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Coretrust Under Contract to Buy Corporate Center Pasadena

Firm Could Upgrade, Reposition Four-Building Office Complex



Coretrust Capital Partners LLC is under contract to buy Corporate

Center Pasadena for what could be as much as \$240 million, according to sources familiar with the deal.

The downtown Los Angeles-based real estate firm, led by former Thomas Properties Group executives, is expected to close on the acquisition of the estimated 639,000-square-foot office complex at 251 S. Lake Ave. this month.

Longtime owner UBS, a Zurich-based global financial services firm, put the four-building property on the market with Eastdil Secured as the listing broker last summer. The Class A property has fallen in and out of escrow at least once since then.

Corporate Center Pasadena is about 75 percent leased. Major tenants include Wells Fargo Advisors and Dignity Health. It has asking rates of about \$3.32 a square foot monthly, about a dime higher than the city's average, but common among popular Lake Avenue properties.

The sale price has not been disclosed. However, sources familiar with the deal but were not authorized to speak about it expect the price to be in the ballpark of about \$240 million, or about \$375 a square foot.

"A purchase at that price will allow the project to maintain its current quoted rental rates unlike other assets that have traded at higher prices, which has then put pressure on the new ownership to increase rental rates," said Bill Boyd, senior managing director at Charles Dunn Co. in Glendale.

Other Class A properties in the area have been selling for approximately \$400 to \$500 a square foot, according to CoStar data. For example, the building at 888 E. Walnut St. sold for \$477 a square foot earlier this year and 80 S. Lake Ave. sold for \$432 a square foot last year.

The lower sales price may be particularly relevant given the negative absorption that plagued Pasadena last year. The city had office vacancy of 16.2 percent in the fourth quarter last year, according to Avison Young Inc. Such a high rate leaves landlords little ability to raise rates and remain competitive.

Coretrust is focused on acquiring and repositioning underperforming office properties across the West, Southwest and Mid-Atlantic regions. Perhaps most notably, the firm acquired downtown's outdated 48-story Citigroup Center for \$336 million in 2016 and is planning a \$50 million renovation with upgrades designed by Gensler.

The Pasadena property is not necessarily an underperforming property but may have room for improvement. It is composed of four buildings: three larger properties of about 200,000 square feet each and one smaller property of about 40,000 square feet.

The smaller building may be prime for redevelopment, according to people familiar with the property. UBS had drawn up plans for a new larger building to replace the smaller fourth structure years ago but never moved forward with the plans.

Carl Anderson, executive managing director at NAI Capital at the

property, said that property as-is still has upside for a new owner.

"It's been a very performing asset for UBS," he said. "They (a new owner) could also separate the properties and sell them individually," for a higher price.

UBS declined to comment. Coretrust did not return requests for comment.

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