

LA investor scoops up Fultondale retail center for \$23M

By Hanno van der Bijl – Real Estate Reporter, Birmingham Business Journal



The Colonial Promenade on the right in Fultondale has a new owner after investors cut a \$23 million deal.

A Los Angeles-based commercial real estate investment firm is entering the Alabama market with the acquisition of a prominent shopping center in Jefferson County.

LBX Fultondale LLC, an affiliate of LBX Investments, acquired Promenade Fultondale from IA Fultondale Promenade for \$23.2 million, or about \$111.23 per square foot, according to Jefferson County public records. The property was originally developed by Colonial Properties Trust.

IA Fultondale Promenade, the selling entity, is registered to InvenTrust Properties, a real estate investment trust based in Downers Grove, Illinois.

The acquisition was partially funded by Miami-based Aztec Group Inc. Brell Tarich, director, and [Charles Penan](#), executive vice president secured a \$14.7 million loan from Alliant Credit Union as well as a \$9 million of joint venture equity for the deal.

“Aztec Group focused on securing favorable acquisition financing for the borrower to facilitate the purchase of the submarket’s premier regional shopping center, Promenade Fultondale,” said Tarich. “Among the key factors that made this property attractive to the buyer and the lender is the property’s tenant roster, high historical occupancy rate, excellent visibility and access, and its location directly adjacent to Target. In addition, the retailers have strong sales figures and pull from a large trade area encompassing the greater Birmingham MSA.”

Located at 3345 Lowery Pkwy., the 208,568-square-foot retail property is flanked to the left by Interstate 65 and to the right by U.S. 31. The Birmingham office of The Shopping Center Group is managing the property, where tenants include JCPenney, Ross Dress for Less, Five Below and Books-A-Million.

The purchasing entity is managed by [Robert Levy](#) and [Philip Block](#), managing partners at LBX Investments. With a focus on buying properties across the Southeast, the firm has invested in nine neighborhood and community shopping centers from Virginia to Florida and looks to close on a deal in North Carolina soon.

“We’re contrarian investors,” said [Robert Levy](#). “We believe there’s a lot of dislocation going on because of all the noise around ecommerce, and because of that, there’s a lot of sellers of retail properties today and not a lot of buyers.”

While the Birmingham market is a slow-growth market, Levy said it is still a solid market that is attractive to investors.

“This fits in well with our investment strategy,” he said. “The Fultondale property is a good piece of real estate, right on a highway, great visibility, great co-tenancy with Target and Ross.”

The deal does not include the Target location.

The team views the Fultondale acquisition as a stable, long-term cashflow deal but may develop additional parcels with the consent of the tenants. They noted that retailers like JCPenney – a major tenant at the property – have been [considering long-term plans for stores across their footprints](#).

“We want to maintain high occupancy and strong tenants that continue to serve the local market. JCPenney — we’re rooting for them, but we’re prepared if something were to happen to them over the long-term,” Block said. “That’s a large box there — it’s 80,000 square feet or so — and so we’re thinking through ways that we can enhance value through that and through any other vacancies and lease ups over time — again, just trying to serve the community.”

According to a JCPenny spokeswoman, the company does not plan to close the Colonial Promenade Fultondale location. It also does not plan to close any additional stores this year.

The investment team said they are excited that this is their first acquisition in the area and are actively looking for more opportunities to expand their presence. It owns more than 1.4 million square feet of retail space across the Southeast.