

CASE STUDY

LIFESTYLE SHOPPING CENTER REPOSITIONING INSTITUTIONAL CORE FUND ASSET

SITUATION

A Lifestyle shopping center who's value was compromised due to quickly shifting market conditions and a declining tenant pool. Vacancies were beginning to add up, tenants were coming to renegotiate leases and the property was in a core fund and its devaluing was dragging down the performance of the fund overall. It was marketed by two National Brokerage firms for sale prior to our retainer.

EXECUTION

Being that all of the interested parties were of domestic origin, we sought after partnerships and funds that were internationally based and had more favorable currency trade with the US. We found a partnership with UK based investors that allowed us the currency spread necessary to facilitate the client strike price to necessary exit the fund. We agreed to stay on post close for tenant coordination and leasing to facilitate an action plan that was presented in the Offering Memorandum to Investors. The property was stabilized within twenty four months of clos-

SOLUTION

The solutions were basic; obtain foreign based investors with higher valued currency and keep the existing tenants in place. There were nearly 30 tenants in this 100,000+ sf asset and most of them had needed to have some sort of temporary lease concession. There were termination clauses in the leases not only for sales performance, but for like-kind tenant occupancy as well as overall tenant occupancy. The property did not lose any additional tenants over the next 24 months and the occupancy levels were raised to 95% in a struggling market thru consolida-

SWOT ANALYSIS



STRENGTHS

Newly Constructed Asset, National Retail Tenancies, High Income Demographics, Strong Retail Corridor



WEAKNESSES

Declining economic market, marginalized market segment, cross collateralized leases with termination clauses.



OPPORTUNITIES

Keep existing tenancy with temporary leases, engage new tenants due to asset stability, consolidation of small spaces and upgrade tenant mix.



THREATS

The entire project could go dark due to performance and termination clauses.

