Real Estate Alert
A Green Street News Title

JANUARY 7, 2025

Extreme Price Resets Stain Office Market

For the beleaguered office sector, 2024 was a year of reckoning.

In Southern California, the top bid for a massive campus came in a stunning $910 million below its estimated $1.4 billion valuation just two years earlier. In Houston, a complex once valued at $1.03 billion hit the market with an initial whisper price at less than half that — and was discounted further before yearend. And in Minneapolis and New York, office towers faced valuation declines exceeding 90%.

Nationwide, the value of institutional-quality office space is down 36% from its peak, according to **Green Street's** most recent Commercial Property Price Index. But developments last year demonstrated that price resets on many outlier properties have been far more brutal.

On Page 5, see a rundown of some of the most severe office-valuation declines captured by **Real Estate Alert** in 2024. ❖

Survey: More Firms Plan To Staff Up in '25

Commercial real estate firms expect to pick up the pace of hiring this year amid wider market optimism for a rebound in property sales, according to search firm **Ferguson Partners.**

Some 47% of public and private investment shops and brokerages surveyed by the Chicago-based firm said they plan to increase staffing this year. That's up from 37% in 2024, when the sector was still grappling with declining property sales.

But like a year ago, the majority of firms — 53% — don't foresee staffing growth. Fewer shops expect to trim their ranks, with just 13% predicting a workforce decrease, compared with 30% last year. But a greater proportion don't expect to add staff either, with 40% saying their workforces will stay the same, up from 33%.

"We are seeing a brighter picture, but not yet a 180-degree turn," Ferguson president **Graham Beatty** said. Responses from 170 companies were collected through the first week of November for the Ferguson Partners U.S. Real Estate Compensation

See SURVEY on Page 9

Duo Teams Up on Workforce-Housing Deals

A **GCM Grosvenor** and **Standard Real Estate Investments** partnership has earmarked $600 million of fresh capital for industrial and workforce-housing investments in select markets across the country.

Of that total, which includes both equity and debt, $500 million will go toward workforce-housing acquisitions. The remaining $100 million will support an existing industrial program Standard has with GCM.

"Private real estate has faced challenges recently due to higher interest rates, but as we move into the new year, we're optimistic," Standard chief executive **Robert Jue** said. "There are clear signs that we've passed the bottom, and compared to other asset classes, we expect private real estate to experience much less volatility."

The investment effort expands an earlier collaboration between Chicago-based GCM and Standard, a minority-owned investment firm with offices in Los Angeles and Washington. In April 2023, the duo launched a $150 million initiative to

See DUO on Page 8

THE GRAPEVINE

Brian Soss will join **RangeWater Real Estate** in April as an executive managing director of acquisitions as the firm looks to be an active buyer in the year ahead. He will be based in its Atlanta headquarters and lead multifamily acquisitions, with a focus on properties of $40 million and up in Sun Belt and Mountain West metropolitan areas. Soss previously co-headed multifamily asset management at **Starwood Capital,** where he worked for more than eight years. RangeWater, led by chair and chief executive **Steven Shores,** buys and develops apartments. The hire was arranged by executive-search firm **ZRG Partners.**

Veteran retail broker **Ryan Shore** joined **Eastdil Secured** as a managing director

See GRAPEVINE on Page 12

DSF Snags Big NoVa Rental Complex

DSF Group paid $237 million last month for a value-added apartment complex in Northern Virginia, marking one of the region's largest apartment sales of 2024.

The off-market deal valued the 678-unit Town Square at Mark Center, in Alexandria, at $350,000/unit. That translates to an initial annual yield of 5.25%. The seller was Chicago-based **Equity Residential,** which purchased the property in May 2006 for $177 million, or $261,000/unit, according to **Yardi Matrix.**

DSF's purchase, which closed on Dec. 17, ranks as the second-biggest sale of a multifamily property in the Washington metropolitan area last year and the third-largest single-asset apartment trade in Alexandria ever, according to **Green Street's** Sales Comps Database.

The deal also was Boston-based DSF's second acquisition in Northern Virginia last year. In August, the firm bought the 504-unit Woodway at Trinity Centre, in Centreville, for $150 million, or $298,000/unit. **Eastdil Secured** represented the seller, **Harbor Group International** of Norfolk, Va., on that transaction.

Town Square at Mark Center encompasses 25 residential buildings that were constructed from 1996 to 2001. Fifteen of those structures house two- and three-story townhouse-style units. There's also 20,000 sf of amenity space across two community buildings that are ripe for renovation under DSF's Halstead brand.

Apartments range from one to three bedrooms and average 974 sf. Listed rents for available units run from $1,993 to $3,769. Occupancy is 99%.

The 25-acre complex, at 1459 North Beauregard Street, is across from the Shops at Mark Center and is close to parks and trails, including the Winkler Botanical Preserve. Downtown Washington is 7 miles northeast.

The surrounding area is known as Data Center Alley due to a concentration of data centers that serve **Amazon, Google, Microsoft, Oracle** and others. More than 70% of global internet traffic is estimated to flow through the area.

Across the D.C. metro area's multifamily market, only one deal in 2024 was larger than DSF's acquisition of Town Square at Mark Center, according to the Sales Comps Database: **Bridge Investment Group's** $250 million purchase in September of the 806-unit Dulles Greene, in Herndon.

Within Alexandria, there have been just two larger deals ever: **IGIS Asset Management's** $262 million purchase of the 520-unit Foundry in December 2021, and **Washington REIT's** $244.8 million acquisition of the 354-unit Riverside in May 2016. ❖

Acacia Pitches Large Multifamily Fund

Multifamily player **Acacia Capital** is in the market with a new fund that would be its biggest to date.

The San Mateo, Calif.-based firm is seeking $650 million of equity for the value-added vehicle, which is dubbed Acacia Property Corp. 2025. The fund comes on the heels of the firm's largest vehicle so far, the $475 million Acacia Property Corp. 2022.

The new vehicle would chase a 12% to 15% return by acquiring apartment properties in the Western U.S. Acacia focuses on value-added and core-plus complexes of at least 100 units, with deal sizes typically over $20 million.

Among its largest recent deals was the $93.1 million ($333,000/unit) purchase of Stonemeadow Farms, a 280-unit complex in Bothell, Wash., from **JLL** subsidiary **LaSalle Investment Management,** according to **Green Street's** Sales Comps Database.

Acacia historically hasn't used a placement agent, instead dealing directly with a mix of institutions, wealthy individuals and family offices. Among the fund series' backers are **Carnegie Endowment for International Peace, Carnegie Hall Corp.** and **Robert Wood Johnson Foundation,** according to **Preqin.**

Acacia formed in 1986. Co-founders **Robert Larson** and **F. Wesley Clelland** are still on its investment committee, with Larson holding the title of executive chair and Clelland serving as advisory director. **Robert Leupold** is chief executive, and **Todd Darling** serves as chief operating officer.

