

OCTOBER 23, 2019

2 CalSTRS Shops Industrial Package

2 New Manhattan Hotel Hits Market

4 Charlotte Offices, Garage on the Block

4 Value-Added Apartment Play in Tenn.

4 San Diego High-Rise Could Set Record

5 Swift Snags Pasadena Office Portfolio

5 Insurer Dealing NJ Office Complex

6 Self-Storage Portfolio Available in NY

6 Luxury Brooklyn Rentals Up for Grabs

7 Bay Area Office/R&D Space for Sale

7 Netflix-Occupied Offices Teed Up in LA

7 SF-Area Offices, Buildable Site Listed

10 ON THE MARKET

11 SPOTLIGHT: LA-Area Apartments

## THE GRAPEVINE

Brokerage veteran **Noble Carpenter** has landed on the buy-side. He started this week at **Banyan Street Capital** as a senior managing director in New York, helping the Miami shop expand and raise capital for investments. He reports to chief executive **Rudy Touzet**. Earlier this year, Carpenter left **Cushman & Wakefield**, where he was president of capital markets and investor services for the Americas. He was president of **DTZ's** Americas Capital Markets unit when that firm acquired Cushman in 2015 and adopted the Cushman name. Carpenter had prior stints at **JLL** and affiliate **LaSalle Investment**.

**Cushman & Wakefield** has recruited a capital-markets pro from **JLL** in San Francisco. **Kristina Wollan** started

See **GRAPEVINE** on Back Page

## Paramount Offering Stake in NY Skyscraper

**Paramount Group** is selectively shopping a stake of up to 50% in Paramount Plaza, a Manhattan skyscraper valued at as much as \$2.35 billion.

The New York REIT has quietly held conversations with institutional investors over the past month, working via **Eastdil Secured**. At the estimated \$940/sf valuation, the capitalization rate would be close to 5%.

Paramount is pitching the stake in conjunction with a refinancing of the 2.5 million-square-foot tower, at 1633 Broadway. The REIT has just lined up a commitment for a \$1.35 billion debt package from a **Goldman Sachs** syndicate, also brokered by Eastdil. A buyer would assume responsibility for a proportional share of the debt. At the estimated value, the purchase of a 50% interest would require roughly \$500 million of equity.

The 48-story Paramount Plaza is fully occupied. Paramount Group has its headquarters in the building, which also houses the Gershwin Theatre and the Circle in

See **PARAMOUNT** on Page 6

## Gimelstob Leaves Dune, Forms Buyside Firm

A **Dune Real Estate** partner left the firm last week to launch his own investment-management shop.

**Russell Gimelstob** was a managing director and head of acquisitions at New York-based Dune. He has told market pros that the new firm will buy or build apartment complexes and hotels, as well as technology-related real estate such as data centers. It will also invest in real estate operating companies. The shop's source of capital is unclear.

Joining Gimelstob is **Alex Halpern**, who will establish and lead the hotel platform. He spent the past 10 years at **Highgate Hotels** of New York, where he was a senior vice president. His duties included capital-raising, business development, acquisitions and operational management of properties and portfolios, as well as investments in real estate companies.

Brokers and potential investors are being told the yet-unnamed company will

See **DUNE** on Page 5

## DWS Joining Pension as Partner in SF Tower

**DWS Group** has agreed to purchase a roughly 50% stake in a San Francisco office tower valued at about \$1.2 billion.

The seller, **New York State Teachers**, is retaining the remaining interest in the 1.1 million-square-foot skyscraper, at 525 Market Street in the Financial District. DWS, formerly known as **Deutsche Asset Management**, would pay about \$600 million for its half-share, valuing the space at \$1,090/sf.

**Eastdil Secured** is brokering the transaction for New York State Teachers, which owns the building through a separate account managed by **J.P. Morgan Asset Management**. The pension fund took offers on both partial and full interests in the property.

The 38-story building is 97% leased. **Amazon** expanded its footprint to 319,000 sf last year. Other tenants include **Sephora**, **Wells Fargo**, **Willis Insurance** and **Zurich Insurance**, according to the property website.

When it put the building on the block in August, New York State Teachers said

See **DWS** on Page 5

## CalSTRS Shops Industrial Package

A **California State Teachers** partnership is marketing 19 industrial buildings with an estimated value of roughly \$580 million.

The 7.8 million-square-foot portfolio is 93% leased. Investors can bid on the entire package or any of six sub-portfolios divided primarily by geography. The largest concentrations are in the Memphis area and Northern California. The other sub-portfolios are in the St. Louis, Nashville and Las Vegas areas and California's Inland Empire.

At the estimated value of \$74/sf, the portfolio would generate an initial annual yield of about 5.2%. CalSTRS and its partner, **Panattoni Development** of Irvine, Calif., have given the listing to **CBRE**.

The warehouses have 40 tenants with a weighted average remaining lease term of 5.2 years. The average rent is 5% below the prevailing market rates, and 84% of the space is subject to annual rent bumps. Investment-grade tenants occupy nearly 40% of the space. The pitch is that a buyer could lease up vacant space and raise rents as leases roll over.

The marketing campaign is touting the buildings' quality and relatively recent development. Nearly half the space was constructed since 2010, and almost all of the rest was built since 2000. Nearly 97% of the space has ceilings at least 30 feet high.

Some 41% of the space is in distribution centers encompassing at least 1 million sf, and more than two-thirds is in warehouses with at least 500,000 sf. Only 3% of the space is in buildings smaller than 100,000 sf.

