

# Reflections on Real Estate

A Publication by Souza Realty & Development

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## SR&D Sells Landmark Sunol Ridge Property

Staff article

At the end of 2012, escrow closed on the historic 1,368-acre Robertson Ranch located in central Alameda County between Fremont, Hayward and Pleasanton. The property



View from Robertson Ranch looking toward Pleasanton and Brushy Peak with Pleasanton Ridge Regional Park in the foreground.

is readily visible from the major regional route Interstate 680 as it contains the Sunol Peak towering over Pleasanton Ridge on the west side of the highway. However, access to the property is via Palomares Road, a two lane rural road in Stoneybrook Canyon. Once on the Robertson Ranch property, the only reminder of civilization is the paved road

that stretches 2.1 miles from Palomares Road to the top of Sunol Ridge and the 20+ miles of dirt ranch roads throughout. Listing Broker Jim Gwerder states that “since the Robertson Ranch contains a good portion of the Sunol Ridge, the views from the top are awesome. On some days you can see the Golden Gate Bridge and the Sierras by just looking from left to right.”

Rising in elevation from about 400 feet to over 2,100 feet, the Robertson Ranch has been used for cattle grazing for generations. Hay was even harvested

from some parts of the property in the late 1800’s. In addition to ample grasslands, the Robertson Ranch has a large amount of oak woodlands, scrub habitat, ponds, creeks and springs providing homes for a wide variety of ground-based, waterborne and airborne species.

The Robertson Ranch is in an area

of interesting history and deep roots. Charlie Chaplin and other silent films stars frequented and filmed in the area back in the day. The grandfather of the grazing tenant on the Robertson Ranch used to be a trapper on the Sunol Ridge. Cities have grown all around in the East San Francisco Bay Area, and yet things



View from Robertson Ranch looking toward Fremont and South San Francisco Bay.

on the Robertson Ranch today are much like they were when the Declaration of Independence was signed.

The lucky buyer of the Robertson

*see Robertson Ranch page 2*

## Demand for Almonds Driving Up Land Values

by Mike Glazzy

California’s second ranked agricultural commodity, the almond, has been responsible for the significant increase in land values in Tracy and surrounding Central Valley areas. Prices for farmland suitable for trees have been in the \$12,000 to \$20,000 per acre range in the last 12 to 18 months versus \$8,000 to \$11,000 per acre in 2010. Price appre-

ciation has been strongest for land with good soils and located within an irrigation district that provides plentiful water. Properties in the vicinity of Chrisman and Durham Ferry Roads in southeast Tracy have commanded the highest prices in the Tracy area just because of these two factors.

The Central Valley’s almond crop

represents 100 percent of U.S. almond production and almost 80 percent of the world’s production. Mechanization, improved irrigation efficiency, advances in insect and disease management, pruning research and fertilization studies have fueled explosive growth in the industry.

*see Almonds page 3*

*Robertson Ranch continued*

Ranch is East Bay Regional Park District. With this purchase they gain a strategic puzzle piece that creates connections with the Pleasanton Ridge Regional Park, a very popular park for hikers, mountain bikers and dog walkers. The property in conjunction with other recent Park District acquisitions in the area will also provide for an eventual opening of a trail all along Sunol Ridge. In terms of acreage, the Robertson Ranch represents a 16% increase in Park District lands associated with the Pleasanton Ridge Regional Park (altogether the Park District Pleasanton Ridge properties total over 8,700 acres, almost 14 square miles). East Bay Regional Park District cobbled together a variety of funding sources for the purchase of the Robertson Ranch, working diligently to close escrow in 2012.

And if the Buyer feels lucky, the listing broker feels just as blessed with the opportunity to have represented the seller in this transaction. According to Jim, after a carefully crafted marketing plan was created the property was well exposed to the market, with interested potential buyers ranging from developers and conservation organizations to independent movie producers. When asked about the experience, Jim says “Every trip to show the property

was a pleasure--an uplifting adventure in the middle of the day. When you are in the canyons with the oak forest all around you, with the smell and sounds of a creek and birds chirping everywhere it is like you are somewhere far away from the Bay Area or the Central Valley. How many people get to go and look at bobcat, wild turkey and deer while meeting new people, making a deal and having another satisfied client?”

It sounds like Jim Gwerder is a Happy Broker. And here at SR&D, we believe a Happy Broker sells more real estate. If you are thinking of selling your property, give us a call today and let us see what we can do for you!

