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Fog over office market begins to clear

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The real 2009 value of downtown office property is starting to come into focus.

Less than a month after 250 Montgomery St. traded for \$173 a square foot, 57 percent less than it sold for in 2006, **Polatnick Properties** has scooped up 731 Sansome St. for about \$185 a square foot. That is about half what it would have fetched in 2006. The third data point likely to fall into place is the 62,000-square-foot 170 Columbus St., which has been priced at \$177 a square foot, according to Tony Crossley of **Colliers International**, who is marketing the property with Tim Maas.

Crossley said the 731 Sansome St. deal was helpful in figuring out what 170 Columbus is worth. "It's very relevant — it's all part of establishing a new level of value in the city," he said. "Every transaction is relevant at this point — there are not that many to go around."

The sellers of 731 Sansome St., Leon and Carole Pierce, were represented by Charlie McCabe of CB Richard Ellis and Brian Muller of Harrigan Weidenmuller.

Fast-selling projects shrink condo inventory

As painful as it's been for San Francisco housing developers — and it's been just brutal — the swollen inventory of new construction condos is suddenly looking a bit thin.

First you have Intracorp's 128-unit Hayes, which sold out a few weeks ago. Then there is the Montgomery at 74 New Montgomery St., which has nine units available. Meanwhile, two Mission Bay projects are cooking. Intracorp's 269-unit Arterra is down to 60 units and Bosa Development's 99-unit Radiance Phase One has 12 condos left. Finally, **Tishman Speyer**'s Infinity has had 12 straight weeks in which nine units or more have closed.

Of course, no developers are meeting their pro formas these days. But when you have construction loans to pay off, sometimes you have to cut your losses and move on. As Bosa development CEO Nat Bosa said recently: "There is no use in kidding around here — my first phase is costing me a hell of a lot of money out of my pocket."

Still, should sales continue at the current clip, inventory under \$1 million will be scarce by early next year. That could be good news for Jackson Pacific's 165-unit One Hawthorne St. when it opens a year from now.

Alan Mark of the **Mark Co.**, which is handling sales and marketing for the Arterra, the Montgomery, the Hayes, and One Hawthorne, does not expect prices to rise any time soon. But he said developers are gaining some leverage to negotiate reductions and concessions.

El Sobrante complex sells for nearly \$3.2M

The Solis family has sold a 37-unit apartment complex in El Sobrante for just under \$3.2 million to a pair of Oakland-based investors. The building at 3345 San Pablo Dam Road is made up mostly of studios and one-bedroom units. The building traded at an 8 cap rate. Both sides were represented by **Marcus & Millichap** with John Holmquist representing the seller and Ben Weil repping the buyer.

"We're seeing a slight increase in activity — a flower sticking up through the tundra," said Jeffrey Mishkin, first vice president and regional manager for Marcus & Millichap.

Wig America buys two industrial buildings

LRF Properties sold two industrial buildings totaling 67,000 square feet in Hayward for \$5.5 million to Wig America, a wholesale distributor of wigs. The buildings are located at 27317 and 27279 Industrial Blvd.

Jesse Lucas, a broker with **Lee & Associates** who represented the buyer, said the deal is a sign the market is changing.

"This was one of the first deals where the seller was willing to adjust his pricing to current market conditions," Lucas said. "One of the buildings was being offered for lease and we were able to convince the owner to sell both properties through an unsolicited offer."

The seller, LRF Properties LLC, was represented by BT Commercial.

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