Green Street

Real Estate Alert

THE WEEKLY UPDATE ON THE INSTITUTIONAL MARKETPLACE

JANUARY 11, 2022

THE GRAPEVINE

Paramount Group head of acquisitions **David Zobel** is parting ways with the company later this month. The buzz is the split is amicable. His plans are unclear. Zobel joined the New York-based REIT in 2008 from **Credit Suisse.** In 2018, he was promoted to executive vice president and acquisitions chief, succeeding chief investment officer **Dan Lauer.**

Andrew Dietz came aboard at **CBRE Capital Advisors** this month as a senior managing director in New York. His duties at CBRE's investment-banking unit include raising private capital for the advisory firm's clients in North America and South America. CBRE Capital

See GRAPEVINE on Back Page

Sprawling Industrial Portfolio Up For Grabs

A joint venture is shopping a portfolio of 56 bulk distribution centers totaling 17.1 million sf, the latest megadeal in the red-hot industrial sector.

The package is expected to command bids of roughly $1.6 billion. At that $94/sf valuation, the initial annual yield would be 4.5%. The properties are spread across 14 markets, with the biggest concentrations in Atlanta (4.7 million sf), Indianapolis (2.4 million sf) and Chicago (1.6 million sf). **Eastdil Secured** is marketing the portfolio for a partnership among **Abu Dhabi Investment Authority, PSP Investments** and **EQT Exeter.**

The marketing campaign is emphasizing the warehouses' core profile. The package is 99.6% leased by 80 tenants, with a weighted average remaining lease term of 4.1 years. Companies with investment-grade credit generate 28% of the rent. They include **Clorox, Costco Wholesale, Electrolux, Georgia Pacific** and **TJX.**

The seller is touting the package's anticipated income growth. Contractual annual

See PORTFOLIO on Page 10

Real Estate Hiring Market Tighter Than Ever

Hiring real estate professionals was no easy task last year as firms across the board attempted to expand their ranks, and recruiting in the year ahead is looking to be just as challenging, according to executive-search firm **Ferguson Partners.**

In 2021, 53% of firms increased their workforces by an average of 10.5% year over year. That's according to Ferguson's 14th annual survey, which drew responses from more than 300 firms spanning the real estate industry. Going forward, some 70% of firms said they planned to expand their staffs by an average of 8.6% this year.

"This is definitely the craziest, busiest and most competitive hiring market that I've ever known," said **Gemma Burgess,** president of Ferguson and a 15-year recruiting veteran.

The demand comes as firms build out or add units specializing in popular sectors and niches. Private companies are adding new roles as they move to more institutional structures, and public companies are seeking more diverse board members. Public and private firms continue to ramp up succession planning. At

See HIRING on Page 8

Carlyle Tees Up More Age-Restricted Rentals

Carlyle Group partnerships sold a portfolio of age-restricted apartment buildings at yearend for $540 million, and have put another $730 million of properties on the block.

PGIM Real Estate purchased four properties in Florida, Texas and Washington for $232 million. The deal valued the 624 units at $372,000 each. Four other properties, totaling 746 units in Pennsylvania, Texas, Virginia and suburban Nashville, were sold in separate deals for roughly $308 million, or $413,000/unit.

The buyers were **Clarion Partners, Livingston Street Capital, Principal Real Estate Investors** and **Seniors Options** (see chart on Page 11). Individual pricing on the deals could not be learned. As reported last August, Carlyle said it planned to sell about $1 billion of age-restricted apartment properties.

Newmark brokered the trades and is advising additional Carlyle partnerships on the listing of 11 properties spread across the Carolinas, Oklahoma, Texas and

See CARLYLE on Page 11

Fla. Rentals Could Fetch Peak Price

A new luxury apartment complex in South Florida could command a record price.

Life Time Living, at 225 South Dixie Highway in Coral Gables, was completed last year by Wayzata, Minn.-based developer **Nolan Reynolds International**, now known as NRI. It's still in its initial lease-up phase, with an occupancy rate of nearly 72%. Bids for the 495-unit complex are expected to come in around $475 million, or $959,500/unit. **Cushman & Wakefield** has the listing.

That price would be the highest ever paid for a single apartment property in Florida, according to **Real Estate Alert's** Deal Database. The record was set in October 2021 when **Starwood Property Trust** paid $371 million, or $440,000/unit, for the 844-apartment Palmer Dadeland, a two-building property at 8215 and 8217 Southwest 72nd Avenue in Miami.

The Life Time offering follows another high-priced South Florida apartment listing vying for the title as the state's most expensive multi-family sale.

In September, the 816-apartment ParkLine Miami, atop the new MiamiCentral transit station at 100 Northwest Sixth Street, hit the market with expectations it could fetch $500 million, or roughly $613,000/unit. Cushman also is brokering the sale of the ParkLine Miami, built in 2021, on behalf of **Florida East Coast Industries,** which is controlled by **Fortress Investment.**

Life Time comprises three connected residential buildings from 12 to 14 stories. Units range from studios to three bedrooms and average 949 sf. They have stainless-steel appliances, granite counters, kitchen islands, wood floors and washer/dryers.

Marketing materials characterize the 1.2 million-sf complex as a mixed-use project, where people can live, work, shop and focus on wellness.

Average rent is $3,525, or $3.72/sf, and includes membership to Life Time's 73,000-sf luxury athletic center and spa. It features more than 400 pieces of cardio and strength equipment, fitness studios, a **Kids Academy** and a recovery room with massage and chiropractic treatment. There also is a rooftop beach club with two pools, a multipurpose room for sports and a cafe.

