

Dutch firm buys DiamondView Tower

By **THOR KAMBAN BIBERMAN**, The Daily Transcript

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Wereldhave USA has completed its second office acquisition here with the \$161 million purchase of DiamondView Tower.

Wereldhave USA, the U.S. arm of the Dutch firm **Wereldhave NV**, paid \$210 million for the Broadway 655 office tower last year. DiamondView is a 305,255-square-foot, 15-story Class A office tower at 350 10th Ave., overlooking Petco Park.

Wereldhave purchased the DiamondView property from a partnership of **Cisterra Partners** and **The Prudential**.

The buyer was represented by **CB Richard Ellis** (NYSE: CBG), which along with **Comerica Bank** (NYSE: CMA) and **Cox Communications** are among the building's tenants. **Eastdil Secured** represented Cisterra and The Prudential.

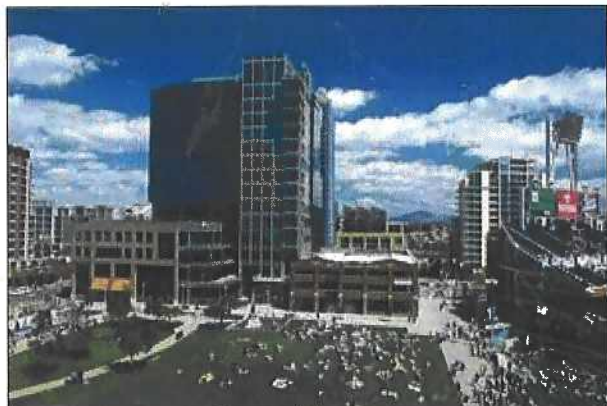
According to Kraig Kristofferson, a CB Richard Ellis senior vice president who handled both the DiamondView and the Broadway 655 transactions, the office portion of the project is about 92 percent leased.

Wereldhave said a rental income guarantee brings the net initial yield to 6.25 percent.

About 10,000 square feet of retail space remains to be leased on the lower floors of the building.

Given what has happened to the capital markets, Kristofferson said it is clear the sellers would have been able to get significantly more for DiamondView had they sold it a couple of years ago.

The selling price shows downtown San Diego remains a very sought after market, however.



DiamondView tower

"It certainly shows the institutional investors still sees this area as a very attractive market in which to invest," Kristofferson said.

Wereldhave will also be secure in the fact that save for a 700,000-square-foot office tower **The Irvine Co.** is planning on West Broadway, no other such big projects are expected

"There are currently no other prime office properties under construction in this market, and as a result of rising construction costs, the difference between the acquisition price and the costs of comparable new office space is small ..." Wereldhave wrote in a statement from the Netherlands.

"The acquisition fits Wereldhave's policy of acquiring newly built, prime property in "knowledge-based" markets."

By "knowledge-based" Wereldhave means that San Diego is important because it is a harbor city with ties to Asia and has a significant biotechnology industry.

Wereldhave's other building, at 655 W. Broadway, was a 23-story, 380,000-square-foot development of **Lankford & Associates** of San Diego.

Lankford's other projects range from the Nokia facility in the Scripps Ranch area to the Hall of Justice downtown.

That sale made at a time when Broadway 655 -- also known as Advanced Equities Plaza -- was about 83 percent leased.

Advanced Equities Financial has about eight years left on a 10-year lease at Broadway 655 where it has about 50,000 square feet. Law firms such as **Best Best & Krieger, Coughlin Goia Geller Rudman & Robbins**, and **Peterson & Price** take up much of the office space.

Like DiamondView, the building at Broadway 655 is also a mixed-use structure that includes 12 apartments and ground floor retail, along with a 752-space parking garage.

Wereldhave NV made its first entrance into the United States market in 1979.

While Wereldhave marks the first office building entry for a Dutch firm, foreign investors seem to like San Diego office properties.

The Paramount Group, which paid \$167 million for the First National Bank tower in September 2005, was bankrolled by German investors.

Those investors subsequently sold the building for \$181 million to a joint venture of **GE Investments** and **Sentre Partners**.

Outside of the downtown San Diego area, other offshore investors have also been active here.

Macquarie Office Trust, an Australia-based property trust in joint venture with Los Angeles-based **Maguire Properties** (NYSE: MPG), also owns a portfolio of five major office properties here, including the San Diego Tech Center in Sorrento Mesa.

In addition, a Macquarie Office affiliate, the Macquarie Infrastructure Group owns the South Bay Expressway, the recently constructed toll road between Otay Mesa and Spring Valley.