

Reflections on Real Estate

A Publication by Souza Realty & Development

Spring 2016

Tracy Hills Coming to Reality

by Mike Souza

A new chapter in the history of Tracy was written on April 5th when the Tracy City Council approved the long awaited Tracy Hills Project. The action cleared the way for the much anticipated groundbreaking scheduled to occur in June 2016.

Tracy Hills is located southwest of Tracy at Corral Hollow Road and I-580 with approximately 2.5 miles of frontage along 580. At buildout, which will take 15 – 20 years, Tracy Hills will include 5,500 residential units ranging from apartments to estates on the hillsides overlooking the valley plus five million square feet of commercial, office, and industrial space. It will also include over 150 acres of open space comprised of active and passive recreational areas, a 30 acre community park, over 50 acres of neighborhood parks and approximately seven miles of trails.

The Tracy Hills project began in the mid 1980's when local land broker Art Sasser received 400 acres just west of Corral Hollow Road between I-580 and the California Aqueduct as a commission for a ranch he sold in the Delta Islands. Art had a vision of a residential development in the foothills above the prime agricultural land on the valley floor. Art worked with neighboring landowners and eventually assembled over 6,400 acres that became

the current day Tracy Hills.

In the late 1980's, Art optioned the property he had assembled to Grupe Communities. Grupe began the entitlement process, initially proposing the project in San Joaquin County. City of Tracy officials convinced Grupe that the project should be in the City of Tracy, so Grupe withdrew the County applica-

annexed into the City of Tracy, an Environmental Impact Report (EIR) was certified and a Specific Plan was adopted.

In 1999, Mike Souza from Souza Realty & Development was asked to join the Tracy Hills team. Mike has been part of the project management team for Tracy Hills ever since--some 17 years and counting.

In 2000, the voters of Tracy approved Measure A, an initiative restricting growth in Tracy. Due to the court mandated implementation of Measure A, Tracy Hills would not be able to begin any residential construction until 2013. This put the brakes on Tracy Hills for at least 13 years.

Shortly after the adoption of Measure A, the owners of Tracy Hills sold the primary land holdings to AKT Development. AKT is a family owned land development company based in Sacramento and lead by CEO Angelo Tsakopoulos. AKT accomplished three very important milestones during their tenure as owners: 1) they secured a very

reliable water source for the project, 2) they worked with the California Department of Fish and Wildlife and the U.S. Fish and Wildlife Service to permanently preserve 3,700 acres of the project for species mitigation, and 3) participated in the 2011 City of Tracy General Plan



tions and began working with the City.

In 1993, the project was added to the City of Tracy's General Plan and in 1998 approximately 2,700 acres were annexed into the City of Tracy and the other approximately 3,700 acres were designated as open space. At the time of the 1998 approvals, the project was

see Tracy Hills page 2

Tracy Hills continued

update. The 2011 General Plan update set the stage to modernize the 1998 specific plan and prioritized Tracy Hills in the City's growth management system assuring it would be able to proceed.

In late 2012, Integral Communities purchased a majority interest in the project while keeping AKT as a partner. Integral is a land development firm that is made up of former executives of large homebuilding companies. It has an exceptional ability to raise capital. Beginning in early 2013 Integral assembled a team to modernize the Tracy Hills Specific Plan and raise the capital necessary to build the infrastructure for the project.

Local project managers Mike Souza and John Palmer worked with Integral principals Drew Kusnick and John Stanek to lead the project through the updated entitlement process. They processed an updated Specific Plan and new Environmental Impact Report. Through that process they worked with dozens of consultants and over ten different governmental and quasi-governmental agencies to develop thousands of

pages of analysis and review of the project. This culminated in the Tracy City Council action on April 5th which consisted of eight separate approvals including the tentative map for the first phase of the project.

The first phase of the project will be located between I-580 and the California Aqueduct. It will include 1,154 single family lots in six villages with lot sizes ranging from 4,000 – 7,000 square feet. There will be 50 acres for a Mixed Use business park, three neighborhood parks, a trail system and a new K-8 school for the Jefferson School District. The infrastructure for this phase will cost well over \$100 million and construction will start in June 2016. Depending on weather conditions next winter, the first new homes should be available for purchase about a year after construction begins and will be built by approximately four different builders.

After a storied history and many trials and tribulations, Tracy Hills is poised to bring a community to Tracy that embodies the spirit of the historic Tracy community while providing a dynamic, highly amenitized place to live, work and play for the foreseeable future.



