



June 7, 2010

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## Deals Updates

### [Maryland REIT acquires Los Angeles hotel for \\$46M](#)

*Globe Street - June 3*

Chesapeake Lodging Trust of Annapolis, MD has acquired the 188-room Hilton Checkers hotel in Downtown L.A. from Tarsadia Hotels for \$46 million and will continue to operate it as a Hilton, according to the new owners. Chesapeake says that it has entered into an agreement with Crestline Hotels and Resorts Inc. to operate the hotel under the Hilton flag. Chesapeake said that it funded the acquisition of the Checkers with proceeds from the company's initial public offering. The company also said in its filing that it has entered an agreement to buy the 153-room Courtyard Anaheim at Disneyland Resort hotel in Anaheim for \$25 million.

### [Digital Realty Trust to buy five data centers](#)

*San Francisco Business Journal - June 2*

Digital Realty Trust, a San Francisco-based operator of data centers, said that it agreed to buy five data centers, including one in downtown San Francisco and one in Oakland. The company is purchasing a portfolio, which totals about 919,000 square feet, for about \$725 million. The other data centers in the portfolio are located in El Segundo, Chandler, Arizona, and Chantilly, Virginia.

### [LNR Property plans \\$1 billion CMBS offering](#)

*South Florida Business Journal - Mar 19*

LNR Property Corp. plans to offer \$1 billion in small-balance commercial mortgage-based securities (CMBS) loans, and Miami-based commercial investment house Steelbridge Capital is among the interested buyers. Steelbridge's Gavin Campbell sold assets with a gross value of about \$600 million during the commercial boom of the last few years, and is eager to review Miami Beach-based LNR's upcoming commercial buffet. The \$1 billion loan portfolio would be the largest a special servicer has offered for sale.

### [American Realty Capital buys Sacramento industrial site](#)

*Costar - June 2*

American Realty Capital Trust, Inc. purchased a West Sacramento industrial site from KMS Group for \$34.21 million. The facility is 100% net-leased to FedEx, serves as a hub to 55 distribution locations on the West Coast and is the third largest FedEx Freight cross dock facility in the United States. The facility is on 51 acres zoned M-3 (Waterfront Industrial) in the Port of Sacramento Industrial Park.

### [Tesla to pay \\$42 million for NUMMI plant](#)

*San Jose Mercury News - May 27*

Electric carmaker Tesla Motors confirmed it had paid \$42 million for the shuttered NUMMI auto plant in Fremont. Tesla said the purchase of the plant from Toyota Motor and Motors Liquidation will close within months after the

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Allen Matkins is a full-service law firm with over 230 attorneys practicing in seven offices throughout California. Some of the areas of focus at Allen Matkins include green and sustainable construction,

IPO, which Tesla is under pressure to conclude by the end of this year. Commercial brokers in Silicon Valley say Tesla, which in 2012 expects to start churning out 20,000 cars a year in Fremont, paid a fair price.

### [Pebblebrook Hotel Trust buys San Francisco hotel](#)

*Baltimore Citybiz - May 26*

Pebblebrook Hotel Trust has entered into an agreement to acquire San Francisco's Sir Francis Drake Hotel for a reported \$90 million. The hotel was purchased by Chartres Lodging Group in 2005 for \$65 million with a Dubai investment group venture. The group has since added about \$20 million in renovations to the property.

### [Lennar Corp. looks to distressed debt as slump persists](#)

*Businessweek - Mar 22*

Lennar Corp. is investing in failed bank loans and distressed real estate assets to boost revenue as demand for new houses shows few signs of revival. The company's purchase last month of a share of \$3.05 billion of delinquent loans seized by the Federal Deposit Insurance Corp. from failed lenders takes the builder into territory so far dominated by private equity firms such as Thomas J. Barrack's Colony Capital LLC and Barry Sternlicht's Starwood Capital Group LLC. Lennar's purchase of the FDIC loans gives it a 40 percent interest in the assets, which are composed of 5,500 mortgages -- 90 percent of which are behind in payments -- on land in Nevada, Arizona, Georgia and five other states. The company's bid valued the portfolio at \$1.22 billion.

### [HSBC Holdings to purchase D.C. office building](#)

*Washington Business Journal - May 26*

HSBC Alternative Investments Ltd. and a syndicate of HSBC Private Banking Clients have bought a controlling interest in 1350 Eye St. NW, with the help of D.C.-based Edge Fund Advisors. HSBC and Edge together operate an investment fund targeting properties and mortgage notes in Washington and four other cities. In this case, the venture picked up Beacon Capital Partners' mortgage debt on 1350 Eye. Lord Baltimore Properties, a Baltimore-based investment fund, retained a 20 percent stake in the building.

