

# Dealmakers

MARKET PULSE

## Market Continues to Spin Its Wheels

With transaction volume down 60 percent from first quarter 2007, this year has begun with a whimper. It's not that there are no listings, it's just that so few listings are producing closed transactions. Sellers these days seem to be more interested in testing the waters than actually getting anything above their ankles wet.

With plenty of capital on the sidelines and few deals pricing, the pricing of the deals that are getting

done has remained surprisingly strong. But it would be dangerous to assume that just because comps have not shown dramatic value declines that value declines are not happening. In this case, the deals that don't price are probably more indicative of future market direction than the deals that do.

Why so? Because, more than any other element, debt capital availability drives commercial real estate market pricing. And debt capital availability is down dramatically, as everyone is well

aware. What you might not realize is just how dramatic the decline in new issuance has been in the public real estate debt capital markets. According to investment banker Friedman Billings Ramsey, first quarter 2008 volume was down 84 percent when measured against new issuance just 12 months prior.

Granted, portfolio lenders have scrambled to help bridge the gap. But

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DONE DEALS

### CBRE Capital Markets Arranges \$46 Million Sale of Lyons Tech Portfolio in Florida

CBRE Capital Markets has arranged the \$46 million sale of Lyons Tech Portfolio in Coconut Creek, Fla., to Principal Global Investors. Butters Construction and Development was the seller.

The portfolio consists of five institutional-grade office and flex properties totaling 310,779 square feet, located in Lyons Technology Park. Principal has purchased 1 million square feet of industrial and office space from Butters Construction and Development and its partners during the past six years, with CBRE being the broker on all the transactions.

**Christian Lee**, vice chairman of CB Richard Ellis' Institutional Group; **Scott O'Donnell**, senior vice president of CBRE Private Client Group; **Charles J. Foschini**, vice chairman; and **Christopher Apone**, vice president of the of South Florida CBRE Debt & Equity Finance team, represented the seller.

The Coconut Creek transaction is one of the biggest deals Principal has made with Butters. Principal had paid \$35 million for three Westpoint Center distribution buildings from Butters last fall, and in 2002 the investment adviser paid \$36.17 million to companies owned by a Butters partnership for three warehouses totaling 420,000 square feet in Hollywood and Davie, Fla.

Lyons Technology Park is a state-of-the-art business campus in the Coral Springs submarket of Broward County. The park offers access to a network of major roadways including the Sawgrass Expressway, Interstate 95 and Florida's Turnpike. The Lyons Tech Portfolio is 94 percent leased to 108 tenants. Major tenants include Steel Components, DEL Management, Motion Point Corp. and Alert Site.

Started in 2005, SCP has 15 real estate professionals and is headquartered in Chicago with offices in Indianapolis and New York City. "This acquisition provides the partners with a high-quality building, in a strong submarket, at an attractive price," said **Bob Emri**, principal at the Emri Group. "Upon ResMed vacating the property in 2009, we believe we will be able to re-lease it in an improving economy at very competitive rents."

Vacancy in the San Diego area, according to Cushman & Wakefield, was 31 percent as of Dec. 31, but shrunk to about 16 percent in the beginning of 2008, as General Atomics has leased space in the Poway market. Average comparable monthly rates are \$1.30 per square foot (triple net) to \$1.55 per square foot (triple net).

The Poway property is located at 14040 Danielson St. There are no specific plans for renovation. The seller, ResMed, is a leading developer, manufacturer and marketer of products for the treatment of sleep disorders.

The Emri Group is a private investment company based in Vancouver, British Columbia, and San Francisco, Calif. The firm's principal business is the acquisition, management and development of residential, industrial and commercial real estate.

Strategic Capital Partners is a privately held real estate investment management firm headquartered in Chicago with offices in Indianapolis and New York City.

