

The Triangle warehouse market has seen a surge of new construction [as the industrial warehouse vacancy rate has dropped](#) to lows not seen in 16 years, which is also making investor demand for existing properties even more valuable.

Three high-profile industrial properties on the outskirts of Research Triangle Park in recent weeks have been getting extra attention following their sale to new investor groups.



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The two joined warehouse properties at 3508 TriCenter Blvd. in Durham known as Reserach... [more](#)

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Both the Research TriCenter North V industrial building on Northeast Creek Parkway and the Tech Distribution Center on T.W. Alexander Drive were acquired by a fund managed by [Principal Real Estate Investors](#) of Iowa.

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Principal acquired the two buildings, which total nearly 454,000 square feet, for \$35 million, or \$77 per square foot, according to a review of Durham County real estate records. The seller was Stoltz Real Estate Partners of Bala Cynwynd, Pennsylvania, which had paid \$28.5 million for the buildings in 2014. Both buildings were 100 percent occupied at the time of the deal with a tenant mix that includes Roma Foods, Norandex building materials and West Logistics. Chris Norvell with the HFF commercial real estate firm brokered the transactions.

In a separate deal, the Research TriCenter North III-IV buildings on Tri-Center Boulevard in Durham was acquired by a joint venture between Charlotte-based [Trinity Capital Advisors](#) and SilverCap Partners, with Trinity as the lead on the deal. The group paid \$10.2 million for the 272,400-square-foot building to the seller, a partnership led by Raleigh real estate investor [Wayne Bailey](#). The building was 54 percent occupied at the time of the deal with [Ampcor](#) Ridged Plastics USA as its lone tenant.

[Jeff Sheehan](#), a partner with Trinity Capital Advisors, says the acquisition of TriCenter North III-IV is a strategic play to expand the firm's industrial portfolio in both of the Carolinas that have some value-add opportunities. "This building had some functional challenges," Sheehan says of the recent warehouse acquisition. "It's what we call a front-loader with a lot of offices in the front along with dock doors, so it makes navigating the parking lot a challenge."

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Sheehan says the investors are working on a plan to reconfigure the building, add an additional driveway entrance from Alston Avenue, add more dock doors and expand vehicular parking. "We hope to take it to a Class A building," he says, "and then hope we can get what Principal paid for the buildings next door" when it comes time to sell. Sheehan says the timing of the two deals was coincidental. The warehouse features ESFR sprinkler systems, 180-foot truck court depth, 4,500 square feet of office space, 26 cushioned dock-high loading doors and one 14-foot wide drive-in-door with the potential to add four additional docks.

Trinity has a target goal to acquire about 2 million square feet of industrial space in the Carolinas, Sheehan says, and the purchase of TriCenter North III-IV is the company's third deal, bringing it to about 500,000 square feet of industrial space under ownership. Trinity also [acquired the GEEP plant building in Durham in April](#) for \$4 million.

HFF assisted Trinity and SilverCap in securing \$7.43 million in financing for the Tri-Center North building, a floating-rate loan with AloStar Bank of Commerce. Loan proceeds were used to acquire the property and fund capital improvements to the property. The HFF debt placement team was led by Travis Anderson and Cory Fowler.

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