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## *Investment Program Eyes \$320Mln of Office Acquisitions*

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*Commercial Real Estate Direct Staff Report*

Palisades Capital Realty Advisors, a Los Angeles investment manager, has launched a program under which it plans to make about \$320 million of office-property acquisitions over the next two years.

The Woodside Palisades Partners program, which is being funded by high net-worth individuals and family offices from California's Silicon Valley, is targeting properties, including those with research & development components, in markets west of the Mississippi River. It's mainly interested in making core or core-plus investments in well-stabilized properties and in markets with rebounding local economies and a sizeable technology-industry presence.

Moreover, it's mainly targeting suburban markets and deal sizes of about \$25 million to \$50 million each. That's in order to avoid competition from larger institutional investors that, for the most part, have favored larger properties in non-suburban areas.

Palisades Capital is led by Joaquin De Monet, who previously led GE Real Estate's Los Angeles affiliate Arden Realty Corp. The company is expecting to complete roughly one deal per quarter for its Woodside program.

The program's first acquisition was the 127,000-square-foot Cascade Station office complex in Portland, Ore., that [it bought in April for \\$30 million](#), or about \$236.22/sf, from Trammell Crow Co. The deal is an example of the other types of acquisitions that the Palisades Capital program expects to make.

The price Palisades Capital paid for Cascade Station reflects a capitalization rate of 7.8 percent. It is fully leased to tenants that include technology products maker ITT Corp., at rents that are about 10 percent below the local market average.

The investment program is expected to boost the property's value by increasing rents to market levels as leases roll in about four years. The program plans to hold Cascade Station and its other acquisitions for seven to 10 years.

Morgan Stanley provided a \$22.5 million loan with a 10-year term backed by the Portland property. That's roughly the leverage level that Palisades Capital is aiming for other acquisitions.

The program could further boost its buying power by bringing in investment partners on its deals. It would look to potentially co-invest directly with pension funds or other investment programs backed by high net-worth investors.

Palisades Capital also is in the market seeking deals on behalf of Palisades Private Capital Fund I, its venture with Mexican developer Finsa, which is mainly making value-add investments in the U.S. office sector. That venture earlier this month paid \$13.9 million, or about \$207/sf, for the 67,000-sf [Chandler Corporate Center I office building in Chandler, Ariz.](#)