



DivcoWest buys two office properties for \$150m

> **Updated**

The San Francisco-based investment firm has purchased an office complex from LaSalle Investment Management for roughly \$71 million and an office building from an AEW client for \$79 million. Both purchases are investments of behalf of DivcoWest Fund III.

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DivcoWest has acquired two office properties—one in California and another in Massachusetts—for a total of \$150 million on behalf of its third real estate fund, DivcoWest Fund III.

Sources familiar with the situation have told *PERE* that DivcoWest purchased the Caribbean Corporate Center, an office complex consisting of four research & development (R&D) buildings, from LaSalle Investment Management for roughly \$71 million. Caribbean Corporate Center is located at 1310-1327 Chesapeake Terrace in Silicon Valley's Moffett Park submarket. The 261,059-square-foot, institutional-grade office complex was built in 1989 and updated through a substantial tenant improvement programme completed in phases between 2008 and 2010.

Tenants in the property, which is fully leased, include Accuray Incorporated and Cepheid. Accuray's major businesses include the CyberKnife system, which uses high-dose radiation mostly to treat brain tumours, and TomoTherapy, a system that allows doctors to change the intensity of the radiation beam to adapt to the shape, location and size of a tumour. Cepheid is a molecular diagnostics firm that develops and manufactures systems that automate the process of preparing and amplifying DNA in order to quickly detect diseases and harmful agents, including the diagnosis of infectious diseases and cancer.

"DivcoWest has established a solid track record in the Bay Area, especially through our investment, ownership and management of technology-intensive office and R&D investment properties," said Sam Hamilton, the managing director at DivcoWest who oversaw the acquisition of this asset. "We believe that Caribbean Corporate Center fits nicely in to our overall Northern

California portfolio and provides a strategic addition to our Silicon Valley portfolio.” Eastdil Secured marketed the portfolio on behalf of the seller.

Additionally, DivcoWest acquired The Davenport, a Class A property at 25 First Street in Cambridge, Massachusetts, from a separate account client of AEW Capital Management for approximately \$79 million. The four-story, 220,000-square-foot building originally was built in 1860 as the Davenport Furniture Factory and was renovated and converted to office use in 1987. In addition, AEW completed a lobby renovation in 2009.

The Davenport currently is 95 percent leased by tenants that include HubSpot, Sonos, Zipcar and Atlas Venture. Cushman & Wakefield’s Boston-based Capital Markets Group brokered the sale.

In January, it was announced that DivcoWest had held a final close of \$800 million on Fund III, which focuses on investments in technology-oriented growth markets in the US, such as San Francisco, Austin and Boston. The fund, together with a co-investment vehicle, attracted more than \$871 million in equity, surpassing the sponsor’s original target of \$800 million.

With up to 65 percent leverage, Fund III is expected to have more than \$2 billion of capital available to acquire and operate office and R&D properties in the US. Prior to these acquisitions, the value-added vehicle, which is targeting 10 percent to 13 percent returns, previously made four investments with a total gross value of more than \$200 million. They include the five-building Walsh @ Bowers portfolio in Santa Clara, California; 1275 Market Street, a 350,000-square-foot office property in San Francisco; and Genesee Executive Plaza, a 159,425-square-foot office campus in San Diego.