

NFR Sells \$40M Portland-Area Office Building

The sale marks the final transaction and investment exit of a 3.6 million-square-foot portfolio comprising 41 office and retail buildings located across nine states.

by Keith Loria | Nov 13, 2017

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National Financial Realty Inc. has sold a 211,863-square-foot office building in Hillsboro, Ore., to an undisclosed buyer for roughly \$39.8 million. The sale marks the final transaction and investment exit of a 3.6 million-square-foot portfolio comprising 41 office and retail buildings located across nine states.

Located at 18700 NW Walker Road, the Class A building is currently leased to Wells Fargo Bank.

"This building was part of an overall aggregation play that focused on a strategy of acquiring real estate that is primarily leased to top money-center banks throughout the U.S.," Vincent Pellerito, NFR's CEO, told Commercial Property Executive. "The Hillsboro building is right outside of Portland and it's located in a very attractive part of the city and has become a center point for Wells Fargo and their operation."



18700 NW Walker Road in Hillsboro, Ore.

Completed in 1978, the building boasts large floor plates and offers a prime location within the [Sunset Corridor submarket](#). It is also in close proximity to major public transportation routes and Portland's light rail system.

A PLAN IN ACTION

NFR purchased the building in 2010, its first acquisition of a Wells Fargo-leased property. The company followed the deal up three years later with a 40-building, 3.3 million-square-foot portfolio acquisition, with 90 percent of the properties leased to Wells Fargo.

Over the years, it combined all the properties in one portfolio, enhancing them all with several million dollars in capital improvements. The other buildings have already been sold, and 18700 NW Walker Road is the last of the properties from its portfolio.

"Wells Fargo, based on the structure of the lease, put their own capital into this building and they have upgraded the building to LEED Gold certification," Pellerito said. "We did renegotiate their lease earlier this year, and they were anxious to extend the lease here."

NFR research shows that, within the Portland MSA, there is no other 200,000-square-foot space available for one tenant outside of downtown, where rents are two to three times higher.

"Our strategy is we're willing to take credit risk, but we are not prepared to take any real estate risk at this point in the cycle," Pellerito said. "What that means is, we're going to look at assets that have financial institutions or other world-class tenants who have long-term leases or commitments in the building and we're going to focus our attention on those assets that are reasonably priced in select markets."