The firm's first six property funds raised nearly $1.75 billion of equity, the vast majority of which is invested. Between those and a debt vehicle, Acacia has invested more than $6 billion. ❖

San Antonio Medical Offices Teed Up

Heitman is shopping a portfolio of three medical-office buildings in San Antonio that is 89% leased.

The 199,000-sf package is expected to attract bids around $70 million, or $352/sf. **Eastdil Secured** is representing Heitman, a Chicago-based investment manager.

The properties are available only as a package.

Some 56% of the space is leased to tenants associated with **Christus Health,** an investment-grade company that marketing materials identify as the fourth-largest healthcare system in Texas. Each of the buildings serves as an outpatient medical facility associated with the adjacent Christus Santa Rosa Hospital complex, which is undergoing a $95 million expansion that will add 110 beds. Marketing materials tout that the hospital generates referrals and patient demand.

The portfolio has a weighted average remaining lease term of four years.

The properties were constructed from 2008 to 2013. Two share the address of 11212 State Highway 151: a 61,000-sf building dubbed Medical Plaza 1 that is 80% leased and the 70,000-sf Medical Plaza 2, which is 91% leased. Medical Plaza 3, meanwhile, totals 69,000 sf at 11130 Christus Hills and is 95% occupied.

The buildings have floorplates of roughly 20,000 sf, a potentially attractive feature for tenants.

Heitman also is hoping that population growth in San Antonio will appeal to bidders. San Antonio was the fastest-growing U.S. city in 2023, according to marketing materials, and is seeing growth in household incomes and the number of people holding private health coverage or coverage from multiple providers. ❖

LA-Area Industrial Park Hits Market

Terreno Realty is marketing a fully leased industrial park near Los Angeles that is expected to command about $128 million.

Garfield Business Center comprises 545,000 sf across five warehouses in Commerce. **Newmark** has the listing. The marketing campaign is touting the property's infill location in the densely populated Central Los Angeles submarket.

Bids are anticipated around $235/sf, and a purchase at that valuation would give a buyer an initial annual yield of 5.3%. But the pitch is that a new owner could boost net operating income 30% within three years by raising below-market rents.

The 13 tenants have a weighted average remaining lease term of two years, and in-place rents average $12.84/sf. They have been at Garfield Business Center for 12.1 years on average. Los Angeles has 1 billion sf of industrial space that is 96.1% leased, 270 bp above the national average, according to marketing materials.

The park is on 24 acres near Interstate 5. It is within 4 miles of two railways and within 10 miles of Interstates 10, 105, 605 and 710 and Downtown Los Angeles. The Ports of Los Angeles and Long Beach, as well as Los Angeles International Airport, are within 20 miles.

The marketing campaign also is highlighting the property's central location within Los Angeles County, where the median household income is $83,000 and the median home value is $732,000. There are 8.9 million residents within 20 miles of the park.

The buildings, a mix of bulk-distribution and shallow-bay warehouses, were developed from 1951 to 1987, and have clearance heights of 14 to 25 feet.

They are:

- Building 1, at 3412-3422 Garfield Avenue (308,000 sf)
- Building 2, at 3364 Garfield Avenue (110,000 sf)
- Building 3, at 3330-3358 Garfield Avenue (72,000 sf)
- Building 4, at 3300-3328 Garfield Avenue (18,000 sf)
- Building 5, at 3424-3430 Garfield Avenue (36,000 sf)

Terreno, an industrial shop based in Bellevue, Wash., paid $52.4 million, or $96/sf, for Garfield Business Center in 2012. Industrial valuations across the U.S. have since soared, especially in Southern California. ❖

Charlotte Industrial Trade Sets Record

Hartz Mountain Industries late last month paid a **PGIM Real Estate** partnership $139 million for a six-building industrial park in North Carolina, setting a Charlotte-area record.

Bryton Commerce Center comprises 736,000 sf in Huntersville that is 94% leased. At the $189/sf sale price, the initial annual yield is 3.9%. But in-place rents are 33% below market rates, which could give Hartz Mountain, of Secaucus, N.J., the potential to raise rates upon rollover.

Cushman & Wakefield advised PGIM and **Foundry Commercial** on the sale, the largest single-property industrial trade ever in the Charlotte market, according to **Green Street's** Sales Comps Database. The sellers touted the Class-A warehouses' recent construction from 2019 to 2023 and their location in Charlotte's strong North submarket.

Amazon leases 126,000 sf at the property under an agreement that matures at the end of March 2026. The online retailer pays $5.86/sf, well below market rates of $10.75/sf, according to marketing materials. That likely will allow Hartz to boost rental income next year.

Overall, the property's 12 tenants have a weighted average remaining lease term of 4.3 years, providing stable income. There could be further upside via the potential to lease one vacant 53,000-sf suite.

The buildings have modern lighting and sprinkler systems, concrete tilt-wall construction, clearance heights of 30 to 32 feet and truck courts 120 to 190 feet deep.

The park, at 10506 Bryton Corporate Center Drive, is within the Bryton Town Center development, near the junction of Interstates 77 and 485. The 450-acre, master-planned mixed-use development has designs for up to 2 million sf of office and industrial space, 1 million sf of retail space and 3,000 single-family residences. The Charlotte area's population grew by 51,000 from 2022 to 2023, to over 2.8 million, according to marketing materials.

Prior to the Bryton Commerce Center trade, the largest sale of a Charlotte-area industrial property came in 2005 with the $120 million sale of a 1.5 million-sf property at **4944 Parkway Plaza Boulevard** in Charlotte. ❖

New Orlando Apartments Up for Grabs

A new luxury apartment complex in Central Florida is on the market with an estimated value of roughly $100 million.

Atlanta-based **Wood Partners** completed Alta Deco, a 297-unit garden-style property in Orlando, last year. The whisper price translates to $340,000/unit. **Newmark** has the listing.

The studio to three-bedroom units average 972 sf. Interiors have stainless-steel appliances, quartz counters, kitchen islands and wood-style plank flooring. Occupancy could not be learned, but the property's website lists about 30 available apartments at rents ranging from $1,650 to $3,145. The average tenant income is $110,000.

Amenities include a saltwater pool, a fitness center and yoga studio, a pet park and spa, and a dog-washing station.

The four-story property is at 9505 Axis Way, near the headquarters of **Darden Restaurants,** the operator of **LongHorn Steakhouse, Olive Garden** and other restaurant chains. It's also within 5 miles of **Universal Orlando Resort,** which is slated to open a new theme park that's expected to create nearly 15,000 jobs. Downtown Orlando is 9 miles north.

