

Kansas City Business Journal - January 24, 2005
</kansascity/stories/2005/01/24/story1.html>

KANSAS CITY BUSINESS JOURNAL

Friday, January 21, 2005

Sources: Fed has buyer for old HQ

Kansas City Business Journal - by [Jim Davis](#) Staff Writer

The Federal Reserve Bank of Kansas City wants to sell its headquarters at 925 Grand Blvd. to Kansas City residential developer Jason Townsend, said three people familiar with the property.

The purchase contract, which could be signed by Jan. 28, would be a stunning coup for Townsend, one of a small group of young investors trying to cash in on rising interest in downtown living in Kansas City.

Townsend eclipsed eight other bidders by offering to pay more than the \$10.8 million offering price, said a person aware of the process. The headquarters and surrounding property, including a parking garage, were listed for sale in mid-2004.

Townsend declined to confirm that he's negotiating a contract with the Fed. In November, he described a mixed-use plan for the headquarters building -- apartments and offices above street-level retail.

Fed spokeswoman Diane Raley declined to comment on the status of the sale.

The Fed plans to move in the spring of 2008 to a new headquarters being built near the Liberty Memorial in Midtown. Until then, the bank expects to lease back its headquarters from the building's buyer.

Zimmer Real Estate Services Inc. has been marketing the headquarters for sale. Joyce Murray, a Zimmer broker, said the Fed will enter into a contract to sell its headquarters after negotiations are completed. Murray, who declined to say whether Townsend is the preferred buyer, said she hoped to conclude talks early in the week of Jan. 24.

Offers came from Kansas City and out of town, Murray said, and several exceeded the asking price.

The Fed's 21-story site, built in 1921, is considered the premier candidate in Downtown for a residential rehab because it is in use and has been impeccably maintained.

Other office high-rises being converted to housing in Downtown, such as the former Fidelity National Bank building at 909 Walnut

St., fell into disrepair while vacant.

George Birt, a leading downtown housing developer, said that the Fed's headquarters could contain 100 to 150 residential units and that the floor plates and elevators lay out well for housing.

The Fed's parking garage boosts the property's value, Birt said. Residential users probably won't need more than 250 spaces, leaving about 200 spaces for other uses.

"Parking makes or breaks your opportunities," he said.

Along with the headquarters and parking garage, the Fed is selling most of the rest of the block bounded by Grand Boulevard and McGee Street between Ninth and 10th streets. This property includes surface parking for about 70 vehicles, an employee courtyard and an annex at 915 Grand Blvd.

Tom Trabon, chairman of the Downtown Council of Kansas City's housing task force, said that timing will determine how the space will be reused.

Downtown will be different when the Fed moves, Trabon said. Additions will include H&R Block Inc.'s new headquarters, an entertainment district and new arena.

The attractions will be needed to convince more people to live Downtown, Trabon said.

Downtown condominium sales have "really slowed down" in the central business district, Trabon said. Buyers want to be near more restaurants, galleries and other amenities of urban living that are easier to find in neighboring areas such as the River Market and Crossroads, he said.

Among the buildings swelling the supply of downtown condos is WallStreet Tower. Townsend bought the building at 1101 Walnut St. in December 2003.

Trabon said he can't predict how the downtown housing market will look in three years, when the Fed's headquarters will be ready for conversion.

"Maybe office works better," he said. "The assumption that it will be a residential market may not be right."

Reach Jim Davis at 816-421-5900 or jdavis@bizjournals.com.

All contents of this site © American City Business Journals Inc. All rights reserved.

