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Real Estate ALERT

THE WEEKLY UPDATE ON THE INSTITUTIONAL MARKETPLACE

MARCH 4, 2020

Large Office Portfolio Could Fetch $2 Billion

Rubenstein Partners is quietly shopping an 8.7 million-square-foot office portfolio valued at about $2 billion.

The listing includes 14 properties, mostly in the Eastern U.S. from Boston to Atlanta, divided into two groups: eight properties totaling 5.8 million sf with a core-plus profile and six totaling 2.9 million sf that are suitable for value-added investors. Rubenstein, a Philadelphia fund shop, tapped **JLL** to market the portfolio to a handful of investors capable of taking down such a large deal. However, it appears the seller would entertain separate bids on the core-plus and value-added components.

Nearly a third of the total space is concentrated among three properties in and around Atlanta. The other properties in the East are in suburban Boston, Brooklyn, Northern New Jersey, Northern Virginia, the Philadelphia area, Stamford, Conn., and Washington. The listing also includes two properties in the Midwest, in Cincinnati and Indianapolis. The portfolio has an overall occupancy rate of 73%, with a

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Half of Real Estate Firms Plan More Hiring

A majority of private real estate firms in the U.S. plan to continue hiring this year, while most public REITs expect to maintain or trim their staff sizes, according to an annual survey by **Ferguson Partners.**

Overall, exactly half of almost 300 respondents said they plan to increase staffing during 2020, in line with last year. But the gap between the expectations of public and private companies widened further. The executive-recruiting firm conducted the survey around yearend, long before last week's financial-market turmoil.

Among private shops — including investment managers, developers and operators — 57% said they expected to add to their workforces in the year ahead, and 55% reported they did so in 2019. But among public REITs, just 38% were planning staffing increases this year, down from 41% that increased their headcounts last year.

Fully half of the public companies planned to remain at current levels, while 12%

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San Jose Office Listing in Record Territory

A **USAA Real Estate** partnership is marketing a San Jose office complex that could fetch $625 million, which would be the highest amount ever paid for an office property in the city.

The property, called America Center, encompasses four Class-A office buildings and an amenities center totaling 893,000 sf. The offering also includes a land parcel with approvals for development of another 200,000 square feet of office space. The anticipated sale price would work out to roughly $700/sf.

USAA, of San Antonio, and its partner, **SteelWave** of Foster City, Calif., have given the listing to **JLL.**

The complex was developed in phases, with two office buildings completed in 2009 and two in 2018. All carry LEED gold designations.

The campus is 99% leased to 10 tenants with a weighted average remaining lease term of just over seven years. In-place rents average about 20% below market rates,

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THE GRAPEVINE

The buzz is that industry veteran **Kevin Traenkle,** whose departure from **Colony Capital** was announced last week, plans to start his own investment shop. Market pros believe Traenkle could launch a business later this year after serving a gardening leave. He was executive vice president and chief investment officer of Los Angeles-based Colony, as well as chief executive and president of Colony Credit Real Estate, the firm's mortgage REIT. His duties included managing investments and investor relations. Traenkle, who joined Colony in 1993,

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NJ Office Listing Could Set Record

Mack-Cali Realty is shopping a Jersey City office tower that could fetch $450 million — a potential price record for New Jersey's Hudson River waterfront.

The 1.4 million-square-foot building, at 101 Hudson Street in Jersey City, is just 75% leased, allowing a buyer to boost cashflow by increasing occupancy. Moreover, existing tenants pay below-market rents.

At the estimated valuation of $334/sf, the initial annual yield would be under 6% — but investors are being told the capitalization rate would stabilize around 8%. **Cushman & Wakefield** is pitching the property to value-added investors on behalf of Mack-Cali, a Jersey City REIT.

The current record for an office property along New Jersey's "Gold Coast" was set in 2011, when **BentallGreenOak's** Multi-Employer Property Trust paid $377.5 million, or $349/sf, for Newport Tower, a 1.1 million-sf building at 525 Washington Boulevard. **CBRE** brokered the sale for **Brookfield Property** of New York. Last year, a Jersey City office trade came close to that mark when **Harbor Group International** of Norfolk, Va., paid **LeFrak Organization** $372 million, or $429/sf, for the 867,000-sf building at 545 Washington Boulevard. Cushman brokered that deal for LeFrak, a family-run real estate developer in New York.

The rent roll at 101 Hudson is heavy on investment-grade tenants. The largest are **Bank of America,** which occupies 388,000 sf until 2027, and **Tullett Prebon,** which leases 101,000 sf — with about two-thirds of its total rolling over in November 2023. BofA uses the space for its **Merrill Lynch** arm, which has been at the property since 1989. Tullett Prebon has been in place since 1993.

Other large tenants include **First Data Corp.** (88,000 sf until 2029), **Jefferies** (63,000 sf through June 2023) and **GBT US** (50,000 sf until 2026). Overall, credit-rated tenants lease 66% of the occupied space, with a weighted average remaining lease term of about seven years. Based on current leases, the building will generate $241 million of revenue over the next 15 years, according to marketing materials.

