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## Patriot Builds \$290M Portfolio by Year-End

By [Marita Thomas](#)[Email this story](#) | [Printer-friendly](#) | [Reprints](#)

Royal Bank of Canada

WAYNE, PA—Patriot Equities LP, which was formed a year ago by four former principals of Conshohocken-based Preferred Real Estate Investments, has closed on \$140 million in office and industrial assets. The portfolio consists of 16 buildings in five locations with an aggregate of approximately 1.7 million sf.

"We are on plan and will close on another \$150 million by year-end," Erik Kolar, one of the principals, tells GlobeSt.com. The company focuses on acquiring corporate-owned assets. "They range from class A corporate headquarters, some of which are sale/leaseback transactions that free up capital, to vacant, down-and-dirty industrial properties that we can reposition and lease up," he says.

The first five buys cover the gamut. Among them is Darden Restaurants Inc.'s current corporate headquarters complex in Orlando, FL. It consists of 10 buildings ranging from 14,000 sf to 128,000 sf. Kolar says Patriot paid \$48 million for the complex and has a three-year sale/leaseback arrangement which runs until Darden's new headquarters is completed. "At that time, we'll reposition it and lease up." He projects rents four years out will range from about \$20 per sf to \$22 per sf, gross.

Kolar declined to disclose the price Patriot paid for the Royal Bank of Canada's 348,000-sf regional headquarters in Greenville, SC. "It's a 90% leaseback to RBC and other tenants," Kolar says, "and we will lease up the remaining space," at a rate of about \$12 per sf, triple net.

A week ago, as [GlobeSt.com](#) previously reported, Patriot paid LandAmerica \$9 million for a 170,000-sf class A office building in Richmond, VA, that the former owner is vacating. Leasing is assigned to the area office of CB Richard Ellis, and Kolar says rates are between \$17.50 per sf and \$18 per sf gross.

Industrial buys include a Saint-Gobain 625,000-sf industrial facility in Niagara Falls, NY that is 40% occupied and a 170,000-sf vacant manufacturing plant from ON Semiconductor in East Greenwich, RI. Patriot paid \$6 million for the Saint-Gobain property, and the former owner has a 200,000-sf lease for 10 years. Patriot retained Pyramid/NAI to lease the remaining space, and the rate is about \$2.75 per sf.

The semiconductor plant is being converted into office space. Kolar says the all-in cost, including acquisition and conversion, is \$18 million. "It will be completed in second-quarter 2007, and the asking rent is \$14.50 per sf, triple net."

A one-million-sf, mostly vacant portfolio in three different locations is in the acquisition pipeline by year-end along with "a very large office building in the Northeast, which a corporate owner is phasing out." Kolar says it is 50% leased, and Patriot will reposition it. In 2007, he says, "barring a large portfolio transaction, we expect to acquire another \$300 million in one-off corporate acquisitions."

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