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## SKB closing on major deals

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ScanlanKemperBard Cos.' Flurry of recent property acquisitions could snowball this month with two signature West Coast deals totaling roughly \$183 million.

SKB is currently immersed in confidential late-stage negotiations to buy "a prestigious \$123 million high-rise in the Pacific Northwest" and a "\$61 million mixed-use complex in San Diego" said

Bob Scanlan, principal of the Portland-based real estate investment firm.

Scanlan said he is confident that his eight-year-old firm's portfolio will rise to \$480 million by new Year's Day. SKB's employee roster has nearly doubled within the last year.

Expected to close by year end, the \$123 million acquisition is more than double the cost of any deal Scanlan has orchestrated before. Though SKB is overseeing the buy,

the firm's debut as a \$100 million-plus player is being aided by an unnamed investment partner.

Todd Gooding, SKB principal and Director of Acquisitions, was scheduled to spend Dec. 6 with the high-rise owners. Gooding said the \$123 million price tag has been nonnegotiable.

The signature high-rise deal would also mark the climax of several months of

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CATHY CHENEY/THE BUSINESS JOURNAL

Bob Scanlan and his firm are making big moves to grow their real estate portfolio.

## SKB: company sets furious West Coast acquisition pace

acquisition activity for SKB. Since April, the firm has brought a half-dozen properties and portfolios ranging in price from \$12 million to \$42 million

"We're reacting to opportunities that we feel very good about," Scanlan said. "Really, we're responding to what's available to us in the debt market. Our high-net worth investors who are becoming nervous about the stock market are more willing to diversify in our kind of product."

Gooding added that the firm's "mantra" is to provide its investors with at least a 10 percent cash-on-cash return. So far, he said, the firm is averaging just above those rates.

The largest of SKB's recent West Coast acquisitions include:

■ March 2000: The Enterprise Technology Center; Scott's Valley, Calif.: \$47 million. This flamboyant Santa Cruz County high-tech campus is one valley west of Silicon Valley, but that might be part of its allure. Though a few industry peers thought the deal for this former Inprise/Borland Corp. campus was risky, it's 500,000 square feet are now fully leased.

■ July 2000: The 100 North Winchester Building; Santa Clara, Calif.: \$12.2 million.



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The Enterprise Technology Center in Scotts Valley, Calif., is one of the plums nabbed by SKB.

■ Aug. 2000: MeadowStone Lodge; Kirkwood, Calif.: \$13 million. This "lodge" is a 24-unit luxury condominium project located on the slopes of the Sierra Mountains and near a remote lake.

■ Sept. 2000: Orinda Theatre Square; Orinda, Calif.: \$17 million. Orinda Theatre Square is an office and retail complex offering nearly 100,000 square feet of space.

■ Oct. 2000: a Reno, Nev., industrial portfolio; \$42.4 million. In this deal, SKB bought 17 industrial buildings in the Reno-Sparks metropolitan area offering 1.7 million square feet of space.

■ Oct. 2000: Mission Center Office Park; San Diego, Calif.: \$21 million. This Class B office-retail complex offers 187,500 square feet of space spread among six buildings. When bought, the property's office rents were 18 percent below market.

A \$61 million deal for a mixed-use complex in suburban San Diego is likely to close this year, Scanlan said.

In addition, the firm is increasingly making its Western U.S. real estate investments available to wealthy European investors. In October, SKB partnered with Triangle Group, a global corporate finance firm founded by international lawyers, to facilitate such opportunities.

Scanlan said the "more globally sophisticated" European investors are less sensitive to lower yields in the beginning years of a major acquisition. In addition, those investors have a higher risk appetite than Scanlan initially expected.

"A wealthy European looks at the world differently," he said. "The first year to him is like, 'So what?' The American investor is far more demanding earlier." □

**SKB**