The properties are spread over eight markets that have populations of at least 700,000 and are expected to grow over the next five years, according to marketing materials. Seven of the markets have at least 100 million sf of industrial space.

The sub-portfolios are:

- Four brand-new warehouses in Memphis and Nashville totaling 2.9 million sf. Estimated value: \$200 million, or \$69/sf. Three properties totaling 1.9 million sf are in the Memphis suburb of Byhalia, Miss. They are 92% leased and have a weighted average remaining lease term of 9.7 years. **Amazon** is a tenant. The fourth building, with 1 million sf, is in the Nashville suburb of Lebanon, Tenn. It's fully leased by one tenant for another 5.1 years.
- The 1.7 million-sf Southaven Distribution Center, in the Memphis suburb of Southaven, Miss. Estimated value: \$86 million, or \$52/sf. The two-building complex is 81% leased, making it suitable for value-added investors.
- Five fully leased buildings totaling 1.6 million sf in Northern California, spread across three markets. Estimated value: \$170 million, or \$109/sf. Three buildings totaling 924,000 sf are in the Central Valley cities of Stockton and Lathrop. There is also a 300,000-sf building in West Sacramento and a 331,000-sf warehouse in Fairfield, which is part of the Solano-Napa County market.
- The 1.1 million-sf World Wide Technology Distribution Center, in the St. Louis suburb of Edwardsville, Ill. Estimated value: \$41 million, or \$37/sf. The warehouse is fully

leased, but the tenant is expected to move out early next year.

- Three buildings in North Las Vegas totaling 313,000 sf. Estimated value: \$37 million, or \$118/sf. Occupancy rate: 88%.
- Four buildings totaling 242,000 sf in the Inland Empire West submarket of Ontario, Calif. Estimated value: \$45 million, or \$186/sf. Occupancy rate: 85%. ❖

## New Manhattan Hotel Hits Market

On the cusp of its grand opening, the Renaissance New York Chelsea Hotel is up for sale.

Developer **Jeffrey Lam** is shopping the 341-room upper-upscale hotel, which is valued at about \$240 million, or \$704,000/room. It has a franchise agreement with **Marriott International** of Bethesda, Md., but no management contract. **Eastdil Secured** has the listing.

The 38-story hotel, slated to open in December, is at 112 West 25th Street, mid-block between Sixth and Seventh Avenues. Lam, the son of New York developer **John Lam**, built the hotel via his own firm, **Lam Generation**.

Upper-upscale hotels in the area were 84.6% occupied this year through August, down from 85.8% during the same period last year, according to **STR**. Room rates were down 2.7% to an average of \$259.65, pushing down revenue 4% to \$219.72/room.

The glass-clad hotel has a high-end restaurant, 7,200 square feet of meeting space and one of the city's highest rooftop pools. The lobby includes a two-story backdrop wall adorned with antique knobs, locks and keys — a salute to the antique store that formerly occupied the site. A repurposed loading dock with spray-painted murals leads to an indoor lounge. There's also landscaping and gardens that allude to the hotel's proximity to the Flower District, on West 28th Street.

The Renaissance is opening amid a wave of new supply that has dampened the growth of room rates in New York over the past several years. The city currently has the largest U.S. pipeline of hotels under construction — 166 projects totaling 28,231 rooms, according to **Lodging Econometrics**.

The development onslaught depressed sales in the city, which fell to a low of \$1.2 billion in 2017 from a peak of \$6.6 billion in 2015, according to **Real Estate Alert's** Deal Database, which tracks transactions of \$25 million and up. But activity has since picked up somewhat. Volume totaled \$1.2 billion in the first half, putting the market on pace to surpass last year's \$1.8 billion total.

Last week, **Marriott International** of Bethesda, Md., paid \$206 million for the 270-room W New York Union Square, which it plans to renovate. The seller was **Westbrook Partners** of New York.

Meanwhile, several properties are on the block, including the 100-room AKA Tribeca, at 85 West Broadway, which is valued at roughly \$850,000/room, or \$85 million. **Newmark** is representing the owner, a joint venture between **Korman Communities** of Plymouth Meeting, Pa., and **Sherwood Equities** of New York. That duo acquired the property in 2017 for \$72.2 million. ❖

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## Charlotte Offices, Garage on the Block

**Arden Group** has listed an office building and adjoining garage in Charlotte's Uptown submarket that have a combined valuation of about \$220 million.

The 569,000-square-foot BB&T Center is valued at roughly \$135 million, or \$237/sf, while the 1,520-space garage is worth about \$85 million. Philadelphia-based Arden has hired **Newmark** to shop both components and **JLL** to pitch the garage alone to parking specialists.

The Class-A office building is being marketed as an opportunity to ramp up occupancy following a recent round of renovations. Arden completed \$10.5 million of improvements that added a 7,000-sf amenity center and updated the lobby and retail space.

The occupancy rate is 81%, below the 85% average for Class-A space in the Uptown market. Arden has signed or renewed leases for 113,000 sf in the last two years, mostly before the renovations were complete. Recent leases were signed at rates some 20% higher than in-place rents, according to marketing materials.

**BB&T**, the building's namesake, is an anchor tenant, along with the federal government and **AIG**. Together they occupy 42% of the space and have a weighted average remaining lease term of 6.5 years. The overall weighted average remaining lease term is five years.

The 22-story property, at 200 South College Street, is connected to Overstreet Mall, a system of walkways, tunnels and bridges linking shopping plazas, hotels and office buildings along a four-block stretch from East Fifth Street to Martin Luther King Boulevard.