Only one other project is under construction in the submarket, according to marketing materials. They also note that Orlando is projected to add over 155,000 residents by 2027, further increasing the demand for housing. ❖

Florida Rentals With Upside Available

Trion Properties is pitching a value-added apartment complex in Orlando that previously was fully leased by **Walt Disney Co.**

The 384-unit Perse is expected to attract bids around $100 million, or $260,000/unit. **JLL** has the listing on behalf of Trion, a West Hollywood, Calif.-based fund manager that bought the property in November 2021 for $107.8 million, or $281,000/unit.

The garden-style complex was built in 2008 exclusively for Disney, which until May 2023 occupied it under a triple-net lease as employee housing and training facilities. The company subsequently relocated all tenants and hired **Lincoln Property Co.** to manage the property and sublease the units.

The complex is 90% occupied, though marketing materials note that units have been re-leased at rents that are well below market rates. The pitch is that a buyer could lift rents significantly by upgrading apartment interiors and amenity spaces.

Units range from one to three bedrooms and average 1,129 sf. Half of the apartments have three bedrooms and three full bathrooms, which likely would appeal to families and roommates. Rents average $1,832, or $1.62/sf.

The sales campaign notes that just 14 of the units have been renovated. Those apartments are achieving rent premiums of roughly $300 for one- and two-bedroom floor plans and $500 for three-bedroom units.

There's also potential to convert four former classrooms to additional amenity space, such as a movie theater, a game room, a mailroom, a lounge or coworking space. Existing amenities, which also are ripe for renovation, include a pool, a fitness center, a car wash and laundry facilities.

The complex comprises 17 three-story buildings on 21 acres at 8151 Patterson Woods Drive, a mile east of the main entrance to Walt Disney World Resort, Orlando's largest employer. It's also near **SeaWorld** (4,622 employees) and **Universal Orlando Resort** (28,000 employees).

The 770,000-sf Orlando Vineland Premium Outlets, which has stores and restaurants, is less than a mile north. ❖

Discounted Offices Near DC Shopped

A Class-A office complex in Northern Virginia is on the block in a lender-assisted offering.

The 374,000-sf Tysons Pointe comprises two adjacent buildings at 8300 Greensboro Drive and 1600 International Drive in Tysons. Pricing is expected to come in at $55 million to $60 million, or up to $160/sf. **Cushman & Wakefield** has the listing, which marketing materials describe as a lender-assisted property sale.

Boston-based **Rockpoint** paid $81.9 million for the buildings in 2017. The purchase was one of several the fund shop made around that time in Tysons, a business district straddling McLean and Vienna that has benefited from live-work-play developments and an expansion of public transportation.

Tysons Pointe has undergone $13 million of renovations, including upgrades to conference and outdoor facilities, lobbies, fitness centers and lounges. The pitch is that a buyer could snag a big discount on a property that has steady income and is positioned to draw new tenants as the leasing market recovers.

The buildings will produce $32 million of contractual net operating income in aggregate through 2031. They are 76% leased with a weighted average remaining lease term of five years. Tenants include **Bank of America, IBM's Red Hat** and federal contractor **Digital Management,** and about 32,000 sf is leased by various law firms. Since the onset of the pandemic in 2020, leases for some 160,000 sf have been signed at the property.

The complex is across from the Boro, a 1.7 million-sf mixed-use property that has one of the largest **Whole Foods** stores on the East Coast. The Greensboro Metro station, which provides service to Dulles International Airport to the west and downtown Washington to the east, is less than a half-mile away. ❖

Phoenix Single-Family Complex Sells

A **Tower 16 Capital Partners** partnership has paid $46.5 million for a year-old single-family rental complex in Phoenix.

The Encinitas, Calif.-based investment firm bought the 167-unit Yardly McDowell on Dec. 20. The price translates to $278,000/unit. **Northmarq** brokered the sale for **Taylor Morrison,** a Scottsdale, Ariz.-based homebuilder that completed the property in 2023. Taylor Morrison operates its developments under its Yardly brand.

It's not known with whom Tower 16 partnered to purchase the property. The deal is the firm's first acquisition of a build-to-rent community, but its ninth overall in Phoenix, a market where the company sees strong growth.

The property, at 9200 West McDowell Road, is about two-thirds detached homes and one-third townhouses. Two-bedroom units account for 62% of the stock, with the rest having one bedroom. The average unit size is 860 sf, and the average rent is $1,896, according to marketing materials from August, when the property was listed.

Interiors have smart-home technology, stainless-steel appliances, granite counters, 10-foot ceilings, walk-in closets and washer/dryers. The homes also have turfed yards with concrete patios. Amenities include a pool, a fitness center and an outdoor area with grills.

The sales pitch touted the ability for a buyer to boost revenue by switching from free covered parking to a paid model. Other value-added plans could include raising rates on garage spaces and converting a model unit to a rental home.

Yardly McDowell is 10 miles west of downtown Phoenix, along the Interstate 10 job corridor.

Taylor Morrison had shopped the complex as part of a two-property portfolio that also included the 142-unit Yardly Dechman, in the Dallas suburb of Grand Prairie.

Tower 16 was founded in 2017 and is led by principals **Mike Farley** and **Tyler Pruett.** ❖

