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## **State Receives Offers in Excess of \$2 billion For Office Properties**

SACRAMENTO – After analyzing the offers that were received by its broker, CB Richard Ellis (CBRE), the California Department of General Services (DGS) has announced that it has received more than 300 offers to purchase and lease back 11 state office properties. Multiple bids were received for the entire portfolio that totaled in excess of \$2 billion. The bids were received after CB Richard Ellis [placed the properties on the market](#) in late February, which generated worldwide interest from numerous buyers eager for stable, leased investment properties.

“We are more than pleased with the competitive offers that have been submitted. I’m looking forward to proceeding with the next step of negotiations,” said DGS Acting Director Ron Diedrich. “This transaction will generate a significant amount of capital for the state to retire debt and help contribute to the General Fund.”

“We had anticipated a strong response on April 14 and were pleasantly surprised by the amount and quality of the capital that submitted purchase offers. The bids received confirmed that the current supply/demand imbalance for investment product is clearly playing into the State of California’s favor,” said Kevin Shannon, Vice Chairman of CBRE. “Based on the bids received, we will be focusing on portfolio buyers only in the next phase of the sales process.”

Now that the offers have been received, CBRE will enter into negotiations with those portfolio buyers who have submitted the most competitive offers. The state anticipates announcing the selected portfolio buyer in late May.

Following through on his commitment to remove the state from the business of owning and operating commercial real estate, Governor Schwarzenegger and the legislature authorized the sale of the properties, which total 7.3 million in rentable square feet, located in Los Angeles, Oakland, Sacramento, San Francisco and Santa Rosa. Once sold,

the state anticipates retiring more than \$1 billion in bond debt, saving California nearly half a billion in interest payments over the next two decades. The sale is also expected to net significantly more than the anticipated \$660 million in proceeds that was originally projected. Those proceeds will be funneled directly into the General Fund, helping to save Californians from increased taxes and deeper cuts in state programs and services.

The Department of General Services serves as the business manager for the State of California, with more than 4,000 employees and a budget in excess of \$1 billion. DGS helps state government better serve the public by providing services to state agencies including innovative procurement and acquisition solutions, creative real estate management, leasing and design services, environmentally friendly transportation, and architectural oversight and innovative funding for the construction of safe schools.

CB Richard Ellis Group, Inc. (NYSE:CBG), a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world's largest commercial real estate services firm (in terms of 2009 revenue). The Company has approximately 29,000 employees (excluding affiliates), and serves real estate owners, investors and occupiers through more than 300 offices (excluding affiliates) worldwide.