
Jay Paul Co. buys luxury apartment complex in Redwood City in record-setting deal

Prolific Silicon Valley office developer Jay Paul Co. has purchased a luxury apartment complex in downtown Redwood City for about \$816,666 a unit, a high-water mark from a price-per-unit standpoint for the city's apartment sales market.

Jay Paul acquired the Encore apartment complex at 849-855 Veterans Blvd. in downtown Redwood City for \$73.5 million, according to San Mateo County deed records filed Nov. 20. The San Francisco-based developer acquired the property through an LLC called Redwood 849 Veterans.

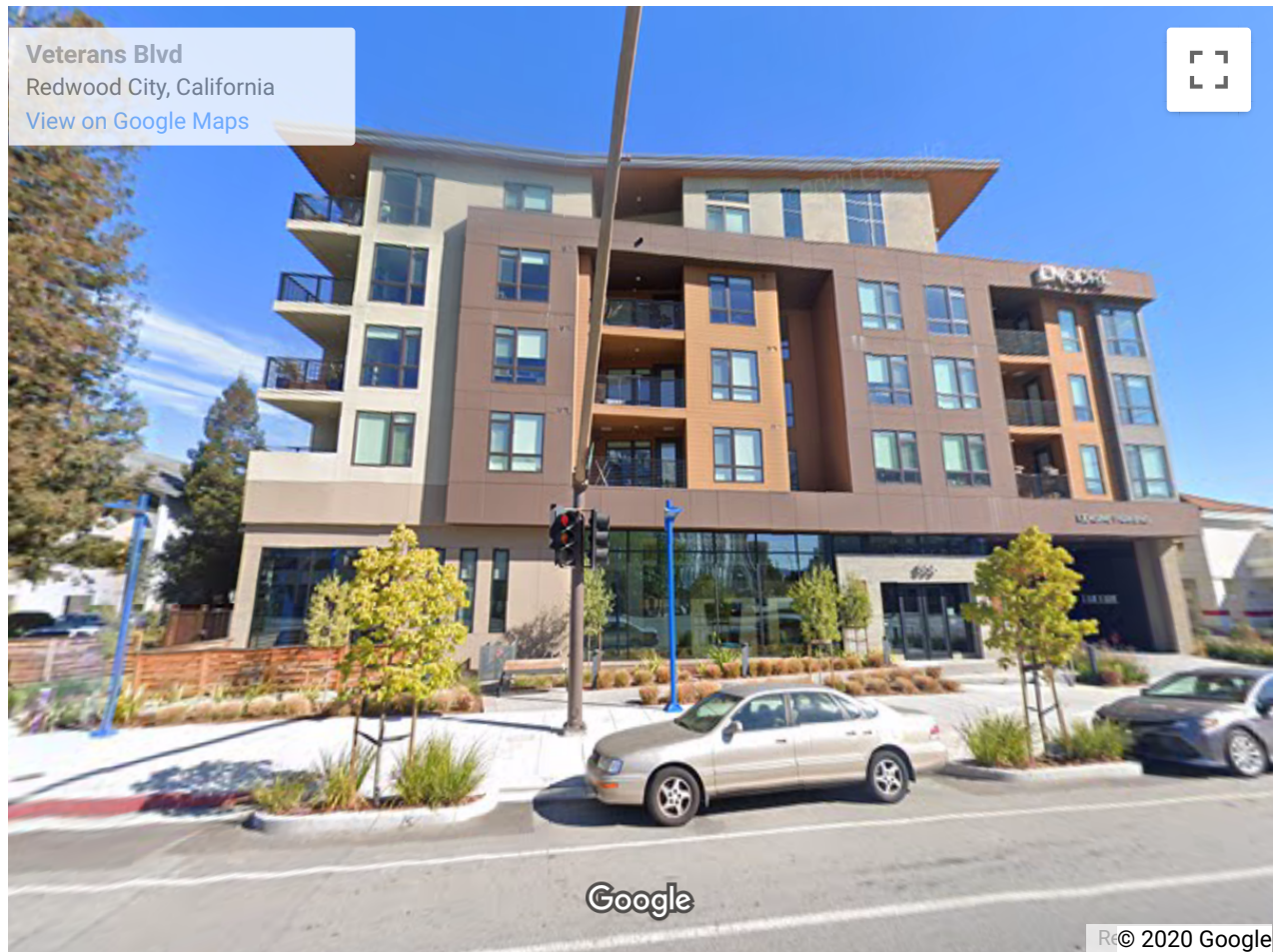
The seller was an affiliate of the Sares Regis Group of Northern California, a commercial and residential real estate developer and manager based in San Mateo. A joint venture of Sares



SARES REGIS GROUP OF NORTHERN CALIFORNIA

The entrance to Encore, a six-story luxury apartment complex at 849-855 Veterans Blvd. in downtown Redwood City that consists of 90 one- to three-bedroom units. Of those units, seven are very low-income apartments available to the public through a lottery system monitored by Redwood City officials.