The property is a block from the Exchange Place PATH station and near a ferry terminal — both offering quick access to New York's Financial District across the river. The proximity to Lower Manhattan is a big draw for financial firms.

The 40-story building, built in 1992, has a distinctive Art Deco design and lobby. There is a five-story garage with about 900 spaces and 18,000 sf of retail space.

Mack-Cali bought the building in 2005 for $329 million, or $274/sf. The seller was a joint venture among **LCOR** of Berwyn, Pa., **Ohio State Teachers** and Merrill.

New Jersey's Hudson River waterfront has seen a wave of residential development, with some 6,900 units under construction and another 18,000 in the pipeline, according to marketing materials. ❖

Trophy Offices in Phila. on Block

Piedmont Office Realty has teed up a fully occupied, Class-A office tower in Philadelphia's Central Business District valued at around $340 million.

The 801,000-square-foot building, at 1901 Market Street, is occupied by **Independence Blue Cross** on a long-term lease. At the estimated valuation of $424/sf, a buyer's initial annual yield would be about 5.9%. **CBRE** is brokering the offering for Piedmont, a Johns Creek, Ga., REIT.

If bids come in at the anticipated level, the sale would mark one of the biggest-ever office trades in Philadelphia. The record was set in 2014, when **Comcast** paid **Commerzbank** $600 million for an 80% stake in the 1.3 million-sf Comcast Center, at 1701 John F. Kennedy Boulevard. The valuation of Piedmont's property also would fall short of last year's sale of the 1.3 million-sf BNY Mellon Center, at 1735 Market Street, for $451.6 million, or $340/sf. But on a per-foot basis, 1901 Market Street would be eclipsed only by the Comcast Center deal, which valued that property at $600/sf.

Independence Blue Cross, the largest health insurer in Southeast Pennsylvania, has occupied 1901 Market Street since the building's completion in 1987. It also occupies two adjacent properties that are separately owned. Independence's lease at the offered property runs until 2033 and has two 10-year renewal options. There are no provisions for early termination or a reduction of space. The lease includes 2% annual rent bumps.

Piedmont has owned the 45-story building since 2003. The property has undergone $100 million of renovations in the last five years. The work included reconfiguring 30,000 sf for an "innovation center," with employee lounges and meeting space. An underground garage has 205 spaces.

The property is at the corner of 19th Street in the Market Street West submarket, where Class-A office space is 90% leased. The area has undergone a wave of development in recent years, including the addition of some 6,200 residential units since 2018 and a Four Seasons luxury hotel that opened last year. The building is a few blocks from the posh Rittenhouse Square neighborhood and a commuter rail station.

The listing follows an agreement Piedmont reached earlier this month to buy the 1.4 million-sf Galleria Office Towers in Dallas from **CBRE Global Investors** for $400 million. Via a 1031 exchange, Piedmont can defer capital gains on the sale of the Philadelphia property by reinvesting the proceeds in the Dallas deal. ❖

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CIM Showing More Oakland Offices

CIM Group is shopping a 27-story Oakland office tower worth about $270 million, as the fund shop continues its efforts to capitalize on the surging market.

The 538,000-square-foot building, called The Ordway, is at One Kaiser Plaza in the Uptown neighborhood. At the estimated value of $502/sf, a buyer's initial annual yield would be 5.1%. **JLL** has the listing.

The Class-A property is 97% leased, but the marketing campaign is touting the potential to raise rents amid increasing tenant demand spilling over from the even hotter markets of San Francisco and Silicon Valley. In-place rents average 37% below market rates, and leases on 19% of the space mature within three years.

Some 74% of the space is leased by tenants with investment-grade credit ratings. Healthcare company **Kaiser Permanente** is the largest tenant. Overall, the weighted average remaining lease term is 4.7 years.

Oakland's downtown office market, which includes Uptown, was 92.3% leased at yearend. Rents climbed 18% over the past two years. Tenants moving from San Francisco to Oakland have leased 2 million sf over the past decade, according to marketing materials.

The offered building, developed in 1970, is four blocks from the 19th Street BART station. The surrounding neighborhood is growing rapidly. Within a half mile, four multi-family developments with 1,313 apartments were completed last year or are under construction.

Los Angeles-based CIM has been reaping gains in the hot Oakland/East Bay office-sales market, which cracked the top 10 nationally last year with a record $2.9 billion of trades. Valuations have increased at double the national rate since the peak of the last cycle, according to **Real Estate Alert's** Deal Database.

CIM bought The Ordway in 2008 along with four other Oakland office buildings, paying **Brandywine Realty** of Radnor, Pa., $417 million for the 1.7 million-sf portfolio. Last year, it sold the other four properties in two transactions totaling $635 million.

