Real Estate Alert A Green Street News Title

FEBRUARY 27, 2024

NexMetro Seeks Partner for Big SFR Portfolio

NexMetro Communities is looking to recapitalize a single-family rental portfolio worth an estimated $1 billion.

The package comprises 2,785 houses across 17 communities in the Dallas/Fort Worth, Denver, Phoenix and Tampa markets. **JLL** has been tasked with lining up a joint-venture partner for the Phoenix-based developer. The portfolio's valuation translates to $359,000/unit.

The size of the equity stake a new partner would take is negotiable, but NexMetro plans to remain a co-investor.

NexMetro typically raises equity for new developments from wealthy individuals and family offices, but chief executive **Josh Hartmann** said the potential recapitalization would allow the company to expand its investor base with an institutional partnership. It's unclear whether any existing investors would be part of a joint venture

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LA-Area Offices To Sell at Steep Discount

Beacon Capital Partners is scooping up a 1.6 million-sf office complex in suburban Los Angeles for $240 million, roughly a quarter of its implied valuation five years ago.

The Boston-based firm has agreed to pay $150/sf for the three-building campus, known as PCT, in El Segundo. The pending sale offers one of the nation's starkest examples yet of the plunge in office valuations.

A lending syndicate led by **Morgan Stanley** effectively began shopping the property in May, when it dispatched **Eastdil Secured** to market an underlying debt package that sources pegged at $625 million. The complex, half vacant at the time, was expected to attract bids around $400 million. As the year wore on, however, rising interest rates and a worsening leasing market continued to pummel the office sector.

The Morgan Stanley syndicate and the property's owners, **Starwood Capital** and **Artisan Realty,** opted to cooperate on a sale rather than seek to salvage their

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JV Tees Up Trophy Luxury Hotel in Manhattan

The Ritz-Carlton New York Central Park is on the block, with bids expected around $400 million in one of the highest-profile offerings to hit the city's rebounding hotel market in years.

The listing encompasses the condominium interest in the 253-room trophy hotel, which occupies the lower 22 floors of the 33-story building at 50 Central Park South. It's being pitched to both traditional hotel buyers and redevelopers, as some space can be converted to residential condominiums.

The owner, a joint venture of **Westbrook Partners** and **Korea Investment Corp.,** has given the listing to **Newmark.**

A sale at the estimated valuation of $1.6 million/room would be among the priciest by that metric in New York since 2018. Just three full-service hotel deals have crossed the $1 million/room threshold in the past five-plus years, according to **Green Street's** Sales Comps Database. The most expensive is the 2019 sale of the

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THE GRAPEVINE

Northmarq has brought aboard a capital-markets pro to establish and lead a new division focused on student housing, which has outperformed as a sector. **Justin Glasgow** started on Feb. 26 as a managing director in Washington, where he's charged with building out a national investment-sales and financing team for student housing and providing advisory services across the firm. He reports to **Trevor Koskovich,** president of investment sales. Glasgow previously spent about five years in **CBRE's** debt and structured-finance group as a senior vice president, leaving this month.

Industrial veteran **Lindsay Kindlon** joined **Logistics Property Co.** last week as an executive vice president and head of

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Arizona Warehouse Pitch Seen as Test

An industrial park under construction in suburban Phoenix is up for grabs and is expected to fetch $245 million — a major test of investor appetite for risk amid rising vacancy fueled by development.

Hub@202, in Mesa, is expected to be completed next month. The 1.5 million-sf property, with 11 Class-A warehouses, is being built on a speculative basis and is 12.2% leased. **Cushman & Wakefield** has the marketing assignment.

The seller is a joint venture among **Affinius Capital, MSD Partners, Wharton Equity Partners** and **Madison Ventures+.** Bids are due on March 7 and are anticipated to come in around $164/sf, below the roughly $250/sf seen on trades of newer properties in Mesa over the past two years, according to market pros.

A trade at the estimated value would easily surpass the $187 million record for the sale of a single Arizona warehouse property. The pitch is that such a big bet would pay off handsomely for a buyer who leases up the vacant space and would achieve a stabilized yield in the high-6% area.

The complex is at the northwest corner of Sossaman and Warner Roads in the Southeast Valley submarket. Madison, of West Palm Beach, Fla., and New York-based Wharton paid $27.5 million for the 101-acre site in 2022, according to the **Phoenix Business Journal.** The deal marked Wharton's first foray into the Phoenix market.

The duo then announced plans to build the complex with a $224 million financing package from MSD, the lending office of MSD Capital, which is the family office of **Dell Technologies** founder **Michael Dell.** It's unclear whether Dell took an equity stake in the project as part of that transaction or later.

The marketing campaign also touts the trophy quality of the offered warehouses. The buildings have ceilings ranging from 28 to 36 feet and modern lighting and sprinkler systems. The complex has 1,713 parking spaces and 73 trailer stalls.

The first phase of the project, comprising five buildings totaling 578,000 sf, was completed in recent weeks and is 31.5% leased. The second phase will encompass six buildings totaling 917,000 sf that could be completed next month. Tenants have yet to be signed for those buildings. While the property is being pitched as a package, investors can bid on each phase individually.

Speculative construction helped drive up vacancy in the Phoenix industrial market 430 bp last year to 8.9%, according to a yearend leasing report from Cushman. Vacancy in the Southeast Valley climbed 320 bp in the fourth quarter alone, to 10.7%. Phoenix has the largest construction pipeline in the U.S., according to the report. Some 46.2 million sf is underway, which will add to the existing stock of 403.8 million sf.

While the rise in vacancy in the Phoenix industrial market is particularly acute, a development boom has caught up with the warehouse sector nationally. However, builders began to pull back last year, and new supply is expected to taper off later this year after the deliveries of the current crop of projects.

Marketing materials tout the Southeast Valley submarket as poised for rent growth over the next five years amid an increasing population, affordable labor, a low cost of living and a favorable business climate. Computer-chip giants such as **Intel** and **Taiwan Semiconductor Manufacturing Co.,** aerospace companies such as **Lockheed Martin** and electric-car manufacturers including **ElectraMeccanica** have established manufacturing facilities in Mesa, which is also home to technology tenants such as **Apple, Google** and **Meta.**

That has attracted investors to Mesa in recent years as well, leading to some large trades. In 2022, a 1.2 million-sf Amazon fulfillment center in the city traded for $187 million, setting the state record for the sale of a single Arizona industrial property.

In another series of deals that year, a partnership between **ASB Real Estate Investments** and **Cohen Asset Management** purchased three Class-A industrial properties totaling 859,000 sf from a **Dune Real Estate Partners** partnership via separate transactions. It paid a total of $201.5 million, or a blended price of $235/sf. The package was 89% leased. Cushman brokered those deals, which closed over a six-month period. ❖

Land Sales Drop; CBRE Wins Crown

Raw land sales fell 39% last year amid continued interest-rate and debt-market pressures, though transaction volume tied to several niche sectors held up far better.

