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Swig Co. Buys 180 Montgomery for \$128M

By [Brian K. Miller](#)



Downtown San Fran

SAN FRANCISCO-The Swig Co. of San Francisco has acquired 180 Montgomery St., a 300,000-sf class A office building here in a joint venture with New York-based Mitsui Fudosan America Inc. Local sources tell GlobeSt.com that the JV paid \$128 million for the building.

Built in 1979, the 25-story office tower is 98.4% leased. Tenants include Bank of the West, Ameriprise, Daoro Zydel, Intermediary Insurance and Schneider & Wallace. The seller, TMG Partners, also of San Francisco, acquired the financial district asset in 2000 for approximately \$89 million from Carlyle Group of Washington, DC, which two years earlier acquired the building for \$67 million.

Swig Co. president Jeanne Myerson tells GlobeSt.com that its business plan for 180 Montgomery includes a makeover meant to match the building's ground-floor appeal to the quality of its address and office space. "The building is in a great location and its space lays out very well for tenants but the lobby is not exciting and the street-level window line and exterior lighting are suboptimal," she says. "Right now, it's plain jane--a solid, servicable building that, when you say 'I'm going to 180 Montgomery' people have to think about which one it is because it doesn't create a strong mental picture. We see the ability to move it from its grouping of class A-minus competition to a higher class A grouping, and with that capture better economics."

The Swig Co.'s 9 million-sf office portfolio includes approximately 2 million sf in San Francisco, including: The Mills Building at 220 Montgomery Street; The Russ Building at 235 Montgomery Street; 115 Sansome Street; and 369 Pine Street, all in the financial district; and 501 Second Street and 633 Folsom Street in the South of Market (SoMa) district. The company also owns commercial development sites at 350 Bush Street and 500 Pine Street in San Francisco, Kaiser Center in Oakland and 444 Castro Street in downtown Mountain View.

Mitsui Fudosan America's signature asset is 1251 Avenue of the Americas in New York, which

contains approximately 2.3 million sf of commercial space. In the past year, MFA has acquired significant holdings in Washington, DC and also owns two properties in downtown Los Angeles that it is holding pending future development opportunities.

“As we planned our reentry into the U.S. commercial real estate market, we were attracted to San Francisco because of its solid underlying fundamentals and the continued, steady recovery of its office market,” says Kosei Murakami, President and CEO of MFA, in a prepared statement. He adds that the joint venture with Swig is part of the company’s broader “to compete effectively in local markets as we build our investment management platform.”

Jones Lang LaSalle managing director Michel Seifer brokered the sale. “We have seen a strong flow of offshore capital into the Bay Area office markets over the last year and our read is that foreign investor appetite for well-located, quality assets shows no sign of dissipating,” Seifer says. “At a price in excess of \$425 per square foot, this sale also demonstrates the significant and rapid recovery the San Francisco real estate market has experienced.”