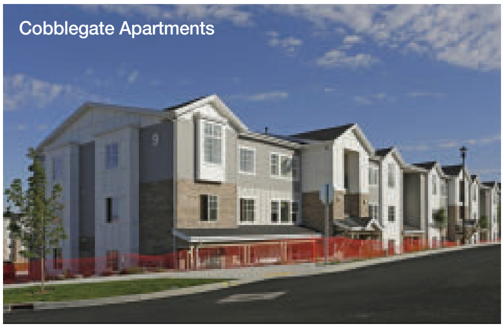
Sandy, UT, traded for $93.9 million in the largest multifamily property sale ever in Utah. There was strong investor interest despite the fact that the property was still under construction and the buyer's contract stipulated that development had to be fully complete, and a specific occupancy level reached, before the deal closed. **Marcus & Millichap**'s **Daniel Shin** and **Brock Zylstra** handled the sale.

Similarly, the **Yard** in Portland, OR was only 50% leased at the time it traded for $126.8 million, the largest multifamily sale to date in Portland's urban core. A component of the Portland Development Commission's Burnside Bridgehead master plan, the Yard sold to **Land and Houses**, a subsidiary of a Bangkok-based investment firm and first-time investor in the Portland market. The brokerage team working on the transaction included **Elizabeth Davis**, **Pete Shelton**, **Kim Grant**, **Stanford Jones**, **Philip Saglimbeni** and **Salvatore Saglimbeni**, all of **Marcus & Millichap's Institutional Property Advisors** platform.


Cobblegate Apartments

A CREATIVE APPROACH IN AN ARTS DISTRICT

As a catalyst for the transformation of Los Angeles' Arts District, **One Santa Fe** was a groundbreaking mixed-use project. As the subject of an investment sale, the property at 300 S. Santa Fe Ave. in L.A. was backed by an "incredibly complex" capital structure, in the words of **Moran & Co.**, which marketed One Santa Fe for sale.

The project was conceived amid the 2008 downturn, by a team led by **Bill McGregor** of **McGregor Brown** and **Chuck Cowley** of **Cowley Real Estate Partners**. Although the Arts District was less than a mile from L.A.'s civic and financial district, at the time it was largely an assortment of warehouses virtually unknown to the institutional investment community. In order to capitalize this transformative project during the recession, the development team had to assemble an "all of the above" financing strategy. The resulting capital stack included Low Income Housing Tax Credits, New Market Tax Credits, ground lease financing from L.A.'s Metropolitan Transportation Authority and a Community

properties during the year, an announcement that dovetailed with Workspace's focus. CEO **Thomas Rizk** and president and COO **Roger Thomas**, who had worked together at Mack-Cali Realty Corp., had kept a watchful eye on trends in the suburban office market, knowing that sooner or later there would be an upswing in interest and value in the space.

"We saw the pressure on the large institutional owners to shed their suburban holdings," says Thomas. "With no one else coming into the space to pick up the slack, we saw an opportunity." The company's purchases zero in on "well-located suburbs that aren't too far from urban centers and offer an abundance of amenities that rival those of large metropolitan office spaces. Workspace is a partnership among **Rizk Ventures**, **Safanad**, **Square Mile Capital**, **Forum Partners**, **JMP Group** and **Everwatch Capital**.

Although the acquisition from Liberty gave Workspace another 2.1 million sf of suburban Philadelphia properties, the largest share by state came from Florida, with nearly three million sf of office and flex space along with 8.6 acres of developable land. Another 1.1 million sf and 18.1 acres is in suburban Phoenix, and the remaining 1.5 million sf is located in Minnesota's Twin Cities suburbs.

Early in 2016, **InvenTrust Properties Corp.** sold off its student housing platform in order to become a pure-play multi-tenant retail REIT. Known as **University House Community Group Inc.**, the platform traded to a partnership of **Canada Pension Plan Investment Board**, **GIC Pte. Ltd.** and the **Scion Group LLC** in a transaction valued at approximately $1.4 billion.