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.

PRESIDENT

Anthony F. Souza, CRE, FRICS

VICE PRESIDENT, DEVELOPMENT

A. Michael Souza, CRE, ALC

CHIEF FINANCIAL OFFICER

Jerrold Z. Schluer

VICE PRESIDENT, CONSULTING

James A. Gwerder

AG & COMMERCIAL BROKERAGE

Michael S. Glazzy

EXECUTIVE SUITES MANAGER

Lisa M. Cox

CONTROLLER

Pamela A. Tourtillott

©2016

Souza Realty & Development
105 East Tenth Street
Tracy, CA 95376-4003
Tel: (209) 835-8330
Fax: (209) 832-8355
www.souzard.com

Recent Land & Ranch Sales

ALAMEDA CO.	AC.	PRICE
622 Happy Vly Rd., Pleasanton	3.68	1,000,000
21810 Mines Rd., Livermore	11.21	220,000
Santos Ranch Rd., Pleasanton	18.37	3,900,000
E. Vallecitos Rd., Livermore	18.69	3,750,000
4975 Fraga Rd., Castro Valley	18.90	1,100,000
203 E. Vallecitos Rd., Livermore	22.01	1,625,000
2001 Ruby Hill Blvd., Pleasanton	36.00	4,800,000
4779 Cross Rd., Livermore	84.19	2,025,000
8792 Tesla Rd., Livermore	86.52	2,125,000
3800 Cross Rd., Livermore	102.01	2,170,000
Palomares Rd., Castro Valley	119.87	1,250,000
CONTRA COSTA CO.	AC.	PRICE
Willow Dr., Danville	3.31	1,700,000
66 Sherburne Hills Rd., Danville	5.05	1,100,000
2200 Delta Rd., Knightsen	9.00	295,000
5715 Alhambra Vly Rd., Martinez	10.04	250,000
8494 Byron Hwy, Brentwood	11.03	750,000
23 Sessions Rd., Lafayette	12.18	3,275,000
N. Eden Plains Rd., Brentwood	12.72	759,000
3100 Buchanan Rd., Antioch	13.64	10,350,000
7065 Morgan Terr. Rd., Clayton	17.99	670,000
1120 Christie Rd., Martinez	19.43	900,000
2471 Tule Ln., Knightsen	20.02	810,000
5611 Johnston Rd., Danville	23.47	750,000
6725 Bethel Isl. Rd., Oakley	30.74	650,000
Hoffman Ln., Brentwood	40.44	1,335,000
2971 Chestnut St., Brentwood	41.38	1,290,000
1995 Bixler Rd., Brentwood	46.80	650,000

CONTRA COSTA CO.	AC.	PRICE
3331 Ashbourne Cir., San Ramon	54.33	675,000
1288 Rose Ln., Lafayette	55.89	8,800,000
550 Leon Way, Clayton	66.00	1,299,000
Marciel Rd., San Ramon	181.32	1,250,000
SAN JOAQUIN CO.	AC.	PRICE
3355 W. Lehman Rd., Tracy	6.42	330,000
30707 S. Corral Hollow Rd., Tracy	6.63	250,000
310 Baldwin Ln., Tracy	6.69	385,000
12621 W. Bethany Rd., Tracy	7.74	675,000
2221 W. Canal Blvd., Tracy	8.00	435,000
6151 W. Loramar Ln., Tracy	9.67	247,000
3780 W. Linne Rd., Tracy	10.00	400,000
77 W. Homestead Rd., Tracy	11.05	250,000
1447 Mariani Ct., Tracy	11.90	2,471,000
3566 W. 11th St., Tracy	41.11	1,650,000
W. Valpico Rd., Tracy	59.58	1,500,000
7200 W. 11th St., Tracy	65.08	3,187,500
Kasson Rd., Tracy	504.12	6,049,500
SANTA CLARA CO.	AC.	PRICE
Felter Rd.	14.80	290,000
5771 Felter Rd.	14.99	300,000
Mines Rd.	104.13	160,000
San Antonio Valley Rd.	700.00	1,500,000
San Antonio Valley Rd.	1399.96	487,455
STANISLAUS CO.	AC.	PRICE
Del Puerto Canyon Rd.	161.88	260,000
Del Puerto Canyon Rd.	7105.02	2,140,500

Despite California's drought, almond growers expanded their orchards by an estimated 60,000 acres in 2015, marking the 12th consecutive year of growth for the crop, which now covers more than 1.1 million acres, or more than any other fruit, nut or vegetable crop in the state.