Some $7.35 billion of undeveloped land valued at $10 million or more changed hands in 2023, down from a record $11.97 billion in 2022, according to **Green Street's** Sales Comps Database. **CBRE** emerged as the most active brokerage in the space, while **Colliers** came in second and **Cushman & Wakefield** took third.

The decline in land-transaction volume broadly mirrored lower activity across property types last year, stymied by high interest rates and debt-market volatility. Still, land brokers say 2024 is showing signs that investor interest is returning, albeit gradually.

"Last year, it was very much pencils down. But in talking to a lot of our clients, we're hearing a lot more optimism at the start of this year than we were at the start of last year," said **Stephanie Rodriguez,** national director of industrial services at Colliers.

"Everyone is assessing market conditions, gathering their data, doing their diligence and cautiously exploring potential investment opportunities," she said.

The largest land deal last year was **Prologis'** $252 million purchase in May of a development site at 12350 Northeast Sandy Boulevard in Portland, Ore. **Kidder Mathews** brokered the sale on behalf of the **Oregon Department of Transportation.**

That trade was one of just eight brokered land sales in 2023 worth $100 million or more, compared with 17 such transactions a year earlier. The number of land deals overall fell 29%, to 279 from 392.

At CBRE, land sales earmarked for office development led the downturn, falling 79%. The multifamily sector followed with a 65% decrease, while the retail sector booked a 39% decline.

Industrial land deals at the brokerage saw a comparatively

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Thank you

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$157B

in global capital markets transactions during 2023

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JLL SEE A BRIGHTER WAY

Missouri Apartments Hit the Market

Goldenrod Cos. has teed up two new apartment complexes in Missouri that could fetch roughly $124 million combined.

The 396-unit Lofts at Fox Ridge, in Raymore, is valued north of $65 million, or $165,000/unit, and the 213-unit Converge KC, in Kansas City, is being shopped for roughly $59 million, or $275,000/unit.

Goldenrod, an Omaha-based real estate investment firm, has tapped **Colliers** and **Marcus & Millichap's IPA** division to jointly market the properties, which are 19 miles apart. Occupancy could not be learned.

The Lofts, at 200 North Fox Ridge Drive, was completed in 2021 and sits on nearly 24 acres. Its studio to three-bedroom apartments average 651 sf and have stainless-steel appliances, wood-style flooring, balconies and washer/dryers. Amenities include a fitness center, a pool and a courtyard. Rent for a one-bedroom apartment starts at $1,014, according to the property's website. The complex is 21 miles south of downtown Kansas City.

Converge KC, at 3600 Broadway Boulevard, also was built in 2021 and is on 4.6 acres. The six-story property encompasses four levels of residential space above roughly 29,000 sf of ground-level retail space and a second-level garage with 454 spaces. Retail tenants include **Bodybar Pilates, GYMkc** and **Great American Bank.**

The studio to two-bedroom apartments average 678 sf. Amenities include a recreation deck with a pool, an outdoor kitchen, a dog park and a dog-washing station. Occupancy could not be learned. Rent for a one-bedroom unit starts at $1,295, according to the property's website. It is 2 miles from downtown Kansas City.

Both properties benefit from a 25-year tax abatement. ❖

Quadrangle JV Snaps Up DC Offices

A **Quadrangle** joint venture has agreed to pay roughly $95 million for a trophy-caliber office building in Washington, setting a pricing benchmark for that market segment.

The tentative price for the 181,000-sf building at **1099 New York Avenue NW** works out to $525/sf, in line with expectations from when the property was **listed** late last year. A sale at that valuation would produce an initial annual yield in the vicinity of 9.5%, about double the capitalization rate at which comparable properties traded prior to the pandemic.

JLL is brokering the sale on behalf of **Credit Suisse Asset Management,** which paid $90.5 million, or $508/sf, for the building in 2009.

The pending trade provides some core-office pricing guidance to a market starved of deals. Just 11 office properties in Washington valued at $25 million or more changed hands last year, according to **Green Street's** Sales Comps Database, and many of those involved buildings that were scooped up at substantial discounts and were earmarked for conversion.

Office valuations in the Washington metro area are down 52% from their 2022 peak, according to a Feb. 22 **report** from Green Street, the parent of **Real Estate Alert.** But the decline has been even more pronounced for older buildings, which are struggling to lease space.

The pitch for 1099 New York Avenue NW was that its high-quality finishes and strong leasing profile put it in line with the market's best properties. The building is 95% occupied, with a weighted average remaining lease term of around nine years.

The largest tenant, law firm **Jenner & Block,** occupies 83,000 sf under a lease that runs until 2034 but has a single early-termination option in 2027. Other large tenants include **Medialinks TV** (47,000 sf until 2033) and **Sifma** (17,000 sf until 2032). There's also a street-level retail component occupied by **Truist** and a restaurant run by chef **Fabio Trabocchi,** a **James Beard Foundation** award winner.

Overall, the building has eight tenants, with leases for 23,000 sf rolling over within the next five years.

The glass-clad, 11-story building was completed in 2008. Credit Suisse is wrapping up a round of renovations that include fitness-center updates and a rooftop terrace. Floorplates average 17,500 sf.

The building, a half-mile from the White House in the East End submarket, is across from CityCenterDC, a mixed-use property with high-end stores and restaurants. ❖

Fla. Rentals With Potential Teed Up

Two South Florida apartment complexes with value-added potential are separately on the market with a combined value around $147 million.

Axonic Properties of New York is offering the 317-unit Monaco Isles, in West Palm Beach, with an estimated value of $71 million, or $225,000/unit. Meanwhile, **Eaton Vance** has listed the 240-unit Harbour Cove, in Pembroke Pines, with an estimated value of $76 million, or $317,000/unit. **Newmark** has both sales assignments.

Monaco Isles is 96% occupied. Its one- and two-bedroom units average 985 sf, with rents averaging $1,815, or $1.84/sf.

The pitch is that a buyer could boost income by renovating the 1987-vintage property's units. According to marketing materials, 119 units — representing 38% of the total — would see an estimated 24% return on costs with the installation of updated lighting fixtures, tile backsplashes, stainless-steel appliances, and new sinks and cabinets. Additionally, upgrades including wood-style plank flooring, living-room ceiling fans and quartz counters would generate an estimated 23% return on costs for all units.

Marketing materials note there also is room to lift rents via lease renewals and rollovers, potentially boosting net operating income by $915,000.

Amenities at Monaco Isles include a fitness center, a pool, a playground, a resident lounge and a business center.

