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Bob Shallit: Developer rises to the top at Crystal Cream site

By Bob Shallit - Bee Columnist

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A mixed-use project is planned for the historic Crystal Cream site. Sacramento Bee/Randy Pench

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The headlines went to **Heather Fargo's** announcement this week that she'll seek a third term. But the mayor had another scoop in her State of Downtown talk on Thursday: A San Diego group that includes local investors is buying and redeveloping the **Crystal Cream & Butter Co.** site in Alkali Flat.

The winning bidder for the historic site is **Meridian Development**, the same group building a "row house"-style condo project at the corner of 21st and U streets in midtown.

Tony Giannoni, one of Meridian's local partners, says a mixed-use project is planned for the 8.5-acre Crystal site, which covers several blocks around 10th and D streets.

It will include housing, certainly, but also some unusual retail and office uses that could spark additional development in the area.

"What we have in mind is going to be sort of fun for the area," Giannoni says, but he declines to talk specifics until he and his partners make presentations to the city and neighborhood groups.

Meridian was selected from several "competitive" bidders because its plans "fit so well with the neighborhood," says Crystal President **Mike Newell**.

Crystal will keep its headquarters offices at the 95-year-old downtown site for about 18 months, Newell says, then move to the company's new manufacturing plant in the Power Inn Road area.

Meridian will spend the next six months doing due diligence on the site before closing the deal, at a price likely around \$11 million.

But the company isn't waiting to begin the process of getting zoning changes and other city approvals. The first paperwork will be submitted by the end of February, says **Kevin Noell**, one of the firm's San Diego partners.

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Priced (not) to sell: Now that the **Metro Chamber of Commerce** has moved to spacious new digs, its former building at 917 Seventh St. is on the market -- at a huge premium above its price just three years ago.

KG Properties, which bought the building for about \$900,000 in January 2004, has it listed on **LoopNet**, the online sales site, for \$3.3 million.

Have property values escalated that much in the past few years? Not really, says **John Frisch**, head of the local office of **Cornish & Carey Commercial**, which is the listing company.

The owners, Bill Kufasimes and Chris Gianulias, aren't highly motivated to sell, Frisch says, but would do so, "if somebody had to have (the property) and would pay their price."

The owners' main goal is to lease the available space, a process Cornish also is handling.

The sales price is, well, exorbitant for a 34-year-old, 13,000-square-foot building with mechanical shortcomings. But Frisch says the lease rate, at about \$1.25 a square foot, is an excellent deal.

"You can't get anything in that area for a buck and a quarter," he says. "If you're looking (for space) in the central business district, this is the low-cost alternative."

* * *

Change of pace: Speaking of Frisch, he's raving about new hire **Roger van Overbeek**.

Until recently, van Overbeek, 40, was in charge of locating properties globally for **Yahoo Inc.**

He made big bucks, traveled worldwide and had tons of perks. "It's the kind of job real estate people aspire to, the cap on a successful career," Frisch says.

But von Overbeek, who wanted a different lifestyle for his family, moved to El Dorado Hills and started job hunting.

When he interviewed at Cornish, Frisch asked: "Are you crazy? You have a great job."

Frisch decided van Overbeek was perfectly sane, hired him to represent office tenants in lease negotiations. He says the new guy already has closed several big deals.

Van Overbeek says he "couldn't be happier" with the move, both personally and professionally. But it's different from his old job.

"People returned my calls. I was king of the hill," he says, referring to his Yahoo days when he was courted by landlords offering office space. Now he's the one doing the courting. The calls aren't always returned.

"It can be sort of frustrating," he says.

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