The renovations at BB&T Center updated the lobby and stores on the mall level, where some 15,000 pedestrians pass daily. The new amenity center, also on that level, includes conference and training rooms, a tenant lounge and an outdoor deck. The property is one block from a light-rail station.

Arden acquired the office building and garage in 2017 for \$148 million from **CIM Group** of Los Angeles. ❖

## Value-Added Apartment Play in Tenn.

A Nashville apartment complex worth about \$130 million is being marketed to value-add investors.

The 598-unit Lexington is 96.3% occupied. At the estimated value of \$217,000/unit, the buyer's initial annual yield would be 4.5-5%. **JLL** is representing the seller, **Passco Cos.** of Irvine, Calif.

The 28-building complex is on an 80-acre site at 510 Old Hickory Boulevard, in the Bellevue section of Nashville, less than 10 miles from downtown. The garden-style apartments were built in 1997. They have 1-3 bedrooms and average 1,001 square feet. Rents average \$1,333, or \$1.33/sf.

New properties in the area command rents that are \$300-400 higher, according to marketing materials. The pitch is that a buyer could make improvements and boost rents by an average of \$175, while still underpricing new complexes.

The units feature nine-foot vaulted ceilings, fireplaces, stainless-steel kitchen sinks, faux granite countertops and wood-

style floors. Amenities include indoor and outdoor swimming pools, a fitness center, a clubhouse, a dog park, lighted tennis courts and an outdoor grilling area.

Rental demand in Nashville is being fueled by booming job and population growth. **AllianceBernstein**, **Amazon** and **Ernst & Young** have chosen the city for major hubs or expansions. ❖

## San Diego High-Rise Could Set Record

**Equity Residential** is setting the stage for San Diego's biggest-ever apartment trade.

The REIT is marketing Vantage Pointe, a 679-unit downtown high-rise that could fetch \$400 million, or \$589,000/unit. That would break the city's overall price record, as well as the per-unit mark — if it's not exceeded on a per-door basis by another current listing.

The 40-story luxury complex, at 1281 Ninth Avenue, is 95% occupied. Built in 2009, it fills the block bounded by Ninth and Tenth Avenues and A and B Streets. **Berkadia** has the listing.

The units have 1-2 bedrooms and average 850 square feet. The average market rent of \$2,528 is 34% below that of competing properties. All the apartments have their original finishes, and the sales pitch is that after interior and exterior upgrades, a buyer could lift rents about \$600.

There is 27,000 sf of ground-floor retail space that's 85% occupied. Tenants include Cosmetic Dentistry Center, Enigma Escape Games and Vantage Pointe Gourmet Market. The weighted average remaining lease term for the retail tenants is four years.

Amenities include a heated swimming pool, a fitness center, a rooftop terrace, a dog park, a club room with pool table and shuffleboard and 968 underground parking spaces.

San Diego's price record for an apartment property was set in 2013 when **Irvine Co.** of Newport Beach, Calif., purchased the 1,410-unit La Mirage complex, at 6554 Ambrosia Drive, for \$350 million, or \$248,000/unit.

On a per-unit basis, the current high-water mark is \$550,000, reached in 2017 when local firm **R&V Management** acquired the 100-unit Ocean Air property, at 10500 Sea Pearl Cove, for \$55 million. But that could be reset by another downtown luxury building currently on the market. That 231-unit property, at 625 Broadway, could attract bids of about \$150 million, or \$649,000/unit. **Moran & Co.** is marketing it for New York-based **Westbrook Partners** and local developer **Hammer Ventures**.

Marketing materials for Vantage Pointe note that some 3.5 million sf of office space is projected for development in downtown San Diego by 2024. Apartment rent growth has been steady in the San Diego metropolitan area due to steady job growth. **Marcus & Millichap** forecasts the market's average rent will rise 4.3% this year to \$2,095, marking the seventh consecutive year of growth exceeding 4%.

Chicago-based Equity Residential purchased the property in 2010 for \$200 million, or \$295,000/unit, from Canadian developer **Pointe of View**. The building had been designed as condominiums, but amid the economic downturn and a depressed housing market, the developer was unable to sell the units and defaulted on a \$210 million construction loan. ❖

## Swift Snags Pasadena Office Portfolio

In a value-added play, **Swift Real Estate** has agreed to buy three office buildings in Pasadena, Calif., from **PGIM Real Estate** for \$193 million.

The 517,000-square-foot portfolio is just 68% leased. The price tag works out to \$373/sf. **JLL** is brokering the sale, which is set to close this week.

San Francisco-based Swift, which is acting via its \$500 million Swift Real Estate Partners Fund 3, plans to upgrade the Class-A properties to help attract tenants. Class-A space in the surrounding Tri-Cities submarket is 86.3% leased.

Also, the in-place rents are 20% below the prevailing asking rent, providing potential to raise rates as leases roll over, according to marketing materials for the offering.

PGIM, a unit of **Prudential**, acquired the portfolio in 2013 from **Blackstone** for \$180 million. At the time, the buildings measured a combined 501,000 sf, so the valuation was \$359/sf. **Eastdil Secured** was the broker.

The properties have benefited from \$12 million of upgrades since 2014, according to marketing materials. They were built between 1981 and 1984 and are along Pasadena's two main retail corridors, Lake Avenue and Colorado Boulevard, putting numerous shopping and entertainment options within walking distance.

