

Thursday, February 19, 2015

## CWCapital Offers Calif. Office that Backed \$32.8Mln CMBS Loan

CWCapital Asset Management has placed on the sales block Britannia Business Center III, a 191,000-square-foot office and research and development property in Pleasanton, Calif., that it took in 2012 by foreclosing against a \$32.8 million CMBS loan.

The special servicer has hired Mission Capital Advisors of New York to market the property for sale. Last week, it started distributing offering information to prospective investors, who will have to submit indicative bids on March 4. Mission Capital then will select a number of finalists to compete in a best-and-final round of bidding on March 25. The plan is to complete a sale by April 6.

The loan against Britannia III was securitized through Wachovia Bank Commercial Mortgage Trust, 2005-C22, and was transferred to CWCapital in 2010 when its main tenant, Robert Half International, moved out of its collateral property, leaving it 57 percent occupied. That resulted in a sharp decline in cash

flow, which led to the mortgage's default in March 2011.

CWCapital since then has managed to attract tenants to the property, at 3870 Stoneridge Drive, 4511 Willow Road and 5785 West Las Positas Blvd. As of the end of last year, it was 79 percent leased, according to servicer data compiled by Trepp LLC. That could very well increase as CWCapital recently agreed to terms with a prospective tenant that would take 15,000 sf.

Last year, the property generated roughly \$2 million of net cash flow, according to Trepp. That's set to climb if the latest lease is finalized.

Given the expected increase in cash flow and the prices at which nearby properties have traded, Britannia III should draw offers of \$185/sf to \$200/sf, or up to \$38.2 million. Its neighbor, Britannia II, which has 135,210 sf and is fully leased, was sold four months ago to PSAI Realty Partners of San Francisco for \$28.4 million, or \$210/sf.

Britannia III was appraised last September at a value of \$30.3 million.

The property's tenants include Cooper-Vision Inc., a contact-lens manufacturer that occupies 66,129 sf through 2021, Cooper Bussmann Inc., a maker of electrical products that occupies 23,304 sf through 2019, and trucking company Schneider International, which leases 13,476 sf through 2020.

The property, along with Britannia I and II, had been owned by Triple Net Properties, a former sponsor of tenant-in-common groups, which had acquired the three in 2005 for \$182 million, or nearly \$240/sf.

Since the loan against Britannia III defaulted, a total of \$4.5 million of interest payments have been advanced against it. That would have to be recouped from the proceeds of any sale. In addition, \$1.8 million of appraisal subordinate entitlement reductions, or ASERs, would have to be recovered, as would other costs and fees.

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