

# 2011 deals of the year



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## 9TH ANNUAL AWARDS

# HRACRE Deals of the Year 2011

**C**HERRY, BEKAERT & HOLLAND has stepped forward once again to be the presenting sponsor for the Hampton Roads Association for Commercial Real Estate Deals of the Year Awards that recognizes the area's most significant commercial real estate transactions.

Inside Business is honored to present the 2011 winners in this ninth annual event by recognizing the brokers and companies whose dedication and commitment seal the deals that help our economy grow.

The winning deals were completed between Jan. 1 and Dec. 31, 2011, in the Hampton Roads area. This year's winning deals totaled nearly \$419 million in lease and sales transactions.

All recognized sales or lease deals involved a Hampton Roads-based landlord, seller, buyer and/or broker. To be considered for an award, transactions had to be at least \$1.5 million for industrial leasing; \$2 million or more for retail leasing, office leasing and land lease and sales; and \$3 million or greater for other sales categories.

A distinguished panel representing HRACRE member firms judged the 2011 entries. They selected up to three winners in each category and awarded a gold, silver and bronze where applicable. Award-winning deals were chosen based on the transactions' value, not the property involved.

Winners were honored at a breakfast awards ceremony Thursday, Feb. 9, at Norfolk Plaza Hotel in Norfolk.

*All stories by Stacey Enesey Klemenc*

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## MULTIFAMILY SALE | GOLD WINNER

### Hampton Roads Portfolio

**Area** Hampton Roads

**Details** \$165.9 million, 2,508 units

**Seller** Great Atlantic Management Co.

**Buyer** Harbor Group International LLC

Given its expertise in Hampton Roads and surrounding markets, Harbor Group International LLC was handpicked by Great Atlantic Management Co., a Hampton Roads-based apartment firm, to acquire its sizeable and well-situated Hampton Roads multifamily portfolio for \$165.9 million.

The portfolio, which will be managed by Harbor Group Management Co., consists of 2,508 apartment units in eight different communities: Bancroft Hall, Chase Arbor and Pembroke Lake in Virginia Beach; Auburn Chase and Heatherwood in Newport News; Hampton Center in Hampton; The Oaks in Norfolk; and The Birches in Chesapeake.

HGI reported that it plans to invest about \$4,300 per unit to refurbish the units' exteriors and interiors, for a total expenditure of about \$11 million.

In addition to the property acquisition, HGI is also taking over Great Atlantic's property management business. The firm's portfolio includes 21 properties in Hampton Roads, Williamsburg and Richmond that includes 3,880 rented apartments and about 116,000 square feet of commercial space.

Harbor Group Management Co. is headquartered in Norfolk with regional offices in Atlanta, Chicago, Dallas, Fort Lauderdale and Houston. The company manages



about 25,000 apartment units across the country and more than 11 million square feet of commercial space.

HGI has been acquiring properties for profitable commercial real estate

investing since 1990 and currently has a portfolio worth \$3.5 billion. It owns 20,000 multifamily rental units and 9.5 million square feet of commercial properties.

**SILVER WINNER**

#### Woodshire Apartments

**City** Virginia Beach

**Details** \$27.62 million, 288 units

**Seller** Harbor Group International

**Broker for seller** CBRE | Hampton Roads

**Agents** Dan Johnson and Hank Hankins

**Buyer** Woodshire Partners Ltd.

## OFFICE SALE | GOLD WINNER

### Lake View Technology Center I

**City** Suffolk

**Details** \$22.5 million, 115,783 square feet

**Seller** Inland America Office Management LLC

**Broker for seller** Jones Lang LaSalle

**Agents** Gregg Christoffersen, Maureen Rooks and Casey O'Hearn

**Buyer** Salus Government Properties LLC

The future's looking brighter for North Suffolk these days as the U.S. Navy Cyber Forces Command prepares to transition to its new digs at 115 Lake View Parkway. The tenant is expected to relocate some 1,400 personnel in mid- to late spring.

