

Area, Adler Acquire Washington-Area Properties in \$350 Million Transaction

By Hui-yong Yu - Sep 6, 2011 2:09 PM ET

Area Property Partners LP and Adler Group acquired most of a group of 18 office and warehouse properties in the [Washington](#) area and plan to buy the rest in the next two months in a deal totaling \$350 million.

Average occupancy of the properties is 79 percent and the new owners plan to increase the rate to more than 90 percent through building improvements and marketing, Matthew L. Adler, chief investment officer of Miami-based Adler Group, said in a statement today. The transaction makes Adler and Area, joint venture partners since 1998, the second-largest industrial property landlords in greater Washington, according to the statement.

“We are bullish” on the area “and confident that this high-quality portfolio will further flourish under the hands-on asset management skills we bring to the table,” Steve Wolf, a partner with New York-based Area, said in the statement. The properties are well-suited for the region’s federal agencies and intelligence, [law enforcement](#) and technology businesses, according to Wolf.

The seller, Rockville, Maryland-based [Washington Real Estate Investment Trust \(WRE\)](#), is disposing of its industrial division as well as office properties in Northern Virginia and suburban [Maryland](#). The deal gives Washington REIT flexibility to invest in assets that better fit its strategy of owning properties closer to central Washington, George F. “Skip” McKenzie, president and chief executive officer, said in a separate statement.

Five Transactions

The properties comprise a total of 3.1 million square feet (288,000 square meters) and are being sold in five separate transactions, three of which are complete. The final two sales, for 803,673 square feet, will be done in the next two months, Area and Adler said.

Some of the 230 current tenants include General Electric Co.’s health-care division, AstraZeneca Plc’s MedImmune unit, Raytheon Co. and L-3 Communications Holdings Inc., according to Area and Adler.

Area Property, formerly known as Apollo Real Estate Advisors, is led by Chairman [William Mack](#) and Global Chief Executive Officer Lee Neibart. Area and Adler have acquired and operated more than 8 million square feet of commercial real estate since 1998. The joint venture is the Washington region’s biggest industrial landlord after Bethesda, Maryland-based [First Potomac Realty Trust. \(FPO\)](#)

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