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THE GRAPEVINE

A father-son investment team has formed a shop to buy apartment properties in Manhattan. **Steven Pinchasick** and his son, **Jared Pinchasick**, opened **JAM Real Estate** this month. It will look to raise equity for individual deals on value-added properties worth up to \$20 million. JAM also could form partnerships to chase larger deals. The shop will look to tap relationships the elder Pinchasick has developed through **EBMG**, a New York property-management firm

See **GRAPEVINE** on Back Page

Giant Jersey City Apartment Complex for Sale

Building and Land Technology is gearing up to offer a massive apartment complex in Jersey City valued at up to \$450 million.

The 1,155-unit Beacon, which dates to the 1930s, was a hospital complex before being recently redeveloped into apartments. The estimated value works out to as much as \$390,000/unit. Building and Land, of Stamford, Conn, is weighing either an outright sale or a recapitalization. Broker **Eastdil Secured** will begin the marketing campaign within a few weeks.

The sprawling Art Deco property originally encompassed eight buildings. It formerly housed the Jersey City Medical Center, which closed in the late 1980s. A local developer started switching the complex to residential condominiums, but had converted only two buildings when the effort stalled during the financial crisis.

Building and Land acquired the remaining six buildings in 2011 for about

See **JERSEY** on Page 18

Retail Sales Fall 9%; Eastdil Remains on Top

Sales of large retail properties dipped by 9% last year amid disruptions tied to the global economy, U.S. politics and the sector itself, leaving market pros uncertain about the year ahead.

Eastdil Secured again arranged more sales than any other firm, but lost some market share, while **HFF** leapfrogged over **CBRE** into second place in the brokerage rankings.

Some \$31.7 billion of deals for malls and shopping centers worth at least \$25 million closed in 2016. That was down from the record \$34.8 billion in 2015 — but was still the second-largest annual volume since **Real Estate Alert's** Deal Database began tracking sales in 2001.

“It has been perhaps the most volatile year in recent memory, which has made it an extraordinary time for real estate investment decisions,” said **Matthew Strotton**, head of U.S. funds and investments at Australian investment manager **QIC**. But he added that the still-high volume shows the “resilience” of the sector, and he remains

See **RETAIL** on Page 13

‘Last Mile’ Warehouse Portfolio Up for Grabs

High Street Realty is marketing a portfolio of relatively small warehouses in urban areas that it says are well positioned to benefit from retailers’ increasing desire to speed up deliveries to their customers.

The 55 multi-tenant buildings could fetch \$420 million. The 6 million-square-foot portfolio is 96% leased. More than one-third of the space is in the Atlanta area, and nearly a quarter is in the Chicago market.

At the estimated value of \$70/sf, the buyer’s initial annual yield would be 5.8%. High Street, a Boston investment manager, is pitching the properties as a package via **CBRE**, but would consider bids on smaller chunks.

In addition to Atlanta (2.3 million sf) and Chicago (1.4 million sf), the portfolio has buildings in and around Houston (1 million sf), Dallas (612,000 sf), Harrisburg, Pa., (564,000 sf) and Orlando (126,000 sf).

The 90 tenants have a weighted average remaining lease term of 4.3 years. The

See **MILE** on Page 16

Rentals in Secondary Markets for Sale

A developer is offering a portfolio of apartment properties in the Midwest and South that's likely to appeal to institutional investors looking to expand into secondary markets.

A partnership headed by **Milhaus Development** of Indianapolis has tapped **CBRE** to market the 2,195-unit package. Seven of the 12 properties are in Indianapolis.

Bids are expected to reach \$450 million, or \$205,000/unit. At that price, a buyer's initial yield would be about 5.5%.

Milhaus and its partner, an unidentified fund, will entertain offers on individual or groups of properties, but market pros expect institutional players to chase the entire package as a way to achieve scale in smaller markets with strong potential for rent growth. While concern about overbuilding has begun to dog many primary markets, especially on the coasts, construction has been more limited in the cities represented in the offering.

All the properties were built since 2013, and a few are still in the initial lease-up phase. They are in downtown locations and include 114,000 square feet of commercial space.

Among the Indianapolis complexes are the 258-unit Artistry Apartments and two adjacent complexes, the 242-unit Mentor & Muse and the 54-unit Mosaic. The others are the Circa (265 units), the Pinnex (77 units), the Mozzo (65 units) and the 747 Apartments (36 units).

A property in Oklahoma City, the 329-unit Lift, is subject to a local "tax increment financing" agreement that prohibits its outright sale. It's being offered only as a recapitalization opportunity.

The remaining properties are: Highland Row (354 units) in Memphis; Stiteweld (291 units) in Milwaukee; Gantry (131 units) in Cincinnati; and AMP Apartments (93 units) in Louisville, Ky. ❖

DC Offices Pitched to Redevelopers

A large office building in Washington's East End that's slated to lose its sole tenant is being marketed as a redevelopment play.

The 533,000-square-foot Patrick Henry Building, at 601 D Street NW, is expected to fetch bids in the vicinity of \$400/sf, or \$213 million. It's being pitched to redevelopers who could explore converting some or all of the space for retail, residential or hotel use.

The owner, a partnership including **LHL Realty** of New York, quietly shopped the building last year and struck a tentative deal with an unidentified investor, but the sale fell through. The group has now tapped **Transwestern** and **Highland Realty** to run a broader marketing campaign.

The **U.S. Department of Justice**, which fully occupies the property, plans to vacate when its lease expires in October 2018. In the meantime, a buyer would see net income of \$19.6 million for the first year while making plans for leasing or repositioning the space.

The 10-story building was completed in 1973 and underwent a gut renovation in 1997 that included replacing the mechanical and electrical systems and updating the elevators. It is designated LEED silver.

The Patrick Henry Building is two blocks south of the Verizon Center arena. It's in the Penn Quarter neighborhood, an area dense with offices, shops, restaurants and hotels, and is close to several Metro rail stations. The surrounding East End submarket has 40 million sf of office space that is 88% occupied. Asking rents average \$61.27/sf. ❖

Core-Plus Dallas Offices on Block

Barings is marketing a Dallas office building valued at about \$130 million that is suitable for core-plus investors.

The 492,000-square-foot property, at 8750 North Central Expressway, is well-leased, with a 91% occupancy rate. The upside potential is that below-market rents could be increased as leases roll over.

At the estimated value of \$264/sf, the buyer's initial annual yield would be just under 6%. **Eastdil Secured** is advising Barings, a Charlotte investment manager that **MassMutual** formed last year by merging three subsidiaries, including **Cornerstone Real Estate**.

A big part of the marketing pitch is the Class-A property's location, in a neighborhood with many shopping and dining venues within walking distance. The building is next to the 34-acre Shops at Park Lane, which spans four blocks and encompasses offices, apartments and retail space. The tenants include high-end grocer Whole Foods, fashion retailers, restaurants and boutique shops. Shops at Park Lane is adjacent to Northpark Center, a mall that draws 27 million visitors annually.

The listed office building was constructed in 1984. Barings completed a renovation last year and recruited two big tenants: **Match.com** (73,000 sf) and **Topgolf** (36,000 sf). Both firms have their headquarters in the 20-story property. Match.com improved its space and helped upgrade the building's garage, which has about 1,700 spaces.

Barings' predecessor, Cornerstone, acquired the building in 2011 from **AREA Property** of New York for \$64.4 million. At the time, **Richards Group** was a major tenant, leasing 147,000 sf as its headquarters. After the ad agency moved out in early 2015, Cornerstone was able to fill the space. ❖

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Vornado Showing Retail Condo in NY

Vornado Realty is offering a fully leased retail condominium on Manhattan's Upper East Side that could attract bids of roughly \$125 million.

