

AREA/Adler JV Closes on First Phase of \$350M Industrial Portfolio Acquisition

Posted September 6, 2011

Details on the sale of **Washington Real Estate Investment Trust's** (WRIT) industrial portfolio to **AP AG Portfolio, LLC**, affiliates of a joint venture between **AREA Property Partners** (AREA) and the Adler Group (Adler), were announced by all parties on Tuesday, about one month after the portfolio sale was reported and about 8 months after citybiz real estate first reported that the portfolio had been placed on the market.

Paul Collins, Bill Collins, Drew Flood, Jud Ryan and **James Cassidy** of Cassidy Turley represented WRIT in the first three separate sale transactions, which involved an aggregate of approximately 2 million square feet of industrial space as well as two office assets. The aggregate sales proceeds for the three transactions was \$235.8 million.

The final phase of AREA/Adler's acquisition of the portfolio's remaining 803,673 square feet will be completed in the next two months and are projected to close as follows:

- Northern Virginia Industrial Park II on or about October 3, 2011 for approximately \$44.5 million; and
- 6100 Columbia Park Road and Dulles Business Park on or about November 1, 2011 for approximately \$69.7 million.

The first sale transaction included 8880 Gorman Road, Alban Business Center, Dulles South IV, Fullerton Business Center, and Hampton Overlook. The second transaction included NVIP I and Pickett Industrial Park. The third transaction included 270 Technology Park, 8900 Telegraph Road, 9950 Business Parkway, Albemarle Point, Fullerton Industrial Center, Hampton South, and Sully Square, as well as the Albemarle Point and Crescent office buildings.

All the properties combined are currently home to corporations including GE Healthcare, MedImmune, Raytheon, L-3 Communications, ITT Educational Services and American Honda Motor Company, along with bases of operations for numerous federal agencies. The average tenant size is 13,000 square feet, with the largest tenant occupying more than 140,700 square feet of industrial space.

"We are planning to add value for these assets by taking occupancy levels from the high 70 percentile above the 90 percent mark by focusing on concerted property improvement, marketing and management efforts," said **Matthew L. Adler**, chief investment officer for Adler Group.

This portfolio buy marks the latest collaboration between AREA and Adler Group, which have been joint venture partners since 1998 in the acquisition and operation of more than 8 million square feet of commercial real estate.

"Completing this first phase of our industrial portfolio disposition provides WRIT the flexibility to invest in assets that better fit our long term strategy of acquiring properties inside the Beltway, near major transportation nodes and in areas with strong employment drivers and superior growth demographics. We look forward to executing the two remaining industrial sales transactions in the coming months," stated George F. "Skip" McKenzie, President and Chief Executive Officer of WRIT in a prepared statement.

The comprehensive WRIT portfolio, comprising more than 230 tenants in 56 buildings across 18 properties in four submarkets, breaks down as follows:

- I-95 South Portfolio (1,387,326 sf; Southwest of DC in northern Virginia)

- Northern Virginia Industrial Park II - 570,452 sf (to be closed)
- Pickett Industrial Park - 246,145 sf (closed)
- Northern Virginia Industrial Park I - 216,774 sf (closed)
- Fullerton Industrial Center - 136,494 sf (closed)
- Fullerton Business Center - 104,913 sf (closed)
- Alban Business Center - 86,967 sf (closed)
- Northern Virginia Industrial Park III - 25,581 sf (closed)

- Dulles Portfolio (800,228 sf; West of DC in northern Virginia)

- Dulles Business Park - 325,091 sf (closed)
- Albemarle Point - 296,522 sf (closed)
- Sully Square I, II & III - 95,254 sf (closed)
- Dulles South IV - 83,361 sf (to be closed)

- I-465 Portfolio (692,799 sf; East of DC in Maryland)

- Hampton South - 166,326 sf (closed)
- 6100 Columbia Park Road - 149,860 sf (to be closed)
- 8880 Gorman Road - 140,700 sf (closed)
- Hampton Overlook A, B, C - 134,340 sf (closed)
- 9950 Business Parkway - 101,573 sf (closed)

- I-270 Portfolio (207,592 sf; Northwest of DC in Maryland)

- 270 Technology Park - 158,319 sf (closed)
- Crescent I&II - 49,273 sf (closed)