



BUSINESS

DAILY BUSINESS REPORT

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TODAY

Physicians sell 2 buildings at Cypress Medical Park

BY DAN VOORHIS
The Wichita Eagle

Local physicians have sold two buildings in the Cypress Medical Park, 9300 E. 29th St. North, to an out-of-state real estate broker for \$25.7 million, the groups said Wednesday.

DeSanto Realty Group of Radnor, Pa., is the new owner of the buildings filled with doctors' offices and clinics. Built between 2001 and 2003, the buildings contain 74,518 square feet of leasable space.

The sale will not affect the tenants in the complex.

"Everything is status quo for us," said Judy Graham, administrator of Cypress Surgery Center, a tenant in the center.

Cypress was built and owned by GTB Enterprises, which was led by doctors David Grainger, Bruce Tjaden and Michael Brown.

A third building in the complex, owned by cardiologist Roger Evans, was not sold.

DeSanto is a leading sponsor of tenant-in-common transactions, said Michael Blank, director of finance for DeSanto.

DeSanto will package the buildings into shares and sell 99 percent of them to investors. These investors will earn about 7 percent on their investment in the first year and more as rents rise, Blank said.

DeSanto will remain in control of the property. It has retained the former management to manage the complex.

The investors typically invest in the shares as a way to escape capital gains taxes on property. Federal law allows property investors to sell property at a profit without paying taxes on the appreciation if they buy another property for the same or more value within a short time.

Tenant-in-common takes an expensive building and makes pieces of it available for smaller investors, Blank said. In this case, they must have \$350,000 minimum.

"They are looking for steady cash flow and reasonable prospects of appreciation," he said. "This offers both."

Steve Martens, owner of Grubb&Ellis/Martens Commercial and leasing agent for the Cypress building not involved in the sale, said he heard strong interest in Class A medical offices at a recent national real estate conference.

But, he said, Wichita has few such complexes that are not affiliated with hospitals or clinics.

Reach Dan Voorhis at 316-268-6577 or dvoorhis@wichitaeagle.com.