The nearly 11,000-square-foot block of space is at the base of an 11-story apartment building at 11 East 68th Street. Vornado apparently is looking to sell because it controls the investment via a maturing fund. **Cushman & Wakefield** has the listing.

The condo is occupied by luxury apparel retailers Belstaff, Rag & Bone and Sonia Rykiel, which subleases its space from Kent & Curwen. The leases carry 3% annual rent bumps and have a weighted average remaining term of seven years.

The building, on the northwest corner of Madison Avenue, traded for \$177 million in 2011, with New York-based Vornado taking the retail space and local developer **Ziel Feldman** getting the apartments, which are rent-regulated. Feldman, operating via **HFZ Capital**, is separately marketing some of those units, along with apartments in other properties. **Eastern Consolidated** has that listing.

The condo encompasses 6,800 sf on the ground floor, with some 100 feet of frontage along Madison Avenue, and 4,000 sf in the basement.

The property is along Madison Avenue's "Gold Coast." Retail rents between East 57th and East 72nd Streets on the corridor are among the highest in Manhattan. The average asking rent last fall was \$1,433, according to the **Real Estate Board of New York**. That was down 11%, from \$1,644, a year earlier. ❖

Rockpoint Circles 2nd Boston Tower

Rockpoint Group has struck a deal to buy the office building at 160 Federal Street in Boston from **Beacon Capital** after a previous agreement with **LaSalle Investment** fell through.

Rockpoint, a Boston fund shop, has agreed to pay about \$190 million for the 366,000-square-foot Landmark Building. That's in line with the price that Chicago-based LaSalle had reached late last year.

At the roughly \$520/sf price tag, Rockpoint's initial annual yield will be 5%. **Eastdil Secured** is brokering the sale for Boston-based Beacon.

Separately, Rockpoint is expected to sign a purchase agreement this week for the adjacent 546,000-sf office building at 100 High Street. The price is \$360 million to \$370 million, or up to \$678/sf. **Newmark Grubb** is brokering the deal for **CBRE Global Investors** of Los Angeles. That transaction was first reported last Friday by **The Real Reporter**.

The two Class-A buildings are connected by a glass atrium. Rockpoint plans to operate them jointly and add shared amenities.

The properties occupy most of the block from Congress Street to Federal Street in the Financial District submarket. Class-A space in the submarket is about 90% occupied.

Beacon acquired 160 Federal in two steps, starting in 2015, from **Taurus Investment** of Boston and **Invesco Real Estate** of Dallas. The transactions valued the building at about \$140 million. Beacon spent some \$10 million on renovations, positioning the building to attract high-end tenants and command higher rents as leases expired. The occupancy rate is 95%. ❖

Clarion Pitches Upgraded Ore. Offices

A **Clarion Partners** joint venture is marketing a repositioned office building in Portland, Ore.

The 176,000-square-foot property, at 1320 Broadway, is expected to attract bids of about \$92 million, or almost \$525/sf. **Eastdil Secured** has the listing.

The nearly fully occupied building, in the Central Business District, was constructed in 1948 and formerly housed **The Oregonian** newspaper. New York-based Clarion and its partner, **Urban Renaissance** of Seattle, acquired the building vacant in 2014 for about \$15 million.

The duo then spent about \$30 million overhauling the oncedodgy building, adding amenities aimed at attracting technology and media firms. In addition to exposed brick, high ceilings and open spaces, the property features bicycle parking, showers and large outdoor terraces.

The property is 97% occupied, with a weighted average remaining lease term of 10 years. The lead tenant, **Amazon.com** subsidiary **Elemental Technologies**, has a lease on 101,000 sf, or 57% of the space, until 2027. **D&H**, a financial technology firm, is occupying 46,000 sf until 2027. And an architectural firm has committed to lease 18,000 sf until 2027.

Portland has emerged as an alternative to Silicon Valley and San Francisco for technology tenants. The average occupancy rate is 91.5%, a full percentage point higher than at yearend 2015, according to **Colliers International**. ❖

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Cap Rates Rose Slightly in 2nd Half

Capitalization rates on stabilized U.S. properties climbed slightly in the second half of last year, as ongoing demand, especially from foreign buyers, limited declines in prices, according to a semi-annual **CBRE** survey.

Across all class levels, the initial annual yield rose by 2 bp from the first half (to 6.63%) on downtown offices and by 11 bp (to 7.76%) on suburban offices. In the retail sector, the increase ranged from 13 bp (to 4.37%) on luxury space to 18 bp on neighborhood/community centers (to 7.12%) and power centers (to 7.54%). For apartment buildings, the yield rose 6 bp (to 5.32%) in urban areas and by 7 bp (to 5.74%) in suburbs. The average increase for hotels ranged from 5 bp (to 8.44%) in suburbs to 6 bp (to 7.91%) downtown. The industrial sector was the most stable, with an increase of just 1 bp (to 6.73%).

“The takeaway is modest expansion of cap rates, limited by strong capital flows,” said **Spencer Levy**, CBRE’s head of research for the Americas. He added that the industrial sector benefited from expectations that it will have stronger rent growth than other asset classes.

The brokerage’s survey, which will be released in a few weeks, breaks down cap rates by property type, class and location. For the most part, cap rates rose more on suburban properties than on urban ones, and more on Class-B and -C properties than on Class-A ones.

Of the 41 categories of property types and asset quality tracked by CBRE tracks, just three posted cap-rate declines: suburban economy hotels (down 1 bp, to 9.58%), Class-B suburban offices (down 1 bp, to 6.84%) and Class-B industrial properties (down 7 bp, to 6.52%). ❖

Value-Added Office Fund in Works

CapRidge Partners, an Austin investment manager, is soliciting \$250 million of equity for its third and largest office fund.

CapRidge Partners Value Fund 3 would shoot for value-added returns by acquiring office buildings in “growth” markets — 12 metropolitan areas with young, educated workforces and good prospects for leasing demand and job growth, including Austin, Dallas, Houston, Phoenix and Raleigh.

CapRidge targets underperforming buildings in strong locations. The rents at properties acquired by the firm have averaged 12% below local asking rates, according to marketing materials.

With leverage, the vehicle would have some \$625 million of buying power. Individual investments would range from \$25 million to \$75 million, including capital improvements.

CapRidge isn’t using a placement agent for now, but may hire one after the initial equity close, projected for this quarter.

The company was founded in 2012 by **Tom Stacy** and **Steve LeBlanc**. Stacy is a veteran Central Texas investor who has run local firms and long chaired the Downtown Austin Alliance. LeBlanc is a former senior managing director of private markets for **Texas Teachers**, where he oversaw real assets, including real estate.

CapRidge’s first fund held a final close in 2011 and bought some \$34 million of properties. The second fund closed in 2014

and has nearly fully invested its \$104.3 million of equity

The new fund charges a 1.5% management fee. After investors get an 8% preferred return, the manager gets half of the profits until it has amassed 20% of cumulative distributions. CapRidge is then entitled to 20% of profits. ❖

Turner Mapping Healthcare Fund

Turner Impact Capital is seeking to raise \$225 million of equity for a core-plus fund that would develop healthcare facilities.

The strategy is to construct “community-serving, preventative” healthcare properties, according to the pitch to investors. The vehicle, Turner Health Care Facilities Fund, would have some \$750 million of investment capacity, including leverage.

