

# Strategies



*The highly articulated exterior of SRG's Woodland Hills' apartment buildings is achieved by wrapping the apartment buildings around parking structures, dramatically improving its appearance. It also will provide residents of the hillside apartment community with panoramic views of the San Fernando Valley.*

## SRG Developing Hillside Apartments In Woodland Hills; Sweeping L.A. Vistas

**SARES•REGIS Group** is preparing to break ground in February on a luxury 340-unit apartment community on a landmark 8-acre hillside site with sweeping views across Los Angeles' sprawling San Fernando Valley.

SRG's mixed-use apartment development on Ventura Boulevard in Woodland Hills will set a new standard for premium, green multifamily living in one of Southern California's most dynamic suburban markets.

The development comes at a time of increasing housing demand from the large, affluent, young- and middle-aged adult population of Woodland Hills in the City of Los Angeles' westernmost district. Woodland Hills contains Warner Center, the valley's job and business hub and home to scores of major employers including Health Net, Farmers Insurance and Rocketdyne.

"The recession virtually stopped new development over the last two years. There are few new apartments in the pipeline and a large group of 'Gen Y' potential residents entering the rental pool, fueling demand for apartments," said Bill Montgomery, President of SRG's Multifamily Acquisitions for Investment & Development Division.

### In this Issue



**Page 3.** Guest Columnist David Blackford, CEO of California Bank & Trust, says while banks' financial health is on the mend they're simultaneously adapting to difficult new rules and investor capital return requirements.



**Page 4.** SRGNC has positioned itself to capitalize on the local economic recovery by putting 3 million square feet of commercial and private projects into its pipeline, including a 1.2-million-square-foot office project for a Silicon Valley major employer.



**Pages 9-10.** Apartment leasing and management challenges come in many shapes and sizes. SRG's Multifamily Property Management Division recently took on two markedly different properties: An under-performing 624-unit property in Rancho Cucamonga that's 25 years old and a bank-owned development in Westminster without a clear identity.

*Continued on page 7*



## Seven Premier 'Green Spec' Buildings Planned At Long Beach Airport

**SARES•REGIS Group plans** to begin construction this year on Pacific Pointe, a collection of seven super-premium industrial buildings totaling 677,142 square feet for sale or lease at Douglas Park. Douglas Park is a master-planned development in Long Beach next to the Long Beach Airport. The buildings, ranging from 33,455 square feet to 170,673 square feet, will be built to LEED standards.

"We're introducing functionally superior, mid-sized industrial buildings into the most high-demand industrial market in the United States. They're new, extremely functional and green. We expect a strong reception from users to these buildings, which are the same as the high-design industrial buildings that we built and sold recently in Anaheim," said Larry Lukanish, Senior Vice President in SARES•REGIS Group's Commercial Investment Division.

Douglas Park is a first-class 260-acre business park between Los Angeles and Orange County and close to two of the world's largest seaports. "It's right in the middle of everything," Lukanish said, adding the first buildings will be completed next summer.

Long Beach Airport, part of the greater South Bay industrial market, has the lowest vacancy of any major market in the United States, Lukanish said. According to data from CB Richard Ellis, which is marketing the project, the vacancy rate in the South Bay market is 3 percent.

Brian DeRevere, a CBRE senior vice president, said, "Very little of the market's total inventory is Class A product and there's even less that users can purchase. SRG's buildings represent the only industrial product planned so far at Douglas Park. We have big expectations for these buildings."

*Site plan (above) for SRG's Pacific Pointe at Douglas Park shows Long Beach Airport in the background. Analysts say the 33.6-acre development of distribution buildings is in a market with the nation's lowest vacancy rate. Building plan shows state-of-the-art facilities with true dock-high loading positions.*



Four buildings totaling 264,200 square feet are planned for Pacific Pointe North, the 12.6-acre first phase of the project. The building sizes are: 33,455 square feet; 41,136 square feet; 86,624 square feet and 102,993 square feet.

Construction of three larger buildings on the 21-acre second phase, Pacific Pointe South, will begin in the first quarter 2012. The building sizes are: 108,658 square feet; 133,821 square feet and 170,673 square feet.

Each building includes two-story executive office space, 3 percent skylights and 30-foot interior clear heights. The project will have secure concrete truck courts, true dock-high and grade-level loading.

The buildings will have heat- and light-reflecting cool roofs and interior T-5 energy-efficient fluorescent lighting fixtures on sensors, dramatically reducing electricity demand.

The three Anaheim buildings in SARES•REGIS Group's Canyon Point industrial project, which earned the United States Green Building Council's LEED Gold certification, were sold within eight months of their October 2010 completion. ■

## Guest Column

## No Pain, No Gain: Financial Institutions Adopt New Strategies For Resiliency, Fitness, Strength

David Blackford

**Picture this:** A triple-bypass patient, bearing scars from his recent distress, simultaneously labors to heal his acute problems while initiating long-term changes necessary for a stronger, healthier condition. Substitute commercial bank into this image, and the financial landscape comes into focus.

Managing and reducing problem assets has been an intense focus of commercial banks for the past three years, both due to the pressure credit losses placed on bank earnings and the significantly increased regulatory oversight of FDIC-insured institutions. However, the situation has stabilized, and levels of problem loans currently are declining at most large commercial banks. This favorable development results from lower levels of newly identified troubled loans and continued disposition of existing classified assets. (Loans for which a “well-defined weakness that jeopardizes full repayment of principal and interest” exists.) Accordingly, banks are now turning toward the future, and reimagining how to structure their business in light of a new regulatory framework and its associated impact on investor capital return requirements. Commercial banks are moving past acute recovery, and into what will be, in some ways, the more difficult phase of making the disciplined, consistent changes required for long-term health and profitability.

### More Scrutiny In Real Estate Deals

What bankers see on the near horizon are headwinds. Sustained low interest rates are squeezing net interest margins as deposit costs are now near zero while asset yields are declining. Compounding the revenue compression, a sputtering economy is reducing the demand for loans. Adding to the challenge are new restrictions on products and higher capital requirements. Liquidity is high and increasing at most commercial banks as individuals and companies marshal cash and look for a safe haven. Poor economic conditions limit the investment options for banks looking to put deposits to productive use with customers who have sound balance sheets and economically compelling projects to finance, while industry overcapacity has driven down pricing on qualifying transactions. Further constraining profitable loan growth is heightened regulatory scrutiny of banks’ “safety and soundness,” with a bias toward reducing overall industry exposure to commercial real estate projects. Banks have less powder to use on CRE transactions and as a result are more selective in their balance sheet allocations.