Tenants also get preferred pricing at Life Time Work, a 24,000-sf co-working center that has desks, open seating, conference rooms and lounges.

The property has averaged nearly 55 leases per month during its initial lease-up phase, which began in July. Average tenant income is more than $500,000.

A 16,000-sf **Trader Joe's** anchors the ground-floor retail space and Argentinian restaurant **Graziano's** also has signed on.

The complex has access to nearly 12 million sf of office space. It's adjacent to the Shops at Merrick Park, an upscale outdoor mall anchored by **Neiman Marcus** and **Nordstrom.** ❖

Eastdil Debuts Latest Sun Belt Office

Eastdil Secured this month opened an office in Miami, aiming to expand its reach in the Sun Belt region.

The firm last month hired former **Oaktree Capital Management** senior vice president **Matt DeAtley** as a director. He's focused on financing, joint-venture and structured debt and equity assignments across asset classes. DeAtley works alongside investment-sales specialist **Ken Glomb,** a managing director who in recent weeks relocated from Eastdil's Chicago office to work on Florida properties.

The office, in Miami's Brickell submarket, is overseen by **Jeff Scott,** a managing director and member of the executive committee. He said the location will play an important role as clients increasingly look to properties in the Sun Belt, and that investor demand drove the choice to further expand in the Southeast.

"Our clients and relationships take us to different geographies," Scott said. "That really focused our attention in a way that made us question whether we needed to have a physical footprint there. Over the next few years, Miami will be scaled similarly to our Charlotte, Atlanta and Dallas offices."

Properties in Sun Belt cities are benefiting from a wave of in-migration by people and companies, a trend accelerated by the pandemic. Eastdil closed some $8 billion of financings, investment-sales and joint-venture equity deals in Florida alone last year, according to the firm.

The firm plans to build out a Miami team that will take assignments up and down the capital stack and across asset types. In the interim, managing directors from other offices who've previously handled assignments in Florida will fill the gaps. They include: **Phil Brosseau, Brian Budnick, Chris Campbell, Stephen Livaditis, Ryan Reid, Miles Theodore, Stephen Van Dusen** and **Ken Ziebelman.**

Over the past decade, Eastdil's share of the investment-sales market in South Florida has fluctuated in some asset classes, according to **Real Estate Alert's** Deal Database. Its most consistent showing has been in the office sector, where in 2019 it achieved a market share of 10.7%.

This is the company's third push into a Sun Belt location in the last two years. Eastdil expanded its team in Dallas in 2020, adding new staffers and relocating others to amass a staff of some 35 market pros. In the first half of 2021, Eastdil captured a 12.1% market share of large office sales in the Dallas area, according to the Deal Database. Eastdil made a similar play in Charlotte, opening an office about two years ago that now boasts a staff of around 30.

The Miami office will complement Eastdil's long-established presence in the Sun Belt markets of Atlanta and Los Angeles as well as its core presence in urban centers including Boston, Chicago, New York and San Francisco. ❖

Arlington Rentals Could Set Record

A developer is shopping the leasehold interest in a new luxury apartment building in Arlington, Va., that could set a per-unit record for the state.

The 331-unit Aubrey, in the Rosslyn neighborhood, is expected to fetch about $300 million, or roughly $906,000/unit. Built last year, the property is in its initial lease-up phase and is nearly 80% occupied. **Newmark** is representing the seller, **Penzance Cos.** of Washington.

The current per-unit record in Virginia is $646,000, achieved in 2015 when **LaSalle Investment Management** paid $113 million for the 175-unit Kingsley at 500 Madison Street in Alexandria. **HFF** brokered the deal for a **Principal Real Estate Investors** partnership.

The current high-water mark in Arlington is **Trammell Crow Residential's** July 2021 sale of the 333-unit Alexan Earl. **Lincoln Property Co.** paid $192 million, or about $577,000/unit, for the property, at 1122 North Hudson St. **JLL** brokered the deal.

The Aubrey's one- to three-bedroom apartments average 985 sf and have quartz kitchen counters, keyless entry systems and washer/dryers. Apartments have views of Rosslyn or Washington, and many have a balcony. The penthouse and loft apartments have kitchen islands, wraparound balconies and heated floors in the primary bathroom.

Average rent is $3,746, or $3.80/sf, and rents have increased as much as $200 since May.

Amenities include a rooftop pool, a terrace, lounges, two libraries, a co-working hall and a clubroom. There is a garage, bike storage, storage units and 24-hour concierge services. Ground-floor retail outlets include a **CVS** pharmacy.

The 23-story property, at 1788 North Pierce Street, is one of three high-rise residential buildings at the Highlands, a mixed-use project being built by Penzance. The others are the Pierce, which has 104 condominium units, and the 455-unit Evo. The Aubrey is subject to a 125-year ground lease from the **Arlington County Board.**

According to marketing materials, the Highlands has been setting records for rents and condominium sales. Rents at the Aubrey range from $2,311 to $7,477, and condominiums at the Pierce are selling for an average of $1,000/sf. That project is about 35% sold.

The property is 2 miles from downtown Washington and less than 5 miles from HQ2, **Amazon's** second global headquarters, scheduled to open in 2023 in the National Landing district, on the border of Arlington and Alexandria. ❖

Northeast Buys Chicago-Area Offices

Northeast Capital closed last month on a $190 million purchase of an office complex in suburban Chicago.

The price for the 1.1 million-sf Kemper Lakes Business Center, in Lake Zurich, works out to slightly less than $173/sf. That translates to an initial annual yield around 7% for Northeast, based in Spring Valley, N.Y.

