

Midtown Centre in Jacksonville, Florida is Maury L. Carter and Associates, Inc. investor property.

Going Once, Twice...

In the unlikely event that any of the thousands of football fans descending on Jacksonville, Fla., for the Super Bowl this weekend are looking for inexpensive office space, Roger Kellogg has a deal for them.

With nearly one-third of his firm's 762,000-square-foot Midtown Centre office park vacant, Mr. Kellogg, president of Kellogg Development Co., is taking a page from eBay and will lease some of the space in the 31-building complex to the highest bidders.

Conducted by Chicago auction firm Sheldon Good & Co., the bidders will vie for three-year leases for office suites ranging in size from 500 square feet to a 28,000-square-foot, two-story building. There is no minimum bid, but

Kellogg suggests an annual rent of \$3.95 a square foot—about 30% of what existing tenants pay. The leases call for an annual rent increase of \$1 a square foot, and tenants must take the space this year.

Mr. Kellogg says he decided to pursue a lease auction after reaping big profits from selling off several buildings through auctions. He anticipates the auction—and the buzz created by the novel approach—will help boost the park's occupancy to at least 85% by the end of next year.

That is an ambitious goal, given that about four million square feet of office space in Jacksonville is currently vacant. Kellogg will auction off leases for at least 15,000 square feet of space, regardless of the rate.

"We'd like to lease 30,000 to 50,000 square feet" through the auction, Mr. Kellogg says.

The Jacksonville office market has been "stagnant and has shown very little growth in rent" in the past few years, says Jim Citrano, managing director of the Jacksonville office of real-estate brokerage firm CB Richard Ellis Group Inc., who is not involved with the auction. The market "is not that bad. This sounds desperate," he says. "Or maybe it's really creative."