

DEAL-WRAP

REO Development Site Hits L.A. Market

By *Natalie Dolce*



13267-13275 Foothill Blvd.

Los Angeles

Continuing the rapid “fleshing-out” trend of distressed land assets within in the Los Angeles infill land market, a subdivided 9.47-acre REO development site recently hit the market. With an approved tentative tract map for 204 units, the site is expected to garner interest from a sizable list of both active homebuilders and land investors looking to take advantage of today’s discount land prices, says Frank Evanisko, president of Studio City, CA-based land brokerage Evanisko Realty & Investment Inc. which has been retained by a Chicago-based lender to market the site. The site is located at 13267-13275 Foothill Blvd. in Sylmar, CA. In the past 12 months there has been a significant increase in Los Angeles infill land transaction velocity as a general consensus has been reached amongst investors that the market has reached a definitive bottom. According to Evanisko, this consensus is beginning to have a noticeable propping effect on land values as it has ushered several new and previously dormant players back into the site

acquisition market. Additionally, the recent emergence of several local banks within the construction lending market is helping many of these land deals close, adds David Melaugh, a partner at Evanisko Realty & Investment. Lending has proven to remain highly selective but the fact it exists is a great sign that recovery lies somewhere on the horizon they both contend.

Marcus & Millichap Real Estate Investment Services has brokered the sale of Sherman Village, a 150,000-square foot development site in Valley Village, a district in the San Fernando Valley region of Los Angeles. The sales price was \$15 million. Greg Harris, an executive vice president investments and a senior director of the firm's National Multi Housing Group in Encino, represented the seller, a Southern California-based private investor, and the buyer, IMT Capital, a Los Angeles-based private real estate investment firm. “The sale of Sherman Village marks one of the few fully entitled development site sales in Los Angeles County this year,” says Harris. Located at 12629-12729 Riverside Drive, the property is near U.S. Route 101, the Ventura Freeway, Interstate 405, the San Diego Freeway and State Route 170, the Hollywood Freeway. The site is also close to the Sherman Oaks Fashion Square and the Sherman Oaks Galleria. Sherman Village is a 3.45-acre site entitled for the development of 264 multifamily units on eight parcels. Founded in 1939, Valley Village was an upscale part of North Hollywood until officially recognized by the Los Angeles City Council as a separate community.

Menlo Park, CA

The California Public Employees’ Retirement System and GI Partners, a Menlo Park, CA-based private equity firm, recently revealed the formation of a new partnership by which GI will manage and invest in a \$3.4 billion portfolio of CalPERS’ industrial and logistics related real estate businesses. The portfolio transfer of CalEast Global Logistics significantly increases the nearly \$4 billion of assets currently under management by GI Partners. CalEast owns and operates industrial, logistics and infrastructure-oriented real estate, including warehouses, light assembly, distribution centers, truck terminals, intermodal centers, and air cargo facilities throughout the US and Canada. CalEast entities include CenterPoint Properties Trust, joint ventures with Aeroterm and North American Truck Terminals, and numerous development joint ventures. In total, CalEast platforms own and operate more than 47 million square feet of industrial real estate and logistics infrastructure. “We are pleased that CalPERS has selected GI to be its partner in this significant investment,” says Rick Magnuson, founder and executive managing director of GI Partners. “Our decade long relationship with CalPERS has been mutually rewarding and we look forward to continuing our partnership.”

San Jose, CA

NRG Solar, a subsidiary of NRG Energy Inc. and SunPower Corp. recently revealed groundbreaking agreements to begin construction next year of the 250-megawatt California Valley Solar Ranch in San Luis Obispo County. The solar power plant is expected to create approximately 350 jobs during construction, will power about 100,000 homes and will be one of the largest photovoltaic solar power plants in the world, when complete. NRG Solar plans to invest up to \$450 million of equity in the project over the next four years, subject to final total project cost and negotiation of the financing terms and conditions. Under the agreement announced today, NRG will, subject to certain conditions, assume all ownership and financing responsibilities for the California Valley Solar Ranch. SunPower will continue to develop the project, and will design, build, operate and maintain the solar power plant. Construction is expected to start in the second half of 2011, with

a portion of the project expected to begin operating by the end of 2011 and the balance coming on line in 2012 and 2013. When fully operational, the solar power plant will help California achieve its 33% renewable portfolio standard. The project is currently seeking a loan guarantee from the US Department of Energy's (DOE) Loan Guarantee Program Office, which supports accelerated commercial use of innovative energy technologies to help sustain economic growth, yield environmental benefits, and produce a more stable and secure energy supply. The DOE Loan Guarantee Program Office has provided a draft term sheet for the California Valley Solar Ranch project, which is a significant milestone in the process leading to a conditional loan guarantee commitment.

Hill Air Force Base, UT

Sunset Ridge Development Partners—Woodbury Corp. and Hunt Development Group—officially kicked off construction of the first commercial building at Falcon Hill National Aerospace Research Park, by announcing the lease signing of Northrop Grumman. The aerospace research parks' first building is the 150,000-square-foot ICBM facility, built for defense contractor Northrop Grumman (Northrop). The new facility will allow Air Force personnel and Northrop to work together on Intercontinental Ballistic Missile operation and maintenance inside Hill Air Force Base. Northrop will move 650 people on base and they will serve as the anchor tenant for future growth at Falcon Hill. When the entire development is built out over the next 20 to 25 years, it will have over 8 million square feet of office and research space, as well as some supporting retail establishments, restaurants and hotels. Tony Spehar, Vice President of Northrop Grumman Missile Systems, said, "Northrop Grumman Missile Systems and our Northern Utah employees are enthusiastic about working with Sunset Ridge Development Partners in making the Falcon Hill National Research Park a reality, and we look forward with great anticipation to moving back to Hill Air Force Base as a part of this exciting development. The opportunity to work even more closely with our Air Force customers will enhance synergy of our programs and strengthen our continued partnership with the ICBM SPO supporting our nation's ICBM force."

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