

Monday, March 20, 2017

Seeing Big Vacancy, Morningstar Slashes Expected Value of Office Backing 2014 CMBS Loan

Expecting Samson Resources Corp. to vacate the nearly 200,000 square feet that it occupies at the Williams Center Towers in Tulsa, Okla., Morningstar Credit Ratings has slashed its estimate of value for the 765,809-square-foot building by 42.4 percent, to \$36.3 million from its 2013 appraised value of \$63 million.

The building, at 1 West 3rd St., serves as collateral for a \$45.5 million loan that was securitized through WFRBS Commercial Mortgage Trust, 2014-LC14. It's the sixth largest loan in the CMBS transaction and comprises 3.75 percent of the deal's \$1.2 billion outstanding balance.

Samson, which KKR & Co. had taken private through a leveraged buy-out in 2011, had filed for bankruptcy in 2015 and emerged in recent weeks. As part of its restructuring, the company would relocate to 60,000 sf at the First Place Tower, a 624,374-sf building at 15 East 5th St., which sits three blocks from Williams Center.

According to Morningstar, Samson had its lease at Williams Center rejected as part of its bankruptcy restructuring, effective at the end of this month. Meanwhile, during its bankruptcy, the company was able to reduce the space it was using at the property to just less than 192,000 sf. Its lease was slated to run through May 2025.

Morningstar noted that the property would be roughly 65 percent occupied when Samson relocates. And given Tulsa's reliance on the energy sector, it might prove challenging back-filling the space.

Williams Center was purchased in 2006 for \$42.5 million by Metropolitan Real Estate Investors.

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