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Middle Market Digest: This Week in Southwest

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LOS ANGELES—With Election Day around the corner, the commercial real estate market hasn't slowed down. While there are plenty of industry-focused ballot measures coming up for vote in local markets across the Southwest (read more under News & Notables), there were also significant deals that investors rushed to close before the election on Tuesday. Read on to see the major deals, report and developments that caught our attention this week.

BY THE NUMBERS

PHOENIX—The Phoenix market has ranked number two on **CBRE's** annual Tech-Thirty list, which analyzes the 30 leading technology markets in the U.S. and Canada in terms of high-tech software/services job growth. San Francisco nabbed the top slot with Austin coming in number three. Phoenix continues to see the strongest tech-sector job growth in North America, reporting 44.5% job growth and more than 15,000 new jobs from 2013 to 2015. Tech-related office leasing accounted for 20% of all office leasing in the U.S. in the first half of 2016, up from 18 % in 2015, despite an overall slowing in tech job creation. Other Southwest markets on the list were Salt Lake City, Orange County and Los Angeles, which came in consecutively at 18, 19 and 20.

(Source: CBRE)

NEWS & NOTABLES

SANTA ANA—**The Urban Land Institute** has awarded the ULI Global Award for Excellence to **SVA Architects**. This award recognizes that Celadon at 9th and Broadway exemplifies worldwide best practices in responsible development, sustainable building, and livable design. SVA Architects was one of eleven winners chosen from over 200 submissions around the world

NEWPORT BEACH, CA—**The Woodmont Co.**, a national retail real estate company specializing in brokerage, development and management, has expanded its operations into Southern California with the launch of a new office in Newport Beach. **Joseph Williams**, SVP at the firm, will oversee the new office, which is located at 620 Newport Center Drive. The Southern California office will focus on retail tenant representation with an emphasis on providing value-add services for entertainment, health and fitness, and fast casual restaurant concepts. The office will also oversee leasing at The Woodmont Co.'s Bakersfield Gateway project.

PHOENIX—**NAIOP Arizona** has elected its 2017 officers and board members at its annual board meeting. The 2017 NAIOP-AZ officers are Chairman of the Board, **Larry Pobuda** of **Opus Group**; Vice Chairman, **Matt Mooney** of **Cousins Properties**; Programs Chair, **Andrew Cheney** of **Lee & Associates Arizona**; and Secretary, **Molly Carson** of **Ryan Companies US, Inc.** **Tammy Carr** of **Mortenson** will remain as Treasurer. The organization also reelected past members **Bryon Carney** of **Cushman & Wakefield**; **Keith Earnest** of **VanTrust Real Estate LLC**; **Tom Jarvis** of **Willmeng Construction**; **Rusty Kennedy** of **CBRE**; **Tom Knoell** of **Catellus Development Corporation**; **Anthony Lydon** of **JLL**; **Chris Marchildon** of **CBRE**; **Darren Pitts** of **Velocity**; **Danny Swancey** of **ViaWest Group**; **Chuck Vogel** of **VEREIT, Inc.**; **Jim Wentworth Jr.** of **Wentworth Property Company**; and **Tom Johnston** of **Savills Studley**, and Hubbard, who also serve on the executive committee by virtue of being past chairmen, and elected **Phil Breidenbach** of **Colliers International** was to a new 3-year term.

SAN DIEGO—**Russell Valone**, president of **MarketPointe Realty Advisors**, released a report showing that the San Diego County General Plan approved in 2012 has failed to provide for the construction of smaller homes on smaller lots that would be affordable to middle-class San Diegans. Measure B San Diego will be on the November 8th ballot to approve a General Plan amendment in northern San Diego County to provide more housing affordable to middle income families. Supporters argue that it would help alleviate the region's severe housing crisis. However, the **California Fair Political Practices Commission** is investigating the source of funds for groups associated with the No on Measure B campaign for not appropriately disclosing their campaign contributions. In a report by inewssource, several of the committees that are funding the opposition campaign are being investigated for refusing to disclose the original contributor. The Pardee family owns hundreds of acres of land in the immediate area and over 120 acres adjoining the Measure B Project and has contributed at least \$40,000 directly to the No on B committee. The organization says Measure B San Diego would move forward plans for a pedestrian-oriented, mixed-use village north of Escondido designed to provide apartments, condos, townhomes, and smaller homes that are affordable to middle income families. This new village would be surrounded by vineyards and agriculture, with all amenities built and paid for by the developer, all within a ten-minute walk so residents can live, work, learn and play without relying on cars.

DEALTRACKER



INLAND EMPIRE, CA—**TruAmerica Multifamily** has acquired The Highlands, a 556-unit garden-style apartment community in the Inland Empire community of Grand Terrace, CA in an off-market transaction valued at \$92 million. The value-add multifamily investor purchased the property in a joint venture with equity partner **Investcorp**. This is the fifth deal the joint venture has done together in the last 24 months, and brings their portfolio to 2,400 units. The Highlands is a mix of one- and two-bedroom apartment units, and the partnership plans to execute a multimillion-dollar renovation program. They purchased the property with a long-term, floating rate, agency debt financing which should generate attractive cash-on-cash returns for its investors. The financing was arranged **Charles Halladay** and **Mike Gigliotti** of HFF.