*Jim Gwerder is a real estate broker with extensive experience in mitigation and conservation properties, easements and credit sales. He has been instrumental in the sale of thousands of acres of land for conservation purposes, in addition to thousands of acres more for agriculture and other uses. He coordinates our valuation projects, and provides land use consulting services to property owners and developers for a variety of projects in the region which includes San Joaquin, Stanislaus, Contra Costa and Alameda Counties. The types of projects Jim has been involved with range from large scale master planned mixed-use projects to wind powered and gas-fired power plants. In addition, he has consulted for both landowners and government agencies regarding eminent domain and land acquisition.*



*Reflections on Real Estate* is a publication by Souza Realty & Development. SR&D is a family-run real estate firm specializing in development, development consulting, land and commercial brokerage, and land valuation.

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## Recent Land & Ranch Sales

ALAMEDA CO.			CONTRA COSTA CO.		
AC.	PRICE		AC.	PRICE	
7795 Cedar Mtn Rd., Livermore	16.19	3,500,000	1350 Bollinger Cyn Rd., Moraga	33.00	1,200,000
7000 Tesla Rd., Livermore	19.00	2,700,000	6600 Armstrong Rd., Byron	40.00	320,000
24977 Palomares Rd., Castro Vly	38.83	1,725,000	6700 Balfour Rd., Brentwood	40.03	4,300,000
33853 Palomares Rd., Castro Vly	40.01	375,000	6740 Balfour Rd., Brentwood	40.16	3,400,000
10345 Cull Cyn Rd., Castro Vly	60.87	820,000	15715 Marsh Creek Rd., Clayton	41.70	675,000
7031 Morgan Terr Rd., Livermore	92.53	2,750,000	Hwy 4, Byron	72.94	1,000,000
24550 Palomares Rd., Castro Vly	114.98	1,805,000	8200 Collier Cyn Rd., Livermore	85.89	370,000
10411 Crow Cyn Rd., Castro Vly	133.99	600,000			
CONTRA COSTA CO.			SANTA CLARA CO.		
AC.	PRICE		AC.	PRICE	
4300 Gateway Rd., Bethel Island	5.00	120,000	San Antonio Valley Rd.	15.00	140,000
5600 Bruce Dr., San Ramon	5.38	800,000	59500 Mines Rd.	64.99	215,000
4310 Knightsen Ave., Oakley	10.00	257,000	11870 Del Puerto Canyon Rd.	160.00	285,000
620 Sellers Ave., Brentwood	10.00	810,000	San Antonio Valley Rd.	320.00	110,000
E. Cypress Rd., Oakley	10.29	257,000	STANISLAUS CO.		
Byer Rd., Byron	10.46	399,000	Hwy 5, Patterson	326.80	125,000
4200 Bixler Rd., Byron	10.57	490,000	Del Puerto Canyon Rd., Patterson	337.68	156,500
744 Grondine Dr., Lafayette	12.66	460,000	TRACY AREA		
16200 Marsh Creek Rd., Clayton	12.66	825,000	3262 W. Linne Rd.	46.04	901,500
4901 Briones Vly Rd., Brentwood	14.30	415,000	S. Chrisman Rd.	46.28	1,457,820
4512 Sellers Ave., Knightsen	18.11	875,000	S. MacArthur Dr.	94.06	906,500
Concord Ave., Brentwood	21.46	450,000	30188 S. Chrisman Rd.	145.53	1,746,360
Holland Tract Rd., Knightsen	29.20	375,000	W. Wright Rd.	168.90	1,858,000
			33350 Hwy 33	200.67	2,609,000

U.S. home prices rose in January at the fastest annual pace since June 2006, just before the housing bubble burst. The gain shows the housing recovery is strengthening ahead of the all-important spring buying season. Home prices nationwide are still 29 percent below their peak reached at the height of the housing bubble in August 2006. They are only back to where they were in August 2003.

*Stockton Record*

# Available Properties



**±3,600 SQ. FT. OF RESTAURANT OR RETAIL SPACE**  
**2179 W. GRANT LINE ROAD, TRACY**  
**\$1.25/SQ. FT. NNN**  
**HIGH VISIBILITY WITH GREAT PROXIMITY TO INTERSTATE 205**



**±3,640 SQ. FT. FREE STANDING OFFICE BUILDING FOR SUBLEASE**  
**105 E. 10<sup>TH</sup> STREET, TRACY**  
**\$1.00/SQ. FT. NNN**  
**WITHIN WALKING DISTANCE TO DOWNTOWN TRACY & CITY HALL**



**±188 ACRES FOR SALE**  
**13636 CHRISTENSEN ROAD, BYRON**  
**\$1,700,000**  
**FORMER HOG FARM & CATTLE RANCH; INCLUDES MANY IMPROVEMENTS**



**±344 ACRES OF RANCH LAND FOR SALE**  
**MORGAN TERRITORY ROAD, LIVERMORE**  
**\$2,400,000**  
**SUITABLE FOR AG, MITIGATION OR PRESERVATION; IN WILLIAMSON ACT**

## Almonds continued

Farmers in the Central Valley now tend 760,000 acres of almond trees, producing about 2 billion pounds of shelled nuts a year.

