Puget Sound BizTalk
Auburn Logistics Center sold

Puget Sound Business Journal - by Jeanne Lang Jones

Date: Monday, March 14, 2011, 5:14pm PDT - Last Modified: Tuesday, March 15, 2011, 5:09pm PDT



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Morgan Stanley and a San Fransico Bay area real estate investment and development firm have snapped up their third property in the Puget Sound area, a pair of massive warehouses south of Seattle.

Acting as PPF Industrial C Street NW LLC, the New York institutional investor and Lafayette, CA.-based Orchard Partners on Tuesday paid Atlanta-based Invesco $43 million for the Auburn Logistics Center. The complex includes two warehouse buildings totaling 885,263 square feet of space on 45.5 acres.

Orchard Partners managing director **Tyler Higgins** said, "We feel our purchase is at a discount to replacement cost that we find attractive."

Invesco paid $53.9 million for the property in 2005, according to county records.

The property, located at 1201 C St. N.W. in Auburn, includes the largest single building currently available for lease in the Pacific Northwest. The 616,000-square-foot building is fully leased to UPS Supply Chain Solutions under a lease that is set to expire shortly.

With very large blocks of continuous space scarce and tenant demand starting to pick up, Higgins said the buyers found the opportunity to purchase the distribution center "compelling."

Higgins was previously managing director at San Francisco-based AMB Property Corp., a publicly traded real estate investment trust specializing in industrial properties. Orchard Partners and Morgan Stanley have made six acquisitions together since 2006.

CB Richard Ellis senior vice president **Brett Hartzell**, vice president **John Gilliland** and vice president **Matt O'Brien** represented the seller and facilitated the negotiations for the parties. Gilliland and O'Brien will continue to represent the property as the leasing brokers.

The Auburn purchase by Orchard Partners and Morgan Stanley comes on the heels of their purchase in December of the North 405 Distribution Center in Renton for $10.47 million. The 124,573-square-foot building is located on 7.1 acres of land in Renton. It is fully leased to Starbucks through 2014. Pacific Real Estate Partners principals **Stuart Williams**, **Ann Chamberlain** and **Lori Hill** represented the seller, Founders Properties, in that transaction.

Orchard Partners and Morgan Stanley also own the White River Industrial Park in Auburn.

Over the past twelve months, Orchard Partners has completed five industrial acquisitions with institutional investment partners. The firm focuses on industrial properties in the Seattle, the San Francisco Bay area and Los Angeles Basin markets.

"Each of these acquisitions was made with institutional capital partners who understand the inflection point of asset pricing today relative to replacement cost, and we are confident these infill industrial properties will perform well overtime," Higgins said.

In addition to its purchases of the Auburn Logistics Center and North 405 Distribution Center, other acquisitions include:

• the April 2010 purchase with AMB Property Corp. of Norris Industrial Center, a five-building complex containing 483,727 square feet of space situated on 22.1 acres of land in Vernon, Calif.

• the May 2010 purchase with KTR Capital Partners of Baypointe Business Center, a four-building industrial complex totaling 333,718 square feet of space on 19 acres in Newark, Calif.

• the December 2010 purchase with an undisclosed foreign pension fund of Santa Fe Logistics Center, a two-building complex containing 112,363 square feet of space on 6.64 acres of land in Redondo Beach, Calif.

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