This month, CIM struck a deal to sell the 405,000-sf Uptown Station to **Blackstone** for north of $400 million. That $1,000/sf price would be 33% above the East Bay's current per-foot record. **Newmark** is representing CIM on the pending trade.

CIM has one other office property in Oakland, according to its website: a 434,000-sf building at 472 Water Street. The fund shop sold a total of eight properties for $1 billion last year, with dispositions in Chicago, San Francisco and Washington in addition to Oakland. Meanwhile it purchased eight properties totaling $699.8 million in Austin, Denver, Memphis, San Diego, Seattle and suburban Boston and Phoenix. ❖

Builder Lists Corporate HQ in Chicago

Developer **Sterling Bay** is offering up the first office building completed as part of its Lincoln Yards mixed-use project in Chicago.

The 207,000-square-foot property, at 1515 West Webster Avenue, is fully occupied as the headquarters of **C.H. Robinson Worldwide.** It's expected to fetch bids of roughly $120 million, or $580/sf. That valuation would produce an initial annual yield in the vicinity of 5%, in line with comparable sales in the city. **Cushman & Wakefield** has the listing.

Office buyers pulled back in a big way in Chicago last year, amid concerns about the potential for rising property taxes and a heavy construction pipeline. But newer, high-quality properties that are well leased are still drawing attention from investors. The building at 1515 West Webster hits that sweet spot. C.H. Robinson, a shipping company, has occupied it since its completion in mid-2018 under a long-term lease.

Architectural firm **Skidmore Ownings** designed the four-story building. It has open and flexible work spaces, conference rooms, two reception areas, a cafe and a 5,000-sf roof terrace with views of downtown Chicago, as well as parking for cars and bicycles. It overlooks the North Branch of the Chicago River.

The property is the first component of Sterling Bay's Lincoln Yards development, on 50 acres of former industrial properties that the firm acquired and cleaned up. It's now compiling plans for the remainder of the site.

Separately, Sterling Bay last week put another new Chicago office property on the block. **JLL** has the marketing assignment for the 575,000-sf headquarters building of **McDonald's,** at 110 North Carpenter Street. The building is valued at roughly $450 million, or $783/sf. ❖

Swift Hits Equity Target for Fund 3

Swift Real Estate has raised $500 million of equity for its third value-added fund.

The San Francisco manager achieved its capital-raising goal for Swift Real Estate Partners Fund 3, which held a final close six weeks ago. Swift began marketing the vehicle in late 2018 and already has deployed about a third of its equity. With leverage, the fund will have roughly $1.4 billion of buying power.

Swift targets a 13-16% return via acquisitions of office, research-and-development and industrial properties in primary and secondary markets on the West Coast, mainly in California, Oregon and Washington. Among Fund 3's initial investments is a three-building office complex in Pasadena, Calif., that Swift purchased from **PGIM Real Estate** in November for $193 million. The 517,000-square-foot property was just 68% leased at the time. Swift plans to upgrade the buildings in order to boost occupancy and raise rents.

The firm was founded in 2010 by former **Blackstone** executive **Christopher Peatross.** Its first fund raised $330 million of equity in 2014, and Fund 2 held a final close on $408 million in 2016. Both are fully invested. Limited partners in the series include **Texas Teachers** and **Baylor College of Medicine Endowment,** according to **Preqin.** Swift doesn't use a placement agent.

The shop's chief investment officer is former PGIM executive **Damian Manolis,** who joined in 2017. **Douglas Abbey,** co-founder of **Prologis** predecessor **AMB Property** of San Francisco, is chairman of Swift's investment committee.

Peatross joined Blackstone in 2006 through its acquisition of **CarrAmerica Realty,** a Washington REIT. He later was promoted to oversee all of Blackstone's office-property holdings. ❖

Keystone Shops Offices Near Phila.

Keystone Property is shopping an office complex in suburban Philadelphia that's expected to fetch about $140 million.

Westlakes Office Park encompasses four buildings totaling 453,000 square feet in Berwyn, Pa. At the estimated valuation of $309/sf, the initial annual yield would be roughly 7%. Keystone, a Conshohocken, Pa., developer and investment manager, has given the listing to **CBRE.**

The complex, at 1000-1235 Westlakes Drive, is 96% occupied, with a weighted average remaining lease term of five years. None of the leases roll over this year, and no tenant occupies more than 8% of the overall space. Average rents are $27.62/sf, below the $31.68/sf average asking rent in the surrounding King of Prussia submarket. Comparable properties are 92% leased, with asking rents that are $7/sf higher than at Westlakes Office Park, according to marketing materials.

The listed property was part of a 1.6 million-sf portfolio Keystone bought in 2013 for $233 million from **Mack-Cali Realty,** a Jersey City, N.J., REIT. This is the first time in two decades the Westlakes campus has been offered by itself.

Keystone has spent some $5 million on new finishes and amenities, which include fitness centers, cafes, conference space, indoor and outdoor employee lounges, walking paths and a bike-share program.