## Sperry Van Ness Offers Portfolio of L.A. Apartments for \$200 Million

A five-property apartment portfolio in north Los Angeles County is being offered for \$200 million. The 1,526-unit portfolio comprises four properties in Lancaster and one in Palmdale. **Kitty Wallace**, a senior vice president in Sperry Van Ness' Los Angeles office, is representing the seller, a private group with institutional money partners.

The group of class B properties includes the 336-unit The Fountains at Palmdale, the 416-unit Cordova Park, the 320-unit Granada Villas, the 314-unit Sienna Heights and the 140-unit Woodlands West Townhomes. The non-rent controlled properties were constructed between 1985 and 1990, and they have received more than \$10.7 million in renovations during the past three years. The properties feature a unit mix dominated by two- and three-bedroom floor plans and an amenity package that includes swimming pools, spas, fitness centers, tennis courts, basketball courts and tot-lots. The average occupancy rate of the portfolio is 83 percent.

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### REAL ESTATE TRANSACTIONS

| Buyer Broker  | Seller Broker                                     | Property Type Size       | Address City/State                            | Price Price Per Unit    |
|---|---|--------------------------|---|-------------------------|
| Bascom Group<br>Eastdil Secured                     | Sunset Villas Apts<br>Eastdil Secured             | Apartments<br>406 units  | Oasis at Waipahu<br>Waipahu, HI               | \$63.25<br>\$155,788.18 |
| Associated Estates Realty<br>Not disclosed          | Bogese Cos.<br>Cushman & Wakefield                | Apartments<br>536 units  | Two-property portfolio<br>Multi-city, VA      | \$75.00<br>\$139,925.37 |
| Sterling Equities<br>Not disclosed                  | SCI Real Estate Investments<br>CB Richard Ellis   | Apartments<br>832 units  | Deer Valley Village<br>Phoenix, AZ            | \$85.20<br>\$102,403.85 |
| Apple REIT Cos.<br>Not disclosed                    | Westford Hotels<br>Not disclosed                  | Hotel<br>110 rooms       | Hampton Inn & Suites<br>Westford, MA          | \$15.25<br>\$138,636.36 |
| Emri Group/Strategic Capital<br>Cushman & Wakefield | ResMed, Inc.<br>Cushman & Wakefield               | Industrial<br>144,000 sf | 14040 Danielson St.<br>Poway, CA              | 25.29<br>175.625        |
| Feil Organization<br>Not disclosed                  | Harry Macklowe<br>Not disclosed                   | Office<br>71,000 sf      | 140 W. 57th St.<br>New York, NY               | \$60.00<br>\$845.07     |
| Invesco Real Estate<br>Not disclosed                | Lincoln Property Co.<br>HFF                       | Office<br>328,218 sf     | The Executive Building<br>Washington, DC      | \$181.20<br>\$552.07    |
| James Campbell Co.<br>Hart Realty Advisors          | Not disclosed<br>Not disclosed                    | Office<br>136,273 sf     | Carlyle Place<br>Alexandria, VA               | \$67.00<br>\$491.66     |
| Forrester Properties<br>Not disclosed               | TA Associates Realty<br>Sansone Group             | Office<br>297,000 sf     | National City Center<br>Clayton, MO           | \$50.00<br>\$168.35     |
| Principal Global Investors<br>CBRE Capital Markets  | Butters Construction<br>CBRE Capital Markets      | Office<br>310,779 sf     | Lyons Technology Park<br>Coconut Creek, FL    | \$46.00<br>\$148.02     |
| Joseph Chetrit, et al.<br>Eastdil Secured           | Witkoff Group<br>Eastdil Secured                  | Office<br>609,000 sf     | Fort Lee Executive Park<br>Ft. Lee, NJ        | \$88.00<br>\$144.50     |
| Steven D. Bell & Co.<br>Divaris Real Estate         | Klaff Realty/Acadia Realty<br>Divaris Real Estate | Retail<br>178,526 sf     | Haygood Shopping Center<br>Virginia Beach, VA | \$25.00<br>\$140.04     |