



O'Neill/Arsenal JV Plans \$16M Redevelopment

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KING OF PRUSSIA, PA—A joint venture between Morristown, NJ-based Arsenal Real Estate Funds LP and locally based O'Neill Properties Group has acquired the 100,000-sf vacant light industrial facility at 211 S. Gulph Rd. With \$15.9 million in funding from Arsenal, O'Neill plans to redevelop the single-story structure into office space.

The property was built in 1960 as a data center and once housed operations for PNC Bank. Joe Margolis, co-founding partner of Arsenal, tells GlobeSt.com it was a foreclosed property owned by DLJ Mortgage Acceptance Corp. He declined to disclose what the JV paid for the building, but says, "we purchased it at a very attractive price."

The renovations will take a year and call for new roofing, HVAC, drywall, carpeting and electrical systems along with upgrades to the exterior and facade and a new entryway. Brian O'Neill, chairman of O'Neill Properties, is a part owner of Arsenal.

Margolis says this property "furthers our strategy of investing in cost-advantaged, redevelopment opportunities in strong local submarkets." He says the King of Prussia office market has strengthened significantly and is reporting its lowest vacancy since 2001. The rate is now about 12% and declining, he says.

The single-story structure is less than a mile from Interstate 76, the Pennsylvania Turnpike and the King of Prussia Mall. Its large, flexible floor plan and its location make it especially suitable for "tenants that require large, well-located and highly visible office space," Margolis says. The partnership is in the process of negotiating with a broker to handle lease-up. He says the office rate here is currently in the low \$20s per sf.