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CALIFORNIA

130,000-SF Office Changes Hands, Gets Redo



645 Almanor Ave.

SUNNYVALE, CA-Danville, CA-based Trumark Commercial has acquired a 130,000-square-foot office building in the Perry Park area of Sunnyvale in Silicon Valley. The two-story property located at 645 Almanor Ave.—southwest of the intersection of Highway 101 and N. Mathilda Ave.—sits on approximately seven acres and was built in 1972 in the concrete tilt-up style.

An unidentified source not involved in the deal says the purchase price was approximately \$40 per square foot, but Trumark would not confirm. And although Trumark's sales agreement doesn't allow them to identify the seller, other publications in the area say that the seller is Prudential Insurance Co. of America, however Prudential didn't respond to GlobeSt.com queries for confirmation by deadline.

Ron Winter, a principal of Trumark Commercial, says that the company saw a lot of potential and opportunity with this purchase. "We've held back the past few years, but are now very excited about this property and how it fits with our growth outlook."

A \$6- to \$7-million renovation of the property is set to begin in three months and be completed by the year's end. The work planned seeks to achieve a LEED certification and will be environmentally friendly. Most of the material taken out will be recycled. New features will include: the use of recycled materials, the addition of windows and lobbies, a new exterior curtain wall of aluminum and glass, a new roof and modernized heating, ventilation and air-conditioning systems.

"We're taking an older office building and completely transforming it into something new, which will help create a better image for the area and provide a terrific work environment for the new occupants," Winter says. The building is located near a number of technology companies with freeway visibility from Highway 101. The site includes approximately 650 parking spaces. It has been vacant for several years.

According to a prepared statement, the building would be ideal for a single tenant looking to integrate its workforce in one location, but multiple companies could share the space. While the vacancy rate of R & D buildings in the Mt. View to North San Jose corridor is around 18% to 20%, similar buildings of over 120,000 square feet have a much lower rate of approximately 7%, the release says. Trumark expects to be competitive with its leasing after having a low cost base for the acquisition.

"We saw a niche in the market for an office building of this size. There's no other space like this vacant in Perry Park and the demand is there," Trumark principal and co-founder Gregg Nelson says in the statement.

The project was acquired in joint venture with Harbert US Real Estate Fund IV LP, an equity investor sponsored by Harbert Management Corp., which also will fund the renovation, however Nelson was not able to provide GlobeSt.com with a breakdown. Nelson points out, "Harbert is a premier equity firm and saw the significant opportunity this project offers." As Trumark looks to add more properties, it also seeks options with debt for construction financing, according to the statement.

The all-cash transaction was brokered by Christine Sahadi-Slonek and Jeff Ramirez of Cornish & Carey Commercial in Santa Clara, CA, working directly with Zack Haller, who leads Trumark's acquisition initiatives for commercial development.

"Our relationship with the brokers and our ability to get this done quickly worked very well for us," Nelson adds. "This project has been in escrow before and never closed, so the seller was looking for someone they could rely on to perform, complete the transaction and get it done."