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Engineering firms need more office space for expansions

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Black & Veatch, Kansas City's largest engineering firm with 3,120 local employees, will be getting a sparkling entrance for its massive headquarters in Overland Park.

And Burns & McDonnell, another big player in the engineering world, is realizing its dream of occupying the entire 485,000-square-foot, two-building campus on Ward Parkway built by Ewing M. Kauffman in 1986 for Marion Laboratories.

What's even better news for the local real estate market: Both firms expect to need even more office space after their major expansions are completed.

In a local real estate world marked more by vacancies and company contractions, a healthy engineering sector has been one of the bright spots.

"They are a significant factor in our office market, and the fact they continue to expand has helped our occupancies in terms of the long-term health of the market," said Ken Block of Block Real Estate Services.

Kansas City counts nine engineering firms in the top 500 list compiled annually by Engineering News-Record. Three of them — Black & Veatch, Burns & McDonnell and HNTB Corp. — are among the top 20. And with a growing domestic and global demand for the engineering firms' services, jobs have been added at a steady pace.

"We have 100 people being added monthly globally, 75 percent of them in the U.S.," said James Lewis, chief administrative officer for Black & Veatch.

The firm expects to add 200 more employees in Kansas City alone by the end of the year. Its total workforce should be about 8,700 employees.

Not to be outdone, Burns & McDonnell is expecting steady employee growth as well and expects its local workforce will reach 2,200 employees by the end of the year, about 3,300 total.

That's what's fueling its takeover of 9300 Ward Parkway, the other half of the former Marion complex. Burns & McDonnell has been in 9400 Ward Parkway since 1996.

"We have always thought it would make a lot of sense to consolidate our Kansas City operations in a single facility, especially when that facility is one of the most attractive office complexes in the metro," said Greg Graves, chairman and CEO.

HNTB is comfortable within its current office space. Its headquarters is in downtown Kansas City at 715 Kirk Drive, but it does expect to add more employees as well in areas where its business is growing, including high-speed rail, aviation, tolls and transit.

Black & Veatch, though declining to offer a cost estimate, is launching the largest project this January. It includes an overhaul of its 600,000-square-foot headquarters and the addition of a 12,000-square-foot pavilion. The glass structure will provide additional training and meeting space and a splashy new front door.

It's been a little more than two years since the firm decided to buy the office building at 11401 Lamar Ave. for about \$60 million from its Chicago landlord. Black & Veatch had always been its sole tenant.

"The lease was expiring, and we had to decide what to do," Lewis said. "We had options, including a new building in a new part of town, Missouri or Kansas, but we ultimately decided to buy the building. We knew we had to remodel."

The behemoth — the largest office building in Kansas — was built in two phases.

The west section was completed in 1976. At the time it was thought to be large enough to accommodate the company, which then had 1,200 employees. But continued growth required the construction of an addition on the east side in 1996.

The plan calls for a complete renovation of the older section of the building and an extensive updating of the 1990s addition. Three floors will be taken out of service at any one time for the work. J.E. Dunn Construction is the contractor, and 360 Architecture is the designer.

The overhaul of the existing building is expected to take two years. When complete it will meet the basic Leadership in Energy and Environmental Design (LEED) standards established by the U.S. Green Building Council and provide employees the latest technology.

The showcase of the Black & Veatch corporate makeover will be the glass pavilion, scheduled to begin construction in mid-2013.

The current office building lacks a distinctive entrance, and the new pavilion is expected to fulfill that need plus add airy and attractive new meeting and training space.

“We wanted to make a statement to the community that part of the Black & Veatch vision is a sustainable vision,” Lewis said.

To help achieve that goal, the roof of the new two-level pavilion will be covered by native grasses.

All the projects are expected to be completed by the end of 2014, in time for Black & Veatch’s centennial celebration the next year.

Down the road, the firm also has identified a site on the west side of the headquarters for a 250,000-square-foot expansion, but no timetable has been established for that project.

At Burns & McDonnell, work has begun on renovating the space it will be occupying at 9300 Ward Parkway. The 217,000-square-foot building had been occupied by JPMorgan Retirement Plan Services, but that firm completed its move to the Sprint campus at the end of June.

The former JPMorgan space is being completely renovated and will achieve LEED Silver certification when completed, said Denny Scott, chief administrative officer for Burns & Mac. The building now occupied by the firm at 9400 Ward Parkway will have upgrades as well.

The major project will be a 9,000-square-foot auditorium that will be built between the two wings of the office campus. Work is expected to begin this week. Architects at Burns & McDonnell are designing the project, and the firm will serve as its own contractor.

The auditorium will accommodate 450 people, and its atrium will be designed to link with 9300 Ward Parkway to form a larger gathering area for social events.

Other features of the Burns & McDonnell renovation and expansion include a new fitness center, expanded cafeteria and additional conference rooms. The entire price tag is estimated at \$25 million, and the project is expected to be completed next summer.

“We’re excited about all the upgrades and improvements we will be able to make to the new space,” Graves said. “Having 2,000 of our employee-owners working at the same place will definitely make us more efficient.

“The only downside to all this is that we already know we won’t be able to locate everyone in the headquarters building” because of the firm’s continued growth.

Scott said Burns & McDonnell was talking to local landlords about leasing additional short- and long-term space.

Black & Veatch will continue to lease buildings at 8400 Ward Parkway and 6601 College Blvd., and have employees in leased space at Corporate Woods and Lenexa as well.

Other engineering firms in the Kansas City area also have been growing in terms of space.

Four years ago Shafer Kline & Warren doubled the size of its Lenexa headquarters when it moved into a 31,000-square-foot building at 11250 Corporate Ave. in the South Lake Business Park. The firm employs 150 people locally and 240 companywide.

It also leased a 34,000-square-foot former warehouse in North Kansas City at 1700 Swift St. two years ago and spent \$1.5 million to convert the 1920s vintage structure into modern office space.

“We’ve got quite a bit of space so we can stay put,” said Ron Petering, president of Shafer Kline.

Sega Inc. added 32,600 square feet to its headquarters at 16041 Foster St. in Overland Park in 2008. The \$5 million project doubled the size of its building, and the engineering firm, which employs 150 people, is now spending \$200,000 to remodel the old space.

And although Kiewit Power is not based locally — it’s a subsidiary of Kiewit Corp. of Omaha — the firm recently announced it was expanding its offices in Lenexa.

The firm at 9401 Renner Blvd. currently employs 680 people at its two local divisions, Kiewit Power Constructors and Kiewit Power Engineering. The expansion will occupy 17,000 square feet in a nearby building at 16201 W. 95th St.

Chris Wally, a broker at Wally & Co., said one of the most attractive aspects of leasing space to engineering firms was their solid reputation.

“It’s always good when you have big tenants like that which are also stable,” he said.

“The fact these firms are getting bigger — if that trend continues, we won’t see that space returning to the market.”

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