The complex is at 800 The Pointe Drive, 3 miles south of the 280-bed HCA Florida JFK North Hospital, where more than 1,500 people work. Downtown West Palm Beach is less than 3 miles away.

Harbour Cove is 98% occupied. It has 72 two-bedroom units and 168 three-bedroom units that average 1,334 sf, among the largest in Broward County. Average rent is $2,877, or $2.16/sf. The units have 9-foot ceilings, full-size washer/dryers and patios or balconies. Amenities include a pool, a fitness center and a business center.

According to marketing materials, a new owner could achieve an estimated 24% return on costs by installing updated lighting fixtures, new cabinet doors and hardware, quartz counters, tile backsplashes, and new sinks and faucets.

Other potential improvements include wood-style plank flooring in 41 units and stainless-steel appliances in 136 units, plus an expansion of the 1998-vintage property's clubhouse and the addition of a pickleball court and a dog park.

Marketing materials note there also is room to lift rents via lease renewals and rollovers, potentially boosting net operating income by $952,000 over the next 12 months.

Harbour Cove is at 1601 South Hiatus Road, 17 miles northwest of Miami. ❖

Austin Offices With Long Lease Shown

Barings is marketing an Austin office building, which is fully leased long-term to a semiconductor company, in one of the city's biggest listings of the past year.

The downtown Class-A building totals 124,000 sf. Bids are expected to come in around $90 million, or $726/sf. **Newmark** has the listing.

Austin-based **Cirrus Logic** occupies the entire five-story building under a lease maturing in 2033. The publicly traded company has a market capitalization of $4.9 billion and generated $1.9 billion of revenue in 2023. The firm has 1,702 employees.

The property, at 701 Rio Grande Street, was built in 2021. Cirrus Logic has invested $11 million in the building. About 20% of the property is research-and-development or lab space.

The marketing campaign touts Austin as the third-largest market nationally for semiconductor facilities, trailing only the San Francisco Bay Area and Phoenix. Some 24 manufacturing, chip-design and semiconductor R&D facilities are in Austin.

The seller is also emphasizing the property's location at the intersection of West Seventh and Rio Grande Streets in a pedestrian-friendly neighborhood with luxury apartment buildings, restaurants and companies including **Amazon, Google** and **Meta.**

The building is in Austin's West Central business district, where the population has grown 49% over the past decade to 11,000, and 90% of residents have a bachelor's degree or higher. The submarket's office occupancy is 91%, while retail space is 97% leased. There are 4,200 multifamily units.

Austin office trades worth at least $25 million fell 53.2% last year to $827.6 million, ranking the market's sales volume eighth nationally, according to **Real Estate Alert's** published rankings. The largest trade came in March with the $102.2 million sale of the 545,000-sf Braker Metric Business Park. No other Austin office trade last year topped $90 million, according to **Green Street's** Sales Comps Database.

In September, **Tokyo Electron,** which makes equipment for semiconductor manufacturing, put its U.S. headquarters in Austin up for grabs via **CBRE.** The offering was expected to command around $110 million. It encompassed two components that could be purchased together or individually: A campus with a 142,000-sf office building, a 48,000-sf flex/R&D building and 5.7 acres that can be developed; and 60 acres of undeveloped land with flexible zoning. ❖

MCR Holds Close on 4th Hotel Fund

Hotel buyer **MCR** has closed on roughly one-third of the equity for a planned $750 million investment vehicle.

MCR Hospitality Fund 4 had $240 million of equity committed at yearend, and it told a pension investor that it expects to corral another $390 million or so by the end of the first quarter. With leverage, a fully raised vehicle could deploy some $2.5 billion, though with today's cost of debt, it's more likely the fund would look to limit leverage to 50% to 55% on individual deals.

MCR will make controlling investments in hotels and hospitality businesses across the country. It primarily focuses on select-service properties close to concentrations of government functions, education centers and medical or military facilities. The firm also targets full-service hotels in domestic destination markets.

The fund, which aims to produce a return from 15% to 17%, will specifically look for hotels that are less than 15 years old, maintain occupancy rates of 75% to 80%, and are part of **Marriott** or **Hilton** chains.

MCR was active last year despite a challenging debt market and a 36% fall in sales of hotels valued at $25 million and up, according to **Green Street's** Sales Comps Database. In August, it paid $179.8 million to **Solil Management** to buy the 185-room Gramercy Park Hotel in New York, and in February, it paid $118.3 million to acquire the 508-room Hilton Miami Airport Blue Lagoon from **Park Hotels & Resorts.** Both were among the 20 largest single-hotel deals of 2023.

The first three funds in MCR's series raised about $900 million of equity combined. The shop is led by chair and chief executive **Tyler Morse,** partner **Russ Shattan** and chief investment officer **Joe Delli Santi.**

MCR bills itself as the third-largest owner and operator of hotels in the U.S. Its $5 billion portfolio comprises more than 25,000 rooms at 150 hotels in 37 states. ❖

Texas Shop Progressing on Land Fund

Partners Capital has raised nearly half of the equty for its first fund dedicated to land investments.

The Houston-based investment shop has corralled $20 million of equity for the planned $50 million Partners Land Fund 1. The vehicle, which uses limited leverage and targets a roughly 15% return, is focused on land and development plays throughout Texas.

Its first acquisition was a roughly 150-acre tract of raw land in Waco that appears to be primed for development into industrial space.

Partners kicked off the capital campaign for the vehicle in the third quarter. The firm doesn't use a placement agent, relying instead on an in-house broker-dealer arm to raise capital.

The vehicle is led by **Dan Moody,** who was hired by Partners as a managing director in September 2022 to run its land-investment platform. Moody previously worked at **Parkside Capital** on similar deals.

Partners also operates two other funds series. The planned $150 million Partners Opportunity Fund 5 has a $150 million equity target, of which it has raised roughly $40 million. With leverage, that vehicle would have about $375 million of buying power. The fund targets a 15% return.

The manager also has raised about one-third of the equity for its planned $25 million PCR Hospitality Fund 1. That vehicle is led by **Adam Lair,** who was hired in April 2023 as a managing director to run Partners' hotel-investment initiative. He joined from **HVS,** where he held the same title. ❖

Land ... From Page 2

milder 20% decline, thanks in part to the inclusion of data-center land sales, a segment that surged to $300 million last year from $72 million in 2022. Overall, parcel trades tied to data centers accounted for 16% of CBRE's overall industrial land volume, said **Steve Lehr,** who leads the brokerage's land-services group in the U.S., attributing much of the uptick to growing demand for artificial intelligence.

Other alternative sectors also bucked the trend last year. **Matt Davis,** co-head of Cushman's land-advisory group, noted that land deals for both renewable-energy and affordable-housing developments were bolstered by government subsidies and incentives.