### The ABC's Of Dodd-Frank

Intensifying these pressures are new Dodd-Frank Act requirements for all U.S. banks with more than \$10 billion in assets to conduct macroeconomic Stress-Testing programs. In these analyses,



David Blackford is Chief Executive Officer of California Bank & Trust.

economic factors such as GDP, unemployment, inflation and interest rates are stressed and the resulting impact on property values and probabilities of default are estimated. Expected losses under these stressed scenarios are then calculated to assess capital adequacy, validate business strategy, and formulate contingency plans to address extreme adverse economic conditions. Marginal real estate projects, land acquisition and development or projects in weaker markets fare especially poorly under these stressed conditions scenarios.

While banks have long conducted such portfolio analysis, the addition of “extreme stress” scenarios creates institutional pressure to restrict lending to these products and market segments. A logical bifurcation is developing, with large regional or national real estate companies being offered highly competitive terms for Class A projects, while lower quality transactions and smaller scale investors/ developers have difficulty conforming to the credit standards that have arisen from these new CRE allocation limitations and stress test requirements.

### Toughened Risk, Liquidity Formulas

Another important industry development which will have repercussions for borrowers is the move to adoption of Basel III standards by both European and U.S. banks. Basel III proposes new capital, leverage and liquidity requirements to strengthen the regulation, supervision and risk management of the banking sector. The capital standards and new capital buffers will require banks to hold more capital and a higher quality of capital than under current Basel II rules. To highlight the magnitude of the changes, under Basel II the minimum Tier 1 Common Equity Ratio was 2 percent. Under Basel III, it will be raised to 4.5 percent, with the three year phase-in period beginning Jan. 1, 2013. In addition, banks will be required to hold a capital conservation buffer of 2.5 percent to withstand periods of stress, raising the total common equity requirement to 7 percent, more than a three-fold increase. Banks that do not maintain the capital conservation buffer, which will be phased in over the four years 2016-2019, will face restrictions on payouts of dividends, share buybacks and acquisitions. Further, a capital surcharge for large financial institutions (>\$50 billion in assets) is under development, ranging from 0 percent - 2.5 percent of common equity or other fully loss-absorbing capital. When in effect, this is an extension to the conservation buffer, and would raise total common equity requirements to 9.5 percent for the largest U.S. institutions. J.P.Morgan CEO Jamie Dimon has criticized this surcharge as well as the formulas used to risk-weight assets, which preference covered bond issues, financial instruments that are an important part of the capital structure for European banks but much less widely owned or issued in the United States.

Continued on page 16

## SRGNC's Development Services Booming With An Array Of Public, Private Projects

**In 2010** the Commercial Development Services Division of Sares Regis Group of Northern California positioned itself to capitalize on the local economic recovery by nurturing existing relationships in corporate real estate and developing new relationships with large private and public sector users who had short-term, complex real estate needs. By the first quarter of 2011 the effort paid off, resulting in more than 3 million square feet of new development projects. In order to meet the new responsibilities, the division has doubled its staff and continues to pursue major developments that could result in further growth.

A new wave of Silicon Valley job growth is coming from young but established technology firms previously on a hiring freeze during the economic downturn. These companies now find themselves needing to quickly hire the best talent to sustain growth. The Development Services Division is developing a 1.2-million-square-foot office project for a major Silicon Valley employer that will include more than \$100 million in offsite infrastructure improvements, flexible office space, numerous dining and fitness facilities and about 140 residential units.

Some of the other development projects include working with a longtime client to locate and negotiate the purchase of a new site for its headquarters of up to 350,000 square feet. In Foster City, there is significant interest for a build-to-suit on land SRGNC entitled for Northwestern Mutual for up to 600,000 square feet of office space.

Building upon SRGNC's strategic decision to seek opportunities to bring private sector expertise and best practices to public sector projects, the company is working on major projects for San Mateo and Marin counties, in addition to serving as program manager for the development of 470 acres for the County of Sacramento at Mather Air Force Base.

In San Mateo, after assisting with the acquisition of four properties in Redwood City to locate a new corrections facility, SRGNC was retained by the sheriff of San Mateo County as the owner's representative to oversee the design and construction of the new \$160-million facility.

In 2010, CIGNA Real Estate, a joint venture partner of SRGNC in multifamily investments, retained the services of the Commercial Division to reposition a 465,000-square-foot office campus in Marin County that had been taken back in foreclosure. SRGNC determined that one building at the property could be converted to meet the highest seismic design criteria, and a transaction was brokered with the County of Marin to locate its Emergency Operations Facility in the existing building as an alternative to a controversial and costly ground-up construction project. SRGNC anticipates closing on the sale of 315,000 square feet of this campus to the County of Marin late this year. After the sale the county will lease the 315,000-square-foot building back to SRGNC to oversee the necessary improvements and will retain SRGNC as property manager.

### Advising, Brokering, Developing

Finally, after completing the Taube Koret Campus for Jewish Life in Palo Alto, a \$300-million mixed-use project which includes a Continuing Care Retirement Center with 150 units, SRGNC is involved with a prospective CCRC development in a South Bay city that could deliver more than 300 units of senior housing over the next five years. SRGNC has partnered with Northern California Presbyterian Homes & Services on this senior housing project.

The Residential Development Services Division of SRGNC has undertaken a number of development assignments for both

*Continued on next page*

*Representing joint-venture partner CIGNA Real Estate, SRGNC is selling this 315,000-square-foot building to the county and leasing it back as part of a larger office park repositioning.*





## SRGNC Boosts Multifamily Plans With 1,600 Units Set For Bay Area

**With for-sale housing** becoming ever more challenging throughout the San Francisco Bay Area since the great recession, existing high-quality multifamily housing real estate has been experiencing a surge of investor interest and value.

Beginning in 2009, Sares Regis Group of Northern California anticipated a wave of demand from residents and investors for new rental housing. The demand was driven by people migrating to apartments, which includes relocating young professionals being hired in the tech sector for social media, gaming and cloud computing enterprises.