The space, once occupied by a modeling and simulation sector of the now dissolved U.S. Joint Forces Command, was listed in April and sold in December. Salus Government Properties bought the property after the previous owner, Inland America, secured a new

lease with the Department of Defense via the General Services Administration.

One of the team's biggest challenges was getting the government to renew its lease so the property would be attractive to investors, noted Gregg Christoffersen, CCIM, SIOR, vice president of Jones Lang LaSalle and part of the team that represented the seller.

The building is part of a fully secured complex, he said, and "As you can imagine, you're not going to have a standard list of clients for this type of property."

Lake View Tech, as



it's also called, was built for USJFCOM in 1999 and expanded in 2004. Meticulously maintained and continually upgraded over the years, the secure, two-story Class-A office building features state-of-the-art systems that meet DoD's strict criteria for a building.

"Suffolk was afraid the space would remain vacant for a long time," said Maureen Rooks, vice president of Jones Lang LaSalle. "The great news is with this backfilling, the area will keep its momentum and not fall backward. It's a good story with a happy ending."

**SILVER WINNER**

#### Greenbrier Towers I and II

**City** Chesapeake

**Details** \$16.7 million, 172,064 square feet

**Seller** Parkway Properties LP

**Broker for seller** CBRE | Hampton Roads

**Agent** Scott Adams, Chris Kieran and Matt Wilbricht

**Buyer** First Potomac Realty Trust

**BRONZE WINNER**

#### Windwood Centre

**City** Virginia Beach

**Details** \$8.45 million, 77,622 square feet

**Seller** Berman Kappler Properties LLC

**Broker for seller** Divaris Real Estate Inc.

**Agents** Jason Oliver and Alex Divaris

**Buyer** Continental Capital Management LLC



## OFFICE MULTISTORY LEASE | GOLD WINNER

### Main Street Tower

**City** Norfolk

**Leased area** 119,761 square feet

**Landlord** BGK Main Street Tower Operating Associates LP

**Broker for landlord** Harvey Lindsay Commercial Real Estate

**Agent** Mike McCabe Jr.

**Tenant** U.S. Government

**Broker for tenant** CBRE | Hampton Roads

**Agents** Don Crigger and Brian Kollar

The U.S. Coast Guard renewed and expanded its lease in December for the USCG Director of Operational Logistics headquarters at Main Street Tower in downtown Norfolk. The command, which will now occupy nearly 120,000 square feet after expanding to the 11th floor, oversees bases as they are established and provides logistics planning and support of contingency operations.

The long-term lease is good news for the

property's landlord, BGK Main Street Tower Operating Associates LP, because the operational logistics offices occupy more than half of the 210,000 square-foot office tower, which was built in the early 1990s. BGK has owned the tower since 2002.

"The renewal continues the service's presence in the building, which began in 1996," said Capt. Mark Carmel, the deputy director of operational logistics, adding that an additional 10,000 square feet has been



included in the current lease. "The location of the building along with its amenities, the availability of public transportation, parking and proximity to other Coast Guard units in the Hampton Roads region were among the positive attributes of the location."

The 14-story, glass-and-steel office tower, located at 300 East Main St. in the heart of Norfolk's financial district, connects via a

skywalk to a city-owned multilevel parking garage. It's about a block away from Town Point Park and within a short walk to the upscale MacArthur Center Mall and several nearby restaurants. Many of the offices have sweeping views of the Elizabeth River and Norfolk's waterfront.

The tower's other tenants include USI Insurance, MMM Design Group and the law offices of Chuck Best.