### [Overton Moore Properties Announces the Final Sale at Empire Gateway Business Center](#)

*PR Newswire - May 12*

Overton Moore Properties (OMP) announces the final building sale of the Empire Gateway Business Center to Pearson Food Company, Inc., a California corporation. 2303 Mt. Vernon Avenue in Pomona, CA is a 132,655 SF state-of-the-art industrial building located on 5.94 acres, featuring 7,500 SF in office space & a 140' gated truck court.

### [Shorenstein Properties sells 125 Park Ave. for \\$330M](#)

*San Francisco Business Times - May 12*

San Francisco-based Shorenstein Properties LLC has sold 125 Park Ave. in Manhattan to SL Green Realty Corp. for \$330 million. The 26-story, 651,000-square-foot office tower, is known as the "Pershing Square Building." Shorenstein purchased 125 Park Ave. in 2004 for \$225 million, according to press accounts at the time. Shorenstein made a number of improvements to the property, including a \$4.5 million lobby renovation.

construction, corporate, real estate, project finance, business litigation, taxation, land use, environmental, bankruptcy, creditors' rights, intellectual property and employment and labor law. [More...](#)

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## [KDX auctions \\$306M HUD portfolio](#)

*PR Newswire - May 12*

KDX Ventures, a joint venture between DebtX and KEMA Advisors, successfully auctioned \$306 million in non-performing multifamily and healthcare loans for the U.S. Department of Housing and Urban Development (HUD). 67 bidders submitted more than 200 individual and pool bids for the 26 assets offered for sale in April. The 12 winning bids generated proceeds of more than 48% of unpaid principal balance. All winning bids were submitted on individual assets.

## [Kearny Real Estate Co. sells half of Torrance Business Center](#)

*Los Angeles Business Journal - May 10*

Kearny Real Estate Co. has sold about half of its 2.6 million-square-foot Hawthorne industrial development for \$40 million in Los Angeles County's largest industrial deal this year. Newport Beach investment firm Buchanan Street Partners and Zelman Development Co., a retail and industrial developer and investor based in downtown Los Angeles, bought the property April 28. The property, adjacent to the Hawthorne Airport, was part of Kearny's Century Business Center, a manufacturing facility that the Century City investment and development firm bought in July 2005 for \$61 million from Vought Aircraft Industries Inc. in a partial lease-back deal.

## [Chinese firm buys Marriott in downtown L.A.](#)

*LA Times - Mar 26*

The Los Angeles Marriott Downtown has been purchased out of foreclosure by a Chinese real estate development company that vows to improve the aging hotel. Shenzhen New World Group Co. purchased the hotel out of foreclosure for an estimated \$60 million, about half of what it sold for in 2007. Shenzhen plans to invest \$13 million in upgrades.

## [Seattle property company buys St. Regis Beach Resort](#)

*Reuters - Apr 6*

Washington Holdings, a private real estate company, said it bought the St. Regis Monarch Beach Resort. Seattle-based Washington Holdings paid \$235 million for the hotel, a representative of the company said. It purchased a portion of a \$70 million loan on the upscale Southern California hotel for a fraction of the price from an affiliate of Citigroup Inc.

## [U.S. Bank to Purchase Landmark Building in Downtown San Diego. Preserve Beloved Whale Mural](#)

*Business Wire - Apr 7*

U.S. Bank has announced that it will purchase from the FDIC the building that was formerly the headquarters of San Diego National Bank at 1420 Kettner Boulevard in downtown San Diego, preserving the iconic Wyland whale mural on the side of the building and an important tie to the community. San Diego National Bank was acquired by U.S. Bank on Oct. 30, 2009, though the headquarters building was not a part of the FDIC-assisted transaction at that time.

## [Equity Residential acquires luxury apartment property in Washington DC for \\$167M](#)

*Trading Markets - Apr 8*

Real estate investment trust Equity Residential reported that it has acquired a luxury apartment property in Washington, DC for \$167 million in cash. The property, 425 Mass, formerly known as The Dumont, is located in the Mount

Vernon Triangle area of the District, close to the Capitol, Judiciary Square, the Federal Triangle, K Street and Union Station.

### [North American Development acquires Sacramento shopping center](#)

*Commercial Property Executive - Apr 9*

Development firm North American Development Group has purchased Rock Creek Plaza, a 205,100 square-foot regional shopping center in the town of Auburn near Sacramento. The deal was all-cash in the amount of \$23.5 million. Fouy Ly of Sperry Van Ness represented North American as well as the private investment trust that sold the property. North American managing partner Stephen Preston said that the company is actively seeking retail properties and ground-up development projects statewide.