The Northern California rental housing market has long been under-supplied due to the relative strength of the Bay Area job market and the challenging entitlement environment. In early 2009, SRGNC projected that it was a perfect time to acquire well-located multifamily development sites even though debt and equity financing were not readily available.

By underwriting for compelling returns and focusing its experienced development staff on the multifamily sector, SRGNC got ahead of the curve. SRGNC began to purchase, entitle and construct new ground-up multifamily sites on the San Francisco Peninsula. By 2011, some neighborhoods had already shown double-digit rental rate increases.

*Construction is under way on 333 Main Street, a development of 132 high-end apartments near downtown Redwood City.*

### **Eight Projects Planned By 2015**

Based on these and other metrics, SRGNC is poised to capitalize on a number of new projects on the Peninsula including The Plaza, a long-term entitlement project for Northwestern Mutual in Foster City, and a Redwood City project with J.P.Morgan as partner.

In the last 24 months, SRGNC has filled its development pipeline with more than 1,600 housing units in eight new Bay Area projects set for delivery by the end of 2015 in the Silicon Valley, East Bay and San Francisco markets. Each project has been sourced through SRGNC's long-standing relationships and local knowledge base which means the pipeline should continue to grow over the coming years.

The Plaza in Foster City was the first project to break ground with construction beginning in the summer of 2011. The 307-unit luxury rental project is along Highway 92 near busy Highway 101. The one- to three-bedroom apartments will begin leasing at the end of 2012.

This fall, 333 Main Street in Redwood City began construction with 132 high-end apartments close to downtown. In 2012, two additional projects, 150 apartments in northern San Mateo County and 200 apartments in Santa Clara County, will break ground to meet growing housing demand. ■

## Booming Development Services

*continued from page 4*

for-sale and rental communities for select clients. Regis Homes Bay Area recently completed Olmsted Terrace, 39 single-family detached homes built specifically for faculty at Stanford University. (See story, p. 13)

### **Assignments For 900 Luxury Apartments**

Currently, the multifamily group at SRGNC is managing overall development and construction administration of The Plaza in Foster City with plans for 307 luxury apartments on behalf of Northwestern Mutual. (See story, p. 6) The Plaza also will include 17,000 square feet of ground floor retail and a significant new central plaza which will serve as the centerpiece of a new area master plan.

The multifamily group of SRGNC has also been retained by RREEF to serve as development manager for approximately 250 new luxury apartments that will be integrated into an existing 1-million-square-foot commercial office campus in Pleasanton.

Another Pleasanton assignment involves development management services for a new, mixed-use, sustainable village with 350 luxury apartments and 40,000 square feet of neighborhood-serving retail for E & S Ring Management Corporation. Regis Homes Bay Area is again teaming with Stanford University to help plan new housing on the campus and other university-owned properties. SRGNC's Residential Division team members have long-standing and successful relationships with these clients, which makes it especially rewarding to be able now to assist them with their development objectives and needs. ■

## New Chapter For Foster City Begins With The Plaza Apartments

**Vertical construction of The Plaza** in Foster City, a 307-unit apartment project, was launched by Sares Regis Group of Northern California with a celebratory luncheon for the city's civic and business leaders.

"Since most of Foster City was completed in the 1970s, several areas along the Highway 92 corridor are ripe for redevelopment including the Pilgrim/Triton neighborhood," said Foster City Mayor Linda Koelling. "It is rewarding to see the first phase of the 20-acre development begin with new workforce housing. The Plaza in Foster City captures the vision of the future for our city. Like the mythological bird, the Phoenix, the Pilgrim/Triton project will grow to enhance the economic vibrancy and vitality of our community. I look forward to its completion."

The development will surround a new public plaza and will be completed in 2013, providing Foster City and the surrounding community with much-needed new rental housing and 20 percent of the units set aside for families at below market rates. Northwestern Mutual is the owner of the property and is financing the new development. MVE & Partners is the architect on the project and Devcon Construction is serving as contractor.

Each apartment will include a modern design and quality interior finishes. The property will include a pool, spa and state-of-the-art fitness center, dynamic multi-media and club room for residents. Additionally, 17,000 square feet of storefront retail space will front the plaza.

The planning for the Pilgrim/Triton master plan has been led by SRGNC for more than five years and ultimately will include a total of more than 700 residential units along with almost 300,000 square feet of commercial office space. A new park also is included in the 20-acre master plan. ■

*Artist's conception of The Plaza in Foster City, a 307-unit luxury apartment community and first phase of the 20-acre Pilgrim/Triton project.*



*Model home interior at Verona at Mace Ranch*

## First Escrows Begin Closing At New Home Development Near UC Davis

**Escrows are beginning to close** and sales are on track for Regis Homes of Sacramento's Verona at Mace Ranch in Davis, Calif., a development of 83 detached, duets and affordable homes.

Regis Homes acquired 8 acres in 2010 about 2 miles from the University of California campus after many years of work getting city approvals to build.

Some of the homes are traditional, others are "alley-loaded mews" oriented. Two acres were dedicated to the City for parks and open space. Resmark Equity Partners and Comerica Bank provided financing.

The Verona homes are built to exceed the Davis "build-it-green" standard ordinances and reflect Davis's commitment to environmental responsibility. A "bio-swale" surface drainage system runs throughout the community and filters run-off water before it enters the city's storm drain system. Additionally, Regis Homes built a fenced neighborhood community garden facility where the residents can plant seasonal fruits and vegetables that will be managed by the homeowners association.

An aggressive production schedule was implemented to finish the lots and deliver houses as soon as possible. The sales office and models were opened last spring and the first buyer closed in September. Verona at Mace Ranch is currently hitting its projected sales velocity and price per square foot, extraordinary results for the challenging Central Valley.

Regis Homes of Sacramento, LLC managed all aspects of development, design, and execution of Verona. Regis Contractors of Sacramento, LP, is the contractor. The project architect is KTG Architects with Cunningham Engineering, Inc. providing civil engineering and landscape architectural services. ■

## Local Aerospace Manufacturer Buys Last LEED Gold Spec Building



*SRG's trio of Canyon Point buildings sold within eight months of completion. The project is Orange County's first LEED Gold speculative industrial development.*

**SARES•REGIS Group sold** the last of three LEED Gold industrial buildings the company developed last year in Anaheim, Calif., to a local manufacturer of precision aerospace products seeking a larger facility.