The property is along Route 202 about 6 miles from the King of Prussia Mall and a little more than 20 miles northwest of downtown Philadelphia. ❖

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weighted average remaining lease term of 6.7 years.

The core-plus properties are 92% leased. More than half of the tenants are investment-grade, and leases for no more than 9% of the space expire in any given year. The occupancy rate for the value-added portion of the portfolio is just 36%.

Rubenstein acquired most of the properties in a series of deals over the past six years, deploying capital from two of its high-yield funds. It has spent a total of $200 million upgrading various buildings and adding amenities.

The largest property is a 1.6 million-sf complex in Alpharetta, Ga., called Sanctuary Park, which has a core-plus profile. An office complex in Atlanta called Pennant Park encompasses 10 buildings totaling 1 million sf. Nine of the buildings are core-plus, while the 179,000-sf Weather Channel Building falls in the value-added category due to its high vacancy rate.

Other sizable properties include the 1.4 million sf Wanamaker Building, at 100 East Penn Square in Philadelphia, and Parkwood Crossing, a 1.2 million sf campus spread across eight buildings in Indianapolis. Both are core-plus.

The 820,000-sf Warren Corporate Center in Warren, N.J., accounts for two of the 14 properties: three buildings that are grouped together on the value-added side of the portfolio and two that are part of the core-plus group.

The other properties are: Center at Innovation Drive in Tewksbury, Mass.; 312 Elm Street & 312 Plum Street in Cincinnati; 25 Kent Street in Brooklyn; Makefield Crossing in Yardley, Pa.; 600 Washington Boulevard in Stamford, Conn.; Carlyle Tower in Alexandria, Va.; and 111 K Street NE in Washington. ❖

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according to marketing materials. Tenants include **Bill.com, Hewlett Packard Enterprise** and **McAfee. Polycom** has a lease that expires in April 2022, offering a near-term opportunity to raise rents upon rollover.

The property, at 6001-6280 America Center Drive, is in the North San Jose submarket, which has benefited from a wave of investment by technology companies. For example, **Alphabet** has acquired over 1.8 million sf of office properties in the area for a **Google** campus, which in turn is spurring development of multiple property types.

The largest single-property office deal in San Jose took place last year, when Tokyo-based **Mori Trust** paid $429 million, or $711/sf, for HQ at First, a 604,000-sf building at 130 Holger Way. **Newmark** advised the sellers, **Lane Partners** of Menlo Park, Calif., and **Pimco** of Newport Beach, Calif. ❖

Lower NY Hotel Pitched With Upside

A developer is pitching the leasehold interest in a two-year-old Manhattan hotel that offers the potential to boost revenue.

The 298-room Moxy NYC Downtown is a boutique property at 26 Ann Street in the Financial District. It's expected to fetch bids in the vicinity of $125 million, or $419,000/room. A buyer could look to continue ramping up the hotel's performance and choose a strategy for its now-vacant 8,400 square feet of retail space.

The developer, New York-based **Meadow Partners,** has given the listing to **Newmark.** The Moxy line is a trendy and relatively new brand, launched in the U.S. in 2016 by **Marriott International** of Bethesda, Md. It's geared toward millennial travelers, with smaller rooms but more areas for socializing, including bars and lounges with games and selfie booths. The listed property has some 5,000 sf of lounges, bars and commons areas. There's an 800-sf fitness center and a game room.

The hotel is being shopped unencumbered by a management contract, which will allow a buyer to take over operations and bring it in line with its competitive set. Upper-midscale hotels in the Financial District were 91.2% occupied last year, up from 88.2% in 2018, according to **STR.** Rates dropped 3% to an average of $191.49, keeping revenue relatively flat at $174.64 per available room.

The retail space is on the first and second floors, with the ground-level space facing Fulton Street. A buyer could choose to lease it up, or possibly lease the lower level while converting the second-floor portion, which opens into the lobby, to additional meeting or amenity space. Alternatively, the retail space could be carved out as a condominium and sold.

The hotel is just south of City Hall and about three blocks east of the World Trade Center. It is one of four Moxy-branded hotels in New York. The others, in Chelsea, the East Village and Times Square, were developed and are owned by **Lightstone Group** of New York. ❖

New South Fla. Apartments Available

A recently developed apartment complex in Florida's Palm Beach County is up for grabs.

The 341-unit property, in Boynton Beach, could attract bids of about $100 million, or $293,000/unit. Owner **LeCesse Development** of Altamonte Springs, Fla., has given the listing to **Newmark.**

LeCesse completed the six-story complex, called 500 Ocean, in 2018. The apartments are 95% occupied and the 20,000 square feet of commercial space is 81% leased to a mix of retail and office tenants.