Even with the record production of almonds, there still is more demand than supply. One driver behind this demand is nutrition studies that show almonds are a healthy food and snack. In addition, growth in demand from emerging economies such as China, India and Brazil has been a factor. The Almond Board of California estimated export shipments for the 2012-13 crop year at nearly 1.5 billion pounds. In 2006-07, almond exports totaled almost 698 million pounds.

In the last several months, SR&D has closed escrow on 223 acres of land suitable for trees and hundreds of acres of other crop land. Please contact our office if you need assistance fulfilling your farmland requirements.

## KEY INTEREST RATES & INDICES

April 9, 2013

INDEX	CURRENT RATE	4 MONTH CHANGE	NOTES
Bank Prime	3.25%	None	
1 Yr. Treasury	0.13%	-0.02%	
5 Yr. Treasury	0.70%	-0.05%	
10 Yr. Treasury	1.78%	+0.01%	
30 Yr. Treasury	2.94%	+0.01%	
LIBOR (1 Mo.)	0.20%	-0.01%	
LIBOR (6 Mo.)	0.44%	-0.07%	
LIBOR (1 Yr.)	0.73%	-0.13%	
Freddie Mac 60 day	3.75%	+0.13%	30 year fixed rate
12 Month Treasury Average	0.17%	None	T average
11th District Cost of Funds	1.00%	-0.01%	Fund Cost
Consumer Price Index	232.166(Feb)		+4.50 (52 weeks)
Federal Funds Rate	0.25%	None	
Dow Jones Industrial Avg.	14,673		+12% YTD
Consumer Confidence Index	59.7 (Mar)		Declined

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**We are converting our newsletter to an electronic-only format. Please send an email to [mglazzy@souzard.com](mailto:mglazzy@souzard.com) or call (209) 835-8330 to continue receiving it by email. Thank you!**

## Interest Rates

By Rich Davidson

Long term rates continue at their record low levels with 10 year treasury rates at 1.78% as of this writing and standard 30 year fixed rate home loans at 3.75%.

All of our lenders are showing active interest in making new loans and there is a lot of liquidity in the lending market. Our correspondent life insurance companies remain quite active and are best suited to fixed rate deals for 10 years and longer. Our correspondent CMBS lenders remain very active and are providing interest only loans again for up to the entire 10 year term. Banks are also very aggressive.

**Defeasance—Borrowers may want to consider using defeasance provisions in your CMBS loans to refinance real estate assets now.**

As property values have recovered and credit has become more available, many borrowers are using defeasance to help refinance at a low rate. Many of our clients are

“defeasing” and paying off their higher rate CMBS loans and refinancing their properties at lower rates. If you have less than five years to maturity and the ability to refinance now, consider the following factors:

1. Refinancing now and paying defeasance costs can be cheaper than waiting to maturity
2. Defeasance costs are often tax deductible in the year of a defeasance
3. Current commercial real estate loan terms are the best they have been for many years
4. New loan interest rates will not stay low forever
5. With economic and political uncertainty, we are in an attractive window of opportunity to lock in 10, 15 or 20 year loans at very low rates
6. Basically, the interest rate savings help offset the defeasance premium cost. This is a particularly effective strategy when you have lendable equity in the property and we can build the cost into a new loan amount. With rates so low, the resulting monthly payments can be lower than the current payments.

Defeasance is typically found in CMBS or conduit loans. Defeasance is a substitution of collateral where proceeds from a refinance or sale are typically used to purchase a portfolio of U.S. Government Securities during the defeasance closing process. The portfolio of securities is structured to be sufficient to make all of the remaining debt service payments that are required by the lender. Securities are pledged to the lender who releases the real estate from the lien of the mortgage.

Barry Slatt Mortgage is particularly well versed in the defeasance process. We can make a complicated process easier to understand and navigate because of our lending sources and our relationships with defeasance facilitators. Please give me a call if you would like a defeasance analysis and cost estimate. I can help you analyze the economics and understand the process.

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*See Key Interest Rates & Indices on Page 3*