The properties are:

- The 212,000-sf Century Square, at 155 North Lake Avenue. Occupancy rate: 58%.
- The 159,000-sf Pasadena Financial Center, at 35 North Lake Avenue. Occupancy rate: 67%.
- The 146,000-sf building at 790 East Colorado Boulevard. Occupancy rate: 84%. ❖

## Insurer Dealing NJ Office Complex

**New York Life** is marketing a suburban New Jersey office complex.

The 194,000-square-foot property, in tony Bedminster, is valued at about \$37 million, or \$193/sf. At that price, a buyer's initial annual yield would be about 7.5%. **JLL** has the listing.

The two-building complex, known as The Offices at Bedminster, is 83% leased. Some 47% of the space is occupied by investment-grade tenants. The largest occupant, **Peapack-Gladstone Bank**, leases some 80,000 sf as its headquarters. The bank, a tenant for more than 10 years, recently expanded its space. The rent roll also includes **Aerie Pharmaceuticals** and **Wells Fargo**. The weighted average remaining lease term is 6.8 years. Leases on just 8% of the occupied space expire within a year.

The twin three-story buildings, at 500 and 550 Hills Drive, were completed in 1999. Some \$1.2 million of upgrades were made in recent years. Among other things, the atrium lobbies were renovated, new ventilation systems were installed, and a fitness center was added. Amenities include covered executive parking, a grab-and-go cafe, a courtyard and a large pond with fountains. There are 693 parking spaces, with approvals in

place for roughly another 200.

The marketing campaign is touting the property's proximity to the intersection of Interstates 78 and 287, less than a mile away. The complex is adjacent to a 3,000-unit residential neighborhood and a grocery-anchored retail center.

The surrounding area is upscale. Within 3 miles, the average household income is \$192,000 and the average home value is about \$560,000.

New York Life bought the property via a subsidiary in 2006 for \$43.7 million, or \$230/sf. **Cushman & Wakefield** brokered that sale for a joint venture between **J.P. Morgan Asset Management** and **Mack-Cali Realty** of Jersey City, N.J. ❖

## Dune ... From Page 1

make purchases via an investment platform that will serve as an owner/operator. That's different from the strategy Gimelstob pursued at Dune, whose funds typically formed partnerships with owner/operators.

The investment focus evidently will be on institutional-quality commercial real estate in major markets, including Los Angeles, Miami, New York and San Francisco. The shop will be based in Los Angeles — where Gimelstob last year opened Dune's first West Coast outpost — and have an office in New York.

Gimelstob, a member of Dune's investment committee, was with the firm since its launch in 2005 as Dune Capital. That firm was co-founded by former **Goldman Sachs** partners **Steven Mnuchin** (currently U.S. Treasury Secretary) and **Dan Niedich**. Previously, Gimelstob spent four years at Goldman, in groups that handled real estate financing and the trading of commercial MBS.

Before joining Highgate, Halpern worked for two years in **Merrill Lynch's** real estate investment-banking division, where he focused on mergers and acquisitions. ❖

## DWS ... From Page 1

it was overweighted on West Coast properties and was looking to reduce its holdings in the region. **The Registry** of San Francisco, citing board meeting documents, reported that the pension fund's Pacific region holdings made up 33.7% of its \$9.8 billion portfolio of directly owned real estate, and it wanted to reduce that to 25%. It was also seeking to reduce the office concentration of its portfolio to 30% from 33.8%.

The building at 525 Market Street was developed in 1973 by **Tishman Speyer** of New York. **Nomura** took control of it in September 1997 by exercising a clause in a restructured mortgage. New York State Teachers bought the building the following year for \$240 million. It completed renovations to the lobby and plaza in 2016. ❖

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## Self-Storage Portfolio Available in NY

Investors are getting a rare crack at bidding on a self-storage portfolio in New York City's outer boroughs.

The 297,000-square-foot package encompasses five high-quality properties with 5,593 total units. Two properties are in Brooklyn, two are in the Bronx and one is in Queens. All were built in the past two years.

The portfolio is valued at north of \$600/sf, or \$178 million. Investors can bid on individual properties or any combination. **Cushman & Wakefield** is representing the owner, **Safe N Lock Self Storage** of Lake Success, New York. The properties are managed by **Life Storage**, a Williamsville, N.Y., REIT.

According to the marketing campaign, this is the first time in more than a decade that five top-notch self-storage properties in the outer boroughs have hit the market. Laws curbing self-storage development have limited supply, and existing holders rarely sell.

The 5,593-unit total includes units that are being added at some of the properties. The Bronx properties are at 4139 Boston Road (67,000 sf, 1,323 units) and 1430 Bruckner Boulevard (47,000 sf, 842 units). The Brooklyn properties are at 1200 McDonald Avenue (56,000 sf, 1,073 units) and 1690 East New York Avenue (53,000 sf, 1,038 units). The Queens property (75,000 sf, 1,317 units) is at 134-31 Merrick Street in the Jamaica neighborhood. ❖

## Luxury Brooklyn Rentals Up for Grabs

A Spanish investment shop is offering a fully leased apartment building in Brooklyn.

The 84-unit luxury property, known as The Bergen, is at 316 Bergen Street in the Boerum Hill neighborhood. Bids are expected to come in around \$55 million, or \$655,000/unit.

**Newmark** is representing the owner, **Allegra Advisors**. The listing is the broker's first since it signed on **Jean Celestin, Evan Layne** and **Brett Siegel** from **Eastdil Secured** last month to lead its New York investment-sales platform.

