



Regenstreif of Marcus & Millichap close \$25 million in four Walgreens sales

April 23, 2012 - Financial Digest

Lior Regenstreif of Marcus & Millichap Real Estate Investment Services has arranged the sale of four separate net-leased Walgreens drugstores throughout the U.S. totaling \$24.93 million. The properties are located in Pennsylvania, Louisiana, Minnesota and Georgia.

Regenstreif, a vice president investments in the local office of Marcus & Millichap, represented the private sellers of these separate transactions. Also providing representation were Spencer Yablon, vice president in Marcus & Millichap's Philadelphia office; Adam Schlosser, the firm's broker of record in Minnesota; William Hoffpauir, a senior associate in the Lafayette, La., office; and John Leonard, a first vice president in the firm's Atlanta office.

"Two of the buyers were in a 1031 exchange, coming out of management-intensive properties, and found triple-net leases to be very attractive and stress free," says Regenstreif. "Another utilized this investment to continue estate building for his children, and the last buyer was a foreign investor seeking to establish a foothold in the United States," he said.

"In step with the economic recovery, national drugstore chains stand as strong passive investment vehicle opportunities which has and continues to outpace investment alternatives in return and reliability," said Regenstreif. "Not surprisingly, more private buyers and exchange investors are increasing their acquisition efforts in secondary and even tertiary markets. In fact, we've seen an 18% jump in transaction activity in the last 12 months, driven primarily by investors seeing the stock market for the less-risky net-leased drugstores," he said.

In McMurray, Pa., Regenstrief arranged the largest of these sales: An \$8.32 million transaction for a Walgreens at 100 East McMurray Rd. The newly constructed, 14,640 s/f net-leased asset is located in an affluent region where average household incomes within a mile of the site exceed \$146,000 annually. The property is an out pad to Donaldson's Crossroads, the largest power center in the region with nearly 51,000 vehicles per day passing by the area.

The second-largest transaction closed in Willmar, Minn. Regenstreif arranged the sale of a 14,900 s/f Walgreens drugstore at 301 First St. South for \$6.494 million.

In Ruston, La., a 14,550 s/f Walgreens at 108 West California Ave. traded for \$5.774 million. The region has shown significant growth due to the implementation of local and state initiatives that are benefiting both retailers and developers.

In his final Walgreens sale of the quarter, Regenstreif sold a 15,120 s/f drugstore located at 1855 Hudson Bridge Rd. in Stockbridge, Ga. for \$4.342 million, an Atlanta suburb.

Regenstreif predicts that for 2012, "We will continue to see pricing compress, and if interest rates remain low, we can anticipate that the investment market will begin to resemble that of 2006."