SRG sold the first two buildings before the 120,000-square-foot Canyon Point project was completed late last year. The three buildings on 6.2 acres were the first speculative industrial facilities built in Orange County to earn the United States Green Building Council's LEED Gold rating.

California Manufacturing Inc. purchased the new 31,744-square-foot building for \$4.3 million, closing out the project, said Larr y Lukanish, Senior Vice President in SRG's Commercial Investment Division in Irvine.

SRG was represented in the sale of the building at 1290 Miller Street by Brad Bierbaum in the Anaheim office of CB Richard Ellis. California Manufacturing was represented by David Williams at Lee & Associates' Anaheim office. ■

## Luxury Apartments In Woodland Hills

*continued from page 1*

### 'It's A Wrap' To Maximize Views

"Occupancies are up and independent analysts are projecting rent growth, especially for new premium apartments. We're confident this development will be a high-demand rental community in this market environment," Montgomery said.

In order to take full advantage of the panoramic views, the project will utilize a "wrap" design in which the four-story apartment buildings surround and conceal the project's parking structures.

Situated at 20600 Ventura Boulevard, just south of Highway 101 and near the De Soto Avenue off-ramp, the project enjoys an exquisite location on a slope of the Santa Monica Mountains. Behind it is a nature preserve. Unobstructed panoramic northern and eastern views extend for miles to the San Gabriel Mountains.

### Taking Posh To A New Level

Apartments will range from 565-square-foot studios to 1,634-square-foot three-bedroom units. The community also will have a high parking ratio of 2.32 stalls per unit. The project will be built to LEED specifications. SRG is Southern California's largest privately held developer of LEED-certified apartments.

The community's large clubhouse includes a business center with private offices for residents and a café bar area. A two-level fully equipped fitness center will have spa-like restrooms, showers, lockers and infrared sauna rooms. The gourmet kitchen will have a folding glass wall opening to the swimming pool. A sports bar/media lounge with attached patio space also is planned.

Outside at the pool and spa are private cabanas and lounge seating. Built-in barbecues and seating areas are throughout the property. There will be two furnished multi-sided fireplace courtyards and a children's garden and play area.

The project will include 6,000 square feet of retail space and a handful of live-work units.

### An Affluent, Multi-Generational Market

Woodland Hills is one of 34 neighborhoods that are within the San Fernando Valley, whose population is 1.44 million, according to latest U.S. Census figures.

The Los Angeles Times' mapping project of 2009 reported that renters make up 39.9 percent of Woodland Hills' 59,661 residents counted by the 2000 census. At that time, the median age was 40. Sixty-six percent of residents were younger than 50 years old and 46 percent were between 19 and 49. Thirty-four percent of residents were aged 50 and older. They will be specifically targeted in a pre-leasing marketing campaign that was a provision in the project's entitlement.

Median household income totaled \$89,946 in 2008, just below Beverly Hills' \$96,312. Forty-seven percent have four-year college degrees.

*Continued on page 9*



*Residents of south-facing apartments will have views of the Santa Monica Mountains National Recreation Area.*



## Leases Engineered For Two Class A Distribution Buildings

**SARES•REGIS Group** signed two companies to leases valued at \$17 million for two warehouse and distribution buildings totaling 832,063 square feet in Ontario.

Pacific Coast Warehouse, a third-party logistics company, agreed to a seven-year lease of a 411,548-square-foot building at 3601 Jurupa Street, said Michael Wood, SRG's Director of Leasing, Commercial Property Services Division. SRG manages both buildings for landlord Ontario Industrial Partners.

Dal-Tile Corporation renewed its lease of a 410,515-square-foot building at 3625 Jurupa Street for 64 months, Wood said. The tile manufacturer and distributor has been an original tenant at the property since the buildings were developed by SRG in 1996.

In the Pacific Coast Warehouse lease, Tim O'Rourke and Barry Hill of Jones Lang LaSalle represented the tenant. Steve Bellitti and Tom Taylor of Colliers International represented the landlord.

Sam Foster of Jones Lang LaSalle represented Dal Tile. Wood and Vince Ciavarella, President of SRG's Commercial Property Management Services Division, represented the landlord. ■



*A local beer distributor signed Orange County's largest lease of 2011 prior to the sale to Pfizer.*

## SRG Forecloses, Leases, Then Sells Distribution Building To Pfizer Inc.

**SARES•REGIS Group sold** a 281,548-square-foot Class A distribution building in Anaheim, Calif., that the company owned in a joint venture with an institutional partner to Pfizer Inc. for \$42 million. The facility was leased recently to the Straub Distribution Company for 15 years.

"We bought the note and foreclosed on the vacant building last summer. Within four months, we leased the entire building to a premier tenant on a long-term lease. Then we put the building on the market and found a Fortune 100 company to buy the building all within a year of acquisition. We executed our strategy perfectly," said Larry Lukanish, Senior Vice President in SARES•REGIS Group's Commercial Investment Division.

The building at 4663 La Palma Avenue was leased to the Straub Distribution Company, the exclusive distributor of Anheuser-Busch products in Orange County. Straub consolidated three locations in Orange County to make the facility its new corporate headquarters and distribution warehouse.

"There is a very limited supply of large, Class A buildings in the North Orange County market, and the large buildings that do exist are typically older construction with limited functionality for today's tenants," said Darla Longo, one of five CBRE brokers representing SRG. "As a result of both the limited supply and capital's strong appetite for stable, leased assets today, this was a highly competitive offering."

The other CBRE brokers were Barbara Emmons, Rebecca Perlmutter, Brad Bierbaum and Ryan Peterson. Chris Kehrl and Ben Seybold with CBRE, represented Pfizer Inc. ■

## SRG Challenged To Turn Around Large Under-Performing Property

**SARES•REGIS Group** recently took over leasing and management of Waterbrook Apartments, a 624-unit development in the heart of Rancho Cucamonga, Calif., and efforts are under way to dramatically boost its sub-90 per cent occupancy rate and create rent growth.

“For years we’ve been successfully leasing and managing a significant number of multifamily investment properties at all levels throughout the Inland Empire,” said Michael Bissell, President of SRG’s Multifamily Property Management Division.

