

Wells Fargo buildings in Raleigh sell for \$42 million

By Amanda Hoyle Nov 20, 2015

A Florida real estate investment firm has paid \$42.3 million for a Wells Fargo (NYSE: WFC) mortgage operations campus in west Raleigh that was sold two years ago as part of a distress sale.

Daytona Beach-based Consolidated-Tomoka Land Co. (NYSE MKT: CTO) purchased the three-building office campus from an affiliate of National Financial Realty Inc. of Torrance, California. NFR had paid \$36.8 million for the buildings in 2013 and then upgraded the buildings to LEED Gold-certification status.

The 450,000-square-foot campus at 1100 Corporate Center Drive has been fully leased to Wells Fargo bank and its predecessor companies since the buildings were built in 1996 and 1997. Wells Fargo has about nine years remaining on its lease term, according to the buyer.

While the Raleigh operations were spared from the brunt of Wells Fargo's 1,142 job cuts in March of workers for its mortgage-servicing business, bank officials have confirmed that not all of the space at the 1100 Corporate Center campus is begin used.

As of May, Wells Fargo employed about 1,300 people at the Raleigh mortgage operations center. The transaction for Consolidated-Tomoka is expected to be part of a 1031 like-kind exchange. "We completed this acquisition at the low end of our target cap rate guidance but at a purchase price that represents approximately 50 percent of replacement cost and a rent level that is currently half of market which we believe provides an attractive long-term investment opportunity," stated John P. Albright, president and CEO, in a news release about the deal.