

Two King of Prussia buildings hit the market

Nov 3, 2016, 9:10am EDT

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Two office buildings in King of Prussia, Pennsylvania, have come up for sale in what continues to be a robust submarket for real estate investment.

Though both office and both located in the same community, the properties offer a buyer two different types of investments. One is a multi-tenant office property that underwent nearly \$4 million in upgrades and the other is a single-tenant structure that is expected to undergo \$4 million in future renovations.

When Kairos Real Estate Partners bought what is known as the Triad building at 2200 Renaissance Blvd. in 2014, the 180,000-square-foot building was about 20 percent leased and neglected. It wasn't always that way.

Built in 1985 in the Renaissance Corporate Center, the property had once thrived with a cadre of tenants such as GlaxoSmithKline, MDS Pharma Services and Henkel Corp. calling it home and keeping it nearly fully leased year over year. Mack-Cali Realty Corp. had spent \$26.3 million to buy the building in 2002 only to return it to the lender 10 years later when the gaping vacancy plagued it and the recession meant it would be difficult to attract tenants.

The issues the property faced made it ripe for Kairos of King of Prussia and Artemis Real Estate Partners of Chevy Chase, Maryland, to buy it in 2013 for \$8.1 million. The partnership rolled out what has become its proven formula of investing millions of dollars in renovations that create common amenities such as a cafe, gym and conference center that attract tenants to the spiffed up space.

The Triad building underwent \$3.6 million in renovations that reinvigorated the 1980s vintage office property and is now up to 95 percent leased. Tuned up and leased up, Kairos has put the property up for sale, hoping it could sell for as much as \$30 million, according to an estimate. It is being marketed by [Robert Fahey](#) and Jerry Kranzel of CBRE Inc.

The other building up for sale is 935 First Ave., a 4-story, 104,000-square-foot structure that is fully leased to Radial for the next 10 years. Radial is what emerged from the combination of eBay Enterprise and Innotrac. Its predecessor was GSI Commerce, which eBay Inc. bought in 2011 for \$2.4 billion.

GSI Commerce bought the First Avenue building in 2004 from Brandywine Realty Trust and occupied it until it was bought by eBay.

Radial will continue to occupy the building and, once a sale occurs, is anticipated to launch a \$4 million renovation project that will involve a series of upgrades to the property, according to those familiar with the matter. The property could trade for around an estimated \$26 million, which considered below a roughly \$275 a square foot replacement cost. Kranzel and Fahey of CBRE are marketing the First Avenue property.

King of Prussia has been one of the most active investment markets in the region. Not only is there a tremendous amount of development underway in the Upper Merion community, but real estate investors have ramped up buying commercial properties. Among some recent transactions are: Universal Health Services (NYSE:UHS) paid \$37.7 million for 455 S. Gulph Road, a 132,089-square-foot office building known as Executive Terrace; KBS Realty Advisors bought 1000 Continental Drive, a 205,424-square-foot office building, for \$63 million in 2014; and MARK Solution paid \$63.5 million for 1170-1190 Devon Park Drive, a 250,185-square-foot building.