



## Magna Exteriors and Interiors of America Inc. 1800 Nathan St., Toledo, Ohio

### Challenge

We were engaged to sell a 177,500 SF single tenant, net leased, Class A industrial asset with a newly negotiated lease term of 8 and one half years. Our first challenge was to obtain the listing as listing discussions were taking place just as our company was severing its relationship with CBRE and we were becoming independent again. Secondly, the lease rate was above market with annual rent bumps of 2.5% and concern existed about the rental rate at which the property could be re-leased at upon lease termination. Additionally the lease provided the existing tenant with an early termination option any time after the first 6 years so the lease was effectively a 6 year term. Although we were originally told that the parent corporation (Canadian headquartered, investment grade credit) would be guaranteeing the lease, that guarantee did not occur creating more risk. Pricing the asset was challenging due to the above market lease rate, the questions of how the market would value the rent bumps if at all, the short lease term due to the early termination option and the lack of parent guarantee

### Solution

Based upon our previous performance on behalf of the owner and his trust in our ability and counsel, we overcame any concerns regarding our departure from CBRE by showing that our new platform for marketing the asset was as robust and far reaching as what had been available at CBRE. We polled other investment brokers to research their experience in pricing similar assets with above market rents, rent bumps and shorter terms. With that information we were able to advise our client realistically as to what we expected the market's reaction to be. The owner chose to be relatively aggressive on price and we were able to put his pricing target into perspective in advance of marketing based on our research.

We assembled a comprehensive Offering Memorandum that we posted on the Reichle Klein Group Marketplace website. We sent an email flyer campaign to over 7,000 investors from our data base who had indicated interest in this type product in our area. Subsequently we did a second email blast to over 4,600 agents. Interested parties were followed up on through direct phone calls and email. Due diligence materials were also posted on the Marketplace web site for use by potential buyers after purchase contract signing.

### Results

We launched our campaign to investors on July 13, 2012 and the sale closed on December 13, 2012, five months later. The asset generated a significant amount of interest. Generally concern was expressed regarding term and the above market rent as expected. Ultimately the buyer offered a price they could justify given the facts and the seller, having listened to what the market was saying, countered well below list. The parties ultimately came to terms.