The average unit measures 934 sf and rents for $1,850. The apartments have 1-3 bedrooms, nine- and 10-foot ceilings, stainless-steel appliances, granite counters, wood-style plank and porcelain-tile floors, as well as balconies. The amenities include a heated infinity pool with an outdoor kitchen, a mini-bowling alley, a movie theater, a fitness studio and an attached garage.

The property is on 4.7 acres at 101 South Federal Highway, two blocks from the Intracoastal Waterway. ❖

Bay Area Office Complex in Play

A **Calpers** partnership is looking to sell a majority stake in a San Mateo, Calif., office complex worth about $200 million.

The three-building property, called San Mateo Bay Center, has 308,000 square feet of Class-A space that's 92% leased. **Newmark** is marketing an ownership stake of 80-95% for Calpers and its partner, San Francisco-based **Rubicon Point Partners.** Bids are expected to value the complex at $649/sf.

The property, 20 miles south of downtown San Francisco, is made up of two seven-story buildings at 901 & 951 Mariners Island Boulevard, each about 120,000 sf, and a smaller building at 999 Baker Way. They were developed in the 1980s by **Spieker Properties,** a Menlo Park, Calif., REIT, and have been renovated several times since.

Calpers and Rubicon purchased the complex in 2016 for $156.1 million, or $510/sf. **HFF** advised the seller, **Rockpoint Group** of Boston. Calpers invested via its Canyon Catalyst Fund, a vehicle managed by Los Angeles-based **Canyon Partners.**

San Mateo has 8.9 million sf of office space that was 89.1% leased at yearend, according to Newmark. Class-A rents averaged $67.32/sf. The city is part of the North Peninsula office market, between San Francisco and Silicon Valley, where rents climbed 11.5% last year. ❖

Lab-Conversion Play Near Boston

An office property in Cambridge, Mass., is being pitched as well-suited for conversion to laboratory space, which is in hot demand around Boston.

The 89,000-square-foot building, in the West Cambridge submarket, is expected to draw bids of roughly $55 million, or $618/sf. **Newmark** is handling the listing for **James Campbell Co.** of Kapolei, Hawaii.

The four-story property, called One Alewife Center, is 90% leased, with a weighted average remaining lease term of 2.7 years. But 61% of the space is subleased, available for sublease or vacant — indicating much of the building will soon be ripe for conversion. All of the leases on the top floor expire by yearend 2021.

Class-A lab space in West Cambridge is about 95% leased, and asking rents average about $80/sf, according to Newmark. The area is benefiting from spillover demand from East Cambridge, where lab space is virtually fully occupied and asking rents are closer to $100/sf.

The 1988-vintage brick building last was renovated in 2012. Ceiling heights are 12 feet 9 inches. The parking lot has 224 spaces.

The property is less than a half mile from the Alewife MBTA station. The area is densely developed, with little room for new construction.

James Campbell Co. paid $22 million for the building in 2014, according to news reports. ❖

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said they expected staff reductions this year, and 23% said they made cuts last year. Just 4% of private shops planned to cut staff, while 13% said they did so last year.

The divergence in hiring plans comes as public REITs have slowed their acquisitions a bit relative to other investors. Their share of overall purchases nationally last year was 8.1%, down from 9.4% the year before, according to **JLL.** That trend is likely to continue this year, particularly if the recent plunge in REIT-stock prices is prolonged.

"The sentiment more generally across the private side of the industry remains very positive at the moment," said **Gemma Burgess,** president of Ferguson's U.S. search division. Even as more capital is being shifted to fewer managers, those large firms are adding new products to encompass a wider range of investment strategies and equity sources, she said. "There's a lot of business creation going on, and this is happening by hiring a senior person or team, or acquiring an existing business."

Of the private firms, 26% anticipate increasing staffing by 1-5% and another 20% will boost their ranks 6-10%, while 11% plan bigger jumps. Among public companies, most that plan to hire are projecting 1-5% increases.

The less-bullish hiring plans at REITs partly reflect depressed stock prices at companies that focus on property types currently out of favor with Wall Street, such as hotels, retail properties and suburban offices, said **Bill Ferguson,** founder and chief executive of the search firm. "The big differentiator between public and private is investor perception," Ferguson said.

To be sure, some REITs have been in growth mode, at least before coronavirus fears hit the markets. That was particularly true of those that target hot property sectors like industrial and healthcare, said **Cedrik Lachance,** director of REIT research at **Green Street Advisors,** which owns **Real Estate Alert.** "REITs were more active in sectors where the cost of capital is more favorable," he said. "New-lease and healthcare REITs fit this description and have been active growers."

But those focused on sectors facing headwinds are unlikely to increase their holdings this year, Lachance added. "Many REITs are not in a position to expand their asset base," he said. "Therefore, they would not need to expand their staff as much."

Across private and public firms, the positions most in demand were for property management (21%) followed by finance and accounting (17%), transaction specialists (14%), asset managers (14%), development (8%) and capital raising/investor relations (6%).

