

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 40,035 square feet in the Center for Technology and Innovation, 1010 Main Campus Drive, Raleigh, North Carolina, on the Centennial Campus.

In December 2023, NC State entered into a two-year sublease agreement for Class A office space to accommodate staff and faculty displaced due to the unanticipated closure of Poe Hall in November 2023. The existing sublease agreement will expire in August 2025, but NC State will need the space until the work on Poe Hall is completed. The lease for the second and third floors provides administrative space for staff, faculty, and students and some limited instruction space. The annual rental rate is \$33.06 per rentable square foot, or \$1,323,557 with an annual escalation rate of 3.25 percent. The proposed lease term is for 62 months from September 1, 2025, to October 31, 2030, with two one-year options to renew at 3.0 percent escalation.

The lessor is VTR LS CTI, LP. The lease is full service and includes utilities, janitorial services, and required maintenance. Additionally, the lessor will replace the carpet and repaint or provide turnkey improvements of equal value up to \$300,000, at the tenant's election. Funding for the lease payments will be from appropriated funds.

The NC State Board of Trustees approved the acquisition by lease on November 22, 2024.

RECOMMENDATION

It is recommended that the Board of Governors approve the request for acquisition of property by lease.

**ACQUISITION
OF REAL PROPERTY**

ACQUISITION OF REAL PROPERTY BY LEASE

LESSOR VTR LS CTI, LP limited partnership and is managed by Ventas, Inc

LESSEE The State of North Carolina, North Carolina State University

LOCATION 1010 Main Campus Drive (Center for Technology and Innovation), second and third floors, Raleigh NC, 27606, Wake County

SIZE Approximately 40,035 RSF of office space

RATE Year 1 Rent of \$33.06 per rentable SF, full service; annual rent escalation of approximately 3.25%.

TERM Term of sixty-two (62) months; September 1, 2025 – October 31, 2030.
Two (2) Tenant options to renew for 12 months each at a 3% escalation.

USE Requesting acquisition to continue to accommodate the office space needs of university personnel displaced from main campus.

Form PO-1
Rev. 10/01
Original and one copy to State Property Office

**STATE OF NORTH CAROLINA
DEPARTMENT OF ADMINISTRATION**

***ACQUISITION OF REAL PROPERTY**

Institution or Agency: North Carolina State University

Date: November 21, 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 permission to acquire space by lease to accommodate the office and administrative needs of personnel being displaced from Poe Hall.

Name and Address of Present Owner:

VTR LS CTI, LP, a Delaware limited partnership and is managed by Ventas, Inc based in Louisville, Kentucky.

Description of Property: Approximately 40,035 rentable square feet located at the Center for Technology and Innovation, 1010 Main Campus Drive, second and third floors. Given the location, this transaction is considered a site-specific, strategic location in accordance with UNC Policy Manual 600.1.3.1[R]

Term: Lease term of sixty-two (62) months; September 1, 2025 through October 31, 2030. Two (2), one-year options to renew beyond the initial term, at a fixed 3% increase, if exercised at NC State's election.

Rental price (if applicable):

- Year 1 rental rate of \$33.06 per rentable SF, full service; annual rent escalation of approximately 3.25% per year
- Full-service rent includes utilities, janitorial services, and required maintenance; excludes internet and Premises security.
- Landlord will replace the carpet and repaint the Premises or provide turnkey improvements of equal value (\$300,000) at Tenant election.

Funding: Central University Funding

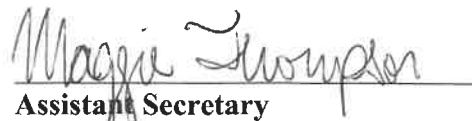
Item:

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 Governing Board of Trustees and is recorded in the minutes thereof on 11/21/24 (date).

Signature:
Title:


**Assistant Secretary
Board of Trustees**

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

TRANSMITTAL OF REQUEST FOR ACQUISITION/DISPOSITION OF REAL
PROPERTY

Form
Number: PO-1

Preparation
Date: November 21, 2024

Request: Acquisition Lease of approximately 40,035 rentable square feet of office space located at the Center for Technology and Innovation on Centennial Campus.

Institution NORTH CAROLINA STATE UNIVERSITY

RECOMMENDED BY CHANCELLOR, NCSU

W.R. Wood
(Chancellor's Signature)

RECOMMENDED BY COMMITTEE ON
BUILDINGS AND PROPERTY

Timothy L. Dwyer
(Chairman's Signature)

RECOMMENDED BY BOARD OF TRUSTEES,
NCSU

Edward J. F.
(Chairman's Signature)

RECOMMENDED BY BOARD OF GOVERNORS

(Secretary's Signature)

Acquisition by Lease

Center for Technology and
Innovation
(Centennial Campus)



1010 Main Campus Drive
Centennial Campus, Raleigh, NC 27606

