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Kellogg plan shifts

Company won't build office tower, hopes to lease space downtown

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Kellogg Co. has canceled its plans to build a new, \$22.5 million office tower in downtown Battle Creek.

Instead, the cereal giant is considering leasing space in the Fifth Third building at 67 W. Michigan Ave. and the Battle Creek Tower at 70 W. Michigan Ave., said Karl Dehn, president and chief executive officer of Battle Creek Unlimited, the city's economic development arm.

Dehn said the proposed move could strengthen downtown Battle Creek's real estate market by filling existing spaces in some of its largest buildings while attracting other businesses to the downtown area.

Kellogg, in return, still would get to move about 600 of its Porter Street employees downtown for a less expensive price tag.

"We remain committed to consolidating our employees in a central area downtown, and we were simply trying to determine the most cost-effective way to do so," said Kris Charles, a Kellogg spokeswoman.

The goal of consolidation is to reduce the time employees waste traveling between buildings while helping to boost downtown Battle Creek's economic vitality, she said.

Both buildings are owned by The Hinman Co., and a lease agreement hopefully will be finalized by the year's end, Charles said. Kellogg already leases about 7,000 square feet in McCamly Plaza and has employees in the Fifth Third and Battle Creek Tower buildings.

Dehn said Kellogg probably would use all of the Fifth Third building's more than 131,000-square-foot space and, if it needed more, would use up 60,000 square feet of unoccupied commercial space in the Battle Creek Tower.

The original plan to replace McCamly Plaza's Festival Market Square with a six-story tower was unveiled in late November as part of an \$85 million investment in downtown Battle Creek, which included an expansion of the company's downtown campus and improvements to the city's landscape.

The building project's cancellation also has removed plans to close a section of McCamly Street between the Fortune 500 company's current global headquarters and McCamly Plaza, Dehn said.

Charles said it is too early to say if a portion of Jackson Street, between its headquarters and the Fifth Third building to the north, would be closed to create a campus-like atmosphere for its employees.

Tenants in the Fifth Third building would need to move to accommodate Kellogg, and The Hinman

Co. has been "bending over backward" to help them relocate, said Dale Geminder, executive director of AccessVision.

The Battle Creek area cable television programmer has been in the Fifth Third building for more than 20 years, Geminder said. Other tenants include a law firm, a financial investor and graphic artists.

Geminder said he would like AccessVision to stay in downtown Battle Creek to provide a central location for its more than 250 volunteers. The Hinman Co. has offered equivalent space on the first floor of the Battle Creek Tower and that building is close enough that AccessVision could move equipment with a couple of vans and volunteers' help.

The Hinman Co. might ask for a nine-year extension on the six years remaining in its Renaissance Zone, covering Battle Creek Tower for the maximum 15 years allowed, Dehn said. The zone eliminates most property taxes for businesses and exempts residents from personal income tax.

Residents in the Battle Creek Tower's 23 upper-floor apartments would not need to move should Kellogg decide to lease space in the building, said Anmar Atchu, Hinman Co. vice president of marketing and leasing.

Kellogg could be the tenant Atchu has been dreaming of, but he was quick to say that success for The Hinman Co. -- which owns 380,000 square feet in Battle Creek, including four properties on Michigan Avenue -- is a success for the community.

"I think anytime you can create a critical mass (of people) in a concentrated area ... it's going to create synergy and raise the eyebrows of some who are looking for the next big thing," he said.

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