

Renovated facility keeps rents low

Glenwood developed Croasdaile Commons for Duke Medicine

Facility name: Croasdaile Commons

Address, City, State: 1821 Hillandale Road, Durham, N.C.

Client: Duke Medicine

Product type: medical office building

Number of stories: 1

Square footage: 94,300

Site acreage: 9

Parking: Approximately 470 surface parking spaces

Construction start date: January 2013

Construction complete date: November 2013

Cost: About \$24 million

Owner, developer, asset manager,

property manager: Glenwood

Development Company LLC

Major users/tenants: Duke Medicine

Architect: BJAC

Contractor: Resolute Builders

Lender: Protective Life

Broker/leasing agent: Steve Vinson,
Glenwood Development and Tommy Tift,
Health America Realty

Consultants: Health America Realty



A mostly vacant retail center in Durham, N.C., has been transformed into the 94,300 square foot Croasdaile Commons, anchored by Duke Medicine.

Photo courtesy of Glenwood Development Co.

Glenwood Development Co. LLC faced a number of challenges in meeting the needs of its client Duke Medicine.

Duke required about 67,000 square feet of clinic space for five separate primary care and specialty clinics within close proximity to its flagship campus in Durham, N.C. Each clinic required a ground floor entrance, with convenient access, parking and high visibility signage. The team's goal was to meet those requirements at rents that were below those required for new construction projects.

The developer identified the site of the struggling and two-thirds empty Loehmann's Plaza shopping center at the intersection of Hillandale Road and U.S. Interstate 85 in north Durham. The retail center included the one-story, 96,318 square foot mall building, plus a freestanding, one-story, 2,832 square foot restaurant building.

A Glenwood affiliate, Glenwood Hillandale Co. LLC, acquired the property in 1999 and had allowed leases to expire as it prepared for redevelopment.

In conjunction with Duke University's real estate office, the development team prepared a site plan that met Duke's needs. By repurposing the existing building, the team was able to meet Duke's economic requirements with a below-market rent.

In addition to the 67,000 square feet of Duke space, the project included a retail component comprised of an 11,000 square foot pharmacy and 16,300 square feet of retail and restaurant space, and a freestanding bank branch.

To date, the project has proven to be successful on all counts, the developer says. Duke continues to enjoy strong

patient traffic at the location. In addition, the project has been very well received by Duke physicians and staff.

Duke's relatively low rent continues to bolster the organization's financial investment in this location. The adjacent retail and restaurant tenants, which serve as amenities to both patients and staff, are successful due, in part, to strong traffic generated by the Duke clinics.

Glenwood, which was advised by Health America Realty Group, successfully exited the investment in late December 2014, providing a very strong return to its investors.

Local media reported in January 2014 that Croasdaile Commons shopping center was sold for \$24 million to Health Care REIT Inc. of Toledo, Ohio.

—Connie M. McCaffrey