

CalSTRS Allocated \$300MM to Managers with San Francisco Bay Area Strategy

Posted on September 24, 2014



By [Jon Peterson](#)

California State Teachers Retirement System has approved new real estate commitments totaling \$300 million where the managers will be investing a significant portion of the capital in the San Francisco Bay Area.

The commitments were \$200 million into the Jamestown Premiere Property Fund and \$50 million each into ResCal and the Brookfield Fairfield U.S. Multifamily VA Fund II.

The pension fund stated in an e-mail that CalSTRS likes the long-term investment track record of Atlanta-based Jamestown, the high-quality team in place and the strength of the assets in place.

Jamestown has been an active buyer and seller of assets in the San Francisco Bay Area over the past year and should continue this in the future. Its most recent deal in the marketplace was the [\\$415 million sale in June of the office, hotel and retail mixed-use Pacific Place](#) in San Francisco for \$415 million to New York City-based J.P. Morgan Asset Management.

The commitment from CalSTRS is the first time that the pension fund has invested capital with Jamestown. The pension fund considers the investment with the manager to be placed into a commingled fund with a mixture of core to core plus assets.

The Premiere Property Fund has total assets that a little over \$1 billion, according to a document from CalSTRS. In the fund are a combination of office, retail and mixed-use assets. The fund has an open-ended structure, which means the manager is also open to new investors to enter the fund.

ResCal is a joint venture between CalSTRS and Los Angeles-based The Resmark Companies. The pension fund now owns a 98 percent stake in the venture as it has contributed \$250 million of the venture's \$255.1 million of equity.

CalSTRS wrote in an e-mail that the venture will invest in three main areas around the country. This includes California, selected western states like Washington, Oregon, Nevada and Arizona and the Mid-Atlantic states.

ResCal has two main investment strategies. The pension fund stated in a board document that the primary strategy is to place capital in for-sale single-family housing projects. A secondary strategy is residential land acquisition and development. These investments are projected to produce an IRR in excess of 13 percent, after fees.

The pension fund's investment in the Brookfield Fairfield Fund II will only invest in apartments. This can be existing properties that need a rehab or in new development opportunities.

CalSTRS wrote in an e-mail that the transactions for the fund will be focusing on coastal regions that have strong vibrant job markets. This would include the San Francisco Bay Area, Seattle and Houston.