The Santa Monica, Calif., investment manager was formed in 2013 by veteran investor **Bobby Turner**. Last year, the firm completed marketing two other funds — the \$315 million Turner Agassi Charter School Facilities Fund 2 and the \$265 million Turner Multifamily Impact Fund. Both are shooting for 10-12% returns.

Investors in the charter-school series include the **Ewing Marion Kauffman Foundation**, **Prudential**, **Skillman Foundation**, **University of Michigan Endowment** and **W.K. Kellogg Foundation**, according to **Preqin**.

Bobby Turner previously was chief executive of Los Angeles fund shop **Canyon Capital Realty**, which he co-founded. Several other Canyon executives also moved over to his new firm, including **Daniel Millman**, who was named chief operating officer, general counsel **Bari Sherman** and acquisitions veteran **Gee Kim**. ❖

Net-Leased Offices Listed Near Dallas

A **CenterSquare Investment** partnership is marketing a suburban Dallas office building that’s fully leased to insurer **Geico** until 2028.

The 229,000-square-foot property, in Richardson, Texas, could attract bids of \$55 million, or \$239/sf. At that projected price, the capitalization rate would be 5.8%. **CBRE** is advising CenterSquare, of Plymouth Meeting, Pa., and its partner, **Foundry Commercial** of Orlando.

The offering encompasses a 20-acre site with the two-story building, a one-story garage with 413 spaces and a 947-space parking lot. The property, at 2280 North Greenville Avenue, was constructed from 1994 to 1997. A \$3.1 million renovation was completed in 2015 to make the property suitable for **Geico’s** regional office. The insurer then relocated that office from Dallas, where it had been since 1986.

Geico’s triple-net lease will produce \$41.1 million of net operating income over the remaining term, factoring in annual rent bumps. Geico has two renewal options, each for five years, but doesn’t have a termination option. The **Berkshire Hathaway** subsidiary is rated Aa3/AA by **Moody’s** and **S&P**.

The property is in the 19.8 million-sf Richardson submarket, where the Class-A occupancy rate increased 5.5 percentage points last year, to 84.7%. The Class-A asking rent averages \$24.85/sf plus the cost of electricity. ❖

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RANKINGS

Hotel Sales Down 22% From Record Year; Eastdil Retains Crown

Large hotel sales dropped by 21.6% last year amid concerns about the economy and a maturing market, but industry pros see signs of a rebound.

A total of \$21.7 billion of hotels traded last year, down from the all-time high of \$27.7 billion in 2015, according to **Real Estate Alert's** Deal Database, which tracks transactions of \$25 million and up. **Eastdil Secured** continued its reign as the most-active broker.

Despite the decline, it was still the second busiest year on record for hotel sales. The year's total was boosted by **Anbang Insurance's** \$5.5 billion acquisition of most of the **Strategic Hotels & Resorts** portfolio from **Blackstone** in an off-market deal that accounted for 25% of all hotel sales. The volume figure for 2016 would have been substantially higher if it included **Starwood Capital's** sale of a stake in a \$2 billion portfolio of select-service hotels to **China Life** and partners in an unbrokered deal. That transaction wasn't included because the price and the size of the stake haven't been disclosed.

Hotel Sales

	Amount (\$Bil.)	No. of Hotels
2007	\$20.5	422
2008	6.8	120
2009	1.2	23
2010	7.4	127
2011	14.1	316
2012	11.1	157
2013	15.3	209
2014	21.6	517
2015	27.7	518
2016	21.7	228

The volume handled by brokers, meanwhile, plummeted by 43%. The five biggest brokers in the sector maintained their positions from the 2015 ranking, but market shares shifted as the top three all saw their sales drop by half or more.

Eastdil's sales were down 57%, to \$4.3 billion. The perennial leader's market share declined to 30.9%, from 40.9% the previous year. **JLL** saw its volume plunge 51%, to \$3.3 billion, pushing its market share down to 23.6% from 27.7%. **Hodges Ward Elliott** logged a 52% decline in sales to \$2.1 billion, giving it 15.2% of the brokered business, down from 18.2%.

Fourth-place **HFF's** volume was also down, but only by 1.6%, so its market share rose to 9.1% from 5.3%. And **CBRE** bucked the trend with a 29% increase in sales, to \$1.1 billion, good for an 8.3% share, up from 3.6%.

To be sure, it was unlikely that 2016 sales could match the previous year's record pace, which was fueled by multiple

See HOTEL on Page 11

Top Brokers of Hotels in 2016

Brokers representing sellers in deals of at least \$25 million

	2016 Amount (\$Mil.)	No. of Hotels	Market Share (%)	2015 Amount (\$Mil.)	No. of Hotels	Market Share (%)	'15-'16 % Chg.
1 Eastdil Secured	\$4,277.5	42	30.9	\$9,940.9	145	40.9	-57.0
2 JLL	3,273.1	43	23.6	6,736.1	205	27.7	-51.4
3 Hodges Ward Elliott	2,113.4	27	15.2	4,417.0	57	18.2	-52.2
4 HFF	1,258.5	25	9.1	1,279.4	25	5.3	-1.6
5 CBRE	1,146.3	19	8.3	884.4	19	3.6	29.6
6 Cushman & Wakefield*	698.6	14	5.0	44.0	1	0.2	1,487.7
Cushman & Wakefield (pre-merger)			0.0	28.0	1	0.1	
7 Robert Douglas	496.3	7	3.6	53.3	1	0.2	831.1
8 Savills Studley	134.8	3	1.0	57.0	1	0.2	136.5
9 HREC Investment	98.6	2	0.7	58.0	2	0.2	70.0
10 Plasencia Group	80.5	1	0.6	110.0	3	0.5	-26.8
11 Mahoney Commercial	80.0	1	0.6	0.0	0	0.0	
12 Marcus & Millichap	58.2	1	0.4	0.0	0	0.0	
13 Hunter Hotel Advisors	50.8	2	0.4	270.4	17	1.1	-81.2
14 Colliers International	38.5	1	0.3	60.2	2	0.2	-36.0
15 Paramount Lodging	33.5	1	0.2	70.0	1	0.3	-52.1
16 Newmark Grubb	25.6	1	0.2	66.4	2	0.3	-61.4
OTHERS	0.0	0	0.0	249.9	6	1.0	
Brokered Total	13,864.1	183	100.0	24,325.0	484	100.0	-43.0
No Broker	7,825.8	45		3,335.9	34		134.6
TOTAL	21,689.9	228		27,660.9	518		-21.6

* DTZ acquired Cushman and assumed its name on Sept. 1, 2015. The \$44 million figure for 2015 is the total for DTZ and post-merger Cushman.

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January 2017



**Cerberus Institutional
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Cerberus Institutional Real Estate Partners IV, L.P. will opportunistically target investments globally in distressed debt securities and assets, special situations, direct equity, mortgage loans and bridge financings, mezzanine debt and preferred equity.