"Where capital flows, activity follows," Davis said. "The government has made an absolute commitment at many regulatory levels to move away from [oil and gas] to clean renewable-energy projects, so that is driving a lot of investment."

Similarly, federal and state grant programs aimed at helping local municipalities pass zoning reforms to encourage affordable-housing development have spurred more market-rate apartment developers to enter the fray, Davis said. "Tax credits make these projects more feasible, despite the cost of debt in today's environment," he said.

Land transactions earmarked for the development of single-family for-sale homes also remained relatively stable in terms of deal sizes and pricing, as did sales of land for cold-storage facilities.

"Most of the cold-storage product in the United States is 36 years old or older and is becoming functionally obsolete," Colliers' Rodriguez said. She noted that while developers historically have not built cold-storage facilities without having tenants lined up in advance, that's now changing.

But for traditional property sectors, land deals remained sluggish, which brokers blamed on a disconnect between buyers and sellers.

Rodriguez said many buyers, fearing a potential recession, halted new acquisitions. "They preferred to focus on the sites already on their balance sheets rather than acquiring additional land," she said.

Meanwhile, many sellers, particularly corporations, showed a lack of urgency in divesting land, said CBRE's Lehr, resulting in "painfully slow" decision-making processes last year.

The owners that did sell prioritized high-quality buyers with reputations for completing transactions, said **Andy Slowik,** who co-heads Cushman's land-advisory group alongside Davis.

"In 2022, an A-plus asset could get 30 to 50 offers, but that certainly scaled back in 2023 and forced sellers to focus on the quality of the buyers, given the challenges in the marketplace," Slowik said.

As 2024 progresses, land brokers said investors are starting to take steps to position themselves for growth amid signs that economic conditions have stabilized and that interest rates likely will decrease this year.

Underscoring that point, Lehr highlighted feedback from one recent land buyer who said, "Yes, 2023 was bad, but we need to be spending some money in 2024 so we can be poised when things turn around."

In the brokerage race, CBRE lifted its market share to 22.5% from 17.9% as it produced $1.63 billion of trades last year. Colliers came next with $1.45 billion (19.8% share) of brokered transactions, followed by Cushman ($1.33 billion, 18.1% share).

JLL, which topped last year's league table, fell to fourth place with $998.6 million of sales, knocking its market share to 13.6% from 24.5% a year earlier. **Newmark** rounded out the top five with $481.5 million of deals (6.5% share) and was the only firm in that group to post a year-over-year increase in volume — up 36.6%.

Real Estate Alert's land ranking excludes properties with any significant existing structures, including buildings that buyers intend to tear down for ground-up development. The analysis also excludes sales of stakes in pending or ongoing construction projects, and the sale of land beneath an existing property. Brokers are given credit only for representing sellers.

The overwhelming majority of raw land sold via commercial real estate brokerages is earmarked for commercial development. But firms also advise on the sale of land suitable for construction of single-family-home communities, as well as such asset classes as energy, farmland and timberland. The ranking doesn't count unbrokered transactions. ❖

Discount ... From Page 1

investment. Owners and lenders in the troubled office sector increasingly have been teaming up on such short sales.

Starwood and Artisan purchased the property, previously known as Pacific Corporate Towers, in 2017 for $611.2 million, or $385/sf. Two years later, when the complex was 84.2% leased, the firms refinanced it via the Morgan Stanley group, with the bank originating a senior mortgage of roughly $500 million and syndicating another $125 million or so to other lenders.

The precise leverage used in that refinancing isn't known. However, at the industry standard of 65%, the size of the combined debt package would have pegged the property's value at about $960 million.

The Class-A buildings were developed from 1982 to 1984 at 100, 200 and 222 North Pacific Coast Highway, just south of Los Angeles International Airport and 12 miles southwest of Downtown Los Angeles. The complex has a LEED-gold designation and 5,000 parking spaces.

Vacancy in the Los Angeles office market climbed 40 bp in the fourth quarter to a record-high 22.8%, according to **Newmark.** Some 46% of the office inventory in Greater Los Angeles comprises buildings with occupancy below 80%, making it tough to support debt, the report said.

El Segundo has 11.8 million sf of office space that was 74.9% occupied at yearend, according to **CBRE.** ❖

RANKINGS

Top Brokers of Land Sales in 2023

Commercial real estate brokerages representing sellers in deals of at least $10 million

		2023 Amount ($Mil.)	No. of Properties	Market Share (%)	2022 Amount ($Mil.)	No. of Properties	Market Share (%)	'22-'23 % Chg.
1	CBRE	$1,652.5	62	22.5	$2,145.4	68	17.9	-23.0
2	Colliers	1,454.9	54	19.8	2,017.0	88	16.9	-27.9
3	Cushman & Wakefield	1,330.1	48	18.1	2,261.9	80	18.9	-41.2
4	JLL	998.6	48	13.6	2,926.5	65	24.5	-65.9
5	Newmark	481.5	20	6.5	352.5	16	2.9	36.6
6	Kidder Mathews	321.2	5	4.4	363.3	11	3.0	-11.6
7	Eastdil Secured	255.0	4	3.5	344.9	6	2.9	-26.1
8	Perk Prop Real Estate	107.5	1	1.5	0.0	0	0.0	
9	Berkadia	91.0	3	1.2	40.8	3	0.3	123.0
10	Avison Young	81.9	5	1.1	513.1	16	4.3	-84.0
11	Nathan & Associates	64.0	2	0.9	0.0	0	0.0	
12	Northmarq	59.3	3	0.8	51.8	2	0.4	14.6
13	Marcus & Millichap	58.9	5	0.8	88.8	8	0.7	-33.7
14	Ariel Property Advisors	58.2	3	0.8	33.6	2	0.3	73.1
15	Coldwell Banker Commercial	56.3	3	0.8	0.0	0	0.0	
16	Greysteel	41.3	1	0.6	0.0	0	0.0	
17	Lee & Associates	30.4	1	0.4	0.0	0	0.0	
18	Southland Commercial Real Estate	28.5	1	0.4	0.0	0	0.0	
19	Walker & Dunlop	27.3	2	0.4	103.3	6	0.9	-73.6
20	Transwestern	21.9	2	0.3	10.2	1	0.1	114.5
21	Jacobson Realty	18.3	1	0.2	0.0	0	0.0	
22	WD Land	17.0	1	0.2	0.0	0	0.0	
23	Graham & Co.	14.2	1	0.2	0.0	0	0.0	
24	Rosewood Realty	14.1	1	0.2	0.0	0	0.0	
25	Baseline Real Estate Advisors	12.9	1	0.2	0.0	0	0.0	
26	Savills	10.6	1	0.1	108.0	2	0.9	-90.2
27	NAI Global	10.5	1	0.1	0.0	0	0.0	
28	Destaca Real Estate	10.4	1	0.1	0.0	0	0.0	
	OTHERS	24.1	4	0.3	604.8	19	5.1	-96.0
	Total	**7,352.3**	**279**	**100.0**	**11,965.9**	**392**	**100.0**	**-38.6**

