

# East Bay Times: Trio of downtown Oakland office towers bought in huge deal

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**Three Oakland office towers are bought by East Coast investors for \$494 million**



Oakland's Lake Merritt business district, a downtown area where three high rises have been bought. Three office towers in downtown Oakland have been bought by an East Coast investment group in a mega deal that places on the three high rises a combined value of nearly \$500 million. Google Maps

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**OAKLAND** — Three office towers in downtown Oakland have been bought by an East Coast investment group in a mega deal that values the high rises at nearly \$500 million and signals rising confidence in the East Bay's largest city.

An affiliate of Connecticut-based Starwood Capital paid a combined \$494 million for the towers, according to property documents filed on March 12 and March 13 with Alameda County officials.

The office buildings involved in the deal are located at 2100 Franklin St., 2101 Webster St. and 1900 Harrison St., all a short distance from Lake Merritt in downtown Oakland.

The seller was CIM Group, a developer and realty investor whose Oakland property holdings include Jack London Square, an iconic waterfront mixed-use complex.

In a separate and third transaction on March 14, CIM sold to Starwood Capital a downtown Oakland parking structure at 2353 Webster St., in a \$17.7 million property deal. brought the total value of the three purchases to \$512 million.

“This is a good long-term vote of confidence in favor of downtown Oakland,” said [Edward Del Beccaro](#), an executive vice president with TRI Commercial, a real estate firm.

The deal was accomplished through two different transactions.

The office complex known as Oakland Center 21, consisting of the 2101 Webster tower, totaling 475,000 square feet; and the 2100 Franklin building, totaling 215,000 square feet; was bought by Starwood for \$347.1 million, county documents show.

The 1900 Harrison high-rise, totaling 272,000 square feet, was bought for \$147.2 million, according to Alameda County records.

Starwood also obtained \$364.5 million in financing from Deutsche Bank to accomplish its purchases of the three office towers and the parking garage, the county documents show.

“Institutional investment money is flowing into downtown Oakland,” said Steven Banker, president of LCB Associates, an Oakland-based commercial real estate firm. “For quite a few decades, that wasn’t happening. Now it is.”

Why are investors more confident in Oakland? An array of economic trends have begun to bolster the East Bay city’s downtown district lately.

“Rental rates are likely to continue to go higher,” Del Beccaro said. “Tenants are migrating out of San Francisco. Tech companies are going to Oakland as we saw with Square.”

Square, a maker of mobile payments technologies and systems whose chief executive officer is the co-founder of Twitter, disclosed in December that it had leased all of the office space in downtown Oakland’s Uptown Station complex which formerly housed a Sears department store before it was turned into a mixed use office and retail building. Square rented 356,000 square feet in the development at 20th and Broadway, enough room to accommodate 1,700 workers.

“Oakland has a lot going for it,” Banker said. “You have the Square lease, more jobs in Oakland, you have the residential development downtown.”

Experts also believe downtown Oakland is starting to become less depending on the ebb and flow of office rents, vacancy levels and leasing activity in downtown San Francisco.

Traditionally, in past years, downtown Oakland primarily depending on landing tenants that had been squeezed out of San Francisco. When the office market in San Francisco went into a slump, tenants would tend to ignore Oakland during those cycles of weakness.

“San Francisco’s office market still has some influence on downtown Oakland,” Banker said. “But now, Oakland can stand on its own.”

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