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Real Estate

Sun Life buys 660 Market building for estimated \$24M

Premium content from San Francisco Business Times by J.K. Dineen, Reporter and Blanca Torres, Reporter

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Sun Life Assurance of Canada recently bought 660 Market St. in San Francisco, a 53,000-square-foot historic office building, from Union Property Capital and Heitman. Terms of the deal were not disclosed, but industry experts estimate the price was close to \$24 million, or about \$450 a square foot.

The building has 11,500 square feet of ground floor retail that is about 30 percent occupied and four upper floors of office space, which are 100 percent leased to tenants, including online ticketing company Vendini Inc. and architecture firm Mithun.

Union Property bought the building in 2007 for \$19 million from Ritz-Carlton and HCT Investments, which paid \$13.5 million for the property two years prior and had eyed it as a possible expansion site for the Ritz's fractional ownership units.

The 1924 building features a terra cotta exterior and was designed by [Lewis Hobart](#). It borders both Union Square and the financial district in San Francisco.

"The building's position on Market Street's burgeoning retail corridor made it an attractive asset for investors," said [Tony Crossley](#), a broker with **Colliers International** who represented the seller along with [Tim Maas](#) and [Erik Hanson](#), also of Colliers. "The property received a high degree of interest from the regional and international real estate community."

Crossley and Maas also represented Ritz-Carlton and HCT Investments when they sold 660 Market to Union Property, which had pumped a few million into upgrading the building during the last five years.

The property drew about 10 bids, Hanson said, from which Sun Life emerged as the top choice.

The deal is the second recent acquisition for Sun Life in San Francisco after buying nearby 625 Market St. last December for \$29 million, or about \$407 a square foot. The seller in that deal

was New Urban Properties.

BH acquires retail hot spot

BH Development finalized a deal with the City of Walnut Creek to pay \$2.6 million for a 6,225-square-foot surface parking lot at 1500 Mt. Diablo Blvd., in Walnut Creek — at one of the most prominent retail corners in the East Bay.

The developer plans a 7,600-square-foot, two-story retail and restaurant building designed by Mark Davis Design.

The site is at the corner of Mt. Diablo Boulevard and South Main Street, which is across the street from another BH Development property — a 36,000-square-foot retail complex that includes retailers **Tiffany & Co.**, Apple, Tommy Bahama, Gap and Va Di Vi restaurant. The other two corners are occupied by Neiman Marcus and **Pottery Barn**.

[Brian Hirahara](#), head of BH Development, said the site is a prime location to add more space to downtown Walnut Creek's already bustling retail district.

"We don't have tenants yet. We have a lot of interest," he said.

The city selected BH Development through a request-for-proposals process that began last summer. The city wanted new development to activate Commercial Lane, a small roadway that runs along the back of the site, and make it into a pedestrian-oriented walkway.

Hirahara said the next step is to entitle the new project.

BRE pursues Pleasanton apartments

Apartment developer **BRE Properties Inc.** recently put down \$11.1 million for an 8.1-acre development site at the corner of Gibraltar Drive and Hacienda Drive in Pleasanton, according to a recent quarterly financial report.

The site is one of two in Hacienda Business Park that San Francisco-based BRE secured approvals to build apartments on earlier this year. Both sites were rezoned from commercial to residential.

The project at Gibraltar and Hacienda will consist of 247 units ranging from studios to three-bedroom apartments, as well as some live/work units and a .55-acre public park.

BRE already owns a different 8.4-acre development site at the corner of Owens Drive and Willow Road that is slated for 255 units, including four live/work units and 5,700 square feet of retail.

So far, BRE has poured \$13.2 million into the Gibraltar/Hacienda site and \$19.5 million into the Owens/Willow site, for a total of \$32.7 million.

Broll Capital launches buying spree

A new investor is leaping into the crowded multi-family investment pool in Northern California.

Alamo-based Broll Capital, led by investor Brandon Broll, intends to buy up to 10,000 units on the West Coast in the next five years, and so far has bought a 35-unit property in Santa Rosa and is in contract to buy a separate 72-unit project in Santa Rosa.

Most of Broll's capital comes from private investors.

"It's an excellent time to invest in multi-family properties," Broll said. "Rents are poised to grow, lending rates are at a good level, and you can buy buildings with good positive leverage."

Other investors have also taken notice, but Broll said his strategy is to chase off-market or "thinly marketed" deals involving properties that need improvements.

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