RANKINGS

Large Land Transactions in 2023

	Property	Buyer	Seller	Broker	Price ($Mil.)
1	12350 Northeast Sandy Blvd., Portland, Ore.	Prologis	Oregon Dept. of Transportation	Kidder Mathews	$252.0
2	5229 Veterans Pkwy., Murfreesboro, Tenn.	McDonald's	MAB American Corp.		180.0
3	SW cnr. NW 170th St./NW 97th Ave., Hialeah, Fla.	Terreno Realty	Flagler Global Logistics	Eastdil Secured	173.6
4	1709 Sherborn Street, Corona, Calif.	Vulcan Materials Co.	William Rogers		172.8
5	1500 South Beach Road, Jupiter, Fla.	Kletjian Foundation, partners	Fontainebleau, Perko		168.8
6	SE cnr. W Buckeye Rd./S 99th Ave., Phoenix	KKR	Go Industrial	Cushman & Wakefield	165.0
7	SE corner of I-240, S Air Depot Blvd., Phoenix	Truist	Seefried Industrial Properties	Cushman & Wakefield	152.6
8	NE corner of I-5, Bake Parkway, Irvine, Calif.	Mitsui Fudosan Am., Tish. Spey.		CBRE	145.9
9	1075 Lower Woolsey Road, Hampton, Ga.	Hampton Econ. Dev. Auth.	Panattoni		140.4
10	CIM Grp. CA Dev. Site/Apt. Port., Oakland (89.4%)	Creative Media & Comm. Trust	CIM		137.4
11	8888 East Bell Road, Scottsdale, Ariz.	Mack RE Group	State of Arizona		125.0
12	3900 South Figueroa Street, Los Angeles	Landmark Properties	Ventus Group	Newmark	115.6
13	Morrison Ranch, Gilbert, Ariz.	Colmena, Indicap, Langley	Dale C. Morrison Trust	Perk Prop Real Estate	107.5
14	I-76 Trade Center, Building 1-3, Exton, Pa.	Truist	Audubon Land Development	Cushman & Wakefield	103.5
15	267 Bond St., 495-510 Sackett St., Brooklyn	Carlyle Group	PMG Group		100.0

Franklin Street Relists Houston Offices

Franklin Street Properties is taking another crack at shopping two Class-A Houston office properties expected to fetch at least $90 million combined.

CBRE is marketing the buildings, in the West Houston area, via separate listings. Bids for the 248,000-sf Eldridge Green are anticipated to come in around $50 million, or $202/sf, while sources say the 314,000-sf Offices at Park Ten is worth about $40 million, or $127/sf.

Franklin Street, of Wakefield, Mass., pitched the properties as a package deal in summer 2022 amid expectations the portfolio would command $105 million, but a sale never materialized. The REIT then sought to market Offices at Park Ten separately last May with pricing expectations of $45 million, or $143/sf, but the offering fell victim to debt-market volatility and woes in the office sector.

Market pros say the new campaign could benefit from lower pricing expectations and signs of improvement in the debt market.

Eldridge Green, at 1293 Eldridge Parkway, serves as the headquarters for oil company **Citgo,** which occupies the entire building under a lease with 8.8 years remaining and below-market rents. The five-story building, developed in 1999 and renovated in 2019, has received $11 million of upgrades over the past five years.

The neighborhood surrounding Eldridge Green has 3 million sf of office space that is 91.9% occupied, with average asking rents for Class-A space of $31.91/sf, according to marketing materials. **ConocoPhillips, Shell, Sysco, BP, Dow** and **Baker Hughes** are nearby.

Offices at Park Ten comprises two buildings at 16285 Park Ten Place and 16290 Katy Freeway. The complex is 70.5% leased, with a weighted average remaining term of 3.8 years. The pitch is a buyer could lease up vacant space and raise below-market rents upon rollover. Major tenants include **Olin** (54,000 sf until 2030), **Baytex Energy** (27,000 sf until 2030) and **Bluware** (27,000 sf until August 2025).

The six-story buildings were developed in 1999 and 2006, and Franklin Street has invested $13 million into upgrades over the past five years. The surrounding neighborhood has 4.5 million sf of office space, with average Class-A asking rents of $29.97/sf.

Houston was the 12th-largest office market by sales volume last year, according to **Real Estate Alert's** published rankings. Trades of office properties worth at least $25 million totaled $717.8 million, down 29.6% year over year. ❖

Multifamily Fund Holds First Close

Lion Real Estate has raised about $100 million of equity for its latest value-added vehicle targeting the apartment sector.

LREG Multifamily Fund 3 is seeking to raise $300 million of equity, which would make it the largest fund in the manager's series. The equity raised to date is already half of the $200 million raised by LREG Multifamily Fund 2, which held a final close in 2022 and is fully invested.

With leverage, the new fund would have up to $1 billion of buying power.

Dallas-based Lion invests in apartment properties throughout the Sun Belt. Fund 3 will target an 18% return, up from 15% for Fund 2. Presumably, the manager expects to find good prices in the apartment sector, given potential waves of distress due to stubbornly high interest rates.

In January, Lion bought a 240-unit property in Arlington, Texas, dubbed District 2308. The Class-B property — 2 miles from AT&T Stadium, where the **Dallas Cowboys** play — fits with the firm's value-added strategy. Lion will renovate unit interiors to boost rents and intends to improve amenities and common areas.

The purchase price is unknown. It was the second investment by Fund 3, Lion announced.

The shop is not using a placement agent, instead directly reaching out to wealthy individuals and institutions. Fundraising is overseen by **Dasha Waller,** who joined Lion last April as director of investor relations.

Lion was founded in 2007 by **Jeff Weller** and **Mory Barak.** ❖

Big Yield Pitched for Arizona Offices

A well-leased office building in suburban Phoenix is on the block for $28.1 million.

The property, called R-Tech, totals 140,000 sf in Scottsdale. It is 97% leased, with a weighted average remaining lease term of 6.5 years. At the $200/sf asking price, a buyer's initial annual yield would be 8.8%.

Newmark is handling marketing for a partnership between **Farallon Capital** of San Francisco and Scottsdale-based **Forum Capital,** which own the building via a leasehold interest. The property is subject to a ground lease that matures in 2088. The **Salt River Pima-Maricopa Indian Community** owns the land.

