

KBS Sells 250 Holger Way at District 237, a 415,492 Square-Foot Office Complex in San Jose, California, for \$38M

The deal demonstrates continued interest in the office sector despite pandemic



SAN JOSE, CALIFORNIA (September 30, 2020) – [KBS](#), one of the largest investors in premier commercial real estate in the nation, announced today that it has sold an additional building at [District 237](#), a Class A, 415,492 square-foot office/R&D complex in San Jose, California.

250 Holger Way was owned by KBS Real Estate Investment Trust II. The 76,410 square-foot building was sold to San Francisco Bay Area [Bailard](#) for \$38.25 million.

Earlier this year, KBS sold two buildings comprising 142,710 square-feet at District 237 – 100 Headquarters Drive and 200 Holger Way – to an independent real estate fund and asset management company for \$95.2 million.

The sale of 250 Holger Way at District 237 represents ongoing interest in high-quality office/R&D properties located in the epicenter of key markets throughout the country, according to Gio Cordoves, regional president, western region, for KBS.

“KBS has a long history of identifying and acquiring assets positioned for strong performance in markets where tenants want to be located, and District 237 is clearly one of those assets,” says Cordoves. “The sale of three out of the eight buildings comprising more than 200,000 square feet at this property in less than four months in the midst of a global pandemic demonstrates investors’ confidence in this sector well into the future.”

District 237, formerly known as Corporate Technology Centre, is located in the North San Jose submarket of the Silicon Valley, a highly desirable area of Northern California among office users, particularly in the tech industry, according to Brent Carroll, asset manager for District 237 and senior vice president for KBS.

“San Jose enjoys tech spillover from the rest of Silicon Valley, including cities such as Palo Alto and Mountain View,” says Carroll. “Tech tenants who are drawn to Silicon Valley are finding more competitive rates in this submarket, and office investors are realizing that institutional-grade assets like the buildings at District 237 can add tremendous value to their portfolio. KBS recognized how well-located District 237 is in this submarket and the potential for powerful value creation at this property. The fact that the firm has achieved this goal is evidenced in this latest sales transaction.”

Built in 1999 and 2001, District 237 was constructed as eight one-, two-, and three-story buildings. In 2018, KBS sold three of the eight buildings. All of the buildings at this property feature excellent window lines and efficient floorplates, as well as superb visibility from over 3,000 feet of Highway 237 frontage, according to Carroll.

“The Highway 237 corridor benefits from positive new developments and emergence as the prime linkage point for companies drawing employees from either side of the San Francisco Bay,” says Carroll. “The location has evolved into one of the most desirable in Silicon Valley, and District 237 is well situated within that location.”

Carroll adds that the collection of buildings at District 237 ranged from 20,009 square feet to 101,194 square feet, with an average floorplate of nearly 31,500 square feet, which attracts larger, well-capitalized tenants with high credit quality.

“250 Holger Way is a natural fit for the portfolio, with a strong tenant base and located within a highly desirable and liquid submarket in the U.S.,” says James Pinkerton, senior vice president of Acquisitions & Portfolio Management at Bailard. “The Bailard team is continually looking to refresh and expand its portfolio with high-quality assets and is pleased to complete the acquisition of 250 Holger Way within District 237.”

KBS recently repositioned and rebranded District 237, which resulted in a combined total of 315,622 square feet in new leases with three global companies at the property.

“Rather than white boxing the five buildings, KBS took one building and completely built out the interior which included a more open layout, updated common areas, a new tenant lounge, fitness center and private outdoor amenity areas that we believed would drive new leasing activity by infusing new energy into the project,” Carroll notes.

The sale of 250 Holger Way at District 237 was brokered by the CBRE Northern California Capital Markets Team consisting of Joe Moriarty, Scott Prosser, Jack DePuy, Russell Ingrum, Brad Zampa and Mike Walker. The buyer represented themselves.

“Investors are consistently drawn to this highly appealing property in an extremely popular submarket of Northern California,” says Moriarty. “KBS’ pride of ownership comes through for investors as they continue to seek out properties like District 237 throughout the area.”

District 237 is located directly adjacent to @First retail center, which has attracted a rich mix of neighborhood amenities including Target, CVS Pharmacy, Fresh and Easy, Chipotle, Coffee Bean, Chick-fil-A, Panera, Chase Bank, Marriott Courtyard, Hotel Sierra and many others.

Attorneys Bruce Fischer and Howard Chu, and paralegal, Robyn Foianini, of global law firm Greenberg Traurig, LLP’s Orange County office represented KBS as legal counsel in the disposition

“We were very pleased to work with KBS in the disposition of 250 Holger Way during a pandemic which continues to show interest in high quality office assets,” 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.

District 237 is located at 100 Headquarters Drive and 200-350 Holger Way in San Jose, California.

Please find photos of District 237 [here](#).

About KBS

KBS is one of the largest investors 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 more than \$42 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. SEC registration as an investment advisor does not imply any particular level of skill or training. 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 Real Estate Investment Trust II’s ability to invest in and manage a diverse portfolio, and the performance of District 237 and of the San Jose, California real estate market. These statements are subject to known and unknown risks, uncertainties and other factors which may cause KBS Real Estate Investment Trust II’s and/or District 237’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.

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