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RANKINGS

Large Hotel Transactions in 2016

Individual Properties

	Property	Units	Buyer	Seller	Broker	Price (\$Mil.)
1	Hyatt Regency Waikiki Beach, Honolulu	1,230	Mirae Asset Mgmt.	Blackstone	Eastdil Secured	\$780.0
2	LondonHouse, Chicago	452	Union Investment	Oxford Capital	(None)	315.0
3	Washington Hilton	1,070	Oaktree Capital, partner	Lowe Enterprises, partner	Eastdil Secured	305.5
4	Ritz-Carlton San Francisco	336	Carey Watermark	Thayer Hotel Lodging	Hodges Ward Elliott	290.0
5	Thompson Miami Beach	380	Hyatt Hotels	Geolo Capital	JLL	229.4
6	Affinia Manhattan NYC	618	Highgate Holdings, partners	Pebblebrook Hotel	Eastdil, Hodges	217.5
7	Andaz Fifth Avenue, New York	184	TAK Development	Hyatt Hotels	(None)	215.2
8	Courtyard by Marriott WTC, New York	317	Union Investment	Hidrock Properties, partner	Eastdil Secured	206.2
9	Sheraton Fisherman's Wharf, San Francisco	531	Pyramid Hotel	Blackstone	JLL	200.0
10	Villagio Inn/Vintage Inn, Yountville, Calif.	192	Brookfield Asset Mgmt.	Egan and Ghilotti families	CBRE	197.0
11	Seattle Marriott Bellevue, Bellevue, Wash.	379	Carey Watermark	HEI Hotels & Resorts	Hodges Ward Elliott	179.0
12	St. Regis San Francisco	260	Qatar Investment Authority	Marriott International	JLL	175.0
13	Ritz-Carlton Kapalua, Lahaina, Hawaii	463	Square Mile, partners	Woodridge, Colony Capital	Eastdil Secured	173.0
14	Holiday Inn SoHo, New York	221	Commerz Real Estate	RFR Holding	(None)	170.0
15	Hilton Garment District, New York	293	Alduwaliya Asset Mgmt.	Rockwood Capital, partners	Eastdil Secured	169.0
16	Hyatt Regency Pier 66, Fort Lauderdale, Fla.	380	Tavistock Development	Blackstone	CBRE	165.0
16	Indianapolis Marriott Downtown	622	White Lodging, REI	LaSalle Hotel Properties	JLL	165.0
18	Sheraton Tribeca New York	369	Ascott Residence	Magna Hospitality, Greenfield	Eastdil Secured	158.0
19	San Jose Marriott Downtown	510	Carey Watermark	CBRE Global Investors	Hodges Ward Elliott	154.0
20	Holiday Inn Midtown 57th Street, New York	596	Woodridge Capital	Jaseme Associates	Eastdil Secured	148.8

Portfolios

	Property	Units	Buyer	Seller	Broker	Price (\$Mil.)
1	15 hotels	6,814	Anbang Insurance	Blackstone	(None)	\$5,500.0
2	Four Club Quarters hotels	1,228	Blackstone	Masterworks Development	JLL	408.0
3	Seven Manhattan hotels (70% stake)	1,087	Cindat Capital	Hersha Hospitality	Cushman & Wakefield	400.0
4	Two Manhattan Hilton hotels	578	(Unidentified)	RLJ Lodging	(None)	286.0
5	Four Manhattan hotels (49% stake)	917	Denihan Hospitality	Pebblebrook Hotel	Eastdil, Hodges	232.8
6	Two Manhattan hotels (51% stake)	870	Pebblebrook Hotel	Denihan Hospitality	RobertDouglas	176.0
7	Two Manhattan Club Quarters hotels	397	McSam Hotel	Rockwood Capital	JLL	155.0
8	Five select-service hotels	1,396	Noble Investment	Ashford Hospitality	JLL	142.0
9	Two Alexandria, Va., hotels	286	Alliance Bernstein, Fulcrum	Clarion Partners	HFF	109.7
10	Two hotels	386	Summit Hotel Properties	Noble Investment	JLL	109.0

RANKINGS

Hotel ... From Page 8

blockbuster sales, including Anbang's \$2 billion acquisition of the Waldorf Astoria New York. "2015 was a year of record liquidity, the highest since 2007," said **Arthur Adler**, managing director and chief executive of the Americas at JLL. "History shows that a repeat of that level of transaction volume was unlikely."

But market pros also pointed to a dip in investor confidence that carried over from late 2015. Buyers were concerned about whether the market cycle was reaching its peak and about slowing growth in hotel revenue. "Investors buy hotels when they can underwrite improved performance through a combination of sound fundamentals and aggressive asset or property management," said **Lawrence Wolfe**, a senior managing director at Eastdil. "A year ago the risks of a recession were more pronounced, negatively impacting how investors underwrote investments."

Revenue per room increased 3.2% nationally last year, according to **STR** — down from 6.2% in 2015 and 8.2% in 2014. A projection by STR and **Tourism Economics** forecasts 2.5% growth this year and 2.6% in 2018.

The slowdown in growth factored into potential buyers' calculations, driving valuations down to the point that sellers were less willing to transact. That stifled activity, particularly in major markets where prices had risen rapidly in prior years — such as New York, where sales fell 42% last year to \$3.8 billion from 2015's astronomical \$6.6 billion.

Meanwhile, lending tightened up in the first half amid volatility in financial markets. Hotel REITs, hit by falling stock prices, curtailed buying. And sales of large select-service hotel portfolios — a big driver of volume in the previous couple of years — slowed dramatically because some of the biggest buyers were "full up digesting those acquisitions and were no longer seeking similar portfolios," noted Adler of JLL.

But investors and brokers alike say a shift toward greater confidence began in the second half and accelerated following the election of **President Donald Trump** and the subsequent stock market rally. The perception is that a less-regulated business environment, tax cuts and increases in infrastructure spending could all boost the economy, and the hotel industry.

"Regardless of anyone's political views, it seems clear that there is some optimism around the potential new policies that could lead to more volume," said **Eric Hassberger**, chief operating officer at **AJ Capital** in Chicago.

"There's a much better outlook on the economy," said **Monty Bennett**, founder and chairman of **Ashford Group**, which includes publicly traded REITs. "Increased business confidence would boost travel and group bookings and give revenues a lift," he said.

Other positive signs: REITs began to step up acquisitions

again in the second half, a trend that's expected to continue this year and help widen the buyer pool. And lending conditions for hotels became more favorable again.

In addition, it appears that buyers and sellers have come closer on valuations. "Owners have a full understanding where pricing is, and there will be more liquidity and more capital in the market, resulting in an increased flow of assets coming to market and strong transaction activity," Adler said.

That sets the tone for volume this year to match or slightly exceed 2016's total. "Entering this year, the outlook is more upbeat, and we expect positive capital flows into lodging from both domestic and international sources," Wolfe of Eastdil said.

The rankings are based on hotel transactions that closed last year and involved full or partial stakes valued at \$25 million or more. When multiple brokers shared a listing, the dollar credit was divided evenly, but each broker was credited with one transaction. Only brokers for sellers were given credit. Portfolio transactions were included if the overall price was at least \$200 million or if at least one hotel in the portfolio had a value of at least \$25 million. ❖