The marketing campaign is touting the property's stability, with no leases expiring before 2027. Some 79% of the space is leased to **Open Network Exchange** and **Allstate.** Both have invested heavily in their spaces, according to marketing materials.

The building was constructed in 2005 and was renovated in 2015. It has about 940 parking spaces.

R-Tech is at 7350 North Dobson Road, in the affluent Central Scottsdale submarket. Within 5 miles, there are 130,000 residents with an average household income of $153,000. There are 191 restaurants or bars and 19 hotels within 3 miles.

Office sales of at least $25 million in the Phoenix market tumbled 77.7% last year from 2022 levels, to $451.6 million, according to **Real Estate Alert's** published rankings. That outpaced a 59.3% drop nationally, causing the market to drop to the 18th-most active from 11th.

Farallon and Forum shopped the leasehold interest in a neighboring property last year, but a sale never materialized. That offering, for the 150,000-sf building at 7720 North Dobson Road, had been expected to attract bids of $31 million, or $207/sf, which would have given a buyer an initial annual yield of 8.25%. Newmark also had that listing. ❖

Multifamily Buyer Enters Reno Market

Tower 16 Capital Partners last week paid about $43 million for an apartment property outside Reno, Nev., marking its reentry to the state.

The Encinitas, Calif.-based firm closed on the purchase of the 209-unit Deco at Victorian Square, in Sparks. The price translates to $206,000/unit. **Eastdil Secured** advised the seller, local builder **Silverwing Development.**

The 10-story property, at 955 Avenue of the Oaks, is 97% occupied. It was built in 2021 and sold for below replacement costs. Its studio to two-bedroom apartments average 731 sf.

When the deal was marketed, bidders were told that neighboring Class-A properties were seeing rent premiums of more than $400 for studios and nearly $300 for one-bedroom units, so presumably Tower 16 will look to push rents.

The buyer also plans to spend nearly $1 million on upgrades to modernize common areas, improve the fitness center and add outdoor amenities, among other things. The property is in downtown Sparks, near the intersection of Interstates 80 and 580 and a block or so from the Nugget Casino Resort and the Nugget Event Center, a 6,800-seat amphitheater.

Tower 16 previously owned some 2,000 units in Nevada, all in Greater Las Vegas. It offloaded those properties in 2020 and 2021, the bulk via a $182 million portfolio sale in April 2021 that saw **Bridge Investment Group** acquire 1,165 units. **Henley Investment Management** was a joint-venture partner with Tower 16 in that sale, according to **Green Street's** Sales Comps Database. ❖

Partner ... From Page 1

following the recap.

The offered portfolio encompasses eight properties in Phoenix, six in Dallas/Fort Worth, two in Denver and one in Tampa. All the properties are stabilized, with occupancy averaging 93%.

The portfolio is being pitched as an opportunity to gain immediate scale in the build-to-rent sector, where large trades are relatively rare.

The one- to three-bedroom houses average 966 sf and have backyards, patios and garages. Interiors have upscale finishes, including granite or quartz counters and stainless-steel appliances.

All the properties operate under the Avilla Homes brand and have amenities such as pools, recreation areas and car-charging stations. And in contrast to single-family rental homes dispersed throughout suburban neighborhoods, each of NexMetro's properties contains hundreds of detached rental homes clustered within a single, gated community.

While the exact names and vintages of the properties could not be learned, NexMetro identifies only two communities in the Denver area on its website: the 244-unit Avilla Eastlake, built in 2020 at 12230 Washington Center Parkway in Thornton; and the 123-unit Avilla Buffalo Run, built in 2019 at 11940 Jasper Street in Commerce City. Similarly, it lists just one community in Tampa, the 152-unit Avilla Suncoast, which was built in 2022 at 1810 Suncoast Crossings Isle in Odessa.

NexMetro was founded in 2012 and is considered one of the pioneers in the build-to-rent sector. In addition to its stabilized communities, the firm has 27 properties representing more than 5,300 rental homes in lease-up, under construction or in development. Some of those properties also could become available for recapitalization once they are stabilized, according to marketing materials.

The single-family rental market is expected to experience steady growth over the next five years due to high demand and limited supply, **Green Street,** the parent of **Real Estate Alert,** said in a Jan. 31 report. The firm also noted that rents in the single-family rental market are projected to outpace the apartment sector by about 500 bp in 2024, with even greater disparities expected in Sun Belt markets. ❖

Hotel ... From Page 1

238-room St. Regis New York, at $1.3 million/room.

New York's hotel market, the nation's largest, was one of the hardest hit during the pandemic for performance and sales. But investors returned last year as demand rebounded thanks to an uptick in business and international travel, coupled with a reduction in overall room supply. The upshot: Sales of New York hotels worth at least $25 million skyrocketed 122% to $3.56 billion in 2023, despite a 36% decline in trading activity nationally.

Growing demand has especially benefited the luxury hotel segment, with properties such as the Ritz-Carlton — one of just a handful to front Central Park — leading the pack. Pros familiar with the deal said the Ritz-Carlton posted revenue of around $900/per room last year, with occupancy of roughly 75% and rates averaging $1,200/room. By comparison, luxury hotels in the surrounding Midtown West submarket were 74.3% occupied last year at an average rate of $565.75, according to **CoStar.** Additionally, the luxury segment's average revenue per room surpassed its pre-pandemic average in 2019.

A buyer of the Ritz-Carlton would have the option to convert about 140,000 sf across 12 floors to residential condos. The hotel has oversize rooms, including around 50 suites averaging 1,000 sf and standard rooms averaging 450 sf. It is union-operated and is subject to a long-term management contract with **Ritz-Carlton,** a subsidiary of **Marriott International.**

The building opened in 1930 as the St. Moritz hotel, with about 700 rooms. **Millennium Partners** of New York bought the property in 1999 and rebranded it as a Ritz-Carlton in 2002 following an extensive renovation. The upper floors of the building have roughly a dozen residential condos that are separately owned.

Westbrook acquired a majority interest in the hotel via a 2012 deal that valued the property at $218 million. It's unclear when Korea Investment entered the ownership structure.

The duo wrapped up a substantial renovation project within the last few years that updated the hotel's lounge, spa, restaurants and guest rooms.

