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<https://www.bizjournals.com/sanfrancisco/news/2021/08/11/swenson-grubb-properties-412-madison-oakland.html>

Swenson brings in East Coast developer to breathe new life into long-stalled Oakland project

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A 157-unit residential development in Oakland originally slated to break ground in April 2020 has a new timeline — and a new investor.

South Bay developer Swenson announced Wednesday it has brought on Grubb Properties, a North Carolina developer and real estate fund manager, as majority partner for 412 Madison St. Grubb now has a 75% stake in the development, according to Swenson President & CEO Case Swenson. Swenson, in partnership with individual investor Kapil Nanda, jointly own 25%.

The project, on a just over half an acre less than a half mile from the Lake Merritt BART station, is expected to break ground this month with completion in mid-2023, according to a release.



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The site 412 Madison Street in Oakland. Developer Swenson said it had forged a new partnership with Grubb Properties and expected to break ground on the project next week.

pipeline.

Swenson's involvement with 412 Madison St. goes back to 2017, when it partnered with Essex Property Trust, one of the country's largest landlords, to propose a 294-unit, 16-story residential tower on the site.

But those plans were never submitted to the city, and Bill Ryan, Swenson's senior vice president of development, told the Business Times in February 2020 that Essex was no longer involved with the project.

Public records show Essex Property Trust and Swenson purchased the site for \$9.9 million at the end of 2018; subsequent records show Swenson bought out Essex's 50% stake for \$4.95 million in June 2019.

After Essex left the project, Swenson assembled a group of investors to move the project forward, Ryan told us in 2020.

The Planning Commission approved plans for the 157 units and 1,269 square feet of ground-floor retail space in 2018. At the time, Ryan said construction was expected to begin in April 2020. The pandemic is responsible for the project delay, Swenson said.

Development cost, at \$80 million, is expected to stay the same, Swenson said.

Grubb, which is headquartered in Charlotte, recently opened up its first West Coast office in San Jose, an indication of the company's intention to "really plant a flag in the market," Ethridge told me. The company, which has existing offices throughout North Carolina and in Atlanta, specializes in residential developments targeting individuals earning between 60% and 140% of area median income, according to the press release.

The Link Apartments brand employs just six floor plans, Ethridge told me. That, in turn, makes the developments "efficient to build

affordable housing. The project plans to pay an in-lieu fee to the city of Oakland.

The company has existing properties in Los Angeles and is eyeing several more in the Bay Area, according to Ethridge. The Oakland project sits in a federally-designated opportunity zone — an area in which developers and investors are eligible for tax breaks — and will be funded by Grubb Properties' 2021 Qualified Opportunities Fund, according to the release.

Ethridge said it was too early to know what rent prices of units at 412 Madison St. would be by the time the building was pre-leasing. The development is slated to include studios as well as one- and two-bedroom units.

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