Eastdil Secured brokered the sale on behalf of **Apollo Global Management.**

The Chicago market has seen only four office properties fetch higher prices since the pandemic dampened sales activity almost two years ago — all within the city, according to **Real Estate Alert's** Deal Database. And the suburbs haven't seen a larger single-property trade since 2005.

The four-building complex is 94% leased. It is between two lakes on 164 acres, adjacent to Kemper Lakes Golf Course and 31 miles northwest of downtown Chicago. The buildings, completed from 1971 to 1993, have been consistently renovated. Apollo acquired the property in 2014 for $127 million. ❖

Luxury Rentals In Miami Marketed

A developer is shopping a luxury apartment building in Miami that could attract bids of $160 million.

The 195-unit Eve at the District, at 3635 Northeast First Avenue, is 96% leased. The estimated value works out to roughly $821,000/unit. **Cushman & Wakefield** is marketing the property on behalf of New York-based **Mack Real Estate.**

The 19-story property was built in 2016. Its one- to three-bedroom units average 856 sf, with rents averaging $3,520, or $4.11/sf. The property has 61,000 sf of ground-floor retail space that is 91% occupied by tenants including **City Furniture** and **UFC Gym.**

The units have floor-to-ceiling windows, tile floors, quartz counters, washer/dryers and patios or balconies with views of the city skyline or Biscayne Bay. Amenities include a pool and spa, a fitness center, a game room and a library.

Marketing materials note that some or all of the apartments can be used as short-term rentals, which would drive income for a new owner. Investors also are being told that they could raise rents upon the completion of light renovations such as installing smart thermostats and locks, and tile backsplashes.

The property's garage is covered with unobstructed billboards facing Interstate 195 that could be updated to digital signage, further increasing revenue. That opportunity is particularly attractive because billboard permits from Miami-Dade County are limited, according to marketing materials.

Eve at the District abuts Miami's Design District and Midtown neighborhoods, which have more than 1 million sf of retail space, including more than 50 restaurants. A **Trader Joe's** is set to open adjacent to the property this year, with a **Whole Foods** slated to open in 2024. ❖

TA Snags Boston-Area Apartments

TA Realty has paid $130.5 million for a new apartment complex in suburban Boston.

The 248-unit property, in Marshfield, opened last year and is already 93% occupied. **Newmark** brokered the sale, which closed this month and valued the garden-style apartments at $526,000 each. The seller was the development team of **Mill Creek Residential Trust** of Boca Raton, Fla., and **CrossHarbor Capital Partners** of Boston.

The property previously was known as Modera at Marshfield. Boston-based TA has renamed it Madison at Marshfield.

The complex, at 1 Chestnut Street, has 14 residential buildings. Apartments have one to three bedrooms, and there are 35 townhouses. Interiors average 1,104 sf and have stainless-steel appliances, wood-style floors, stone counters, walk-in closets and washer/dryers.

Amenities include a resort-style pool, a gym, a playground, a dog run and outdoor dining and lounge areas.

Twenty-five percent of the apartments are set aside as affordable, via a state law.

The complex is 5 miles from the beaches of Boston's South Shore and 24 miles south of the city. The property is near State Route 3, known locally as Pilgrims Highway.

Rents are likely to grow steadily given the South Shore's affluence and strong single-family housing market, according to marketing materials. The area has an average household income of $178,200 and a median home price just over $943,000. ❖

LA Mixed-Use Property On the Block

DRA Advisors is marketing a mixed-use campus in Los Angeles that could fetch $250 million from value-added investors.

The property, called the Mix at Harman Campus, comprises 761,000 sf in the Northridge neighborhood of the San Fernando Valley. It's 74% leased. Bids are expected to come in around $329/sf.

Newmark is shopping the property for New York-based DRA, which has spent $30 million to reposition it since 2016. Some 57% of the space is office, 34% is industrial, 7% is life science and 2% is retail.

The pitch is the existing rent roll will provide stability while a buyer leases up the vacant space. The weighted average remaining lease term is 5.2 years, and leases on only 18% of the occupied space mature before 2027. Some 44% of tenants have investment-grade ratings.

The campus is named for **Harman International,** an audio electronics company that has used the property as its West Coast headquarters since 1975 and now occupies 164,000 sf. In 2017, Harman, best known for its Harman Kardon and JBL speaker lines, was acquired by **Samsung.** The parent company, which now backs the lease, is rated Aa3/AA-/AA- by **Moody's, S&P** and **Fitch.**

Other major tenants include **Regal Medical Group** (119,000 sf), which has expanded at the location four times since 2003 and uses the property as its headquarters, and life-science firm **HemaCare** (51,000 sf). Retail tenants include **Chipotle, Five Guys** and **Jersey Mike's.**

Amazon leases 81,000 sf under a lease that matures within a year. The marketing campaign is touting that as an opportunity to raise rents, as Amazon's in-place rent is 30% below market rates. The e-commerce titan has invested heavily in its space and is considered likely to renew.

The San Fernando Valley has 103.6 million sf of industrial space that is 98.4% leased. Asking rents average $17.04/sf. The San Fernando Valley office market, meanwhile, is 85.9% leased, among the highest occupancy rates in the Los Angeles area. Asking rents average $31.68/sf. That represents a significant discount to submarkets in West Los Angeles and could help attract tenants, according to marketing materials.

The Mix is on a 40-acre site on Balboa Boulevard. The campus has a new conference center, a walking path, a patio and car-charging stations.

