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New Napa Square Owners Contemplate Co-Working Concept

BY LISA BROWN

NAPA, CA—JOSS Realty expands commercial portfolio with \$39.25 million class-A purchase of complex, solidifying its commitment to boutique properties in major office markets.

With ongoing developments of hotels, restaurants, shops and residential units, Napa is quickly expanding beyond traditional vineyards tours and wine tastings. The result is a thriving downtown hub, redefining the Napa Valley tourism experience, and attracting affluent second home buyers and retirees from the Bay Area.

Given a commitment to boutique properties in major office markets, JOSS Realty Partners expanded its commercial portfolio with a \$39.25 million acquisition of a class-A 65,858-square-foot boutique office property, Napa Square. Marking the company's 21st property acquisition, this buy adds Napa, a premier tourist destination with approximately 4.7 million annual visitors, to JOSS Realty Partners' growing presence.

“Napa Square is one of two class-A office properties in downtown Napa, which is undergoing an urban transformation around its core industries, wine and tourism,” said Larry Botel, managing partner of JOSS Realty Partners. “With Napa Valley long considered the anchor of US wine manufacturing and the top producer of wines sold internationally, downtown Napa is coming into its own by becoming one of the best destinations for live, work and play.”

Napa Square boasts private subterranean parking, marquee ground floor retail and private office balconies on the upper floors. Originally built in 1957 and redeveloped in 2009, Napa Square is a LEED Gold-certified, stucco and cast-stone property featuring 41,010 square feet of office space, 24,848 square feet of ground floor retail, open courtyards and subterranean parking for 44 vehicles.

Napa Square is currently at 90% tenant occupancy, boasting a stable roster of diverse tenants, including financial tenants such as Wells Fargo, Charles Schwab, US Bank and UPS, wine industry law firms such as Dickenson, Peatman & Fogarty, as well as Holman Teague Roche Anglin LLP, a law firm focused on real estate transactions and development; and several restaurants and retailers, such as Oenotri, Norman Rose Tavern, Studio M Fine Wines and pureCru Tasting Room.

Situated in the newly revitalized “West End” neighborhood of downtown Napa across from The Andaz Hotel, Napa Square is within walking distance of Napa Center, a mixed-use project slated for completion within the year and Oxbow Public Market, a public market housing more than 20 local artisan retailers and eateries. The property is also convenient to Highway 29, the main thoroughfare of Napa Valley.

Continuing its hands-on owner-operator approach to real estate investment, JOSS’ plans include investing in the property and developing new leasing initiatives to further attract new tenants.

Botel tells GlobeSt.com: “Our plans include relocating the management office and repositioning that space into a retail opportunity, perhaps a with light food service vendor to enhance the plaza area. We could also add a high-end executive suite/co-working space with a plug and play set up, a scaled-down version of WeWork, if you will.”

In the transaction, HFF represented the private investor seller, CDI Companies, and worked with JOSS Realty Partners, to secure fixed-rate acquisition financing through J.P Morgan Asset Management. The \$22.3 million acquisition loan was for the benefit of one or more managed accounts. The financing has a 10-year, fixed-rate term and will be serviced by HFF.

The HFF investment sales team representing the seller was led by Nicholas Bicardo, Scott Pertel, Danny Reddin and Brandon Rogoff. HFF’s debt placement team representing the new owner was led by Jordan Angel.

“We’re thrilled to expand our West Coast investment portfolio with the addition of a high-quality stabilized asset in Napa Square. Napa’s economy, being driven by its status as the nation’s top wine producing region and an ever-growing tourism business, combined with the city’s proximity to San Francisco-based financial and technology giants, will only strengthen this area’s standing and position as the region’s central commerce center,” concluded Botel.