

## **Acquisition of Property by Lease — NC State University**

### **ISSUE OVERVIEW**

The University of the North Carolina System institutions are required to request authority from the University of North Carolina Board of Governors to proceed with certain acquisitions and dispositions of real property. The NC State University Board of Trustees requests authorization for the acquisition of property by lease of approximately 20,037 square feet of classroom and office space in the Venture III building, 900 Main Campus Drive, Raleigh, North Carolina on the Centennial Campus.

Since 2007, NC State's Institute for Advanced Analytics (IAA) has leased classroom, office, and student support space on the Centennial Campus. In 2015, IAA leased 29,300 square feet at Alliance One, 901 Main Campus Drive, Raleigh, North Carolina on the Centennial Campus. The current lease expires in 2025. NC State is requesting authorization to enter into a lease for a new location. The proposed lease is for a 12-year term with one option to renew for an additional five years. The annual rent for year one is \$871,610 with an annual escalation of three percent.

NC State requested approval to use the strategic lease process to negotiate the new lease. The IAA program has specific program and business needs that require the program to be located on the Centennial Campus including high-speed connectivity for data-intensive research, secure and reliable access to specialized computer network resources, collaboration and interdisciplinary synergy, compliance with data governance and privacy regulations, and reliable power supply and IT support.

The lessor, Centennial Campus Property, LLC, c/o Lincoln Property Company, includes utilities, janitorial, and maintenance in the lease rate. Additionally, the lessor will provide \$3.8M to fund improvements to the space to meet the needs of IAA. Funding for the lease payments will be from summer tuition and tuition premium.

The NC State Board of Trustees approved the acquisition of property by lease on September 6, 2024.

### **RECOMMENDATION**

It is recommended that the Board of Governors approve the request for acquisition of property by lease. This item also requires approval from the Council of State.

**STATE OF NORTH CAROLINA  
DEPARTMENT OF ADMINISTRATION**

**\*ACQUISITION OF REAL PROPERTY**

Institution or Agency: North Carolina State University

Date: September 5, 2024

The Department of Administration is requested, as provided by GS §146-22 et seq., to acquire the real property herein described by ~~purchase, lease, rental, or other~~ (specify). Lease.

**This Property is needed for the following reasons and purposes:** North Carolina State University requests approval to execute a new space lease for the office and classroom space for the Institute for Advanced Analytics ("IAA") at Venture Building III on Centennial Campus.

**Name and Address of Present Owner:** Centennial Campus Property, LLC (Landlord), c/o Lincoln Property Company, 1730 Varsity Drive, Suite 300, Raleigh, NC 27606

**Description of Property:** Approximately 20,037 rentable square feet located at the Venture Building III, 900 Main Campus Drive, portion of 1<sup>st</sup> and 2nd floors. *Note: Given the location requirements for this need, this transaction is considered a site-specific, strategic location in accordance with UNC Policy Manual 600.1.3.1[R]*

**Term:** Initial lease term of twelve (12) years, with one five (5) year renewal option at fair market value.

**Rental price (if applicable):**

- Year 1 rental rate of \$43.50 per rentable SF (\$871,609.50/year) with an annual escalation of 3%.
- Rate includes utilities, janitorial services, maintenance and operating expenses.
- Landlord shall fund and deliver the Premises to Tenant in accordance with a mutually acceptable design up to \$3.8M (\$190/RSF), which includes hard and soft project costs, as well as funds that will cover costs associated with IAA's A/V, security system, telecom/data, signage, branding, moving expenses, and the services of a third-party project manager to represent Tenant.

**Funding:** IAA's funding for rental space is comprised of revenues from summer tuition and tuition premium.

**Item:**


**In the event the above-described real property is not acquired, is there other real property available, owned by the State or otherwise, that you believe would, if acquired, fulfill the requirements of your agency? If so, give details.** No.

*(Complete if Agency has a Governing Board.)*

Action recommending the above request was taken by the Board of Trustees and is recorded in the minutes thereof on September 6, 2024 (date).

Signature:

Title:

  
**Assistant Secretary, Board of Trustees**

\*The term "real property" includes timber rights, mineral rights, etc. (GS §146-64)

# Acquisition by Lease

Venture Building III  
(Centennial Campus)

