

CASE STUDY- SELLER REPRESENTATION

We can turn lemons into lemonade



496 S Arroyo Parkway, Pasadena CA
5,000 sq.ft. Building / 17,500 sq.ft. Land

Situation

In 1965 a mother, in her well intended efforts in estate planning, entered into a long term lease with multiple 5 year options to a Tire Store.

The mother passed and left the property and it's lease to her 5 children who are now all in their 70's. The "children" wanted to take advantage of the value of the current property, while they are still healthy enough to enjoy it, but, there are three years left on the last of the options.

The original Tenant took advantage of the changed market conditions and subleased for a profit.

After expenses, the family was lucky if they broke even.

Solution

MacVaugh & Co. reviewed the lease and subleases for possible loopholes to invalidate the current tenancy so the property could be sold to an owner / user. There were none.

Plan B. Current market demand for high-density, mixed-use development sites was high.

Any new project would take a year and ½ or so to get through the City processes – the remaining lease term was not that much of an encumbrance to a developer.

The property was listed for \$2,200,000 and marketed through the normal channels of the broker and commercial real estate internet network, but also target marketed to developers .

Results

The listing resulted in an overbid situation. Because of the competition for the property we were able to establish very favorable terms for the Sellers – ie., short time period for contingencies and cash out of escrow prior to close. From a group of three well qualified developers, one was selected @ \$2,350,000.