

# Developer Dilweg buys two buildings in Durham, then sells trophy tower in Charlotte

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The **Dilweg Companies**, a Durham-based real estate investment firm that's been expanding its reach regionally, closed on a couple of big office property deals Tuesday – buying two buildings in south Durham and then selling its trophy tower in uptown Charlotte.

In Charlotte, Dilweg has sold the 121 West Trade building, a 32-story office building on Trade and Tryon streets to Lincoln Property Company for \$71.6 million. Dilweg **had acquired the property in 2013 for \$59.6 million**. A year later, Dilweg flipped the property to a joint venture called TDC Green Trade & Tryon LLC for \$62 million but kept ownership in the building.

The tower, built in 1990, was 74 percent occupied at the time of the deal with a tenant base that includes the **Charlotte City Club**, CB&I, Faison Enterprises and SAS. When Dilweg purchased it in 2013, the building was 72 percent occupied.

"We have seen a recent surge in leasing activity in the building, underscoring the vibrancy of the Uptown market, and we felt this was a good time to exit this



DILWEG COMPANIES/PICASSA

Durham's Dilweg Companies recently bought this office building in South Square.

trophy asset," stated **Anthony Dilweg**, CEO of the Dilweg Companies, in a news release about the deal. "At the time, it was our largest office acquisition ever. We are happy to have been part of this iconic building and to realize significant returns for our investors."

In Durham, Dilweg has acquired both the three-story South Square I and South Square II office buildings at University Drive and Mayfair Street from another Durham real estate investor, **Joe Harris**. The buildings total 120,301 square feet and were 47 percent occupied at the time of the sale. Major tenants include Yadkin Bank (Nasdaq: YDKN), aWhere and Shift NC.

Durham County deed records show Dilweg, through a joint-venture partnership called TDC Atlantic South Square LLC, paid \$9.35 million for the two South Square buildings. The company also plans to invest more than \$2.5 million in upgrades and improvements, says Dilweg President and Chief Operating Officer **Jeff Benson**.

"The interesting thing about this property is it's the only large block of vacancy in the south Durham submarket," Benson says. "It had been underperforming for a while, so this allows us to pursue tenants who need more space."

Benson confirms the South Square buildings were purchased with a new joint-venture partner that Dilweg had previously not invested with, but he would not disclose the identity of the partner.

The Tuesday building trades in the Triangle adjusts Dilweg's portfolio to nearly 1.3 million square feet and total Southeast holdings to 5.6 million square feet. In the Triangle, Dilweg owns 4505 and 4515 Falls of Neuse in north Raleigh, University Tower in Durham, Capital Center in west Raleigh and RDU Center III in Morrisville.

The HFF investment sales team in Charlotte represented the seller in the Charlotte building sale.

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