

Foreclosed Anaheim Office Built on Spec Sells for \$14M

Opened at End of Boom; Near-Full on New Leases

One of the larger North Orange County offices built in the last real estate boom has traded hands through foreclosure, selling to a company with ties to a main tenant.

Newport Beach's **Realm Group LLC** paid close to \$14 million for the Anaheim Hills Office Plaza, an office building of about 75,000 square feet office near the Riverside (91) Freeway, just off Weir Canyon Road.

The building, at 160 North Riverview Drive, was developed in 2008 by Irvine-based **Silver Oak Development LLC**. It had been foreclosed on by lender **Wells Fargo & Co.**

The sale works out to about \$185 per square foot for the building, which is the largest office built in Anaheim on a speculative basis since 2003, according to brokerage data.

Silver Oak reportedly paid \$7.8 million for the land, which totals 4.4 acres.

Since going back to the bank, the building has seen a jump in leasing activity and now is nearly full.

Larger leases of late include a 25,000-square-foot deal struck late last year by Irvine-based **Premier Business Centers**, one of the country's largest operators of executive suites.

Premier Business Centers was started by the founders of Irvine apartment investor **Bascom Group LLC**.

Realm Group is a joint venture between Bascom and Newport Beach's **Realm Real Estate**. The company looks to buy discounted office buildings and develop offices and apartments.

The Anaheim Hills deal reflects "a deep discount to replacement cost and provides an attractive yield," said company Principal Darrin Olson.

Tom Sherlock and Eric Snyder of **Talonvest Capital Inc.**, a Costa Mesa-based real estate advisory firm, represented Realm Group in securing financing.

It took about six weeks to complete financing for the deal, a sign of improvement in the capital markets, Talonvest officials said.

The sale and leasing brokers for the building were Chris Migliori and Kara Guarienti of **Daum Commercial**.

GPS Update

Aliso Viejo's **Telogis Inc.**, a maker of navigation and traffic software for delivery fleets, is moving to larger offices at the Summit Office Campus.

The company, which has been growing internally as well as through a pair of acquisitions in the past year, said it will relocate to 20 Enterprise, one of the newer offices at Aliso Viejo's Summit.

Telogis is set to lease about 26,000 square feet at the 118,000-square-foot building and plans to move in November.

The company uses global positioning systems and software to help companies with large fleets of delivery trucks create better routes, track shipments and deliveries, and cut costs.

Its current headquarters is located a few blocks away, at 85 Enterprise.

Telogis also has offices in Europe and Latin America, as well as a development center in New Zealand.

The company was represented in the lease by Drew Netherton, Justin Hodgdon and Chris Houston of the Costa Mesa office of **UGL Services**.



Anaheim Hills Office Plaza: near the Riverside (91) Freeway and Weir Canyon Road

Jake Stickel with the Newport Beach office of **CB Richard Ellis Group Inc.**, represented the landlord, Aliso Viejo-based **Parker Properties**.

KBS Deals

A non-traded investment trust overseen by Newport Beach's **KBS Realty Advisors** has

taken over a pair of properties in the Sacramento area through foreclosure just a few months after buying distressed loans tied to the buildings.

KBS Strategic Opportunity REIT said in regulatory filings earlier this month that it foreclosed on a mortgage tied to the Iron Point Business Park, a five-office property in Folsom totaling 211,000 square feet.

The Iron Point property, built between 1999 and 2001, is about 40% leased.

The trust also announced it foreclosed on a mortgage tied to the Roseville Commerce Center, a five-building industrial property in the nearby city of Roseville that totals 113,000 square feet. The Roseville deal includes another six acres of undeveloped land.

The complex is about 40% leased.

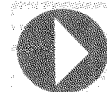
KBS Strategic Opportunity invests in properties and loans that hold more risk than some of KBS' other investment trusts.

The trust has raised more than \$114 million from institutional and individual investors since starting in late 2009.

Foreclosures on both properties were expected.

The trust paid a discounted \$19.8 million for the Iron Point mortgage in March. It paid about \$6 million for the Roseville mortgages last September.

KBS said it doesn't plan to make significant renovations or improvements to either complex in the near term.



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