



GENERAL ELECTRIC

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REAL ESTATE SERVICES

Real People. Real Solutions.®

# Voit brokers largest user sale in San Gariel Valley in 2012

## **Frank Geraci and Juan Guetierrez of Voit's Inland Empire office strategically negotiated a \$30 Million building sale and relocation of tenants in Pomona, CA**

### **Challenge:**

GE Real Estate wanted to free up \$30 Million of equity in their 355,000 sq. ft. leased investment in Pomona, California. Unfortunately, the building was leased to two tenants and one subtenant at substantially above-market lease rates. An investment sale was out of the question as the capital markets would discount the rents back to market levels of the Great Recession. The highest and best use was to sell the property vacant to a user/occupier. However, the existing leases were not scheduled to expire for another 18 months, thereby impeding immediate occupancy. A successful transaction would require a balancing act of relieving the existing tenants of their lease liability while finding a buyer who would waive contingencies and release non-refundable monies during escrow prior to the tenants moving out.

### **Solution:**

Voit identified Crown Mark Furniture, a tenant whose lease in a 200,000 SF building in Fontana, California was expiring in twelve months and wanted to purchase a larger replacement building further west of their present location. With GE's approval, Voit proposed the Pomona asset as an excellent building for Crown Mark despite the fact that it was leased and not on the market for sale. Voit was able to articulate the benefits and challenges to Crown Mark resulting in an offer to purchase the building subject to GE delivering the property vacant upon close of escrow. With a deadline at hand, Voit successfully assisted the three tenants in locating and negotiating alternative spaces, relieved them of their current lease liabilities and receive a refund of their security deposits.

### **Results:**

GE was able to sell the 355,000 sq. ft. property vacant to Crown Mark for \$30 Million, a substantially premium over the value that the property was worth leased. Crown Mark successfully relocated to a larger building closer to their customer base in a market historically without buildings of this size available for purchase.