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# REAL ESTATE: Corona medical condos sold



FILE PHOTO/CONTRIBUTED IMAGE

After a five-year sojourn that included a foreclosure, Corona Corporate Centre, an office condo complex, is now fully sold and occupied.

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BY JACK KATZANEK | STAFF WRITER | December 09, 2013; 04:55 PM

During the building boom that led to the Great Recession, commercial real estate developers loved the prospect of leasing offices in Inland Southern California to doctors, dentists, accountants and other professionals.

And arguably no city carried the weight of this problem as much as Corona, which attracted many millions of investment dollars before the bottom fell out of the real estate market. It was a city with a growing and more affluent consumer base, with excellent freeway connections to other locales.

All of that made Corona Corporate Centre look like a very good bet when it went into escrow in 2006.

The project was a campus of seven office condominium buildings within sight of Interstate 15 and right off the Ontario Avenue exit, a major commercial area. And, after five difficult years, a few

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weeks ago the complex's real estate brokers announced that all the office suites have been sold and occupied by doctors, cosmetic specialists and other professionals.

It was a long trip and, in a statement, Kevin Turner, senior vice president for the Voit Real Estate Services' Irvine office, called it "an unfortunate case study of the financial collapse of 2008."

In an interview, Turner said 2008 was when construction on the project commenced, and a large medical clinic bought one building, paying \$315 per square foot. But sales stalled, the property fell into foreclosure and the lender, GE Capital, eventually sold it to Optimus Building Corp., a Canadian developer. Turner said Optimus paid \$9 million for the property in an all-cash deal, and Voit then set out trying to find buyers.

"We just rode the market down and went back to the basics," Turner said.

There were 39 units in all. The last 19 sold for an average cost of \$130 per square foot, way below the original asking price, and at the same time Optimus made sure the property remained physically attractive.

Turner said it would have cost more to buy into a newly constructed office condo complex.

"We didn't get greedy," he said. "We probably could have pushed the price \$10 or \$15 more per square foot, but it was all about moving the units. Our sales pitch was that we were selling below replacement cost."

The vacancy rate for all office properties in San Bernardino and Riverside counties has been declining. Voit tracks this data and reported that 14.43 percent of all offices in the area were vacant in the third quarter. That number is down from estimates that put the vacancy level at almost 25 percent in 2010.

Corona has had one of the highest office vacancy rates of any city. Corona Summit, a Class A complex off the McKinley Avenue exit of Highway 91, sat empty for three years before it was sold and workers finally started to occupy desks there in the spring of 2012. Monster Beverage bought one building in this complex for its corporate headquarters.

The steep vacancy rate drove down lease rates across the office market, and that probably kept some doctors and other professionals who might have been interested in a condo office investment out of the market.

Eventually, Turner said, many had been working out of aging offices and saw the marked-down Corona Corporate Centre condos as a good investment and a facilities upgrade.

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