



Case Study Number 9

Mission Valley Anchored Strip Center



Promus was engaged to manage and lease this anchored strip center in Mission Valley when our client purchased it in June of 2003. The commercial leases were poorly written, leaving much of the investor's profit on the table. In addition, there were two existing vacancies.

Within the first three months of ownership, one more tenant vacated and the anchor tenant left in the middle of the night, creating a 44% vacancy rate and a cash flow crisis for the owner.

A cosmetic facelift was completed on the property and Promus re-leased the vacant spaces, taking the asking rental rate at the center from \$1.25 full service to \$1.65 PSF triple net and upgrading the tenant mix in the process. The leases at the center were revised to allow for the collection of reserves for the replacement of the roof, HVAC and parking lots. Net operating income rose from \$225,000 in 2003 to \$289,000 in 2004 – a 28% increase. Based on the new income in place, the value of the center today has increased by 64% and the investor's return next year is projected to be 25%. Who says there's no upside in today's market?

Imagine what we can do for your shopping center.

Respect. Relationships. Results.

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