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LA Deal Sheet - Diamond Bar

By Julie Nakashima

Foremost Cos acquired a pair of shopping centers in Diamond Bar totaling more than **120k SF** on **10 acres** for **\$23M**, marking the residential land investor's **first foray** into commercial properties.



Yesterday, we chatted with Foremost president **Steve Cameron**, who says Diamond Bar boasts great demographics and a central location at the 57 and 60 freeways. The company, formerly known as Foremost Communities, is seeking to **diversify its holdings** by buying income-producing real estate as a less risky

investment compared to raw residential land. The firm plans to buy underperforming office, industrial, retail and apartment properties where it can **improve operations** and **enhance value**. Over the past few years, the company has sold nearly \$200M worth of residential land to homebuilders.



The two centers, **Oak Tree Plaza** (above) and **Ranch Center**, sit right next to each other on North Diamond Bar Boulevard. This isn't the first time that Steve has switched gears. In **2006**, he'd been a **homebuilder for 16 years** when he saw residential markets deteriorating. Figuring things would only get worse, he decided this was a good opportunity to form a new company to take advantage of resulting **lower land prices** and launched Foremost in January 2007. "We waited quite a while to buy our first asset, but we were positioned and ready to do it." With \$100M of equity from initial partner **Starwood Capital**, Foremost started buying land in September 2008, ultimately acquiring and managing **12,000 single-family lots** within a two-hour drive of **Newport Beach**.



The seller of Ranch Center was **Preferred Bank**, which foreclosed on the property in October. Steve expects Foremost's future business to be **split 50-50** between residential land and income-producing property, with several commercial deals in the pipeline right now. The company doesn't do any vertical development; its **core business** has been to buy undeveloped land, entitle and sell it to homebuilders. On larger projects, however, it may develop and sell finished lots. In fact, Foremost's beginning development on one **next month**: the 1,400-lot master planned community Terramor in Riverside County.

SALES



Lee & Associates-LA North/Ventura's **Mike Smith** and **Jim Fisher** completed three multifamily property sales totaling 20 units in Westwood for a total of \$14.5M or **\$727k/unit**. The team repped the seller, a private investor, and the private buyers in two of the deals. The per-unit price is more than **double the median** for all multifamily buildings sold in the West LA/Westwood submarket in Q1. The properties were all built between the 1930s and '50s, and include 10977 Roebing Ave (above), 10954 Roebing and 732-738 Levering Ave. The properties cater to a **student population**, which drives up rental rates and sale prices. In addition, the **redevelopment potential** was important for the buyers, because they own neighboring properties.

BH Properties bought a former **Radio Shack portfolio** containing five properties totaling **1.8M SF** in Woodland, CA, and Fort Worth, TX, from **RS Legacy Corp** for \$39.2M. The investment firm, which specializes in acquiring and repositioning distressed commercial real estate, structured a one-year lease-back at one of the warehouses. The acquisition also includes seven acres of land in Fort Worth. BH plans to hold the properties and lease the remaining vacant assets. RS Legacy was

represented by its court-approved real estate consultant and adviser, **DJM Realty Services**, a Gordon Brothers Group company.



CapRock Partners LLC sold an industrial property in Riverside to **Barrette Outdoor Living** for an estimated price exceeding \$10M. The property (1151 Palmyrita Ave, just east of I-215 and I-91) includes a 98k SF industrial facility and a 1.5-acre unimproved land parcel, which CapRock entitled for additional industrial development. Lee & Associates' **Steve Haston, Paul Earnhart** and **Finn Comer** repped CapRock, which purchased the property last year and made **strategic improvements** to position it for resale. Encon Commercial Real Estate Services represented the buyer, a Quebec, Canada-based wood and vinyl fencing manufacturer that's **expanding** its operations into the Western US.

Stanford Avenue Industrial LLC bought a 22k SF industrial building in Santa Clarita (27822 Fremont Ct) from **Neotech Products** for nearly \$2.8M. Heger

Industrial's **Trevor Gale** and **Jon Reno** repped the seller, while Lee & Associates' **Joel Hutak** repped the buyer. Neotech, a developer of neonatal, pediatric and respiratory products, plans to acquire a larger facility in Valencia to accommodate its growing operations.



LCL Capital Investments bought Parkwood Apartments, a 52-unit apartment complex in Tarzana (18540 Collins St) from a private seller for just under \$9.2M or \$307/SF. ARA Newmark's **Bryan Schellinger** and **Tyler Martin** served as advisers to both the buyer and the seller, which positioned the asset as a best-in-class community in the dense rental market around Reseda Boulevard. The property, which was **96%** occupied at close of escrow, was built by the Ring Brothers in 1979.



Tony Azzi, president of the Azzi Advisors team at Marcus & Millichap, closed the \$10.1M sale of 444-446 N Oakhurst Dr, a 22-unit multifamily property in Beverly Hills. According to Tony, Beverly Hills is tough for investors to break into and a property like this, located on a **double lot** north of Beverly Boulevard, hasn't been on the market since 2004. The property, which is zoned for **potential condo development**, sold for \$875k above list price. Azzi Advisors' **Rabbie Banafsheha** and Rodeo Realty's **Jordana Leigh** also were involved in the transaction.

Re/Max Commercial & Investment Realty's **Adam Peterson** closed the sale of a 48-unit apartment building in the Mid-Wilshire/Koreatown area (401 S Kenmore) for just under \$6M. Adam, who repped the seller, notes that the property was under contract at full price **within a day** of going on the market.

Ming Zhi Investment LLC bought 580 S Alameda St, a 4,500 SF building on .34-acres in the LA Arts District, from **Urth Alameda Development** for \$3.1M or

\$207/SF. Heger Industrial's **Thomas Williams** and **William Morrison** repped the buyer, and CBRE's **Brandon Burns** repped the seller.

Marcus & Millichap's **Rick Raymundo** closed the sale of 6935 Hinds Ave, a 15-unit multifamily property in North Hollywood, for nearly \$2.2M. Rick repped the seller, a private LLC. He also repped the seller when he purchased the property in 2012 for \$1.47M.

Berkadia's **David Harrington** sold 3923 Stevely Ave, a 20-unit apartment building in LA, for \$2.3M.

Elements LLC bought a 9k SF freestanding industrial building in South El Monte (9710 Klingerman St) from **Lily Lowe** for \$1.1M. Heger Industrial's **Joseph Wong** repped the seller, and Colliers' **Thomas Condon** repped the buyer.

CONSTRUCTION/DEVELOPMENT



Vestar started construction on a major reno of **Peninsula Center**, a 300k SF retail center on nearly 25 acres in Rolling Hills Estates. The revamped center will boast a **drive-thru** that will connect the two areas of the center; upgraded facades, storefronts and elevations; new signage; and improved drought-friendly landscaping. The company also signed **new leases** with Sports Authority, Ulta Beauty, Chipotle Mexican Grill and The Habit Burger Grill. Vestar acquired the property in 2013.