The deal was notable for the entrance of large institutional investors into the niche student housing market. While the deal represented an exit for Oak Brook, IL-based InvenTrust, for CPPIB and GIC it represented a point of entry into the US student housing market. InvenTrust's adviser in the sale was the **Skadden** team of **Neil Rock**, **David Polster**, **Richard Witzel Jr.**, **John Furfaro** and **Neil Leff**.

Meanwhile, **Blackstone** bought a portfolio of 49 retail properties throughout the Northeast and Texas from **RioCan Real Estate Investment Trust** for $1.9 billion. The deal marked RioCan's exit from the US and allowed it implement a hedging strategy, focusing on Canada and specifically it's development pipeline, that's expected to result in net proceeds of approximately CA$1.2 billion. **Morgan Stanley** and **RBC Capital Markets** acted as RioCan's advisors to the transaction, and **Goodmans LLP**, **Davies Ward Phillips & Vineberg LLP** and **Saul Ewing LLP** were RioCan's legal advisors.

Blackstone was behind yet another major purchase when it bought a $1.8-billion portfolio of mixed assets from **Alecta**. The Swedish pension fund manager had hired a **JLL** team led by international director **Peter Nicoletti** to sell a portfolio of 48 institutional-grade office, grocery-anchored and high street retail, multifamily and industrial properties in the US and UK, primarily in California, the Southwest and Northeast US and in and around London.

The private equity giant made a play in the industrial sector, too, paying $1.5 billion to buy 52 properties from **LBA Realty LLC**. **Eastdil Secured** brokered the sale of the 13-million-sf package, primarily consisting of logistics facilities in port and airport markets on the West Coast. The also deal marked the return of Blackstone to the US industrial sector, which it departed in 2015 in the $8-billion sale of its IndCor portfolio to Global Logistic Properties Ltd.

And that deal closed a few months after **Blackstone** sold substantially all of the life-science and medical properties of **Wexford Science & Technology LLC** assets to **Ventas Inc.** for $1.5 billion in cash. The Chicago-based healthcare REIT entered the university-affiliated life science real estate business, gaining 23 operating properties totaling 4.1 million sf, and a pair of development assets totaling 400,000 sf, affiliated with Duke University and Wake Forest University.

Wexford came under Blackstone ownership as part of the asset management giant's $8-billion acquisition of BioMed Realty Trust earlier in the year. As part of this deal, Ventas entered into a long-term management and pipeline agreement with Wexford, in which Ventas will own the existing real estate portfolio, Ventas will have exclusive rights to jointly develop future projects with Wexford, and Wexford will continue to manage the portfolio.

JP Morgan Securities LLC and **Kirkland & Ellis LLP** served as financial and legal advisors, respectively, to Ventas. For Blackstone, **Eastdil Secured** acted as financial advisor and **Simpson Thacher & Bartlett LLP** was its legal counsel.

Development Block Grant. What the project still lacked was a development equity partner, which took the form of **Canyon Partners Real Estate**, which made the investment through its Canyon-Johnson Urban Fund III while also serving as a development partner. The 500,000-sf project, including 438 apartment units, broke ground in early 2012 and was completed in 2015.

Beyond lining up the financing for construction, there was also the matter of drawing would-be investors to a project with an exceptionally complex capital structure, and which was less than 50% leased in a neighborhood that hadn't yet reinvented itself. The Moran & Co. team of **Mary Ann King** and **Brett Betzler** employed a road show approach, taking investors through the Arts District and unveiling the story—past, present and potential future—of each building in the district. Ultimately, the ground lease for One Santa Fe traded to Boston-based multifamily investor the **Berkshire Group** for $178 million in May 2016.


One Santa Fe

Also involved in the deal were **Maria Stamolis** and **Frank Liu**, **Canyon Partners Real Estate**; **Eric Schrumpf** and **Mike Green**, **Berkshire Group**; seller attorneys **Bruce Fraser** and **Paul Turbow**, **Sidley Austin**; buyer attorney **Richard Toelke**, **Morgan Lewis**; tax credit partner **Goldman Sachs**'s **Michael Lohr**; tax credit advisors **Gary Downs** and **Tuan Pham**, **Down Pham Kuei** and **Nixon Peabody**'s **Faith Bruins**; and transaction attorney **Aviva Yakren**, **Jones Day**.

