

Swain sells The Forum shopping center for \$24.7M

By J. Elias O'Neal, posted Oct 24, 2013 on WilmingtonBiz.com

One of the largest boutique shopping centers in the region has been sold.

Jason Swain, a principal broker for Wilmington-based Swain & Associates, said Thursday that two pension groups, including one for Dow Chemical, has purchased the retail center for \$24.7 million, or \$233 per square feet.

Officials closed on the transaction Sept. 27.

The Forum is a 105,000-square-foot shopping center on 13.6 acres at 1125 Military Cutoff Road.

Lori Schneider, senior vice president of investments in Marcus & Millichap's Fort Lauderdale, Fla. office, represented seller Swain & Associates, which developed the property in phases starting in 1998. Schneider also secured the buyer, L&B Realty Advisors LLP, a pension fund advisor to Dow Chemical, Swain said.

Marcus & Millichap Real Estate Investment Services is one of the nation's largest real estate investment firms.

Swain said the buyers are typically drawn to large metro areas, such as Atlanta, New York, Dallas or Los Angeles, not smaller markets like Wilmington. But upon further examination of The Forum's profile, location and tenancy, which is 99 percent occupied, the two pension funds decided to purchase the debt-free development.

"When they noticed the movie studio, university and the number of Fortune 500 CEOs that have retired to Landfall, they became very interested in the property," Swain said. "It was a quality project that they wanted to purchase."

H. David Swain, The Forum developer and CEO of Swain & Associates, said low cap rates – the ratio between the asset's net operating income and its capital costs – was the final determinant for placing the center up for sale.

The center has been on the market since the summer, Jason Swain said.

David Swain said the lower the cap rate remained, the higher the value his asset became – forcing the 65-year-old developer and philanthropist to make what he called "a tough decision" to sell The Forum.

“The Forum is one of my premier developments,” he said. “But you have to look at it from a business perspective. Cap rates are the lowest that I have ever seen them, but I expect interest rates to go up, which means the property may not be worth what it is today.”

David Swain said despite the shopping center’s sale, Swain & Associates would continue to maintain its offices at The Forum and handle leasing responsibilities. He added that none of the tenants would be affected by the recent transaction.

The sale may also mean additional projects for the 35-year-old real estate firm.

David Swain said his firm is actively seeking locations to develop premier developments like The Forum. He added that his firm is also interested in hearing from the public about what type of commercial ventures are wanted in the community – a request that served the firm well in luring and developing Cracker Barrel, Carrabba’s and the former Ruby Tuesday restaurants at the intersection of Market Street and South College Road.

“Quality is an important thing I like,” he said. “If I can do a quality project that will enhance our community then that is where I would like to spend my money.”

He added that selling The Forum would also allow him to focus on more philanthropic donations for groups and organizations throughout the region.

The Swain family is one of the most philanthropic families in the region, donating more than \$1 million to UNCW’s Swain Center for Business and Economic Services. The family has also been repeat donors for various causes at New Hanover Regional Medical Center.

“We try to help as many organizations as best as we can,” David Swain said. “This community has been so good to us, and we like to do the best we can to help others.”

While Swain & Associates no longer owns The Forum, its catalyst has arguably been the spark for rapid development along the Military Cutoff Road Corridor.

Shortly after The Forum came the Renaissance Commercial development, then came the Mayfaire Town and Community centers – a mammoth 667,353-square-foot, mixed-use development that has accelerated west Wilmington’s commercial growth.

David Swain said the firm has a number of new projects pending across the state and greater Wilmington region.

“Trust me, we’re not slowing down,” he said. “There is going to be more to come.”

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