U.S. National Agricultural Statistics Service

Available Properties



±10.14 ACRES OF FUTURE RESIDENTIAL LAND FOR SALE
11428 W. CLOVER ROAD, TRACY
\$749,000
 IN COUNTY; DESIGNATED AS RESIDENTIAL IN TRACY GENERAL PLAN



±2,727 SQ. FT. OF OFFICE SPACE FOR LEASE
346 W. GRANT LINE ROAD, TRACY
\$0.90/SQ. FT. NNN
 SUITABLE FOR CALL CENTER OR OTHER BACK OFFICE USES



±0.56 ACRE RESIDENTIAL LOT FOR SALE
CAMINO DIABLO, BYRON
\$200,000
 WITHIN WALKING DISTANCE TO DOWNTOWN BYRON



7,600 SQ. FT. LIGHT INDUSTRIAL SUITES
MACARTHUR DRIVE, TRACY
\$0.40/SQ. FT. NNN
 SUITABLE FOR AUTOMOTIVE, DISTRIBUTION & MORE



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



±47 ACRES OF RANCH LAND FOR SALE
MARSH CREEK ROAD, CLAYTON
\$2,000,000
 SUITABLE FOR AG, MITIGATION OR HOMESITE; IN WILLIAMSON ACT

SPECIALIZING IN

- Farms & Ranches
- Transitional Land
- Commercial
- Industrial
- Development
- Consulting
- Valuation

We are converting our news-
letter to an electronic-only
format. Please send an email
to mglazzy@souzard.com or
call (209) 835-8330 to receive
it by email. Thank you!

Interest Rates

By Rich Davidson

Longer term US interest rates have declined over the last several months. However, we are certainly not the lowest rate among the major economies. I thought it would be interesting to compare our 10 year rates versus other countries around the world from high to low.

Country 10 Year Bond Rate

Brazil	12.07%
India	7.43%
Greece	7.30%
Mexico	5.91%
Portugal	3.21%
Australia	2.30%
US	1.77%
South Korea	1.76%
Spain	1.59%
Italy	1.47%
UK	1.39%
France	0.48%
Germany	0.12%

Japan -0.11%
Switzerland -0.36%

As you can see, the US, even with such historically low rates, is still about in the middle of the pack. Several countries in Europe have lower rates than we do. Also, Japan and Switzerland actually have a negative 10 year rate.

What do negative rates mean? There

are several explanations and/or theories:

- 1) They are a consequence of a particular country's active monetary policy to drive investors out of safe government bonds into riskier investments.
- 2) They could be forecasting a sharp economic downturn and/or deflation. Under this theory the "return of" money is more important than "return on" the money.
- 3) More demand from passive or indexed investors than issuance by the governments.

Interest rate forecasting is always a tricky business. But the trend of these declining interest rates over the last 7-8 years is moving toward rates in Japan. Japan has had low yields for over two decades.

Please call if I can be of any assistance or answer any questions.

*Richard E. Davidson, Director
Barry S. Slatt Mortgage Company
Burlingame, CA
Tel 650-342-6755 x 214*

KEY INTEREST RATES & INDICES
May 10, 2016

INDEX	CURRENT RATE	5 MONTH CHANGE	NOTES
Bank Prime	3.50%	none	
1 Yr. Treasury	0.52%	-0.15%	
5 Yr. Treasury	1.20%	-0.47%	
10 Yr. Treasury	1.77%	-0.42%	
30 Yr. Treasury	2.61%	-0.29%	
LIBOR (1 Mo.)	0.44%	+0.20%	
LIBOR (6 Mo.)	0.90%	+0.24%	
LIBOR (1 Yr.)	1.23%	+0.25%	
Mortgage WSJ	3.58%	-0.38%	30 year fixed rate
Jumbo WSJ	4.42%	-0.05%	
12 Month Treasury Average	0.44%	+0.15%	T average
11th District Cost of Funds	0.68%	+0.03%	Fund Cost
Federal Funds Rate	0.50%	none	
Dow Jones Industrial Avg.	17,935	+2.9% YTD	
Gold \$/oz	1,264	+19.2% YTD	
Euro	\$1.14	\$ -4.5% YTD	
Crude Oil \$/barrel	44.66	+20.57% YTD	