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LOCAL NEWS The Post and Courier



Story last updated at 7:24 a.m. Wednesday, December 15, 2004

Investor buys office complex in \$43M deal

BY JOHN P. MCDERMOTT
Of The Post and Courier Staff

A South Florida investor bought Bank of America Place for \$43 million in cash Tuesday in a deal that sets a new high-water mark for real estate transactions on the Charleston peninsula.

The sale of the 200 Meeting St. office building to Miami Beach-based Charleston Financial Center LLC included the 355-space attached parking garage.

The seller was Jupiter Realty Corp., which bought the 145,000-square-foot building as part of a \$74 million multiproperty deal three years ago.

Reached briefly by telephone Tuesday, Claire Callen, an executive with Charleston Financial Center, said she was "very, very excited to be able to own such a beautiful signature piece in the downtown historic center."

Callen, who was not available for further comment, also is president of Oceanside Resorts Inc. and is listed as being affiliated with H.I. Development Corp., according to business records filed with the Florida Department of State. Both companies invest in hotels.

J. Luzuriaga, executive vice president of Jupiter, said the buyer structured the deal as a tax-free exchange, meaning it rolled over its profits from a previous real estate sale into Bank of America Place to avoid a capital gains tax bill.

The technique is a common in the real estate industry, but such exchanges have risen dramatically in volume in recent years. The main reason is that investors who pulled money out of the stock market have driven up demand for income-producing properties. Prices have risen as a result.

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"People are looking to put money away so they don't have to pay taxes, and they're looking for deals with stable cash flow and a good tenant mix," said Luzuriaga, who runs Jupiter's Charleston office.

Rumors about the sale of Bank of America Place surfaced earlier this year.

Luzuriaga said one contract fell through. That group of would-be buyers, which he declined to identify, planned to buy the property with freshly raised capital rather than taxable gains from a prior real estate sale. That put additional pressure on that group to squeeze higher returns from the building, he said.

"I'm told they were uncomfortable, but not necessarily with the market," Luzuriaga said.

Formerly called NationsBank Place, the four-story office complex was built in 1991.

The original developer sold it in 1998 to Liberty Property Trust of Malvern, Pa., for \$34 million, then a record for the peninsula. Liberty Property sold its entire Charleston portfolio in late 2001 to Jupiter, a privately held real estate investment firm.

With the Bank of America deal finalized, Jupiter has divested all of the properties it picked up in that deal except for one undeveloped parcel at the Executive Park at Faber Place in North Charleston.

Luzuriaga said the company "did very well" on the individual sales. He declined to elaborate.

"I'd like to have one of those deals every year. ... It was clearly a portfolio where the parts were worth more than the whole," he said.

Jupiter invested about \$1.2 million in Bank of America Place last year to spruce up the common areas and parking garage.

More recently, the company had to spend at least another \$1 million to repair leaks in the exterior walls that led to water damage inside the building. Jupiter recently settled a lawsuit it filed against the previous owner for allegedly failing to disclose those problems. Terms of the settlement were not disclosed, and Luzuriaga declined to comment.

The building is more than 90 percent leased. Charlotte-based Bank of America is the building's main tenant. Other businesses that call 200 Meeting home include insurance agencies, stock brokerages and law firms. The remaining space is on the market for \$28 to \$30 a square foot a year.

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