The eight-story building is four blocks from Barclays Center, a venue for concerts and sports, as well as a major transit hub. It's also close to Pacific Park, a proposed \$5 billion development that would feature multiple commercial and residential buildings.

Constructed in 2014, The Bergen has 22 studios, 40 one-bedroom units and 22 two-bedroom apartments. The units average 651 square feet and feature oak flooring, quartz countertops and stainless-steel appliances. The units with bedrooms have washer/dryers, and some have balconies and terraces. Amenities include a resident lounge, a fitness center and a rooftop terrace.

The property carries a tax abatement that runs until June 2027. Allegra bought it new in 2014 for \$52 million, or \$621,000/unit, from New York developer **Naftali Group**. **Savills Studley** brokered the sale. ❖

## Paramount ... From Page 1

the Square Theatre. The property is on the west side of Broadway, stretching from West 50th to West 51st Streets. It fills most of the block between Broadway and Eighth Avenue.

Paramount has often sold partial interests in stabilized properties and recycled the capital into value-added and opportunistic deals. The firm is active in New York, San Francisco and Washington.

The building is one of the biggest holdings of the REIT, which was taken public by the **Otto** family of Germany in 2014. Almost three-fifths of company's revenues are derived from Paramount Plaza and two other office properties — the 1.8 million-sf 1301 Avenue of the Americas in Manhattan and the 1.6 million-sf One Market Plaza in San Francisco.

Paramount Plaza was built in 1971 by brothers **Harold** and **Percy Uris**. Their firm, **Uris Buildings**, was purchased in 1974 by **National Kinney**, which subsequently struggled amid a recession. The building went into foreclosure, and Paramount bought it in 1976.

It's unclear if Paramount had a partner in that deal, but by 2011 it owned 51% of the building, with the rest held by **Bank of America** and **Morgan Stanley**. That year, Paramount formed a joint venture with **Beacon Capital** of Boston to buy out the investment banks. Three years later, Paramount bought out Beacon's 25% interest in a deal that valued the property at about \$2.2 billion.

The fixed-rate debt package, which is expected to close in a few weeks, has a 10-year term. In addition to Goldman, the lending syndicate includes **Deutsche Bank**, **J.P. Morgan** and **Wells Fargo**. ❖

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## Bay Area Office/R&D Space for Sale

**Northwestern Mutual** is marketing the leasehold interests in two Silicon Valley office buildings that are fully leased at below-market rents.

The portfolio encompasses 106,000 square feet of Class-A office and R&D space at Stanford Research Park in Palo Alto, Calif. Bids, due next week, are expected to hit \$90 million, or \$847/sf. **Eastdil Secured** has the listing. Northwestern will accept offers on either or both properties.

In-place rents average 42% below prevailing market levels, so there is an opportunity to raise rates as rents roll over. There is also the potential to convert office space to higher-rent laboratories. **Stanford University** owns the land beneath the properties. The ground leases have a weighted average remaining term of 42 years.

The larger property, with 77,000 sf, is valued at about \$60 million, or \$784/sf. The tenant is **SAP Labs**, the R&D arm of German software company SAP. Its lease has 3.5 years to run and the rent is 51% below market rates. The three-story building, at 3412 Hillview Avenue, was completed in 2008 and renovated last year. It's part of an eight-building campus where SAP has 1,600 employees.

The offering also includes a 30,000-sf property at 3330 Hillview Avenue, with an estimated value of \$30 million, or \$1,009/sf. Developed in 1999 and renovated in 2013, the two-story building is fully occupied by law firm **Kirkland & Ellis** on a lease with 2.8 years remaining.

That building could be a candidate for conversion to labs. It's within a portion of the 700-acre Stanford Research Park that the university has designated as a Life Science District, where it intends to concentrate medical, bioengineering and related firms.

With life-science companies rapidly expanding in the San Francisco Bay Area, lab occupancy rates and rents have been soaring and are expected to climb further as demand outpaces supply. That has prompted investors to scoop up office properties in the region and reposition them as lab space. **CBRE** ranks the Bay Area as the No. 2 life-science market in the nation, after the Boston area.

The 10.4 million sf of office and research space at Stanford Research Park is 95% leased at triple-net rents topping \$96/sf, according to marketing materials. ❖

## Netflix-Occupied Offices Teed Up in LA

A partnership is marketing a Los Angeles office building that's fully occupied by **Netflix**.

The 76,000-square-foot Netflix Media Center, at 1350 North Western Avenue in Hollywood, is valued at about \$65 million, or \$860/sf. **Newmark** is representing the partnership, led by **Gemdale USA** of Pasadena, Calif., a unit of Chinese developer Gemdale.

Netflix is subleasing the property from **ZestFinance** until 2027, when ZestFinance's lease expires. The rent is 12% below the prevailing rate. Netflix has an option to exercise a five-year

extension. Rents in Hollywood have grown 70% over the past six years.

Netflix's 1.3 million-sf headquarters is three blocks away. The company has a \$112 billion market capitalization.

The three-story Netflix Media Center was developed in 1992 for **Deluxe Laboratories**. Gemdale and its local partner, **LaTerra Development**, spent \$10 million on renovations since 2016, including upgrades prior to Netflix's arrival this year. The streaming giant is also making its own improvements. The property has a 411-space garage that Netflix leases, providing additional revenue.