“Our client came to us, believing Waterbrook was under-performing. We’re in the process of turning Waterbrook around,” he said.

All the buildings in the community are being painted, re-roofed and the apartments are being aggressively marketed. Concessions have been cut and rents increased. Monthly rent for studios is \$1,021 and \$1,575 for two-bedroom apartments, said Stacy Fernandez, SRG’s Property Manager at Waterbrook.

“Rancho Cucamonga probably is the most desirable city in San Bernardino County. We’re in an area that’s convenient to job centers and city government. We’re right across the street from the county courthouse and city hall,” she said.

With panoramic views of Mt. Baldy, Westbrook is within walking distance of restaurants and entertainment and is close to the region’s dominant shopping malls and new convention facilities.

The sprawling development is park-like with mature trees, streams, ponds and fountains, said Fernandez. Waterbrook’s resident amenities include a clubhouse, lighted tennis and basketball courts. It has a fully equipped fitness center, picnic and barbecue area, four swimming pools, a wading pool and three spas.

The development was built in 1986 at 10400 Arrow Route, one of the main east-west arteries of west San Bernardino County. ■

*SRG brought in to boost lagging performance of large Rancho Cucamonga apartment community.*



*Site plan shows benefits of wrap design. Outward-facing buildings provide residents views of courtyards, a nature preserve as well as vistas of the San Fernando Valley.*

## Luxury Apartments In Woodland Hills

*continued from page 7*

Reis Inc. reports there are about 17,400 apartments in the combined Woodland Hills, Tarzana and Encino submarket with a 5.6 percent vacancy rate that is projected to fall to 4.5 percent by 2014 when the development is slated for completion. First occupancy is scheduled for next October.

### Connections: Bob Hope & The Doors

For history buffs, the site originally was called Chalk Hill. It was developed as the Valley Music Theater by Bob Hope, Art Linkletter and local impresario Cy Warner in 1963. Until late in the decade when it fell on hard times, the domed theater-in-the-round hosted entertainers ranging from Sammy Davis Jr. and Johnny Carson to Peter, Paul & Mary and The Doors. It was a Jehovah’s Witness assembly hall from 1980 to 2004, when the site was sold for development of 340 condominiums.

The theater was demolished in 2007 by a previous developer that defaulted on its \$41.8 million bank loan. SRG acquired the site this year in an off-market transaction after the entitlement was modified for apartments.

“Joining us in the venture to purchase and construct the project is our longtime partner UBS,” Montgomery said. “With a solid working relationship and mutual respect for each other’s organizational structures and skill sets, both UBS and SARES•REGIS Group were keen to join together on this unique project.”

Architects Orange is providing design and construction drawings. ■

## An Adjusted Marketing Approach Yields Results For A Unique Property

**Sometimes arriving** at a successful marketing solution for a challenged property defies logic.

In August SARES•REGIS Group took on a lease-up management assignment for a new, bank-owned condominium community of 136 one- and two-bedroom homes in Westminster, Calif.

Following a presentation to lease Jasmine Place as a Class A rental property, SRG's Multifamily Property Management Division won the assignment in July. John Gregory, a division Regional Vice President, said that initially prospective renters in the surrounding submarket's population were targeted, the same group the developer sought as buyers in 2008.

Originally entitled as a senior condominium community, it was reasoned that Jasmine Place would appeal to the area's existing Vietnamese population because of its styling, well-appointed finishes and ideal location next door to the Asian Garden Mall, the largest Vietnamese-owned and operated mall in America. The developer logically believed boomer-generation residents would be drawn by the shopping convenience and walkable neighborhood, Gregory said.

Thanh Dang, the division's Director of Marketing, focused on fundamentals. She expanded the marketing radius to include surrounding cities as far as Irvine, aiming at professionals and families seeking a newly completed home in a vibrant community with established amenities and convenient shopping. "Our message drove home the fact that Jasmine Place was the only new Class A apartment opportunity in the broader submarket. Also, prospective residents we targeted were not culture specific," Gregory said.

Rents ranged from \$1,590 for one-bedroom units to \$2,300 for two-bedroom apartments with 1,391 square feet.

This broad, new tactic quickly jump-started traffic and produced 30 leases to a cross-section of cultures and ethnicities. Jasmine Place is meeting its schedule for stabilization within one year, Gregory said. ■

*Prospective residents are responding to SRG's repositioning of Jasmine Place.*





*Artist's rendering of Chinatown Gateway, a 280-unit apartment community being built by Regis Contractors for Equity Residential.*

## Working With Dragons; RCLP Tackles Chinatown Infill Apartment Project

**Building on the success** of the Westgate Apartments in Pasadena for Equity Residential, Regis Contractors L.P. has launched construction on another apartment community, Chinatown Gateway in Los Angeles, for the giant Chicago-based apartment investor.

The 280-unit Chinatown Gateway community is directly adjacent to the area's landmark "Golden Dragons" archway. The setting is not only dynamic with commerce: every 30 minutes a menacing blast of white steam hisses from the nostrils of the colorful and iconic dragons. The twin serpents also could symbolize the exotic nature of the project at North Broadway and Cesar Chavez Avenue.

Chinatown Gateway will rise up six stories with retail on the ground level and over three-levels of subterranean parking for 588 cars. The 2.2-acre project is slated for completion in late 2013. It represents perhaps the biggest construction management challenge in RCLP's history.

"It's a complicated project that's being built in a high-traffic area. With all the excavation and construction work plus on-site space needed for materials storage and the construction trailer there's virtually no elbow room," says Mason Williams, Senior Project Manager.

Workers and heavy equipment came as close as 6 feet from the dragon archway during demolition. The project is Type 3 construction, which uses fire-treated lumber and concrete separations.



*The 2.2-acre infill site offers construction workers little elbow room.*

"The underground parking alone will take nine months to complete," Mason said.

Chinatown Gateway's 17-foot wide sidewalks will welcome pedestrians and as well as serve customers for the project's 20,000 square feet of ground-floor shops and services.

Thomas P. Cox Architects is the designer. ■

## Pushing The Green Envelope: SRG Wins Honors, Ratings For LEED Apartments

**Awards** are being heaped upon The Crossing in Anaheim, while the first phase at another of SARES•REGIS Group's developments, Westgate Pasadena, recently received a LEED Silver rating. The developments total 1,132 units.

