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From the Puget Sound Business Journal:

<https://www.bizjournals.com/seattle/news/2020/11/24/rare-commercial-office-sale.html>

2-building Bellevue property trades for \$63M in rare office sale

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Swift Capital Partners, which has invested hundreds of millions of dollars in Eastside commercial office properties in recent years, on Monday sold one of the properties for \$63 million.

That's 39% more than what Swift paid for the Overlake 520 in mid-2018. As Swift put it in a news release announcing the sale, it "was able to fully round trip the investment over a 28-month period."

The sales affidavit lists the buyer as a Delaware-registered company whose address in New York City is the same as that of Innovatus Capital Partners.

Office investment sales have continued, but not at the same pace as before the pandemic as investors wait to see how the market shakes out, especially now that working from home is the norm.

San Francisco-based Swift specializes in buying underperforming properties and filling them with tenants who pay higher rents. Innovatus' website says it invests long-term capital in properties with strong cash flow.

Located within a mile of Microsoft's headquarters, Overlake 520 consists of two two-story buildings totaling just over 145,900



NEWMARK KNIGHT FRANK

Overlake 520, a two-building office property within a mile of Microsoft's headquarters, has been sold for \$63 million. The seller bought the property for \$45.4 million about two and a half years ago.

square feet. Many tenants are Microsoft vendors, and the Microsoft Connector shuttle service stops at Overlake 520.

Swift purchased the property at 79% occupancy and filled the buildings with "a diverse roster of strong credit tenants," the news release said.

Nick Kucha of Newmark listed the property, which is in the 520 corridor, one of only two Eastside submarkets that saw positive net absorption in the third quarter, according to Newmark. The other was Redmond. (Net absorption measures whether demand is growing or shrinking.)

The sale shows the strength of the Bellevue market. "In the midst of a global pandemic, we witnessed deep demand for office space from tenants and equally impressive interest from institutional capital," said Tom Harris, an investment manager at Swift.

Swift homed in on the Eastside's potential six years ago and has invested over \$250 million. This fall it paid \$72 million for an eight-story Bellevue office building that was only two-thirds leased. That's high for downtown, where Newmark pegs the vacancy rate at just 3.2%.

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