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1031 Exchanges Back 119,638-SF Retail Deal

By Amy Wolff Sorter

HOUSTON-The 119,638-sf Cypress Station Shopping Center in the far north submarket has changed hands for \$12.42 million. The buyer and seller, both from California, were working 1031 exchanges.

Cypress Shadowbriar Galleria LLC of Westlake Village, CA sold the 89%-occupied property at 211-241 FM 1960 West after achieving its investment objectives during its 2.5-year hold, says Edward Hanley, president of Hanley Brown Group Real Estate in Irvine, CA. "He's on the lookout for properties with vacancies he can fill up. He's under contract to buy one in San Antonio and another in Houston," Hanley adds.

Hanley Brown Senior Associate Kevin Fryman tells GlobeSt.com that the buyer from Wilmington, CA signed a letter of intent within a couple days of the property coming to market. "They acted very quickly on negotiations and were more than qualified," he adds. "They have a history of owning commercial properties."

Fryman says Cypress Station is the buyer's first acquisition in Texas, but there are no plans, at the present, to purchase more. The buyer's 1031 exchange proceeds came from the sale of an industrial asset to an owner-user in Southern California.

The brokers say Cypress Station's new owner isn't planning a major rehabilitation and isn't facing any immediate lease rolls. Anchor Louis Shanks Furniture has a long-term lease while other tenants are operating with three- to five-year terms. Built in 1981 on a 9.52-acre tract, Cypress Station's roster includes Bennigan's Restaurant, Enterprise Rent-A-Car Co. and Total Renal Care Holdings Inc.

"The upside is because of the 11% vacancy," Hanley remarks. "The rents in this center are around a dollar per sf. New centers in the area go closer to \$2 per sf."

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