The largest building, at 8500 Balboa, has 453,000 sf of office and industrial space. Tenants include Amazon, HemaCare and Samsung. The building also has a vacant 98,000-sf suite that could be used for office, industrial, life-science or studio space.

There are two office buildings at 8510 Balboa (128,000 sf) and 8550 Balboa (162,000 sf). The retail buildings are at 8420 Balboa (9,000 sf) and 8440 Balboa (8,000 sf).

The property was developed for **RCA** in the 1950s and used as a defense contracting plant. ❖

Firm Aims To Revive Sun Belt Offices

Atlantic Cos., via its newly launched acquisition arm, is focusing on older office campuses in the Southeast that can be repositioned into modern working environments.

The initiative, led by acquisition specialists **Taylor Smith** and **Andy Johns,** is targeting some $500 million of purchases over the next 18 months with joint-venture partners. The strategy focuses on sprawling suburban office campuses that can be outfitted with a wider range of both private and public services and amenities.

The firm already has identified roughly a half-dozen capital partners and can pursue deals ranging up to roughly $200 million with the goal of generating high-yield returns. It also will pursue deals that fall below the $50 million threshold and are under the radar of institutional buyers.

Atlantic, based in Atlanta, launched in November as a venture between **Jim Meyer,** a managing partner of **Atlantic Capital Properties,** and **Mack Reese,** a managing partner at **Gateway Ventures Real Estate.** They combined their companies and created an acquisitions arm. They tapped Smith, formerly a senior vice president and Southeast regional director at **Rubenstein Partners,** to be a managing principal, and Johns, a former director at **Cushman & Wakefield,** as a principal. The new firm also provides development, leasing and property-management services.

Atlantic's acquisition strategy goes beyond adding amenities and updates to an existing property — a popular pre-pandemic play. At the time, spaces with extravagant amenities appealed to tenants who used this incentive as a recruiting tool amid the tight labor market.

Following the pandemic, tenants will be seeking environments that lure remote workers back to the office. "There is going to be a lot of change coming up," Smith said. "[Tenants] need initially to attract workers back to the office over the long run, and [workers] are going to need different environments" in a single location.

For Atlantic, this means taking older, expansive campuses with unused space and refitting them to include work, gathering, exercise and recreation areas. That strategy can include entertainment venues, mixed-use space and direct access to municipal recreational facilities such as running trails and various modes of transportation.

Because more people are working from home, Atlantic says tenants will be seeking environments where employees can engage in multiple activities in a centralized location. The "workplace is more than where you work, it is a part of someone's daily routine now," Johns said. "Workers are used to flexibility to create environments that are outward facing and interacting with the surrounding community."

Atlantic is aiming at the suburban submarkets of Atlanta and will scout deals in other Southeast markets where it already has a presence. Currently, the firm has four development projects totaling more than $400 million underway in Alabama, Atlanta, Florida and South Carolina. ❖

Dalfen Buys 3 Parcels In Southeast

Dalfen Industrial acquired three Southeast land parcels in late December and plans to invest $229 million to develop 1.8 million sf of speculative industrial space at the sites.

The Dallas fund shop purchased the properties in separate transactions from private investors.

In the largest transaction, Dalfen paid $31.7 million for a 153.5-acre site on Palmetto Commerce Parkway in Charleston, S.C. Including the land-acquisition costs, the firm has committed $126 million to developing a 1.3 million-sf warehouse that it expects to deliver in early 2023.

The property is about a half-mile from Interstate 26 and less than 3 miles from Charleston International Airport in the North Charleston submarket. Dalfen was attracted by the robust population growth and strong leasing market.

Dalfen also made two land acquisitions in Florida. It paid $26.4 million for a 16.5-acre site in Miami's Northwest Medley submarket and is building a 298,000-sf warehouse at a total cost of $62.6 million. The firm also paid $18.1 million for a 16.8-acre site in Lake Park, where it will spend $40 million, including the land acquisition, to develop a 185,000-sf industrial building.

Dalfen also bought seven warehouses totaling 1.9 million sf for a combined $201 million, or $106/sf, in separate transactions in December. However, it is finding ground-up speculative development increasingly attractive.

"With tenant demand that continually outpaces supply," said president **Sean Dalfen,** the company frequently is landing tenants "before the building is even finished."

Dalfen has opened three offices recently to bring its total to 10. The company's roots are in Dalfen Limited, a family-owned apparel retail chain founded in Montreal in 1935. It ventured into commercial real estate in 1970, branded itself Dalfen Industrial in 2018 and last year committed $2.4 billion to acquisitions and development deals. ❖

Life-Science Site Near Boston In Play

Investors are getting a crack at a development site just north of Cambridge that is in the final stages of approval for life-science use.

The 1.4-acre site, at 4054 Mystic Valley Parkway in Medford, is expected to attract bids of $200 per buildable sf, or about $60 million. **Colliers** has the listing.

The owner, **Rise Together** of Dorchester, Mass., is securing permits to begin construction of an eight-story building with a penthouse level. Final approvals are expected to take about three months. It would be up to a buyer to construct and lease the property, comprising 273,000 sf of laboratory space, 3,000 sf of retail space and three levels of underground parking with 495 spaces.

The offering comes amid fierce demand for lab space. According to Colliers, life-science tenants are seeking a combined 10.9 million sf in the Boston area. Just 1.1 million sf is available even after the recent development of 5.3 million sf.

That has pushed rents to record levels. Asking rents in the Medford area range from $85/sf to $95/sf on a triple-net basis, versus $115/sf to $125/sf in Cambridge's Kendall Square submarket.