THE GREAT RESET

Office Properties With Large Valuation Declines in 2024

Property Name (Market)	Value Decline	Prior Value	Recent Value	Property Details
Water Garden (Los Angeles)	**$910M (65%)**	$1.4B	$490M	**Size:** 1.4 million sf
JPMorgan Asset Management, which has owned the high-profile property since 2001, put it up for grabs in late 2022 amid expectations it would fetch $1.4 billion ($1,000/sf). But rising interest rates already had started taking a toll on big deals, and the listing got pulled. The owner tried again via Eastdil Secured in April 2023, halving price expectations to $700 million ($500/sf). But even that proved too rich for buyers. Boston Properties offered the top bid at $490 million ($350/sf). JPMorgan has yet to pull the trigger on a sale.				**Address:** 1620 26th Street, Santa Monica, Calif.
PCT (Los Angeles)	**$720M (75%)**	$960M	$240M	**Size:** 1.6 million sf
Starwood Capital and Artisan Realty paid $611.2 million ($385/sf) for the large office complex in 2017. Two years later, the duo refinanced with a package from a Morgan Stanley-led lending syndicate at an implied valuation of $960 million ($600/sf). Then the pandemic struck, and PCT saw an exodus of tenants. It was half vacant by May 2023, when the lending syndicate put the debt up for grabs as a loan-to-own play via Eastdil Secured with a $400 million ($250/sf) whisper price. In early 2024, Beacon Capital emerged as the winning bidder with a $240 million ($150/sf) offer. But in a twist, the lending syndicate scrapped the sale and took control of the property via foreclosure, enlisting Beacon as an operating partner.				**Address:** 100, 200, 222 North Pacific Coast Highway, El Segundo, Calif.
Greenway Plaza (Houston)	**$614M (60%)**	$1.03B	$416M	**Size:** 4.5 million sf
The massive campus was appraised at $1.03 billion ($229/sf) in a 2017 recapitalization, according to securitization records. The owners, Canada Pension Plan (75.5%) and a joint venture (24.5%) between Silverpeak and Nuveen Real Estate, defaulted on the debt in July 2022, and the property was placed in receivership the following year. Triglid Texas, the court-appointed receiver, began pitching it as a redevelopment play via Newmark in May 2024, with bids anticipated to come in at about $450 million ($100/sf). The deal is still active, but market pros recently revised pricing expectations downward to $416 million ($92/sf).				**Address:** 1 Greenway Plaza, Houston
Piedmont Center (Atlanta)	**$457M (70%)**	$657M	$200M	**Size:** 2.2 million sf
The multi-building campus in Atlanta's Buckhead district was valued at about $657 million ($299/sf) when owner Ardent Cos. lined up a debt package from Morgan Stanley in 2021. The property's mezzanine lender, BlackRock, considered taking over an equity interest in the deal last year, but backed away — signaling that the value was below its senior debt load. Ardent, at the behest of Morgan Stanley, put the property up for sale in November 2024 via JLL. Pricing expectations initially were $230 million ($105/sf), but bids now are expected to be closer to $200 million ($91/sf). The campus, comprising 14 buildings completed in the 1970s and 1980s, is 63% leased with a weighted average remaining lease term of 4.1 years. It's being pitched as a potential redevelopment play.				**Address:** 3565-3575 Piedmont Road NE, Atlanta
1740 Broadway (New York)	**$419M (69%)**	$605M	$186M	**Size:** 520,000 sf
Blackstone paid $605 million ($976/sf) for the property in 2014, when it was fully leased and measured 620,000 sf. But after a big law firm exited and anchor tenant L Brands, now known as Bath & Body Works, told the landlord it wouldn't renew its lease for 418,000 sf, the investment giant handed over the keys in March 2022. Occupancy fell to 10% by late 2023. Blackstone cooperated with the special servicer in dispatching JLL to shop the CMBS debt as a loan-to-own play last year. Yellowstone Real Estate Investments scooped it up in April for $185.9 million ($358/sf) and now is considering a conversion to residential use.				**Address:** 1740 Broadway, New York
Century Square (Seattle)	**$400M (91%)**	$441M	$40M	**Size:** 631,000 sf
UBS Asset Management, which owns the property via its Trumbull Property Fund, valued it at $441 million ($699/sf) in a December 2022 investor presentation. But after an exodus of tenants amid cutbacks in the technology industry, occupancy plummeted to 42% by 2024. MassMutual put a loan backed by the property up for sale via Eastdil Secured, pitching it as a direct path to ownership. However, bids had topped out at just over $40 million ($63/sf) as of December. The tower, built in 1985 and renovated in 2015, is in a section of downtown Seattle that local merchants complain has become an open-air drug market rife with rising crime and disorder.				**Address:** 1501 Fourth Avenue, Seattle

Continued on Page 6

THE GREAT RESET

Continued From Page 5

Property Name (Market)	Value Decline	Prior Value	Recent Value	Property Details
600 West Chicago (Chicago)	**$360M (71%)**	$510M	$150M	**Size:** 1.6 million sf
JPMorgan Asset Management and Sterling Bay paid $510 million ($309/sf) for the property in 2018, financing the acquisition with a $427 million loan originated by Morgan Stanley. At the time, it was 98% leased and served as the headquarters of Groupon, but that company later relocated to another Chicago tower. The property is around 61% occupied now, with a weighted average remaining lease term of nine years. JPMorgan and Sterling Bay cooperated with Morgan Stanley on a listing nearly a year ago. 3Edgewood of Phoenix is under contract to purchase the property for about $150 million ($94/sf). Eastdil Secured is brokering the deal.				**Address:** 600 West Chicago Avenue, Chicago
135 West 50th Street (New York)	**$324M (97%)**	$332M	$9M	**Size:** 925,000 sf
UBS Realty Investors paid $332 million ($359/sf) in 2006 for the leasehold interest in the 23-story tower, which was developed in 1963 and once served as the headquarters of Sports Illustrated. Occupancy at the property sunk to 35% last year despite a recent $76 million renovation. UBS tapped JLL to market the building, and surprised local pros by listing it on Ten-X, an online platform typically used for smaller, lower-quality deals. The property's dated vintage and ground lease, which will require payments by the new owner, dragged down the value. Thakkar Developers of McKinney, Texas, picked up the tower for a mere $8.5 million ($9/sf) in October.				**Address:** 135 West 50th Street, New York
70 West Madison Street (Chicago)	**$290M (77%)**	$375M	$85M	**Size:** 1.4 million sf
A Hearn Co. venture paid $374.8 million ($268/sf) for the 57-story tower in 2014. The partnership, which also includes Farallon Capital Management and GEM Realty Capital, refinanced the property in 2018 with a senior loan from Bank of America at an unknown valuation. The property has struggled in recent years. Occupancy stood at 68% when the owners and lender cooperated on a listing via CBRE in January 2024. Bids initially were expected around $144 million ($103/sf), but they came in well below even that discounted valuation. A Namdar Realty partnership has agreed to pay just $85 million ($61/sf) in a short sale.				**Address:** 70 West Madison Street, Chicago
99 High Street (Boston)	**$277M (50%)**	$554M	$277M	**Size:** 731,000 sf
The 32-story downtown tower was valued at an estimated $554 million ($758/sf) in 2018, when Nuveen Real Estate financed the property with a senior loan originated by MetLife. Occupancy since has dropped to 76% from 90%. The owner and lender cooperated in listing the property in June 2024 via Newmark. Boston-based Synergy has agreed to buy the building in a deal that puts its value in line with the $277 million ($379/sf) loan from MetLife. The pending sale, which includes a modification of the existing loan, is likely to close in the first quarter, market pros said. When it does, it will be Boston's largest trade of a traditional office building in years.				**Address:** 99 High Street, Boston
353 Sacramento Street (San Francisco)	**$195M (74%)**	$265M	<$70M	**Size:** 281,000 sf
An outside appraiser valued the 23-story building at $264.6 million ($419/sf) in 2019, according to securities filings. Occupancy, which was at 91% as recently as December 2020, had tumbled to 43% by early 2024. That put owners Pacific Oak Strategic Opportunity REIT and Migdal Insurance of Israel at imminent risk of default on a senior mortgage held by Aareal Bank. The lender put the debt up for grabs via Newmark in April with the expectation the owners would surrender the keys. George Mersho, the chief executive of Shoe Palace, agreed to pay $70 million ($249/sf), the San Francisco Business Times reported in October. But market pros say the final sale price may come in even lower.				**Address:** 353 Sacramento Street, San Francisco
707 Second Avenue South (Minneapolis)	**$190M (95%)**	$200M	$10M	**Size:** 959,000 sf
A joint venture between Morning Calm Management and Axar Capital Management bought the 31-story building for $200 million ($236/sf) in 2016, when it was known as Ameriprise Financial Center. In late 2022, the namesake tenant announced it would vacate the building. GHR Foundation took control of the building after the previous owners turned over the keys. The new owner tapped CBRE to market the vacant property in October 2024, with bid expectations of $10 million to $20 million ($10/sf to $21/sf). Sources said offers have come in at the lower end of that range. The return of office workers in downtown Minneapolis has been particularly slow, a key factor dragging down leasing activity and property values.				**Address:** 707 Second Avenue South, Minneapolis

