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Columbia Pacific, Long Market Property Buy San Francisco's 995 Market St.

By Barbra Murray, Contributing Editor

The 85,000-square-foot office building at 995 Market St. in San Francisco's blossoming Mid-Market area is under new ownership. Columbia Pacific Advisors and Long Market Property Partners acting in a joint venture as 995 Market Street SF Investment L.L.C., acquired the property from a private group in an off-market transaction for \$17 million.



Acting on behalf of Long Market Property Partners, financial advisory firm Mission Capital Advisors L.L.C. raised structured debt and equity from Columbia Pacific Advisors for the purchase of the asset.

Developed in 1908, 995 Market sits in an area that is becoming known as a haven for San Francisco's creative and high-tech set. "Some call it the 'Twitter effect' since they were the first substantial tenant to commit to the neighborhood in 2011," Kovac told *Commercial Property Executive*. Last year the social networking giant moved into 215,000 square feet just blocks away in the 890,000-square-foot building at 1355 Market. "The creative tenants located here appreciate the [absence of the] corporate, buttoned-down culture that is more common in the Financial District," he added.

And at 995 Market, the trend of attracting creative and high-tech users is in full swing. Black Rock City, the mastermind of the Burning Man Festival, is anchor tenant at the 16-story tower, occupying 20,000 square feet. With a tenant roster that fills only 55 percent of its space, the building has ample room to accommodate office-space seekers, and the new owners plan to capitalize on the growing interest in the area through an extensive improvement program that will commence immediately.

But the new owners of 995 Market, the tallest tower along the Mid-Market corridor, will be able to rely on more than just updated digs to reel in occupants. The property is sited practically next door to the 250,000-square-foot Market Street Place retail development that is currently

underway. Also, 995 Market offers another coveted amenity: location in the Payroll Tax Exclusion zone. “Additionally, payroll tax incentives were enacted by the City of San Francisco to encourage tenants to locate in the area,” Kyle noted.

The San Francisco office market, as a whole, is thriving. The direct vacancy rate in the first quarter of the year was just 5.5 percent, according to a NKFC&CC report.

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