The supply-and-demand dynamic also has made it easier to forecast income and growth and has prompted investors to pursue more development and conversion plays. A slew of such deals closed at yearend throughout the area. In Medford, **Partners Group** purchased an interest in One Cabot Road from **Davis Cos.** in a deal that assigned a value of roughly $180 million to the 323,000-sf office and data-center property. The plan is to convert the space for lab and life-science use.

Lab projects have fanned out into the smaller municipalities surrounding Cambridge. The offered property is 2 miles north of Cambridge, across the Mystic River from Somerville and that city's growing cluster of life-science properties. It also is about a half-mile from the Wellington Station stop on the MBTA subway line. ❖

Planning Your Travel Schedule?

Check out the most comprehensive listing of upcoming real estate conferences around the world. Go to GreenStreet.com and click on "Events & Conference Calendar" under Insights.

Value-Added Arlington Rentals Shown

A **State Street Global Advisors** partnership is pitching an apartment complex across the street from **Amazon's** planned Northern Virginia headquarters as a value-added play.

The 534-unit property, in Arlington, is 93% occupied. Some 90% of the units have original finishes, giving a buyer the opportunity to boost rents quickly via upgrading interiors.

Bids are expected to exceed $300 million, or $562,000/unit. **JLL** is marketing the property for Boston-based State Street and its partner, **Polinger Co.** of Chevy Chase, Md.

The marketing campaign is touting the complex's location in the National Landing district. The property was built in two phases, in 2001 and 2003, at 1221 and 1331 South Eads Street. Amazon has begun construction on the first two phases of its HQ2 campus, slated to total some 5.3 million sf and employ 25,000 people by 2030. The e-commerce behemoth already has 1,600 workers in the area.

The State Street joint venture has renovated common areas and updated amenities, including bike-storage, mail and package rooms and a dog park. There are 593 parking spaces.

A buyer would be able to modernize the studio to two-bedroom apartments, which average 846 sf. Rents are 40% below those at comparable properties. And even without upgrades, the last 15 lease renewals saw 20% rate increases and the last 15 new leases saw 15% rent growth. Potential upgrades include new flooring, counters, smart devices and stainless-steel appliances.

The property is known as Aura Pentagon City, after the surrounding neighborhood. The average household income within a mile of the complex is $138,000, according to marketing materials.

The complex is close to two Metro stations connecting to downtown Washington 3 miles north. It's also near Ronald Reagan Washington National Airport and about 2 miles from the planned Virginia Tech Innovation Campus, focused on computer science, data science and software engineering. ❖

Artemis Shops Maryland Warehouse

An **Artemis Real Estate Partners** joint venture is marketing a single-tenant warehouse in Maryland worth about $80 million.

The property encompasses 608,000 sf in Havre de Grace, 30 miles northeast of Baltimore. **Elite Comfort Solutions,** which manufactures foam for bedding and furniture, fully occupies the property under a lease with about 10 years remaining and annual rent bumps of 2.5%.

JLL is marketing the property for Artemis, of Chevy Chase, Md., and Baltimore-based **MCB Real Estate.** At the estimated value of $132/sf, a buyer's initial annual yield would be about 4%.

The warehouse has 30-foot ceilings and was completed in 2010. The property is the tenant's flagship location in the Mid-Atlantic region and one of its 16 such facilities nationally.

Elite Comfort was acquired for $1.25 billion in 2019 by **Leggett & Platt,** a publicly traded company that makes components for homes and automobiles. The company has a $5.6 billion market capitalization and credit ratings of Baa2/BBB/BBB from **Moody's, S&P** and **Fitch.**

The tenant posted double-digit sales growth last year, according to marketing materials. Investors have been told the firm is investing heavily in the space and is likely to execute two renewal options to extend its lease through 2042.

The Baltimore industrial market has 178.3 million sf that is 95.6% leased. Average asking rents in the submarket climbed 12% last year. Elite Comfort's in-place rent is 10% below market.

The warehouse is at 19000 Clark Road, 3 miles from the State Route 155/Interstate 95 interchange along a Norfolk Southern rail line. ❖

Boston Lab Recaps At Big Valuation

The recapitalization of a laboratory and office development project in Boston's Seaport last month valued the condominium interest at $931 million.

KKR closed on its previously announced purchase of a majority stake in 606,000 sf of lab and office space at 400 Summer Street. The valuation of $1,536/sf blew past initial expectations of $1,403/sf, or $850 million, when it was listed last summer. The project, slated for completion next year, is fully pre-leased to **Foundation Medicine.** At the purchase price, the annual yield will be 3.9%.

The developer, **WS Development** of Chestnut Hill, Mass., and **PSP Investments,** a Canadian pension system manager, retained the remaining interest, believed to be about 10%, and a condo interest in the 636,000-sf building's retail space. **Newmark** brokered the deal.

The sale was among a flurry of deals — largely for life-science conversion and development projects — to cross the finish line before yearend in the Greater Boston area. Tenant demand for lab space has left virtually zero vacancy in some submarkets and driven rents to record highs.

The deal is KKR's second high-profile purchase in the market in the past month. In December, the firm partnered with local shop **Synergy Investments** to acquire Two Drydock for $234.5 million. The 235,000-sf office building was completed by developer **Skanska** in 2020. Newmark also brokered that sale.

The 17-story building at 400 Summer Street is subject to a 15-year lease with Foundation Medicine upon completion. The company, which is moving its headquarters from Cambridge, specializes in generating genomic profiles for cancer patients using tumor and tissue samples to create personalized treatment plans.

