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VISION INTO REALITY

**Brownfield Best Practices:
Lessons Learned From a Mixed-Use Developer**

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November 16, 2007

Catellus History




- **Santa Fe Pacific Realty Corporation** founded in 1984
- Conducted the non-railroad real estate activities of **Santa Fe Southern Pacific Corporation** - formed as a proposed merger of two of the nation's largest railroads (**Santa Fe Industries & Southern Pacific Company**)
- Railroad merger was denied; but **Santa Fe Pacific Realty** flourished
- Focused on industrial, mixed-use and retail
- Company renamed **Catellus** in 1990



Catellus' Railroad Past – Company formed as part of "Largest Proposed Merger of the Year"

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Catellus at a Glance

Chicago Climate Exchange

- Merged with ProLogis in 2005
- ProLogis portfolio comprises 483 million square feet, valued at \$35 billion
- LEED certified global headquarters in Denver, Colorado
- ProLogis is a member of CCX
- Sustainability a core business initiative; ProLogis/Catellus members of USGBC

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Among the Largest Mixed-Use Developers in the United States



- 20 years as a master developer
- Mixed-use developments typically undertaken at large-scale brownfield sites
 - Can include residential, office, retail, institutional, industrial and green space
 - Projects usually long-term; most require input and/or approval from multiple constituencies before development can begin



Catellus Projects



Brownfield Redevelopment - Overview



- Means of acquiring defunct sites in land-constrained/urban markets
- Delivers multiple benefits to local communities
 - Remediation of polluted property
 - Restoration of wetlands and wildlife habitats
 - Improved tax base
- Requires specialized skills and experience
 - Aligning redevelopment plans with clean-up standards and deed restrictions
 - Government-sponsored incentive programs
 - Working relationships with regulators
 - Special insurance coverage
 - Scale and financial stability matter with "old industry" land sellers




Trends

- 1) Movement away from urban sprawl
- 2) Land constraints
- 3) Inner-city infrastructure is deteriorating
- 4) Corporations being held financially accountable for contaminated sites
- 5) State/local support to reduce carbon footprints



A former rail yard – Mission Bay, San Francisco, CA



Challenges

- 1) Government regulations and incentive programs
- 2) Environmental insurance
- 3) Corporations want value without liability



A former naval air station – Prairie Glen Corporate Campus, Glenview, IL



Lessons Learned

- 1) State Support is Key
- 2) Stakeholder Input Produces High Quality Plan
- 3) Embrace Social and Political Objectives
- 4) Public Financing is a Critical Tool
- 5) Incorporate Sustainable Principles



Old Navy Headquarters – Mission Bay, San Francisco, CA



Lesson #1 – State Support is Key




Port Reading Business Park – NJ

- Early involvement and engagement with the state is important
- Multi-agency and stakeholder involvement critical to successfully identify issues and expedite permit approvals
- **Case Study:** Port Reading Business Park in Woodbridge/ Carteret, NJ
 - 300-acre site previously home to a chemical plant
 - Portfields Initiative in New Jersey provides financial, technical and other support
 - Co-created by Port Authority and NJ Economic Development Authority



Lesson #2 – Stakeholder Input Produces High Quality Plan

- Collaboration between city, state, defense and community stakeholder groups key
 - Understand land use constraints
 - Establish sense of ownership, which can impact future public acceptance
 - Produce more successful and higher quality plan
- **Case Study:** Alameda Landing in Alameda, CA
 - 213-acre site former military facility
 - Extensive outreach program included public forums; numerous stakeholder meetings
 - Proposal formally approved after 2 years of planning



Alameda Landing – Alameda, CA



Lesson #3 – Embrace Social and Political Objectives





Mission Bay – San Francisco, CA

- Every city has a different set of social and political goals:
 - Affordable housing; open space and parks
 - New jobs; tax base
 - Multimodal transit; improved infrastructure
 - Retail services
 - Small/ minority-owned businesses
- **Case Study:** Mission Bay in San Francisco
 - 303-acre site a former landfill and rail yard
 - Public-private collaboration essential to receiving necessary political support
 - Project created economic opportunity
 - Commercial use, mixed-income housing, small business programs, open space, multimodal transportation, etc.



Lesson #4 – Public Financing is a Critical Tool

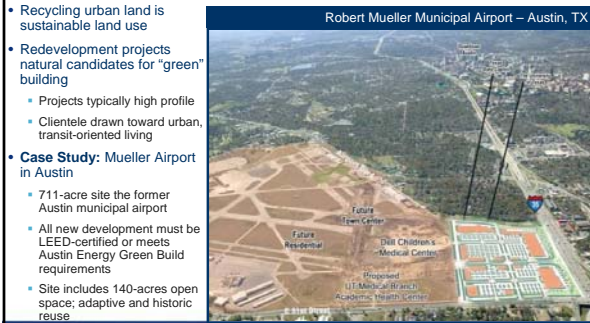


Victoria by the Bay – Hercules, CA

- Infrastructure cleanup can be enormous expense
 - Private developers often expected to front cost
- TIF program used to offset cost of site cleanup and remediation
 - City or town issues bonds – future taxes pay debt service
 - Projects generate related taxes
- **Case Study:** Victoria by the Bay in Hercules, CA
 - 206-acre site previously home to an oil refinery
 - Public financing enabled project to become financially viable
 - Under-utilized, complicated asset now unique waterfront neighborhood



Lesson #5 – Incorporate Sustainable Principles



Robert Mueller Municipal Airport – Austin, TX

- Recycling urban land is sustainable land use
- Redevelopment projects natural candidates for "green" building
 - Projects typically high profile
 - Clientele drawn toward urban, transit-oriented living
- **Case Study:** Mueller Airport in Austin
 - 711-acre site the former Austin municipal airport
 - All new development must be LEED-certified or meets Austin Energy Green Build requirements
 - Site includes 140-acres open space; adaptive and historic reuse



Conclusion

1. State Support is Key
2. Stakeholder Input Produces a High Quality Plan
3. Embrace Social and Political Objectives
4. Public Financing is a Critical Tool
5. Incorporate Sustainable Principles

To view our projects:
www.catellus.com



Santa Fe Place – San Diego, CA



Thank you