



U.S. REALTY
PARTNERS, INC.

CASE STUDY

MURRIETA TOWN CENTER

MURRIETA, CA





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Acquisition	September 2017
Anchors	Amazon Fresh, Floor & Décor, Marshalls, Ross, Burlington, Five Below and more
GLA	Approximately 380,000 SF
Acres	36.5
Type	Grocery anchored regional Fee Owned Land
Built	1989 (Ongoing renovations starting 2018)
NOI	\$3,565,000 at acquisition September 2017 \$6,850,000 at completion June 2024

OVERVIEW

- We acquired the center with GLA of approximately 337,500 square feet in September 2017 and then acquired the vacant former Toy R Us building and land parcel measuring approximately 45,565 square feet of GLA on 3.89 acres in December 2018.
- The center had approximately 30% vacancy at acquisition.
- The architectural design was very dated, there was significant deferred maintenance and many buildings were in need of renovation.

BUSINESS PLAN

THE VALUE-ADD PLAN WAS TO:

- Renovate the facades and common areas of the center to approve its appearance.
- Create synergy to drive additional customer traffic.
- Greatly increase net operating income.
- Pursue an aggressive leasing campaign to attract a grocery store anchor, as well as other large and small national and regional chain retail tenants and restaurants.





CHALLENGES

- Negotiate an early lease termination with Rite Aid to create room for a grocery anchor.
- Relocate numerous shop tenants to allow for the expansion of the Rite Aid building to accommodate a grocer.
- Lease over 100,000 square feet of vacant retail space.
- The COVID pandemic disrupted construction and leasing.
- Navigate the co-tenancy requirements of Ross and Marshalls while the Rite Aid building was dark and while we were downsizing and relocating Burlington from their former location to the former Toys R Us building.
- Complete a refinance during the height of COVID in 2020.
- Manage 300+ basis point increase in interest rates.

EXECUTION

- In December 2018 acquired the 45,000 SF former Toys R Us Building that had been separately owned.
- Downsized and relocated Burlington to the fully renovated former Toys R Us building and signed a new 10-year lease. Increased base rent from \$10.25 to \$15.25 per square foot NNN and Burlington's sales increased from \$13 million to \$17 million in their first year of operations in the new smaller location.
- Negotiated an early termination of the Rite Aid lease for \$500,000, relocated five shop tenants to other spaces in the center, and expanded the former Rite Aid building from 27,465 SF to 35,000 square feet to accommodate Amazon Fresh.
- Executed a new 10-year lease with Floor & Décor for 81,000 SF.
- Executed a new 10-year lease with Amazon Fresh grocer for 35,000 SF.
- Executed a new 10-year lease with Starbucks for a drive thru pad.
- Executed a new 20-year lease with Salon Republic for 11,500 SF.
- Executed numerous new shop retail and restaurant tenant leases.
- Achieved 97% occupancy in June 2024.
- Entitled and completed the facade and common area renovations throughout the center.
- Renovated the facades of almost every building in the center.
- Renovated the hardscape, landscape and lighting in the common areas.
- Entitled two additional buildings totaling up to 19,070 SF (to be built).

SITE PLAN



FORMER RITE AID

BEFORE



AFTER



MURRIETA TOWN CENTER
MURRIETA, CA

FORMER TOYS R US BUILDING

BEFORE



AFTER



MURRIETA TOWN CENTER
MURRIETA, CA

PAD J RENOVATION

BEFORE



AFTER



MURRIETA TOWN CENTER
MURRIETA, CA

PAD RENOVATION AND RETENANTING

BEFORE



AFTER



MURRIETA TOWN CENTER
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BUILDING RENOVATION AND RETENANTING

BEFORE



AFTER



MURRIETA TOWN CENTER
MURRIETA, CA

BEFORE



AFTER



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