Encore, a six-story luxury apartment building consisting of 90 one- to three-bedroom units.



“Our initial intent was to own Encore as a long-term hold, but we were presented with an opportunity to sell and we did,” said Drew Hudacek, chief investment officer of development properties at Sares Regis Group of Northern California, in a Monday email.

The building is about a 10-minute walk from the city's Caltrain station and offers nearly 5,000 square feet of amenities, including a fitness center, a roof deck, a courtyard with barbecue, and a community herb garden. Construction was completed in 2018, and Sares Regis began leasing apartments at Encore in January 2019.

Encore also includes seven low-income apartments available to the public through a lottery system monitored by Redwood City officials. As of Tuesday, the property's website shows 11 of its 83 non-low-income apartments available for lease, with one-bedroom, one-bathroom units ranging from \$2,683 to \$3,001 a month and 674 square feet to 859 square feet in size. Available two-bedroom, two-bathroom units range from \$3,951 to \$4,482 a month and 1,073 square feet to 1,211 square feet in size.

The sale of Encore was brokered by a team of Stanford Jones, Philip Saglimbeni, Salvatore Saglimbeni, and Alex Tartaglia of Institutional Property Advisors, a division of Marcus & Millichap, according to a Nov. 23 news release. The property changed hands at what looks to be a record price per unit for an apartment complex in Redwood City. While determining comparative pricing for this kind of transaction can be difficult, a Business Journal analysis found that the price per unit that Encore traded for was higher than that of other noteworthy Redwood City apartment sales in recent years, such as:

SummerHill Apartment Communities' sale of a 141-unit luxury apartment building at 2580 El Camino Real in March 2015. The buyer was Singapore-based Mapletree Group, which shelled out \$84 million, or about \$595,744 a unit. Oakwood Worldwide, which specializes in corporate housing, operates the apartment community. Sares Regis Group of Northern California's sale of its 132-unit luxury Township complex at 333 Main St. in May 2014. The buyer was New York-based pension fund TIAA-CREF, which paid \$83 million, or about \$628,787 a unit, for what was, at the time, the first new apartment building built in Redwood City in more than a decade. Notably, the Township changed hands again in September 2019, although this time, the seller was Nuveen Real Estate and the buyer was Essex Property Trust. The sales price was \$88.65 million, or about \$671,591 a unit; Institutional Property Advisors facilitated the deal.

TIAA Global Asset Management's purchase of Greystar's Franklin 299 apartments at 299 Franklin St. for \$213 million, or about \$700,000 a unit, in June 2016. The luxury rental complex consists of 305 units.

Pauls Corp.'s and Fortress Investment Group's sale of the 1 Blu Harbor apartment community at 1 Blu Harbor Blvd. in July 2019. The buyer was Boston-based investment firm GID, which snapped up the 402-unit complex for \$325.62 million, or about \$810,000 an apartment. The transaction was one of the biggest residential sales on the Peninsula last year.

Stanford University's purchase of the 175-unit Elan Redwood City apartment complex at 1 Franklin St. for \$142.5 million, or about \$814,285 a unit, in November 2019. The property was built and formerly owned by Greystar; Stanford renamed the complex The Cardinal Apartments and is using it as for-rent housing for its employees and postdoctoral students.

Yet while Encore changing hands for such a high price per unit is noteworthy, especially since the sale closed during the Covid-19 pandemic, the identity of the buyer is also significant. Jay Paul's purchase of Encore is the first apartment property acquisition in the company's history, according to a Business Journal analysis. Yet it's

unclear as to what motivated the developer to purchase the apartment building or what its plans are for the property; the company declined to comment for this story.

Jay Paul is most well known for developing multiple office campuses next to Sunnyvale's Moffett Field, although in recent years, it's made a significant investment in downtown San Jose and is actively developing nearly five million square feet of office space there.

In terms of projects with a residential component, the firm currently has only one in its [portfolio](#): 181 Fremont, a completed 70-story tower at 181 Fremont St. in San Francisco that consists of 436,000 square feet of Class A office space — all of which is leased to Facebook Inc. and now plays home to Facebook's Instagram — and 55 ultra-luxury condo units on the top 17 floors of the high-rise.

Jay Paul is no stranger to developing projects in Redwood City; the firm built a 10-building office and R&D campus called [Pacific Shores](#) that it's since sold and is working through the entitlement process for another Redwood City development called Harbor View, which would consist of three office buildings, an employee amenities building, a commons building, and a parking structure if approved and completed. That project at 320-350 Blomquist St. is under environmental and design review as of Tuesday.

Matthew Niksa

Commercial real estate reporter
Silicon Valley Business Journal

