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New Patriot Equities will zero in on corporate properties

NATALIE KOSTELNI
STAFF WRITER

A group of veteran real estate developers have formed a new company that aims to capitalize on what they believe is an untapped arena – buying and repositioning corporate real estate.

Patriot Equities, the name of the new company, was established by Erik Kolar, Michael Kolar, Alan Werther and Geoff Gardner, all of whom left Preferred Real Estate Investments Inc. of Conshohocken in August. The foursome spent the last two months formulating their plan, which will be to acquire, operate and invest in real estate that corporations no longer want.

Patriot will focus on a range of corporate real estate including, office, industrial, lab, research and development as well as land in an area between Atlanta, Boston and Chicago with the expectation of eventually expanding its geographic reach.

“We wanted to determine where the real estate industry is going and be proactive and get in front of it,” said Erik Kolar, co-founder at Patriot. Kolar spent nearly almost years at Preferred and, before that, 11 years with the local office of CB Richard Ellis. “I think this is an untapped, robust marketplace.”

The firm's focus on corporate real estate represents a shift in the way companies think about real estate, Kolar said. “They want to get out of owning assets,” he said.



PETER OLSON

From left: Patriot founders Mike Kolar, Alan Werther, Geoff Gardner and Erik Kolar.

It's a growing trend among corporations to get out of the real estate business. By selling their properties, companies can put the money made off of a sale back into their core operations. In addition, companies that undergo a merger often end up with excess real estate that they want to unload.

Locally, American Financial Realty Trust, a Jenkintown company, has seized on this phenomenon. It buys buildings from financial institutions and leases the properties back to the banks on a long-term basis.

While Patriot doesn't intend to focus on one sector, such as financial institutions, it

envisions conducting a similar business, buying buildings and leasing them back to the corporations. If the companies don't need to lease back the properties, Patriot will assess what needs to be done to reposition them in the market as functioning office or industrial buildings. Patriot will also tackle a property that may need environmental remediation and redevelop it, which was the type of work Kolar and his colleagues did while at Preferred.

Another key to Patriot's strategy is that it commit to buying a company's entire real estate portfolio in one transaction and not cherry-pick properties out of it, leaving the company with buildings it still doesn't want.

Based in Wayne, Patriot anticipates setting up regional offices where it ends up cultivating a portfolio of properties. It is also establishing an alliance with a national real estate brokerage to oversee leasing and management of its buildings in each region to create a presence and help filter leads on possible acquisition targets.

Patriot is building a cadre of institutional investors to help fund its acquisitions. It is capable of doing a single \$500 million transaction but typically expects to acquire and develop about \$300 million of real estate a year. It will hold onto its assets for between five and 10 years before selling.