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RANKINGS

Top Retail Brokers in 2016

Brokers representing sellers in deals of at least \$25 million

	2016 Amount (\$Mil.)	No. of Properties	Market Share (%)	2015 Amount (\$Mil.)	No. of Properties	Market Share (%)	'15-'16 % Chg.
1 Eastdil Secured	\$8,023.4	274	31.0	\$9,193.2	114	36.4	-12.7
2 HFF	4,996.2	73	19.3	3,548.6	154	14.0	40.8
3 CBRE	3,925.9	78	15.2	4,508.7	111	17.8	-12.9
4 JLL	2,322.5	22	9.0	574.3	9	2.3	304.4
5 Newmark Grubb	979.2	23	3.8	70.8	2	0.3	1,283.1
6 RBC Capital	950.0	50	3.7	0.0	0	0.0	
6 Morgan Stanley Real Estate	950.0	50	3.7	0.0	0	0.0	
8 Cushman & Wakefield*	841.8	17	3.3	1,236.6	15	4.9	-31.9
Cushman & Wakefield (pre-merger)				1,034.8	15	4.1	
9 Savills Studley	685.5	9	2.7	710.1	11	2.8	-3.5
10 Colliers International	423.2	12	1.6	727.0	18	2.9	-41.8
11 Mid-America Real Estate	330.7	9	1.3	248.2	4	1.0	33.2
12 Eastern Consolidated	243.9	4	0.9	72.0	2	0.3	238.8
13 Meridian Capital	118.0	2	0.5	0.0	0	0.0	
14 Capital Pacific	101.0	1	0.4	0.0	0	0.0	
15 Marcus & Millichap	99.8	3	0.4	152.3	4	0.6	-34.5
16 Kennedy Wilson	86.0	2	0.3	0.0	0	0.0	
17 Faris Lee	81.7	2	0.3	126.4	3	0.5	-35.4
18 Hanley Investment	72.5	1	0.3	0.0	0	0.0	
19 Lee & Associates	69.3	1	0.3	97.6	3	0.4	-29.0
20 Transwestern	67.0	1	0.3	100.8	3	0.4	-33.5
21 Greysteel	62.1	2	0.2	31.7	1	0.1	95.9
22 Chariff Realty	59.8	1	0.2	0.0	0	0.0	
23 Westcord	40.5	1	0.2	0.0	0	0.0	
24 Phoenix Commercial	36.8	1	0.1	0.0	0	0.0	
25 Berkeley Capital	36.6	1	0.1	28.9	1	0.1	26.6
26 Stan Johnson Co.	36.4	1	0.1	87.5	2	0.3	-58.4
27 James Lloyd & Associates	34.8	1	0.1	0.0	0	0.0	
28 Quantum Real Estate	30.2	1	0.1	0.0	0	0.0	
29 Berger Commercial Realty	27.0	1	0.1	0.0	0	0.0	
30 Whitehall Realty	26.8	1	0.1	0.0	0	0.0	
30 Metro 1 Commercial	26.8	1	0.1	0.0	0	0.0	
32 Aztec Group	26.1	1	0.1	0.0	0	0.0	
33 BlueGate Partners	25.7	1	0.1	44.8	1	0.2	-42.6
34 TKG	25.5	1	0.1	0.0	0	0.0	
OTHERS	0.0	0	0.0	2,680.3	39	10.6	-100.0
Brokered Total	25,862.6	593	100.0	25,274.5	510	100.0	2.3
No Broker	5,828.7	81		9,533.7	120		-38.9
TOTAL	31,691.3	674		34,808.2	630		-9.0

* DTZ acquired Cushman and assumed its name on Sept. 1, 2015. The \$1.2 billion figure for 2015 is the total for DTZ and post-merger Cushman.

RANKINGS

Retail ... From Page 1

optimistic about its long-term prospects.

Macro-economic factors weighed on the retail sector: rising interest rates, tightening credit, concerns the market cycle may be close to its peak, fluctuations in financial markets and uncertainty on tax and economic policy under **President Donald Trump**. The retail sector also faces its own specific headwinds, including the continuing rise of e-commerce, sluggish fundamentals, store closings and the growing obsolescence of Class-B and -C malls.

“We are well into this cycle. I wouldn’t be surprised by some correction,” said **Steven Miller**, co-founder of **Viking Partners**, a Cincinnati fund shop. His firm focuses on necessity-based properties that are more insulated from disruption. But, he added, “It is just a very fast-moving,

Retail-Property Sales

	Total (\$Bil.)	No. of Prop.
2007	\$27.3	1054
2008	8.9	389
2009	5.4	201
2010	9.5	263
2011	15.7	339
2012	23.3	352
2013	23.2	493
2014	31.4	739
2015	34.8	630
2016	31.7	674

dynamic market. The way that could change retail is frankly frightening.”

Unlike sales of office properties, which dipped in last year’s first half but rebounded in the second, retail sales dropped further in the last six months. The fourth quarter was the slowest since 2011.

Some deals fell apart in the second half because of pricing confusion. “You saw a lot of roadkill on the highway,” said one retail brokerage veteran. “A lot of people went into the market with lofty expectations and didn’t know where the market was.”

Some buyers had trouble getting financing, especially for value-added properties in lesser markets. Meanwhile, rising interest rates increased borrowing costs.

“It was a challenging period for leveraged buyers,” said **Susan Overton**, a managing director at San Francisco fund shop

Merlone Geier Partners. “Several opportunities rebounded our way because the previous group couldn’t get the financing they expected. Rumored or announced anchor closures, coupled with increasing uncertainty in the commercial MBS market, caused a real pricing dislocation between both buyers and sellers and buyers and lenders. It was an opportunity for all-cash firms like us.”

Meanwhile, the buyer pool shrank. Miller, of Viking Partners, noted that nontraded REITs, huge retail-property buyers in recent years, have pulled back sharply because their fund-raising efforts have been curtailed by new regulations.

The bright spots last year: core properties in major markets, especially trophy malls and grocery-anchored centers. Those continued to see intense demand from investors, keeping capitalization rates low. Indeed, 11% of last year’s total volume came via three Las Vegas mall trades.

By contrast, the investor pullback from value-added properties and lesser markets accelerated as the year went on — and continued into January, market pros said.

“I think people are getting more and more skittish on B-quality product,” said **Sam Judd**, co-founder and chief

See **RETAIL** on Page 15

Retail Sales by Region in 2016

	2016		2015		Top Broker
	Amount (\$Mil.)	No. of Prop.	Amount (\$Mil.)	No. of Prop.	
1 Southwest	\$5,862.8	35	\$2,378.6	31	HFF
2 California	4,887.6	91	6,007.7	80	Eastdil Secured
3 Northeast	4,460.3	83	7,768.1	95	HFF
4 Southeast	4,067.0	73	4,294.3	77	Eastdil Secured
5 Midwest	3,435.3	81	2,995.9	49	Eastdil Secured
6 South	2,820.5	47	2,291.3	41	HFF
7 Mid-Atlantic	2,288.8	43	2,170.0	38	CBRE
8 Northwest	1,177.8	44	3,622.5	22	Eastdil Secured
(Multi-state)	2,691.2	177	3,279.7	197	Morgan Stanley/RBC
TOTAL	31,691.3	674	34,808.2	630	



