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Spaces and Places: Valley real estate draws Persian Gulf money

By Katherine Conrad

There's "still room to run" say two investment firms that have teamed up to buy Silicon Valley commercial real estate - mostly with capital supplied by investors from six Persian Gulf countries.

Irvine-based Bixby Land Co., a player in the valley only since last year, has formed a joint venture with Investcorp to bolster the \$286 million it has already invested in 1 million square feet of real estate in San Jose and Santa Clara, according to Bill Halford, Bixby's president.

Halford said he was preparing in October to "go on a road show" to raise capital for more purchases when Investcorp stepped in.

"We're a sizable company with sizable balance sheet, but the ability to do something on a larger scale is greatly enhanced by having an equity partner," Halford said. "We can execute a plan on a larger scale and execute it quicker."

Investcorp, which has offices in New York, London and Bahrain, opened an office in Los Angeles in July and was seeking an investment partner with an eye to buying real estate in West Coast markets, specifically the valley, said Brian Kelley, a principal with Investcorp's real estate group.

"There's no question Silicon Valley has been hot for awhile. The tech sector is enjoying a good run. It has consistent positive net absorption, falling vacancies, rising rents," he said. "We think there's still room to run."

Bixby just bought two buildings totaling 118,000 square feet in Santa Clara that are leased to Applied Materials but unoccupied.