#### SILVER WINNER

### Lake View Technology Center I

**City** Suffolk

**Leased area** 115,783 square feet

**Landlord** Inland America Office Management LLC

**Broker for landlord** Jones Lang LaSalle

**Agents** Gregg Christoffersen, Maureen Rooks and Casey O'Hearn

**Tenant** U.S. Government

#### BRONZE WINNER

### Dominion Tower

**City** Norfolk

**Leased area** 47,408 square feet

**Landlord** Harbor Group International

**Tenant** CACI Enterprise Solutions Inc.

**Broker for tenant** CBRE | Hampton Roads

**Agents** Chris Kieran

## OFFICE SINGLE-STORY LEASE | GOLD WINNER

### Crossways I

**City** Chesapeake

**Leased area** 54,746 square feet

**Landlord** First Potomac Realty Trust

**Broker for landlord** CBRE | Hampton Roads

**Agents** Perry Frazer and Matt Wilbricht

**Tenant** Sentara

**Broker for tenant** S.L. Nusbaum Realty Co.

**Agent** Mark Warlick

The Sentara College of Health Sciences had already been at its Chesapeake location on Crossways Boulevard for eight years when the time came to decide whether to renew the lease. The only thing the school needed was a little more space.

"We initially looked around some," said Mark Warlick, senior vice president with S.L. Nusbaum Realty Co., the firm representing Sentara, but nothing was more enticing than staying put. "The location was convenient for

their students. It was easy to get to from throughout Hampton Roads and there was plenty of parking."

And, as it turns out, plenty of room to grow.

"We extended the lease for 47,000 square feet and leased another 7,000 for future expansion," said Bob Souders, director of commercial real estate for Sentara Healthcare.

"The landlord was very accommodating and we got a good economic deal to extend the lease for a long term," Warlick said.

"They had the need



to grow and we had the space," said Perry Frazer, senior vice president of CBRE | Hampton Roads, the firm representing First Potomac Realty Trust.

Sentara College of Health Sciences employs a faculty of more than 40 educators and enrolls about 450 students each year. The school offers a variety of health technology programs and courses,

including a nursing program that leads to a bachelor of science degree in nursing, and cardiovascular technology and surgical technology programs, both of which offer associate of occupational science degrees. The school is part of Sentara Healthcare, a not-for-profit health system encompassing hospitals, long-term facilities and ambulatory care centers.

#### SILVER WINNER

### Independence Technology Center

**City** Chesapeake

**Details** 59,509 square feet

**Landlord** Liberty Property Trust

**Broker for landlord** CBRE | Hampton Roads

**Agent** Perry Frazer, Pat Mugler and Ricky Anderson

**Tenant** General Dynamics Information Technology Inc.

**Broker for tenant** CBRE | Hampton Roads

**Agent** Lang Williams



## INDUSTRIAL LEASE | GOLD WINNER

### U.S. Government

**City** Suffolk

**Leased area** 350,000 square feet

**Landlord** CenterPoint Properties Trust

**Broker for landlord** CBRE | Hampton Roads

**Agents** Worth Remick, Ashton Williamson and Lang Williams

**Tenant** U.S. Government

Due to an excessively wet fall, mass excavation for a new Navy Exchange Service Command facility in Suffolk began in late October, a few months behind schedule.

"But we're slated to be completed on time by July 2012," said Bob Harbour, senior vice president for CenterPoint Properties, an Illinois-based company with its southeastern office in Norfolk.

The company is developing and building the facility to be leased by the federal government. It's the largest industrial lease transaction reported

in 2011.

"We are looking forward to having our distribution team in one location and the synergy that will allow," said Tom Williams, NEXCOM senior vice president of distribution.

The 350,000-square-foot distribution center will consolidate two older warehouses used by the Northeast Distribution Center in Norfolk for NEXCOM. The new building is part of the CenterPoint Intermodal Center, a 921-acre integrated logistics center off Route 58, about 22 miles from the terminals at the Port of Virginia.



The center features a very sophisticated material handling system, Harbour said, with complex racking and conveyer mechanisms to handle goods and services. Owning and operating more than 30 million square feet of warehouse distribution centers nationwide, CenterPoint Properties, he said, is no stranger to these systems.

