

Case Study



17820/17830 Englewood Drive



6909 Engle Road

17820/17830 Englewood Drive / 6909 Engle Road Middleburg Heights, Ohio Investment Offering

The transaction involved the sale of two high image multi-tenant developments known as the Hadley Business Campus (6909 Engle Road) and Englewood Centre (17820 /17830 Englewood Drive) in Middleburg Heights, Ohio. The portfolio was comprised of eight buildings totaling 294,164 square feet on 23 acres. Pamela L. Bertovich represented the Seller. The properties are well maintained masonry buildings with 94% occupancy and 46 tenants.

CHALLENGES

- The Buyer required a 1031 Exchange with specific parameters.
- Buyer was from California, with a perceived negative perception of the Greater Cleveland marketplace.
- The existing mortgage was assumable. However, terms and assumption fees were not attractive.
- Financial markets were frozen (Toured property in August – Closed in December).
- The offering was comprised of multiple tenants (46) with short-term leases (2 – 5 years) and the upcoming lease turnover was a major concern.
- Seller also required a 1031 Exchange in order to consummate a transaction on the offering.

CREATIVITY

- The team interfaced in discussions with the existing mortgage holder as well as assisted Buyer in exploring other alternatives. As a result, the Buyer secured alternative financing well below market, regardless of current market conditions.
- Upcoming lease turn over was addressed by capitalizing on existing Tenant relationships and executing lease extensions prior to property transfer.
- Negative market perception concerns were overcome by minimizing perceptions due to “negative press” and expanding upon the positives which are often ignored by the media.
- West coast Owner investment concerns as it relates to managing a 300,000 sq. ft. investment in Cleveland was addressed by educating Buyer as to a 20 year historical track record of the teams leasing and management experience with this and similar offerings. Our historical occupancy rates for these properties were consistently above market average.

RESULTS

- Pamela Bertovich has had a long term history with both properties as the Property Management and Listing Agent (lease and sale). Her hands-on experience and intimate knowledge of the assets added value to these properties and accelerated the due diligence process. Additionally, long term relationships with the tenant base provided for the seamless transfer to the new ownership.
- The Seller achieved his objective of receiving a respectable value, despite market conditions. He also experienced a seamless transaction process allowing him to remain out of state while his interests were in the hands of our team. Additionally, in a relatively short timeframe, Pamela was able to identify a 1031 (out of state) for the Seller, which transaction was completed on April 12, 2009.
- The Buyer achieved his objective in completing his 1031 and investing into a second tier market. The primary drivers for this transaction on behalf of the Buyer were location, tenant mix, net operating expenses, and property condition. Additionally, as a result of his experience with the team, he retained them to continue to manage and lease both developments as well as represent him in an effort to expand his holdings in Northeast Ohio.