The 312-unit transit-oriented apartment community in Anaheim was awarded a Gold Nugget Award of Merit for sustainability by the PCBC and was honored with top "Development of the Year" honors at the South Coast Apartment Association's 11th annual Greater Excellence in Management and Maintenance (GEMM) awards.

The Crossing was the first apartment community by a privately held developer in Orange County to qualify for the LEED rating. The community was stabilized ahead of schedule.

"This environmentally friendly development is a positive alternative that responds to a new demographic that is energy conscious but still demands resort-style living and rich amenities, near mass transit, employment, shopping and entertainment," said David Senden, a principal at KTG Y architects and the lead designer who submitted The Crossing for PCBC award consideration.

The development on converted industrial land contains luxury apartments and live-work style townhomes. It's adjacent to Metrolink's Anaheim Canyon station.

The 480-unit Block I of Westgate Pasadena, a transit-oriented community planned for 820 apartments on 11.7 acres, received a LEED Silver rating from the United States Green Building Council.

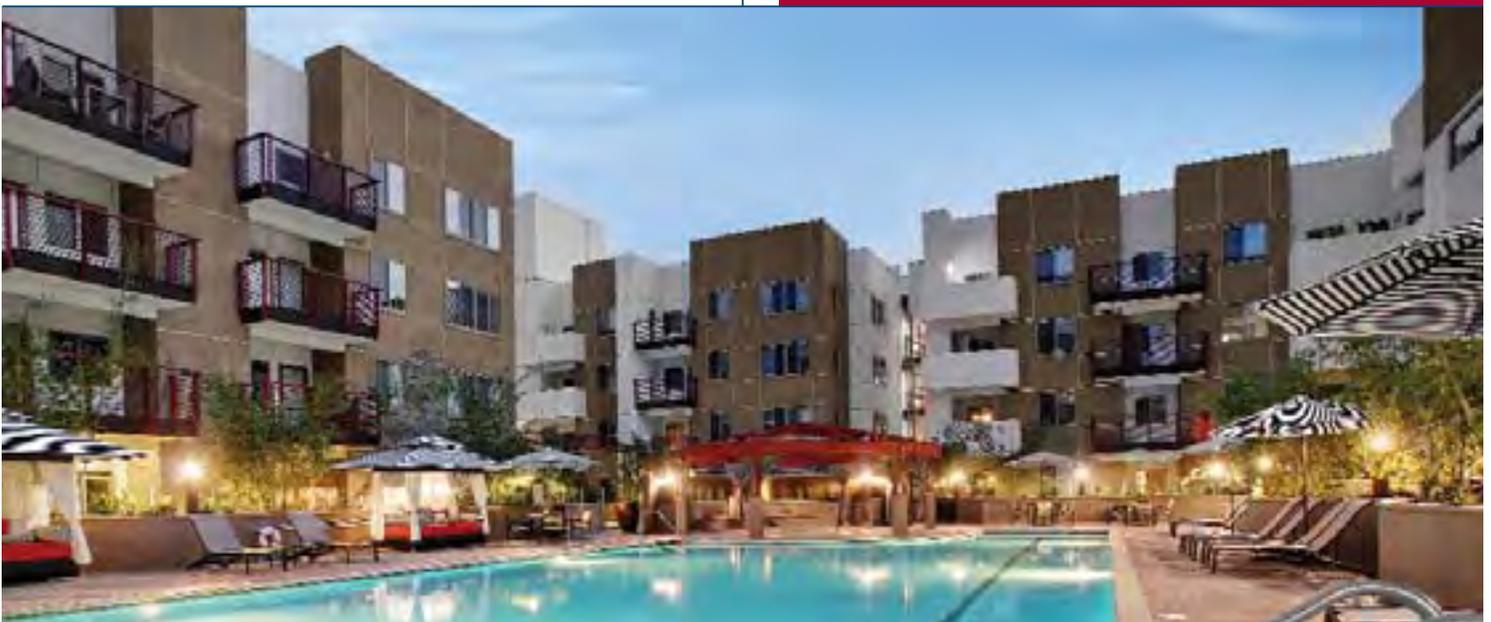
Chandra Kraut, who consulted on behalf of SRG before being named to head environmental programs for the city of Irvine, said, "When a builder first starts out, it's advisable to shoot for

a basic certified rating. Because of SRG's prior experience and the location of the project, they really pushed the envelope. That's unusual for a multifamily builder."

Westgate is two blocks from the Del Mar Station of the Metro Gold Line and near the historic section of Pasadena. Both Westgate and The Crossing are smoke-free communities. ■



*SRG transit-oriented developments Westgate Pasadena (above) and The Crossing in Anaheim (below) earned kudos and Silver and Gold LEED ratings.*





*RHNC's faculty housing offers rare opportunity to reside on beautiful Stanford University campus.*

## RHNC's Olmstead Terrace Faculty Housing At Stanford University Wins PCBC 'Grand Award'

**Olmsted Terrace**, a collection of 39 classic single-family homes developed at Stanford University by Regis Homes of Northern California Inc., received the Pacific Coast Builders Conference's 2011 Grand Award for Best Campus Housing Project.

Regis Homes was hired in 2007 by the university to assist with the creation of much-needed faculty housing on campus. The homes were completed early this year.

Olmsted Terrace homes are built in authentic California styles. Located along Stanford Avenue between El Camino Real and Escondido Road, these homes offer a rare opportunity to live on the beautiful Stanford campus. In addition to meeting the unique needs of a world-class faculty, the homes and landscape also were designed to interrelate with an adjacent 100-year-old residential neighborhood in Palo Alto.

The homes are arranged in clusters with shared vehicle drives in order to minimize curb cuts and pavement while maximizing shared green space, orientation to natural light and charming landscape features such as trellises, gardens and low fences and walls with pedestrian gates. The homes also boast many sustainable features, including EnergyStar building shells, high efficiency HVAC systems, low-flow toilets and drought-tolerant landscaping.

The architect was William Hezmalhalch Architects and The Guzzardo Partnership served as the landscape architect.

