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TRIANGLE BUSINESS JOURNAL

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Quietly, Raleigh investors purchase \$80M in shopping center properties

Triangle Business Journal - September 19, 2003 by [Amanda Jones](#)

RALEIGH - A little-known, Raleigh-based real estate investment group has snapped up an \$80 million portfolio of shopping centers along the East Coast in its largest acquisition to date.

Jonathan Gaines and Stanley Werb, partners in Rivercrest Realty Investors, expect to take over management of the 16 shopping centers - all located next to Wal-Mart Supercenters - in the next week.

"We are always looking for acquisitions, especially in retail with its high cap rates and yields," says Gaines. "It's the preferred property now." He says the centers are about 99 percent occupied with mostly national tenants such as Cato, Staples, Pier 1 and Radio Shack.

They total about 900,000 square feet and are located in Maryland, Virginia, West Virginia, North Carolina, South Carolina and Georgia. The North Carolina properties are in Hendersonville, Forest City and Shelby.

Rivercrest pools money from three New York families, including Gaines' family, to buy retail centers, apartments and office buildings along the East Coast. Its partners moved the offices in New York to Raleigh in the late 1980s. Gaines joined the firm in 1992.

With the new acquisition from Wyatt Development of Aiken, S.C., the firm's portfolio will top 40 properties valued at \$250 million. Gaines says the Wyatt deal will be financed through existing debt structures, and he does not rule out additional acquisitions this year. He would not disclose his buying power.

"The opportunity came along, and we had the capability to acquire it and manage it," he says. Rivercrest has hired former Advantis retail broker Vijay Shah to coordinate leasing activity for its retail and office properties.

Rivercrest's 14 employees handle property management duties for the company's properties. But, unlike many other real estate investment firms scouting for new income-producing properties, Rivercrest rarely sells its properties, Gaines says.

"If we do our job correctly on an acquisition, and we buy a property we want, why sell it?" he asks, adding that the firm has sold only a handful of properties, perhaps no more than three, in its 35-year history.

In the Triangle, Rivercrest owns three retail centers and five office buildings, including Timberlyne shopping center in Chapel Hill, Timber Crossing in Garner, an IBM training center at 9 Davis Drive in Research Triangle Park, and Beacon Center office building in Raleigh.

Rivercrest also plans to build a 150,000-square-foot research building on property adjacent to 9 Davis Drive once a tenant is secured.

As for the \$80 million shopping center purchase, Wyatt Development built most of the properties over the past 10 years. Wyatt founder Weldon Wyatt had been developing shopping centers across the Southeast for about 30 years when he decided to divest most of his real estate holdings and retire, says Wyatt's controller, Jean Galman.

"That about does it," she says of the effect of the Rivercrest deal on the Wyatt portfolio.

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