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Overton Moore Looking To Fill, Flip HP Facility

By [Brian K. Miller](#)

FREMONT, CA- Overton Moore Properties has formally begun its effort to fill 901 Page Ave., a 30-acre property holding a 506,490-square-foot light manufacturing facility that it acquired in December from Hewlett Packard. The facility includes manufacturing, warehouse, lab and office space under one roof and is ready to use. Overton-Moore is reportedly hoping to find a user to lease it or agree to buy it before the end of May, which is when HP's short-term leaseback of the property is set to expire.

The property is located along Interstate 880 at the south end of Fremont. Next door, one of the largest printers in North America, Montreal-based Transcontinental Inc. is under construction for a \$200-million printing plant to fulfill a 15-year agreement with the Hearst Corp. to print the San Francisco Chronicle and related inserts.

Neither Overton Moore nor HP has disclosed the price at which the property traded hands and the property is coming to market without an asking price, for sale or for rent. In December, Overton Moore president Timur Tecimer said the acquisition fits within its strategy of "buying assets below replacement cost." In this instance, that would mean below approximately \$76 million (\$150 per square foot), one local source tells GlobeSt.com, speculating that Overton Moore likely paid well below that total given the risk entailed in releasing such a large, unique facility amid the current economic environment.

The current average triple-net asking rent for manufacturing space in Fremont is \$0.66 per square-foot per month, according to fourth-quarter data provided by CB Richard Ellis, however; HP's facility comes with extra power and the mezzanine office space, which likely would push the asking lease to approximately \$0.80, give or take a few pennies, local sources tell GlobeSt.com.

The facility was occupied by Tandem Corp. in the 1990s, which was subsequently bought by Compaq, which was in turn acquired by HP. Overton Moore acquired the HP facility through OMP Industrial III, an investment vehicle that targets value add industrial assets in California, Arizona and Nevada.

The facility has 2.5 parking spaces per 1,000 square feet of built area. The property's infrastructure includes 21 kVA utility service, 100% air-conditioned facilities, epoxy-coated ESD concrete slab floors, overhead power distribution bars in the manufacturing area, emergency power, 25-foot to 35-foot clear heights and ESFR sprinkler systems. The square footage includes approximately 100,000 square feet of mezzanine office space.

Overton Moore is reportedly on the lookout for a manufacturer that would occupy all or a good portion of the building and that could be up and running in the building quickly. Likely candidates in general include a computer- or computer-related equipment manufacturer or a company in an emerging alternative energy industry, such a solar.

The leasing brokers are Rob Shannon and Joe Kelly with CB Richard Ellis, and Greig Lagomarsino with Colliers International. Tecimer said in December that the firm has had "several users

interested in the facility." Eric Fox, one of the Corfac International brokers who represented Overton Moore in its acquisition of the property, backed that up, saying that he introduced to Overton Moore several tenants that are currently looking for a new location.

Lagomarsino declined to comment on Overton Moore's purchase price, speculate on a lease rate or name potential tenants, but did discuss the building's appeal, which includes the area's low vacancy rate and its central location. "In this market there are very few large buildings, particularly ones that have such an extreme amount of power," Lagomarsino tells GlobeSt.com. "If you're a 250,000- to 400,000-square-foot manufacturer [with big power requirements], this is the only building to look at."

In September, HP revealed it would eliminate 24,600 jobs and create 12,000 new ones over the next three years as it assimilates its \$13.9-billion acquisition of Electronic Data Systems and adjusts its employee mix as part of an effort to widen its base in the consulting and services business. HP employed approximately 178,000 before the merger, which added an additional 142,000. About half the layoffs are in the US while the rest of the layoffs are being divvied up among combined companies' operations in the rest of the world.

Fremont is by far the largest manufacturing market in the Silicon Valley with 15.9 million square feet, according to CBRE. Manufacturing vacancy in Fremont is 4.3% on a direct basis and 4.6% overall. The market experienced nearly 300,000 square feet of gross absorption--well more than any other Silicon Valley market--but net absorption was nonetheless negative at 146,000 square feet, pushing the year-end total only slightly into negative territory (15,000 square feet).

. For the entire Silicon Valley as a whole, overall manufacturing vacancy in the fourth quarter was 4.9% and net absorption was negative to the tune of 130,000 square feet. The average asking lease rate was \$0.88 per square foot per month. For the year, gross absorption in the Silicon Valley was 588,000 square feet while net absorption was negative at 477,000 square feet.

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