

THE BUFFALO NEWS

REAL ESTATE

A historic drawing card

Iskalo hopes classy offices in NiMo tower will draw tenants

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News Business Reporter
8/8/2003

As a child, Paul Iskalo visited Toronto and marveled at how developers remade the inside of buildings while leaving the facades undisturbed.

"They've done a great job of building a modern city with respect for what was already there," he said.

Iskalo said he takes the same approach to his company's properties, which could soon include Niagara Mohawk's Electric Building.

The president of Amherst-based Iskalo Development Corp. has a tentative agreement with NiMo to buy the building. They haven't disclosed the terms because the deal has not yet been completed. It was listed for sale at \$2.9 million.

But if all goes as planned, Iskalo intends to convert the inside of the Electric Building into top-flight, or Class A, office space. NiMo plans to keep part of its operations inside the building for at least the near term.

Iskalo is enthusiastic about the property, but stresses it's early in the process.

"We're just beginning our evaluation of the market, and just beginning to talk to tenants who have expressed interest in the property," he said.

From a walkway near the top of the 1912 building, Iskalo pointed out two of the features that drew him to the property: its sweeping view of the city, and its proximity to the heart of the business district.

The 148,000-square-foot building also has its own parking spaces and relatively large floor plates -- two other factors that Iskalo said he considers essential to attracting tenants.

Iskalo Development is known for

creating new uses for existing buildings. One property it bought in Amherst was a former senior citizens center. It's now medical office space that is fully leased.

"I think we can apply the lessons we have learned in building renovation," he said. "That experience is ideal in a property like this."

His company also won accolades for a building it created from the ground up, at 6467 Main St. in Amherst. Sovran Self Storage is among the businesses located there.

Some of the companies that have expressed interest in becoming Electric Building tenants are Amherst firms considering a return to downtown, Iskalo said.

Buffalo has lots of office space available for lease, with a vacancy rate of more than 20 percent. But Iskalo believes the NiMo building's qualities would make it a drawing card for tenants.

"I think the demand is here," he said. "I think there is a window of opportunity in the market right now for a building with larger floorplates and parking, that's well-located in the central business district."

Michael Schmand, executive director of Buffalo Place, said he's encouraged by Iskalo's tentative deal, which was struck after the property was on the market only briefly.

"It shows that the downtown office market is getting stronger," Schmand said. "They're not buying a building to leave it vacant."

Schmand noted that the NiMo building could soon join the list of properties acquired by suburban-based developers.

"We've had a lot of success when Amherst developers turn their attention to the downtown market," he said.

Steven Kossoff, whose firm marketed the NiMo building, said he was also encouraged by that trend.



SHARON CANTILLON/Buffalo News

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**Paul B. Iskalo, President
Iskalo Development Corp.**

"I think it's a real litmus test of the recovery of the downtown market," said Kossoff, managing partner of Coldwell Banker Commercial Meridian.

The size of the floor space at the Electric Building should appeal to tenants, as should the building's appearance, he said.

"It's Marilyn Monroe," he said. "It's just a gorgeous building that's not replicated today."

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