When completed, the new NEDC will consolidate freight and distribute goods to 152 NEX and Marine Corps outlets in the mid-Atlantic and Europe, Africa and Southwest Asia regions. NEDC handles about \$140 million of merchandise, at cost, per year.

NEXCOM anticipates it will operate solely out of the new location by August 2012.

#### SILVER WINNER

##### Ace Hardware Corp.

**City** Suffolk

**Leased area** 336,960 square feet

**Landlord** CenterPoint Properties Trust

**Broker for landlord** CBRE | Hampton Roads

**Agents** Worth Remick and Ashton Williamson

**Tenant** Ace Hardware Corp.

**Broker for tenant** CBRE | Hampton Roads

**Agent** Lang Williams

#### BRONZE WINNER

##### Bridgeway Commerce Center-Building II

**City** Suffolk

**Leased area** 126,000 rentable square feet

**Landlord** Liberty Property Trust

**Tenant** Dana Limited

**Broker for tenant** Cushman & Wakefield | Thalhimier

**Agent** Abe Ellis

## INDUSTRIAL SALE | GOLD WINNER

### Ford Assembly Plant

**City** Norfolk

**Details** \$14.25 million, 700,000 square feet/109 acres

**Seller** Ford Motor Co.

**Broker for seller** CBRE | Hampton Roads

**Agent** Patrick Gill

**Buyer** VRC Ventures



Marketing and selling a large manufacturing site is rarely an easy task, but when you throw a recession into the mix it becomes an even greater challenge. Such was the case when in 2007 CBRE | Hampton Roads listed the Ford assembly plant for sale.

The 109-acre waterfront site was the largest privately owned, industrial-zoned property in Norfolk.

Although the Ford Motor Co. received more than 15 offers on the property, a deal was not made until March 2011 when VRC Ventures, an

entity controlled by Jacoby Development of Atlanta, bought it for \$14.25 million.

Ford and CBRE worked closely with the city of Norfolk and the state to determine what company would make the best use of the prominent site.

Jacoby Development was already successfully redeveloping another former

Ford plant in Atlanta into a mixed-use property. In Norfolk, Jacoby is mostly interested in creating a green energy industrial park.

So far, Jacoby has sold a portion of the Ford plant to Belgium-based Katoen Natie, a global logistics provider that's turning Ford's former body shop into a warehouse and distribution center. It

will create between 225 and 400 new jobs.

As an aside, "One of the more enlightening points of this sale is the value of scrap metals that were on the site," said Patrick Gill, CCIM, senior vice president for CBRE | Hampton Roads. "In 2008 and early 2009, the scrap had a value equal if not greater than the value of the land."

#### SILVER WINNER

##### KTN, USA Purchase of Former Ford Facility

**City** Norfolk

**Details** \$10.4 million, 662,500 square feet

**Seller** VRC Ventures LLC

**Broker for seller** CBRE | Hampton Roads

**Agent** Ken Benassi and Worth Remick

**Buyer** 11200 LaPorte LP (KTN USA)

#### BRONZE WINNER

##### Parkway 3-4

**City** Virginia Beach

**Details** \$5.4 million, 64,186 square feet

**Seller** Rosemont Realty Inc.

**Broker for seller** Cushman & Wakefield | Thalhimier

**Agent** Katherine Campbell

**Buyer** Continental Capital Management



## RETAIL LEASE | GOLD WINNER

### Town Center of Virginia Beach/Yard House

**City** Virginia Beach

**Leased area** 10,760 square feet

**Landlord** Armada Hoffler

**Broker for landlord** Divaris Real Estate Inc.

**Agent** Erica Meekins and Gerald Divaris

**Tenant** Yard House USA Inc.

With an eclectic mix of dining, shopping, entertainment, working and living options along 17 city blocks in Virginia Beach's emerging downtown, Town Center was chosen for Virginia's first Yard House. The restaurant features a wide choice of draft beers, ample homemade American fare and a heady selection of classic rock music.