DLC JV Snaps Up Chicago-Area Retail

A **DLC Management** venture last month bought a grocery-anchored shopping center in suburban Chicago for $61.7 million, capping off a busy year for the retail shop.

The property, Danada Square West, totals 318,000 sf in Wheaton. DLC, of Elmsford, N.Y., bought the property with Chicago-based partner **Temerity Strategic Partners** and **Crow Holdings,** of Dallas.

JLL marketed the property for **PGIM Real Estate.**

DLC acquired more than $400 million of shopping centers last year, including properties in Ohio, Northern Virginia and Maryland. It formed a partnership with Temerity in late 2023 with plans to purchase up to $2 billion of suburban retail centers over three years. The Chicago-area deal is the first time DLC has teamed with Crow.

The property is at 30 Danada Square West and is 93% leased. **Jewel-Osco,** the grocery anchor, has been at the center since it opened in 1988. Other major tenants include **Burlington, Five Below, HomeGoods, T.J.Maxx** and **Ulta Beauty.**

The marketing campaign touted the property's location at the intersection of Butterfield Road and South Naperville Road, a retail hub where 45,000 vehicles pass each day. There are 77,000 residents with an average household income of $155,000 within 3 miles. There also are four colleges within 5 miles of the property, including **Wheaton College** and the **College of DuPage.** ❖

NorCal Medical Offices on the Block

A local developer is pitching a single-tenant medical-office complex in Northern California that is expected to fetch about $25 million.

Bon Air Medical Center totals 27,000 sf in the Marin County city of Larkspur, 11 miles north of San Francisco. Bids are expected to hit $916/sf. **JLL** has the listing for **Wareham Development** of San Rafael.

MarinHealth fully occupies the property under a triple-net lease that runs through December 2031. The company is an affiliate of **UC San Francisco.** It uses the highly specialized, customized space to provide services in cardiovascular medicine, orthopedic care and outpatient imaging, as well as for a spine institute and surgery center.

Wareham converted the property from a former **Safeway** grocery store in 1991, and renovated it in 2004. The property, at 2 and 18 Bon Air Road, is a few blocks from MarinHealth Medical Center. Other healthcare tenants in the area include **Sutter Health** and UCSF.

Bon Air Medical Center is in the San Francisco office market, where office-sales volume was muted last year, according to **Green Street's** Sales Comps Database. Through the first three quarters of 2024, there were just $431.4 million of trades worth at least $25 million in the market, down from $537.4 million during the same period in the previous year.

Last month, another Marin County medical-office property traded. In that transaction, **Stockdale Capital Partners** paid **Vukota Capital Management** $32.8 million, or $391/sf, for MarinHealth Medical Plaza, an 84,000-sf campus in Novato. ❖

Duo ... From Page 1

develop industrial properties. Those funds were fully invested within 18 months.

With its latest venture, Standard is targeting equity investments in smaller-scale, multi-tenant industrial developments in high-demand markets with low vacancy rates. That segment, comprising mainly 200,000- to 500,000-sf buildings, have solid fundamentals and strong return potential, Jue said. What's more, he added, it's often overlooked by institutional investors, which tend to favor large, cross-dock facilities used by companies such as **Amazon, Home Depot** and **Walmart.**

For the planned workforce-housing investments, the partnership is looking to buy properties affordable to tenants earning no more than 120% of the area median income. It's focusing on garden-style complexes in areas with desirable school districts, as well as undervalued projects in urban areas poised for recovery due to recent population shifts. The venture also would consider deals involving new luxury properties that have inclusionary housing components.

"We believe multifamily pricing has bottomed out," Jue said. "I can't say how long we'll stay at this level, but we feel very confident about the valuations we're able to access in the market right now."

GCM and Standard aim to invest in two or three shovel-ready warehouse projects this year, and they plan to strike six to eight workforce-housing deals over the next two years.

Jue said the partnership's approach varies by market. On the industrial front, the duo has invested roughly $152 million on developments in several key markets, including Chicago, Houston, Orlando and Reno, Nev. It recently closed a deal in Phoenix and has another under contract in Laredo, Texas.

Moving forward, the partnership sees opportunities to expand in the Midwest — particularly in and around Chicago — as well as in Northeast coastal markets and Texas.

On the multifamily side, where Standard will act as the asset manager, the partnership is targeting properties in East Coast and West Coast markets with strong fundamentals that support occupancy and rent growth. They include Chicago, Connecticut, New Jersey, Philadelphia, Seattle, Washington, D.C., and parts of California's Central Valley.

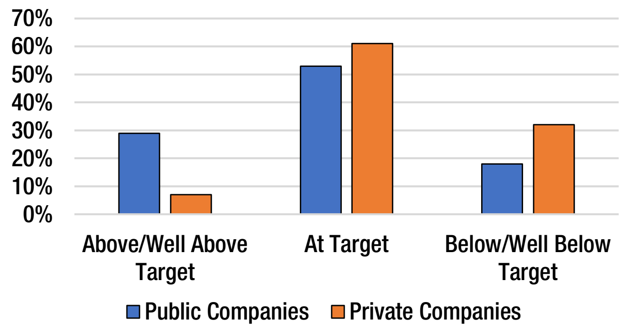
"Broadly speaking, we see strong, long-term demand fundamentals for housing that remains affordable to most Americans," Jue said. "Given the opportunity to invest at attractive pricing and the sustained demand we anticipate, we're very comfortable taking a long-term position in this space."

Jue and president **Jerome Nichols,** both **CBRE Investment Management** alumns, founded Standard in 2020 with a focus on multifamily properties. From the outset, the firm sought to participate in emerging-manager programs, which aim to identify and develop investment teams with backing from institutional investors such as pensions, foundations, endowments and family offices.