The later stages of a market cycle are typically when demand for property and asset managers grows, but Ferguson noted that demand still persists for acquisition, development and capital-raising pros. "That data tells me that we may be a little bit between the cycles," said Ferguson. "It tells me that things may be starting to turn and yet there is still a lot of capital out there to be raised and to be invested." ❖

Conn. Apartment Portfolio Offered

A portfolio of 45 older apartment buildings covering a two-block area in Hartford is on the market with an anticipated price tag of $65 million.

The mostly contiguous buildings, in Hartford's West End neighborhood, have a total of 640 units where occupancy historically has hovered around 95%. The estimated valuation works out to $101,000/unit.

The property is being marketed by **Marcus & Millichap's** Institutional Property Advisors and Affordable Housing Advisors units on behalf of **Eagle Rock Advisors** of New York.

The pitch is that a buyer could raise rents by $125-300 after making modest improvements to units and common areas. Renovated units at comparable properties in that part of the city are commanding rent premiums of $400-600, according to marketing materials.

The complex, known as Clemens Place, is along Farmington Avenue, the main thoroughfare connecting downtown Hartford and West Hartford, Conn. The site is bounded by Sisson Avenue and Owen Street. The two- and three-story buildings, constructed between 1900 and 1940, are distinguished by a mix of architectural styles including Greek Revival, Swiss Chalet and Tudor. A number are on the **National Register of Historic Places.**

The apartments, ranging from studios to four bedrooms, have 372-1,726 square feet. The average in-place rent is $1,065. The portfolio includes a little more than 1,000 sf of commercial space.

The complex has 173 affordable-housing units subsidized by the **U.S. Department of Housing and Urban Development's** Section 8 program. The rest of the apartments have market-rate rents. More than 90% of the units benefit from property-tax abatements that run until 2040.

Marketing materials note the buildings were extensively renovated in 1984, when all of the plumbing, electrical and ventilation systems were replaced. Eagle Rock has spent $4.4 million on upgrades, including replacing most of the roofs, since acquiring the properties from Denver-based **Aimco** in 2013 for $29.5 million.

A fire in June 2019 damaged 51 units at 221 Sisson Avenue, cutting the overall occupancy rate. Twenty-one units have been gutted down to the studs, while 30 others are in need of minor renovations including new doors.

The property is a few blocks from an Interstate 84 exit. ❖

Phoenix-Area Rentals Up for Grabs

A suburban-Phoenix apartment complex worth about $60 million is being pitched to value-added investors.

The 240-unit property, in Peoria, Ariz., is about 95% occupied. The anticipated sale price is equivalent to about $250,000/unit. **CBRE** is representing the owner, a joint venture among **Wermers Properties** and **R&V Management,** both of San Diego, and **Loma Linda University Endowment.**

The complex, known as Enclave at Arrowhead, is within Peoria's "P83" entertainment district, which has 2.4 million square feet of shops, restaurants and entertainment venues and incorporates the spring-training facilities of the **San Diego Padres** and **Seattle Mariners** baseball teams. It is a half-mile from Route 101, which offers quick access to Interstate 17 and downtown Phoenix.

The property, at 8092 West Paradise Lane, has a mix of one- to three-bedroom apartments, including 108 with townhouse-style floor plans and direct-access garages. Unit sizes are 761-1,275 square feet. Amenities include a resort-style pool and spa with a shaded lounge area, a fitness center, a picnic areas with grills, a playground and a dog park.

Asking rents start at $1,120 for a one-bedroom unit. Recent upgrades to 150 units resulted in rent premiums averaging $200, according to marketing materials. The pitch is that a buyer could boost income by completing the renovation program. The marketing campaign also highlights strong fundamentals for the surrounding Arrowhead submarket, including a two-year average occupancy rate of 96% and rent growth of 10.1% last year. Some 300,000 people work within 10 miles of the property.

Enclave at Arrowhead was purchased in 2017 from Denver-based **Baron Properties** for $39 million, or $163,000/unit. CBRE also brokered that sale. ❖

ON THE MARKET

Office

Property	Size	Estimated Value	Owner	Broker	Color
AmberGlen Corporate Center, 1400 & 1600 Northeast Compton Drive, Hillsboro, Ore.	156,000 sf 70% leased	$30 million $192/sf	Swift Real Estate, San Francisco	JLL	Two-building complex in tech-heavy Portland suburb. Renovated in 2017. About 40% of the space is leased by Skyworks Solutions (eight years remaining) and Grass Valley (10 years). Overall weighted average remaining lease term is 5.8 years. In-place rents are $21.85/sf, below the $25-26.50/sf the property currently commands.

Apple-Leased Offices Shown in Calif.

A **Pimco** partnership is marketing an office/R&D property in Silicon Valley that is fully leased by **Apple.**

The listing includes four adjacent buildings totaling 110,000 square feet at 10300-10460 Bubb Road in Cupertino, Calif., two miles from Apple's headquarters. Bids are expected to hit $72 million, or $656/sf. Pimco, of Newport Beach, Calif., and San Francisco-based **Graymark Capital** have given the listing to **Cushman & Wakefield.**

Apple's lease runs until 2027 and includes annual rent bumps. It has three five-year extension options.

