

## **82,000-SF Shopping Center Fetches \$17M**

By Bob Howard

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PALM DESERT, CA-Royal Investors Group LLC of California has bought the 81,722-sf Palms to Pines shopping center from Scanlan Kemper Bard of Portland, OR for \$17.4 million, SKB reports. The Portland-based real estate merchant bank acquired the center for \$11.7 million in 2003 when it was 84% occupied and has increased occupancy to 93%.

SKB says that at the time it bought the center, which is across from Westfield Shoppingtown Palm Desert, the company expected that the asset would be held for four years and produce an IRR of about 17%. As it turned out, SKB found that it could meet its goal for return on investment earlier than expected, says SKB founder and chairman Bob Scanlan.

Built in 1981, Palms to Pines sits on 8.2 acres just east of the intersection of highways 111 and 74. The anchor tenants at the four-building property are Vons and Washington Mutual.

The center still offers upside to the new owner, according to SKB president Todd Gooding. He points out that average in-line shop rents at Palms to Pines are under \$2 per sf while asking rents at other centers in the area range between \$2 and \$3.50.

In addition, Gooding says the property is split into three parcels, with Vons and Washington Mutual each on its own parcel and the remaining shop space tenants on a third parcel. The separate parcels allow the new owner "a more flexible exit strategy," Gooding points out. SKB was represented in the disposition by Reza Investment Group.