RHNC managed all aspects of development, design and delivery. Regis Contractors of Northern California LP was the contractor. Todd Regonini, Chief Development Officer, served as the Project Executive, while Rick Crosetti was the Development Project Manager. Yayu Lin served as the Construction Project Manager for Regis Contractors. ■

## SRG's John Hagestad Co-Chairs ULI Fall Meeting And Expo in LA

**John Hagestad**, Managing Director of SARES•REGIS Group, was co-chairman of the Urban Land Institute's Fall Meeting and Urban Land Expo in Los Angeles, which drew more than 6,000 attendees and kicked off a year-long celebration of ULI's 75th anniversary.



*John Hagestad*

ULI, a global research and education institute dedicated to responsible land use, last hosted ULI's Fall Meeting and Urban Land Expo in L.A. in 2005. Since then, this vibrant metropolis has seen a dramatic resurgence. New to the downtown skyline is the \$2.5 billion, 4-million-square-foot LA LIVE! entertainment complex, one of only five global winners of ULI's 2010 Awards for Excellence. Anchored by the Staples Center and Nokia Theatre, LA LIVE! boasts a dozen new high-end

hotels and chic restaurants and bars, all contributing to a trendy, artsy scene.

"So much has happened in downtown Los Angeles since the last ULI Fall Meeting took place in the city," Hagestad said. "We wanted to take advantage of the energy that has built up around LA LIVE! and make it a centerpiece for the meeting."

Hagestad was joined as co-chair by Michael Matkins, senior partner of Allen Matkins Leck Gamble Mallory & Natsis LLP. SRG and Allen Matkins, et al., were among 28 companies supporting the October program as \$75,000 anniversary sponsors. SRG's sponsorship was shared by Sares Regis Group of Northern California and its affiliates. ■

## ULI Magazine: SRG Among Multifamily's 'Significant Players' Leading The Recovery

**SARES•REGIS Group** was among a handful of prominent national and regional multifamily development firms featured in a story headlined "Leading The Recovery" in "Urban Land" magazine, published by the Urban Land Institute.

In a separate, related article in the magazine, SRG was singled out for being at the vanguard of sustainable development as one of the multifamily "industry powerhouses."

SRG was "among the most significant players in Southern California's multifamily market" on a short list that included Kennedy Wilson, UDR Inc. and KB Home. The story credited the companies' clear vision and muscular capabilities to take advantage of the dearth of new multifamily development in the region amid rising demand from Gen Y'ers opting to rent in urban areas where job growth is strongest. The stories appeared in the magazine's September-October 2011 issue.

"Multifamily continues to be one of the brighter spots in housing," David Crowe, National Association of Home Builders chief economist told the magazine. "Not only is the overall index on the rise, the market-rate rental component has improved dramatically. In the first quarter, the market-rate rental component was 60.5 percent, the highest level in more than five years."

Crowe added, "There is considerable pent-up demand, but the ongoing crisis in funding for new construction means that developers are limited in their ability to meet that demand."

The article noted how SRG and others "are focusing on the younger demographic, which in more propitious times would look at homeownership. But with the economy in a glacially paced recovery, a larger share of young Americans, even those who have careers, are watching home prices fall while they still need tens of thousands of dollars for a down payment."

### 'They Are Turning To Rental Housing'

"The tumultuous real estate market has left many people either unable or unwilling to make the financial commitment to purchase a home, so they are turning to rental housing. As a result, apartment vacancy rates are falling precipitously and rental rates are climbing," the article said.

Two SRG apartment communities were highlighted in the ULI periodical: the 312-unit The Crossing in Anaheim, the first multifamily development in Orange County by a privately held firm to earn LEED Gold certification. The project was unveiled in 2010 and was stabilized ahead of schedule.

Another of SRG's newest developments featured in the magazine is Boardwalk Apartments in Huntington Beach.



*'Urban Land,' ULI's bi-monthly magazine showcased SARES•REGIS Group's sustainable, transit-oriented apartment communities, saying the company was "among the most significant players in Southern California's multifamily market."*

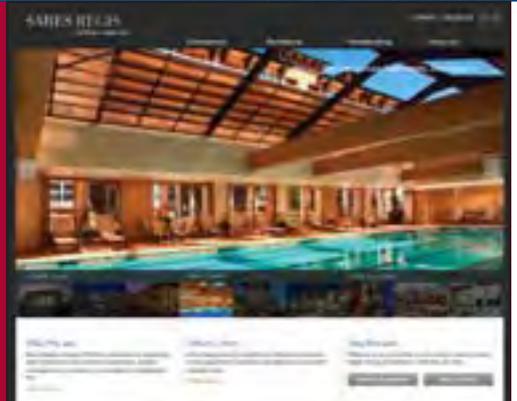
"Urban Land" noted that SRG, consistent with its sustainable-development policy, chose to develop the 487-unit development as a "Green Point Rated" project under California's Build It Green program. The non-profit Build It Green organization began in 2003 by taking successful sustainable practices from the San Francisco Bay Area and expanding them statewide.

The magazine's article on sustainable multifamily leadership used SRG as an example of companies that "not only preach green but also require their institutions to live green."

In the sidebar story headlined "Multifamily in Two Shades of Green," John Hagestad, SRG Managing Director, was quoted explaining how the company created a "corporate green committee" that campaigned to achieve a 30 per cent reduction in water use and a 70 per cent waste recycling rate. Hagestad spoke of SRG's longtime commitment to sustainable development "before it became a corporate buzz word."

That includes the company's sequestration of more than 1 million tons of carbon dioxide gas since 2002, chiefly through eco-management of its vast portfolio of commercial properties. Hagestad also pointed out how SRG has been at the vanguard of green multifamily development, becoming one of the leading developers of green apartments in the western United States. ■

## New Websites Unveiled By SRG, SRGNC Now Welcoming Visitors



**SARES•REGIS Group** and Sares Regis Group of Northern California each have unveiled revamped websites with refinements in artwork, readability and navigation.

"I think these two sites do an excellent job of showcasing our talents and depth of experience while showing how we have responded successfully to different regional markets and opportunities," said Zoe Solsby, SRG's Director of Communications.

"The sites clearly show that SRG and SRGNC are diversified companies that have grown in a collaborative relationship," she said.

SRG's site (sares-regis.com) now opens with a dynamic series of seven "splash pages" that use photography and key-word messages to communicate the company's philosophy.