The property was developed in the 1970s and renovated over the last four years. Apple recently spent $12 million on improvements. The company has leased space on Bubb Road for more than 30 years and occupies more than 7.5 million sf in Cupertino.

R&D space in Cupertino is 99.2% occupied. Rents in the city jumped 26% last year.

Apple-leased properties are highly sought-after by investors, especially in booming Silicon Valley, where demand is red hot.

Last year, an offering for the 311,000-sf Cupertino City Center, which was fully leased by Apple, led to a heated bidding contest. In the end, Apple itself came out on top, fending off foreign investors and other big players. The technology giant paid $290 million, or $935/sf, easily topping initial price expectations of $860/sf. Apple submitted its bid anonymously through Irvine, Calif., fund shop **LBA Realty. Eastdil Secured** advised the seller, **American Realty** of Los Angeles. ❖

Rental Renovation Play Pitched in Fla.

A South Florida apartment property is on the block as a value-added play.

The 345-unit Del Oro, in the Broward County city of Plantation, is expected to attract bids of about $60 million. At that $174,000/unit valuation, the capitalization rate would be 5%. **Newmark** is representing **Northland Investment** of Newton, Mass., which has owned the property for more than 20 years.

The garden-style complex, at 7001 NW 16th Street, was completed in 1973 and is 95% occupied. It is being touted as a rare opportunity to renovate 100% of the units and achieve rent premiums of more than $150. Suggested improvements include new cabinets, quartz countertops, stainless-steel appliances, upgraded plumbing and vinyl-plank flooring.

The apartments have 1-3 bedrooms and average 972 square feet. The average rent is $1,363, or $1.40/sf. Amenities include a fitness center, a pool, a sports court and a dog park.

The property is less than a mile from the Plantation Midtown District, which has about 5 million sf of retail space and 3 million sf of offices. Marketing materials note that Broward County added 11,200 jobs last year. ❖

SPOTLIGHT

San Jose/Silicon Valley Office Properties

- Sales of large properties have been on an extraordinary run in recent years, exceeding the previous cyclical peak of $5.4 billion in five of the last six years, according to Real Estate Alert's Deal Database. Last year's tally of $8.2 billion was second only to the record $9.7 billion in 2015.
- Average valuations have soared by 78% since the last cyclical peak, the biggest jump of any major market nationally. But that blistering pace slowed last year, when the average price for large properties was $553/sf, up 4% from 2018.
- Fueled by the technology boom, asking rents nearly tripled over the past decade, outpacing all major West Coast markets, according to JLL. The average stood at $58.92/sf at yearend.

On the Market

Property	Seller	Hit Market	SF (000)	Estimated Value ($Mil.)	Estimated Value (Per SF)	Broker
10-building office complex, Mountain View	Broadcom	December	707	$700	$990	Cushman & Wakefield
America Center, San Jose	USAA Real Estate, SteelWave	February	893	625	700	JLL
San Mateo Bay Center, San Mateo	Rubicon Point Partners	February	308	200	649	Newmark
237@First, San Jose	PCCP	January	369	195	529	Eastdil Secured
7 buildings, Santa Clara	DRA Advisors, partner	February	648	190	293	Cushman & Wakefield
Hamilton Plaza, Campbell	Angelo, Gordon & Co.	January	354	185	523	Eastdil Secured
3181 Porter Drive, Palo Alto	Stanford University	February	99	110	1,106	Eastdil Secured
1290-1300 Terra Bella, Mountain View	Kilroy Realty	March	115	95	828	JLL
2 buildings at District 237, San Jose	KBS Realty	February	143	95	666	CBRE
1600 Technology Drive, San Jose	GI Partners	March	198	93	470	JLL
1665 Charleston, Mountain View	American Century Investments	November	62	90	1,454	CBRE
331 Fairchild Drive, Mountain View	Kilroy Realty	February	88	90	1,027	Newmark
10300-10460 Bubb Road, Cupertino	Pimco, Graymark Capital	March	110	72	656	Cushman & Wakefield
150 South First Street, San Jose	Digital Realty	June	180	70	389	CBRE
Century Plaza, Foster City	DivcoWest	February	116	60	519	Newmark
6 R&D buildings, San Jose	DRA Advisors	February	257	57	221	CBRE
1828 El Camino Real, Burlingame	Sansome Street Advisors	January	65	35	541	Cushman & Wakefield
475 Oakmead Parkway, Sunnyvale	Embarcadero Capital	March	57	31	541	JLL
Cooper House, Santa Cruz	Jay Paul Co.	February	97	30	311	Newmark
2 office/R&D buildings, Fremont	DRA Advisors	September	152	30	199	CBRE