"These programs are set up to help pension funds scout up-and-coming managers," Jue said. "The idea is that pension funds need, and will continue to need, a pipeline of great talent to manage their real estate capital, and this is how they go about identifying it."

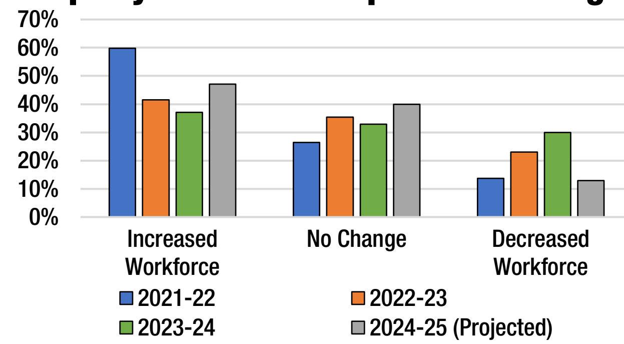
In November, Standard and GCM completed the first sale from their industrial-investment vehicle, divesting the 217,000-sf Woodridge Industrial Center in the Chicago suburb of Downers Grove. The duo completed that property, at 8110 Lemont Road, in partnership with **Trammell Crow Co.** in July 2024. ❖

2024 Bonuses Expected To Hold Steady



Source: Ferguson Partners

Property Firms More Upbeat on Hiring



Source: Ferguson Partners

Survey ... From Page 1

and Hiring Pulse survey.

Since then, Beatty said there's been a marked uptick in requests for search assignments. "We are enthusiastic about a more positive environment for 2025, but we are not ready to say that we are going to see a dramatic increase," he added. "There will be more opportunity, but time will tell whether it will result in a windfall of new searches."

While final numbers have yet to be tallied, it appears that 2024 was another lackluster year for large property sales amid a still-costly borrowing environment.

"Heading into 2024, firms were optimistic that yearend would be better compared to 2023, when we saw downward pressure on bonus pools," said **Charlie Apfelbach,** a managing director in Ferguson's compensation consulting group. But 2024 "looks to be a similar story."

Against that backdrop, bonus pools at most firms are expected to be flat for 2024, he said. "Firms recognize it's challenging to keep employees motivated with back-to-back down years of bonuses, even if warranted by performance. Further, firms are mindful of the competitive market for mid- and junior-level professionals, and are working to reduce pay volatility, particularly for top performers."

To that end, 61% of private firms and 53% of public companies that use target-based bonus systems said that payouts to staffers — typically distributed during the first quarter — would come in at 95% to 105% of budget.

A quarter of private firms said that their bonuses would be below expectations (75% to 94% of target), while another 7% said that they would be significantly below (less than 75% of target). Just 7% said the payouts would be above or significantly above target.

Staffers at public companies likely will fare better, with 29% of those entities saying bonuses will be above or significantly above target, while just 18% see payouts coming in below or significantly below target.

Last year, more firms reported that the number of staffers departing voluntarily remained flat. Some 58% of reporting firms said they saw no change, versus 49% in the prior year. Roughly a fifth said they saw a decrease in resignations, versus 32% a year earlier.

While questions remain about the pace at which the **Federal Reserve** will continue lowering interest rates and the fate of U.S. Treasury bond yields, the consensus is that the sales market will show some improvement in the year ahead. That likely will create job-hopping opportunities for real estate pros.

Demand is expected to be centered on the most popular property types, but it also could include select assignments focused on out-of-favor asset classes as more investors search for yield, Beatty said.

"There is more of a strategic shift toward operating in an environment that is different than the historic low [interest-rate] environment," he said. ❖

MARKET MONITOR

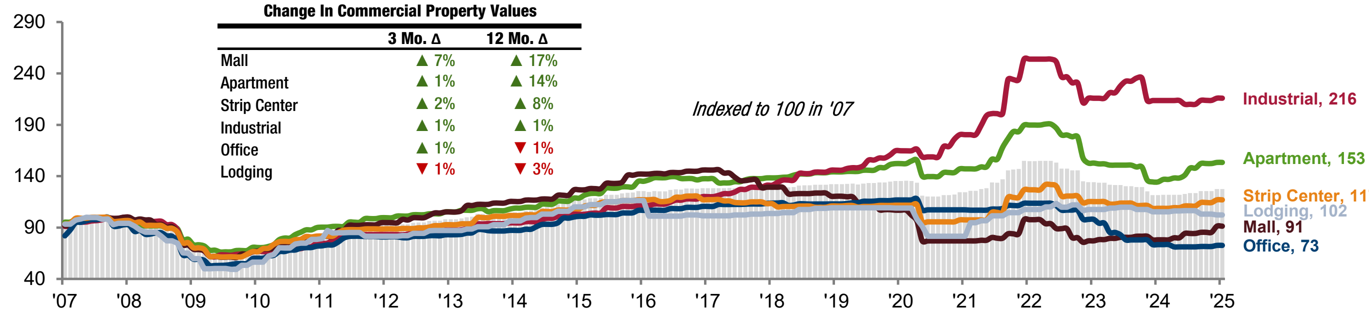
SUMMARY

- In aggregate, commercial real estate is slightly expensive relative to corporate bonds and fairly priced relative to REITs.
- The mall and strip-center sectors have the highest expected returns among traditional property types, at 8.2% and 7.5%, respectively.
- Strip-center property values were up 8% in 2024 but remain about 11% below their 2022 peak.
- Strip-center REIT total returns averaged 17% in 2024, outperforming the MSCI US REIT (RMZ) Index by 8 percentage points.

GREEN STREET COMMERCIAL PROPERTY PRICE INDEXES

Change In Commercial Property Values

	3 Mo. Δ	12 Mo. Δ
Mall	▲ 7%	▲ 17%
Apartment	▲ 1%	▲ 14%
Strip Center	▲ 2%	▲ 8%
Industrial	▲ 1%	▲ 1%
Office	▲ 1%	▼ 1%
Lodging	▼ 1%	▼ 3%



