

# Realtors close \$8M portfolio expansion with Innsbrook office deal

MICHAEL THOMPSON OCTOBER 18, 2016



A Southside firm is set to add to its Virginia portfolio with deals in the works in Innsbrook and Chesapeake.

Real Estate Value Advisors is under contract to purchase the former Owens & Minor building at 4800 Cox Road for \$8.3 million, said Steve Sadler, the company's managing director.

Sadler said the deal for the 62,000-square-foot office property is expected to close on Wednesday, Oct. 19.

"It's all but done," Sadler said.

REVA, based out of the Boulders office park in Chesterfield, is a real estate investment company that typically purchases properties using pooled funds from investors looking to capitalize on the 1031 exchange process.

The addition of 4800 Cox Road will put REVA's Richmond portfolio at 371,285 square feet. Its local holdings include the Fairfax Building at 10710 Midlothian Turnpike.

Sadler said the four-story Cox Road building, built in 1989, is 98 percent leased to three tenants. Alcohol distributor The Winebow Group has two floors, Covington Travel has one floor and Free Agents Marketing has another floor.

"For us it's a stabilized asset in a strong market that we know well," he said. "This is really an investment that will deliver good cash flow."

Sadler said 4800 Cox Road's sound structure and proximity to the interstate made it an attractive buy. The property has more than 250 parking spaces, some of which are covered – a rarity for the suburban market, he said.

"You want a building that has good bones but an important part of that is ingress and egress," he said.

The seller of 4800 Cox Road is BH Properties of Los Angeles, Sadler said. BH Properties has owned 4800 Cox Road since 2006 after Owens & Minor, a locally based healthcare logistics company, left for an office in Mechanicsville.

The pending sale comes on the heels of BH Properties' recent purchase of a \$338.2 million portfolio in New York.

BH Properties spokesperson Gary Marsh said the New York deal is structured as a reverse 1031 exchange where the purchase of the properties are preceding the sale of others. In a typical 1031 exchange, a firm first sells a property and then has 45 days to use the proceeds to buy another one to avoid paying capital gains tax on the sale.



(Michael Schwartz)



Steve Sadler

[BH Properties](#) is in the process of selling up to 25 other properties to replace the value of its New York acquisition, Marsh said. He would not confirm that 4800 Cox Road is under contract or whether it is part of BH Properties' reverse 1031 exchange.

An entity tied to [BH Properties president Steve Gozini](#) purchased 4800 Cox Road, which sits on a 4.9-acre parcel, for \$4.4 million in 2006. Then in 2013, a BH affiliate bought the building for \$3.3 million. The property was most recently assessed at \$6.9 million.

REVA is paying for 4800 Cox with a combination of cash and credit from MidCap Financial, a specialty finance firm out of Chicago. The deal has been in the works for about two months, Sadler said. He said a few minor improvements are planned for the property.

Cushman & Wakefield | Thalhimer will continue to manage the property, Sadler said.

Richmond isn't the only place in Virginia where REVA has an office deal cooking.

Sadler said his firm has a single-tenant building at 3800 Cook Blvd. in Chesapeake under contract in a \$7.5 million deal expected to close in November.

REVA is a sister company to Allegiancy, a commercial real estate asset management firm that earlier this year tried to become one of the first companies in the U.S. to [complete a public offering](#) using new federal capital raising rules. Sadler said Allegiancy still plans to pursue one of the "mini-IPOs" in the first quarter of 2017.

The deal for 4800 Cox will be at least the second Richmond office deal to close in October. Earlier this month, [Boulders I, II and III](#) in Chesterfield sold for \$25.73 million to Dominion Realty Partners.

Elsewhere in the local office market, the [James Center](#) was listed last month at an unknown asking price.