Recent Deals

Property	Buyer	Closed	SF (000)	Sales Price ($Mil.)	Sales Price (Per SF)	Broker
2700-3000 Sand Hill Road, Menlo Park	DivcoWest	January	320	$610	$1,909	Eastdil Secured
3825 & 3875 Fabian Way, Palo Alto	Alexandria Real Estate Equities	December	800	291	364	None
Campus at Lawson Lane, Santa Clara	Northridge Capital, Kamco	February	329	276	839	Eastdil Secured
Santa Clara Towers, Santa Clara	Oaktree Capital, Hines	February	446	195	438	CBRE
Creekside@17, Campbell	Joss Realty, Qualitas	March	178	139	782	Newmark
Murphy Crossing, Milpitas	Soma Capital, Timbercreek	February	369	128	348	Newmark
19000 Homestead Road, Cupertino	(Unidentified)	(Pending)	100	105	1,046	Newmark
3412 & 3330 Hillview Avenue, Palo Alto	Alexandria Real Estate Equities	(Pending)	106	105	991	Eastdil Secured
2305 Mission College, Santa Clara	IPI Partners, Oppidan	December	359	103	287	CBRE
3075 Hansen Way, Palo Alto	(Unidentified)	(Pending)	90	100	1,116	JLL
Shoreline Science Center, Redwood City	(Unidentified)	(Pending)	82	80	981	Eastdil Secured
Atrium, San Mateo	(Unidentified)	(Pending)	163	73	447	Cushman & Wakefield
Hellyer Oaks Technology Park, San Jose	Swift Real Estate	(Pending)	347	56	160	CBRE
Atrium@Lakeside, Santa Clara	Miramar Capital	February	99	48	487	Eastdil Secured
Sycamore Technology Center, Milpitas	(Unidentified)	(Pending)	214	46	215	Cushman & Wakefield
1565 Barber Lane, Milpitas	Empire Square Group	(Pending)	103	41	400	Cushman & Wakefield
90 East Tasman Drive, San Jose	(Unidentified)	February	96	31	320	Cushman & Wakefield

THE GRAPEVINE

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was a top lieutenant to founder **Tom Barrack.**

Two senior investment-sales brokers based in South Florida parted ways with **Walker & Dunlop** last month, about six months after moving over from **JLL.** Managing directors **Jubeen Vaghefi** and **Denny St. Romain** focused on property sales as well as equity and debt placement, primarily involving multi-family properties in South and Central Florida. There's no word on their next move. They joined Walker & Dunlop shortly after JLL completed its acquisition of **HFF** in July 2019. At one point, Vaghefi oversaw JLL's multi-family sales platform.

Veteran retail-property brokers **Patrick Toomey** and **Tom Lagos** decamped from **JLL** last month to join **Marcus & Millichap's** Institutional Property Advisors division. Both are executive directors based in the Los Angeles area, focusing on the Western U.S. and Hawaii. Toomey and Lagos each spent two years at JLL as executive vice presidents. They both have lengthy resumes that include a 10-year stint at **CBRE** for Toomey and a similar term at **Colliers International** for Lagos.

Tony Ecker joined **Montana Avenue Capital** as director of asset management in the past few weeks. He is based in the value-added investment shop's Los Angeles headquarters. Ecker had been a senior director at **CBRE Global Investors** of Los Angeles, where he spent 22 years. Montana Avenue was founded in 2010 by **Rockwood Capital** alumnus **Jeremy Rogers.** The firm specializes in properties occupied by technology and life-science companies, with Austin, Boston and Northern and Southern California among its top markets.

Retail-focused fund shop **Newport Capital** has added **Amanda Jacobson** as a vice president and senior asset manager in its Chicago headquarters. She started about a month ago. Jacobson previously spent nearly nine years in the Chicago office of **Boyd Watterson Asset Management,** a Cleveland-based investment manager. She had prior stints at **RREEF, Equity Residential** and **PricewaterhouseCoopers.** Newport was founded in 2004 by managing principal **Derrick McGavic,** an alumnus of **Deutsche Asset Management, J.E. Robert Cos.** and **LaSalle Partners.**

Michael Cohen joined fund shop **CIM Group** last month as an assistant vice president focused on hotel deals. He will work on acquisitions, asset management, operations and dispositions for the Los Angeles firm. He previously had a brief stint at **RCLCO Real Estate** of Bethesda, Md. Before that, he spent just over four years at **Blackstone,** where part of his focus was asset management and disposition of select-service hotels.

Net-lease advisory shop **B+E** this week hired **Sam Wilson** as a director in Atlanta. He will work on cell-phone tower and billboard deals, a new business line for the brokerage. Wilson joined from **Landmark Dividend** of El Segundo, Calif., and before that spent five years at **TowerPoint** of Atlanta. Both firms invest in telecommunications infrastructure and properties. Wilson reports to B+E chief executive **Camille Renshaw,** who launched the New York firm in 2017.

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