

**REAL ESTATE /** By J.K. Dineen

# Commercial deal kicks off condo sales at 555 Bartlett

Seven Hills Properties has not even opened the sales office for Mission District condo project at 555 Bartlett St. — but the developer is already making deals.

Seven Hills has sold the commercial condo on the ground floor of the San Francisco building, soon to be a 12,000-square-foot Walgreen's, for about \$11 million, or a healthy \$900 a square foot. The buyer was an Alameda-based family trust, according to First American Title Co. The transaction included a \$5.7 million loan from Mechanics Bank.

Seven Hills President Tom Rocca said they had originally intended to keep the Walgreen's and sell the condos. But given the uncertain economy and drop in housing prices, it was more prudent to unload the Walgreen's in order to pay down the construction loan on the project.

"It's not what we had planned, but a lot of people are doing things these days they had not planned on doing," he said. "You do what you have to do."

The transaction's capitalization rate, a measure of the property's annual income relative to acquisition price, on the deal was below 7 percent.

While that can't compare to the 4 or 5 percent cap rate it might have sold for during the boom, it is significantly better than recent deals we've seen in the 9 or 10 percent range. The \$11 million will cover more than 25 percent of the \$35 million project costs.

Meanwhile Rocca and partners (brother Jeff Rocca, Douglas Abbey, and Luis Belmonte) are gearing up for an early February opening of the project's 58 condos.

## WALNUT CREEK

### Boutique condo project 555YVR makes 30th sale

Thompson-Dorfman Partners 555YVR has logged its 30th sale in Walnut Creek. The project is attracting about half BART commuters — mostly workers from San Francisco, Oakland and Fremont — and about half current Walnut Creek residents.

The price per square foot has averaged \$466. The project, the only new condo project in the I-680 corridor to open in 2009, is next to the BART station at 555 Ygnacio Valley Road. Prices range from \$300,000s to mid-\$700,000s. Residents began moving in a few months ago.

"Downtown Walnut Creek is a highly desirable neighborhood in which to live, work and play," said Bruce Dorfman, principal of Thompson-Dorfman Partners "The future arrival of Neiman-Marcus is yet another signal of the area's cachet, something not lost on our buyers."



Dorfman

This month, 555YVR will begin to offer FHA loans, enabling buyers to apply a down payment as low as 3.5 percent, which could help demand in a market with no other new condominiums under construction.

## EXPANDING

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