

## BEST OFFICE SALE / INNER EAST BAY

# Bay Center Office

For TMG Partners, patience is rewarded with \$122 million sale

BY STEVE GINSBERG

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Emeryville is among the tightest office markets in the East Bay, yet the Bay Center Office complex was considered a laggard for several years after anchor Sybase moved out in 2002. TMG Partners was able to turn the project around after acquiring it in 2004 to make a record \$122 million sale in June.

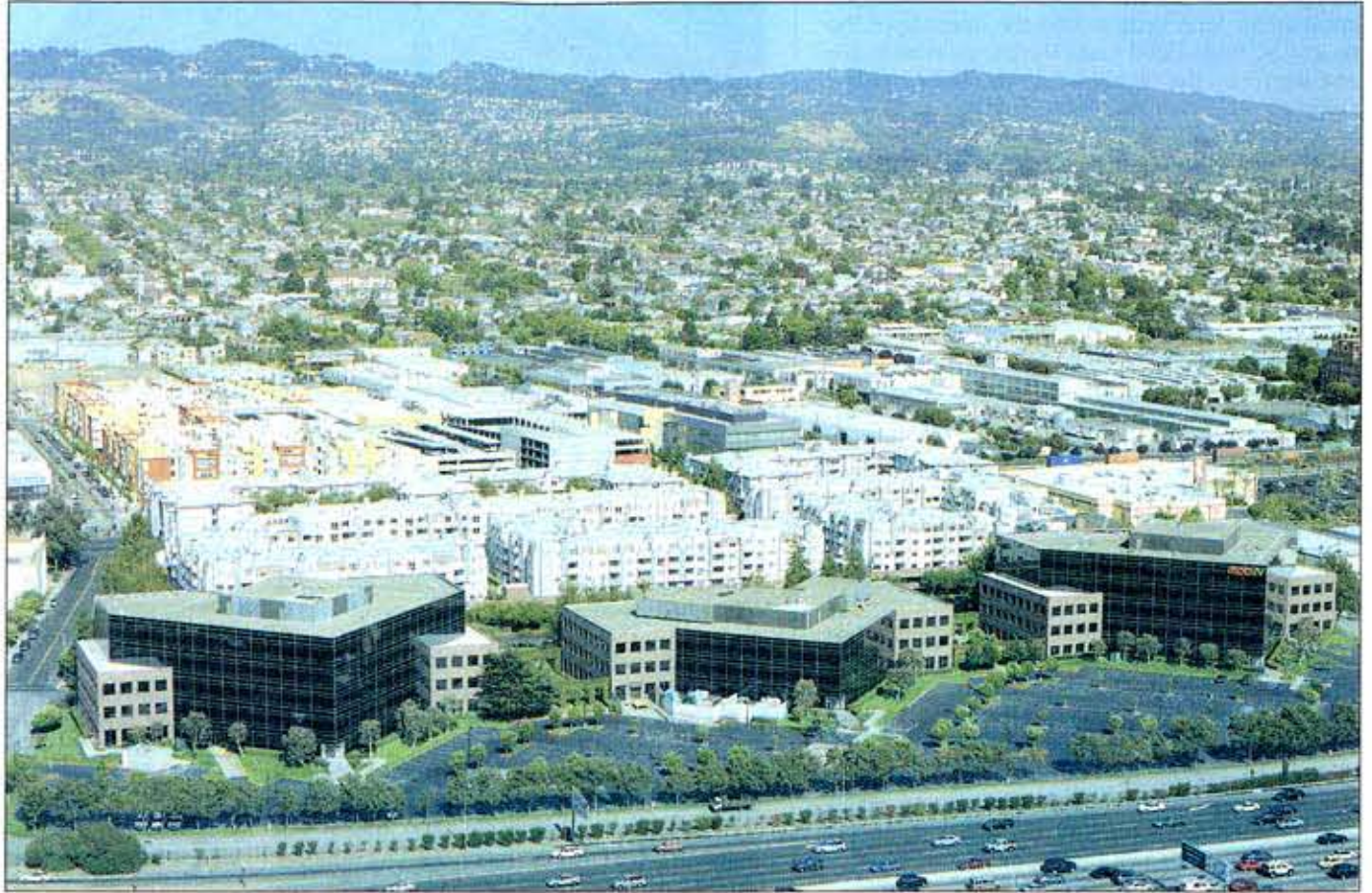
Iowa's Principle Real Estate Investors and its Emeryville-based joint venture partner, Harvest Properties, paid \$365 per square foot, surpassing the previous record of \$340 per square foot that Emeryville's Watergate Office Towers brought in 2006.

The sale at the height of the market rewarded TMG's patience — the San Francisco developer had considered selling it in 2006, but didn't. Had TMG gone to market then, it would have fetched \$100 million to \$110 million. By buying the complex cheaply during the "dark days" of the dot-com bust, TMG and its financial partner, Farallon Capital Management, were in a position to reap a solid profit on the property.

"We explored a sale in 2006, but decided to do more leasing to bring up the occupancy rate above 90 percent. By 2007 the market rose to support higher rents and it was a great time to sell," said TMG's David Cropper. "Principle and Harvest understood the property and could close quickly. We wanted to sell it the first time and not have it fall out of escrow."

Harvest's managing principal John Winther was acutely familiar with the Emeryville market, having developed the nearby Watergate tower when he worked for Spieker Properties. Christopher Aust, director of acquisitions for Principle, considered Bay Center an irreplaceable asset in a market that has strong economic growth yet inherent space constraints.

The deal includes three Class A office buildings totaling 327,750 square feet on 7.6 acres of bayfront land astride Interstate 80. Most of the offices include killer views of San Francisco and are 94 percent occupied. Among the tenants are Jamba Juice, Novartis, MobiTV, Sendmail and Orb Networks.



June 2007's white-hot real estate market yielded cold cash for TMG, which picked up the three buildings on the cheap in 2004.

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## BAY CENTER OFFICES

**Location:** 6425-6475 Christie Ave., Emeryville.

**Size:** 327,750 square feet.

**Price:** \$122.5 million.

**Buyer:** Principle Real Estate Investors, Harvest Properties.

**Sellers:** TMG Partners, Farallon Capital Management.

**Broker:** Robert Gilley, Steve Hermann, Erik Doyle of CB Richard Ellis.