The building is expected to achieve LEED gold designation. It is part of Seaport Square, one of the largest private development projects in Boston since the 1960s. WS, with partners, is developing some 7.6 million sf on 23 acres surrounding Seaport Boulevard and Boston Wharf Road that also will include residential units, retail space, hotels and open space. ❖

Hiring ... From Page 1

the same time, they are managing a substantial amount of turnover, as pros are lured to new firms.

Some 60% of companies reported resignations or voluntary turnover since April 2021, when the so-called great resignation began. Some 74% saw junior staffers depart, while 67% experienced turnover of mid-level professionals. On the other hand, only 5% saw top executives leave, and 22% had turnover among senior professionals.

Companies ranked the top reasons given for departures as insufficient compensation (61%), lack of flexibility (45%), feeling burned out (28%) and the need to provide family care (23%). What's more, just over a third of those departing switched to new industries, shrinking the workforce.

That's further compounding the supply-and-demand imbalance in the real estate sector — and driving up salaries.

"There's a smaller talent pool to start with, and you overlay that on a sector that is experiencing tremendous growth," noted **William Ferguson,** the firm's chairman and chief executive. "When people talk about compensation … it's not like they were grossly undercompensated before. They are getting bid away because there are less of them and there is more demand."

The sector already was grappling with a thin pool of mid-level pros due to the global financial crisis, Burgess said. The economic fallout during those years meant fewer graduates entered junior roles. More than a decade later, that's yielded fewer candidates able to move up. "These would have been the professionals being groomed right now to step into the senior-level roles," she said.

The upshot: Recruiting is now fiercely competitive, with some candidates weighing three or four opportunities at a time. Candidates "are going to drop out. They are going to receive other offers," Burgess said.

Meanwhile, vacancies lead to additional strain on existing team members, making them more susceptible to being poached. That has prompted firms to step up their retention efforts with strategies including increased work flexibility, universal mid-year pay raises, and opportunities for educational and developmental advancement and coaching.

"I don't think there's one size that fits all" in terms of how to retain staff, Ferguson said. "You have to do everything within your power to stay connected." ❖

Riley To Lead CBRE Industrial Sales

CBRE has appointed **Chris Riley** as head of industrial-property sales while recasting the role to have a more managerial and strategic focus.

Riley, based in Atlanta, started as president of capital markets for the brokerage's U.S industrial and logistics operation last week. He has been brokering deals in the Southeast at the firm since 2005, most recently as a vice chairman.

As previously reported, Riley was the front-runner to replace industrial chief **Jack Fraker,** who is set to depart this month after assisting with the transition. Fraker, a vice chairman who joined CBRE in 2003, helped establish the firm as the dominant broker in the warehouse sector.

Indeed, CBRE won **Real Estate Alert's** league table for industrial-property brokerages every year from 2011 to 2020. The newsletter will publish its 2021 rankings on Feb. 1.

While the Dallas-based Fraker simultaneously managed the team and played a hands-on role in marketing properties, Riley plans to largely step back from day-to-day dealmaking. Instead, he's adopting a bigger-picture focus that involves advising clients on strategies throughout the lifecycles of their investments as opposed to concentrating on individual transactions.

Chris Ludeman, CBRE's global head of capital markets, said the expansion of the role comes in recognition of the transformation of the industrial sector from a niche asset class to a darling among institutional investors, a trend accelerated by the pandemic. "The job is big and complex," Ludeman said. "We want to be the best total solution for our clients. That would include advising across the capital stack — evaluating strategic alternatives at the entity level to the transaction level."

Riley, a 33-year market veteran who earlier worked at **Trammell Crow,** also will have more brokerage professionals under his purview, leading all of CBRE's industrial-sales operations. That means in addition to supervising a fast-growing group called CBRE National Partners that consists of top sales pros in major markets, Riley is assuming oversight of smaller teams nationwide that didn't fall under Fraker's umbrella.

As the industrial sector gained prominence, CBRE was among the first brokerage firms to craft a national strategy to capture market share. That effort saw five industrial teams join forces in 2010 to handle the biggest warehouse listings under the National Partners banner, initially with groups in Southern California, Texas and the Midwest, Northeast and Southeast. Fraker and Riley were founding members.

National Partners later added crews in Seattle and Northern California and continues to build on its presence. This month, three CBRE brokers joined the unit in El Segundo, Calif., Miami and Portland, Ore.

National Partners now has 30 investment sales pros, six debt specialists and 49 support staffers. Ludeman said the alignment of the group with its smaller-market counterparts reflects increasing efforts by institutional investors to deploy capital outside of the biggest locales. "If we can transfer the professionalism we have developed with institutional clients, and drive those qualities into these other markets, we think that gives our clients a distinct advantage," he said. ❖

NEW DEALS

Massachusetts Industrial/Office Building

A **Lincoln Property Co.** joint venture will realize an initial annual yield around 3.5% on its $43.3 million purchase of a 163,000-sf warehouse and office building at 300 Jubilee Drive in Peabody, Mass. The property is 97% leased by three tenants. The two industrial tenants are on leases that expire within three years, and rents are well below the market asking rate of $15/sf. The office tenant has a lease until 2026, and also pays a below-market rate. **Colliers** brokered the sale on behalf of **Brookwood Financial Partners.** ❖

Portfolio ... From Page 1

rent bumps average 2.8%. Meanwhile, leases on 39% of the space mature before April 2025. The pitch is that with industrial rents rising fast, that should provide a buyer the ability to raise rates upon rollover.

The warehouses are 19 years old on average. Some 46% of the space was built from 2006 to 2010. The average ceiling height is 31 feet. The properties are close to major highways connecting to large population centers, making them well-positioned for use by e-commerce tenants, according to marketing materials.

