

KBS Sells 1.19M Square-Foot Trophy Office Property in Florham Park, New Jersey After Implementing Extensive Tenant-Focused Improvement Plan

KBS Brings Occupancy at the Suburban Asset up to 89% During Ownership



FLORHAM PARK, New Jersey (January 28, 2020) – [KBS](#), one of the largest owners of premier commercial real estate in the nation, has announced the sale of Park Avenue at Morris County, a trophy office park in Florham Park, New Jersey, a suburb of New York City. The six-building, 1.19 million square-foot property owned by KBS Real Estate Investment Trust II was sold to a private buyer for \$311 million.

During its ownership of the Northern New Jersey asset, KBS implemented a multimillion-dollar improvement plan, bringing occupancy up to 89%. The firm added modern amenities designed to appeal to today's office users, according to Marc DeLuca, regional president, Eastern United States for KBS.

"By incorporating a broad spectrum of desirable features into this preeminent office park, we were successful in significantly driving new leases and renewals at Park Avenue at Morris County," says DeLuca.

As part of its improvement plan, KBS added numerous state-of-the-art amenities, including a fitness facility with indoor and outdoor spaces and personal training, basketball and volleyball courts, a soccer field, modernized lobbies particularly in 100 Campus Drive which serves as the hub for the park's amenities, new roofs and HVAC units, updated elevators, a conference center, and a dedicated on-site concierge and security service.

"KBS' business objectives align closely with those of our tenants – a core value that drives our ability to deliver environments today's top companies want to call home," says DeLuca. "We consistently go above and beyond physical attributes in order to deliver the onsite conveniences and services that help our tenants attract and retain talent in a competitive marketplace such as Florham Park."

One point of focus for KBS in the transformation of Park Avenue at Morris County was elevating the property's food-and-beverage offerings. KBS upgraded the buildings' cafeterias, installed a coffee and wine bar in the lobby, and instituted a food-delivery service as well as an interactive mobile app that allows tenants easy access to nearby food options.

In addition, KBS added transportation amenities including electric car-charging stations and a proprietary dual shuttle service for tenants, comprising:

- a commuter shuttle delivering direct access to Madison Train Station
- an amenity shuttle offering access to local destinations including Downtown Morristown, The Mall at Short Hills, and Newark Liberty International Airport, among other local destinations

KBS also implemented a series of green-building and connectivity improvements at the property; the building earned LEED and WiredScore certifications for Park Avenue at Morris County during its ownership.

Additional amenities KBS instituted at the property include a shoe-shine service, car-wash service, dry-cleaning service, walking and jogging trails and covered parking.

“These improvements added tremendous value to the asset,” says Shannon Hill, senior vice president and asset manager for KBS. “Though we purchased this property during the economic downturn, through strategic upgrades we were able to maintain its prestige in the industry and attract several blue-chip tenants during our ownership.”

The tenants that have signed or renewed leases at the office park include prominent consulting, legal, financial, and services firms. The property also features a 7,000 square-foot building occupied by a prestigious private daycare and preschool facility, which KBS constructed during its ownership of the asset.

Jeffrey Dunne and Jeremy Neuer of CBRE represented KBS in the sale. The buyer was procured by the team as well.

“KBS’ decision to acquire this premier Northern New Jersey office campus was due in part to the strong absorption and tenant demand in the area,” says Dunne. “The average lease term for tenants at this property is 10 years, which indicates a high level of satisfaction with the space and the landlord.”

According to [CBRE](#), in Q3 2019 the New Jersey office market saw positive net absorption of 581,000 square feet – an increase of 212,000 square feet over the previous quarter – and leasing activity of 1.5 million square feet, a quarter-over-quarter increase of 246,000 square feet. Office leasing activity in the region was led by financial services, insurance, and real estate (FIRE), technology, and professional and business services companies.

“Over the last five years, this submarket has averaged nearly 650,000 square feet of leasing activity annually. Properties in Northern New Jersey are sought out because of its steady office submarket that draws in office executives based on nearby high-end housing and close proximity to Morristown, a millennial hub, in addition to easy access to New York City,” notes Neuer. “Pockets of the market with transportation hubs, like Florham Park, are especially attractive to office tenants and are a magnet for attracting large corporate users.”

Bruce Fischer, Howard Chu, and Steven Fleissig of global law firm Greenberg Traurig, LLP represented KBS as legal counsel on the sale. Fischer and Chu are located in Greenberg Traurig’s Orange County office, and Fleissig is located in the firm’s New Jersey office.

“It has been very exciting to watch how this project has been transformed since its purchase,” said Fischer, Greenberg Traurig’s Chair of the West Coast Real Estate Practice and co-managing shareholder of the Orange County Office, who led the Greenberg Traurig team and represented KBS when the company first purchased the office park. Fischer further noted that Greenberg Traurig moved into its space in the office park in 2015.

Park Avenue at Morris County is located at 100-600 Campus Drive in Florham Park, New Jersey.

Please find photos of Park Avenue at Morris County [here](#).

About KBS

[KBS](#) is one of the largest owners of premier commercial real estate in the nation. As a private equity real estate company and an SEC-registered investment adviser, KBS and its affiliated companies have completed transactional activity of approximately \$40 billion on behalf of private and institutional investors globally. Founded in 1992 by Peter Bren and Chuck Schreiber, KBS acquires and operates prime commercial real estate in some of the most successful epicenters in the country. The firm is committed in its business ethics, its business relationships and its constant focus on exceeding the expectations of its investors, partners and tenants. For more information on KBS, please visit www.kbs.com.

This release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended including statements relating to KBS REIT II's ability to invest in and manage a diverse portfolio, and the performance of Park Avenue at Morris County and of the Florham Park real estate market. These statements are subject to known and unknown risks, uncertainties and other factors which may cause KBS REIT II's and/or Park Avenue at Morris County's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. SEC registration does not imply any particular level of skill or training.

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