Airport.

In-Rel's Nashville office and retail properties will be managed by Rae Stewart, who has worked for both **Trammell Crow Co.** and Colliers Turley Martin Tucker.

Trammell Crow will assume management duties Oct. 1 for all of In-Rel's north portfolio and all current In-Rel employees -- except Riley, who will stay on as asset manager -- will become Trammell employees.

In-Rel Management

Managing director: Ron Riley
Address: 5100 Poplar, Suite 711
Phone: (901) 682-9260
Web site: www.in-rel.com

jscruggs@bizjournals.com | 259-1727