The Gemdale partnership is developing an adjacent 203-unit apartment building that's scheduled to be completed in 2021. All told, 2,000 residential units are planned within four blocks. The office building is two blocks from a Metro station. ❖

## SF-Area Offices, Buildable Site Listed

A Bay Area office building and an adjacent parcel are up for grabs with an estimated value of \$73 million.

The 163,000-square-foot Atrium, in San Mateo, Calif., is 91% leased. The Class-A building is worth about \$72 million, or \$441/sf, which would translate to an initial annual yield of 6.9%. The nearly one-acre parcel, valued at about \$1 million, could be used for the development of 5,000 sf of offices or 3,200 sf of medical offices.

**Cushman & Wakefield** is shopping the building and land jointly for a partnership between **Seagate Properties** of San Rafael, Calif., and **ReCap Real Estate Investment**, an arm of **Reinsurance Group of America** of Chesterfield, Mo. The duo recently pumped \$2.3 million into upgrades.

The three-story building, at 1900 South Norfolk Street, was completed in 1983. About 30% of the space is leased by real estate companies, and 22% by technology companies. Other tenants are in healthcare, finance and government.

The pitch is that with leases on 38% of the space maturing within three years, a buyer would be well-positioned to raise rates upon rollover. San Mateo's 24.8 million sf of Class-A space was 90.5% leased at midyear, up 2.6 percentage points from the same point in 2018. Asking rents average \$65.40/sf.

Office supply in the San Francisco Peninsula area has been diminishing because of conversions to other property types. For example, Waters Office Park, which is adjacent to the listed property, is scheduled to be redeveloped into 190 residences.

The Atrium is at the intersection of U.S. Route 101, which connects to San Francisco 20 miles north, and State Route 92, which links to the East Bay via the San Mateo Bridge. Some 300,000 vehicles pass the property daily, providing signage opportunities. There are about 590 parking spaces. ❖

## Correction

An Oct. 16 article, "Salaries of Analysts Jump 7.2%," incorrectly described the annual income of real estate analysts. The cited average of \$139,407 reflects total compensation, not just salary. ❖

## CALENDAR

## Main Events

Dates	Event	Location	Organizer	Information
Nov. 12-14	REITworld	Los Angeles	Nareit	www.reit.com
Jan. 22-24, 2020	Winter Forum on Real Estate Opp. & Private Fund Inv.	Laguna Beach, Calif.	IMN	www.imn.org
March 4-5	PREA Spring Conference	Beverly Hills	PREA	www.prea.org

## Events In US

Dates	Event	Location	Organizer	Information
Oct. 28-29	New Hotel Construction & Development West	Santa Monica, Calif.	IMN	www.imn.org
Oct. 29	Connect Chicago Fall 2019	Chicago	Connect Conferences	connectconferences.com
Oct. 29	Young Leaders Feature Presentation	Boston	RELA	www.rela.org
Oct. 29-30	Apartments	Los Angeles	GlobeSt.	www.globest.com
Oct. 29-30	PERE America	New York	PERE	www.perevents.com
Oct. 30	Connecticut Opportunity Zones Forum	New Haven, Conn.	State of Conn.	https://portal.ct.gov/
Oct. 31	Brooklyn, Queens Forum	New York	Commercial Observer	commercialobserver.com
Nov. 4-5	MPC University 2019	Scottsdale, Ariz.	RCLCO	www.rclco.com
Nov. 4-6	Real Estate Investors Summit	Boston	Marcus Evans	www.marcusevans-events.com
Nov. 5	RELA NYC Educational Tour & Reception	New York	RELA	www.rela.org
Nov. 7	Real Estate Mezzanine & High-Yield Debt Forum	New York	IMN	www.imn.org
Nov. 7	Connect Seattle 2019	Seattle	Connect Conferences	connectconferences.com
Nov. 7	IPA Multifamily Forum New England	Boston	Marcus & Millichap	multifamilyforum.com/new-england
Nov. 7	RELA Philadelphia Market Event	Philadelphia	RELA	www.rela.org
Nov. 11-12	Alternative Investment Conference	New York	Beryl Consulting	berylconsulting.com
Nov. 12	Opportunity Zones Forum West	Los Angeles	IMN	www.imn.org
Nov. 12	Connect Inland Empire 2019	Ontario, Calif.	Connect Conferences	connectconferences.com
Nov. 12	Family Office Real Estate	New York	DC Finance	www.dc-finance.com
Nov. 13	IC3 Real Estate	Los Angeles	IMN	www.imn.org
Nov. 13	Networking Event	Morristown, N.J.	YREPNY	www.yreppy.org
Nov. 13	RELA NYC November Breakfast Meeting	New York	RELA	www.rela.org
Nov. 14	PREA Near You-Los Angeles	Los Angeles	PREA	www.prea.org
Nov. 14	Women in Prop Tech Global Awards Gala	New York	Women In PropTech	womeninproptech.co
Nov. 14	Multifamily Forum Pacific Northwest	Seattle	Marcus & Millichap	multifamilyforum.com/seattle
Nov. 14-15	ASDInnovate	Brooklyn	Any Size Deals	dmzstream.com
Nov. 18-19	Middle-Market Multifamily Forum Southeast	Atlanta	IMN	www.imn.org
Nov. 19	Connect Industrial 2019	Houston	Connect Conferences	connectconferences.com
Nov. 20	Fall Financing Commercial Real Estate Forum	New York	Commercial Observer	www.commercialobserver.com
Nov. 20	RELA NYC Lenders Syndications Event	New York	RELA	www.rela.org
Nov. 21	RELA Boston Seaport Square Overview	Boston	RELA	www.rela.org
Dec. 4	Latin America US Real Estate Meeting	Miami	Carmo Cos.	www.carmocompanies.com
Dec. 4	Connect Westside Los Angeles 2019	Los Angeles	Connect Conferences	connectconferences.com
Dec. 4	RELA NYC December Breakfast Meeting	New York	RELA	www.rela.org
Dec. 4-5	Western Non-Listed Alternative Investment Products	Dana Point, Calif.	IMN	www.imn.org