280 DIVIDED BY 77 = 1

In the annals of deals with many moving parts, **Westwood Financial Corp.**'s closing on a $1.2-billion acquisition that consolidated 280 entities covering 77 different retail properties in 14 different states on the same day—with each property covered by its own loan—surely rates its own chapter. Along with dozens of locations and financings, the restructuring of 77 properties into one portfolio also required the approval of more than 500 investors.

In order to get the deal done, a team of 28 attorneys and 20 title and escrow company representatives was needed, along with participation from the full 81-employee base of Westwood Financial. It also meant getting those 500 investors on board early in the process, through clear communication every step of the way. "The complexity was greater than many of our top advisors had been through before," Westwood co-CEO Randy Banchik said this past September. "It also speaks to the necessary evolution of private companies to be able to compete in this arena."

One result of the consolidation of multiple limited partnerships into a single company was that "we have a better balance sheet," Westwood co-CEO Joe Dykstra said. "We have better resources to fully execute our growth plan and to navigate through the problems that occur in the shopping center business."

BUILDING ITS FUTURE WITH FLEXIBLE SPACE

Tech firm **Cloudera** had occupied approximately 53,000 sf of space in two different office buildings at 1001 Page Mill Rd. in Palo Alto, CA. The company has continued a steady pace of growth and ultimately required more space and flexibility for future expansion.

In the fourth quarter of 2015, Cloudera engaged **Newmark Cornish & Carey** to realize its vision for a new, expanded headquarters property including very

BEST OF 2016...*continued on page 52*

FOR SOME, MERGERS WERE THE WAY TO GO

Less than a year after the **Blackstone Group** took lodging REIT **Strategic Hotels & Resorts** private for $6 billion, the asset management giant exited its investment. The buyer was **Anbang Insurance Group**, which paid $6.5 billion, including the assumption of debt, for most of the the Strategic Hotels platform.

The year prior, the Chinese insurer had acquired the iconic Waldorf Astoria from Blackstone's Hilton Worldwide Holdings for nearly $2 billion. At the time, it was the biggest single-asset hotel buy in the US as well as the largest real estate purchase in the US by a Chinese firm, a distinction since claimed by the Strategic deal. After WH Group Ltd.'s $7-billion acquisition of Smithfield Foods in 2013, the Strategic transaction was the second largest US acquisition by a Chinese buyer, period.

Anbang's acquisition of Strategic followed its unsuccessful bid to pre-empt Marriott International's merger with Starwood Hotels & Resorts. The insurer walked away from the attempt in March 2016 after raising its bid for Starwood to nearly $14 billion. Marriott's deal for Starwood closed in September 2016, at roughly the same time as Anbang's buy of 15 of Strategic Hotels' 16 properties. *Bloomberg Business* reported in October that the sale of the 16th asset, San Diego's Hotel del Coronado, was called off after the Committee on Foreign Investment in the US raised objections to it on national-security grounds.

Skadden, Arps, Slate, Meagher & Flom LLP represented Anbang in the Strategic acquisition, fielding a team that included **Audrey L. Sokoloff**, **Vered Rabia**, **Kimberly A. Debeers** and **Eileen T. Nugent**. The law firm had also represented Anbang in its acquisition of the Waldorf Hotel.

Demonstrating that overseas investors' interest in US real estate extends even to niche categories, a partnership led by **GIC**, Singapore's sovereign wealth fund, acquired a 71% interest in **Yes! Communities**, a Denver-based owner and operator of manufactured homes this past August. Deal terms were not disclosed; however, the *Wall Street Journal* had earlier estimated that Yes! Communities, which was owned by **Stockbridge Capital Group LLC**, was valued at more than $2 billion.

The on-again, off-again merger of **Marriott International Inc.** and **Starwood Hotels & Resorts Worldwide Inc.** culminated in September, creating the world's largest hotel company in a megadeal valued at $12 billion. The new company now operates or franchises 1.1 million rooms in 5,700-plus properties, representing 30 brands in over 110 countries, more than doubling Marriott's presence in Asia, the Middle East and Africa.

Starwood shareholders received $21 in cash and 0.80 shares of Marriott class A common stock for