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# CALIFORNIA

# REAL ESTATE JOURNAL

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## DEALS OF THE YEAR 2009

### DELPHI AUTOMOTIVE

**T**ough times in the automotive industry forced this buyer to spin its wheels for six years as it pursued the 21.6-acre Delphi Automotive site in Anaheim. Finally, Birtcher Development & Investments LLC, in a joint venture with Cornerstone Real Estate Advisors LLC, won a rigorous bidding process supervised by the Bankruptcy Court and acquired the land for \$20 million.

After closing, Colliers International negotiated a 15-year, \$68.93 million lease on behalf of the landlords to develop and lease a build-to-suit warehouse and distribution center for Northgate Gonzalez Markets, a family-owned grocery chain that focuses on the Hispanic market. The project, which is being developed according to the U.S. Green Building Council's Leadership in Energy and Environment Design standards, broke ground in November 2009 and completion is estimated to be in 2010.

The facility was designed by Irvine-based HPA and is being built by Fullmer Construction.

Clyde Stauff, the lead Colliers broker on the transaction, said Northgate Gonzalez has an op-



Northgate Gonzalez Markets

tion to buy the facility during the first five years.

"The unique thing about this one is it's the only new build-to-suit transaction of any consequence in either L.A. County, Orange County or the Inland Empire," Stauff said. "At least one big one got done."

He expects this Deal of the Year will prove to be the region's largest industrial transaction for 2009. Other than that, the market was pretty bleak, with financing being the biggest challenge. Things were pretty dire for Delphi, too. According to Stauff, the property was a former battery

plant for the company, a major supplier to the Big Three U.S. automakers, which filed for Chapter 11 protection in 2005.

"They were in turmoil because they were losing a tremendous amount of money and they needed to sell this property to liquidate it," Stauff said.

The Colliers Integrated Real Estate Solutions group put together an online electronic auction process that initially drew numerous bidders. However, as the market deteriorated, many of the bidders lost their ability to obtain financing and dropped out.

The bankruptcy court had the final say as to whether the deal was approved or not.

"We had to document the fact that we'd gone through a very rigorous process to expose the property to every single potential buyer," Stauff said. "They were also requesting documentation that we had gone back multiple times to each buyer to ensure they had an opportunity to overbid."

— Julie Nakashima

**DATE LEASED:** May 2009

**LOCATION:** 1201 N. Magnolia Ave., Anaheim

**SIZE:** 374,400 square feet

**LEASE RATE:** \$68.9 million

**LEASE TERM:** 15 years

**PERCENTAGE OF THE BUILDING OCCUPIED:** 100 percent

**BUYER/LESSOR:** Birtcher Development & Investments LLC and Cornerstone Real Estate Advisors LLC

**LESSEE:** Northgate Gonzalez LLC

**SELLER:** Delphi Automotive

**BROKERS:** Clyde Stauff, Patrick Remolacio and Bret Hardy of Colliers International represented Birtcher Development & Investments and Cornerstone Real Estate Advisors LLC. Joe Tilton and Steve Pearson of DAUM Commercial Real Estate Services represented Northgate Gonzalez Markets.