

MARCUS & MILLICHAP GENERATES MULTIPLE FULL-LIST OFFERS DESPITE TENANT'S B-MINUS CREDIT RATING



Buyer: Miami, Florida
Seller: Denver, Colorado

Office Representing Buyer: Denver/Ft. Lauderdale
Office Representing Seller: Denver/Ft. Lauderdale

Corporate Express, a publicly traded retailer of office products, contacted Marcus & Millichap to determine whether a sale-leaseback of their existing facility in South Florida was economically feasible and under what terms. Agents in Marcus & Millichap's Colorado (Corporate Express's headquarters) and Florida offices conducted a market study of sale and lease rates of large single-tenant distribution warehouse properties and designed a lease model that would be both advantageous to Corporate Express and still attract investment capital.

The challenge for the agents was to balance the lack of creditworthiness of the potential tenant with the yield requirements of the conservative investment world. After an in-depth study of market conditions, the client was presented with comprehensive 20-year

financial modeling that included several different scenarios. Although the seller's goal was to take back his equity of \$10.5 million, Marcus & Millichap's market studies concluded the seller could achieve a sales price of \$12 million for the property.

Buyers of single-tenant properties across the nation were contacted. Although many investors were discouraged by the seller's B-minus credit rating, the brokers were able to generate four offers from our Chicago, Denver and Ft. Lauderdale offices within 30 days. One of the interested buyers still saw value in Corporate Express even after its stock took a loss and acquired the property at the full listed price. Corporate Express was extremely pleased with the outcome, as the transaction was structured as a corporate transfer to minimize the impact of state taxes and capital gains.

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