CASE STUDY 4: SHUTTERED THEATER ANCHORED RETAIL REDEVELOPMENT

SANTEE VILLAGE
Santee, CA

- 100,000+ SF Retail center anchored by a closing movie theater tenant
- Acquired the property and signed a lease with Vons while in escrow for a new supermarket development

OPPORTUNITY

In 2000, an affiliate entity led this redevelopment in Santee, California. At the time the center was losing occupancy and the anchor tenant, an outdated movie theater, was vacating.

VALUE ADD

Ownership acquired the property for $6,525,000. During escrow for purchase, ownership signed a ground lease with Vons for a new supermarket. Ownership was then able to secure approvals from the City of Santee for the new grocer's site, as well as the consent of two existing tenants, Wendy's and Kragen Auto Parts, for the development of approximately 20,000 square feet of new space. The total redevelopment required more than $3.5 million of construction expenses.

RESULTS

The new development commanded substantially higher rents than the previous property, and the new Von's anchor tenant allowed strong leasing activity which filled the new in-line shop space. With the property near 100% occupancy, ownership sold the property in 2003 for approximately $17 million.