

BEST PROJECTS IN THE NORTH BAY

Best Projects of 2006 intended to inspire

Monday, December 11, 2006

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Commercial real estate professionals selected nine projects available on the market this year as the best North Bay examples of suitability, responsiveness and impact on the product markets they serve.

Four of the Best Projects in the North Bay in 2006 are in Napa County, the least populous compared to Sonoma and Marin counties. Three projects are in Sonoma County, the largest county in the region, and two are in Marin.

The Marin projects were redevelopment, which makes sense given the dearth of developable land there, especially for retail.

However, in Napa County, years of debate and negotiations over land use between county and local governments have opened property for development and redevelopment.

"You've seen more projects in Napa County because the public officials have done a good job planning and making decisions," said Napa Chamber of Commerce President and CEO Kate King.

That planning is resulting today in a string of office, retail, industrial and hospitality projects in Napa Valley to slowly add services as the county matures, according to Ms. King.

Thus, Napa is breaking ground with projects such as its first large hotel and convention center in a business park, its first large winery in the city limits and more cardiac care services to back up those at St. Helena Hospital as the population ages.

The winners of the 2006 Best Projects were nominated by leading North Bay architects and commercial real estate professionals. About 180 ballots with those nominations were distributed to the region's commercial real estate community to select the winners in nine categories: retail, office, industrial, mixed use, winery, hotel, medical, office condo and a special award. The criteria were that they must be new projects available to be occupied in 2006.

The contest is intended to recognize well-conceived commercial projects of all kinds throughout the North Bay.

"Great projects deserve to be singled out because they inspire other great projects," said BUSINESS JOURNAL Editor Brad Bollinger. "That's what the Best Projects contest and publication are about."

The winners, recognized at a dinner last Thursday, are:

Retail: Strawberry Village, Mill Valley. The shopping center has been transformed from a 154,000-square-foot early-1960s-era town-and-country-style center to a 175,000-square-foot "lifestyle" center with a central piazza, an upscale store for anchor Safeway and 22,000 more square feet of shops.

Ed Sohl, an architect on many major North Bay projects over the years as a part of Cotati-based The Fifth Resource, designed the Pendleton store that went into in the new Strawberry Village. Mr. Sohl died in August. Several of his recent projects were runners up in this contest.

Office: South McDowell Landing, Petaluma. RNM Properties is delivering 144,000 square feet in two class A office buildings to its Lakeville Business Park development.

Industrial: The Vineyard, San Rafael. A 10-acre former Fairchild Semiconductor plant site was converted to a 131,000-square-foot commercial-industrial-warehouse condominium project with 50 units in 16 buildings.

Mixed use: Theater District, downtown Petaluma. Petaluma-based Basin Street Properties is redefining North Bay urban redevelopment by transforming several blocks into a 12-screen movie-theater-anchored development with a couple hundred apartments, 70,000 square feet of office space and 86,000 square feet of retail space.

Winery: Starmont winery, Napa. Merryvale Vineyards has built a 63,000-square-foot winery on 75 acres of Stanly Ranch at the southern gateway to Napa and the Carneros winegrowing region.

Hotel: Meritage Resort, Napa. It is a new 158-room hotel with restaurant, soon-to-be completed wine cave, full-service spa and 14,000 square feet of meeting space in a business park.

Medical: Queen of the Valley Wellness Center, Napa. The hospital built a new 59,000-square-foot wellness center with fitness equipment as well as outpatient services.

Office condo: Sheehy Commerce Center, Napa. David Busby's second 12-unit warehouse-office condominium project sold out before construction wrapped in October.

Special award: Frank P. Doyle Library, Santa Rosa. The new 145,000-square-foot, \$45 million library for Santa Rosa Junior College is packed with high-technology features for students and faculty.

Industrial: The Vineyard, San Rafael

Complex capitalizes on heavy demand for light industrial, warehouse condo spaces

The Vineyard, 4300 Redwood Highway, San Rafael. Project: A mixed-use, 131,000-square-foot commercial-industrial-warehouse condominium project made up of 50 units in 16 buildings on 10 acres. Developer: Keenan Lovewell Ventures Inc., Palo Alto. Architect: Ken Rodrigues, Mountain View. General contractor: Devcon Construction Inc., Milpitas. Landscape architect: Anthony M. Guzzardo & Associates, San Francisco. Cost: \$28 million. Features: Vineyard prominent feature in landscaping, picnic areas, fountain and garden pathways; roll-up garage-style doors on some industrial units. Occupancy rate: 100 percent. Completed: 2005.

The Vineyard was transformed several times in the seven or so years the industrial, warehouse and office condominium complex in northern San Rafael was planned.

Developers Chop Keenan and John Lovewell first presented the city of San Rafael with two choices for the 10-acre site off Redwood Highway in the late 1990s: commercial offices or a light industrial complex that Keenan Lovewell Ventures would own and lease back.

But in 2001, following the tech crash, office vacancies jumped more than 400 percent in the county while industrial vacancies continued to fall, according to a report prepared by the Marin Economic Commission.

The report said industrial space was crucial for expansion of high-wage employers.

Not only that, though, Mr. Lovewell said, the commission issued an alert saying there was high demand for space that small businesses could own.

Keenan Lovewell Ventures changed plans.

"We came up with this idea of selling small condos instead of building something we'd lease and own," he said. "As it turned out, there was a huge demand in the county."

It took about 18 months to lease the 131,000 square feet of light industrial and warehouse space and offices.

The complex at 4300 Redwood Highway is sold out, though one space was available for resale as of last week. One 2,557-square-foot warehouse space with a roll-up garage door was listed in late October for resale for \$649,000, or \$253.81 per square foot.

"It's very hard to find small space in Marin County that someone can buy, so it gave a whole bunch of users the opportunity to buy their own office," said Denis Plehn of Orion Partners. He and Gerry Heermann were the exclusive real estate agents for The Vineyard.

About one-third of the complex is office space used by professional services, including attorneys, insurance brokers and the California Teachers Association. One-third is warehouse space, and the remaining third is light industrial.

"It's an incredible project," said Mr. Plehn. "It was beautifully designed, the timing was good, interest rates were low. It was the perfect product for the perfect time."

Mr. Plehn said the rate at which the 50 Vineyard condos sold out – which took just more than a year – makes him confident that more projects like The Vineyard also could be successful.

"I still think commercial industrial condos are in high demand," he said. "I wish I had another project like this."