

PLOTS & PLOYS

Fantasy Facility

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A California developer has added a piece of musical history to its portfolio.

Wareham Development, a San Rafael, Calif., commercial property developer, bought Saul Zaentz Media Center in Berkeley for more than \$20 million. The 130,000-square-foot property's tenant roster includes Fantasy Records, the independent label with a recording studio used by such artists as Creedence Clearwater Revival, Journey, Carlos Santana and Aerosmith.

Fantasy, founded in 1949, still has some operations at the Berkeley facility, although it is now a part of Concord Music Group and is based in Beverly Hills. Still, the **Wareham developers** are excited to own a piece of its legacy. "We've all grown up with Creedence Clearwater, so it's great to have this involvement," says **Chris Barlow**, a partner at **Wareham Development**.

Who's Gloomy?

Mike Pappas says many news reports have been too gloomy about prospects for residential real estate in South Florida. Mr. Pappas, the CEO of Keyes Co., a big Miami-based real-estate brokerage, told the Miami Herald last month that recent price data indicated that "the wait-and-see approach isn't the best strategy for potential buyers."

But a Jan. 26 email to Mr. Pappas and others from a Keyes manager, obtained by real-estate consultant Jack McCabe, sounds even gloomier than the media. It lists six recent sales in the Miami Beach area; on average, the homes sold for 33% less than the original asking price. "Our market, on the beach, is currently flooded with inventory," the internal email notes.

Mr. Pappas, who confirms the email is authentic, says his more upbeat comments referred to the whole Miami metro area, while the email was about luxury housing in one small area. He acknowledges the glut of condos in the Miami area and says condo prices could decline this year. "But I don't think you're going to see a dramatic drop," he says.

Mr. McCabe says the email is evidence that prices are falling rapidly in the Miami area from the giddy heights reached in 2005.

Gallic Charm

Paris beats London as real-estate investors' favorite European market, in part because of worries that rising construction costs for big-ticket London projects could dampen new development there.

For Paris, it was the third year the French capital topped a survey conducted by the Urban Land Institute and PricewaterhouseCoopers. Investors cited Paris's economic stability and sustainability and its reputation as a global gateway. About 54% of respondents recommend buying office properties in Paris, 57% recommend retail stock, with 41% bullish on warehouse properties.

London was ranked second overall by respondents, who cited it as the European city offering the least investment risk and the best prospects for rental growth. But construction costs associated with the 2012 Olympics and Heathrow Airport's Terminal 5 could curb other projects in the city during the next few years, some survey respondents said.

In addition, some investors are concerned that London is too close to the end of its real-estate cycle. One respondent, not identified in the survey, said some of the strongest markets in 2007, such as London, aren't the markets to buy in because they are close to the end of their cycle, with a risk that yields could fall further.

Just 39.7% of respondents voted in favor of acquiring offices in London, with 26.6% rating retail "a buy" and 29.4% voting warehouses "a buy."

The survey polled 390 real-estate investors in 30 European markets.

---- **James R. Hagerty, Kemba J. Dunham and Sara Seddon Kilbinger**