

Boston REIT buys big in La Vergne

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One of the region's largest industrial buildings has changed hands for \$17.4 million.

The Interchange Distribution Center in La Vergne at 1706 Heil Quaker Blvd., was bought by High Street Equity Advisors, a real estate investment company based in Boston.

The sale – which is the second-largest industrial deal this year – is the latest

sign that national investors continue to look at Middle Tennessee as a prime place to put their money to work.

In recent months, groups from Florida, California and New York have piled millions into some of the region's most prominent properties, including Dover Centre and the Primus complex in Cool Springs.

Industrial sites haven't figured as prominently of late, but the 529,300-square-foot Interchange center changes that. The building is home to Cinram International Inc., a Canadian company that replicates pre-recorded CDs, DVDs, videotapes and other media.

According to High Street, the Cinram lease extends through January of 2011, and Cinram leases 100 percent of the property.

Founded in 2003, High Street says it had raised a total of \$654 million for its first two funds through the end of 2005. The company's

INTERCHANGE: Sellers bought property in '05

Web site says it aims for investments that produce current cash distributions and a risk-adjusted overall investment yield over a limited holding period. High Street's portfolio also includes properties in Georgia, Virginia and Kentucky.

A recent mid-year report from Colliers Turley Martin Tucker says the Southeast submarket, which accounts for about 27 percent of the region's industrial space, posted the largest absorption levels – that is, the change in occupied square feet – in the region through the first half of the year, with 911,000 square feet. That lowered its vacancy rate to 6.9 per-

cent from 7.8 percent at the end of 2005, but still left that number above the region's aggregate 5.7 percent rate.

The seller of the property was a partnership between First Industrial Realty Trust, a Chicago-based REIT, and the California State Teachers Retirement System. Steven Preston, regional director for First Industrial (NYSE: FR), says the partnership known as FirstCal 1 has a strategy of buying buildings that are empty or will soon be empty, redeveloping them, stabiliz-



McDowell

ing their occupancy and then selling the buildings.

ProVenture Commercial Real Estate represented the seller on the deal in the form of brokers Douglas McDowell, Randy Wolcott, Jeb Atkinson and Martin Meyer.

In the case of Interchange, Preston says the partnership added a new sprinkler system and did additional upgrades and maintenance, although he doesn't know how much was spent.

The FirstCal partnership bought the building in 2005 for \$13.5 million, according to records on file with the city. The Interchange Center ranked sixth on the *Business Journal's* most recent list of Middle Tennessee's largest industrial buildings.

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