

Invesco buys South San Francisco Logistics Center

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After securing a huge lease with FedEx Ground earlier this year, Angelo Gordon & Co., Orchard Partners, and Centrum Properties sold the SSF Logistics Center, a 462,316-square-foot industrial property in South San Francisco, to a fund managed by Invesco Real Estate.

Terms of the deal were not disclosed, but industry sources said the price landed near \$120 million or between \$260 per square foot.

The sellers in the deal tore down 119,000 square feet of warehouse space to make room for a larger, modern facility for FedEx, which expects to have more 500 employees after it moves into the space in May 2014.

“The strategic location, coupled with the long-term credit leases found at SSF Logistics Center, attracted capital from across the globe, making this property a world-class, core investment opportunity for many buyers,” said Darla Longo, a broker with CBRE who marketed the property for the sellers along with Jason Cranston and Doug Long-year of Cassidy Turley.

Invesco, established in 1983, manages \$49 billion of real estate worldwide including office, hotel, retail, apartments and industrial properties.

The sale to Invesco came after a year of work to renovate the project and sign a 418,216-square-foot lease with FedEx, said Steve White of Angelo Gordon. The remainder of the property is leased by the Government Services Administration and some retail tenants.

Angelo Gordon bought the site in 2008 for \$36.5 million and then brought on Orchard Partners in 2011 to revamp the site and lease it up. Cranston and Marshall Hydorn of Cassidy Turley represented the sellers in their lease with FedEx and will continue handling leasing for Invesco.

"This project was a collaborative effort," said Tyler Higgins, managing partner of Orchard Partners. He said the owners worked closely with city officials on converting the space into a “state-of-the-art logistics facility,” which he called a rarity on the Peninsula.

“Working on this project started with a cold call to a company that had previously sought to consolidate its operations into two other locations on the Peninsula,” said Cranston.

The property sits on 26 acres and is located along the west side of Highway 101 and north of Interstate 380 and less than one mile from the San Francisco International Airport.

“It’s a great piece of property and a great lease that generated a lot of interest from prospective buyers,” said Brenton Wickam, a broker with Coldwell Banker Commercial in Burlingame who represented FedEx on its lease, but did not take part in the sale of the property. “What the buyer is buying is the FedEx lease.”

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