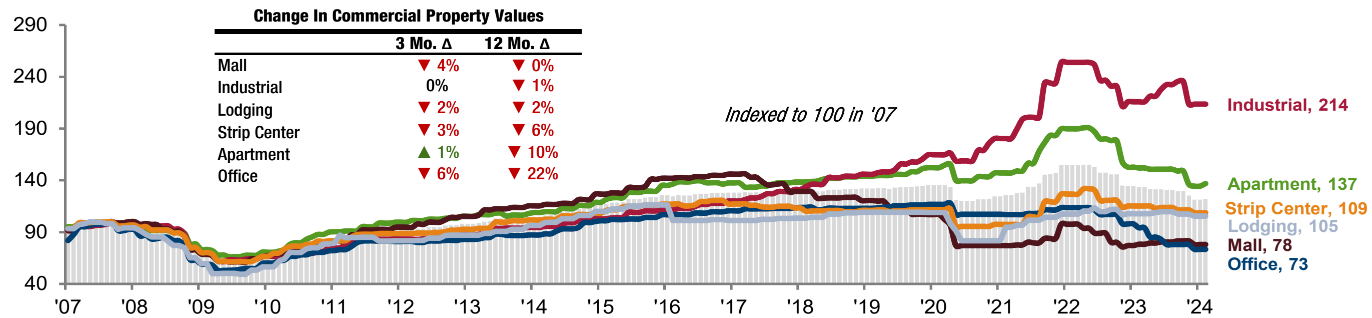
A trade at the $400 million valuation would be the second largest in New York since January 2020. The largest is last year's $623 million sale of the 610-room Park Lane Hotel, at 36 Central Park South, which is on the same block as the Ritz-Carlton. ❖

MARKET MONITOR

SUMMARY

- Sales volume in the industrial sector declined 33% year over year in 2023.
- Industrial REITs are trading at a 10% premium to gross asset value and an implied capitalization rate of 4.4% on average.
- Institutional-quality industrial-property values are down 16% from their March 2022 peak.
- Relative to other sectors, industrial-property values screen expensive in both the private and public markets.

GREEN STREET COMMERCIAL PROPERTY PRICE INDEXES



Source: Green Street

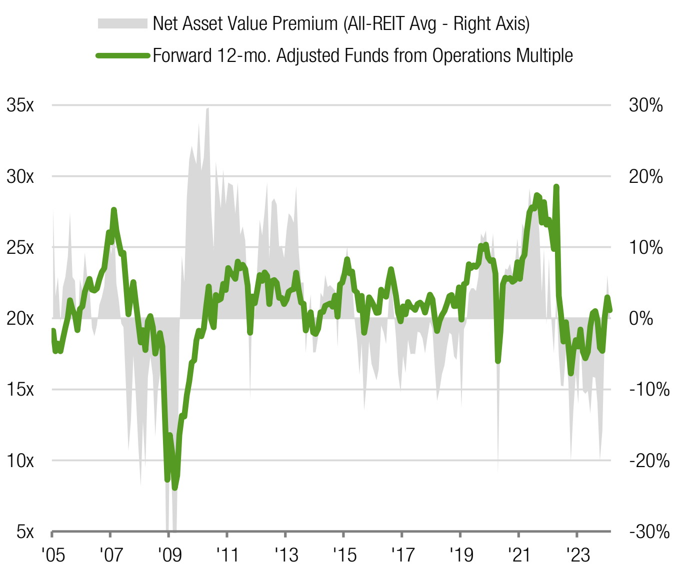
PUBLIC MARKET PERFORMANCE

	Total Returns*			Pricing Metrics		
	1 mo.	YTD	Last 12M	Prem to NAV	Prem to Assets	Nominal Cap Rate
RMZ	0%	-3%	5%			
S&P	4%	7%	30%			
US 10-Yr.	-1%	-2%	1%			
Apartment	-2%	-5%	-7%	-14%	-11%	5.6%
Healthcare	1%	-4%	3%	38%	24%	7.2%
Lodging	3%	3%	18%	-14%	-8%	8.6%
Industrial	3%	-2%	9%	14%	10%	4.8%
Mall	6%	6%	32%	16%	10%	7.9%
Manu. Housing	3%	-3%	-5%	-4%	-3%	5.0%
Net Lease	-2%	-7%	-10%	3%	2%	7.2%
Office	-5%	-6%	-5%	-26%	-13%	7.7%
Storage	-3%	-9%	-1%	-6%	-5%	5.6%
Strip Center	-3%	-6%	4%	-6%	-4%	6.9%
Wtd. Avg.	**0%**	**-3%**	**5%**	**-3%**	**-1%**	**6.6%**

