



**Mark W. Kolsrud, SIOR**  
Colliers International  
Minneapolis/St. Paul, Minn.



**David Berglund, Candidate Member**  
Colliers International  
Minneapolis/St. Paul, Minn.

**Additional SIOR members involved in the transaction:**

- John Bilyak, SIOR
- Greg M. Copps, SIOR
- Thad R. Denhartog, SIOR
- John B. Gartner, SIOR
- John J. Kuiper, SIOR
- Lyle Landowski, SIOR
- Scott Rogers, SIOR

**Transaction Type & Details**

**Date:**  
September 1, 2017

**Type:**  
Investment Portfolio Sale

**Building Type:**  
Industrial and Office Single Tenant Net Lease Portfolio

**Building Size:**  
2,700,000 SF

**Sale Price:**  
\$110,000,000

| TRANSACTION CASE-IN-BRIEF



# INVESTMENT PORTFOLIO SALE

Mark Kolsrud, SIOR, and Dave Berglund (SIOR Candidate Member) were awarded this portfolio to sell on behalf of a partnership that included Wildamere Capital Management and CNL Financial Group. Kolsrud and Berglund then reached out to their SIOR and Colliers Networks to find local cooperating brokers in each market to assist them in the sales process.

Kolsrud and Berglund were the team leads, connecting buyers to bid on the portfolio and achieve optimal pricing for the sellers. During the process Kolsrud and Berglund leaned on each of the local brokers to provide local market expertise including leasing overviews, relevant sale and lease comps, to help support the pricing of the portfolio.

## Client Objectives

- The portfolio was held in a private fund which had reached its maturity and the sellers desired to sell the properties and close out the fund with their investors.
- This portfolio had an unusual mix of remaining lease terms ranging from long term to very short term. It was truly a value-add opportunity for the right

buyer to spend money and create more stability throughout the portfolio.

- The main goal was to deliver a sales bid process that would create the highest sales price for the sellers through a targeted marketing campaign. Through the sales process, they solicited 12 portfolio offers from a wide range of qualified buyers, who all competed to buy the portfolio.

- After a detailed market analysis was performed, the tenant was presented.

## Transaction Profile

This transaction was extremely complicated to underwrite due to the due to the tertiary locations of the properties and single tenant nature of each building's construction. A few of the buildings were beautiful industrial buildings in decent markets and some were ugly metal buildings in 3rd-4th tier markets.

- Overall the credit profile of each tenant in the portfolio was mostly positive (With Tenants like Tesla, Kinder Morgan, Leeds, Johnson & Johnson and Bluestem) however, during the sales process one company (Navarre Corp) went out of business and part of another company (Kinder Morgan) was sold to a parent company (Watco) with lesser credit. This was challenging to overcome since the buyers were basing their pricing on certain lease terms and credits for each of the buildings in the portfolio.

- The average remaining lease term of the portfolio was under seven years when they started the marketing process and grew shorter with one tenant (Navarre Corp) vacating and another tenant (Kinder Morgan) deciding not to exercise a renewal that both landlord and tenant had agreed to prior to Colliers starting its marketing process.

- In the end, they went under contract with four different buyers during the sales process due to several issues including environmental findings, tenant credit rating downgrades, and loss of tenancy. The first three buyers selected were unsuccessful in reaching the sellers expectations and failed to close the transaction after being awarded the deal. However, the fourth buyer Brennan Investment Group, who had been tracking this sale from the day they launched, was able to overcome all the issues previous buyers faced, to successfully close this portfolio.

## Solution

- Each SIOR member was crucial in helping to develop base case valuations for each of the properties in the portfolio. Each of the different buyers had concerns surrounding each tenant's longevity in their buildings and the local SIOR brokers helped Kolsrud and Berglund sell "the story" of how each of the buildings were "mission critical" to the tenant's operations and how the real estate was helping their business.

- In addition, each of the local SIOR members helped the sales team present a best-case scenario that supported the individual price allocations of each building by providing relevant sales comps for each property and providing lease comps that both supported the tenants current rent and showed the potential for future rent growth as part of the buyer's value-add approach.

- In several cases (Milwaukee, Jacksonville, and Minneapolis) the local SIOR brokers were also able to help bring offers on individual buildings in the portfolio which helped support the overall portfolio pricing.

# Thank you!

FROM  
**MSP Investment Services**  
Kolsrud • Berglund • Ryan



**Mark Kolsrud** SIOR  
Sr. Vice President  
Colliers International  
Minneapolis-St. Paul



**Dave Berglund** SIOR CANDIDATE  
Sr. Vice President  
Colliers International  
Minneapolis-St. Paul



**Colin Ryan** Sr. Vice President  
Colliers International  
Minneapolis-St. Paul

The Minneapolis-St. Paul Investment Services Team thanks our fellow SIOR members for the successful sale of the Wildamere STNL portfolio.



**John Bilyak** SIOR, CCIM  
Principal  
Colliers International  
Pittsburgh, PA



**Greg M. Copps** SIOR  
Managing Partner  
Colliers International  
Charlotte, NC



**Thad Denhartog** SIOR  
Director  
Mel Foster Commercial  
Davenport, IA



**John B. Gartner III** SIOR  
Senior VP & Principal  
Colliers International  
Cincinnati, OH



**John J. Kuiper** SIOR, CCIM  
EVP & Designated Broker  
Colliers International  
Grand Rapids, MI



**Lyle Landowski** SIOR, CCIM  
Partner  
Colliers International  
Milwaukee, WI



**Scott Rogers** SIOR, CCIM  
Vice President  
Colliers International  
Jacksonville, FL



Accelerating success.

mspinvestmentservices@colliers.com