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96 N. Third St.  
Suite 100  
San Jose, CA  
95112

## Vacant Mervyns warehouse gets new owner from China

BY KATHERINE CONRAD

A group of Chinese investors purchased the former Mervyns distribution facility on 32 acres in Fremont.

Global Investors Team Inc. is based in China and plans to use the 366,000-square-foot warehouse for an affiliated company, according to Casey Rickson, a broker with Colliers International who represented the buyer. Speculation about the user has focused on a furniture company, but Rickson said no decision has been made yet.

### REAL ESTATE DIGEST

"They liked the location," Rickson said, referring to Global Investors. "It's in the heart of Fremont and located in a great business park. Long term, the property will appreciate. They bought it right."

The warehouse, located at 48200 Fremont Blvd., was on the market for less than a year and was originally listed for \$25 million. Financial details were not released, but brokers involved said the property sold for less than the listing price. The warehouse, which was built for Mervyns in the early 1990s, has been vacant since the clothing retailer went out of business in 2008.

Colliers International brokers Greig Lagomarsino and Todd Severson represented the sellers, MDS Realty II LLC. Lagomarsino said the property, located in the Bayside Business Park near solar photovoltaics manufacturer Solyndra Inc., received a dozen offers.

"There was a lot of investor interest because there isn't much for sale in the 200,000- to 300,000-square-foot size range along I-880," he said. "There's zero on the market."

Lagomarsino noted the deal is not only significant in terms of size, but also a welcome sign that commercial

real estate, as well as the economy, has begun to move.

"We were paralyzed the first half of 2009, but now things are starting to happen," he said. "Demand for quality warehouse, distribution and manufacturing buildings is increasing as the region's economy gains momentum."

### FHA approval for The 88

The 88, developed by Wilson Meany Sullivan, has become the second downtown San Jose tower to offer loans from the Federal Housing Authority.

FHA approval is a sign of success for the downtown condos, which have struggled to sell units in a tough housing market. Approval means that the 22-story high-rise has sold enough of its 197 units — more than 30 percent, or 70 homes — to qualify for FHA approval.

Veronica Roberson, vice president of marketing for Pacific Marketing Associates, said people finally believe they have "permission to buy" because they feel good about prices, low interest rates, the product and the home-buyer tax credit in effect until April 30.

"This will open up the market to a much wider pool of buyers," she said. "It's fantastic. In December we had 20 offers that came in during a time typically considered slow. The 88 is on fire."

FHA approval is a significant step in the world of home ownership because it allows qualified buyers to buy a home with only a 3.5 percent down payment, rather than the more traditional 20 percent. Prices at The 88 start in the mid-\$400,000 range for a one-bedroom unit and rise to \$1.5 million-plus for the penthouses.

In November, City Heights became the first tower in San Jose to qualify for FHA approval after selling more than 50 percent of its 124 condos. Axis, also located in downtown, hopes to offer FHA financing as well.

KATHERINE CONRAD can be reached at 408.299.1820 or kconrad@bizjournals.com.