



## Two Commerce Properties Scooped Up for \$77M

*Sales Continue Magellan's Development Strategy*

By **Karen Jordan**

February 13, 2018

Century City, CA-based Magellan Group sold two properties in Commerce, CA in separate transactions for an aggregate \$77.5 million.

In the first transaction, Blackstone Property Partners, the Core+ business of New York's Blackstone Group, acquired a **Commerce Business Center** building last month for \$42 million, or about \$144 per square foot. The 290,000-square-foot industrial property is located at 6030 S. Eastern Ave. in the Commerce industrial submarket of Los Angeles County.

Commerce Business Center is in the heart of one of the hottest industrial submarkets nationwide, if not globally, according to Bret Hardy, executive managing director of Newmark Knight Frank (NKF) Capital Markets.

"The Central L.A. submarket boasted a vacancy rate of one percent for the ninth consecutive quarter," Hardy tells CoStar. "Given the extremely limited supply of inventory, it represents a wonderful opportunity for Blackstone to acquire value-add product in a core, infill market, with very little downside risk."

Hardy, along with Kevin Shannon, Scott Schumacher, John McMillan and Jeff Sanita with NKF represented the Magellan Group in the sale.

In the second transaction, Irvine, CA-based U.S. Storage Centers acquired the 144,000-square-foot, 1,348-unit **Magellan Storage** facility (pictured, above) at 5443 E. Olympic Ave. in the Southeast Los Angeles submarket for \$35.5 million. The sales price equates to about \$401 per square foot, or roughly \$26,000 per unit.

There were a host of interested parties, including REITs and private equity and regional operators, eyeing Magellan Storage, according to Greg Wells, senior director at Cushman & Wakefield. Magellan had redeveloped the former industrial building that was originally developed in 1958.

David Hasbrouck at Cushman & Wakefield worked with Wells in representing Magellan in the sale. Wells also represented the buyer.

"As the economic recovery began to materialize toward the end of the great recession, we chose to concentrate our investment, development and disposition efforts on our existing and new infill investments that, while more difficult and costly to assemble, entitle and develop,

would nonetheless provide outsized returns as the overall market improved,” Kevin Staley, principal at The Magellan Group, said in a statement.

Both sales are the culmination of Magellan's three-year, \$375 million investment strategy with an emphasis on value-add industrial and self-storage properties in local, infill markets.

Commerce is the fourth largest submarket by inventory, according to CoStar data. However, most of it consists of older stock - built before the 1990s - that was originally designed for manufacturing, according to Rafael DeAnda with [CoStar Market Analytics](#).