



Home Depot Site Sells for \$55M

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EXCLUSIVE

By Katie Hinderer | Southwest



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NEW ORLEANS – In an off-market transaction an unnamed Connecticut investor has paid \$55 million for the land and building on which **Home Depot** sits. Industry executives are saying this is the largest single-tenant **Home Depot** sale ever.

“This was a perfect storm between a Buyer that needed to spend a lot of money quickly with a Seller that wanted aggressive pricing for his **Home Depot**,” **Collier’s Eric Carlton** tells **GlobeSt.com**.

The buyer originally came in as the runner-up bidder bid for a **Walmart** site. But that second place spot, put the company in **Collier’s** sites. The buyer’s approaching 1031 exchange deadline made them ideal for this transaction.

“If the buyer hadn’t placed a bid to purchase the **Walmart** site last month, we would not have known about their deadlines or their need to fill their pending 1031 exchange portfolio,” Carlton says. “Despite a very tight deadline, the timing was right, the credit strength of the tenant was obvious, and size of the deal filled a large portion of the exchange portfolio, all of which created a perfect scenario for both the buyer and seller.”

The seller, **Kids Kake LLC**, received four other offers, ranging from large REITs to high-net worth private buyers.

Despite the high price point, **Carlton** says what really makes this deal stand out is the 6.35% cap rate. “This is Pricing seen for smaller Home Depot transactions; way beyond expectations for a \$55 million deal.”

The investment group will gain an 11-acre site as well as the 142,727-square-foot store, which opened in January of 2013. **Home Depot** has 10 five-year lease renewal options.

“A brand new **Home Depot** like this, coupled with the investor interest we were able to generate as evidenced by the multiple offers we received, all point to a more positive economic outlook in a state that has really suffered more than its share economically,” **Carlton** says.

The site sale bodes well for the returning economy of New Orleans, a city whose retail sector took a serious hit after hurricane Katrina.

“To say this is the highest price ever paid for a **Home Depot** site would be significant anywhere, but its significance grows when you realize that it took place not where you’d likely expect it to take place – not in California, not in New York, not in Florida where land prices are the highest and the populations are the densest -- but in Louisiana and just outside the City of New Orleans,” **Carlton** says.

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