SAN DIEGO—**Wentworth Storage Co.** has purchased two industrial properties in Southern California for an undisclosed price. The acquisitions include a 90,000-square-foot industrial building at 2391 Fenton Street in Eastlake Village and an 81,980-square-foot industrial building at 12340 World Trade Drive in San Diego, and the firm plans to convert both properties into class-A self-storage facilities. The Fenton Street facility is 10 miles east of the San Diego Airport, just off SR-125, and Wentworth plans to convert the former industrial building to a fully climate controlled self-storage facility with 100,000 net rentable square feet. The World Trade Drive facility is just off of the I-15 freeway. Wentworth will convert the former industrial building into a 100,000 net rentable square foot, fully climate controlled self-storage facility. Both properties will open in 2017.

RIVERSIDE, CA—**Industrial Property Trust** acquired Alessandro Business Center in Riverside, a 30-acre, 582,000-square-foot core industrial asset from **Western Realco/Cigna** for \$51.6 million. The property is fully leased on a long-term basis by Ascena Retail Group, and is a LEED-certified industrial property in a prime location in the heart of the Inland Empire. The property is also located near the intersection of the Interstate 215 and SR-60 freeways, 25 minutes east of Ontario International Airport. **Cushman & Wakefield's Jeff Chiate, Jeff Cole and Chuck Belden** represented the seller in the transaction.

LOS ANGELES—An undisclosed international investor has acquired the Merritt Building in Downtown Los Angeles for \$24 million from **LIZ**. The property is a historic, multi-story 55,948 square foot building located in the heart of the vibrant South Broadway district in downtown. The building was originally designed by the Reid Brothers in 1915 as a rendition of Minerva's Temple sitting atop an ornate three-story base. Today, it is a nine-story commercial building plus a basement level, currently only occupied by retail users on the ground floor. The interior, like its outer facade, boasts many original and unique architectural features, including intricate masonry, stained-glass skylights, and a bank vault. **Mike Condon Jr. and Kelli Snyder** with **Cushman & Wakefield** represented the seller in the deal.



LOS ANGELES—**Sharp Capital** has secured a \$14.5 million loan to refinance 1200 Wilshire Boulevard, a 96,060-square-foot office building in downtown Los Angeles, California. The loan has a 10-year, interest only, 4.02%, fixed-rate loan and was funded by a national bank. This loan replaces previous acquisition financing with a regional bank borrower secured in late 2014. Sharp Capital plans to hold the asset in their core portfolio and the newly placed, full-term interest only loan will help maximize the cash flow to Sharp Capital. **HFF** debt placement team's **Jeff Sause** and associate **Ryan Ash** secured the funding on behalf of the borrower.

RENO, NV—**Westcore** has acquired a 1.7 million-square-foot industrial portfolio in Reno, NV. Chicago-based GLP US for approximately \$54.5 million. The acquisition marks Westcore's entry into the Reno marketplace. The portfolio is 92% leased by 53 tenants, which are focused primarily on distribution. **Anthony Brent, Ryan Martin and Scott Pertell** of **HFF** represented GLP US in this transaction. The portfolio was part of a larger 2,626,882-square-foot portfolio that HFF sold on behalf of the seller.

CARLSBAD—**Decron Properties** has secured \$40 million in financing for the refinance of a retail power center The Plant located in Los Angeles. The five-year balance sheet loan, provided by a **Citibank**, features full-term interest-only payments and a floating interest rate currently near 2%. The property a single-story, 219,922-square-foot super regional power center and houses notable tenants Golin Theaters, Ross Dress for Less, Old Navy, Forever 21, GAP, Petsmart and Party City, and is located in a densely populated area with strong regional

draw and a daily traffic count of approximately 51,000. This transaction was negotiated by **Meridian** managing director, **Seth Grossman** and VP, **Jackie Tran**, who are both based in the company's Carlsbad, CA office.

BUILDING BLOCKS

PHOENIX—**Hines** and **Cambria Hotels and Suites** is preparing to break ground on Cambria Hotel & Suites Chandler at Chandler Viridian. The hotel is a 136-room property in Chandler at the northwest corner of the Loop 101/Loop 202 interchange in the heart of the Price Corridor in Chandler, Arizona. It is part of a 25-acre mixed-use project, which also includes The Offices at Chandler Viridian, high-end apartments Broadstone Fashion Center, sophisticated retail offerings at Chandler Viridian PRIMEGATE and a pedestrian promenade to the Chandler Fashion Center. The developer is holding a groundbreaking ceremony on November 15.

SAN DIEGO—**RAF Pacifica Group** has announced plans to build create, a 144,461-square-foot corporate headquarters facility situated on 9.70 acres of land in Carlsbad, which the developer acquired for \$8.8 million. The speculative project is the firm's seventh in San Diego, and is what it has trade marked creative industrial facilities. The completed property will be divisible down to 72,231 square feet and will be able to accommodate one or two users. With 50,000 to 70,000 square feet of office space, the property will feature a true creative office aesthetic with a corporate headquarters look and feel. The completed project will include extensive glass for natural lighting, bi-fold vertical glass doors, modern landscaping, and outdoor amenity areas to cultivate a live/work/play environment. The project will break ground in the spring of next year.