## Events Outside US

Dates	Event	Location	Organizer	Information
Oct. 28-30	European Real Estate Investors Summit	Amsterdam	Marcus Evans	www.marcusevans-events.com
Nov. 21-22	Real Estate Investment: Valuation & Financing	London	Fitch Learning	www.fitchlearning.com
Mar. 10-13, 2020	MIPIM 2020	Cannes, France	Reed MIDEM	www.mipim.com
May 12-14	ULI 2020 Spring Meeting	Toronto	ULI	www.uli.org

To view the complete conference calendar, visit the Market section of [REALert.com](http://REALert.com)





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**ON THE MARKET**

**Office**

Property	Size	Estimated Value	Owner	Broker	Color
11 North Washington Street, Rockville, Md.	97,000 sf 93% leased	\$32 million \$329/sf Yield: 7%	(Unidentified)	Transwestern	Class-A office building in Washington suburb's downtown district. Four blocks from Rockville Metrorail station and planned Rockville Town Square retail/entertainment project. Weighted average remaining lease term is 4.6 years.
518 East Township Line Road, Blue Bell, Pa.	123,000 sf 78% leased	\$30 million \$234/sf	Artemis Real Estate, Chevy Chase, Md., and Kalros Real Estate, Blue Bell	JLL	Acquired near-vacant from lender in 2016. Owner invested \$3.2 million to update the building and lift occupancy. The six tenants have a weighted average remaining lease term of almost nine years. They include Jefferson Blue Bell Surgery Center and RSM.

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## SPOTLIGHT

## Los Angeles County Apartment Properties

- ❑ In the first half, some \$2.2 billion of large properties changed hands in Los Angeles County and selected nearby cities, down from \$2.6 billion a year earlier. But on a per-unit basis, values climbed 31%, to \$419,000 from \$313,000 in full-year 2018.
- ❑ The average rent at midyear was up 2.9% year-over-year in the county, according to CBRE. That growth rate was down slightly from a 3.2% increase a year earlier.
- ❑ Strong leasing demand has kept the county's average occupancy rate at 96% or higher for 17 of the past 20 quarters, according to CBRE.

## On the Market

Property	Seller	Hit Market	No. of Apts.	Estimated Value (\$Mill.) (Per Apt.)		Broker
Esprit, Marina Del Rey	Kennedy Wilson	August	437	\$280	\$641,000	JLL
2 properties in Torrance	Rockpoint, Strategic Housing	September	422	225	533,000	EastdII Secured
Rise Hollywood, Hollywood	Rescore	October	369	225	610,000	EastdII Secured
One Santa Fe, Los Angeles	Berkshire Residential Investments	January	438	190	434,000	JLL
Pearl Apartments, Marina del Rey	Equity Residential	October	597	150	251,000	EastdII Secured
Wakaba LA, Los Angeles	Sares Regis, Pritzker Realty	October	240	130	542,000	JLL
Griffith, Glendale	AFL-CIO Building Trust	July	220	120	545,000	EastdII Secured
Veda, Sherman Oaks	Stockbridge Capital, Alliance	September	236	118	500,000	CBRE
San Vicente Tower, Santa Monica	KOR Group, DWS Group	October	90	80	888,888	Cushman & Wakefield
Mira Warner Center, Canoga Park	Cityview	July	174	73	420,000	EastdII Secured
Montecito, Woodland Hills	Sobrato Organization	October	85	53	624,000	Moran & Co
Luxe 1801, Alhambra	Bascom Group	September	109	40	367,000	CBRE
5800 Harold Way, Hollywood	Tanner & White Properties	October	56	32	571,000	JLL
2867 Sunset Place, Los Angeles	CGI Strategies	June	60	30	496,000	CBRE
Mansfield Apartments, Hollywood	Universe Holdings	October	68	30	441,000	JLL
Vues on Gordon, Hollywood	Chandler Pratt	June	47	25	532,000	JLL

## Recent Deals

Property	Buyer	Closed	No. of Apts.	Sales Price (\$Mill.) (Per Apt.)		Broker
Glendon, Westwood	Douglas Emmett	June	350	\$365	\$1,042,857	EastdII Secured
Sofia, Los Angeles	Carlyle Group	September	606	273	450,000	EastdII Secured
Grace on Spring, Los Angeles	Iconiq Capital	June	300	212	706,000	EastdII Secured
Griffin on Spring, Los Angeles	Iconiq Capital	June	275	194	706,000	EastdII Secured
Next on Sixth, Los Angeles	Equity Residential	August	398	189	475,000	(None)
Colony at the Lakes, West Covina	MetLife Real Estate Investors	June	450	171	381,000	Moran & Co.
Weddington, North Hollywood	Global Asset Capital	September	329	169	514,000	EastdII Secured
Sunset Ridge, Lancaster	Afton Properties	September	800	132	165,000	Berkadla
Stoa, Los Angeles	Equity Residential	July	237	105	444,000	EastdII Secured
Domain, West Hollywood	DWS Group	August	166	103	622,000	Cushman & Wakefield
1111 Wilshire Boulevard, Los Angeles	Pacific Life	June	210	91	435,000	Moran & Co
Circle Apartment Homes, Long Beach	Advanced Real Estate Services	August	235	73	309,000	JLL
Meridian Place, Northridge	MG Properties	August	202	71	349,000	JLL
Novella Redondo, Redondo Beach	Ideal Capital, Aegon Real Assets	May	105	54	510,000	CBRE
Gershwin, Los Angeles	Cityview	May	163	46	282,000	Colliers International
Cambridge Apartments, Sherman Oaks	Interstate Equities	October	88	29	333,000	Marcus & Millichap
1025 Ocean Avenue, Santa Monica	Ocean West Capital	October	21	25	1,190,476	Colliers International

