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Four Retail Deals Total 108,000 SF, Include 1031

By Bob Howard

IRVINE, CA—Buyers have closed on three acquisitions of multi-tenant retail properties and one ground lease for a single-tenant retail property that a broker describes as one of the most challenging he has ever worked on. The four deals, brokered by Irvine-based Hanley Investment Group Real Estate Advisors, total more than \$8 million combined.

In the ground lease deal, senior vice president Carlos J. Lopez of Hanley reports that 1031 exchange buyer John Choi of Los Angeles acquired fee-simple ownership in land leased to a single-tenant building occupied by Forever 21 at 1113 Imperial Highway West in Calexico from Calexico Retail Associates LLC for \$5.2 million. The property is situated within a neighborhood shopping center anchored by Food 4 Less and Rite Aid.

Built in 2007, the Forever 21 space is a 78,780-square-foot building on a 5.76-acre parcel. The building is leased and owned by Macerich Crossroads Plaza Holdings LLC and is operated by Santa Monica-based Macerich, a retail REIT. Forever 21, a retail apparel chain that operates over 400 stores in the US and Canada, is a subtenant.

Lopez, who represented the seller, describes the deal as one of the most challenging he has ever worked on, explaining that, "The complexity came in clarifying the chain of ownership to prospective investors." He describes it as "an ideal investment" for the type of investor who ultimately bought it, a 1031 buyer who was looking for a single-tenant investment with minimal management responsibilities. In addition to fulfilling the 1031 exchange requirement with the all-cash purchase, the buyer closed earlier than originally agreed. The buyer was represented by Bryan Sung of Ace Realty in the Los Angeles County city of Artesia.

In one of the three multi-tenant deals, in the Orange County city of Cypress, a private investor bought a 7,966-square-foot multi-tenant strip center at 5491 Ball Rd. at the signalized intersection of Walker Street and Ball Road from Los Angeles-based Westwood Financial, which was represented by Edward B. Hanley and Jeremy S. McChesney of Hanley Investment. The property was built in 1986 and was 71% occupied at the time of sale. The buyer paid \$2.27 million and was represented by YK Limited Partnership of St. Louis.

McChesney says that, compared to average historical sales prices, the \$286 per square foot for the sale of a building built in the 1980s, "shows that the retail investment market is still very active in Orange County."

In North Hollywood, Tong Whee Chun of Tustin bought a 9,518-square-foot multi-tenant strip center anchored by a 7-Eleven at the signalized intersection of Riverside Drive and Camarillo Street from Westwood Financial. The center was built in 1983, and was 84% occupied at the time of sale. The purchase price was \$3.77 million at a 7.45% cap rate.

Hanley, who represented the seller, comments that, "Based on the number of offers we received, I feel that values may stabilize sooner than expected for this product type. □ The buyer was represented by Jay Kim of ERA New Star Realty & Investment of Rancho Cucamonga.

In Bellflower, a private investor from Los Angeles bought a 12,155-square-foot retail center, known as Bellflower Plaza, at 17141-17167 Bellflower Blvd. from another Los Angeles-based private investor in a deal brokered by vice presidents Kevin T. Fryman and Eric P. Wohl of Hanley Investment, who represented the buyer and the seller. The purchase price of \$2.1 million represented a 6.63% cap rate. Built in 1980, Bellflower Plaza was 92% occupied at the time of sale.

Wohl says that the deal demonstrates the "consistent interest from investors in multi-tenant retail centers priced in the \$1 million to \$3 million range. □ Fryman notes that the buyer paid all cash.



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