"We want to show SRG as an integrated company that delivers pre-eminent real estate products and superior services – for people," Solsby said.

The site also provides concise narratives about SRG's history, its corporate services and operating divisions. Photographic images present some of SRG's finest work. Visitors to the site also are directed to biographies of key personnel and contact information.

SRGNC's new website (srgnc.com) showcases its 20-plus years of development and investment success. Designed to draw attention through photography, the website will allow visitors to gather information quickly and efficiently, while raising the "Wow" factor graphically, explains Rob Parker, SRGNC's Senior Vice President of Marketing.

"We are morphing from a staid business site that was heavy with narrative to one with an intense graphic look. Our clients and investor partners need access to information quickly, and they want to be impressed." The site has been reorganized by product type and function, emphasizing Commercial and Residential Development and Investment, with a nod to Homebuilding and Property Management.

The website allows visitors to review project profiles accompanied by visual examples. Additionally, the management team's biographical information has been updated with fresh contemporary images so visitors can learn more about the staff they partner with on key SRGNC projects. The site will be Java script based and accessible on multiple computer platforms including desktop, laptop, tablets and smart phones. ■

## SRGNC's Ginger Bryant Honored As Real Estate Woman of Influence

Ginger Bryant, COO and CFO of Sares Regis Group of Northern California LLC, was selected as a 2011 Northern California Real Estate Women of Influence honoree. The awards program, co-sponsored by the San Francisco Business Times and law firm Allen Matkins, et al., recognized more than 50 women as Hall of Fame inductees.

"Ginger has always played a key role in the success of SRGNC, and it has been a pleasure to work with her for many years," said Rob Wagner, Principal of SRGNC. "We were pleased that she was recognized for this real estate industry award, for her many accomplishments and contributions to the industry and community."



**Ginger Bryant**

In addition to her many professional accomplishments, Bryant is active in a number of business and community associations including CREW Network, the real estate industry's premier business networking organization that seeks to influence the success of the commercial real estate industry by advancing the achievements of women. She has been a Trustee of CREW Foundation and a member of the selection committee for the 2011 CREW Impact Awards. Bryant served as the

2005 president of the national organization of 8,000 members across North America.

Bryant is also a strong supporter of the Girl Scouts Northern California Council. She participates in their "Camp CEO," a program where 25 executive women spend three days in the Sierras with 50 promising high school girls from at-risk environments. In addition to typical camp activities such as the adventure tower, archery and team building exercises, the women serve as mentors, encouraging the girls to set goals, dream big and focus on education to build leadership skills. ■

## Announcements



**John Gregory** was promoted to Regional Vice President for Los Angeles, Ventura and Orange County in the Multifamily Property Management Division of SRG, which he joined in 2009. Previously, he was a director of asset management at Pacific Property Company. Gregory also was a regional vice president for Western National Property Management Company and began his career with the Irvine Company. Gregory received his bachelor's degree from California State University, Fullerton, with an emphasis in real estate finance and has a California Real Estate License. ■



**Kelly Vickers** was promoted to Regional Vice President, Inland Empire and San Diego, in SRG's Multifamily Property Management Division. She came to SRG in 2008 from Lewis Operating Corporation, where she was regional director for a portfolio of 1,900 luxury, senior and affordable units. Previously, Vickers was with Beacon Property Management and an area manager and field trainer for Equity Residential Properties Trust. ■

## No Pain, No Gain:

*continued from page 3*

### Squeezing Out Excess Capacity

Bank returns on equity will decline with these higher capital levels, as a given level of profits is spread among a much larger capital base. Equity investors will demand higher profitability in order to achieve a return consistent with other investment options, which in turn will make credit more expensive. Higher pricing is a rational response to new industry conditions, but one which may be felt on an incremental basis as excess capacity is squeezed out of the system. In the short term, real estate companies with financeable cash flow have an opportunity to tap into the high liquidity of bank balance sheets and lock-in low

fixed rates. Banks view commercial real estate lending as a core business, and are using the changing industry landscape as an opportunity to bring stability to this lending segment. Rational underwriting, stronger capital buffers and heightened attention to portfolio and market allocations will reduce the volatility of earnings for CRE lending, and in doing so, will ensure its long-term future as a source of financing for quality customers and projects. ■

*California Bank & Trust is among California's leading banks with more than \$10 billion in assets and branch offices statewide.*

## The SARES·REGIS Group Regional Offices

### Corporate Office

John S. Hagestad, Managing Director  
 Geoffrey L. Stack, Managing Director  
 William J. Thormahlen, Managing Director  
 Bill Albert, President, Multifamily Development & Construction Division  
 Michael Bissell, President, Multifamily Property Management Division  
 Vince Ciavarella, President, Commercial Property Services Division  
 Bill Montgomery, President, Multifamily Acquisitions & Investments Division  
 Peter Rooney, President, Commercial Investment Division  
 18802 Bardeen Avenue, Irvine, CA 92612  
 (949) 756-5959 ■ [www.sares-regis.com](http://www.sares-regis.com)

### Regis Homes & Regis Contractors

18825 Bardeen Avenue  
 Irvine, CA 92612  
 (949) 756-5959

### Ventura/Los Angeles

Russ Goodman, Regional President  
 500 Esplanade Dr., #470  
 Oxnard, CA 93031  
 (805) 485-3193

### Denver/Phoenix-Residential

Jennifer Nessett, Vice President  
 Regional Manager  
 900 E. Louisiana Ave., Suite 101  
 Denver, CO 80210  
 (303) 715-9600

### Sares Regis Group of Northern California, LLC

#### Regis Homes Bay Area, LLC

Robert W. Wagner, Managing Director  
 Mark R. Kroll, Managing Director  
 Ginger Bryant, Chief Operating Officer  
 Jeffrey A. Birdwell, President, Commercial Division  
 Kenneth Gladstein, Chief Investment Officer, Income Properties  
 Todd Regonini, President, Residential Division  
 Drew Hudacek, Chief Investment Officer, Development  
[www.srgnc.com](http://www.srgnc.com) ■ [www.regishomes.com](http://www.regishomes.com)

#### Regis Homes of Sacramento, LLC

Bill Heartman, President  
[www.regishomessacramento.com](http://www.regishomessacramento.com)