### [Chatham Lodging Trust buys six Homewood Suites for \\$74M](#)

*PR Newswire - Apr 27*

Chatham Lodging Trust, based in Palm Beach, acquired six Homewood Suites by Hilton from RLJ Development, LLC, a hotel investment company, for \$73.5 million. The six hotels are the first properties to be acquired since Chatham Lodging Trust went public on April 21st. The properties are in the Boston, Hartford, Connecticut, Minneapolis, Dallas, Orlando and Nashville markets. In the future, says Peter Willis, chief investment officer at Chatham, "We are going to acquire more upscale, extended-stay hotels and premium-branded select service hotels, such as more Homewood Suites, Residence Inns, Marriott Courtyards and Hampton Inns."

### [Watermarke acquires Los Angeles residential complex for \\$48M](#)

*Globe St - Apr 28*

Watermarke Properties has acquired a 159-unit mixed-use apartment complex in the Wilshire Center/Koreatown neighborhood from a joint venture of Chandler Partners and Denver-based Amstar Group LLC for \$48 million in a transaction that was brokered by the Costa Mesa office of Moran & Co. Watermarke was attracted by the opportunity to acquire a core asset in a Southern California submarket with a very limited development pipeline, according to Peter DiLello, director of acquisitions for the company, which is internally financed and has closed over \$650 million in transactions, all-cash, in the last 36 months. The property is located midway between Beverly Hills and Downtown Los Angeles.

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## **EQUITY & DEBT UPDATES**

### [\\$24M portfolio of nine hotel loans hits California market](#)

*Atlas Hospitality Group - May 21*

A Southern California lender has tapped Atlas Hospitality Group to market a portfolio of nine sub-performing loans secured by six hotels in California and three in other states totaling 806 rooms with a total portfolio loan balance of nearly \$23.8 million. Atlas founder and president Alan Reay said that the assignment for the Irvine-based firm is one of the first indications that lenders are beginning to take action on some of the loans that have been languishing on their balance sheets for some time. Reay has been saying for some time now that hotel lenders could not extend loans indefinitely and that he expected 2010 would be the year that the lenders would finally begin to take action on troubled loans.

### [Goldman Sachs, Starwood near a deal on financing for hotel chain](#)

*Wall Street Journal - May 14*

With a key deadline looming in bankruptcy court, Goldman Sachs Group Inc. is close to a deal to provide \$2.2 billion in financing to a group led by Starwood Capital Group in its bid for hotel chain Extended Stay Inc. The Wall Street Journal writes that the financing package, whose terms are being finalized, is a sign that big banks like Goldman are trying to flex their muscles in commercial real-estate lending as the market struggles to recover. Starwood, led by Barry Sternlicht, is hoping the Goldman financing will give it the inside track in its fight for the 680-property chain against a group led by Centerbridge Partners LP. The Centerbridge camp, which includes Paulson & Co. and Blackstone Group LP, also is looking to arrange financing for its bid.

### [Ramco-Gershenson completes CMBS financing](#)

*Retail Traffic Mag - Mar 22*

Ramco-Gershenson Properties Trust closed on a new \$31.3 million CMBS loan with J.P. Morgan secured by its West Oaks II shopping center in Novi, Mi., and its Spring Meadows Place center in Holland, Ohio. The \$31.3 million financing represents a loan to value of approximately 60% for the two properties and has a 10-year term with a fixed interest rate of 6.5%.

### [Glimcher gains \\$46M refinance for Polaris Towne Center](#)

*Glimcher Press Release - Mar 31*

Glimcher Realty Trust has acquired a \$46 million loan for its Polaris Towne Center, near Columbus, OH, with an overpayment that will go toward the company's \$232 million credit facility. The \$38.6 million debt for the 443,000-square-foot retail center came due this year. The company recently sold a 60% stake in two mall properties, Lloyd Center in Portland, OR and WestShore Plaza in Tampa, to the Blackstone Group for \$320 million, netting about \$60 million to lower Glimcher's credit facility.

### [HSBC Tower deal wraps up for \\$350M](#)

*The Real Deal - Apr 14*

A special purpose vehicle has completed what is reportedly Manhattan's first major non-distressed office deal in two years, the \$350-million sale-leaseback of the HSBC tower. A \$210-million financing from Bank Leumi USA, and the purchase itself has closed, according to GlobeSt.com. "This transaction would be notable in any market, but represents a particularly good sign in light of the real estate world of 2010," says Carl Schwartz, chair of Herrick Feinstein's commercial real estate department.

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## **Government Action Updates**

None to report

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## **SPECIAL FEATURES**

None to report

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