

DEALMAKERS

Miami fund finds less competition in Virginia

Dealmaker: Matthew Adler

The Deal: Adler negotiated the \$26 million acquisition of a 10-building industrial complex in Richmond, Virginia.

Adler's Miami-based Adler Real Estate Fund bought the property in a joint venture with Dallas-based TriGate Capital. They acquired the 475,000-square-foot industrial park from Medalist Properties 2 and WRE-Byrd.

The deal closed April 15.

Details: Adler approached the seller at the right time nearly nine months ago.

"We got to them at the perfect point — when they were considering selling and before they were ready to widely market it," Adler said.

The deal took long to close because the buyer had to wait for the approval of a CMBS loan assumption of more than \$20 million, Adler said.

The property, Adler's second commercial property acquisition in Virginia in a year, is in a growing commercial corridor near the airport, he said.

Adler, whose company will op-

erate the industrial park, expects to increase the property's operating income and boost its value by making structural upgrades and cosmetic improvements.

"The property wasn't looking as good as it should and because of that they were lowering the rents at a significant level," Adler said.

The industrial park is nearly 90 percent occupied. The asking rent ranges from \$6 to \$8 a foot, he said. The purchase price fetched a 9 percent capitalization rate based on Byrd Center's income.

"We think we have a really good opportunity to make a good cash-on-cash return but also a very good return in the totality of the investment," said Adler, who plans to hold the property for five to seven years.

Adler is looking to buy properties in South Florida, but said he will continue to invest in Virginia's less competitive real estate market.

"We made a number of offers in South Florida, but we were outbid," he said. "South Florida is more competitive and it is harder to get — even as an operator — the return. If we are going to take less risk for a better return in Richmond and Nashville and Orlando, we are going to continue to go to other markets."

Background: Adler is chief investment officer of Adler Real Estate Fund. Managing member Jeffrey Yarckin negotiated the deal on behalf of TriGate.