**THE GRAPEVINE**

... From Page 1

Monday as a managing director in the investor-services group, which manages relationships with Cushman's institutional clients. She reports to managing director **Caitlin Simon**. Wollan was a senior vice president at JLL, where she spent four years. She had also worked at the brokerage from 1997 to 2002, with later stops at **Harris Williams & Co.** of Richmond, Va., and **Goldman Sachs**.

Meanwhile, broker **David Fersing** this month moved to **Marcus & Millichap** from **JLL**. He's a first vice president in Dallas, focusing on multi-family investment sales across northern Texas. He works with senior managing director **Nick Fluellen** and senior vice president **Bard Hoover**. Fersing spent six years at JLL, where he was a senior vice president.

Investor-relations veteran **Katherine Giordano** has joined **PCCP**. She started at the Los Angeles fund operator this month, tasked with capital-raising. Based in New York, she reports to

global head of investor relations **Greg Eberhardt**. Giordano spent the past two years in a similar role at **Exoter Property**, an industrial fund shop in Conshohocken, Pa., where she was a director of capital markets and investor relations. Giordano previously worked for seven years at **Aberdeen Asset Management** and had earlier stints at **ING Real Estate** and **Clarion Partners**.

Retail pro **Paul Mittmann** joined **Sterling Organization** last month as a senior vice president of investments. Based in Newport Beach, Calif., he targets deals in the Western U.S. for the West Palm Beach, Fla., company. Mittmann came from retail giant **Phillips Edison & Co.**, where he was a director of acquisitions and had worked for 11 years. He also spent seven years at **Passco Cos.** of Irvine, Calif.

**Kyle Wood** joined **BoundTrain Real Estate** this month as a principal of the year-old investment shop. He was previously a vice president at **Penzance Cos.** of Washington, where he worked for more than six years. The move reunites Wood with **Michael Klein**, who founded BoundTrain

last October after giving up his post as a managing director of investments at Penzance. BoundTrain, based in Reston, Va., targets high-yield investments, primarily in office and multi-family properties in the Washington area.

**Andrea Reeder** joined **Beacon Capital** this month as a senior vice president of asset management. She's based in San Francisco for the Boston fund operator. Reeder came from **Nuveon Real Estate**, where she spent a year as a director of asset management. Before that, she had a three-year stint at **CBRE** and spent 11 years at **Sunset Development** of San Ramon, Calif.

**Michael Knott** has returned to **Green Street Advisors** as a managing director and head of U.S. REIT research. He started last month at the firm's Newport Beach, Calif., headquarters, reporting to director of REIT research **Cedrik Lachance**. Knott spent the past two years at **Blackstone's** EQ Office unit, where he was chief financial officer. Before that, he had a 16-year stint at Green Street, holding various roles, including co-head of REIT research.

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<b>Richard Quinn</b>	Managing Editor	201-234-3997	rquinn@hspnews.com
<b>Sam All</b>	Senior Writer	201-234-3989	sall@hspnews.com
<b>Allison Waldman</b>	Senior Writer	201-234-3986	awaldman@hspnews.com
<b>Jeff Whelan</b>	Senior Writer	201-234-3973	jwhelan@hspnews.com
<b>Andrew Albert</b>	Publisher	201-234-3960	andy@hspnews.com
<b>Daniel Cowles</b>	General Manager	201-234-3963	dcowles@hspnews.com
<b>Thomas J. Ferris</b>	Editor	201-234-3972	tferris@hspnews.com
<b>T.J. Foderaro</b>	Deputy Editor	201-234-3979	tfoderaro@hspnews.com
<b>Ben Lebowitz</b>	Deputy Editor	201-234-3961	blebowitz@hspnews.com
<b>Mark Mueller</b>	Deputy Editor	201-234-3994	mmueller@hspnews.com
<b>Dan Murphy</b>	Deputy Editor	201-234-3975	dmurphy@hspnews.com
<b>Michelle Lebowitz</b>	Operations Director	201-234-3977	mlebowitz@hspnews.com
<b>Evan Grauer</b>	Database Director	201-234-3987	egrauer@hspnews.com
<b>Robert E. Mihok</b>	Database Manager	201-234-3974	rmihok@hspnews.com
<b>Mary E. Romano</b>	Advertising Director	201-234-3968	mromano@hspnews.com
<b>Kait Hardiman</b>	Advertising Manager	201-234-3999	kait@hspnews.com
<b>Joy Renee Selnick</b>	Layout Editor	201-234-3962	jselnick@hspnews.com
<b>Barbara Eannace</b>	Marketing Director	201-234-3981	barbara@hspnews.com
<b>JoAnn Tassle</b>	Customer Service	201-659-1700	jtassle@hspnews.com

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