2012 INVESTMENT SALE OF THE YEAR

$1.15B GETS AMAZON EARLY CHRISTMAS GIFT

The buyer behind the biggest acquisition of 2012 wasn't a real estate investment company, a REIT or even a private equity fund. Rather, it was online retailer Amazon.com who gave itself an early—and expensive—Christmas present when it became the official owner of its headquarters in Downtown Seattle on Dec. 21. The Internet supergiant ponied up some $1.156 billion for the 1.8-million-square-foot urban campus.


Amazon's Downtown Seattle HQ

The property was owned by local developer Vulcan Inc., which had built out the campus for Amazon between 2010 and 2012 after entering into six separate leases with the tenant in 2007. However, market conditions for sellers—particularly low interest rates and high investor interest in Seattle—proved too enticing for Vulcan to keep the property on its books. The company put the campus on the market on Aug. 30, 2012, with a CBRE team, led by Los Angeles-based vice chairman Kevin Shannon and consisting of local CBRE investment brokers, as its agent.

The asset, consisting of 1.7 million square feet of offices fully leased to Amazon and 100,000 feet 93% leased to a variety of tenants including restaurants, cafes, banks, a pharmacy and a medical clinic, attracted significant investor interest. A little over a month after putting it on the block, Vulcan announced it had entered into a purchase and sale agreement with the 11-bulding property's occupant.

The final purchase price factors out to about $642 a square foot, though because each of the six phases were marketed and closed separately, individual transaction prices ranged from $614 to $670 per foot. In all, Amazon gained nine newly constructed five- to 12-story buildings and two historic rehabs with office lease terms ranging from 14 to 16 years. The retailer is a fixture in the local market, where it employs thousands of employees and generates millions of dollars in tax revenue annually.

From start to finish, the deal took about four months. That worked out well for Vulcan, which wanted to close by year-end. In fact, in entering the agreement Amazon made a deposit of some $23 million, which increased to some $51 million on Oct. 22, that it would forfeit if it didn't close in the fourth quarter. In addition to Shannon, Vulcan was represented by CBRE SVPs Ken White and Todd Tydlaska in L.A., and first VP Ray Attisha, EVP Dwight Newell and SVP Tom Pehl in Seattle. Amazon's reps were not identified.

Vulcan plans to invest proceeds from the sale toward continued revitalization efforts of Seattle's South Lake Union neighborhood, where it has developed nearly 30 acres of land over the past 10 years. "We will continue to focus on sustainable, mixed-use urban development where businesses—like Amazon.com—residents and visitors can experience the best of Seattle," said Ada M. Healey, VP of real estate at Vulcan, which owns another 30 acres in area that it plans to redevelop with a variety of commercial and residential uses.

OTHER NOTABLE 2012 SALES

ASIAN JV BUYS INTO SAN FRANCISCO TROPHY

Among GIC's many US plays last year was the $910-million purchase of a controlling interest in 101 California St. in San Francisco's financial district. The Government of Singapore Investment Corp., in a JV with HKMA of Hong Kong, bought a 95% stake in the 1.2-million-square-foot trophy for $758 a foot. The transaction had an in-place cap rate of 3.8%.

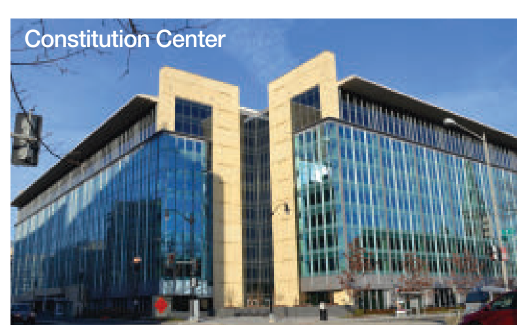

101 California St.

The deal included Nippon Life Insurance's 92% interest and a 3% share in the 48-story tower from Hines, which retained a 5% hold on the asset and will continue to serve as manager. Eastdil Secured negotiated the deal for GIC, which made the purchase with a 10-year, $505-million first mortgage from lenders MetLife and New York Life. At the time it changed hands, the asset was about 95% occupied by such tenants as Bank of America, the Blackstone Group, Booz & Co. and Morgan Stanley.

METLIFE, CLARION CONQUER 2 COASTS WITH $1.3B IN BUYS

MetLife may have provided financing for some of last year's biggest trades, but it also ponied up a significant amount of capital to buy assets, too. The New York City-based insurance firm teamed up with Clarion Partners on a collective $1.3-million acquisition of two office buildings on opposite coasts.

In Washington, DC, the pair paid $734 million, or $524 a square foot, for one of the capitol's largest office complexes, Constitution Center, at 400 Seventh St. The 1.4-million-square-foot trophy, sold by David Nassif Associates,


Constitution Center