

# GRM

We sometimes hear investors say, "I can work out the 'Gross Rate Multiplier' by myself." And they're correct. Its beauty is its simplicity. Also its shortcoming. As savvy investors know, there are other underlying factors that have to be taken into consideration. This is where the knowledge and experience of a commercial real estate agent comes solidly to bear. Happily all of our agents have been at the top in this area for a long time.

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## The verdict on courthouse project: Construction boom across region

Santa Barbara's proposed \$152 million criminal courthouse project is expected to create 3,500 direct and indirect jobs in the area over a five-year period, representing a major economic boost to the region's sagging construction industry.

Local builders say the project will likely be handed to a larger, out-of-town general contractor who can handle the scope of the 97,000-square-foot building, but that they expect to see some of the stimulus trickle down to them in the form of subcontractor and supplier jobs.

"It's a job almost to the magnitude of Cottage Hospital. It will put a lot of people to work," said Frank Schipper, president of Santa Barbara-based Frank Schipper Construction Co.

As reported in the Business Times' Dec. 10 issue, the California Judicial Branch has selected the so-called Hayward's property at 1025 Santa Barbara St. as its top pick for the project. It has yet to reach a formal purchase agreement with the property owners, but Pacifica Commercial Realty broker Jerry Beaver said his clients have agreed to sell the site.

The site selection approval paves the way for the judicial branch to move forward with purchase negotiations and environmental impacts, a spokeswoman for the court system said. A purchase agreement is expected in 2011.

The boost to the local construction industry and the economy will be sizeable, said Peter Rupert, an economist at UC Santa Barbara. "Unemployment is pretty high in the construction industry right now, so when something like this comes along, it's good news," he said.

Bill Shields of Santa Barbara-based general contractor Armstrong Associates agreed. "My first thought is that it's great that we'll see those dollars infused into the local economy, even if it is a bummer that it likely will not go to a local general contractor," he said.

The price tag on the project may seem hefty, coming to more than \$1,500 per square foot including the purchase price and construction costs, but both contractors said it's not entirely unusual, even by private-market standards.

"It's hard to say if I think it's excessive. It certainly seems to be pushing the envelope," Shields said. "It seems like a large

amount of money but when I think of all the different components going into it, I can see it adding up. They're consolidating all those existing buildings. There are a lot of security features that go into this. And underground parking is not cheap to do."

Schipper, who worked on the federal bankruptcy court building in Santa Barbara, said security measures such as bulletproof windows can make the bill for a courthouse project add up fast. "There's a whole lot of stuff in there you don't see," he said.



**MARLIZE VAN ROMBURGH**  
Commercial real estate

### SIMI MALL SELLS

A group of Chicago investors bought themselves an early Christmas present with the purchase of the Simi Valley

Town Center on Dec. 16.

After sitting on the market for six months, the shopping center changed hands and now belongs to Chicago-based Walton Street Capital, the Ventura County Star reported. Terms of the deal were not disclosed and the property was listed without an asking price, but the center was reportedly loaded down by \$112 million in debt.

As the Business Times reported in July — shortly after the 619,000-square-foot mall went on the market — former owner Forest City Enterprises is itself loaded down with debt, which may have prompted the Ohio company to be ready to sell the center at a discount from its \$166 million construction cost.

### DEALS OF THE WEEK:

The Hagelis Group recently announced two Ventura County retail deals:

- **Yogurtland** will be opening its first West Ventura County location at the Rose Ranch Shopping Center on Rose Avenue and Gonzales Road in Oxnard. Rob Devericks of The Hagelis Group represented the tenant in the lease deal.

- Spa and beauty product store **Layla Beauty** signed a lease to open at Poinsettia Plaza on Telephone Road and Main Street in Ventura. Devericks and Linda Hagelis of The Hagelis Group represented both tenant and landlord in that deal.

- *Marlice van Romburgh can be reached at [mvr@pacbiztimes.com](mailto:mvr@pacbiztimes.com). She wishes all her readers a very merry holiday season and a prosperous and deal-filled 2011.*

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