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Canadian Buyer Pays \$15M for 68,000-SF Retail

By Bob Howard

IRVINE, CA-An individual investor from Canada has acquired a 68,084-sf grocery and drug-anchored center in National City for \$15 million at a 6% cap rate, assuming an existing CMBS loan as part of the deal, according to Irvine-based Hanley Investment Group, which brokered the transaction. Edward B. Hanley of Hanley Investment, who represented both the buyer and the seller, reports that the transaction illustrates how "Foreign capital is taking advantage of the weak dollar and pursuing shopping centers in the US." The foreign investors, Hanley notes, "are especially interested in California."

The center is located at 855-901 Euclid Ave. and 2525-2531 East Plaza Blvd., at the signalized intersection of East Plaza Boulevard and Euclid Avenue, on a site of 7.35 acres. Its four tenants include Ralphs, Walgreens, Blockbuster Video and Firestone Tires. The property, which built in 1982 and renovated in 2004, was 100% occupied at the time of sale.

The buyer was Amir Khalili from Vancouver, BC, Canada. The seller was National Properties VII LLC based in Tiburon, CA.

According to Hanley, the buyer assumed an existing CMBS loan that featured a historically low interest rate of 5.23% and required a 40% down payment. Since the buyer was not a US citizen, "It added to the complexities of the CMBS loan assumption process," Hanley notes.

In commenting on a previous deal that he closed that was reported on GlobeSt.com in June, the \$19.5 million sale of a grocery-anchored center in Glendale, CA, Hanley also noted that such centers continue to trade despite the economic downturn and the credit crunch. "The demand for well located grocery-anchored shopping centers in Southern California remains very strong in spite of current capital market conditions," he said.

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