The other markets are: Columbus, Ohio (1.6 million sf), St. Louis (1.5 million sf), the New York metropolitan area (1 million sf), Memphis (920,000 sf), Texas (911,000 sf), Florida (693,000 sf), the Carolinas (654,000 sf), Louisville (451,000 sf), Phoenix (252,000 sf), Nashville (234,000 sf) and Southeastern Michigan (100,000 sf).

The partnership is seeking to cash out of a bet it made in 2015. At that time, ADIA and PSP paid **Exeter Property** $3.1 billion for a 98% stake in a 57.9 million-sf portfolio. The valuation worked out to $54/sf. **CBRE** and Eastdil jointly represented Exeter, which stayed on to manage the properties with a small equity stake. In April 2021, Exeter was acquired by Stockholm-based investment firm **EQT.**

The partnership made its first big sale from that portfolio last year, according to **Real Estate Alert's** Deal Database. In July, **Mapletree Investments** paid the trio $475 million, or $80/sf, for a 5.9 million-sf package. CBRE and Eastdil jointly brokered the deal.

With the new listing, the team is back for another bite at the apple as demand for scale in the industrial sector remains strong. At least seven trades topped $1 billion in 2021, after no deals crossed that threshold in 2020, according to the Deal Database. The pandemic has accelerated the trend toward online shopping, which in turn is driving tenant demand — and rents — for warehouses to new heights. ❖

Carlyle ... From Page 1

Virginia. The 2,020-unit portfolio is valued at roughly $361,000/unit, or just under $730 million. At that valuation, a buyer's initial annual yield would be between 4% and 4.5%. All of the Overture-branded properties are being sold by Carlyle and **Greystar Real Estate Partners.** Carlyle and **Avenida Partners** are selling the Album Quail Springs in Oklahoma City. Bids will be accepted on individual properties.

Age-restricted properties target adults at least 55 years old, typically those leading active lifestyles and downsizing from single-family homes. Market pros say the category, which traditionally has been considered a subset of senior housing, increasingly is being viewed by investors as its own multi-family niche. PGIM, Clarion and Principal all made their purchases via open-end funds, a sign that core funds trust the sector's stability.

Carlyle Partnership Properties On the Market

Property	Location	Units	Built
Overture Fair Ridge	3955 Fair Ridge Drive, Fairfax, Va.	200	2017
Overture Flower Mound	2771 Lakeside Parkway, Flower Mound, Texas	200	2017
Overture Sugar Land	850 Imperial Boulevard, Sugar Land, Texas	200	2016
Overture West Ashley	45 Coburg Road, Charleston, S.C.	198	2019
Overture Fairview	220 Convention Drive, Fairview, Texas	195	2017
Overture Cary	1055 Hatches Pond Lane, Morrisville, N.C.	189	2021
Overture Domain	3100 Kramer Lane, Austin	189	2016
Overture Arboretum	10600 Jollyville Road, Austin	184	2018
Overture Highlands	250 West Arbrook Boulevard, Arlington, Texas	167	2017
Overture Cotswold	4830 Randolph Road, Charlotte	158	2017
Album Quail Springs	14201 North Kentucky Avenue, Oklahoma City	140	2018

The package of properties on the block is more than 90% occupied, and that should climb to 95% by the time the deal closes, according to marketing materials. Average rents in the portfolio range from $1,859 to $2,411, and average units range from 944 sf to 1,002 sf. Residents are 74 years old on average, nearly 10 years younger than the average resident in a traditional senior-living community. The average household income across the portfolio is $77,000.

The listing is the largest age-restricted portfolio ever marketed to investors, according to the sales campaign. Investors are being told that no comparable packages likely will be listed soon, giving bidders a relatively rare chance to gain scale in the sector.

Age-restricted apartments appeal to tenants looking for a middle ground between traditional apartments and independent living, said **Chad Lavender,** a vice chairman in Newmark's healthcare and alternative real estate assets unit. The properties usually offer recreational amenities and opportunities to socialize with those in a similar age group.

Residents don't require daily living assistance, and meals are not provided via central kitchens. Since they offer fewer services, age-restricted units rent for an average of $2,000, a 40% to 50% discount compared with independent-living units.

Selling points for the sector include long tenancies and strong cashflow. Tenants at age-restricted properties tend to stay for nearly five years, compared with just 18 months and 2.5 years for tenants at conventional apartments and independent-living properties. In addition, the niche has seen a nearly 100% collection rate through the global financial crisis and the Covid-19 pandemic, according to marketing materials.

While Carlyle is an active seller in the space, it continues to bet on age-restricted apartment properties. Last month, it bought three properties totaling 463 units in Texas for $103 million, or $222,000/unit. Newmark brokered the sale for Austin-based **Sparrow Partners** and **Entrepreneurial Properties** of Newport Beach, Calif.

