

Invesco Makes \$120MM Acquisition in South San Francisco

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By Jon Peterson

Atlanta-based Invesco Real Estate has acquired the SSF Logistics Center in South San Francisco for around \$120 million, according to industry sources.

Invesco bought the property from a partnership of New York City-based Angelo Gordon & Co., Lafayette-based Orchard Partners and Chicago-based Centrum Properties. Both the buyer and seller of the properties declined to comment on the sales price of the property.

The deal was completed on October 23rd. The property was jointly listed for sale by Darla Longo, member of the National Partners of CBRE based in Los Angeles and Jason Cranston and Doug Longyear of Cassidy Turley Commercial Real Estate Services. Longo is a vice chairman in the broker institutional group for CBRE in its Ontario office. Cranston is a senior vice president in the Burlingame office, and Longyear holds the same position in the San Francisco office. The property was brought to the market for sale in May.

The SSF Logistics Center has two separate buildings covering 26 acres located along the west side of 101 and north of US 380. It's less than one mile from the San Francisco International Airport.

One building is a 453,076 square foot building fully renovated warehouse/distribution building located at 1070 San Mateo Avenue. According to South San Francisco city documents, this property has Federal Express taking 418,216 square feet. The company signed a lease earlier this year that runs for another 15 years with two-five year extension options. FedEx has invested \$25 million of its own capital into the property for its automated sorting system to be used at the property.

The General Services Administration has a lease for the Drug Enforcement Administration for the remainder of the building. This lease has eight years remaining. FedEx has a first right of refusal on this lease should the current tenant decide to leave after the term expires.

The second building is the 9,240 square foot building located at 1080 San Mateo Avenue. This property is now under construction and should be completed by December. Potential uses include retail. Cassidy Turley is the leasing agent for this property going forward.

“The team of Orchard, Cassidy Turley and Centrum brought to bear decades of industrial investment, leasing, entitlement, construction and management expertise, as well as deep locale market relationships and perspectives, on this project. Following a yearlong re-entitlement and redesign for a major logistics company, we are thrilled to consummate this sale to Invesco,” says Steve White, a managing director with Angelo Gordon in a prepared statement. He works out of the company’s regional office in Los Angeles.

“SSF Logistics Center has been thoughtfully conceived, and on a fully renovated basis has been transformed to a state-of-the-art logistics facility. This is something rarely found on the Peninsula,” says Tyler Higgins, managing partner of Orchard Partners.

The property was originally assembled through the acquisition of three parcels between 2007 and 2008. This was done to facilitate greater functionality for companies with logistics requirements. The ownership at that time pursued a master use permit. This provided for the addition of more dock-high doors, a larger truck court for enhanced maneuvering room and truck trailer parking, office improvements, ample car parking and the construction of the second building. The project also included the demolition of 118,672 square feet of existing warehouse space.

“This strategic location, coupled with the long-term credit leases found at SSF Logistics Center, attracted capital from across the globe, making this a world class, core investment opportunity for many buyers,” says Longo.