

LRC Properties might be in Rye Brook but its focus is on the Southeast

BY PETER KATZ

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A company based at 5 International Drive in Rye Brook has built a real estate portfolio of about 4 million square feet valued at \$600 million and the eyes of the dozen people who work at its headquarters are focused on doubling the portfolio's size and value in the next couple of years.

The company is LRC Properties. Founded in 2009, it bills itself as a being able to "take an average office building or obsolete warehouse and turn it into a completely modernized dynamic business environment that tenants cannot wait to get into."

When some people see the initials LRC they may mistakenly think that the company is tied-in with Westchester developer Louis R. Cappelli who uses LRC in some of his company's names. Actually, LRC Properties was co-founded by Howard Lavitt and Edward J. Kulik, who remain principals of the firm. Also distinctive is that while the company is based in Westchester, LRC's portfolio consists of properties in North Carolina, South Carolina, Florida and now Tennessee with a new purchase announced Jan. 18.

LRC is the new owner of 4926 Southridge Blvd. in Memphis, a sprawling 640,000-square-foot property occupied by Technicolor that once dominated color films in Hollywood with its dye-transfer color printing system. Now Technicolor is an American-French multinational company that has been adapting to the digital age.

"It's 100% occupied by Technicolor. They run their DVD distribution and returns processing center," Karie Nero, principal and CFO of LRC Properties told the Business Journal. "We view Memphis as a key market, one that is improving with a solid infrastructure that will see continued improvement and rent growth during 2021 and beyond."

She said adding to the attractiveness of Memphis is its inland port, the second largest cargo airport in the country and the fact it is a very busy trucking corridor.

"It's getting a lot of investment by logistics companies, including UPS and FedEx," Nero said. "The inland port there is actually expanding so it's in an early stage of growth and we see that continuing."

Before joining LRC, Nero's career included positions at GE Capital, HBO, Primedia and Price Waterhouse. She's a



graduate of the School of Business at the University of Connecticut with a bachelor's degree in accounting. She is a CPA, currently on inactive status.

She said that from its earliest days the company has been focused on the Southeast.

"We wanted to identify growing markets. We focused on demographics, population growth, job growth, logistics. We focused on port cities and it became very clear that there are a lot of barriers to entry in the Northeast and the pricing was the biggest barrier to entry," Nero said.

"We were able to get our properties at a good basis and below replacement cost. We've always continued along that path. We continually evaluate our markets and we continually find that we can find more value and opportunity in the Southeast so that is where we have focused our strategy."

LRC has offices in Durham and Charlotte, North Carolina. It currently has two properties in each of those areas.

Among its other properties are the World Trade Center in North Charleston, South Carolina, which is a 1.1 million-square-foot property with manufacturing, flex and office space. LRC has two Class A office buildings in Jacksonville, Florida, that total 223,405 square feet. Its 227 Fayetteville is a 10-story office building in downtown Raleigh, North

Carolina, that also has retail frontage and formerly was the regional headquarters of Wachovia Bank.

"While we're focused on office, we're also very heavily focused on industrial. That does include your large distribution boxes and infill locations, so it really runs the gamut," Nero said.

"Even before Covid we looked at things very carefully in our markets. Covid has actually provided for a spike in the industrial demand. Your distribution and storage requirements are much higher with everyone having to order online. From an office standpoint, some people are fleeing high-rise buildings. People want the ability to walk up."

Nero said that prior to Covid, the firm's headquarters personnel were able to travel to see their property on a regular basis and now have been using internet video in addition to having some boots on the ground.

"It's all about your relationships in the marketplace. We have a lot of relationships with attorneys, architects, construction people," Nero said. "It's professional relationships that really enable you to get in and know what a market is. You have to have relationships with several brokerage firms and we gain a lot of knowledge and insight from all of our professional relationships."

Nero said the company is a big believer in improving the communities that it



(top) The Technicolor building in Memphis.
(bottom) Karie Nero, principal and CFO of LRC Properties.

enters.

"It really gives you an insight into the true pulse of what's happening in a market versus being an outsider. You really can't get that feel until you're in the marketplace," Nero said.