**Pricing as of 02/26/2024*

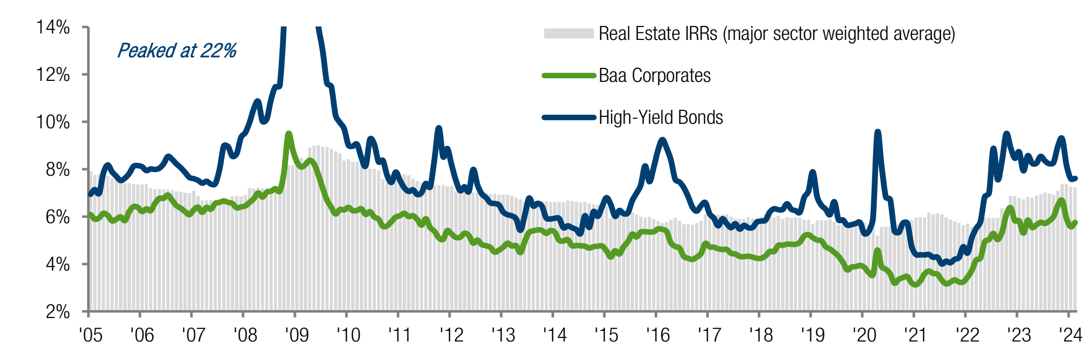
Sources: Bloomberg, Green Street

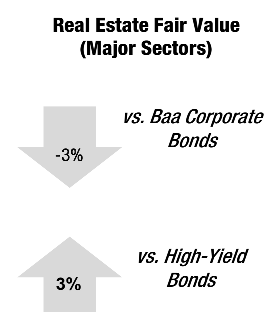
NAV PREMIUMS AND REIT AFFO MULTIPLES



Source: Green Street

REAL ESTATE RETURNS VS. BOND YIELDS



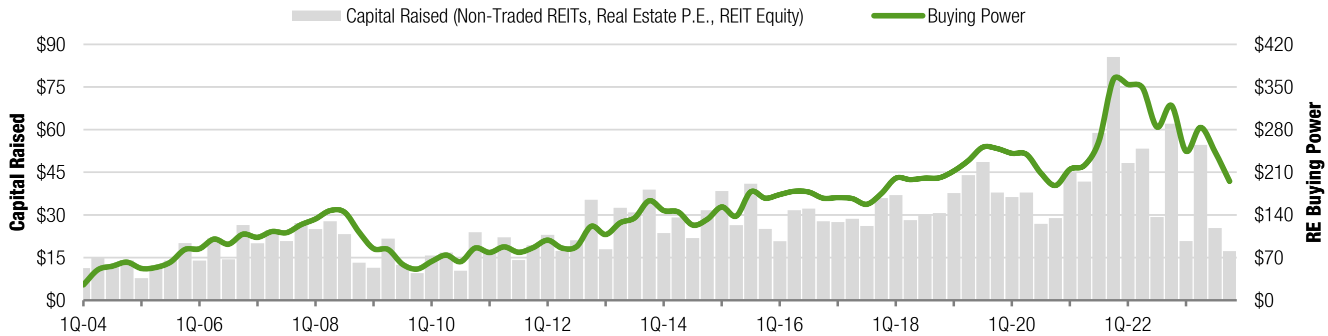


Sources: Bank of America, Moody's, Green Street

MARKET MONITOR

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

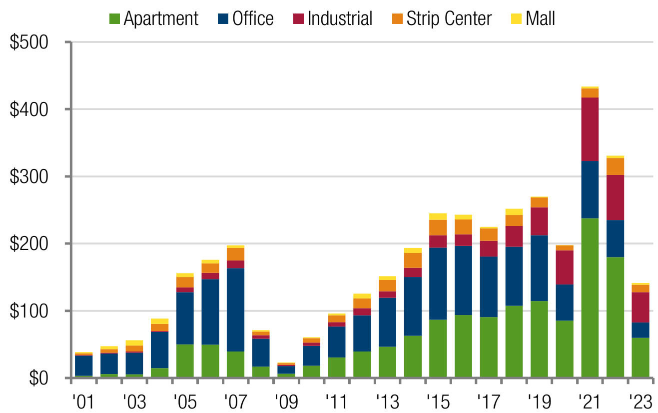
Buying power calculated as cash plus estimated incremental debt



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

SALES VOLUME BY PROPERTY TYPE ($BIL.)

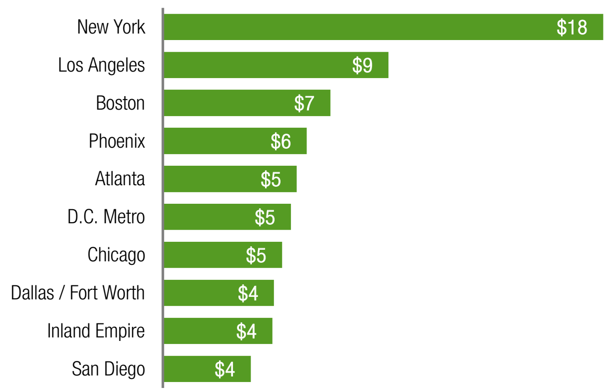
Volume representative of verified transactions $25 million or more



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.	McEwen Building	02/23/24	Office	Nashville	$48.8	175K	$279	Boyle Investment	KBS Realty Advisors
2.	Burrow	02/23/24	Apartment	Boston	$95.5	235	$406,383	Pantzer Properties	Post Road Residential; Rockpoint
3.	Koll Cotton Center	02/21/24	Industrial	Phoenix	$38.0	229K	$166	G. W. Williams Co.	TerraCap Management
4.	Westwood	02/21/24	Apartment	Jacksonville	$35.9	256	$140,234	Integral Florida	Jacksonville Housing Authority
5.	Outlook at Pilot Butte	02/20/24	Apartment	Bend-Redmond, Ore.	$57.5	205	$280,488	ColRich	Security Properties
6.	6733 South Sepulveda Boulevard	02/20/24	Apartment	Los Angeles	$56.0	176	$318,182	Kajima Corp.	TPG Real Estate Partners
7.	Belmar Villas	02/16/24	Apartment	Denver	$74.3	318	$233,648	ColRich	Independence Realty Trust
8.	One MacArthur Place	02/16/24	Office	Orange County, Calif.	$31.0	208K	$149	New American Funding	TPG Angelo Gordon; Ocean West Capital Part.
9.	1000 & 1100 Dexter Avenue	02/16/24	Office	Seattle	$47.5	223K	$213	Palisade Partners; Sabal Investment Holdings	SBC; Stockbridge Capital
10.	615 Aviation Road	02/15/24	Industrial	Philadelphia	$43.1	251K	$172	ExchangeRight	SunCap Property

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

THE GRAPEVINE

... From Page 1

asset management. She's based in the development firm's Chicago headquarters and reports to chief executive **James Martell.** Kindlon previously spent nearly eight years at **Ares Management,** where she managed 50 million sf of industrial space in the Midwest and departed as a principal. Before that, she worked at **Prologis** and **CenterPoint Properties.** Martell founded Logistics Property in 2018 with backing from **Macquarie.**

Andrew Elliott left **Blackfin Real Estate Investors** last month to help launch a real estate investment shop in Richmond, Va. The market pro teamed up with his brother, **Colin Elliott,** and father, **Bill Elliott,** to form **Elliott Properties,** which targets core-plus, value-added and opportunistic investments across much of the East Coast, mainly in the multifamily, industrial and retail sectors. Andrew Elliott spent four years as director of investments at Blackfin and before that worked at **United Bank.** Colin Elliott previously had stints at **Medalist Diversified REIT, Carr Properties, KBW** and United Bank. Bill Elliott is a former commercial real estate entrepreneur and fund manager.

Francisco Reyna joined **BBX Logistics Properties** this week as a vice president of development. He's based in the firm's Fort Lauderdale, Fla., headquarters and reports to **Justin Dunn,** who started as managing director of development this month. Reyna arrived from **Blackstone's Link Logistics,** where he spent two years and left as an assistant vice president. His experience also includes seven years at **DPR Construction** and nearly three years at **Turner Construction.** BBX Capital Real Estate launched BBX Logistics in 2021 to target last-mile industrial properties in Florida and other markets in the eastern U.S.

Chester Wyche joined **Sila Realty Trust** this month as an assistant vice president of investment management in Tampa. He previously worked at **AndCo Consulting** as a research analyst covering real estate and infrastructure funds. Prior to that, Wyche had stints at **New York Life Real Estate Investors** and **PGIM Real Estate.** Sila is a REIT focused on net-lease properties in the healthcare sector.

Patrick Hutson has joined **Prospect Capital Management** as a senior associate. He works in New York for **NPRC,** a REIT operated by Prospect. Hutson arrived from **Broadshore Capital Partners,** which he joined in 2020 and left as a senior associate. Before that, he logged three years at **Clarion Partners.**

Lamar Cos. added **John Frisina** this month as an acquisition analyst. The firm, based in Fairfield, N.J., buys mostly retail properties but also works on ground-up and redevelopment projects in the self-storage and residential sectors. Frisina moved over from **MSM Equities,** a Monsey, N.Y.-based investment shop. He had been there for nearly two years, leaving as an acquisition associate. Before that, Frisina worked at **Hampshire Real Estate Cos.**

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