

## San Francisco Commercial Real Estate News

### 160 Spear Street Filling Back Up

By Brian K. Miller at GlobeSt.com

*Monday, April 14, 2008* - SAN FRANCISCO—Two Internet companies recently soaked up two-and-a-half floors in the upper half of 160 Spear St., a 19-story, 290,000-sf office tower that not long ago was vacant from the 10th through 16th floors. The building owner, Legacy Partners, acquired the asset with the vacancy at the end of 2006 for \$86.5 million, which is just under \$300 per sf. PlayFirst, an online gaming company inked a 5.5-year lease for 25,024 sf on the 12th and 13th floors that will be its headquarters. ValueClick, an online marketing company, signed a long-term lease for the entire 15th floor, which totals 15,869 sf. Both leases are scheduled to commence in June.

Situated just one block south of Market Street, 160 Spear St. overlooks both the San Francisco Bay and the Transbay Terminal. Ellis Partners acquired the leasehold interest in the building in spring 2005 from Hill Cos. LLC for \$57 million. Current availability in the building is about 45,000 sf, including the entire 14th floor and two-thirds of the 17th floor. Leasing activity suggests that vacancy in the building will shrink further in the near-term.

One of the tenants in the building is the IRS, for which the US General Service Administration in 2006 inked a 33,000 sf lease that runs through 2016. The negotiated lease rate is currently \$36.19 per sf, according to the GSA, which tells GlobeSt.com that negotiations are underway for an expansion of its leasehold within the building. Other tenants in the building include Hemming Morse Inc., which in May 2005 leased 28,774 sf on the 18th and 19th floors for 7.5 years, and McGraw-Hill Cos., which signed a long-term lease for 47,460 sf on the lower floors of the building in 2003.

The negotiated lease rates for PlayFirst and ValueClick were not released by the parties involved. Local industry sources tell GlobeSt.com that recent lease deals in the upper half of the building were at lease rates in the low-to-mid \$40s per sf per year, fully-serviced.

Chris Holland of the Staubach Co. represented PlayFirst in the transaction. Janna Luce of Prudential CRES Commercial Real Estate represented ValueClick. The listing brokers—Mark McGranahan, Mark Anderson and Josh Gladding of Cushman & Wakefield—could not be reached for comment.

Legacy, which owns the building and leases the land, has been aggressive in its efforts to lease-up the building. It is currently offering brokers a \$1 per-sf bonus for plus-five-year deals executed before the end of June.

