

KBS Sells 96,502 Square-Foot Building at an Eight Building, Class A Office Complex in San Jose, California, for \$50.5M



SAN JOSE, CALIFORNIA (December 28, 2020) – [KBS](#), one of the largest investors in premier commercial real estate in the nation, announced today that it has sold a 96,502 square-foot building at [District 237](#), an eight building, 415,492 square-foot, Class A office/R&D complex in San Jose, California. The building at 350 Holger Way, owned by KBS Real Estate Investment Trust II, was sold to Thor Equities for \$50.5 million.

District 237, formerly known as Corporate Technology Centre, is located in the North San Jose submarket of the Silicon Valley, an area of Northern California that is highly popular among office users, according to Giovanni (Gio) Cordoves, Western regional president for KBS.

“North San Jose is one of the key growth markets in the United States,” says Cordoves. “This is due to its adjacency to several Silicon Valley cities with tight vacancy such as Palo Alto and Mountain View. Tech tenants in particular are drawn to North San Jose for its great value in comparison to these higher-priced markets. It’s easy to see why investors value District 237 so highly, even in the midst of a pandemic.”

350 Holger Way, a three-story steel-frame building that was fully renovated in 2019, is 100% leased through 2027. The building features extensive glass lines and efficient floor plates, as well as an outdoor amenity area and upgraded exteriors, landscaping and parking lot.

“Due to KBS’ significant recent capital investment in this property, 350 Holger Way features best-in-class construction and appealing amenities, positioning it for favorable risk-adjusted returns in this submarket,” says Brent Carroll, asset manager for District 237 and senior vice president of KBS. “In addition, the Silicon Valley Class A office market where this asset is located is one of the best-performing markets in the country, which bodes well for the ongoing health of this property.”

Built in 1999 and 2001, District 237 is a 415,492 square-foot office complex built with eight one-, two-, and three-story buildings featuring excellent window lines and efficient floorplates, according to Carroll. In 2018, the company sold three of the eight buildings, and earlier this year sold 100 Headquarters Drive and 200 Holger Way, 142,710 square-feet of the property, to an independent real estate fund and asset management company for \$95.2 million.

“Given each building’s superb visibility from over 3,000 feet of Highway 237 frontage, this is a highly sought-after property in this submarket,” says Carroll. “District 237 has become one of the most desirable assets in Silicon Valley. The Highway 237 corridor enjoys positive new developments and is the prime linkage point for companies looking to attract talent from the San Francisco Bay area.”

Carroll notes 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. 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, the company 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 KBS believed would drive new leasing activity by infusing new energy into the project, Carroll says.

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

“350 Holger Way is well leased and located within a highly desirable and liquid submarket in the U.S.,” says Tom Nishioka, VP of asset management for Thor Equities. “We are continually looking to refresh and expand our portfolio with high-quality assets and are pleased to complete the acquisition of 350 Holger Way within District 237.”

The sale of the Property was brokered by the CBRE Northern California Capital Markets Team consisting of Joe Moriarty, Scott Prosser, Jack DePuy, Russell Ingram, Brad Zampa and Mike Walker.

“KBS leveraged the opportunity to reposition District 237, which has assisted in the sale of three buildings at this property within just a few months’ time during the pandemic,” says Moriarty, executive vice president. “The rebranding, in addition to the property’s outstanding location near dining, daily-needs retail, and lodging, have consistently placed it on the short list for office tenants seeking space in the Silicon Valley region.”

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

“We were very pleased to represent KBS in the disposition of 350 Holger Way at District 237,” 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 350 Holger Way at 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.

About CBRE Group, Inc.

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