According to Gerald Divaris, CEO of Divaris Real Estate Inc., which represents Town Center, he'd been courting the California-based eatery for almost eight years. Last year, Yard House decided the time was right to

expand its reaches into the Commonwealth.

The restaurant sought an urban location in a market that catered to young professionals with disposable income. It also was looking for an area that had multiple established restaurants which it could complement with its offerings.

"They were a natural fit for us," Divaris said.

The problem was that Yard House wanted 10,000 square feet – and wanted it before the end of the year – and that big a space wasn't readily available.

The solution was to move Armada Hoffler out of offices



it had occupied only since 2010 to free up the space.

"We had to buy out other tenants and split Armada Hoffler into two spaces in the building across the road," he said.

"We did a lot of work in a very short amount of time to

create the environment Yard House needed," Divaris said.

The lease was executed April 1 and the grand opening was Nov. 23. And judging by the crowds that frequent the establishment night after night, "It's been an absolute home run."

## RETAIL SALE | GOLD WINNER

### Shady Banks Shopping Center

**Area** York County

**Details** \$4.6 million, 56,634 square feet

**Seller** Litchfield Shady Banks LLC

**Broker for seller** CBRE | Hampton Roads

**Agents** Chris Read

**Buyer** Envoy Realty Partners V LLC

Touting Shady Banks Shopping Center's excellent visibility and easy accessibility from the heavily traveled State Route 134 in York County, CBRE | Hampton Roads brokered 2011's largest retail sales transaction in Hampton Roads last October.

The nearly 57,000-square-foot center on a 7.38 acre site is anchored by a Food Lion and also is home to a Subway, H&R Block and Allstate insurance. Food Lion recently completed a \$450,000 renovation of its store to include expanded wine and organic food sections. Overall, the retail mix is ideal for the trade

area demographics.

The area's dominant center, which has served as a community nucleus since it was built in 1989, is a viable grocery destination for the surrounding densely populated neighborhoods, including Bethel Manor, a 1,400-plus unit military housing development.

Because of all these favorable qualities, Envoy Realty Partners V LLC, a private company that primarily specializes in supermarket-anchored shopping centers in Virginia, was on board to buy the parcel for \$4.6 million from Litchfield Shady Banks LLC.

"Even with the economic



uncertainty, there are qualified buyers in the market that are looking to transact. Our focus on representing sellers of shopping centers in Virginia allows us to have real-time knowledge of who those buyers are and what they are looking for,"

said Christopher C. Read, senior vice president of retail services for CBRE | Hampton Roads, who represented the seller.

"We are seeing the market improve and we expect much more sales activity to occur in the coming year," Read said.



## SPECIAL INTEREST | GOLD WINNER

### Simply Self Storage

**City** Hampton

**Details** \$4.9 million, 90,991 square feet

**Seller** Quality Properties Asset Management Co.

**Broker for seller** Cushman & Wakefield | Thalhimer

**Agent** Ken Penrose

**Buyer** SST 815 LaSalle Avenue LLC

As far as storage facilities go, the 641-unit Simply Self Storage in Hampton stood head and shoulders above the competition.

"It was the first of its kind in Hampton," said Ken Penrose, associate broker for Cushman & Wakefield | Thalhimer. Aside from one in Williamsburg, "I don't know of any other multistory, Class-A storage facility in the area."

The three-story complex features an extensive security system complete with digital monitoring cameras, multiple access-controlled areas and two elevators, as well as a fire alarm system.

The climate-controlled, state-of-the-art complex was built in 2007 by Simply Self Storage, a firm headquartered in Florida with more than 120 operating self-storage facilities throughout the country.

In 2008 and 2009, the company expanded quickly, and when the recession hit, the company – like so many others – faced financial challenges.

"Although the Hampton property wasn't underperforming, it was the only property the company had in Virginia," Penrose said, and one of the easier ones to let go.



The bank foreclosed on the \$4,964,218 loan in November 2010 and Cushman & Wakefield | Thalhimer listed the storage complex for sale in January 2011.

