

For Sale: Downtown Raleigh's Charter Square

BY AMANDA HOYLE - STAFF WRITER, TRIANGLE BUSINESS JOURNAL

The development and equity partners behind the 11-story Charter Square office tower in downtown Raleigh that opened just about one year ago have this week hit two major milestones.

The first: The building is now on the market for sale.

The second: Charter Square has been approved for platinum-level LEED certification by the U.S. Green Building Council. The achievement ranks it among the most energy-efficient and sustainable commercial buildings in the country and makes it one of only two office towers in the Southeast to so far achieve the platinum-level certification.



Charter Square, located at 555 Fayetteville Street in downtown Raleigh

While it might seem odd that the new building would be going to market so soon after completion, building developer Andy Andrews says it was the plan all along to be able to market the building to new investor groups at or near the one-year anniversary of the building.

"This has been part of our plan from day one," says Andrews, president and CEO of Raleigh-based Dominion Realty Partners.

He explains that the equity financing for the \$63 million building project came primarily from a real estate growth fund managed by Prudential Real Estate Investors. Under terms of the deal, any equity and potential profits in the property would be cashed-out at around the one-year anniversary.

For now, no minimum price bid has been set for the building. Wake County tax records value the Charter Square property at around \$45.4 million. Andrews had stated at the opening of the tower in June 2015 that was valued around \$63 million.

The 243,106-square-foot tower is currently 69 percent occupied with an average 10 years of term remaining on its tenant lease contracts. Anchor tenants in the building include the Womble Carlyle law firm, Industrious, HDR Engineering and CBRE-Raleigh. CBRE is marketing the property on behalf of Dominion and Prudential.

Regarding the LEED platinum certification, Andrews says the award was the culmination of many hours of work by the whole development team. According to engineering documents, the project received a score of 82 points based on criteria set by the U.S. Green Building Council. A minimum score of 80 is required for platinum status, the program's highest achievement level.

Among the categories in which the project scored well included documentation of its optimized energy efficiency performance, brownfield redevelopment, water efficiency, access to public transportation, and access to bicycle storage and a changing room for its tenants.

"It wasn't easy, but we got," Andrews says.

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Only six other commercial buildings in North Carolina have achieved platinum status in the category of “core and shell” certification, like Charter Square. It is the third project in the Triangle, including 502 Rigsbee Ave. in Durham and the East 54 Building 100 in Chapel Hill.

A database of LEED certified buildings shows that another 15 buildings in North Carolina have achieved platinum status in the category of “new construction” certification, including the Nature Research Center in downtown Raleigh and SAS Building C and Executive Center on SAS' headquarters campus in Cary.

Amanda Hoyle covers commercial and residential real estate. Follow her on Twitter @TBJrealestate