RANKINGS

Large Retail-Property Sales in 2016

Individual Properties

	Property	SF-000	Buyer	Seller	Broker	Price (\$Mil.)
1	Fashion Show, Las Vegas (50% stake)	1,900	TIAA	General Growth Properties	(None)	\$1,250.0
2	Shops at Crystal Mall, Las Vegas	324	Simon Property	MGM Resorts International	JLL	1,100.0
3	Miracle Mile Shops, Las Vegas	494	Calpers, Miller Capital	Tristar Capital, RFR Holding	HFF	1,080.0
4	Country Club Plaza, Kansas City, Mo.	1,305	Taubman, Macerich	Highwoods Properties	Eastdil Secured	660.0
5	River Oaks District, Houston (98% stake)	652	J.P. Morgan Asset Mgmt.	OliverMcMillan	HFF	536.3
6	Avalon Phase One, Alpharetta, Ga.	1,111	PGIM Real Estate	North American Properties	Eastdil Secured	495.0
7	432 Park Avenue, New York	75	Macklowe, QInvest	CIM Group	(None)	411.1
8	Market Common at Clarendon, Arlington, Va.	400	Regency, AvalonBay	TIAA	CBRE	406.0
9	Palms at Town and Country, Kendall, Fla.	665	Weingarten Realty	TIAA	HFF	284.2
10	Arrowhead, Glendale, Ariz. (40% stake)	541	GIC	Macerich	Eastdil Secured	282.0
11	Virginia Gateway, Gainesville, Va.	567	Trammell Crow	Peterson Cos.	CBRE	259.6
12	Burbank Town Center, Burbank, Calif.	1,200	Cypress Equities	Crown Realty & Development	Eastdil Secured	250.0
13	Mira Mesa Marketplace, San Diego	396	Stockbridge Capital	DSB Properties	Savills Studley	229.0
14	Eastridge Mall, San Jose	786	Pacific Retail, Silverpeak	General Growth Properties	(None)	225.0
15	Shops at University Station, Westwood, Mass.	398	American Realty Advisors	New England Devel., partners	Newmark Grubb	211.6
16	One Colorado, Pasadena, Calif.	261	Blackstone	Trident Capital	(None)	201.0
17	Shops at Canal Place, New Orleans	217	O'Connor Capital	Berger Co.	Eastdil Secured	199.1
18	Legends Outlets, Kansas City, Kan.	737	Walton Street, Legacy	KKR	Eastdil Secured	193.5
19	Triangle Town Ctr., Raleigh (90% stake)	1,400	DRA Advisors	Richard E. Jacobs, CBL	(None)	174.0
20	422 Fulton Street, Brooklyn	378	Tishman Speyer	Macy's	CBRE	170.0
21	Clayton Lane, Denver	182	Invesco, OliverMcMillan	AmCap	HFF	169.9
22	Quaker Bridge, Lawrence Twp., N.J. (50% st.)	509	Simon Property	Deutsche Asset Mgmt.	Eastdil Secured	168.8
23	Cabin John Shopping Center, Potomac, Md.	214	Edens	Carl M. Freeman Cos.	Eastdil Secured	165.0
24	Gulf Coast Town Center, Fort Myers, Fla.	991	Davidson Kempner	C-III Asset Management	(None)	154.4
25	Sullivan Center (condo), Chicago	176	Acadia Realty	KKR, Madison Capital	(None)	146.9
26	Riverchase Galleria, Hoover, Ala. (50% st.)	1,500	General Growth	Jim Wilson Associates	Eastdil Secured	143.2
27	799 Market Street, San Francisco	145	ASB Real Estate	Jamestown Properties	Eastdil Secured	141.3
28	555 Ninth Street, San Francisco	149	Acadia Realty	SPI Holdings	Eastdil Secured	140.6
29	490 Broadway, New York	42	Ponte Gadea	Broadway Landmark	Eastdil Secured	140.0
29	Pacific City, Huntington Bch., Calif. (70% st.)	191	TIAA	DJM Capital	Eastdil Secured	140.0

Portfolios

	Property	SF-000	Buyer	Seller	Broker	Price (\$Mil.)
1	50 retail centers	9,839	Blackstone	RioCan REIT	Morgan Stanley, RBC	\$1,900.0
2	Three malls (49% stake)	2,097	Heitman	Macerich	Eastdil Secured	769.2
3	55 retail centers (45% stake)	6,980	CBRE Global Investors	Merlone Geier	Eastdil Secured	694.4
4	27 Mills Fleet Farm stores (sale-leaseback)	5,945	Davidson Kempner	KKR	Eastdil Secured	490.0
5	16 retail centers in Upstate New York	4,922	DLC, DRA Advisors	DDR	HFF	390.0
6	120 7-Eleven stores (sale-leaseback)	356	Realty Income	7-Eleven	Eastdil Secured	351.6
7	11 retail centers	552	Clarion Partners	Loja Real Estate	Eastdil Secured	218.8
8	Three malls	2,733	Pacific Retail Capital	Simon Property, Farallon	(None)	200.0
9	Four retail centers (85% stake)	628	Kimco Realty	GE Pension	(None)	170.7
10	11 retail centers	1,261	Armada Hoffer	DDR, TIAA	HFF	170.5

RANKINGS

Retail ... From Page 13

investment officer at Charlotte-based **Asana Partners**. “People are acting a little bit more cautiously this year.”

Sales of malls plummeted 34% to \$6.4 billion last year, down from a record \$9.6 billion in 2015 — with the three Las Vegas deals accounting for more than half the total. Lower quality malls have been particularly susceptible to the shift of shoppers toward e-commerce.

Meanwhile, all other retail property sales totaled \$25.3 billion, a hair over the previous year’s \$25.2 billion.

Many market pros said there are positive factors that could fuel activity in the year ahead. Even with their recent rise, interest rates are still historically low and are expected to remain so for 12-18 months. Buyers and sellers may seek to strike deals before rates go up further, spurring activity.

Moreover, expected tax cuts under the Trump administration could spur spending, helping to offset some of the headwinds for retail properties. Some e-commerce players, like **Amazon.com**, are experimenting with opening bricks-and-mortar stores. And a lack of construction continues to help prop up the leasing market.

Chris Hoffmann, a senior member of Eastdil’s retail team, said his firm has had brisk activity since the election. He and other pros said that amid the uncertainty, value-added investors can gain an advantage — for example, by repositioning properties to meet consumer demand that visits to retail centers offer a mix of shopping, dining and entertainment venues that provide “an experience.”

“For whatever reason, most people don’t see it, but retail is in the midst of a really interesting reinvention,” Hoffmann said. “Those who see the opportunity as opposed to the fear are making deals. The risk-takers are showing up because they see the opportunity. As for getting deals done, our view is that sellers need candid and actionable advice more than ever. There is no lack of liquidity, but there is lack of clarity.”

He said predicting market volume for this year is tougher than for any year he can remember, but added, “I am really optimistic about 2017.”

Eastdil captured the 2016 brokerage crown with \$8 billion of retail property sales. It did so in its typical fashion, by handling half of the year’s biggest deals. But its volume fell 13%, reducing its share of brokered trades to 31% from 36.4% the previous year.

Meanwhile, HFF climbed to second place from third in 2015 with \$5 billion of sales, up \$1.4 billion, or 41%. Two blockbuster trades accounted for the increase: Miracle Mile Shops in Las Vegas (\$1.1 billion) and River Oaks District in Houston (\$536.3 million). HFF’s market share jumped to 19.3%, from 14%.

CBRE’s volume dropped 13% as it fell one notch to third place. It brokered \$3.9 billion of sales for a 15.2% market share. **JLL**, after slumping in 2015, quadrupled its sales to \$2.3 billion to finish fourth with a 9% share. Nearly half of JLL’s total came via the \$1.1 billion sale of the Shops at Crystal Mall in Las Vegas.

Newmark Grubb, which has been expanding rapidly, showed

the most dramatic improvement. Its volume soared to \$979.2 million, from \$70.8 million in 2015, propelling it to fifth place. Its retail platform is led by executive managing directors **Geoffrey Millerd** and **Pete Bethea**, who each defected from **Cushman & Wakefield** in 2015.

Cushman dropped out of the top five, to 8th place. **DTZ** acquired Cushman in September 2015 and assumed its name. Compared with the two firms’ combined 2015 tally, Cushman’s sales last year were down 63%, at \$841.8 million.

