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## **Swig Recaps One Beach St. with Angelo, Gordon**

By Brian K. Miller



One Beach Street

SAN FRANCISCO—The Swig Company LLC has sold a stake in One Beach Street to New York-based Angelo, Gordon & Co. As part of the transaction, the new partnership took out \$18.25-million loan on the property. The financing, from Washington Mutual, closed on Sept. 25, the same day the bank was seized and sold to JP Morgan Chase.

Swig paid approximately \$27 million, all cash, for the three-story 97,000-sf office building in the North Waterfront submarket back in April, a local industry source told GlobeSt.com at that time, and the new financing backs that up. Holliday Fenoglio Fowler, which sourced the loan, says the financing represents 65% of the value of the property. Swig declined to say what percentage of the building it sold to Angelo, Gordon but sources familiar with the deal tell GlobeSt.com it was a majority stake. Angelo, Gordon principal Tom Gordon did not return phone calls seeking comment. The loan broker, HFF's Bruce Ganong, also did not respond to a request for comment.

The transaction represents the second joint venture between Swig and Angelo, Gordon. Last year, Swig sold Angelo Gordon an undisclosed stake in 115 Sansome Street, a historic 128,000-sf office building in the

financial district that Swig acquired in 2006 for a little more than \$30 million.

One Beach Street is a three-story 1920s-era building located across from Pier 39, a tourist attraction. One Beach Street, a warehouse converted for office use in the 1970s, is the former home of Otis Elevator's West Coast manufacturing operation. The building has been seismically retrofitted and is 100% leased. Tenants include Alliant International University, which leases over half of the building, as well as S/B Architects (formerly Sandy & Babcock) and Skyy Spirits, which leases the top floor.

Swig acquired the building from Alliant University, which immediately prior to the \$27-million sale exercised a four-year-old purchase option to acquire the building for approximately \$18 million from Gerson Bakar. The private, non-profit university leased back half the building at a rate that stays around \$20 per sf per year through 2014 and then jumps into the \$30 per sf range if the university exercises the first of three five-year renewal options. The renewal would include a tenant improvement allowance from Swig.