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Seagate Properties snaps up Prometheus HQ in San Mateo

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A charitable contribution provided the opening for a new investor to acquire a Peninsula office building snuggled up against two of the busiest thoroughfares in the region.

Seagate Properties — no relation to that other Seagate— and a joint-venture partner are the new owners of the Atrium, an office complex at the interchange of Highways 101 and 92 in San Mateo, they announced on Wednesday.

Seagate and RGA Real Estate Investments LLC paid \$61.6 million, or \$376 per square foot for the 163,791-square-foot building, according to



COURTESY

The atrium at The Atrium got an upgrade prior to its sale to new owners.

a news release. The seller was Prometheus Real Estate Group, the original developer of the project.

Prometheus is well known for its thousands of apartment units on the West Coast, but the company also owned about a million square feet of office space too. The company almost never sells anything, but once in a while the principals will part with an asset to fund their charitable foundation, Prometheus executive John Millham told me. That's the case this time.

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"This is an overall part of that strategy. It's not a decision to move away from our commercial business at all," Millham said.

Prometheus still has about 700,000 square feet of office space in its portfolio, including Cupertino City Center, an office complex in downtown Mountain View and Walnut Creek Civic Executive Center.

The deal gives Seagate, a San Rafael-based operator and investor, another dot on the map in Silicon Valley. Last year, it acquired 2665 N. First St. for \$30.3 million, or \$247 per square foot, in a deal with New York Life, according to Real Capital Analytics. The company invests in warehouse, R&D/office, retail and multifamily.

More than 70 tenants call the Atrium home, including Prometheus, which will remain a tenant in the building. The news release says that the buyers plan to continue to upgrade the property, which just benefited from a \$300,000 renovation to its large atrium.

"The Atrium presents itself as prime office space with a diverse mix of tenants," said Brian Johnson, vice president of acquisitions at Seagate Properties, in a news release. "The property has been very well

maintained and its proximity to major thoroughfares and Caltrain were key considerations for us. The San Mateo market continues to benefit from its central location between San Francisco and Silicon Valley.”

San Mateo's office market has been looking up lately, with Sony expanding in the city, and SurveyMonkey slated to move into a new headquarters this year at Bay Meadows. Embarcadero Capital Partners and Windy Hill Property Ventures are among the developers putting up new space in the city.

Steve Herman, Eric Fox and Bob Gilley of Cushman & Wakefield represented the seller in the transaction, the press release said, with lending facilitated by Kurt Scheidt and Terry Daly with Cushman & Wakefield Mortgage Services. The lender was Wells Fargo. Steven Hinds and Peter Ryan of George Elkins Mortgage Bank helped facilitate the joint venture between Seagate and RGA.

Mike Moran, Ben Paul and Pat Yeager of Cushman & Wakefield will be the listing agents.

Corrects entity named in third paragraph.

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Silicon Valley Business Journal