The properties, built between 2017 and 2019 with one- and two-bedroom units, are:

- The 184-unit Solea Alamo Ranch, at 11133 Westwood Loop in San Antonio. Occupancy: 72%. Average unit size: 937 sf. Average rent: $1,641 ($1.75/sf).
- The 150-unit Solea Cinco Ranch, at 25500 Westheimer Parkway in Katy. Occupancy: 99%. Average unit size: 959 sf. Average rent: $1,699 ($1.77/sf).
- The 129-unit Solea Copperfield, at 8300 Queenston Boulevard in Houston. Average unit size: 976 sf. Average rent: $1,627 ($1.66/sf). ❖

Carlyle Partnership Properties Sold

Property	Units	Built	Buyer	Seller
Canvas Valley Forge, 101 Bryce Lane, King of Prussia, Pa.	231	2017	Livingston Street Cap.	Carlyle Group, Bozzuto Group
Overture Mueller, 4818 Berkman Drive, Austin	201	2018	Principal RE Investors	Carlyle, Greystar Real Estate Partners
Overture Virginia Beach, 3317 Ocean Shore Avenue, Virginia Beach	172	2017	Seniors Options	Carlyle, Greystar
Marvelle at South Center, 411 Baker Boulevard, Tukwila, Wash.	166	2020	PGIM Real Estate	Carlyle, Alliance Residential
Sandalwood Village, 3511 Vanderbilt Beach Road, Naples, Fla.	163	2016	PGIM Real Estate	Carlyle, United Group
Calirosa, 2920 Flora Ridge Circle, Kissimmee, Fla.	152	2021	PGIM Real Estate	Carlyle, Epoch Residential
Overture Stone Oak, 18610 Tuscany Stone, San Antonio	143	2018	PGIM Real Estate	Carlyle, Greystar
Avenida Cool Springs, 222 Mallory Station Road, Franklin, Tenn.	142	2020	Clarion Partners	Carlyle, Avenida Partners

THE GRAPEVINE

... From Page 1

Advisors' services include fundraising and sourcing debt and equity for investors. Dietz previously spent nearly three years as a managing director at **Acore Capital** after two years at **Macquarie.** He also had stints at **Morgan Stanley** and **Eastdil Secured.**

Evan Sherman joined **Blackstone** this month as a principal in New York, focusing on affordable housing. He reports to managing director **John Prete.** Sherman previously was with **Invesco Real Estate,** also in New York. He joined that firm as an analyst in 2014 and left as a director. Before Invesco, he spent three years at **Shorenstein** and also worked at **Citigroup** and **CBRE.**

Terry Jackson, head of **Cushman & Wakefield's** land-advisory group, retired at yearend. He had been with the firm for 39 years, the last 35 in San Diego. With his retirement, the group is now co-led by **Matt Davis** in San Diego and **Andy Slowik** in Orlando. Davis joined Cushman in 2008, and Slowik came aboard three years later.

Northmarq last week added eight staffers. In Southern California, the brokerage hired managing director **Jeff Benson,** senior vice president **Sam Neumark,** associates **Kody Scott** and **Jerimiah Robinson** and transaction manager **Meg Carter.** The team, which focuses on the growing manufactured-housing niche, joined from **Marcus & Millichap.** Benson reports to **Trevor Koskovich,** president of investment sales. In Austin, Northmarq hired senior associates **Hayden Schnieders, Jordan Vaughn** and **Will Collier** from **Matthews Real Estate Investment Services** to join managing director **Scott Lamontagne's** team, which works on land sales, build-to-rent single-family housing and market-rate multi-family properties.

JLL has hired two retail brokers in Minneapolis. **Matt Hazelton** and **Cory Villaume** started as senior directors last week and report to senior managing directors **David Berglund** and **Colin Ryan,** who lead the Minneapolis office. Hazelton and Villaume worked together for more than 15 years and had previous stints at **CBRE** and **Marcus & Millichap.** Meanwhile, industrial broker **Ryan Spradling** has switched from leasing to capital markets in San Diego. He's now a senior director and reports to senior managing director **Aldon Cole,** head of capital markets in San Diego. Spradling joined JLL in 2019. He spent the previous 17 years at **Cushman & Wakefield** and **Cassidy Turley.**

Brent Albertson joined **BBX Industrial** this month and opened an Orlando office. He's a senior vice president of development, a role that includes acquisitions. Albertson has more than 25 years in the business. He previously worked at **McDonald Development, Ryland Group** and **Duke Realty.** BBX Capital, of Fort Lauderdale, Fla., launched BBX Industrial late last year to focus on developing last-mile distribution centers, primarily in Florida. It tapped **Mark Levy,** a former **Hilco Global** executive, to lead the division.

REAL ESTATE ALERT **Visit REA Website**

Telephone: 949-706-8177

Richard Quinn	Managing Editor	201-234-3997	rquinn@greenstreetnews.com
Alison Waldman	Assistant Managing Editor	201-234-3986	awaldman@greenstreetnews.com
Sam Ali	Senior Writer	201-234-3989	sali@greenstreetnews.com
Jeff Whelan	Senior Writer	201-234-3973	jwhelan@greenstreetnews.com
T.J. Foderaro	Editor-in-Chief	201-839-3233	tfoderaro@greenstreetnews.com
Ben Lebowitz	Executive Editor	201-839-3244	blebowitz@greenstreetnews.com
Moira Dickinson	Deputy Editor	201-839-3231	mdickinson@greenstreetnews.com
John Harrington	Deputy Editor	201-839-3230	jharrington@greenstreetnews.com
Guelda Voien	Deputy Editor	201-839-3256	gvoien@greenstreetnews.com
Jim Miller	Copy Editor	201-839-3246	jmiller@greenstreetnews.com
Michelle Lebowitz	Operations Director	201-839-3245	mlebowitz@greenstreetnews.com
Evan Grauer	Database Director	201-234-3987	egrauer@greenstreetnews.com
Robert E. Mihok	Database Manager	201-234-3974	rmihok@greenstreetnews.com
Mary Romano	Advertising Director	201-839-3250	mromano@greenstreetnews.com
Joy Renee Selnick	Layout Editor	201-839-3252	jselnick@greenstreetnews.com