

September 26, 2013

Behind The Deal: Temecula's Bel Villaggio

You've heard by now that **Pathfinder Partners** acquired Temecula's **Bel Villaggio** retail center, hit hard by the recession. Managing director **Scot Eisendrath** tells us why the **46%-vacant center** is a great value-add play (besides what we presume is unlimited access to Original Pancake House).



Of course, a **40% discount** to replacement cost is nice. (Everyone loves a bargain. It's why we eat at Original Pancake House... can you tell we're hungry?) When discretionary spending declined, Bel Villaggio's **boutique stores** were unable to pay the center's high rents and a number of tenants bailed. So that made it a perfect target for Pathfinder's **opportunistic** investment strategy. (The specialty center was acquired in two separate transactions from **CW Capital** and **Torchlight Investors**. The CMBS special servicers foreclosed on the previous owner, who bought the property in phases between 2004 and '06.)



Built in phases from '02 to '05, Bel Villaggio boasts a **European village** design with awnings, trellised courtyards, and walkways and roundabouts. (You'd think you were strolling through Prague, except their pancakes are thinner.) Scot says the tenants who have remained are doing well, including anchors Macaroni Grill, Navy Federal Credit Union, and Cosi. Pathfinder is getting bids for a **renovation** to common areas and new outdoor seating. Scot says this was the **right time in the cycle** to buy. Temecula has **bottomed out**--rents are moving up and vacancy in the surrounding centers has tightened to the 10% range.



The center benefits from being next to the Promenade, a Class-A regional mall. The revamped center will have lower rents, Scot says. Pipeline-wise, Pathfinder's looking at additional retail as well as residential opportunities--land, broken condos, and value-add multifamily in the Western US. The **Wisconsin-native** has **two young kids**: a son who plays competitive baseball and soccer, and a daughter who's into competitive dance. Fun fact: He's cousins with CBRE vice chairman **Brian Eisendrath**.