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<https://www.bizjournals.com/triangle/news/2021/12/31/downtown-raleighs-bloc83-sold-heritage-properties.html>

Downtown Raleigh development nets \$330M in mega sale

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A Maryland developer has sold a pair of downtown Raleigh buildings in a deal with a huge price tag.

On Friday, Baltimore-based Heritage Properties said it had closed on the sale of its multi-tower, mixed-use development called Bloc83 in Glenwood South to City Office REIT (NYSE: CIO) of Canada for \$330 million.

JLL (NYSE: JLL), which represented Heritage Properties in the sale, said it's the largest single real estate transaction in downtown Raleigh's history.

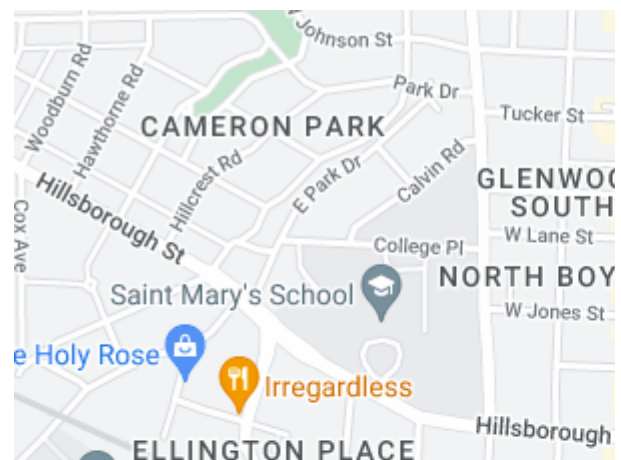
The deal includes 495,121 square feet of space in Class A office towers One Glenwood and Tower II. The properties are situated on 3.23 acres at 1 Glenwood Ave. and 621 Hillsborough St. in Glenwood South. Heritage Properties completed construction on One Glenwood and Tower Two in 2019 and 2021, respectively.



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A burgeoning development in Raleigh's Glenwood South has been sold.

The sale does not include the site of the third planned tower in the development, which Heritage Properties still owns and plans to develop in 2022.



“Glenwood South has rapidly transformed into downtown Raleigh’s most sought-after district and continues to attract high end corporate users, retailers and residents,” said Ryan Blair, vice president of development and acquisitions and a partner at Heritage Properties. “Leasing demand not only remained strong through the pandemic but has recently strengthened to become the most active in Bloc83’s history. This demand is a testament to the shifting office environment and end users focusing on leasing space at trophy, highly amenitized office environments such as Bloc83.”

City Office REIT is based in Vancouver in British Columbia and focuses on acquiring, owning and operating office properties located in metropolitan areas in the southern and western United States. The firm says it owns around 60 office buildings totaling 5.7 million square feet of net rentable area in cities such as Dallas, Denver, Phoenix, San Diego, Seattle and Tampa and Orlando in Florida.

Altogether, Bloc83 is 79 percent leased across both towers, with tenants including Envestnet (NYSE: ENV), First Horizon Bank (NYSE: FHN), WeWork and McAdams. The property has also signed on retail tenants First Watch, Yoga Six and 321 Coffee.

Amenities include a pair of fitness centers, rooftop terrace, locker rooms with showers, interactive sports room with a golf simulator and tenant lounges.

The JLL Capital Markets team including Senior Managing Director Ryan Clutter, directors John Mikels and Daniel Flynn and Senior Director Chris Lingerfelt represented Heritage Properties in the sale.

With the deal closed, Heritage Properties now turns its attention to the third tower. That project will include 285,000 square feet of office and retail space, with 7,500 square feet of that going to retail. Earlier this month, Blair said they hope to break ground in Q3 2022.

The sale of Bloc83 comes more than one year after Kane Realty Corp. sold The Dillon, a mixed-use property in Raleigh's Warehouse District, for \$236 million. And earlier this year, Highwoods Properties (NYSE: HIW) bought the Wells Fargo Capitol Center in downtown Raleigh for \$148 million as part of a larger portfolio deal.

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