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City Walk rendering

OAKLAND, CA—Multifamily real estate company, Wood Partners LLC, has arranged all of the financing necessary to resume development of City Walk, an apartment/retail project in downtown Oakland. Construction on the project—which has sat idle for three years after the original general contractor went bankrupt—is set to start in a week.

Wood Partners purchased the distressed property of City Walk in late 2009 from the Olson Co. for \$5 million, and since then has worked to raise more than \$30 million in construction debt and assemble regulatory approvals to complete the project. “It’s been a long road, with a number of complex issues to resolve, so it’s very gratifying to reach this point,” says Frank Middleton, director of the west coast division of Wood Partners. “Now we’ll be able to fulfill the potential of this project and deliver a true asset to downtown Oakland.”

The Los Angeles and San Francisco offices of Holliday Fenoglio Fowler arranged a \$26.5 million construction loan for City Walk on behalf of Wood Partners, to secure construction-permanent financing through a life insurance company. The HFF deal team included Paul Brindley, Kevin Redford, Todd Sugimoto, Mark Sixour and Wally Reid. The deal was structured with a recourse burn-off at stabilization and no prepay penalty providing maximum flexibility for the borrower, according to HFF. “The City Walk project is anticipated to achieve very compelling returns as Wood Partners acquired it at such an attractive basis,” Redford said.

The new project will include 264 class-A apartments in four six-story buildings, as well as a street-level retail component. Construction could be completed as early as mid-2011, according to a prepared statement.

Located two blocks from Oakland’s City Hall at 1307 Jefferson St., the site is one of the most visible in downtown, according to the prepared statement. Local officials have long had high hopes that the urban infill project would be a key part of the city’s ongoing revitalization.

The City of Oakland played a pivotal role in bringing the financing package together, agreeing in April to Wood Partners' request for a \$5-million loan. At that point, Wood Partners had approximately 85% of the necessary funding in place. The city loan improved the project's debt-to-equity ratio, according to a release, which in turn allowed Wood Partners to secure the balance of funding.

"In this economic climate, assembling the right financial package can be difficult," says Wood Partners' Brian Pianca, who is overseeing the project. "The City of Oakland understands what City Walk means to downtown, and stepped in at a critical juncture to help us get it across the finish line."

Pianca tells GlobeSt.com that the total construction cost of the project is \$39 million and the total project's cost is \$55 million. He also points out that gross square footage including garage is approximately 412,000 square feet. The total livable square footage is around 251,000.

The project is expected to generate the equivalent of more than 170 full-time onsite jobs, with another 75 to 100 office workers to support construction. Because the project is partially complete with most of the material already purchased and on site, the majority of the \$39 million construction budget will go towards wages, the release points out.

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