From: Bohee, Tiffany (CII)
To: Reilly, Catherine (ADM); Hussain, Lila (ADM)
Subject: FW: John Kilroy's Big News; NEMA Not For Sale; and Hines' $180M Office Project
Date: Monday, March 23, 2015 4:18:01 PM

John Kilroy reported at a conference yesterday that he has two letters of intent with credit worthy tenants not in tech for The Exchange on 16th (Block 40). Can you find out who those tenants are? And the status of the childcare space in light of the fact that they have almost leased the building. See the blog from Bisnow below.

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Sent: Monday, March 23, 2015 3:15 PM
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March 23, 2015

John Kilroy Spills Big News About The Exchange

Kilroy CEO **John Kilroy** announced that its 680k SF mixed-use **complex** in Mission Bay, The Exchange on 16th, could be pretty much full before it even breaks ground.

We snapped John as he spoke last night at USC Lusk Center's Real Estate: 2030 forum at the Hyatt Regency on the Embarcadero. John says Kilroy will start construction on **the $450M complex in June**. "It looks like we might have it almost all leased to two great credit tenants," he says, and surprisingly, neither are in tech. LOIs are in place, he adds. The project is a **slam dunk because** it's close to public transit, visible from the freeway, and Mission Bay has become the southern portion of SoMa—where Millennials live and there's room for housing to be built.

The Exchange at 16th is made up of **two six-story and two 12-story buildings** that'll have roof decks, natural light, high ceilings and views of downtown and the Bay Bridge (above, new renderings he showed last night). The **four buildings** will connect so that some floors will have 90k SF floor plates. Density is big for his firm; he won't build a project that can't handle at least eight employees per 1k SF. This Mission Bay project will be able to house a whopping **12 per 1k SF**. Companies don't like that kind of density for long periods, but when work ramps up, they need the capacity to hire quickly and pack employees in.

There's a **massive amount of office stock in the US** that's going to be obsolete because it can't handle densities, he says. Kilroy tears out hundreds of tons of granite in the buildings it buys each year. These days granite is like having wingtip shoes, he jokes. He explains Kilroy's big focus on going green: **Millennials are the most sustainable group** that has ever walked the face of the earth, other than American Indians and Aborigines, John says. It's part of their culture to save the earth. Down in LA, sex appeal also sells; he showed a snazzy rendering video paired to James Brown's ***Sex Machine*** touring Kilroy's creative office/retail haven coming to Hollywood.

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NEMA Not For Sale

This week we reported that HFF was helping Crescent Heights possibly sell NEMA, but now that plan is **off the table**. This morning we chatted with regional manager **Roman Speron**, who says the **754-unit** complex is not for sale. (Above, the blowout opening party in fall 2013.) "We had a number of groups approach us off the market after we completed our lease up, interested in partnering with us," Roman tells us.

CH is ramping up its footprint in the Bay Area and plans to double its staff in S.F. over the next few months. Those hires are related to new projects coming on line, which include the Honda dealership site and **524 Howard**. And it's on the market for a bigger office space in the city, says Roman (pictured far right, with his NEMA family).

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Hines' $180M Office Project in San Mateo Gets Going

The new **305k SF 400/450 Concar project** in San Mateo just broke ground, and the $180M office development now has another partner on board. Goldman Sachs just joined the team, which includes Hines and Pearlmark Real Estate Partners. And **J.P. Morgan** will be providing the construction loan for **$100M**, which covers around **56% of the development cost**, writes The Registry. Hines bought the site in 2008 with Pearlmark, which had invested in the project for one of its investment funds. Since then, that fund has pursued other investments, so an additional capital source had to be brought in. That's how Goldman came on board, says Hines senior managing director **Cameron Falconer**. **Hines hired JLL** to assist in finding a new investor and construction debt for the project. Demolition of existing buildings has started, and delivery is slated for the end of 2016. [REG]

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Uber's New 'Boring' HQ?

SHoP

Uber's worldwide HQ coming to Mission Bay didn't get off on the right foot, thanks to a conflict between Uber's team and a principal at **Gensler**. Now it's apparently pursuing SHoP's design (pictured), which SocketSite's inside source characterizes as "**two boring glass boxes**." The boxes will land at 1455 and 1515 Third St, next to the incoming Golden State Warriors arena. Approvals for the Uber development are already locked down, so the project is moving fast. In August, *Bisnow* was the first to report on the land sale, and Uber's plans to erect its HQ on the site were revealed a month later. [SocketSite]

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The art of commercial real estate negotiation is not easily taught in a book. That's why Bisnow Education offers *One on One With David Adelman*, featuring **real-world insight and practical, applicable advice** concerning our industry's most tricky component. Campus Apartments CEO **David Adelman** shares his knowledge and experience with host **Peter Linneman**, chairman of the Wharton School of Real Estate. The conversation presents usable information about **buying, selling, vendor contracts** and everything else that requires give and take. Also revealed is **the biggest lesson David has learned**, which may inspire all of your negotiating going forward. Find out exactly what negotiating is: Winning? War? Marriage? All of the above?

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More information? Please check out our event page, or contact **Chris.Wainwright@Bisnow.com**

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