



## GC Net Lease Debut Deal: 700,200 SF for \$26M

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World Kitchen Facility

LOS ANGELES-Locally based Griffin Capital's GC Net Lease non-traded REIT has closed on its first acquisition with the \$26.32-million purchase of a 700,200-square-foot net-leased Chicago-area warehouse in Monee, IL. Griffin Capital president Kevin Shields tells GlobeSt that the company bought the property at an approximate 8.75% initial cap rate and that the deal includes a new 10-year lease with the tenant, World Kitchen, which had been in the property for 10 years and had five years remaining on a 15-year lease.

The new lease rolls down the rent closer to market rates, in exchange for which the tenant agreed to more frequent rent increases of 9% every three years rather than the previous 12% every five years, Shields notes, and it includes a provision allowing the tenant to expand by 191,000 square feet. He describes the World Kitchen warehouse as "the kind of mission-critical, long-term, single-tenant net-leased office and industrial properties that we are focusing on" for the GC Net Lease REIT. World Kitchen is a developer, manufacturer and distributor of household products including CorningWare, Pyrex, RevereWare, Chicago Cutlery and EKCO.

Griffin was already familiar with the World Kitchen building, having developed it for the tenant in 2000, after which it syndicated the equity to TIC investors in 2005 and continued manage it for the TIC owners. Those TIC owners have now rolled their equity interests in the property into GC Net Lease via a 721 exchange. "This is an opportunity for them to diversify their single-asset holding into what is ultimately going to be a much larger portfolio, and to spread their credit risk across a much broader portfolio," Shields says.

Although this is the first acquisition for GC Net Lease, its now-\$85-million portfolio includes two other assets that Griffin affiliates contributed to the REIT, a 565,000-square-foot warehouse/distribution property in Clinton, SC and a 176,000-square-foot office/laboratory property in Plainfield, IL. Shields says that the \$1-billion portfolio of properties that privately held Griffin Capital owns and manages "very fertile ground" that the company can comb through in search of properties that are suitable for the REIT. The portfolio of more than 8.2 million square feet of space in 12 states is part of over 11 million square feet of space that Griffin has developed or acquired since 1996.