RBC Capital and **Morgan Stanley Real Estate** finished ahead of Cushman, tying for sixth place by sharing a single assignment. In that deal, the sector’s biggest of the year, **Blackstone** paid **RioCan REIT** \$1.9 billion for a 9.8 million-square-foot shopping-center portfolio as the Canadian REIT exited the U.S. shopping-center market. That sale alone accounted for nearly one-fourth of the sales volume in the fourth quarter.

The rankings are based on retail transactions that closed last year and involved full or partial stakes valued at \$25 million or more. When multiple brokers shared a listing, the dollar credit was divided evenly, but each broker was credited with one transaction. Only brokers for sellers were given credit. Portfolio transactions were included if the overall price was at least \$200 million or if at least one property in the portfolio had a value of at least \$25 million. ❖

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State Farm Marketing Offices in NJ

State Farm Insurance is offering a core-plus office building in Northern New Jersey.

The 400,000-square-foot property, at 300 Kimball Drive in Parsippany, is expected to attract bids of \$205/sf, or \$82 million. **HFF** is representing State Farm, which is being advised by Dallas-based **Transwestern Investment**.

The pitch is that a buyer could improve its return by raising the 80% occupancy rate.

State Farm once fully occupied the property, but now is just one of a number of tenants that include **Factory Mutual Insurance**, **Fiserv** and **Langan Engineering**. The weighted average remaining lease term is slightly more than nine years, with just 12% of the occupied space scheduled to roll over within five years, according to marketing materials.

The five-story building was constructed in 2001 and overhauled in 2013. Its amenities include a new 3,000-sf fitness center and a recently renovated cafeteria. Other recent upgrades include floor-to-ceiling windows at the entrance, a new reception desk and marble floors around the elevator bays in the two-story lobby.

The nine-acre property has a 991-space garage and a parking lot with 636 spaces. The building has a LEED silver designation.

The site is about 30 miles west of Midtown Manhattan, near the intersection of Interstates 287 and 80 within the Center of Morris County business park. ❖

Apartment Specialist Raising Equity

Apartment-property buyer **Pathfinder Partners** is assembling a fund that would raise and deploy its equity in short order.

The San Diego firm is seeking \$50 million for Pathfinder 2017 Multifamily Opportunity Fund, with the aim of holding a final close no later than June. With leverage, it would spend about \$150 million for 6-8 core-plus apartment properties.

Pathfinder is aiming to complete the purchases by yearend. The properties would be in what the firm calls mid-tier metropolitan areas in the Western U.S., including Denver, Las Vegas, Phoenix and Portland, Ore.

The fund's equity goal is in line with the sizes of Pathfinder's previous vehicles. The predecessor fund, Pathfinder Partners Opportunity Fund 5, held a final close last year with \$87 million of equity. It has deployed almost all of that capital, purchasing a mix of multi-family properties, single-family homes and land.

Pathfinder's marketing materials highlight a 20% return across 60 property sales for its previous funds. Those vehicles, six in all, were launched from 2010 to 2016.

The new fund would charge a 2% management fee and a 1% acquisition fee. There is a preferred return of 9% for investors on board for an initial close and 8% for subsequent limited partners, with an unspecified catch-up provision kicking in after that. Once Pathfinder amasses 25% of cumulative distributions, it is entitled to 25% of additional profits.

Pathfinder was founded in 2006 by senior managing directors **Lorne Polger** and **Mitch Siegler**. Polger previously spent more than 20 years as a commercial real estate lawyer, most recently at **Procopio Cory**. Siegler spent the previous 14 years as chief executive at a string of companies, preceded by a stint at investment-banking firm **Sorrento Associates**. ❖

Mile ... From Page 1

rent roll includes **Cintas**, **Coca-Cola**, **Consolidated Container**, **Johnson Controls**, **Staples** and **United Technologies**. No tenant leases more than 6% of the space.

Leasing demand is on the rise for "last mile" warehouses: relatively small distribution properties near population centers that can enable speedy — even same-day — delivery. Most of the listed warehouses encompass less than 150,000 sf. All are less than two miles from major highways.

E-commerce sales have grown 15% annually on average since 2010, fueling industrial demand. For example, on Sept. 30, year-over-year rents were up 7.5% on warehouses, compared to 3.9% for offices and 3.2% for retail space, according to marketing materials.

The marketing campaign is also emphasizing that three-quarters of the space is in the handful of markets where e-commerce leader **Amazon.com** has launched same-day delivery.

Because land is scarce and restrictions on development are tight, the potential for construction in such areas is limited. Only 21% of the total industrial space under construction in the U.S. involves properties of less than 250,000 sf.

Investors have been told the portfolio's net operating income is projected to rise 35% over the next decade, based on the assumption that strong leasing demand will fuel rent growth.

The portfolio encompasses:

- 20 Atlanta-area warehouses, nearly all (2 million sf) in Austell, Ga. Occupancy rate: 96%. Weighted average remaining lease term: 4.8 years.
- 17 Chicago-area warehouses, spread across 11 towns. Occupancy: 93%. Remaining term: 4.2 years.
- Seven warehouses in Houston's Southeast submarket. Occupancy: 100%. Remaining term: five years.
- Six warehouses in the Dallas area — three (totaling 180,000 sf) in Allen, Texas, two (totaling 302,000 sf) in Grand Prairie, Texas, and a 131,000-sf warehouse in Dallas. Occupancy: 95%. Remaining term: 2.8 years.
- Three warehouses in the Harrisburg area — two (totaling 378,000 sf) in Mechanicsburg, Pa., and a 186,000-sf building in Middletown, Pa. Occupancy: 100%. Remaining term: 3.1 years.
- Two warehouses in Orlando. Occupancy: 64%. Remaining term: 3.5 years ❖

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Rockwood Offering Hilton Near LA

A **Rockwood Capital** joint venture has teed up a Hilton hotel in a suburb of Los Angeles.

The 351-room Hilton Los Angeles North/Glendale, in Glendale, Calif., is valued at roughly \$88 million, or \$250,000/room. It's being offered unencumbered by brand or management contracts, but subject to a franchise agreement until 2029 with **Hilton Hotels & Resorts** of McLean, Va. **Eastdil Secured** is representing New York-based Rockwood and its partner, **HEI Hotels & Resorts** of Norwalk, Conn.

The 19-story hotel was completed in 1992. The Rockwood team acquired it in 2014 from **Blackstone** for \$51.6 million and completed a \$10 million renovation last year that updated guest rooms, reconfigured the lobby and improved the event space, restaurant and lounge.

On average, revenue per room has increased 9% annually since 2013, pushing the net operating income up 150%, according to marketing materials. Now that the renovation is complete, the investment strategy is to step up marketing in order to increase occupancy and room rates.

The hotel, at 100 West Glenoaks Boulevard, is in the Pasadena/Glendale/Burbank market, which had an 83% average occupancy rate last year, up from 81.4% in 2015, according to **STR**. Room rates averaged \$165.50, up almost 13%. That pushed up per-room revenue by almost 15%, to \$137.42.

The hotel is close to shops, restaurants and offices. It includes 24,000 square feet of event space, an outdoor pool and fitness and business centers. ❖

Placement Agent Eyes Small Investors

Placement agent **Mercury Capital** has launched a platform to give smaller investors access to its lineup of fund offerings.

The New York advisory firm traditionally raises equity from institutions for vehicles focused on real estate and other alternative asset classes, and will continue to do so. Meanwhile, it recently rolled out Mercury iFunds, an online portal targeting wealthy individuals, family offices and registered investment advisors.

