

The Business Press

REAL ESTATE & RETAIL // Newport Beach firm buys Stater Bros. base in Colton
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A Newport Beach company has purchased the Stater Bros. corporate headquarters in Colton for nearly \$30 million in cash.

Hager Pacific Properties, a privately owned investment firm, closed escrow on the complex at 21700 Barton Road Aug. 24, said Rob Neal, executive vice president of **Hager Pacific Properties**.

The seller was Newkirk Colane, a group of private investors in New York.

Stater Bros., the largest private company in the Inland Empire, is building a corporate headquarters and warehouse-distribution facility at the former Norton Air Force Base in San Bernardino.

That facility is expected to be ready in September 2006, said Jack Brown, Stater Bros. chairman and chief executive officer. Employees won't start moving into the new facility until early 2007 so deliveries won't be interrupted during the holiday season, Brown said.

Stater Bros.' lease runs through 2008, so some financial arrangement will need to be made until the supermarket chain vacates the site.

Meanwhile, Hager Pacific - which plans to manage the property and act as its landlord - will look for tenants.

"I see it as a nice industrial/ warehouse/ distribution operation," Neal said. "But it's going to be difficult to talk to anyone about a deal as long as Stater Bros. is still working out of there."

The Colton property, which Stater Bros. has occupied since the early 1960s, includes 500,000 square feet of warehouse/distribution space, 245,000 square feet of freezer space and 55,000 square feet of offices.

The facility is ideally located for a major warehouse/ distribution operation: within sight of Interstate 215 and close to the 60, 91 and 10 freeways.

But it is the freezers that make the facility a perfect fit for another food distributor to locate there, Neal said.

"We expect to get a lot of interest because refrigeration facilities are so expensive to build," he said. "All of the buildings there are expensive to build. One of the reasons we were attracted to this site was because Colton is no longer on the perimeter of the Inland Empire. It's in the middle of the Inland Empire's east end, and everything there is growing rapidly."

The facility occupies 50 acres. Neal estimates that 650,00 to 700,000 square feet of property there can accommodate new buildings.

Hager Pacific officials want to renovate the six existing structures and build other office and warehouse/ distribution buildings there.

"We won't know for sure what we're going to do until Stater Bros. leaves," Neal said. "But there is a lot of space we can backfill. There are a lot of ways we can present that property."

Hager Pacific works without bringing in equity partners. Its portfolio includes more than 100 properties that total more than 8 million square feet, according to a company release.

In February 2003, Hager Pacific bought the former Heilig-Meyers furniture distribution center next to Interstate 15 in Hesperia for \$10 million. Last September, Hager Pacific sold the 435,000-square-foot building to ICO Investment Group for an undisclosed sum.

STATER BROS BUYS PHARMACIES

This has been a busy year for Stater Bros., the largest private company in the Inland Empire. By the end of the year Stater Bros. will have opened stores in south Fontana and Adelanto. That will bring the chain's store count to 165 and its number of employees to approximately 17,000.

Stater Bros. has also purchased California Pharmacy Systems Inc., owner of 16 pharmacies located inside Stater Bros. markets. Stater Bros. paid \$2.6 million for the company's assets plus inventory costs, according to documents filed June 26 with the Securities and Exchange Commission.

FORECLOSURE DATA MIXED

Riverside County recorded one foreclosure for every 1,690 households in July, a 21.2% decline from June, according to the RealtyTrac Monthly U.S. Foreclosure Market Report.

Foreclosures in San Bernardino County, however, rose during July: 439 households entered some form of foreclosure during July, or one foreclosure for every 1,370 households, a rate more than twice the national average, according to RealtyTrac.

Nationwide nearly 79,000 properties were foreclosed on in July, a 4.7% increase from June and the most foreclosures reported in any month this year.

Foreclosures have increased more than 12% during the last two months, raising the national foreclosure rate to one in every 1,465 households, according to the RealtyTrac report.

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