

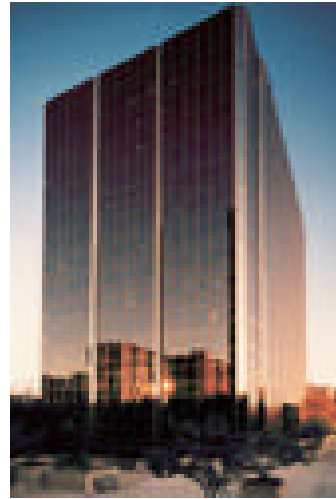
Park Center Portfolio Sold for \$135M

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By Elena Gontar, Staff Writer

A portfolio of three offices totaling 560,979 square feet located within the seven-building, mixed-use business park, Park Center in Alexandria, Va., has been sold for \$135 million. The deal that closed on January 20th was announced yesterday. Cambridge Property Group structured the acquisition on behalf of The Northwestern Mutual Life Insurance Co. Transwestern Commercial Services represented the sellers, Equity-Kiosk L.L.C., Park Center Plaza L.L.C. and Equity Fort L.L.C., in the transaction.

Located near The Pentagon and Washington Reagan National Airport, Park Center sits in the southwest quadrant of the I-395 and Route 7 interchange. More than 34 percent of the property is leased to government contractors. Cambridge CEO Andrew Czekaj told *CPN* this morning that the property has an ideal location because of its easy access for various government contractors to their client locations.



The property is located in the heart of the Department of Defense agencies and contractors market, pointed out T. Michael Scott, Cambridge's vice chairman & president. "With the competitive labor market in Northern Virginia," he said, "Park Center will become more convenient to many potential employees." The last two residential towers at the complex will be completed over the next 24 months.

To keep the property operating as a Class A complex, the new ownership plans to make capital improvements in the parking areas and the plaza area, as well to lease up the property and renew leases, which according to Czekaj are significantly below market. "As leases are rolled over or renewed," he said, "they will be done at higher rental rates delivering a higher return-yield to ownership. He added that the project has been purchased at below replacement cost.

The average in-place rent at the project is approximately \$25 per square foot, and yet the market has pushed over \$26 per square foot. "Due to tight market conditions, lease rates are expected to push up between 3 and 5 percent per year over the next few years," Scott noted. "The lease rollover is staged so that the new ownership does not face excessive exposure to the leasing market in any one year."