Source: Green Street

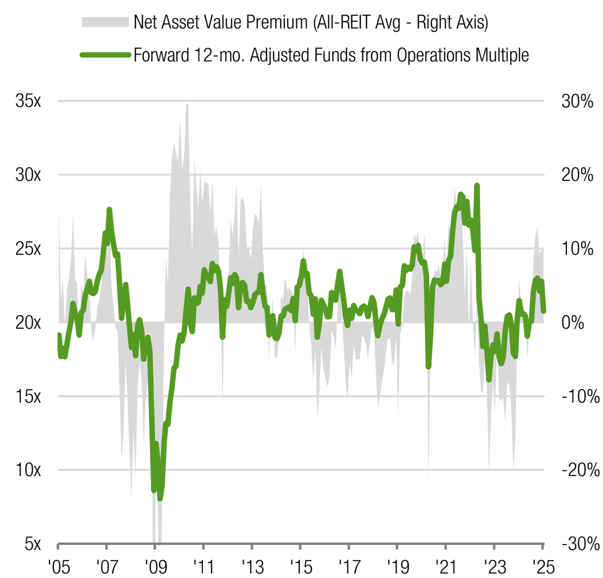
PUBLIC MARKET PERFORMANCE

	Total Returns*			Pricing Metrics			
	1 mo.	YTD	Last 12M	Nominal Cap Rate	Implied Cap Rate	Prem to NAV	Prem to Assets
RMZ	-5%	0%	11%				
S&P	-2%	1%	28%				
US 10-Yr.	-3%	0%	0%				
Apartment	-7%	-3%	18%	5.1%	5.7%	-12%	-9%
Data Center	-5%	0%	29%	6.1%	4.9%	36%	24%
Healthcare	-6%	-2%	25%	7.1%	5.3%	63%	42%
Industrial	-5%	0%	-16%	5.0%	5.3%	-9%	-7%
Lodging	-7%	-1%	-4%	8.4%	9.4%	-18%	-11%
Mall	-4%	1%	31%	7.1%	6.7%	11%	7%
Manu. Housing	-3%	-1%	-2%	5.0%	5.2%	-6%	-5%
Net Lease	-6%	-1%	1%	7.3%	7.1%	6%	4%
Office	-6%	-2%	19%	7.5%	7.8%	-5%	-3%
Storage	-10%	-1%	0%	5.6%	5.6%	0%	0%
Strip Center	-7%	-3%	16%	6.6%	6.6%	0%	0%
Wtd. Avg.	**-5%**	**0%**	**11%**	**6.3%**	**6.4%**	**-3%**	**-2%**

**Pricing as of 01/06/2025*

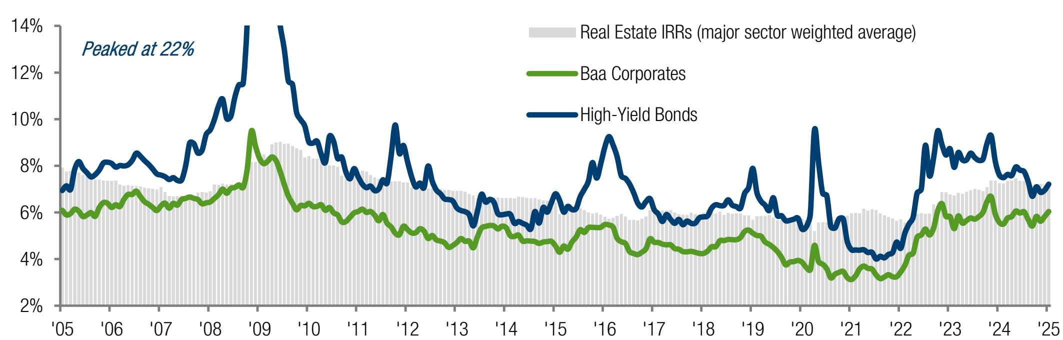
Sources: Bloomberg, Green Street

NAV PREM. AND REIT AFFO MULTIPLES

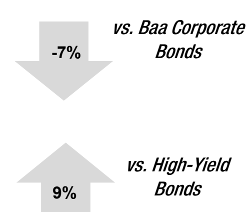


Source: Green Street

REAL ESTATE RETURNS VS. BOND YIELDS



Real Estate Fair Value (Major Sectors)

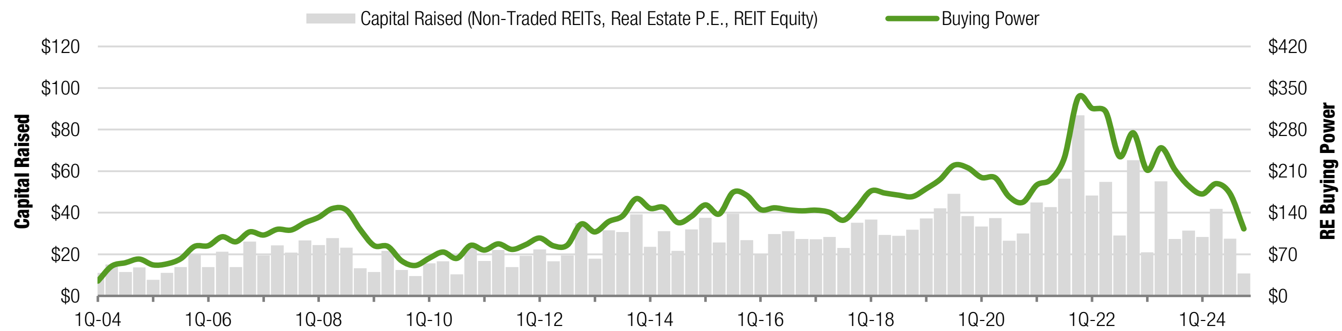


Sources: Bank of America, Moody's, Green Street

MARKET MONITOR

US REAL ESTATE CAPITAL RAISING AND BUYING POWER ($BIL.)

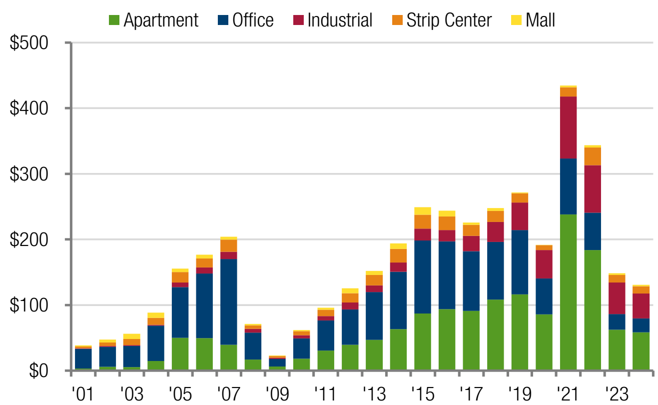
Buying power calculated as cash plus estimated incremental debt



Sources: Robert A. Stanger & Co., Preqin, SNL, Green Street

SALES VOLUME BY PROPERTY TYPE ($BIL.)

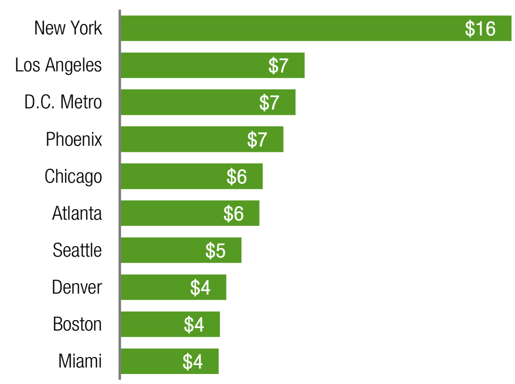
Volume representative of verified transactions $25 million or more



Source: Green Street

LAST 12 MONTHS TRANSACTION VOLUME ($BIL.)

