

LA PUENTE PAVILION

At the request of an institutional client, Capstone created and executed an asset management and disposition plan for the sale of La Puente Pavilion. La Puente Pavilion, a 43,760-square-foot retail center located in an Hispanic submarket of Los Angeles County, was acquired by our client following foreclosure. The property was 26% occupied and much of the available space was obscured from passing traffic by street-front pad buildings owned by others. The largest vacant space, which represented 38% of the property's floor area, was over-improved and uninhabitable. The client's objective was to dispose of the property with minimal additional capital investment.

Capstone designed and implemented the following asset management program for La Puente Pavilion:

- Created a strategic plan that outlined the various measures that would be undertaken to achieve the client's objective.
- A Hispanic market specialist was identified and hired to market the property for lease and sale.
- In addition to performing basic property management evaluations and tasks (which are outlined in more detail in The Anderson Building Case Study), Capstone worked with a general contractor and created an exterior improvement plan that would increase the building's visibility from the street.
- Capstone met with the city of La Puente regarding pylon and monument signage for the property.
- Capstone selected and worked with a general contractor to create a construction budget for the exterior improvements, that would restore the large vacancy to "shell" condition and expand it by incorporating adjacent vacant space. A sign contractor was consulted to prepare a budget for pylon and monument signage.
- Capstone managed the efforts of the property's real estate broker to market the property for lease and for sale. Leasing efforts were focused on retail chains whose products and services were primarily aimed at Hispanic consumers. Disposition efforts were directed toward developers and "value-add" investors.

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- Obtained and negotiated a letter of intent from a retailer who sold hard goods (e.g. electronics, appliances, etc.) in Hispanic communities in the Western and Southwestern United States.
- Simultaneously obtained several letters of intent to purchase the property from developers and local investors who were encouraged by Capstone's redevelopment plan and letter of intent from a large regional tenant.
- Compiled and organized property information to facilitate prospective buyers' due diligence.
- Negotiated letter of intent with prospective purchaser and worked with the client's attorney to negotiate purchase and sale agreement.
- Worked with buyer throughout the due diligence period and managed the closing process.
- Property was sold 11 months from commencement of the assignment at a 26% premium over the client's expectations.