After substantial interest from several parties where multiple offers were submitted, the property was sold for \$4.9 million July

20, 2011, to the strategic storage trust of SST815 LaSalle Ave. LLC, trading as SmartStop Self Storage.

"This was not your typical foreclosure where the bank took it on the chin," said Penrose, who handled the deal's sales negotiations. "Thalhimer did a pretty good job at selling."

## LAND SALES | GOLD WINNER

### Renaissance Park

**City** Virginia Beach

**Details** \$20.55 million, 133.8 acres

**Seller** Redus VA Housing LLC

**Broker for seller** CBRE | Hampton Roads

**Agents** Chad Lesley and Patrick Gill

**Buyer** Spence Farm Holdings LLC

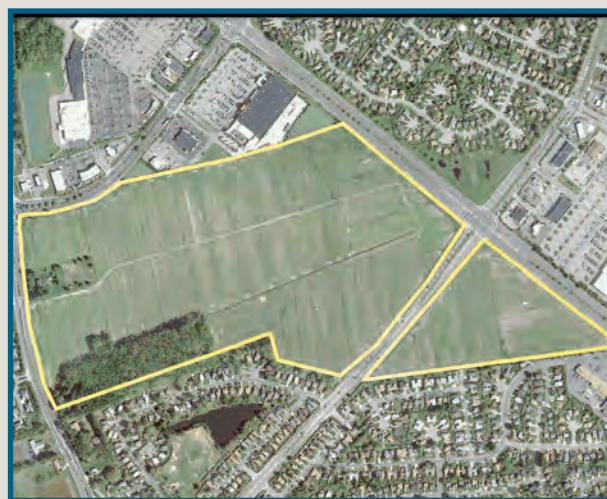
When the recession hit and the real estate market took a nose dive, many projects came to a screeching halt and, subsequently, many landowners lost property for which they once had big plans. Such was the case of the 133.8-acre, mixed-use parcel located on South Independence Boulevard and Princess Anne Road in Virginia Beach.

Known as Renaissance Park, the property owned by L.M. Sandler and Sons was to have featured a 400-unit rental apartment community on 23 acres. On the remaining 110.8 acres, the sprawling development

would have had 680 single-family homes, which included affordably priced houses within the reach of the general workforce, and 200,000 square feet of retail space and a 150-room hotel.

But in November 2010, Redus VA Housing LLC, a subsidiary of Wells Fargo Bank, foreclosed on the property and enlisted the services of CBRE | Hampton Roads to list it for sale.

"It was a tremendous piece of property with an exciting future," said Chad Lesley, vice president of CBRE who, along with colleague Patrick



Gill, CCIM, senior vice president, represented the seller. "Our job was to take the property to market on a national level, manage the process and find the most qualified buyer at the highest price."

There were numerous local, regional and national developers vying for this particular parcel, he

added, which was located in the geographic center of Virginia Beach with easy access to both I-64 and I-264.

In March, the open fields which were once part of the Spence Farm sold for \$20.55 million to Spence Farm Holdings LLC, an affiliate of The Dragas Companies.

#### SILVER WINNER

##### Settler's Market

**City** Williamsburg

**Details** \$13.25 million, 45 acres

**Seller** Union Bank N.A.

**Broker for seller** Harvey Lindsay Commercial Real Estate

**Agent** Jay Joseph

**Buyer** FCP Settler's Market

#### BRONZE WINNER

##### Former U.S. Foodservices Building

**City** Virginia Beach

**Details** \$5.25 million, 15 acres

**Seller** USF Propco LLC/US

Foodservices Inc.

**Broker for seller** CBRE | Hampton Roads

**Agents** Ashton Williamson and Worth Remick

**Buyer** S.L. Nusbaum Realty Co.

**Broker for buyer** Cushman & Wakefield | Thalhimer

**Agents** Bob Thornton and Bill Throne

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