

Acquisition of Property by Lease – North Carolina State University

The Board of Trustees of North Carolina State University has requested the approval of an acquisition lease between NCSU and SM Alliance, LLC. SM Alliance, LLC is the private developer of the Alliance Center, a private office building of 146,000 square feet being developed on the Centennial Campus and due to open in the spring of 2015. The standard price for office space in the building is \$28.50 a square foot, typical for Centennial Campus.

The leased space will house the Institute for Advance Analytics. New space is required because the Board of Trustees recently approved expansion of the Institute's Master of Science in Analytics program. Applications for the MSA have increased 70% per year for three consecutive years to become the university's third largest applicant pool for a graduate program. With an acceptance rate of 12.8%, the MSA ranks among the most selective graduate programs at NC State. This lease of a larger office and instructional space will allow the Institute for Advanced Analytics to grow from two cohorts totaling 86 students to a projected enrollment of four cohorts of approximately 180 students.

NC State is expected to lease 22,000 SF at +/- \$36 a square foot. This equals an approximate annual rent of \$792,000. The lease term will be 10 years.

The difference in cost between the standard price for the building space (28.5 per SF) and the expected price (36 per SF) is due to the fact that the developer will be up fitting the space to meet the needs of the Institute. These include a 4,200 SF tiered seating classroom that with additional cooling requirements, a server room with specialized cooling and fire suppression, and multimedia collaboration rooms.

It is recommended that the request of the Board of Trustees be approved.