Volume representative of verified transactions $25 million or more



Source: Green Street

NOTABLE RECENT TRANSACTIONS

Individual property transactions of $25 million or more. Excludes portfolios and partial-stake sales.

	Property Name	Date	Sector	Market	Price ($Mil.)	SF/Units	Price PSF/ Unit	Buyer	Seller
1.	Riverpark	01/02/25	Apartment	Seattle	$147.0	321	$457,944	Fairfield Residential	Equity Residential
2.	Altitude at Lone Tree	01/01/25	Apartment	Denver	$138.3	427	$323,770	McDowell Properties	Cortland
3.	Elan Polo Gardens	01/01/25	Apartment	Palm Beach, Fla.	$102.4	284	$360,493	Church of Jesus Christ of Latter-day Saints	Greystar
4.	7395 Boynton Beach Boulevard	12/31/24	Strip Center	Palm Beach, Fla.	$49.3	69K	$712	Yevgeniy Yermakov	SJC Ventures
5.	Plaza Del Mar	12/31/24	Strip Center	Palm Beach, Fla.	$37.0	84K	$441	Garden Commercial Properties	Kitson & Partners; Evergreen Inv. Adv.
6.	Tower at Park Lane	12/30/24	Office	Dallas/Fort Worth	$66.0	510K	$129	Real Capital Solutions	CBRE Investment Management
7.	Silver Beach Industrial Park	12/30/24	Industrial	Palm Beach, Fla.	$91.3	372K	$245	Cabot Properties	American Realty Advisors
8.	Terreno Doral Air Logistics	12/30/24	Industrial	Miami	$195.6	501K	$390	Terreno Realty	GLP Capital Partners
9.	Desert Ridge Corporate Center	12/27/24	Office	Phoenix	$35.0	275K	$127	Halle Properties	Regent Properties
10.	95 North County Road	12/27/24	Office	Palm Beach, Fla.	$28.0	14K	$2,010	Breakers	Jeff Greene

Visit the News Library to access the data in the Market Monitor charts. **Source: Green Street**

THE GRAPEVINE

... From Page 1

in Dallas this week. Shore came from local boutique brokerage **Shop Cos.,** where he spent a year, but he also has deep experience with three big firms. He worked at **JLL** for four-and-a-half years, leaving as a senior managing director; its predecessor **HFF** for 11.5 years; and **CBRE** for seven years. Eastdil was the top retail brokerage in the first half of 2024, according to **Real Estate Alert's** published rankings, narrowly fending off defending champion JLL.

Cushman & Wakefield has added two industrial brokers in Phoenix. **Jack Stamets** joined as a managing director after leaving **Clarion Partners,** where he spent eight-and-a-half years, while **Madeline Warren** started as an associate after nearly three years at **Eastdil Secured.** The recruits started on Jan. 6 and report to **Bryon Carney,** a managing principal in Phoenix. Trades worth at least $25 million in the region jumped 52.1% in the first half of 2024 versus a 7.9% drop nationally, according to **Real Estate Alert's** published rankings.

Michael Collins, a onetime principal at **Blackstone,** has joined industrial fund shop **Westcore** as head of investor relations. He started this week as a managing director, reporting to **Don Ankeny,** the San Diego-based firm's president and chief executive. Collins is relocating from Boston, where he was head of investor relations at **Easterly Asset Management** for five-and-a-half years. Other previous employers include **Kennedy Wilson, Eaton Vance** and **Lord Abbett.**

Eric Helfand signed on to **Peerless Development** at the end of November as a principal and chief operating officer as the growing Elmhurst, Ill.-based firm moves into the institutional-size deal space. Helfand previously was a founding principal at **Farpoint,** which he helped form in May 2016. Prior to that he was a principal and chief financial and operating officer at **Sterling Bay** for 11 years. At Peerless, led by founder and chief executive **Michael Cordaro,** Helfand helps assess new investment opportunities, structure capital and refine the firm's strategy, which is focused on industrial and residential properties including student housing.

Adam Koplewicz wrapped up a seven-and-a-half-year stint at **EJS Group** at yearend. He was a managing director and head of acquisitions and capital markets at the New York-based firm. His plans are unknown. EJS is backed by the principals of New York-based energy conglomerate **LS Power.** Koplewicz joined in 2017 from **Quinlan Development** and has worked at **Thayer Street Partners, AllianceBernstein** and **Goldman Sachs.**

Salt Lake City-based **Will Moss** joined **MMG Real Estate Advisors** last month as a senior director of multifamily properties and land sales. Moss previously spent nearly three years at **Capstone,** leaving as a senior advisor. Before that he worked at **Blue Sky Business Resources** and **Hillcrest Bank.**

REAL ESTATE ALERT **Visit REA Website**

Richard Quinn	Managing Editor	201-234-3997	rquinn@greenstreetnews.com
Alison Waldman	Assistant Managing Editor	201-234-3986	awaldman@greenstreetnews.com
Sam Ali	Senior Writer	201-234-3989	sali@greenstreetnews.com
Jeff Whelan	Senior Writer	201-234-3973	jwhelan@greenstreetnews.com
T.J. Foderaro	Editor-in-Chief	201-839-3233	tfoderaro@greenstreetnews.com
Ben Lebowitz	Executive Editor	201-839-3244	blebowitz@greenstreetnews.com
Moira Dickinson	Deputy Editor	201-839-3231	mdickinson@greenstreetnews.com
Gabriel LeDonne	Deputy Editor	201-839-3269	gledonne@greenstreetnews.com
John Wilen	Deputy Editor	201-234-3982	jwilen@greenstreetnews.com
Jim Miller	Copy Desk Chief	201-839-3246	jmiller@greenstreetnews.com
David Delp	Copy Editor	201-377-3280	ddelp@greenstreetnews.com
Samantha Ryan	Copy Editor	201-377-3278	sryan@greenstreetnews.com
Evan Grauer	VP, Data Operations	201-234-3987	egrauer@greenstreetnews.com
Robert E. Mihok	Database Manager	201-234-3974	rmihok@greenstreetnews.com
Mary Romano	VP, Advertising Sales	201-839-3250	mromano@greenstreetnews.com
Shanon Tuli	Advertising	646-531-6207	stuli@greenstreetnews.com
Joy Renee Selnick	Layout Editor	201-839-3252	jselnick@greenstreetnews.com