The website functions as an electronic marketplace for so-called "qualified purchasers" who are seeking real estate, hedge fund or private equity opportunities but are unwilling or unable

to meet minimum-investment requirements that can exceed \$10 million. Mercury has negotiated the ability for investors to participate in the funds on its website with minimum commitments of \$100,000. The firm would act as the limited partner from the vehicle manager's point of view.

Wealthy individuals or family offices must have at least \$50 million of investable capital to register with the platform. Otherwise, they can access it via a registered investment advisor. The platform is also open to managers of private tax-deferred accounts, such as variable annuities.

Michael Ricciardi, co-founder and chief executive of Mercury, said financial technology is changing how equity is raised, partly as a result of the JOBS Act, a 2012 law that loosened restrictions on marketing private investments.

Several real estate vehicles are currently listed on the platform, and Ricciardi expects to have two dozen funds of various types on the platform by summer.

Recent real estate clients of Mercury include **Imperial Cos.** and **Madison International Realty**, both of New York, **Walton Street Capital** of Chicago and Hong Kong fund operators **Gaw Capital** and **LimeTree Capital**.

Mercury is led by Ricciardi and fellow co-founders and managing partners **Alan Pardee** and **Enrique Cuan**, all former executives of **Merrill Lynch's** private equity funds group. They formed the shop after **Bank of America** bought Merrill and exited the placement business. ❖

Jersey ... From Page 1

\$47 million and renovated them in phases, completing the process late last year.

The units, ranging in size from studios to three bedrooms, are 95% leased. Many have views of Manhattan and the Statue of Liberty. The amenities include rooftop lounges, a poker room, fitness centers, an indoor swimming pool and spas. There are three acres of private parks.

The six buildings, at 88 Clifton Place and 20 Beacon Way, range from 15 to 23 stories.

Northern New Jersey's 95.7% overall occupancy has supported steady rent increases, including a 5.2% jump last year, according to **Marcus & Millichap**. The area, however, remains a slightly cheaper alternative to Manhattan. ❖

ON THE MARKET

Office

Property	Size	Estimated Value	Owner	Broker	Color
Intellcenter, 4650 Westway Park Blvd., Houston	160,000 sf 100% leased	\$30 million, \$188/sf Yield: 9%	Phoenix Property, Dallas	HFF	Fully leased, but pitched as a value-added play because Cameron International, which leases 25% of the space, will move out in November. Insurer Travelers occupies the rest of the space (119,000 sf) and recently extended its lease to 2025. Three-story building, completed in 2007, is designated LEED silver.

MARKET SPOTLIGHT

Silicon Valley Office Properties

- ❑ While the average occupancy rate is a mediocre 89.4%, rents grew by 9.6% last year, according to Marcus & Millichap, and valuations are high.
- ❑ Tenants, and investors, prefer newer properties with the high-end amenities favored by technology and media companies.
- ❑ Last year, 3.1 million sf was completed, down from 3.9 million sf in 2015, according to Marcus & Millichap. The total market stood at 70 million sf at yearend, according to CBRE. Another 3 million sf is expected to arrive in the market this year.

On the Market

Property	Seller	Hit Market	SF (000)	Estimated Value (\$Mil.)	(Per SF)	Broker
Crossroads 3, Sunnyvale	Rockwood Capital	December	350	\$290	\$829	JLL
Campus@3333, Santa Clara	Menlo Equities, Beacon	December	246	165	671	Eastdil Secured
Baytech Center, North San Jose	DivcoWest Properties, TPG	January	301	95	316	Eastdil Secured
1900 Alameda de Las Pulgas, San Mateo	Blackstone	December	253	85	336	JLL
2851 Junction Avenue, San Jose	Blackstone	January	156	83	532	JLL
75 East Trimble Road, San Jose	DivcoWest Properties, TPG	January	174	73	420	Eastdil Secured
Bridgeway Corp. Center, Newark	KBS Realty	January	187	40	214	Newmark Grubb

Recent Deals

Property	Buyer	Closed	SF (000)	Sales Price (\$Mil.)	(Per SF)	Broker
1801-1899 Page Mill Road, Palo Alto	Hudson Pacific	December	183	\$150	\$820	Eastdil Secured
1701 Page Mill Road, Palo Alto	Kilroy Realty	December	152	130	855	Eastdil Secured
3689 Kifer Road, Santa Clara	Beijing Damei	December	140	90	643	Eastdil Secured
Murphy Crossing, Milpitas	Embarcadero Capital	January	368	88	239	Newmark Grubb
19000 Homestead Road, Cupertino	Thor Equities	December	100	67	669	Newmark Grubb
De Anza Plaza, Cupertino	Madison Marquette, Hana	December	84	52	617	Eastdil Secured
Midfield Business Park, Mountain View	Sand Hill Properties	December	63	32	500	JLL
Cupertino Civic Park, Cupertino	West Valley Properties	December	62	28	458	Colliers International

THE GRAPEVINE

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he founded that oversees some 65 residential buildings. Jared Pinchasick previously was a vice president of acquisitions at **Springhouse Partners** of New York. He had prior stints at **Stone Street Properties, JLL** and **Studley**.

Multi-family investor **Waypoint Residential** has hired a vice president focused on investor relations. **Karen Kasteel** joined the Stamford, Conn., shop this month. She was previously a principal of boutique placement agent **K3 Capital**. Before that, Kasteel was a managing director at **RiverOak Investment** of Stamford and a managing director of capital markets for Beverly Hills-based **Kennedy Wilson**. Waypoint was founded and is led by **Scott Lawlor**, the founder of New York fund operator **Broadway Partners**.

Fund operator **Columbia Pacific Advisors** has added an investment staffer. **Pete Aparico** started this month at the

Seattle firm's headquarters. He was previously a development manager at **Vulcan Real Estate**, the Seattle shop headed by **Microsoft** co-founder **Paul Allen**. Aparico had a prior stint at local developer **Schnitzer West**. Columbia is managed by **Alexander Washburn** and members of the **Baty** family. It's an arm of Columbia Pacific Wealth Management, which was founded in the mid-1980s by **Daniel Baty**.

Eastern Consolidated this month hired **Lev Kimyagarov** as a senior director to work on investment sales in Manhattan. Kimyagarov left **Cushman & Wakefield** late last year. He'd been there since Cushman bought local boutique brokerage **Massey Knakal** at yearend 2014. Kimyagarov, who started at Massey in 2007, focused on property trades in Upper Manhattan.

Commercial-property specialist **Brian Antonellis** launched **North Colony Asset Management** of Boston this month. Antonellis has spent almost four years as a Boston-based vice president at **Independencia Asset Management**, a

Chilean firm that invests in U.S. properties. He's joined by **Mario Valdivia**, who previously worked as a consultant for Chilean pension funds.

Boutique Chicago brokerage **Alpha Capital CRE** hired an associate this month. **John Heitmann** will focus on financial analysis and assist the firm's founders in closing deals. Heitmann completed his master's degree last year and previously spent seven years in derivatives trading at **Gelber Group** of Chicago. Alpha, which until recently was called Alpha Alternatives, was founded in 2008 by **Anthony Longo** and **Michael Riley**. In November, the firm added former **Cushman & Wakefield** director **Trisha Connolly** as a managing partner.

Meridian Capital's institutional investment-sales group is looking for a financial analyst with 1-3 years of experience to work in its Midtown Manhattan office. Experience with Argus and Excel modeling is a must. Send resumes to managing director **Karen Wiedenmann** at kwiedenmann@meridiancapital.com.

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