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Friday, February 1, 2008

# Continental Tire sells Charlotte HQ site for development

Charlotte Business Journal - by [Susan Stabley](#) Staff writer

A Philadelphia developer plans to redevelop **Continental Tire North America Inc.**'s sprawling headquarters complex in Charlotte for office and industrial tenants.

**Patriot Equities**, which specializes in buying and leasing back corporate buildings, has agreed to a \$29.4 million purchase of Continental's offices and former tire manufacturing facility off Westinghouse Boulevard at N.C. Highway 49.

The property includes 1.7 million square feet of commercial space. Patriot also bought a nearby vacant parcel, bringing its total purchase to 150 acres.

Continental will reduce its presence and settle into about 600,000 square feet, says Patriot principal Mike Kolar. It has a 10-year lease.

Continental should move out of the remaining space by the end of 2009, Kolar says.

In the meantime, he says his company will begin "selective demolition" and reposition the rest of the site for commercial multitenant use.

"That's what we do. We reposition assets," Kolar says.

Continental plans to move its headquarters to Lancaster County, relocating a 320-employee work force to a 65,000-square-foot building in MacMillan Park on U.S. Highway 521.

The space the company retains in Charlotte will be used primarily for warehousing, Continental officials have said.

In 2006, Continental fired 994 workers to cut costs as the company faced increasing international competition.

The company stopped tire production in Charlotte, which serves as the North American headquarters for Germany-based Continental AG, a global supplier of original-equipment tires to automakers.

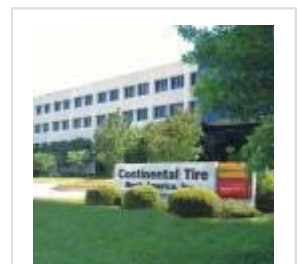


photo NANCY PIERCE

Continental Tire's HQ will be remade for multiple tenants.

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The remaining administrative workers in the Charlotte office oversee plants in Illinois, Mexico and Brazil.

The Continental property sold despite a tightening in the capital markets, causing lenders to be cautious, even for commercial real estate deals.

"We continue to say, if it's a good deal, there's plenty of money for it," Kolar says. "But it's not like it was eight months ago."

Representing the seller was a team from the local offices of Pennsylvania-based **Hart Corp.**: Tommy Turner, Don Moss and Joe Meyer.

"The two worked out a pretty decent partnership to get the deal consummated," Moss says, citing a "difficult credit market."

According to a deed of trust made on Dec. 31, Patriot must pay Continental \$29.1 million by Jan. 31.

And Continental's sale price is less than the value the property was assessed for tax purposes. Property records show the 112-acre campus at 1800 Continental Blvd. was valued at \$30.96 million in 2007.

According to an earnout agreement that's also part of the deal, Patriot must pay Continental 50% of any gain realized on the land if it sells the site within five years. The same could apply if the property increases in value because of a rezoning, under the agreement.

Kolar says his company will reconfigure the building as Continental moves out.

The building comes with nice ceiling heights, he says, adding that's one of the features Patriot found attractive. Hart listed the facility as having nearly 24-foot ceilings.

The property was built in 1966 and had additions through 1998. It includes 150,729 square feet of office space.

Plans for now are conceptual. Space in the project will likely start at 30,000 square feet. The complex could also accommodate a large user, up to 600,000 square feet.

This is Patriot's second acquisition in the Charlotte market. In July, the company bought the nearby 240,000-square-foot Duff-Norton warehouse for \$5.2 million, also a sale-partial-leaseback deal, Kolar says.

That deal was similar to Continental's, he says, noting the former owner had more space than it was using. **Seller Columbus McKinnon Corp.** is leasing back about 150,000 square feet under a 10-year lease.

"We focus on corporate sellers around the country," Kolar says. "We reposition them in the property and redevelop the balance of the site."

The private company was founded in late 2005. In the past 18 months, Patriot has purchased 8 million square feet in the United States and Canada, Kolar says.

Charlotte remains on Patriot's radar.

"We target primarily the metro areas," he says. "And we look at Charlotte as a market that continues to grow."

*Research director Amy Shapiro contributed to this report.*

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