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THE GRAPEVINE

CBRE has recruited veteran Southern California multi-family broker **Stewart Weston.** He started last week as an executive vice president in Newport Beach. Weston came from **Marcus & Millichap,** where he'd been since 1991. He was a senior vice president and part of that firm's Institutional Property Advisors group. Also jumping to CBRE was **John Montakab,** a senior associate at Marcus & Millichap, who had been with the firm since 2013. They report to CBRE senior managing director **Chris Akins.**

Jon Kapit joined **Peachtree Hotel** of Atlanta this month as a senior vice president of asset management. He'll oversee a portfolio of properties and loans. The firm develops, owns, operates and finances primarily high-end select-service hotels. Kapit had similar duties as a senior vice president of real estate

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Old-Line Charlotte Developer Cashing Out

Northwood Investors has agreed to buy virtually all of the holdings of Charlotte developer **Bissell Cos.** for just over $1.2 billion.

The portfolio's crown jewel is the 4.1 million-square-foot Ballantyne Corporate Park, about 18 miles south of downtown Charlotte. Northwood is also purchasing four hotels and a golf course that are part of the broader 2,000-acre Ballantyne master-planned community, which Bissell developed.

The sale will leave Bissell with only a few other local office properties, according to market pros. It follows a decision by chairman **Smoky Bissell,** who founded the company in 1964, to begin exploring his strategic options for estate planning, sources said.

An unidentified boutique investment bank in New York is advising Bissell. It pitched the portfolio over the past couple of months to a small group of investors. The buzz is that Bissell initially planned to sell only the office space, but included he golf course and hotels to sweeten the pot for Northwood, a New York investment shop

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German Firms on US Property-Buying Binge

German investors have ramped up their U.S. real estate acquisitions this year and are likely to remain among the most-active foreign buyers going forward.

Through the first nine months of the year, German buyers plowed some $4.3 billion into U.S. real estate — already 24% more than in all of last year, according to **JLL.** That put Germany third among foreign capital sources for U.S. commercial property acquisitions, behind China and Canada. In all, foreign buyers spent $34.3 billion across the five major U.S. property sectors through Sept. 30.

For all of last year, Germany was fifth with $3.5 billion of U.S. purchases. Its rate of growth so far this year is exceeded only by China's, which has more than doubled, largely due to **Anbang Insurance's** $6.5 billion acquisition of **Strategic Hotels & Resorts** from **Blackstone.** according to JLL.

German investors have been a mainstay in the U.S. real estate market for several cycles, typically focusing on high-end office properties in core markets. But low

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Value-Added Retail Space on Block in Chicago

CIM Group is marketing the retail and garage portions of a mixed-use complex in downtown Chicago known as Block 37.

The offering could attract bids of about $200 million from value-added investors. The retail space, encompassing 280,000 square feet, is 63% leased. The tenants include a Disney Store and an 11-screen AMC Theatre. The garage has 276 spaces. **Eastdil Secured** is advising CIM, a Los Angeles investment manager.

Block 37, bounded by State, Randolph, Dearborn and Washington Streets, also includes a 690-unit luxury apartment tower owned by CIM and a 439,000-sf office building owned by **Prudential** unit **PGIM Real Estate.** The retail center, which was completed in 2009, is in a four-story pavilion that extends from the base of the apartment building. The two-story garage is underground.

The apartment building, called Marquee at Block 37, opened in June and is still in its initial leasing phase. CIM's marketing pitch is that as the units lease up,

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German investors have been a mainstay in the U.S. real estate market for several cycles, typically focusing on high-end office properties in core markets. But low yields on European investments have increased incentive to plow more capital overseas, and U.S. real estate is a prime target due to its relatively high returns and perceived stability.

"A number of the larger German investors, which are primarily open-ended funds, are raising high levels of capital and looking to diversify globally," said **Sean Coghlan,** a director of investor research at JLL. "You will find that this capital is looking in the U.S. because of the strength of the U.S. economy, demography and real estate fundamentals."

Although prime U.S. properties are still trading near historically low capitalization rates, they compare favorably with German assets. "A 4.5% to 5% [capitalization rate] is 400-500 bp above what you can get over there," said one acquisitions pro backed by German capital. "It is a very, very attractive return."

Union Investment, Germany's largest operator of open-end funds, is among those that stepped up their activity this year and branched into more asset classes. Last year, the firm, advised by **Metzler Real Estate** of Seattle, bought two office properties totaling $736 million, and in December it made its first U.S. hotel purchase, in Boston, for $180 million. This year, the firm has already acquired four office properties totaling $978 million and a Chicago hotel for $315 million. Union also made its first play in the U.S. retail sector, paying an undisclosed price for a 49% interest in four "high street" properties totaling 114,000 square feet in New York, San Francisco and Philadelphia.

German investors traditionally have acquired U.S. properties primarily via open-end funds, which raise capital from both private individuals and institutions. But more recently, syndicators, family offices, pension funds and insurance companies have stepped up their acquisitions, market pros said.

Private-equity firm **Newport US RE** is among the newer entrants. The arm of Hamburg-based Newport Holding has targeted the U.S. as it expands its international real estate business.

"No question there are much better prospects for higher returns here," said **Jake Nawrocki,** who was tapped to lead the effort and opened an office in Atlanta this year. "The recent events in Europe like Brexit and the political issues . . . have only bolstered that desire to become active in the U.S." ❖