

## FedEx lease justifies Orchard Partners' big bet

*Blanca Torres*

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March 27, 2013 - Just a few years ago, the industrial real estate market languished with rental rates dropping and sluggish leasing activity, but Tyler Higgins of Orchard Partners made a bet that big spaces would make good investments.

His vision played out this week when FedEx Ground held a groundbreaking ceremony Wednesday to acknowledge construction on its future home in SFO Logistics in South San Francisco where the firm recently leased 418,216 square feet.

“We made a deal that is good for everybody,” Higgins said, meaning the landlords, tenant and city. “We’re so lucky.”



*Tyler Higgins of Orchard Partners, left, and Jason Cranston, a broker with Cassidy Turley, right, targeted large tenants to fill up a huge vacancy in the SFO Logistics Center.*

In 2011, Orchard Partners joined forces with owners Angelo Gordon & Company/Centrum Properties to revitalize the property, a former U.S. Postal Service facility that was old and in some ways functionally obsolete.

As part of the lease with FedEx, Orchard demolished 118,672 square feet to make room for truck parking for the tenant’s fleet and also make it easier to get around the property.

“We had to make it make sense for a logistics tenant,” Higgins said. “The space and physical layout are much more functional today. It has a lot of modern attributes you would find in a brand-new building.”

SFO Logistics was one of few large industrial spaces available in the Bay Area and Higgins knew that would become an advantage.

“Large contiguous blocks of space were growing scarce,” he said. “Our bet was that things would eventually get better, and they are.”

Blanca Torres covers East Bay real estate for the San Francisco Business Times.

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