

DEAL OF THE YEAR: WINNER

Like: Facebook transaction sets valley record

Colliers International identified the lease as the largest for office/research and development space ever recorded in the Bay Area.

BY KEITH BOWERS

The February deal that saw Facebook Inc. find a new headquarters in Menlo Park fits the dramatic rise of the company itself. The social media firm – created as a Harvard dorm-room experiment in 2004 – established itself in various spaces in downtown Palo Alto, later graduated to Stanford Research Park, and now it will occupy a Menlo Park campus built for one of Silicon

Valley's former tech giants.

Facebook, which is not publicly traded but has been valued at various times at more than \$60 billion, signed a 15-year lease to occupy the former Sun Microsystems Inc. site in Menlo Park with an option to buy the site after five years.

That lease completed a sale-leaseback deal for more than 1 million square feet with Rreef, the real estate investment management firm of Deutsche Bank

AG. Rreef had purchased the property from Oracle America Inc., a private subsidiary of Oracle Corp., whose latest annual revenue was \$35.62 billion. Oracle purchased the SunMicro company in early 2010 for \$7.4 billion.

Further terms of the deal were not disclosed, but published reports has put the purchase price of the Sun campus at \$100 million.

Colliers International represented Oracle in the deal. According to materials supplied by Colliers, the Facebook lease was identified as the largest for office or research and development space ever recorded in Silicon Valley and the Bay Area. Colliers brokers involved in the deal include Phil Arnautou, Jeff Rogers, Doug Marks and Rick Knauf. Both Oracle and the brokerage declined to comment on the deal.

The property includes 1 million square feet in nine buildings spread across 57 acres at Willow Road and Bayfront Expressway, plus an adjacent 400,000 square feet on 22 acres that has two buildings at 312 and 314 Constitution Drive owned by a General Motors Co. affiliate. The properties are connected by a tunnel that runs underneath Bayfront Expressway.

Facebook employs approximately



MAJOR MOVE: Facebook Inc. signed a 15-year lease for 1 million square feet at the former Sun Microsystems Inc. campus.

FILE PHOTO

2,000 people, two-thirds of whom are based in the Bay Area, and the company is growing at about 50 percent annually. Facebook plans to have completed its move into the former Sun campus by the summer 2012.

“Facebook is global,” Menlo Park Mayor Richard Cline said. “It’s a dynamic company, and it brings that

dynamic brand to our town.”

A Facebook spokesperson said the company intends to keep a presence at its Palo Alto offices at 1050 Page Mill Road and 1601 S. California Ave., until the lease is up at the end of 2013.

Cornish & Carey Commercial Newmark Knight Frank brokers Jack Troedson, Joe Hamilton and Rod Scherba represented Facebook in the deal.

FACEBOOK INC.

• **TRANSACTION DETAILS:**

• 15-year lease with option to buy in five years

• **PROPERTY SIZE:**

• 1 million sq. ft./79 acres

• **ESTIMATED PURCHASE**

• **PRICE:** \$100 million