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## NEW OFFICE

# San Rafael Corporate Center

## *Gold LEED at heart of Marin County*

BY JEFF QUACKENBUSH  
BUSINESS JOURNAL STAFF REPORTER  
SAN RAFAEL—The second phase of San Rafael Corporate Center brings 160,000 square feet of top-class office space to Marin County, a market known for its barriers to new construction.

The new space is garnering interest. "A lot of people are realizing that central San Rafael, with access to freeways and future rail, is a prime location," said Wick Po-

lite, president of Seagate Properties, the San Rafael-based co-owner of the property.

Started in March 2008, this phase of the project includes two four-story, 80,000-square-foot buildings and a parking garage. It's part of a planned five-building complex with a total of 404,000 square feet of office space, making it one of the largest such properties in the county upon completion. Two office buildings with 155,000 square feet were completed in 2001.

The second phase also has gold-level certification, the second-highest of four levels, from the U.S. Green Building Council under the Leadership in Energy and Environmental Design, or LEED, rating system. It's the largest commercial property in the county with that distinction currently.

The parking garage was finished in August, and the 770 Lindaro St. office building was completed in September. The 790 Lindaro building, fronting Second Street, is set to have city go-ahead for occupancy in November.

A third and final phase with an 80,000-square-foot building as well as a second parking garage is expected to be built sometime in the next five years.

Total office leasing in Marin increased 33 percent from the second to the third quarters to nearly 116,000 square feet, but 77,000 more square feet were put back on the market in the third quarter than were "absorbed," according to NAI BT Commercial.

The "issue with this project and any office space trying to reach businesses is the lack of job creation," said Steven Leonard, part of the NAI BT team marketing the project. "Employment rates are directly related to absorption."

Marin's unemployment rate increased to 8.1 percent in October, and the office vacancy rate in San Rafael and Novato increased to 23.3 percent in the third quarter from 22.8 percent at the mid-year point.

Marin office leasing for the past two years has been driven by tenants looking for better rental rates, and that trend has accelerated in the past year, according to Mr. Leonard.

Seagate came to the property at a key time. See *San Rafael Corporate Center* page 23



**San Rafael Corporate Center**, 770 and 790 Lindaro St., San Rafael; parking: 775 Lindaro  
**Owner:** SR Corporate Center Phase Two LLC, a joint venture between Seagate Properties Inc. of San Rafael and JPMorgan Chase of New York  
**Developer:** Seagate Properties  
**Description:** 158,000 square feet in two class A office buildings. It adds to 158,000 square feet of office space in two existing buildings on the 13-acre site.  
**Completion:** Fall 2009  
**General contractor:** BN Builders, San Mateo  
**Architecture:** structure – BAR Architects, San Francisco; interiors – Fee Munson Ebert, San Francisco; landscape – Pedersen & Associates, San Rafael; parking garage – Watry Design Group, Redwood City  
**Engineering:** mechanical – ACCO Engineering, San Leandro; civil – CSW/Stuber-Stroeh, San Rafael; structural – Forell/Elsesser, San Francisco; electrical – W. Bradley Electric, Novato; environmental – Geologica, San Francisco  
**LEED consultant:** Kema, Oakland  
**Lender:** San Diego National Bank, San Diego  
**Cost:** \$84 million  
**Asking monthly rents:** starting at \$3.25 a square foot on a full-service basis including "turnkey" tenant improvements  
**Leasing:** NAI BT Commercial

**Goldeneye . . . continued from page 21**

permitted to make up to 50,000 cases of wine a year.

"We have good ownership, and they saw the value in building it with room to grow," Mr. Rasmuson said. "In five to eight years, we will likely need more space for barrel storage."

Design work on Goldeneye spanned five years, including the 2007 sale of a majority stake in Duckhorn Wine Co. to GI Partners. Construction started in August 2008 and ended July 1.

Design features targeted at LEED certification include a 28-kilowatt solar electricity array to power the winery, an all-recycled-steel structure sourced through Soule Building Systems of Cotati, insulated panels for the building, cork linoleum floors in the offices instead of vinyl, removable entryway floormats integrated into the slab of the production facility, screening for windows, soil used from the site, low-flow fixtures, paints

low in volatile organic compounds (VOC) and Forest Stewardship Council-certified redwood for board-and-batten siding and interior wainscoting.

In 2004 the family had 148 acres of second-growth redwood on a 202-acre vineyard property certified as a Smart Wood Forest. Wood for the planned winery was harvested and stored.

Another design feature of the new winery, important in the groundwater-thirsty Boonville area, is rainwater harvesting, according to Mr. Rasmuson. Gutters direct rainwater to the ponds used for irrigation and frost-protection.

For general contractor Nordby Construction, local sourcing for the Goldeneye project applied to more than building materials.

"We went to local vendors and subcontractors, mostly in Mendocino County as well as in Lake and Sonoma counties," said Steve Kilgannon, project manager.

**San Rafael Corporate Center . . . continued from page 22**

of transition for the local economy, as residential real estate-related companies were in the midst of contracting rapidly following the slowdown in sales starting in mid-2006.

"They have helped tenants grow and consolidate into more efficient space," Mr. Leonard said.

Of the previously built 155,000 square feet, Seagate has 78 percent under lease. Some tenants that consolidated offices, such as Fidelity National Title and Salient Wealth Management, have taken back their original space. There have been newcomers such as a law firm in 5,000 square feet and a first-floor coffee vendor.

In the new buildings there are two Marin companies looking to occupy 8,000 and 12,000 square feet, and inquiries in general have been about lease terms of three to five years instead of the shorter-term deals that have been part of negotiations for more than a year, according to Mr. Polite. One of those serious prospects is looking to consolidate two offices into one.

The first phase of San Rafael Corporate Center, two office buildings with 158,000 square feet of top-class office space, was completed at the end of the dot-com boom by Wilson/Equity Office LLC. Equity Office Properties Trust sold the property to Sterling American and Hines Interests in 2005.

In mid-2007, Seagate Properties Inc. of San Rafael joined forces with the asset management division of New York-based JPMorgan Chase & Co. to purchase the 13-acre property from Equity Office for an estimated \$90 million. Having a venture partner that's part of a large investment fund at a time of slow absorption is key, according to Mr. Polite.

three more office buildings and two parking structures that were set to expire unless acted upon.

Seagate, which owns about a half-billion dollars of Marin real estate, including Montecito Plaza Shopping Center, at the outset planned to build the remaining three buildings with a high level of environmentally friendly features. The first phase of the complex received an Energy Star efficiency label from the U.S. Environmental Protection Agency last year.

The development was approved before San Rafael's green-building ordinance required large commercial projects to qualify for silver-level LEED certification.

When updating old drawings for the new buildings in late 2007, Seagate figured it could achieve the silver level of LEED just building to modern codes, according to Mr. Polite.

After upgrading the planned glazing and mechanical systems to meet LEED checklist requirements, it became apparent the second phase could achieve gold-level certification under the Core and Shell category, according to Mr. Polite. Other LEED-related features include showers and bike storage to encourage tenants to commute by car less frequently, use of recycled materials and proximity to public transit via the transit hub one block north.

The LEED process also allowed for "value engineering" on the project, according to Mr. Polite. Along with aggressive subcontractor bids, such budget-mindedness brought the project to completion \$500,000 to \$600,000 below estimates. Other aggressive bids came from providers for the recycled and sustainably sourced materials such as steel from Montana and wood from the South Bay.

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