

Thursday, March 23, 2017

Williams Center Seen Getting New Tenant; Loan's Default Risk Declines

Williams Center Towers in Tulsa, Okla., has landed a tenant for 140,000 square feet, filling up 70 percent of the space that's being vacated by Samson Resources Corp., an energy company that was able to reject its lease at the 765,809-sf building through its bankruptcy.

The lease, reported by The Oklahoman newspaper, is good news for the \$45.5 million CMBS loan against the two-building property at 1 West 3rd St., which is securitized through WFRBS Commercial Mortgage Trust, 2014-LC14.

Morningstar Credit Ratings earlier this week had sharply reduced its estimate of value for the collateral building because of the expected departure of Samson. This morning, however, it updated its estimate of value to \$48.2 million, in light of the new lease and said the risk that the loan will default had diminished.

To get to its \$48.2 million value, it assumed the property would achieve a 90 percent occupancy rate by 2020 and that space would be rented at the market rate of \$14.84/sf. It then used a 7.8 percent capitalization rate.

The property was appraised at a value of \$63 million four years ago. It is owned by Metropolitan Real Estate Investors, which bought it in 2006 for \$42.5 million.

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