

KBS Sells 333,014 Square-Foot Class A Office Property in Phoenix, Arizona for \$103.5 Million After Completing Extensive Improvement Program



PHOENIX, ARIZONA (January 19, 2021) – [KBS](#), one of the largest investors in premier commercial real estate in the nation, announced today that it has sold a 333,014 square-foot Class A office property in Phoenix, Arizona. The property, [Anchor Centre](#), was sold to [TerraCap](#) for \$103.5 million after KBS completed an extensive improvement program on the asset. Anchor Centre was owned by KBS REIT III.

“At KBS, we take pride in identifying opportunities to own and operate exceptionally well-located assets in key growth markets throughout the country that have strong value potential,” says Giovanni (Gio) Cordoves, Western regional president for KBS. “Phoenix is a region that boasts some of the best population growth numbers anywhere in the country, impressive job growth and superior quality of life relative to other higher-cost markets. KBS was able to identify and leverage all that this market has to offer by acquiring Anchor Centre and elevating it to appeal to high-end office users.”

When KBS acquired Anchor Centre in 2014, the company began investing in the multimillion-dollar capital improvement program at the property. These upgrades included modernizing the lobby; renovating common areas, restrooms, and expanding and modernizing numerous amenity spaces—these efforts in many ways helped establish Anchor Centre’s reputation as one of the most desirable office buildings in the submarket, according to Cordoves.

In addition to the extensive building and amenity renovations, KBS was among the first in the Phoenix market to embark on a progressive spec suite program, building out high-quality and move-in ready tenant suites without a committed tenant. KBS engaged a local architect to create these suites which were extremely high-quality and designed with the Camelback Corridor’s live-work-play tenants in mind. “KBS was astute in recognizing the potential that a spec suite program could bring to the area. Not only did the company task a local architect to bring its vision to life but we flew the entire architectural team to Southern California to view similar projects and get a true sense of all that the property could become,” notes Cordoves.

Despite a sluggish first half of 2020, the Phoenix office market showed signs of growth during the third quarter, posting just over 300,000 square feet of positive absorption, according to [JLL’s Q3 Phoenix market report](#). The fundamentals of a business-friendly environment, along with a diverse workforce, continues to stir interest in Phoenix as an attractive metro area to relocate and expand. This is evident in the recent increase in out-of-state companies looking at Phoenix as a long-term investment to take advantage of the lower costs of doing business and a rapidly growing talent pool.

“The region’s pro-business climate and robust talent pipeline aided in adding 103,700 jobs to the Phoenix market in 2019, according to JLL,” says Cordoves. “In addition, the market offers an affordable cost of living, a dry climate, and around 300 days per year of sunshine, drawing companies and top talent to the area. For these reasons and others, many office investors are showing interest in this area, which made Anchor Centre an increasingly sought-after property.”

Anchor Centre is situated in the epicenter of Phoenix’s Camelback Corridor, a submarket recognized as the

premier corporate location in Phoenix, according to Tim Helgeson, asset manager for Anchor Centre and senior vice president for KBS.

“We changed the entire ambiance of the building by creating a new high-end indoor-outdoor lounge, a state-of-the-art conference room and a stunning new game room. In doing so Anchor Centre became one of the most attractive and flexible workspaces in the highly desirable Camelback Corridor. Tenants located in this submarket demand high-end finishes and the prestige that is inherent with holding an office in this market,” says Helgeson. “The improvements and spec suite program that KBS implemented received praise from other landlords in the region and help increase demand for creative office space by blue-chip and ‘next-generation’ technology companies and seized upon the opportunity to add much-desired amenities to this asset in order to appeal to the millennial workforce that has migrated into the surrounding in-demand neighborhoods of Arcadia, Paradise Valley and Biltmore. The Camelback Corridor is also home to numerous upscale retailers, dining, and entertainment options, as well as connectivity to all of metro Phoenix via immediate access to SR 51.”

Despite the COVID-19 pandemic, the property enjoyed strong leasing velocity and tenant retention in 2020, says Helgeson. The property offers surface visitor parking and underground tenant parking garage, with a parking ratio of 3.2/1,000 so that employees can drive themselves to work without having to take public transportation during the pandemic.

“Anchor Centre features an impressive tenant roster anchored by industry-leading, investment-grade, and creditworthy tenants,” Helgeson notes. “The asset contains a blend of publicly traded national and international firms, expanding regional firms, and well-respected local businesses. The high-grade tenant roster is one of the reasons why this property has been so resilient during the market fluctuations caused by COVID-19. This property is well positioned to continue to perform, which is why we received solid interest from potential buyers and allowed us to obtain attractive pricing for the property.”

Built in 1984 and 1986, Anchor Centre is a two-building, four- and six-floor office complex that is 93.2% occupied. On-site amenities at the Energy Star-certified asset include upscale dining, a deli, secured underground parking, a tenant lounge and game room, fitness center, conference facility, plaza area and outdoor patio.

The property also features numerous retail and restaurant amenities within a five-minute walk as it is adjacent to both The Shops at Town & Country and Biltmore Fashion Park; is close to executive housing in North Central, Paradise Valley, and Arcadia as well as a recent influx of new multifamily development and continually evolving retail dynamics along Camelback Road.

“KBS clearly invested a significant amount of time, capital and care into Anchor Centre over the years that the company owned the property,” says Stephen Good, partner and national director of acquisitions for TerraCap. “The firm knew exactly which improvements would best maximize the potential for this asset, which is one of the reasons why we were drawn to it.”

The JLL Capital Markets team representing KBS was led by Director Ben Geelan, Senior Managing Director Michael Leggett and Managing Director Brian Ackerman.

Financing efforts on behalf of the buyer were led by JLL Capital Markets Executive Managing Director Kevin MacKenzie and Director Jason Carlos.

“Located at the prestigious intersection of 24th Street and Camelback Road, Anchor Centre is one of the highest-profile office properties in the Phoenix market and certainly in the Camelback Corridor,” says Geelan. “Interest in the property from several potential buyers was high due to its unparalleled location and the superb attention KBS has invested in Anchor Centre during its ownership of the property.”

Attorneys Bruce Fischer, Howard Chu, and Caroline Pricher, and paralegal, Amanda Kennedy, of global law firm Greenberg Traurig, LLP’s Orange County and Phoenix offices represented KBS as legal counsel in the disposition.

“We enjoyed working with KBS on the successful disposition of Anchor Centre,” 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.

Anchor Centre is located at 2201 and 2231 East Camelback Road in Phoenix, Arizona.

Please find photos of Anchor Centre [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 III’s ability to invest in and manage a diverse portfolio, and the performance of Anchor Centre and of the Phoenix, Arizona real estate market. These statements are subject to known and unknown risks, uncertainties and other factors which may cause KBS Real Estate Investment Trust III’s and/or Anchor Centre’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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