

SKB Snares \$62M Vancouver Business Park

September 22, 2006

By Adam Perrotta, News Writer

ScanlanKemperBard Cos. (SKB) has bought the EastRidge Business Park, in Vancouver, Wash, in a \$62 million deal with the property's former owner, EastRidge Business Park L.L.C. SKB's acquisition of the 36-acre, 466,634-square-foot complex (pictured) was funded by \$14 million in equity and a \$48 million loan from Aegon US Realty Advisors. The 28-building property is currently 97 percent leased, excluding two newly constructed buildings.



Constructed between 1978 and 2006, the park features flex, office and retail space. Currently, the tenant roster boasts 100 separate lessees, which factored heavily into SKB's decision to acquire the property, according to company CEO Bob Scanlan, who spoke with *CPN* today. "No tenant has over 9.5 percent of the property. (There are) a lot of tenants, they are smaller in size and there's not much turnover," Scanlan said. "We don't see any downside," he added, citing the 16.6 percent rate of return as in line with the company's current strategy of seeking out lower-risk projects with more of an assured return.

SKB was also attracted by the economic growth of Washington's Clark County, which has seen the creation of 4,100 jobs over the past 12 months, a 3.3 percent growth rate for the year. "Clark County has been one of the fastest growing counties in the U.S., and that continues to be so," observed Scanlan. According to the Portland office of Grubb & Ellis Co., the Vancouver submarket has reached a 13.4 percent vacancy rate for office space and a 6 percent rate for Class A flex properties.

The EastRidge complex--which is comprised of 50 percent flex, 38 percent office and 12 percent retail space--possesses broad zoning permits which enable a variety of tenant types to occupy space, from office and retail tenants to medical, industrial and food services.

Currently, several of the park's buildings are occupied by a tenant-type other than that which the space was designed for, with office users occupying retail space or warehouse users occupying office space. Scanlan said that SKB will correct this situation as it attempts to draw as many retail tenants to the complex as possible, as demanded by the market. "Retail is stronger than it has ever been, given what's happened in Vancouver with population density," Scanlan said. "As the (currently non-retail) leases roll over, we will hold out for retail tenants, because we can afford to," he continued, citing the property's varied and multifaceted tenant base.

Scanlan also said that SKB was in the process of dividing the buildings up into as many as eight to nine parcels in preparation for possible future sales, especially to prospective 1031 exchange buyers. The two new buildings are currently being marketed to tenants, with a 9,000-square-foot lease close to being signed for space in one of the new facilities, according to Scanlan. [Colliers International](#) will manage the EastRidge Business Park.