



RECORD SINGLE TENANT NNN SALE PRICE/PSF; DEVELOPMENT PRESALE

OVERVIEW

- ▶ 137 Serramonte Center, Daly City, CA
- ▶ Class A Retail Building
- ▶ ±4,500 SF
- ▶ ±0.52 Acre Site
- ▶ 100% Leased by Verizon Wireless
- ▶ Seller: Petrolink, Inc.
- ▶ Buyer: Pacific Royale, LP

THE CLIENT

Platinum Energy is a privately-owned company based in Agoura Hills, CA. Platinum's Founder and CEO, David Delrahim emigrated from Iran in 1979 with a dream of success and helping others succeed. Founded in 1983 with one sole gas station, Platinum Energy is the owner/operator of more than 200 car washes and gas stations throughout the West Coast. Platinum is a pioneer in employee development, retention and diversity being the first in the industry to provide full health and retirement saving benefits to all employees

For more information regarding this case study, please contact:

JONATHAN SELZNICK
Senior Vice President - Principal
(949) 734-0243
jselznick@lee-assoc.com

THE CHALLENGE

Former Union 76 gas station site; main entrance pad to Serramonte Center (major regional power center, premium Bay Area Peninsula location). Subject property was the only pad not owned by the REIT that owns Serramonte Center; REIT offered to purchase the subject property for \$5M (\$221/PSF - land value). While the subject property was "clean" from an environmental standpoint (owner was in possession of a "No Further Action Letter" and "Tank Closure Letter"), the fact that the prior use was a gas station presented environmental challenges to be addressed no matter how the site was redeveloped and to whom it was leased or sold.

OUR APPROACH

Advised client to find a tenant and determine if ground lease or build to suit option would maximize disposition value versus an outright land sale. Fully negotiated Verizon Wireless corporate lease on behalf of the client, including overcoming significant environmental, construction/delivery, over market rent, and city-related issues. Provided fee development oversight to ensure entitlement, building department, and construction matters were in sync with tenant's timing/expectations. Marketed the property for sale prior to construction being complete and tenant accepting delivery of the premises (creative marketing and deal structure).

THE OUTCOME

Delivered brand new corporate Verizon Wireless NNN 10-Year Lease, 4,500 square foot, newly constructed build to suit, net operating income of \$528,510 (\$9.79/PSF). Total costs for construction, leasing commissions, tenant improvements, etc. (approximately \$2M). Sold to Bay Area based, 1031 exchange buyer with local outside broker representation for \$10,050,000 (5.25% cap; \$2,233/PSF). The price per square foot set a national record for a stand-alone single tenant NNN leased retail investment. Net sale proceeds to the client was over \$8,500,000 after construction costs vs. the original \$5M "as-is" sale to the REIT that owns Serramonte Center- a \$3.5M delta, or 70% in additional value generated.